

S. HRG. 107-1023

**NOMINATION OF DONALD L. EVANS, TO BE
SECRETARY OF THE DEPARTMENT
OF COMMERCE**

HEARING

BEFORE THE

**COMMITTEE ON COMMERCE,
SCIENCE, AND TRANSPORTATION
UNITED STATES SENATE**

ONE HUNDRED SEVENTH CONGRESS

FIRST SESSION

WASHINGTON, DC

JANUARY 4, 2001

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COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION

ONE HUNDRED SEVENTH CONGRESS

FIRST SESSION

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THURSDAY, JANUARY 4, 2001

U.S. SENATE,
COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION,
Washington, DC.

The Committee met, pursuant to notice, at 10 a.m. in room SR-253, Russell Senate Office Building, Hon. Ernest F. Hollings, Chairman of the Committee, presiding.

**OPENING STATEMENT OF HON. ERNEST F. HOLLINGS,
U.S. SENATOR FROM SOUTH CAROLINA**

Senator HOLLINGS. The hearing will come to order. Let me first thank our regular Chairman, Senator McCain, for his leadership, in showing that a 50/50 divided Senate can work together as a unit.

We have always operated in a bipartisan fashion. And our regular Chairman has been outgoing in wanting to move things along and get things done. And that is the whole idea here today. It is not to get into partisan struggle to see who is on top and who can get the most publicity.

But welcome to you very much, Mr. Evans. I understand your wife Susan is with us this morning. Would she please stand? We want to recognize her and welcome her, too.

First, we do not have the Office of Government Ethics report from the financial statement you submitted. We do not have the FBI report either. And it could be that some of the predictive Members on both sides who have yet to be announced next week would want to be able to meet with you, Mr. Evans, and ask some questions, particularly about the census. And we will find then if Chairman McCain at that time in the week of January 22 wants to hold a further hearing before we move to confirmation in this Committee. But Chairman McCain will make that decision, and we will be glad to support him.

Otherwise, let me say this. I have a five minute opportunity for an opening statement. I want to set an example. I will put my prepared statement in the record without objection.

Before yielding to Chairman McCain as mentioned, I have cut my opening statement down to respect our time limits and because I have had the opportunity to meet with Mr. Evans to go over the matter of manufacturing. We are losing our industrial backbone. We have lost 100,000 manufacturing jobs just in this past year.

I have expressed my interest in the oceans. We have talked about technology. And there is one other thing that we did not get to touch upon that I ought to cover here in an opening statement. And that is the trade opportunities that we have if we could only enforce our trade laws.

Specifically, we welcome our Texas Senators to make the introduction.

Texas, and the entire nation, has an opportunity now with NAFTA. We have got NAFTA. I opposed it. I am confident it has not worked. But our job or opportunity is to make it work, Senator Gramm. We have lost jobs. I have lost 40,100 textile jobs alone since NAFTA in my little State of South Carolina.

But be that as it may, we have got a wonderful happening down there in Vincente Fox's election. And rather than to pass through money and the Wall Street bankers operating the policy toward Mexico, we can develop, as President Fox has indicated, a common market. And Secretary Evans can take the leadership on that.

The Europeans long since have found that the free market approach did not work. They taxed themselves some \$5 billion before they allowed Greece and Portugal to come into the Common Market.

I noticed from the statements made by President Fox and his appointment of Jorge. Casteneda that they intend to rebuild the infrastructure. Before you can really have free trade, you've got to have a common market. You've got to have the entities. You've got to have not only free elections, but labor rights, property rights, a respected judiciary. And they will need financial help.

From this Committee's standpoint, I think we could support that very, very strongly. Rather than sending money down to go back to Wall Street, which has been the case over the many years, we want to help build that infrastructure and really solve that immigration, solve that drug problem, and bring up their economy so that it is relatively competitive with ours.

Secretary Evans, you can take the lead in that. You have got an individual interest in it, I am confident. So I want to make sure that we not only enforce our trade laws, but we make sure that they work. That one in NAFTA is not working now. It is just an outpouring of manufacturing jobs down there because we as politicians at this particular level say "Before we open up Evans manufacturing, you have got to have clean air, clean water, Social Security, Medicare, Medicaid, plant closing, parental leave, safe working place, safe machinery." All of that goes into the cost of production, and they do not even have a good minimum wage down there.

So let me yield to my distinguished Chairman here, Senator McCain.

[The prepared statement of Senator Hollings follows:]

PREPARED STATEMENT OF HON. ERNEST F. HOLLINGS,
U.S. SENATOR FROM SOUTH CAROLINA

We will convene the hearing on the nomination of Donald L. Evans to be the Secretary of Commerce. First let me thank Mr. Evans for being here today and the panel that will assemble shortly to introduce him. Before we get started, I also want to acknowledge Mr. Evan's wife, Susan who is in the audience.

I also want to thank Senator McCain for scheduling this hearing today. He has demonstrated that a Senate divided equally between the parties can work. The Commerce Committee has always operated in a bipartisan fashion and Senator

McCain has continued that tradition. The incoming administration can learn from our experience here on the Committee. The Republican Caucus and you Mr. Evans, as the Secretary of Commerce, will need to work with Democrats to reach consensus on a myriad of issues in order to be successful. This is the inescapable truth we face. It is in our mutual interest to face it together. And as we work together in this historical time where our political parties are at virtual parity, there are several issues that are vitally important to me that I want to discuss with you today. They include—trade, NOAA, the Department’s role in the promotion of technology and the manner in which the census is conducted.

I. Trade

As you know, Secretary-designate Evans, I have often expressed concern about creating and keeping manufacturing jobs in the United States. In the last year alone, we have lost over 100,000 manufacturing jobs.

For example, in my home state of South Carolina, we have lost 36,500 net manufacturing jobs since the implementation of NAFTA. Those are jobs that pay better than many that we are now creating in the service sector. They are jobs that held together families and communities. They are jobs that did not require that people spend 4-plus years in college.

How do we support these workers? By supporting and enforcing our existing unfair trade laws. You are familiar with these laws because of your experience in the energy industry. These laws are vitally important because they protect U.S.-based manufacturing and the workers in this industry. Their vigorous enforcement is a most important weapon already at our disposal in protecting our manufacturing base. Moreover, as this administration moves forward in its dealings with our foreign trading partners, keep in mind the importance of these manufacturing jobs and the people who work in these industries.

Second, I look forward to working with you on several important legislative proposals. In the coming days, I will introduce legislation that will consolidate all international trade functions in the Department of Commerce. The current situation, which has trade functions spread across various departments and agencies, has become unworkable. Therefore, I will propose legislation to move the office of the U.S. Trade Representative into the Commerce Department and to abolish the ITC and transfer its functions to the Commerce Department as well. Such consolidation will assist in developing a comprehensive trade policy and in enforcing the U.S. unfair trade statutes and our trading partners’ international commitments.

I also look forward to working with you as we begin the process of interacting with Vincente Fox, the new President of Mexico. As you know, I opposed NAFTA and continue to believe that in its current structure, it costs the United States more jobs than it creates. However, with the changes in administrations in both the U.S. and Mexico, the opportunity exists to create a true trading relationship in a Common Market type arrangement, something that President Fox has, in principle endorsed. I proposed just such an arrangement in 1993 during the NAFTA debate and I look forward to reviving that proposal during the coming year.

II. NOAA

Improving the science and management of our oceans and atmosphere is at the heart of what the Department of Commerce does, and it has a lot of work to do in the coming years. The National Oceanic and Atmospheric Administration (NOAA) 2001 budget tops \$2.6 billion—more than half of the Commerce Department’s total budget. This year’s budget increase reflects the profound need to improve our understanding of the marine environment so decisions are based on scientific analysis and not merely the push and pull of interest groups, particularly in the areas of coastal protection, fisheries management and basic ocean research. The NOAA Corps and fleet are critically important to performing this function.

We also need a comprehensive review of our nation’s ocean policy similar to that conducted by the 1969 Commission on Marine Science, Engineering, and Resources (called the “Stratton Commission” after its chair, Dr. Julius T. Stratton). The recommendations of this first commission led to the very creation of NOAA and most of the laws the agency implements. Last year, after 30 years and a long 4-year struggle here in Congress, we finally enacted legislation to give us a new Ocean Policy Commission.

Enactment of the Oceans Act of 2000 sets into motion a process that will have a profound influence on the way our oceans are managed for decades to come. The statute charges the new commission with studying and reevaluating the nation’s laws and policies regarding the oceans and coasts, including legal, budgetary, organizational, and technological changes needed to tackle these increasingly complex

problems—from “dead zones” to hurricane planning. Unfortunately, getting our oceans “house” in order at this point can’t prevent some disasters.

Last year’s high profile conflict over protection of Steller’s sea lions in Alaska is a perfect example of our need to reevaluate our ocean law and policy. For over a decade, while fishing pressure has increased as a result of rapidly improving technology, our information on species such as the Steller’s sea lion and the Bering Sea Ecosystem has been stagnant—despite the existence of new tools to close the gap. The underlying legal conflicts and profoundly imbalanced investment of time and money long ago, set the Magnuson-Stevens Act and the Endangered Species Act on a collision course. In 2000, the scene was a Federal court in Seattle, but it is hitting Hawaii now, and is headed for every other coastal state, including my home State of South Carolina. We are doing our best to work these problems out right now, but we all know that prevention is worth an ounce of cure!

One thing is completely clear—if there was a need for the Stratton Commission in 1969, there is an even greater need for a new commission now. Just as before, we will need to appoint commissioners of national prestigious stature, who have the vision, integrity, and creativity to work toward new solutions, and the ability to make the public and Congress understand, and embrace, the need for such solutions. Thus, we will need to consider individuals with broad expertise in problem-solving as well as those well versed in ocean, atmospheric, and coastal issues. Ocean issues today are technically and biologically more complex than ever and require thoughtful, experienced, and innovative members who can work together to think “outside the box.” We have got to get ahead of the curve again, and I look to both the new administration and Congress to move the nation’s ocean policy into the new millennium. We have the tools, the brains, and the money to do it right, but we will need the right people, and I look forward to working with you closely to ensure it happens.

III. Technology

The National Institute of Standards and Technology (NIST) represents the core of the Department’s technology administration. As NIST, formerly the Bureau of Standards, celebrates its 100th anniversary, its mission—to work with industry to develop and apply technology, measurements, and standards—is more relevant than ever.

The NIST laboratories maintain fundamental weights and measures and provide technical services that allow industry and others to utilize these measurements. For example, the NIST laboratories help industry and government ensure accuracy, consistency, and quality in a range of commercial and industrial products or processes. In addition, the NIST labs provide technical support for American industry representatives participating in international negotiations on product standards. The Department of Commerce estimates that standards are an integral portion of about \$150 billion in U.S. exports and serve as barriers to trade for an additional \$20 billion to \$40 billion of exports. The excellent work of the Measurements and Standards Laboratories can help U.S. industry prevent foreign standards from becoming non-tariff trade barriers used against U.S. products.

NIST is also helping U.S. industry stay competitive for the future by funding the Advanced Technology Program (ATP) to develop the next generation of breakthrough technologies in advance of its foreign competitors. ATP encourages companies to undertake initial high-risk research that promises significant widespread economic benefits, although the program does not support product development.

According to a forecast by the Battelle Memorial Institute, U.S. companies plan to slow the growth of spending on research and development in 2001. You and I both know that the first thing to go will be the fundamental long-term R&D projects and only those projects that will pay off in the next few quarters will survive. As industry continues to focus more of its R&D on near term product development, there will be fewer private sources of support for the type of fundamental, enabling technology R&D that ATP supports. At the same time, Federal R&D funding—as a percentage of overall R&D spending is declining. It has declined from 50 percent of total R&D funding in the 1990s to approximately 26 percent today. What does this mean? Simply put, the advanced technology program is as necessary now as it was when it was created under the leadership of former President George H.W. Bush. The program’s support from the Council on Competitiveness tells you that ATP is needed so our industries can stay competitive in the world market.

The proof is out there. Companies—over one-half of which are small companies—are approaching the ATP to co-fund truly revolutionary research, ranging from tissue engineering to advanced learning technologies—new technical areas that are becoming increasingly important to the U.S. economy and the quality of life of its citizens. To date, ATP funded projects have enabled a 50-percent reduction in the size

of some computer memory chips, improvements in auto manufacturing processes, and a faster, lower-cost DNA sequencing technology.

Small manufacturers—those with fewer than 500 employees—employ 1 in 10 American workers. Another NIST program, the Manufacturing Extension Partnership or MEP, supports a network of locally run centers which provide technical advice and consulting to the small manufacturing companies in all 50 states and Puerto Rico. Many of these firms lag behind foreign competitors in technology and operations, leading larger American firms to look increasingly for offshore suppliers. MEP-assisted companies surveyed report benefits of \$8 for every \$1 that the Federal Government has invested in the MEP centers. The Department of Commerce should continue to nurture MEP in the new administration.

IV. Census

On the matter of the census, I am in strong support of statistical sampling. I hope that the incoming administration will not interfere with the authority and ability of the Census Bureau to make the final determinations on the use of sampling. Former census directors, including Republicans, support allowing the Census Bureau the freedom to decide the counting methods and procedures without interference from the administration or Commerce secretary.

It has now been more than 50 years since the discovery of substantial inaccuracies in the census count, primarily based on severe undercounting of minority groups, especially blacks and Hispanics. For example in the 1990 census, it was discovered that 8.4 million minorities were undercounted. Not only are such results unfortunate, they are unacceptably tragic when proven methods exist to correct and prevent such disparities. Four decades of sound research proven testing have demonstrated that statistical sampling is the best and most feasible method for ensuring greater accuracy in the census. This has been affirmed by the diligent work of the Census Bureau, working in coordination with the National Academy of Sciences and statistical experts. Unfortunately some members on the other side of the aisle have attempted to obstruct the use of sampling. Notably, until 1995, the dispute on the issue rested on regional differences. Sampling was supported not only by my able colleague, Mr. McCain, but by Mr. Newt Gingrich himself. However, after the Republicans took over the House in 1995, through the leadership of Mr. Gingrich, they became vigorous opponents of sampling—no doubt for political reasons. In fact, the dispute eventually led to a lawsuit against the Census Bureau by the House Republicans. The matter eventually was decided by the U.S. Supreme Court. In a 5-4 decision, the Court ruled that statistical sampling could not be used for state reapportionment, but could be used for all other purposes, including redistricting. Some interpret the decision as the majority asserting that sampling must be used for all purposes except for apportionment regardless. The fact is that the Court affirmed the use of sampling.

This issue entails many important facets. First and foremost it is about justice and fairness. When groups and areas are undercounted, the strength of their vote and representation are severely diluted; they suffer economically based on decisions by banks and insurance companies on the use of demographic data; and they suffer from reduced access to government resources. This injustice ought not stand. This issue, however, also is about the integrity of our government. Americans have a right and obligation to be properly and accurately represented by their government. Only the most accurate accounting can ensure this principle is upheld.

I hope the secretary-designee will adhere to this principle and not do anything to discourage or to disrupt the work of the Census Bureau on this vitally serious matter.

STATEMENT OF HON. JOHN McCAIN, U.S. SENATOR FROM ARIZONA

Senator McCAIN. Thank you, Mr. Chairman. I want to thank you for your continued cooperation, including holding this confirmation hearing. This is the first hearing of the President's nominees for his cabinet. I think it is both significant and traditional on your part that you would agree to hold this hearing at this early time.

I would also like to mention that I was thinking this morning this begins our fifth year of working together. Not a single piece of legislation has gone through this Committee on a party line basis. I appreciate that very much, and I look forward to the oppor-

tunity in the next 2 years of working together as we have in the past. Thank you again for convening this hearing.

Welcome and congratulations to Mr. Evans and his family. In his acceptance remarks following the President's nomination, Mr. Evans laid out his vision and priorities for the Commerce Department. They include the promotion of free enterprise, first in America and then abroad, the free flow of capital, and free and open competition. We look forward to hearing about Mr. Evans' plans in more detail today.

At the outset, I want to applaud what I take to be Mr. Evans' emphasis on free and fair trade. I am a firm believer in free and open competition across international borders. We live in a global economy. The rapid rise of the Internet is just one of the more recent factors that makes a global economy an undeniable reality.

Erecting and enforcing trade barriers between and among individual countries is simply the wrong policy to pursue. Free trade benefits its consumer beneficiaries. Established procedures, rather than retaliatory trade actions, are available to ensure trade is fair.

Turning to the Department's responsibility for the census, we all know that the issue of statistical sampling is controversial, and has been deemed unconstitutional strictly for census counting purposes. I support a constitutional census plan that accurately counts every person.

This issue is important to me as well as many other Members of the Committee because traditional counting methods do not provide an accurate count of the population in my home State of Arizona, and Arizona citizens have suffered as a result. I look forward to Mr. Evans' comments on his plans to ensure an accurate census count, especially in those locations where there have been documented undercounts in the past.

I would also like to mention another issue I raised with Mr. Evans in private. I believe that one of the most important missions of the Commerce Department is to remain politically neutral. Commerce Secretaries Daley and Mineta made great strides in reducing the political emphasis of the Department. Mr. Evans, I hope and expect that you will strive to continue and improve upon their efforts.

In the past, the reputation of the Commerce Department has suffered. Charges include allegations that seats on foreign trade missions were "sold" to major donors, and that Commerce Department officials were directly involved in political fundraising. Mr. Evans, your vigilance will be essential to ensure that the Department remains true to its publicly stated mission, rather than an agenda that merely promotes political interests.

Congratulations on your nomination, Mr. Evans. Your business experience speaks for itself as you face the challenging management task ahead of you. Thank you for your appearance today, and your willingness to serve. And congratulations to your lovely wife and family.

I thank you, Mr. Chairman.

[The prepared statement of Senator McCain follows:]

PREPARED STATEMENT OF HON. JOHN MCCAIN,
U.S. SENATOR FROM ARIZONA

Mr. Chairman, thank you for convening this hearing. Welcome and congratulations to Mr. Evans and his family.

In his acceptance remarks following the President's nomination, Mr. Evans laid out his vision and priorities for the Commerce Department. They include the promotion of free enterprise, first in America and then abroad, the free-flow of capital, and free and open competition. We look forward to hearing about Mr. Evans' plans in more detail today.

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Again, congratulations on your nomination, Mr. Evans. Your business experience speaks for itself as you face the challenging management task ahead of you. Thank you for your appearance today, and your willingness to serve.

Senator HOLLINGS. Thank you.
Senator Stevens.

**STATEMENT OF HON. TED STEVENS,
U.S. SENATOR FROM ALASKA**

Senator STEVENS. Good morning, Mr. Evans. I am anxious to hear your statement. I am going to endorse the statements made by our two chairmen here this morning, and welcome you to the Committee. Thank you, very much.

Senator HOLLINGS. Senator Hutchison, you are next on the list. But do you want to wait until the introduction?

Senator HUTCHISON. Yes, thank you. I will.

Senator HOLLINGS. Very good then.

Senator Kerry.

**STATEMENT OF HON. JOHN F. KERRY,
U.S. SENATOR FROM MASSACHUSETTS**

Senator KERRY. Mr. Chairman, I do want to take a moment.

I appreciate what Senator Stevens has said. But I first want to thank both you and Senator McCain for setting a terrific example

for the Senate. And I appreciate the fact that this Committee is meeting today in a way that I hope paves the way for people to understand, particularly when you look at the last years of record of this Committee, how effective bipartisanship cooperation can be. And I think it shows that no one has anything to fear from some of the proposals that are on the table for our cooperative effort.

Mr. Evans, thank you for taking time yesterday to meet and I certainly congratulate you on your nomination. I have no doubt at all about your capacity to perform one of the most important things of the Commerce Department, which will be to be a champion of American business and to openness. And that, I think, will come extraordinarily naturally and effectively to you.

I think a number of us, as we have expressed to you privately, have some concerns in other areas. And I am confident that you will address those in the course of the day.

But let me just say very quickly with respect to, No. 1, a major issue is not just opening markets, but it is the enforcement of the trade laws. And many people feel that enforcement could, in fact, be stronger in a number of respects, antidumping and otherwise. We certainly will look for your leadership in that regard.

Second, on the census. Senator McCain just mentioned the question of unconstitutionality. Let me just make it clear that the Supreme Court only found unconstitutional aspects with respect to the constitutional requirement of actual enumeration for the apportionment of Congressional seats with respect to between the States. It has not found any unconstitutionality, nor is there any asserted intrastate with respect to the apportionment within a state itself, nor particularly for the apportionment of federal funds under Title I, Medicaid, the poverty programs and so forth.

Regrettably, the last census was found to be some, I think 11 or 12 million people shy. And there was a significant gap, therefore, in our ability to be able to deal with the problems of the children that we do not want to leave behind. I know the President-elect made one of his most significant promises in this campaign not to leave any child behind.

But the question is obviously significant. How can you not leave any child behind if you do not count all the children? And significantly, we have found that large numbers of the population in minority communities were not counted last time. That very significantly effects the amount of money that can be allocated to them and guarantee that they are, in fact, not left behind.

I think there were 13 million people who were, in fact, not counted last time according to the census professionals. You will have the discretion to decide according to the professional recommendations that will be made to you within the department as to whether or not that sampling will be used to properly reflect the true population of America. And given the fact that that count is 13.2 percent higher than anybody expected at 281 million people, there is the capacity to—I do not know if it will be. But the professionals in the department will shortly tell us if, in fact, there is a significant gap. And clearly, we will have an enormous interest in your reaction to that.

The final comment I would make is that you come from a State where oil is of enormous significance and has made a great con-

tribution to this country. I come from a State, and many of us on this Committee represent States where a very significant part of our population lives adjacent to the coasts of our nation. And the oceans are increasingly stressed, increasingly polluted.

Forty percent of the fisheries are over-fished. And we have been struggling, Senator Stevens and this Committee, with the reauthorization of the Magnuson Act. You will have the jurisdiction which we have increasingly strengthened your hand to help guarantee the capacity of our fishing industry to continue.

It is an enormous industry. We boast the second largest commercial port in the country, with millions of dollars of products, billions of dollars ultimately of gross domestic product coming from it. And it is vital to us to have a Commerce Secretary who will engage significantly in the protection of those fisheries. And I simply want to highlight that because it is of such increasing concern to so many of us on the Committee and in the country. And I will have some questions with respect to that. But I look forward to that opportunity. And I thank the Chair.

Senator HOLLINGS. Thank you.

Senator Burns.

**STATEMENT OF HON. CONRAD BURNS,
U.S. SENATOR FROM MONTANA**

Senator BURNS. Good morning, Mr. Chairman. I guess I never really got out of the habit of not addressing you as Mr. Chairman. And by the way, over the holidays, from your remarks, I had an opportunity to drive through South Carolina and North Carolina. And that Highway 85 corridor looked pretty busy to me, pretty prosperous down there. I think maybe I am going to have to visit your State instead of listening to you.

I just want to welcome Mr. Evans and our two colleagues this morning from Texas. And I am delighted on this appointment, by the way, and our visit with Mr. Evans and to welcome him here this morning. And I appreciate him stepping forward for public service. We realize that public service is sometimes not too keenly sought after among successful people that we need to get into government and they bring a certain amount of expertise to government that we certainly need. And we need their knowledge and their judgment. So we appreciate you doing this. And we know you do it out of a sacrifice.

My good friend from Arizona had it right. The new technologies, in communications, in international trade, in e-commerce and the information age, those new technologies do not recognize national or international borders.

So the NTIA is a very important part of the Commerce Department, and how we foresee new technologies into areas where the majority of Americans can take advantage of those.

So that's a very important area.

Also, an important area that I just want to bring to your attention is the National Institute of Standards and Technology (NIST). NIST is sometimes overlooked, and I would like to recognize that institution up the road here in Maryland. It contributes so much to the commerce of this country and to facilitate some new things.

And also, I want to follow up on the words of my friend from Massachusetts. I don't know whether they under-counted 13 million people or not. But they got everybody in Montana. I will guarantee you that.

Now, we have got a land mass of 184,000 square miles. That is a pretty fair size pasture. And from Eureka, Montana to Alzada, Montana, flying like a crow flies, maybe a little straighter, it is further than it is from Chicago to Washington, D.C. That is the land mass and you understand land mass as far as the State is concerned and so does my friend here on my right.

But we have got 902,000 people in Montana now. And we still only have one Representative. And that is asking a lot whenever we go through reapportionment. So whenever we talk about recognizing population and the representation in this Congress, I think I have got a pretty good argument.

But, welcome to this town. I call it 17 square miles of logic-free environment. But knowing you, you will adapt very quickly.

Thank you, Mr. Chairman.

[The prepared statement of Senator Burns follows:]

PREPARED STATEMENT OF HON. CONRAD BURNS,
U.S. SENATOR FROM MONTANA

Thank you Mr. Chairman, I look forward to working with Secretary Evans upon his confirmation. I'll keep my statement brief and address any questions I have at the appropriate time.

It is my belief that the responsibilities of the Department of Commerce are very diverse considering the Department's limited budget. Among the most important of those tasks are the National Telecommunications and Information Administration.

The NTIA serves an important role in making sure that advanced technologies are available in rural areas and this Committee has always enjoyed a close working relationship with that office. We need to continue that focus. The NTIA is one of the most important offices in the Department of Commerce.

Furthermore, it is important that the Commerce Department recognize its' role as the nation's watchdog on trade matters. During the 1990s, agricultural economies have been devastated by weather, market conditions, global economics and most importantly, poorly authored trade agreements.

It is the joint role of the Commerce Department and the office of the United States Trade Representative to shield all economies—including agricultural economies—from trade barriers of other governments.

On August 28 of last year, I along with several colleagues on both sides of the aisle sent similar letters to Secy. Mineta addressing the impact of other nations' trade practices on American livestock producers. That letter requested the Department of Commerce produce a report that compares America's trade practices with other cattle exporting nations.

We are all aware that unfair trade subsidies. Referencing a comparison of those subsidies globally and in one single report would provide our trade negotiators, Congressional representatives—and most important—those who represent our livestock producers with a valuable tool.

As we go into this next round of WTO negotiations—it would be very helpful to have reference a report conducted by the Commerce Department and independent of other government agencies including the USTR and the Department of Agriculture.

Although the National Institute of Standards and Technology is sometimes overlooked, I would like to recognize that institution for the research conducted just up the road in Maryland. They have provided our nation with valuable R&D that has led to the manufacture of very useful products.

Furthermore, as the Secretary of Commerce, Mr. Evans will be responsible for the Patent and Trademark office, NOAA (National Oceanic and Atmospheric Administration), the Economic Development Administration and the Technology Administration. The roles of these offices are all very important to our nation.

Finally, the Commerce Department is responsible for the Census Department. Last month, Montana learned we lost in our opportunity to gain another Congress-

sional seat by less than 10,000 votes. It is probably one of the most frustrating losses considering Montana's at-large Congressional seat is now the nation's largest Congressional district in America. Congressman Dennis Rehberg is responsible to represent nearly a million people in the nation's fourth largest State.

Finally, I have enjoyed the opportunity of working with past administrations and the staff at the Department of Commerce. I look forward to continuing that relationship. I look forward to hearing from Mr. Evans.

Thank you, Mr. Chairman.

Senator HOLLINGS. Thank you, very much.

Senator Rockefeller.

**STATEMENT OF HON. JOHN D. ROCKEFELLER IV,
U.S. SENATOR FROM WEST VIRGINIA**

Senator ROCKEFELLER. Mr. Evans, I was particularly grateful to have a chance to meet with you. And I found you, frankly, even on first meeting, to be very direct, very candid, very pragmatic. At the same time, interested in business success. On the other hand, very sort of instinctively, intuitively people-oriented in your nature. And I want to say that before I say anything else at all. And I will look forward to supporting your nomination with a lot of enthusiasm.

Let me just make three quick points which we discussed, and one of which I will ask a further question on. The steel industry is in very dire crisis. It is not impossible that very shortly about 50 percent of the steel industry in the United States will be in bankruptcy or in financial comparable status.

Vice President-elect Dick Cheney came to Weirton, West Virginia, and said that there could not be a defense industry without a steel industry. It is not simply another industry. It has a particular nature to it.

I just need to say that even though it may create tensions within the administration, there really is, in terms of the steel industry, a need for the Bush Administration to intervene quickly. And I will have more to say about that in questions. But this is a genuine, genuine crisis for the industry and for all of the people that work within it.

Second, there are three quick technology issues, one of which Senator Conrad Burns, my good friend, has already mentioned. The first I would mention would be the question of the digital divide which has almost become a cliché, but which is becoming in my judgment not only a severe, more severe, problem, even as we work to expand our technology infrastructure within States, within the country, and obviously even more dramatically, within the world.

NTIA has done a terrific job. They put out a report which is called "Falling Through the Net" each year. And I would hope that that would continue because it is dramatic and it is powerful.

Also, there is an interesting program called the TOP program which is the Technology Opportunities Program. Hardly anybody has heard of it, but it makes an enormous difference to States and to regions which would otherwise be under-served in a very dramatic way. And I would just simply call your attention to that.

And third, something we discussed yesterday, the EPSCOT program, which is the technology equivalent of taking not just University of Texas where you graduated from, in other words, the first tier universities—excuse me, Senator Gramm—among others, and the Stanfords and the Harvards, et cetera.

Senator GRAMM. Thank you, Senator Rockefeller.

Senator ROCKEFELLER. But going to first-rate, second level universities where first-rate research is being done by first-rate young researchers who, if given a boost, can do remarkable work. It is called the EPSCOT. I just want to put that on the record.

And finally, I want to mention the spectrum management. As we discussed yesterday, we go from crisis-to-crisis. We have got government needs. We have got new technology needs. We have traditional needs. We have no spectrum management strategy. The Commerce Department is so heavily involved in that. And I think it represents one of the truly important challenges for you and for your department and for the country's success as you go into your new job.

Very finally, another rather obscure program, but we have to protect our information infrastructure. And I am not just talking here about privacy. I am talking about the actual protection of it. And you have within your Bureau of Export Administration a program called the Critical Infrastructure Assurance office. I want to put that on the record. It is underfunded, understaffed. And it is the body that protects our basic infrastructure.

Having said that, I do not want people to come back here in 5 years with us in shambles in this whole area and asking why it was that we did not do something when we have the ability within your department to take action on that.

So having said that, I look forward very, very much to working with you. I think you will do a wonderful job.

I thank the Chairman, both chairmen.

Senator HOLLINGS. Thank you.

Senator Dorgan.

**STATEMENT OF HON. BYRON L. DORGAN,
U.S. SENATOR FROM NORTH DAKOTA**

Senator DORGAN. Thank you, Mr. Chairman. Thank you, Mr. Evans and your family for being with us today. And thank you for offering to serve our country. It is my intention to support your nomination. I think your qualifications will give you an opportunity to excel in this particular role. We had an opportunity to visit yesterday, for which I am very appreciative. I will mention just very briefly, because I know we want to get on with the statements. But I do want to say that I am very interested in the issues of technology, the NTIA, the work it is doing, third-generation wireless. There are so many interesting and critically important things that are being done in these areas. And you and I talked about that. This is breathtaking technology. In some areas, we are well ahead. In some areas, we are lagging. And especially third-generation wireless, we need to be very attentive to that. I know we had a visit about it.

I got in on the last part of Senator Hollings' statement. But he has probably said it before. So I may have heard it before—on the issue of trade. He comes at this with great passion and great aggression.

And I want to mention that Senator Stevens, Senator Byrd, and myself authored legislation that created a trade deficit review commission. In fact, Donald Rumsfeld was on that commission. And

they have just reported. And one of the things I said is we need to devote more resources to monitoring compliance with trade agreements. The President should request more resources for Commerce's market access and compliance unit.

I want to make this point. We have a nearly \$80 billion trade deficit with Japan. Do you know how many people are involved in monitoring our trade relationship with Japan? Seven. A nearly \$80 billion trade deficit with China. You know how many people over in Commerce are involved in monitoring our trade relationship with China with respect to enforcement? Seven.

I mean, it is just unthinkable that we are doing this to ourselves. We must—we must—enforce, aggressively enforce, trade agreements.

Canada and Mexico. Our Canada trade deficit is estimated to be \$50 billion. Mexico, \$26 billion. Both of them, we have 13 people monitoring trade components with those two areas. Europe the same thing. We now import \$1 billion more a day every day in goods than we export. We have got huge trade problems. The largest trade deficit—the largest merchandise trade deficit in the history of this country and growing rapidly.

So we had a long talk about that. I will not continue further except to say a number of our colleagues have talked about this and it is very important. And as you come to this job and this opportunity, I know you will pay some attention to it from our discussion yesterday.

Again, thank you for being willing to serve our country and I look forward to supporting your nomination.

Senator HOLLINGS. Thank you.
Senator Cleland.

**STATEMENT OF HON. MAX CLELAND,
U.S. SENATOR FROM GEORGIA**

Senator CLELAND. Thank you very much, Mr. Chairman and Mr. Ranking Member. May I just say what a pleasure it is to be here with Mr. Evans and our distinguished colleagues from the great state of Texas. I feel that this hearing is a harbinger of good things to come and bipartisan cooperation on behalf of our country and behalf of our federal government.

Mr. Evans, as Secretary of Commerce, you will have an extraordinary responsibility presiding over the department in our federal government which is the focal point for federal policy which actually helps shape the economy of the new millennium. You will monitor and administer an incredible variety of programs and policies, central to preserving America's economic and technological leadership well into the 21st century.

I do not have to remind you how great an impact the Commerce Department has on our 50 States. In terms of our states, in terms of institutions of higher learning, Senator Rockefeller did mention to Senator Gramm that there were other institutions like the University of Georgia, from which you graduated, and Emory University, from which I graduated, that were as great as the University of Texas. And we are delighted to see that recognition.

In my state, export promotion is critical. We have two major ports that open into the Atlantic and the largest airport and busi-

est airport in the world. And export promotion is critical to the continuance of a successful economy in my State as well as trade enforcement, enforcement of our trade laws.

How that goes will depend on the future of Georgia peanuts, Vidalia onions, textiles, Coca-Cola, poultry and so forth, to keep our economy going. Economic development and technology advances certainly can open doors of opportunity for our businesses, large and small, and for our people, whether they be on a farm or in the city.

And, of course, NOAA, the national weather service is vital to the life and livelihood of the farmers, sailors, aviators of our state. We have had, unfortunately, a situation where in the last 6 years each year has seen some major weather disaster, a tornado, flash flood, et cetera. NOAA is critical to in effect literally the survival of a lot of people in my State.

The Department of Commerce is also the steward of the census. The one mechanism we have to establish the nation's population and to ensure equitable and fair representation here in the Congress and the allocation of federal funds where they're most needed. I think it is essential that your department do all in its power to produce as accurate a population count as possible, and one which includes the vulnerable Americans who have been missed in the past.

I would just like to say that I believe the approach developed by Secretary Mineta and the current leadership within the Census Bureau is the right approach, I think, one which squares the need for accuracy with the requirements laid down by the courts. And I hope we can work together in a bipartisan way to secure such a result under your leadership.

I would just like to join the Chairman and Ranking Member in welcoming you before the Committee. I wish you success in meeting the challenges before you. And I would just like to offer you these words from John Kennedy. He said "My experience in government is that when things are noncontroversial, beautifully coordinated, and all the rest, it must be that not much is going on." You have my support and my friendship and I wish you well in your new endeavors. Thank you, very much.

Thank you very much, Mr. Chairman.

[The prepared statement of Senator Cleland follows:]

PREPARED STATEMENT OF HON. MAX CLELAND,
U.S. SENATOR FROM GEORGIA

Mr. Chairman and Mr. Ranking Member, thank you for convening this hearing which hopefully will serve as the harbinger of the bipartisan cooperation our country needs and the federal government requires at this extraordinary juncture in our nation's history.

Mr. Evans, as Secretary of Commerce you will have before you an awesome responsibility—presiding over the department in our federal government which is the focal point for federal policy shaping the economy of the new millennium. You will monitor and administer an incredible variety of programs and policies which are central to preserving America's economic and technological leadership well into the 21st century and beyond.

I don't have to tell you how great an impact the Commerce Department has on our 50 States. In my state of Georgia, export promotion and trade enforcement can determine how well our home-grown products fare in foreign markets, be they Georgia peanuts, Vidalia onions, textiles or soft drinks. Economic development and technology advances can open doors of opportunity for Georgia's large and small busi-

nesses, for our farms, and the people they employ. They can be a lifeline for our disadvantaged communities.

NOAA and the National Weather Service are vital to the life and livelihood of the farmers, sailors, and aviators of my state. The ability to provide accurate and timely information regarding tornados, hurricanes and flash floods affects not only every Georgian, but every American from Savannah to San Antonio to Sacramento.

The Department of Commerce is also the steward of the census, the one mechanism we have to establish the nation's population and to ensure equitable representation in Congress and the allocation of federal funds where they are most needed. It is essential that the Department do all in its power to produce as accurate a population count as possible—and one which includes the vulnerable Americans who have in the past been missed. I must say that I believe the approach developed by Secretary Mineta and the current leadership within the Census Bureau is the right approach—one which squares the need for accuracy with the requirements laid down by the courts, and I hope we can work together in a bipartisan fashion to secure such a result under your leadership.

I join the Chairman and Ranking Member in welcoming you before this Committee. I wish you success in meeting the challenges before you and offer you these words from John Kennedy: "My experience in government," he said, "is that when things are noncontroversial, beautifully coordinated, and all the rest, it must be that not much is going on."

Senator HOLLINGS. Thank you.

Senator Snowe.

**STATEMENT OF HON. OLYMPIA J. SNOWE,
U.S. SENATOR FROM MAINE**

Senator SNOWE. Thank you very much, Mr. Chairman. And I too want to join my colleagues here today in welcoming you, Mr. Evans, to this Committee and to congratulate you as well on your nomination as Secretary of Commerce by President-elect Bush. I also want to say you are in good company here today with our colleagues Senator Gramm and Senator Hutchison.

It is certainly clear from your background and your experience that you bring a broad range and expertise to the position for which you have been selected. As others have indicated here today, the Department of Commerce has a broad range of jurisdiction among a number of agencies. Therefore, the Secretary of Commerce does have tremendous responsibilities. There is every indication that you possess the credentials and the knowledge and the expertise that is consistent with the post. We need to have an individual who has clear vision, innovative ideas and skill and administrative abilities. I think that you will be a tremendous asset to the Commerce Department efforts in export promotion which is key to providing a strong competitive environment in which our businesses can thrive. I believe small and large businesses must have the opportunities to export abroad to maintain a strong economy.

Others, particularly Senator Dorgan, have talked about being vigilant about unfair trade practices. Certainly, it is a concern to have the estimated \$440 billion trade deficit which we incurred last year. This unprecedented deficit mentioned by Senator Dorgan underscores the Federal Trade Deficit Review Commission finding that long-term trade deficits are not sustainable or desirable for the long term. And that is certainly something that we have to be mindful of with the passage and the ratification of the trade agreement with China. We have to be vigilant in China's compliance and enforcement with WTO agreements without any question.

And I would encourage you, as I was discussing with you yesterday in our meeting, to seek and fill the position that was proposed

by the Clinton Administration last year with respect to having a deputy secretary at the Commerce Department to monitor China's compliance with WTO agreements, especially for import-sensitive businesses like textiles and apparel that have been devastated in my State and the State of the Chairman of this Committee over the last decade. We have experienced irrevocable losses across the nation. I think it is all the more important that we have a responsibility—indeed an obligation—to strongly enforce the principles of these agreements to make sure that their end of the bargain is being upheld.

As Chair of the Ocean and Fisheries Subcommittee, I also would call your attention to our nation's fisheries. I guess I do not have to remind you, given the coastal State that you come from, Mr. Evans, and our colleagues. But our nation's fisheries are an invaluable resource, certainly to my State as well and to this country. We have seen the value of those resources increase by more than 11 percent last year alone.

I would have to say my biggest concern is in holding regulatory agencies accountable for the regulatory decisions they make. In this instance, as we prepare to reauthorize the Magnuson-Stevens Act which is the primary law governing our nation's fisheries, we have to make sure that we have the good science to back up those regulatory decisions.

I conducted six hearings across this country last year, and the major complaint that I heard from the wide range of stakeholders is that the agency, the National Marine Fisheries Service, failed to provide the kind of science to back up and to reinforce the strong regulatory action that they were taking.

Also what is disturbing is the trend toward litigation driving the agency's decisions because of the lack of good science.

So this transition to sustainable fisheries has been a difficult one that has really culminated in a never-ending morass of regulations upon regulations.

To cite an example, the New England groundfishing industry—as Senator Kerry would also acknowledge—has faced more changes than one could count. I mean, in 1999 alone, they faced five different regulatory changes. In the year 2000, four different changes. You can appreciate this as a businessman. You like to be able to plan. The fishing industry has not been able to plan more than a few months ahead.

That is unacceptable and clearly intolerable and it is something that could change. And I hope that with your background and experience that you would be able to lead that change in improving the management of that agency as well as the overall fishing industry.

I would also commend your attention to the Economic Development Administration. That is a very important program to many areas of the country, including the State of Maine. It has in its 35 years of existence provided more than \$16 billion to distressed areas. It has created more than 2.9 million jobs. And I hope that you will continue to sustain that agency, to help revitalize areas of the country that have been bypassed in this unprecedented era of economic growth.

And finally, on the technology issue, I too want to underscore the importance of the Technology Opportunities Program that is within

the National Telecommunications and Information Administration, because it is important to revitalizing and rejuvenating areas of the country that have not experienced strong economic growth and who are apt to be left behind in this information revolution.

So, again, Mr. Evans, I thank you for being here today. We appreciate the kind of commitment and contribution you are prepared to make. Thank you.

Senator HOLLINGS. Thank you.

Senator Inouye.

**STATEMENT OF HON. DANIEL K. INOUE,
U.S. SENATOR FROM HAWAII**

Senator INOUE. Thank you very much, Mr. Chairman. I wish to join my colleagues in congratulating Mr. Evans on his nomination. As you know, I have the privilege of representing an island State. And so, your agency, NOAA, is extremely important to us. In fact, over half of our budget concerns NOAA. And I am certain that in your hands we will be able to succeed and thrive and flourish in Hawaii.

I am also concerned about the Census Bureau. And so if I may, I would like to, Mr. Chairman, submit questions on both these items. And I further request that my full statement be made part of the record.

Senator HOLLINGS. Without objection.

Senator INOUE. Congratulations. And you have got my vote.

[The prepared statement of Senator Inouye follows:]

PREPARED STATEMENT OF HON. DANIEL K. INOUE,
U.S. SENATOR FROM HAWAII

I wish to congratulate you on your nomination to serve as our nation's next Secretary of Commerce. The activities within the jurisdiction of the Commerce Department touch the daily lives of Americans in many ways. I look forward to hearing your vision on how the new administration plans to fulfill the department's mission to promote job creation, economic growth, and effective management and stewardship of our nation's resources to ensure sustainable economic opportunities. Of particular interest would be your vision for the National Oceanic and Atmospheric Administration, which represents more than 50 percent of the Commerce Department's budget.

I am also looking forward to hearing your views on a number of key issues pending before the department including the process for determining the final accounting of the 2000 census and addressing the growing number of fisheries-related lawsuits.

Senator HOLLINGS. The Committee record will stay open for questions by the other Members. The Committee is pleased to have our distinguished colleagues Senator Gramm and Senator Hutchison to present the nominee.

Senator Gramm.

**STATEMENT OF HON. PHIL GRAMM,
U.S. SENATOR FROM TEXAS**

Senator GRAMM. Mr. Chairman and Members of the Commerce Committee, let me thank you for having this early hearing. It is a great privilege for me to be here today to introduce my fellow Texan and my friend, Donald L. Evans and to introduce you to him as the President's nominee for Secretary of Commerce.

Don Evans has served as Chairman of the Board and CEO of a major oil and gas exploration company with a billion dollars of pri-

vate assets. He knows commerce. He knows the American capitalistic system and how it works. Few candidates for Secretary of Commerce have ever brought the rich and lengthy experience in the private sector of the economy to this job that Don Evans brings.

I think as an indication of his ability as a manager, he became CEO of a billion dollar company when he was 33 years old. He has served our State in many positions of leadership, certainly one of the most important is Chairman of the Board of Regents of the University of Texas which is a huge concern, 80,000 staff members, \$6 billion budget. In my humble opinion, they spend too much money on athletics and not enough on academics. But he has served with great distinction as Chairman of the Board of Regents of the University of Texas.

He has been very active in philanthropic activities. He was the driving force behind Native Vision, which is a program to assist Native American children. And that program, which is largely his creation, now provides services to some 10,000 Native American children in America.

He is a graduate of the University of Texas in mechanical engineering which is one of their most outstanding programs at the university. He has an MBA from there. He is a distinguished alumni of the business school. And Don is what we would call in Texas a "top hand." He is the kind of guy you want on your side. You can ask our new President about having Don Evans on your side. And I think the happy condition we are in today is finding ourselves where through our action in the Senate we can put Don Evans on America's side as Secretary of Commerce. So I am very happy to be here. And I very strongly recommend to this distinguished Committee that Don Evans be reported favorably and confirmed by the Senate.

Senator HOLLINGS. Thank you.

Now our important Committee Member, Senator Hutchison.

**STATEMENT OF HON. KAY BAILEY HUTCHISON,
U.S. SENATOR FROM TEXAS**

Senator HUTCHISON. Thank you Mr. Chairman. And I want to thank you and Senator McCain for working together to have this early hearing so that we can get an early confirmation.

I called Don Evans on the day after his appointment. And I said, "Don, if there is anything I can do to help you, let me know." And he said, "Well, if you could remind me of every place I lived when I went to the University of Texas." It seemed that I got him while he was filling out his FBI form.

I want to say that I am particularly pleased that our President-elect has chosen someone who is a true entrepreneur, someone who knows the ups and downs of business. We all know what kind of peaks and valleys we see in the oil industry. And I think that is good experience. Because this is a man who knows first-hand what the businesses of our country go through when we have economic swings as we are seeing today.

I think it is particularly important that as he says he has been tested. He has been through the whole cycle, the ups and the downs. And I think he will have good advice for our businesses and

our country. But mostly he will understand what they are going through and how we can level out those peaks and valleys.

Second, from a non-credible source, an Aggie, no less, you have heard of his service to the University of Texas. But in fact, I am also an alum of the University of Texas and very proud that he has held the very highest position of leadership in our mutual university and that he serves as Chairman of the Board of Regents. He has done a wonderful job.

Senator Rockefeller, you were talking about the importance of research and bringing fledgling researchers up through our system in America, that was one of the great strengths of Don Evans' service as Chairman of the University of Texas Board of Regents. He focused on research and increased the opportunities for our young researchers at the University of Texas throughout the system because he too felt that that was so important. So I have a feeling that research is going to be one of the important priorities that he will bring to the Commerce Department.

I do not need to go back through his resumé because I think Senator Gramm has given you that. But I will just say that I am very proud that this Texan has been chosen to lead the Department of Commerce. And I do hope that our Committee will confirm him quickly so that he can represent the best that is America in our free enterprise system to the world.

Thank you.

[The prepared statement of Senator Hutchison follows:]

PREPARED STATEMENT OF HON. KAY BAILEY HUTCHISON,
U.S. SENATOR FROM TEXAS

Thank you, Mr. Chairman. It is my great privilege to stand before the Committee today for the purpose of introducing a fellow Texan and great friend, Don Evans, the nominee-designate for the position of Secretary of Commerce in the Bush Administration.

Don graduated with a degree in mechanical engineering from my alma mater, the University of Texas. He serves as chairman of the University's Board of Regents.

The mantle of promoting and protecting America's commercial interests throughout the globe is a good fit for a man who has been a hands-on businessperson with real-world experience.

Free enterprise has been Don's life. As one headline put it, Don went from "rough-neck to oil exec"—Don started work on a drilling rig for the Tom Brown company in Midland and took only 5 years to become president of the billion-dollar company, at age 33.

He's seen the oil and gas business at its peaks in the 1970s and in its valleys in the 1980s. He's Texas tough. He's seen prices high and low, the dry holes and the gushers. This entrepreneur says: "I have been cycle-tested. I have been through the whole cycle." Don is well prepared for the cycles and challenges of running a large Federal department. He has collaborated with many heads of businesses, in Texas and elsewhere, and as Secretary of Commerce, he will work effectively with America's executives.

I don't want to embarrass the distinguished Senior Senator from Texas seated next to me, because I know he is a devoted Aggie, and I want to take a moment to pay tribute to Don's efforts at the University of Texas. The UT system has a \$5.8 billion operating budget and would rank as the fifth-largest company in the State of Texas if it were a private entity. UT has 70,000 employees and 153,000 students.

Again, I would like to applaud President-elect Bush's choice of Don for Commerce Secretary. I know he will face the challenges ahead with the same acumen he showed in the private sector.

Senator HOLLINGS. Thank you very much.

The Chair is now pleased to recognize the nominee, Mr. Evans.

**STATEMENT OF MR. DONALD L. EVANS, NOMINEE TO BE
SECRETARY OF THE DEPARTMENT OF COMMERCE**

Mr. EVANS. Mr. Chairman, thank you very, very much. As Senator Gramm is leaving, I must say to you that it is not often that—in our State anyway—that you get somebody from Texas A&M University to say something nice about somebody from the University of Texas. I appreciated those kind words by both Senator Gramm and Senator Hutchison.

I have got a short prepared statement. Before I get to that, I want to apologize to Senator Inouye for not yet getting by to see you, Senator. I look forward to that. I must say that the last 2 days in Washington, D.C. have been very moving to me, moving in the sense I have met, in some cases for the first time, U.S. Senators and in other cases visit with Senators that I already have known. There is a sense of the great bipartisan spirit here.

As I move into the short prepared statement, I want to thank all of the Senators that I have had the chance to visit with and spend time with and listen to. And please know that I have come away from those meetings with the sense that these are all Senators that I look very forward to working with, to hearing from, to talking to, to hearing what is on your mind. And knowing that there are many ways that we can solve these common problems together. So I thank you for your indulgence the last 24 hours, 48 hours, as I come by to see you. Because I know how busy your schedules are.

Mr. Chairman, Senator McCain, other distinguished Members of this Committee, thank you for the opportunity to appear before you this morning. I deeply appreciate again those introductions from my longtime friends, Senator Gramm and Senator Hutchison, and your words of kindness to Susie and me are very much appreciated.

Since President-elect Bush announced his intent to nominate me to the position of Secretary of Commerce, I received nothing but the most gracious kind of welcome here in Washington, D.C. Democrats and Republicans, career agency employees, Congressional staff, and the public have all have extended warm and helping hands. My meetings over the past 2 days, as I have already referred to, with many of the Committee Members have been particularly helpful to me. I trust this is only the first step in what will be a regular, productive dialog.

If confirmed as Secretary, I will continue to seek your views and counsel so that together we will meet the challenges and missions of this very vital department that we are talking about today.

Secretary Mineta and his staff have been extraordinarily helpful. Many worked over the holidays to assist our transition team. I am very pleased that Norm will continue his public service as Secretary of Transportation. He will be close at hand, somebody that I will consult frequently.

I especially also wish to extend my gratitude to former Secretary Bill Daley for his friendship, for his assistance and for his advice. I met with Bill on one occasion since the election. I have talked to him on numerous occasions. He is one that I will seek advice from frequently. His generosity once again affirms the nature of our democracy. It's vibrant and competitive, but also respectful and committed to the common good of this great nation. And we all realize

that beyond anything else, we are here to serve our fellow Americans.

Mr. Chairman, I am humbly grateful and honored that President-elect Bush would nominate me for this new role. I am eager to take on the challenge.

President-elect Bush has observed that it is not government, but the entrepreneurial spirit of the American people that creates wealth. What government can do, however, is to help create an environment in which this spirit flourishes, an environment that promotes innovation, risk-taking and equal opportunity.

President-elect Bush clearly understands the challenges of competing in a global economy. But challenges are neither to be avoided nor feared. Americans have never had greater opportunities to pursue their dreams than today. If confirmed as Secretary, my mission for the Department of Commerce will be to foster a marketplace where ideas and energy can thrive, where the entrepreneurial spirit will flourish.

I must say that when I worked as a roughneck on the drilling rigs in the oilfields of West Texas some 30 years ago, I never expected to be nominated or to become Secretary of the Cabinet agency charged with promoting the nation's business. Nor was I aware of the important training for this role that I was receiving while I worked my way up the chain as an engineer, as a manager at industrial and energy companies or when I struggled to find a way for my company to survive the severe downturn that hit the oil patch in the 1980s and 1990s or as I chaired the Board of Regents of the University of Texas, a system of nine educational and six health care science centers—having 79,000 employees and having over 154,000 very cherished students. In a sense, I have been preparing for my new responsibilities, if confirmed, throughout my working career.

My experience has taught me this: Our free enterprise system is unmatched in its ability to provide economic freedom and opportunity and hope for all of our citizens. If confirmed as Secretary of Commerce, my objective will be to direct the department's great and diverse resources to the common cause of fostering economic strength at home, and indeed, abroad. Every part of the Commerce Department will join in this purpose.

Two precepts will guide our work. First, no sector of the U.S. economy operates in isolation from the global economy. Every worker and every employer faces the challenges of competition from the world's farthest reaches. Our job will be to ensure that those challenges are turned into opportunities.

Second, our nation's greatest export is its democratic principles. Those principles best take hold in a world of unshackled economic opportunity. Whether in seeking agreement on rules for e-commerce or the elimination of free-enterprise-distorting trade subsidies, we want to foster a world of private, not government, competition.

This is a critical role for the Commerce Department, to partner with the U.S. Trade Representative to ensure that our trade agreements provide more meaningful opportunities for exports of American goods and services—trade must never be a one-way street. We must ensure our workers and businesses—small and large, rural

and urban—are protected against unfair trade competition, while gaining the great benefits of larger global markets.

Equally important is the proper stewardship of our oceans, fisheries, and marine environment. The research and regulatory roles of the National Oceanic and Atmospheric Administration contribute greatly to our national security and to the livelihoods of all our citizens, especially those who live and work in coastal areas. NOAA's important research will also be critical to decisions that we will make as to the global climate change.

Fostering America's technological leadership will be a central concern of the Commerce Department under my leadership. American inventiveness is a national treasure. The great inventors of our history, from Edison and Bell to McCormick and Whitney, would marvel today at the power and reach of American technology and its swift contributions to our standard of living.

The words of Lincoln that are chiseled in stone above the Commerce Department's entryway on Fifteenth Street remind us of a key mission: It is our patent system, Lincoln noted, that has "added the fuel of interest to the fire of genius." The nation's security and prosperity rely on the promise of effective intellectual property protection. Maximizing competitive opportunity also results from the establishment of appropriate industrial standards, from the exploitation of new technologies and the new means of doing business, and from the predictable, common sense administration of controls on exports of strategically important goods.

The wide range of interests and concerns expressed to me by many of you over the past few days matches the very diversity of the Department itself. I want you to know that your issues are my issues. Whatever debates there have been previously or may be in the future about the shape and substance of the Commerce Department, I intend simply to make the Department work well for all Americans: all workers, all businessmen and women, fishermen, investors, inventors, scientists, and consumers alike. I assure the Committee that if I am confirmed as Secretary, the Department of Commerce will pursue our missions with energy, integrity, and constant awareness that we labor in the public interest.

In closing, I want to thank my family for supporting my decision to enter public service. I love this country. I love all Americans, and I will cherish this opportunity to serve this great nation.

Again, my appreciation for the opportunity to appear before you today. I welcome an opportunity to answer any questions that you might have.

[The prepared statement of Mr. Donald L. Evans follows:]

PREPARED STATEMENT OF DONALD L. EVANS, NOMINEE TO BE SECRETARY OF THE
DEPARTMENT OF COMMERCE

Mr. Chairman, Senator McCain, Members of the Committee.

Thank you for this opportunity to appear before you this morning. I deeply appreciate the introductions by my long-time friends, Phil Gramm and Kay Bailey Hutchison and your words of welcome for Susie and me.

Since President-elect Bush announced his intent to nominate me to the position of Secretary of Commerce, I have received nothing but the most gracious welcome here in Washington. Democrats and Republicans, career agency employees, Congressional staff, and the public all have extended warm and helping hands. My meetings over the past 2 days with many of the Committee members have been particularly

helpful to me. I trust this is only the first step in what will be a regular, productive dialog. As Secretary, I will continue to seek your views and counsel.

Secretary Mineta and his staff have been extraordinarily helpful. Many worked over the holidays to assist our transition team. I am very pleased that Norm will continue his public service as Secretary of Transportation—and that he will not be able to avoid my calls for his advice. I look forward to continued work with this most esteemed colleague.

I especially wish also to express my gratitude to former Secretary Bill Daley for his assistance and advice. His generosity once again affirms the nature of our democracy—vibrant and competitive but also respectful and committed to the common good.

Mr. Chairman, I am humbled and honored that President-elect Bush would nominate me for this new role. And I am eager to take on the challenge.

President-elect Bush has often observed that it is not government, but the entrepreneurial spirit of the American people that creates wealth. What government can do, however, is to help create an environment in which that spirit flourishes—an environment that promotes innovation, risk-taking and equal opportunity.

President-elect Bush clearly understands the challenges of competing in a global economy. But challenges are neither to be avoided nor feared. Americans have never had greater opportunities to pursue their dreams. If confirmed as Secretary, my mission for the Department of Commerce will be to foster a marketplace where ideas and energy can thrive, where the entrepreneurial spirit indeed will flourish.

I must say that when I worked as a roughneck on drilling rigs some 30 years ago, I never expected to be nominated to become Secretary of the Cabinet agency charged with promoting the nation's business. Nor was I aware of the important training for this role that I was receiving while I worked my way up the chain as an engineer and manager at industrial and energy companies; when I struggled to find a way for my company to survive the severe downturn that hit the oil patch in the late 1980s; or as I chaired the Regents of the University of Texas, a system of nine educational and six health care science centers, having 79,000 employees and 154,000 students. In a sense, I have been preparing for my new responsibilities throughout my working career.

My experience has taught me this: Our free enterprise system is unmatched in its ability to provide economic freedom and opportunity for all of our citizens. If confirmed as Secretary of Commerce, my objective will be to direct the Department's great and diverse resources to the common cause of fostering economic strength at home and abroad. Every part of the Commerce Department will join in this purpose.

Two precepts will guide our work. First, no sector of the U.S. economy operates in isolation from the global economy. Every worker and every employer faces the challenge of competition from the world's farthest reaches. Our job will be to ensure that those challenges are turned into opportunities.

Second, our nation's greatest export is its democratic principles. Those principles best take hold in a world of unshackled economic opportunity. Whether in seeking agreement on rules for e-commerce or the elimination of trade-distorting subsidies, we want to foster a world of private not government competition.

There thus will be no more important role for the Commerce Department than to partner with the U.S. Trade Representative to ensure that our trade agreements provide meaningful opportunities for exports of American goods and services—trade must never be a one-way street. We must ensure our workers and businesses—small and large, rural and urban—are protected against unfair trade competition while gaining the great benefits of larger global markets.

Equally important is the proper stewardship of our oceans, fisheries, and marine environment. The research and regulatory roles of the National Oceanic and Atmospheric Administration contribute greatly to our national security and to the livelihoods of our citizens, especially those who live and work in coastal areas.

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In closing, I want to thank my family for supporting my decision to enter public service, and to express to you again my appreciation for the opportunity to appear before you today. I will be pleased to respond to your questions.

Senator HOLLINGS. Thank you very much, Mr. Evans.

Two of our colleagues have yet to have an opportunity to present opening statements. Senator Hutchison, would you like to make a statement?

Senator HUTCHISON. No, thank you, Mr. Chairman. I will ask questions.

Senator HOLLINGS. Very good.

Senator Inouye.

Senator INOUE. No opening statement.

Senator HOLLINGS. Very good. We will try to hold it down to the 5 minutes so we can get around to everybody.

When you talk about trade it cannot be a one-way street with the opportunity to export, but that is not our problem. You remind me of that Small Business Administration questionnaire that went out some years ago, Mr. Evans. One section said, "How many employees do you have broken down by sex?" The small businessman said, "None. Alcoholism is our problem."

Exports are not our problem. We have got offices all over South Carolina. I take almost everything I produce for General Electric in Greenville and the Dozer turbines down in Florence where we are making the magnetic resonance images. We export more than 50 percent of that. BMW that I have in South Carolina exports 95 percent. So we know all about exports.

It is, as Senator Dorgan has said, almost a \$400 billion trade deficit in imports. That is what we had with respect to the International Trade Commission. You have the International Trade Administration. You have a finding of a dumping violation. And supposedly to enforce it was the Commission. But they are a patsy. They never find injury and never have enforcement.

What we really need is a change of mindset to get away from the foreign trade as foreign aid. Fine. Whoopee for the Marshall Plan. It has worked. Capitalism has defeated communism.

But right to your particular industry. You had a couple of years ago the dumping of oil at less than cost. Louisiana, Oklahoma and Texas brought a dumping case. But what happened? Politically, they said, "Wait a minute. If we make a finding in favor, then we are going to run up the price of gasoline during an election year."

So they bucked it up to the Court of International Trade on a technology issue about standing. Now it is back and we will see where we go from there. But the market has changed.

But I want to give you that as an example because the Zenith case, the entire Cabinet after a 3-year trial and a Supreme Court finding and everything else of that kind, with President Reagan, the Cabinet had voted to go ahead and enforce the finding. And in-

stead, President Reagan came in and said, "Well, I have just talked to Nakasone. And we are going to let that one go by."

And time and time again this has happened. So America's industry says "the heck with these trade lawyers and spending 3 years and millions of dollars in court. I am going to go over and join them."

And so before you can produce the Boeing 777 or sell it in the People's Republic, they say you have got to produce half of it in downtown Shanghai. You pick up Monday's *Wall Street Journal* and it says we are going to try to compete now with the 747 superduper 747. The Europeans do not have one, but the AirBus crowd is now trying to go to 600 passengers.

So in order to compete, we are going to that. But where are we going? To Japan. Look at the headline, the *Wall Street Journal*. We are going to produce it in downtown Japan.

That is why the Boeing machine has led to the strike demonstration December a year ago. Not the crazies that came out of Oregon—excuse me, Ron—that tried to break up Main Street there in Seattle, you know, that crowd that came. I am talking about the legitimate AFL/CIO demonstration against WTO. That was led by America's premier export industry.

The problem is not exports. We are losing our industrial backbone. With respect—and you have got to change the mindset in you and everybody else. That is why we plead with you to please take over so that we have got a proper, not just—we do not need a sheriff or chief of police to enforce. We need a whole mindset to comply. That is all. Everybody else uses their market to promote the interests of their manufacturer, and we have got to start doing the same.

With respect to the steel, as Senator Rockefeller said, that is exactly right. Look at Bethlehem. They have modernized and everything else. But look at their stock. Why? Because you are competing with the World Bank. The World Bank goes the world around. And they said, "Wait a minute. You are a Third World emerging economy here. Before you become a nation state, you have got to produce the steel for the weapons of war and the tools of industry."

I have done this down in South Carolina. I have Nucor and all the rest of the steel plants. But they went into Saudi Arabia when poor Willie Korf died in an air crash. He was building steel plants in China.

So we build 2 percent steel plants the world around. And then we come back to our workers and steel plants here and say, "Oh, you have got to compete. Productivity, productivity." And then give them all the requirements that I talked about.

So you have got to enforce the steel dumping. That is what you appeared before the group, International Trade Commission, and made an eloquent statement about that need.

With respect to fisheries that Senator Snowe and Senator Kerry pointed out, we actually had to hold up an almost continuing resolution and could not adjourn just before Christmas on account of a fisheries case—the sea lions up in Alaska. And we had not gotten the right science to feed into the right court finding to protect those fisherman up there in Alaska.

So a little thing—all for the want of a horseshoe nail—a little thing in your department becomes an almost super important matter here on the Hill itself. So look at that.

I could go down several other things, but I want to comply with that red light.

The next person, I think, was Senator McCain.

Senator MCCAIN. Thank you, Mr. Chairman.

I note the presence of Congresswoman Jennifer Dunn from the State of Washington, who is here in support of our nominee and we thank you for being here, Congresswoman Dunn.

Senator HOLLINGS. If you would yield, we had told Members that there would not be any other witnesses. Otherwise, we would welcome Congresswoman Dunn to testify. But we do appreciate your presence. Thank you, Senator.

Senator MCCAIN. Thank you, Mr. Chairman.

Mr. Evans, I would like to mention that in our meeting I said that I would ask you either at the hearing or in writing many of the questions, or most of the questions, that I asked your predecessor Secretary Daley. I would like to get through a couple of these with the time that I have.

In the pre-hearing questionnaire you filled out for the Committee, you were asked whether you or any business in which you were an officer had been involved in civil litigation or administrative agency proceedings and to provide details. I appreciate the candor with which you addressed these questions.

With respect to the Security National Bank and the American Century Corporation cases, please clarify for the Committee exactly what your roles were at these companies during the times addressed in the litigation.

Mr. EVANS. Thank you, Senator. Out of utmost caution, I responded to that question in the affirmative because while I was not an officer of those entities—

Senator MCCAIN. I think you need to pull the microphone a little closer.

Mr. EVANS. Sorry, sorry. The question asked “were you an officer.” I actually was not an officer, but I felt like I was close enough to those situations that I should respond to them. Security National Bank was a young startup bank in the early 1980s that was one of the many banks that did fail in the 1980s in Texas. I was on the board from a period of 1981 to 1985.

Subsequent to resigning from the board, in 1987 a lawsuit was brought against the bank. All the board members were named in that lawsuit. I was one of those names, although I was not serving on the board at the time. As the lawsuit progressed, my name was, in fact, dropped from that lawsuit. So it was through a civil litigation action in a bank that I was named later dropped from that suit. But no claims or charges were brought against me personally.

In the American Century situation, that was a savings and loan, some 48 of the 50 largest savings and loans in the State of Texas failed during that period. American Century—again out of kind of utmost caution—American Century was a holding company of a savings and loan. And I was not actually on the board of the savings and loan that failed. I was on the board of the holding company.

But there was some agency administrative action taken against the savings and loan. I was not named in that, but I felt like I was close enough to it where I should mention it. Again, I was not an officer in the savings and loan. I was not actually a director of the savings and loan itself. But I was a director of the holding company of the savings and loan.

But what it did allow me to do is see the collapse of an industry up close and personal. I mean, I saw the collapse of the financial industry along with the oil and gas industry and others up close and personal.

But I wanted to respond to those that I was close to those situations, even though, again, not an officer, no action was ever actually taken against me personally.

Senator MCCAIN. One of your responses to the pre-hearing questionnaire states that Tom Brown, Incorporated has been involved in various State and Federal administrative agency proceedings in the normal course of this business. Could you clarify what proceedings Tom Brown, Incorporated was involved in and their disposition? And did any of these proceedings involve damages or civil penalties paid to the government or to third parties and your involvement there.

Mr. EVANS. Senator, I am not aware of any civil penalties, any damages that were paid in any proceedings that the company was involved in over the last 25 years, the time period that I been employed there, the last 21 years an officer there. We have ongoing activities with the BLM, with the Federal Energy Regulatory Commission to mention a couple.

What I think I would like to do, if it is OK with you, is just submit to the full Committee in writing a full list of all of those ongoing activities that we had with various Federal agencies as opposed to trying to enumerate them right now.

Senator MCCAIN. Thank you. I think that would be fine.

Mr. EVANS. OK. *

Senator MCCAIN. There have been numerous reports in the past that the Department of Commerce trade missions have involved explicit and implicit fundraising activities or requests.

There have also been allegations that there may have existed a quid pro quo involving campaign contributions in return for being involved in or invited on such missions.

Without passing judgment on the veracity of these reports, I would like to know what actions you intend to take to ensure that such activity does not occur in the future. And by the way, I emphasize I applaud your predecessor in his efforts in this area. Would you for the record submit to this Committee no later than 30 days from now in writing your plan to ensure that electoral politics do not play a role in the Department of Commerce programs and trade missions?

Mr. EVANS. Senator, I will absolutely submit that in writing to you within 30 days. Let me tell you that I have had occasion to meet with Secretary Daley. I have discussed with him in some detail the procedure that is in place now as to the selection of individuals, companies, to participate in trade missions. I am comfortable

* Witness did not provide a response.

with the plan, the procedure, the methodology which they now use there as I understand it.*

I have not seen it in writing myself yet. But the way, that it has been explained to me, it is basically career people who are making the decisions as to who participates on the trade missions. And the political appointees have been taken out of it. I think that is appropriate.

But I would just say to amplify on that a little bit, I am not the one that is confused at all about service and public trust. And that is something that, every decision I made will go through that screen. It will go through a screen of is this decision being made in the best interest of the American people and the best—the long-term interest of America and for the general well-being of this country.

And so that is how all of my decisions will be made. But I will be happy to submit to you within the next 30 days a detailed plan of how those trade commissions will be selected.

Senator HOLLINGS. Senator Hutchison.

Senator HUTCHISON. Thank you, Mr. Chairman.

Mr. Evans, we passed the PNTR bill last year, but many of our Members were very concerned about the lapses in export technology restrictions and the potential proliferation of nuclear and chemical weapons that are being observed in China.

I want to just ask you a general question about what you think should be the parameters of any kind of normal trade agreements about technology transfers, and if you have had a chance yet to think about how you might address this with the Department of Defense and the Department of State and the U.S. Trade Representative and all of those who would be involved in our export relations.

Mr. EVANS. Thank you, Senator. And thank you again for those kind remarks earlier. What I can say to you at this point is I understand how sensitive this issue is, how critical this issue is. I know President-elect Bush in the course of the campaign talked about this specific issue and it was his suggestion that a President's Technology Export Council be considered or be developed so that you did have the right people sitting around the table making decisions as to whether or not we should allow certain technology to be exported.

And so, I would say to you that it is something that I will give high priority to, to make sure that we will look at this President's Technology Export Council to see if that is an appropriate way to bring the interagency input or minds to the decision of making the appropriate decision as to whether or not this particular export item would be qualified as a commercial civilian use. Or could it be of military use?

And certainly, if it is, when making the decision whether it would be State or Defense or whoever, say this could be indeed of military use, I think the Council would make the appropriate decision.

But I think, you know, I can say I know it is a very, very sensitive important issue, one that needs focus and I will give it focus.

* Witness did not provide a response.

Senator HUTCHISON. Well, I appreciate the priority that you are putting on it and particularly that you would work with all of the others involved to try to set a policy that everyone has a part in developing and then letting everyone know what that policy is.

So it is very important to many of us and I am pleased that it is to you as well.

The only other comment that I would make, and I think that you have seen the diversity of issues with which you are going to have to deal from the opening statements of Members. I would just say that I think the President-elect's focus on an energy policy in the very near term is well placed. And I hope that you as Secretary of Commerce and someone who understands this business will be helpful in formulating an energy policy that not only is good for the short-term and the help that is needed in the short-term to stabilize prices, but also for the long term. We must have conservation and production in our own country if we are going to control the stability of our own oil resources.

So I hope that with the Secretary of Energy, with the Secretary of Interior and with the President-elect, you will be a part of a process that will give us an energy policy really for the first time in this country that will value all of those elements and put us on the right course for having better control of our own destiny as it relates to energy. And with that, I will just say that you know I am going to support you and I am very pleased that you are here. Thank you.

Mr. EVANS. Thank you, Senator.

Senator HOLLINGS. Very good.

Senator Kerry.

Senator KERRY. Thank you, Mr. Chairman.

Mr. Evans, as I mentioned in my opening, I have that concern about the census. I would like to pursue that with you a little bit if I can.

Mr. EVANS. You bet.

Senator KERRY. I mentioned, this has really been a problem since the 1940s. And I think in the 1990 census, I mentioned the 13 million people. Among those were about an undercount of approximately 8.4 million Hispanics, Asians and blacks. And there was an overcount of some 4.4 million, mostly of affluent whites.

The sampling back then found that the decennial census undercounted Native Americans living on reservations at a rate of 15 times that of whites. And it also undercounted Latinos and blacks at a rate of 6 to 7 times the rate of whites, and Asians at a rate of 3 times that of whites.

Now, the experts in the Census Bureau have determined that a statistical sampling process is a viable, scientifically sound method to ensure that those counts are accurate, and that that would provide us with a single uniform standard by which we can count accurately our fellow Americans.

I would like to know if the professionals in the Department were to recommend to you as Commerce Secretary—and we do not know this yet—but if they were to come to you and say, Mr. Secretary, there is a bad undercount here and we have determined based on this scientific methodology that we need to rectify that so that Americans are properly represented, your predecessor Mr. Mineta

has, in fact, left in place a process that will allow them to do that. Will you honor what Mr. Mineta has put in place and, in fact, follow the professional recommendation?

Mr. EVANS. Senator, of course, I have to wait and see what the professionals' recommendation is. As you mentioned in your opening statement, the experts are still at work. They are still going through the data. I know the Director made the statement just a few days ago that their work continues. He cannot yet say whether or not—how accurate the count is or what the undercount or overcount is.

I can tell you a couple of things. One is that I am an engineer, scientist, by training. I like the facts. I like accuracy. And so I will look forward to seeing what the facts are and just the exact nature of the recommendation that might come to my desk. It is also though been called to my attention that maybe this decision—and I am not sure exactly what the process is yet—but it has been called to my attention that this decision has been delegated to the Director of Census and will not come across my desk.

So I am not yet clear as to what authority I will have or will not have quite frankly. I read a briefing paper I know just a few days ago that said as of November 6, the delegation of responsibility had been delegated to the Director of the Census or whoever the Acting Director was at the time.

So I am still a little unclear as to what kind of authority I will have when the Bureau of Census and their experts reaches whatever conclusions they might have.

The only other thing I might add, I would note that what has been said so far is the professionals are saying that it is the most accurate count we have had so far in any census that we have ever conducted. And I guess we spent some \$60 billion or so getting to this point. So it should be the most accurate count. Does that mean that is good enough? I am not sure yet. We will just have to see what the experts say.

Senator KERRY. Well, fair enough. I think that you are accurate in saying that it has been delegated to the Census Bureau. What I and others are concerned about is that it is left to professionals, that politics does not enter into it so that some recourse is sought that does not respect the rule that is in place. I mean, is there any reason that you would see as you approach this job that would motivate you to suggest that you would not leave it to the Census Bureau?

Mr. EVANS. Again, Senator, I just have not had a full review on the total issue yet. Obviously, it is a very sensitive issue. It is at the top of the list. This information is going to become available within the next month-and-a-half or so. I think we are due to deliver the counts to the States in the spring. So I know it is an issue that is on everybody's mind. It is certainly on my mind—exactly what action we will take or will not take.

Senator KERRY. Would you as a matter of your confirmation today guarantee to the Committee that if there were some reason that you thought that the rule Mr. Mineta put in place should not be honored that you would come back to the Committee and explain to the Committee in an open session precisely what the rationale for changing that might be?

Mr. EVANS. You can be assured that I will be very open and very straightforward with this Committee. And anytime you would like for me to come before this Committee, I will be delighted to do that.

Senator KERRY. Mr. Evans, let me also ask you about another subject of enormous concern. Last year at the World Economic Forum, which is a gathering of significant business and corporate interests from around the globe, a poll was taken of the leading businesspeople there.

And overwhelmingly, these corporate chiefs from around the planet agreed that one of the most serious issues, the most serious issue, that they felt they faced in the long-term was the problem of global warming. People were significantly surprised by that sort of consensus.

Paul O'Neil, who will be our new Treasury Secretary, has been a leader, in fact, among the corporate community in leading his company to proactively take steps to deal with this issue.

Your budget, as Senator Inouye mentioned, 51 percent of it goes to NOAA. And NOAA is our most important research entity, most important entity for climate change knowledge, science. Could you share with the Committee your perception of this issue at this time? And I wonder if you are familiar with the IPCC climate assessment and what your commitment would be with respect to that issue and the leadership role the Commerce Department plays in it?

Mr. EVANS. Right. Senator, what I first and foremost would say to you is that I am totally committed to the continuation of an active research of this specific issue. I spent a fair amount of time talking to Secretary Daley about this issue. His pride in the scientists that we have, or in the Department of Commerce studying this particular issue. I think it was Secretary Daley mentioned to me that he felt like he had one of—maybe the only Nobel Prize winner inside government, a guy in his department as one of the key scientists researching these very important issues.

So as I expressed to you in our private meeting, this is something that I am very sensitive to. Have I had a chance to be fully briefed on the issue? No, I have not. Is it something that this world ought to be concerned about? You bet it is. Am I one that will be high on that list of concern? I absolutely am.

And so I would say that it is something that I will stay focused on, stay committed to. As I said in my opening remarks, our kind of understanding of the global climate change that could be taking place will be very important to the kind of decisions, the kind of policy decisions, that we quite frankly make.

Senator KERRY. The red light is on and I do not want to abuse the process. But do you accept the science to date? Do you accept the science of the IPCC?

Mr. EVANS. Senator, I would have to tell you I have not reviewed that in detail. And I know there is science on both sides of it. I know that. But I just would have to say to you that it is just not something that I have been briefed on, that I have reviewed yet. But I would absolutely say to you that it is an issue that I am very sensitive to. And I appreciate your sensitivity to it. And I look for-

ward in getting back to you when I think I have a more kind of educated understanding if you will.

Senator KERRY. Thank you, Mr. Evans.

Thank you, Mr. Chairman.

Senator HOLLINGS. On the census, Mr. Evans, it is the Committee's hope that you will support President-elect Bush's supporting sampling and opposing hand counts.

Senator BURNS.

Senator BURNS. Thank you, Mr. Chairman.

In your position you are going into, Mr. Evans, now, this morning we had the opportunity to visit with the appointee for the Secretary of Agriculture. And food safety, of course, is always an issue with the Department of Agriculture and other departments. And we always see government as it works.

You know, we have the most inefficient government in the world, but it is designed that way. When you have got a free government and the flow of free ideas. But we also you are coming into a town where there continues to be turf wars and battles. And with you coming in, what happens in the Department of Transportation and what happens in the Department of Energy and what happens in the Department of Agriculture effects a lot of things that happens in the Department of Commerce.

In other words, you have the ability to oversee or to look on what the policies of those agencies are, and how it effects our commerce, our movement of trade, our everyday life.

And I would hope that—and this is just a statement and you can respond if you want to. I do not know how you set it up, but I would certainly like to see some sort of a little office off in the corner that is in charge of communicating or nourishing a relationship between departments because of these very sensitive areas.

So we know what our challenges are in agriculture. I think the same challenges in order to make government work, we have to nourish those relationships between communications of what we do over in the Department of Labor. Now, what we do in the Department of Energy and Transportation does effect our ability to foster economic opportunities for every American in this country.

So I think that is very, very important. How you do that, that is up to you.

Mr. EVANS. Right.

Senator BURNS. However you feel comfortable in doing that. I would certainly suggest that. I am planning on supporting you. I like your attitude. Your attitude is right out of the oil patch and I can deal with that. Because we have had some experience about that up in my home State of Montana.

So thanks again for your public service. And do you want to respond to that communication?

And thank you, Mr. Chairman.

Mr. EVANS. The only thing I would say is I have had the experience of running a large system of institutions, higher education along with health science centers. And I understand the importance of communicating across boundaries.

And I was thinking last night, in fact, about the importance of telecommunications and technology with respect to education and how important I think it is even for the Commerce Department to

be talking maybe to the Department of Education so they understand what kind of telecommunication and technology might be available.

So that just carries further to your point that I think there is all kinds of reasons for there to be an active dialog between all of the important departments of the Executive Branch of government. And there is a lot of intragency, inter-department activity, dialog, discussion and opportunities to share when resources can support and help in other departments. Anyway, I appreciate your comment. I hear where you are coming from, and I will hopefully be one that is considered to be very active in talking to all the departments. Thank you.

Senator BURNS. Thank you, Mr. Chairman.

Senator HOLLINGS. Senator Rockefeller.

Senator ROCKEFELLER. Thank you, Mr. Chairman.

Mr. Evans, steel again. From a philosophical point of view as we discussed, it is an interesting situation. You used the word to promote industry in describing your mission. And that has a broad meaning.

When you are discussing the steel industry and the enormous import surges which have taken place in the last several years and which are still at record highs. I mean, there has really been no diminution.

What you find is that the State Department, the National Economic Council, the U.S. trade representative, the Export/Import Bank, which I will explain in a moment, and others, Treasury, notably Treasury, always take the macroeconomic world view. And there really is nobody in a government agency, who runs a government agency, who can promote American industry in the sense of making sure that it survives other than the Commerce Department. That is just the way it works.

Nobody stands up for steel so to speak except the Commerce Department if it so chooses. Your predecessors, both of them, wanted to and did, but were undercut by the Clinton Administration which declined to because of the influence of Treasury and others in the second term international legacy pursuit. We discussed that. And I told you that it had just a devastating effect not only less importantly on me, but on the steelworkers in my State.

So the Export/Import Bank—and your deputy secretary serves on that—has just given \$18 million to China Steel Construction for a new plant which they are putting \$2 to \$4 billion in. And it is a matter of absolute outrage to the people of my State—and should be to the people of any State where steel is produced, in a major way. And that is at least 16 States which is one of our problems. It does not come up to half of the Congress or the Senate.

But you look at our steel industry. And from a private enterprise point of view, it ought to be a model to you. And you have served in it. ARCO or Alcoa I think you told me.

Mr. EVANS. Armco.

Senator ROCKEFELLER. Armco, I am sorry. So you know the steel industry. And you know that unlike any other steel industry in the world, not one single dime of Federal money has gone into the productivity increases, the remodeling, the complete—whether it is environmental, furnaces, whatever, it has all been money which has

been borrowed or taken from profits and which can no longer be borrowed from banks. Because banks will not make those loans.

I indicated to you in my opening statement that about half of our steel industry, if two more go under, which I think they are going to, about half will be in bankruptcy. Geneva came out of this morning and I am happy for that. But when Bethlehem is trading at about \$1 stock, one really has to stand back and say what is going on here?

Now, Italy produces steel—and substitute them for any other nation in the world—they have not made a profit in a generation or more. Whatever the difference is at the end of the year, the government makes up that difference. So they do not need to make a profit.

Now, I would think from an entrepreneurial perspective, that would be really offensive. It is really offensive to us in West Virginia. And hence, the whole concept of making sure that import surges and anti-dumping circumvention laws are enforced. I mean, people say that if you say something like that, you are a protectionist or that you are doing something which is regressive.

I would posit this to you. We import about two-thirds of the oil that we use in this country, perhaps more. If the United States were to make a decision, an inadvertent decision, by not making other decisions, to say, “Oh, well, the Middle East has a lot of oil. Let us just import all of it.” We would never do that. We would never do that.

But in effect, that is what is happening in steel. We import an enormous percentage of what we use in this country now because it is dumped at lower prices than the cost of production in the home country. And as I indicated to you yesterday, Weirton Steel, which when we made it into an ESOP in 1982 had 13,000 people working for it. It now has 4,000. Wheeling Pittsburgh Steel is bankrupt. If you want to ask Mr. Gore why he did not carry the State of West Virginia, a large part of it would come around to that and the effect on the coal industry which feeds the steel industry in West Virginia.

Now, I do not want to inject politics into that, but it is a very graphic example of how angry our people are at the Export/Import Bank loan and the way steel import surges and the steel prices was not dealt with by the present administration, the Clinton Administration.

So, understand that my angst is very real. I go back to what Vice Present-elect Cheney said, that we have to have a steel industry to have a defense industry. You cannot go to war in the Gulf or any other place and say, “Korea, could you lend us some steel so we can make some more whatever kind of armaments?”

So, this is a very special type of industry. What we have done is we have tended to go to trade cases, individually-brought trade cases. They do not work well. They take forever. They are just litigated to death. And the steel industry disappears.

We could lose our steel industry, Mr. Evans. I say that in all seriousness.

Now, what I would ask you is two things. One, that you would in a sense make a commitment that you recognize that in the promotion of American industry that that also involves the promotion

of keeping, as Chairman Hollings has indicated, that manufacturing base of which there can be no more important component than steel.

Second, that you would agree with me that if this industry is, in fact, going to be saved, if we are not going to simply lose all of it, that the government—and this is always a difficult decision. And it would be more difficult, I think, for a Republican government. On the other hand, clearly it did not work with a Democratic government—has to somehow intervene to be helpful. And that you bear some of that responsibility.

There is something called Section 201, which Chairman Hollings knows very well. It is a very fair process. It involves the International Trade Commission. It involves countries only which are dumping steel illegally. That is the 1974 Trade Act. It is very straight and clear. It is against the law.

The present administration decided to ignore it. And I hope that you would say to me that you would be willing to consider and perhaps promote not just sort of a generalized intervention into this problem of your own intellect and energy, but also take a very clear look at the Section 201 approach which would do more to stop import surges than anything else I can think of.

Mr. EVANS. Thank you, Senator. You know in our discussion yesterday, I talked a little bit about my background. I think maybe one of the most important jobs I have had in my career was working next to the furnace at Armco Steel in the ship channel in Houston, Texas. So understanding that industry and the people in that industry and the importance really, I think, of that industry to this country.

There has been a lot of talk over the last 5 to 10 years about this economy moving from an industrial-based economy to a knowledge-based economy. I am not one that believes that that means you turn your back on the industrial based economy or the manufacturing base of this country and the manufacturing part of this base of this economy.

I am disturbed when I hear that our laws are not being enforced. I am disturbed when I hear that our agreements, our trade agreements, are not being complied with. I am disturbed when I hear that the big trade deficit that we have with China and, you know, we have got six people, seven people, that are watching that.

So what I will pledge to you is I will look at Section 201 and the implication of it as to the steel imports. But in a more general kind of response to your comments, what I would say to this Committee is that compliance is going to be an absolute with me.

Now, I do not know how you can carry on—there is nothing that will dispirit the American entrepreneur and worker—there is nothing that will dispirit them anything more than thinking that they are not on a level playing field. You know, we do not mind competition. Competition is OK. But it is not OK if it is not a level playing field. And my sense is there are some areas going on out there in the world that it is not a level playing field.

So, it is something that I have heard a lot about the last 48 hours. I look forward to working with you in particular on steel, because I know it is of great concern to you. You are exactly right. It not only impacts the steel industry. It impacts the very national

security of this country. It impacts the coal industry and those workers.

So you have my pledge to work with you, have an active dialog with you on this issue. And as I have a chance to review it even further, I will look forward to talking to you about it.

Senator ROCKEFELLER. Thank you, Mr. Evans.

Thank you, Mr. Chairman.

Senator HOLLINGS. Very good.

Senator Cleland.

Senator CLELAND. Thank you very much, Mr. Chairman.

Thank you very much, Mr. Evans, for your insightful comments. Let me just mention a few buzz words here. One of the things about commerce in the couple of years I have been on the Commerce Committee and certainly the 4 years I have been in the Senate, that one has to realize as we move into the 21st century is the impact of e-commerce, the impact of technology on our society, the need for technological workers.

In my own interest, I mentioned the products from my State that we sought to export, that we seek to find markets for abroad.

In all honesty, I find it fascinating that our country, our economy, has to import a lot of technological workers from abroad to fill the 3- to 4-hundred-thousand high technology jobs out there that are going lacking for workers.

Which brings us to more maybe your role as Chairman of the Board of Regents of a great university system and that maybe the key to economic growth and commerce, particularly e-commerce, is growing our own high tech workers and providing the kind of connectivity to the not only global marketplace, but through the Internet for all of our workers.

If President-elect Bush's goal is to leave no person behind, no community behind, is really to be fulfilled, which is our basic wish, it is obvious if you look at America, and certainly my State, there are lot of people that are not connected.

I held a forum in South Georgia, rural Georgia, on the whole point of high tech workers and whether or not rural America, rural Georgia, was connected, particularly via the Internet. I found it interesting that in urban America, and even the urban poor, are more connected via the Internet than shall we say anyone, wealthy or poor, in rural America or in rural Georgia.

In the Commerce Department, there is something called the Technology Opportunities Program, TOP, the TOP program, which provides infrastructure and Internet access to disadvantaged communities. And I think basically we are just talking basically rural. Not particularly black, not particularly Hispanic, not particularly white or particularly wealthy or economically disadvantaged. But I think it is just basically rural. It is hard to connect rural America with the world. Fiber-optic cable is required. All kinds of Internet access devices are required. And the cost seems to be higher in rural America for that connectivity than if you were just living in say a suburban part—urban part of America.

Well, the point being this forum highlighted for me this little-known program that happens to be in your agency. I would just like to know or to ask you to take a look at that as maybe an opportunity through that program to facilitate connectivity. Leave no

community behind, no individual behind. And through continued infrastructure and Internet access grants or help to disadvantaged communities through these TOP grants. In other words, continue to boost the American economy or the chance to participate in the global marketplace.

As you well know, some rural or poor or disabled individual sitting at home can through the Internet market goods abroad and in effect have a job, have a sales effort and so forth.

So I thought I would just bring the TOP program, sir, to your attention. Technology Opportunities Program which provides infrastructure and Internet access to the disadvantaged communities around our country. My attention was called to it when I went into the rural portions of my State. And I will be looking at that as a way to hopefully expand economic development, e-commerce and access to the Internet from their point of view.

I thought I would mention that to you, just highlight that and underscore that. I do not have any further questions, but I did have that one observation. And in this whole world of e-commerce and the global marketplace that there is more and more information to suggest that a certain portion of our culture, our economy, is being left behind. And that is rural America. And to the extent to which we could boost their chances for connectivity is the extent to which that rising tide could lift those boats too. Any comment or reaction?

Mr. EVANS. Thank you, Senator. I appreciate you calling that to my attention. Senator Rockefeller also called that program, that worthwhile program, to my attention. I live in a big State, as you know. And we have had big concerns in our State about making sure that we leave no area behind.

So I know how important the issue is. I will give it my attention. I am excited about some of the 3G technology that is coming along that may help us penetrate these rural areas in a more effective way, but it has to happen. I mean, we do not leave anybody behind in this country.

And I think that I am in a unique position, if I am fortunate enough to be confirmed, to help with this and also let business understand how important it is for their responsibility to make sure that we touch all of the communities in this country.

So I am sure I will have an opportunity to talk to many business leaders in the technology area and the telecommunications area. And one of the issues that will be on my mind when I talk to them is making sure programs are being developed that reach every citizen in this great land.

Senator CLELAND. Thank you. And I appreciate your insight too into how both the private sector and the academic sector, with maybe a little help from government as a catalyst, maybe can with all three partners in effect working together, a lot of good things can happen.

Mr. EVANS. Well, it is probably one of the things I am most proud of as my service on the board of the University of Texas system. I spent a lot of energy and time talking to business leaders trying to impress upon them their responsibility to give back to this great country and do it in a way that also helps them though in developing the labor force that they need.

So, we have had a terrific response at our system. The grants and the research opportunities have increased dramatically. I also checked and then you talked about it in terms of a partnership that actually the University of Texas system has participated in some of these programs from the Department of Commerce while on my watch. And it has been mostly our border universities like the University of Texas El Paso, Brownsville, Pan American.

But they participated in some of these very worthwhile programs to bring partnerships together and resources together to develop some of this technology and reach these areas that did need to be reached. So I thank you.

Senator CLELAND. Thank you very much, Mr. Evans.

Thank you very much, Mr. Chairman.

Senator HOLLINGS. Thank you.

Senator Wyden.

**STATEMENT OF HON. RON WYDEN,
U.S. SENATOR FROM OREGON**

Senator WYDEN. Thank you, Mr. Chairman.

Mr. Evans, thank you yesterday for the chance to visit and particularly your desire to work in a bipartisan way. As you and I discussed, I think particularly with Senator Hollings and Senator McCain's leadership, this Committee has really tried to take the lead in terms of writing the rules for the new economy. It has been our judgment that a lot of what applied to the economy where people got up about 5 o'clock in the morning and ate 10,000 calories and then did physical labor, a lot of those principles do not exactly apply to the Internet and what Senator Cleland appropriately focused on.

We have two big issues that your agency will have to play an activist role on coming up and I would just like to get your general feelings. At the end of October of this year, the Internet Tax Freedom Act will expire. And there are many of us who think it is extremely important to extend it for another 5 years, extend the moratorium on discriminatory taxes on electronic commerce and would be willing in return to give the mayors and the governors that have been concerned about the impact on the revenue base a chance to have their proposals considered as well, with the Congress voting on whether or not to let them go into place.

What would be—and I know this is new to you—what would be your general reaction to a bipartisan proposal that would come from this Committee with those two components, extending the moratorium and discriminatory taxes on electronic commerce for another 5 years, and in return making sure that the mayors and the governors got a fair shake to have the Congress consider and vote on any proposal they would have with respect to sales tax and other local taxes?

Mr. EVANS. On Internet taxation, President-elect Bush's position has been, as we discussed yesterday, that he is opposed to any Internet access tax. And he supported the moratorium on Internet taxation of commercial goods. And that moratorium expires later on this year.

Obviously, that is going to be on all of our minds as we approach that date. We all understand the growing role that the Internet is

playing in our society today in terms of delivering goods and services to our citizens.

I am one that we are all sensitive though to the impact it has on other businesses that establish proprietors. We are sensitive to what it might mean to the tax base as you are suggesting, the cities and the counties and the States. And so those factors needs to be considered.

What other factors need to be considered I am not certain. Because it is not something I have spent a lot of time really reviewing or studying or analyzing, but it is obviously something that I will be spending some time on, I look forward to that.

I think your proposal of bringing the mayors and the governors into the mix makes imminent sense. They are the ones that are being impacted on the local level. They have got their revenue projections to worry about and think about and where their revenue will come from to provide the services of the citizens of their counties or cities or States needs.

So, the important thing is to get all of the right constituents to the table to talk about this very important issue. And also kind of a general understanding with where Commerce is going in the years ahead.

Senator WYDEN. Well, I hope you will get us a proposal on this promptly, because both Senator McCain and Senator Hollings spent a lot of time in discussions at the end of last year.

We feel we are pretty close and have something that would be important for the entrepreneurs in the new economy that hold so much promise and at the same time would be fair to the mayors and the governors by saying if you have got a proposal, we will consider it. We are not going to allow for a new tax hike without a vote, but we will consider it.

Along the same lines, I would like to ask you about privacy as well. Because in your emphasis in terms of free markets and free enterprise, the key, of course, to free enterprise is for citizens to have confidence that they are being treated fairly. And as you know, concerns today about privacy are enormous.

Senator Hollings has a good bill. Senator McCain has been part of an effort again to come up with a bipartisan approach. We feel that you obviously need to get the consent of the individual and they ought to have access to their records and provisions for security and enforcement. And again, I know because this is all new to you, I would just like this morning to have you outline your general feelings about how you are going to approach this privacy issue.

Because I think Fritz Hollings and John McCain have done very good work on these new economy issues over the last year or so. And with your leadership, we could on both of these issues—the Internet Tax Freedom bill and the privacy issue—we could get out of this Committee bipartisan legislation and put something on the President's desk that he would feel good about signing. And since the red light is on, why do you not just give me your feelings about privacy?

Mr. EVANS. I think my general approach will be to work with Chairman Hollings and Chairman McCain and work with them.

Senator WYDEN. That is generally good.

Mr. EVANS. And yourself, Senator. Look, like I said in my opening comments, I was very impressed by the bipartisan spirit of this Committee as I went and visited each and every Senator except Senator Inouye I have not had the chance to meet yet. Privacy is a very, very important issue. It needs to be addressed. We need to make a decision. We should not continue to procrastinate, put it off.

So, it is an issue that I can see a lot of work already has been done on it. I would just like to get myself up to speed and be one of those that helps push it forward. Just like I think and respond to your earlier comments about taxation, this is not something that we should wait until October, September, whenever, to talk about it. We need to get our arms around it now and begin the discussion. We should not wait until the last minute to make a decision.

So, anyway, generally I look forward to working with you on these important issues to you. They are important to me and other distinguished Senators on this Committee. And hopefully, we can come to some quick conclusions.

Senator HOLLINGS. Very good.

Senator Brownback.

**STATEMENT OF HON. SAM BROWNBACK,
U.S. SENATOR FROM KANSAS**

Senator BROWNBACK. Thank you, Mr. Chairman. I have a statement I would like to submit for the record as well.

Senator HOLLINGS. No objection.

[The prepared statement of Senator Brownback follows:]

PREPARED STATEMENT OF HON. SAM BROWNBACK,
U.S. SENATOR FROM KANSAS

Mr. Chairman, I am delighted to welcome Don Evans to Washington and to this Committee. Mr. Evans has had a distinguished career in business, and he will serve President-elect Bush well as Secretary of the Department of Commerce.

I trust that under Mr. Evans' leadership, the Commerce Department will serve as the focal point for fostering job-creation, entrepreneurship, export-expansion, and technological innovation. In particular, there are several issues which I hope will receive primary attention from the Commerce Department during Mr. Evans' tenure.

First, the administration needs to increase export opportunities for America's manufacturers and farmers. I strongly encourage the Bush Administration to make the expansion of NAFTA to the entire Western Hemisphere a top and immediate priority. From its failure to aggressively push for Fast Track to the debacle in Seattle, the Clinton Administration missed many opportunities to open more markets for U.S. goods and services.

I hope that the Bush Administration comes to the Hill early to push for Fast Track so that our trade negotiators have the tools necessary to knock down barriers to U.S. exports. And I hope that the Bush Administration embraces free trade as a means of improving not only our economy, but the economies of other nations as well.

Second, the United States is years behind Europe and Japan in terms of identifying and allocating spectrum necessary to provide third-generation wireless services. While the World Radio Conference identified several bands that could be used for third-generation services, in the United States, two of those bands have incumbents occupying the spectrum.

In the case of the 1710-1885 Megahertz band, the Department of Defense and other government agencies currently use most of this band for national security and other purposes. It is critical that the Commerce Department, through NTIA, determine whether third-generation wireless services can coexist in the 1755-1850 band with the incumbent government operations. This determination is scheduled to be made by July of this year. It is critical that the determination not be delayed. De-

spite the lead that the U.S. currently maintains in the Internet and Internet technology, we risk ceding pre-eminence in advanced wireless Internet services and technology if we do not make the spectrum necessary for third-generation services available in a timely manner.

Finally, Mr. Chairman, I would ask that, as Commerce Secretary, Mr. Evans help us ensure that rural areas are not left out of the broadband revolution. Broadband services have the potential to change the way we communicate, work, learn, and shop. But, while broadband services are being deployed in an increasingly rapid manner in urban and densely-populated suburban areas, rural communities are being left behind.

The most significant economic development issue that rural areas will face in the next 5 years is whether businesses will have access to the same high-speed Internet services in rural communities that they have in urban and suburban areas. The availability of broadband services will be as critical an infrastructure issue as whether a community has good access to highways, railroads, and airports.

Mr. Evans, thank you for appearing before us today. I look forward to your speedy confirmation by the Senate.

Senator BROWNBACK. Mr. Evans, thanks for coming to the Committee. You have presented a number of very good answers to tough questions. I have got a couple of questions on narrow-focused industries.

One is we have got a little caucus called the wireless caucus. And it is the industry that is developing around wireless communications. Their lead issue that they have right now is spectrum and availability of spectrum to go into the next generation of wireless services. So that I guess all of us can mindlessly be connected all the time anywhere wherever we are.

There is some fear to that I have. I guess when you just turn the device off, but be able to have access to it. People need more spectrum. That is going to be a major issue for you in the department is the allocation of spectrum for this next generation of wireless services. I want to raise it to your attention. I hope you will be open to providing the necessary spectrum so that that next level of connectivity over the Internet, wireless, video wireless, a whole series of innovations within that industry will move forward. And I would invite some of your comments if you would have any on that industry.

Mr. EVANS. You bet, Senator. And again, I look forward to visiting with you in-depth in the near future. I know how important that issue is. I have just quite frankly learned about it in the last 48 hours or so. But I understand the issue of third-generation technology. I understand that Asia and Europe really are out in front of us on this particular type of technology. And I understand the limited amount of spectrum that we may have to market to auction.

I understand that a substantial amount of spectrum has already spoken for within government. I think that just we need to put a lot of emphasis on the management of spectrum and how we are going to manage this very, very important resource, not in the days ahead, but in the decades ahead. Because this will be a very important resource as to how communication, how information, flow; how data, video, voice flows around this country, and indeed, around the world.

So, I view it as a very valuable resource that this country has. We have to be very, very comfortable when it comes to how we are going to auction it, how we are going to manage it. And there needs to be a long-term strategic plan as to how it is managed and how

it is auctioned and not just, OK. We have got this much spectrum. Why do we not go auction it this summer and see what the highest bidder is?

So I am sensitive to that issue. I mean, it falls into the telecommunications technology area. I know that it is in our department. I know that it requires some immediate attention. Because we are about to move into a—recommend to the FCC the auction of some of the spectrum.

Senator BROWNBACK. I appreciate your interest and sensitivity to it. Because I think that issue is going to determine the future of that next generation of wireless services. And there is great competition for those spectrums. And so it is really going to take some thoughtfulness. Because the decisions made today put in place what we can or cannot do for the next couple of decades, I think, in this whole industry.

And we need to keep out in front on it. We need to keep leading in it. And I think it can add a level of productivity. It can add a level of comfort and communication to people that we have really only dreamed of in the past. But it is available. It is there. But we could also limit it such that we will not be able to do it if we do not do it right.

So I appreciate your interest and your thoughtfulness on it, because it is an issue that is out there. And a lot of times we spend time looking back on industries that we want to try to change. Here is one we can shape going into the future and we need to do it right.

A second one that is somewhat similar is high speed Internet access, particularly in our less populated areas in the country. We had a hearing in this Committee several months ago about access to high speed Internet, and found that in the suburban and urban areas, generally really in the suburban areas, there was as much as 70 percent penetration of high speed Internet access. And in the rural areas, it was less than 5 percent access.

So the ability to download large quantities of material in rural areas, or be able to get information as quickly as you would want it, is hindered. There are a series of bills that have been put forward, some subsidies, some deregulatory, some tax incentives, on trying to get more deployment of high speed Internet into less populated areas.

We need your help on this. We do not need a divide across the country based on urban and rural. And with your background and where you are from, I think you can be sensitive to this. This is currently the situation. I would hope you would work with us. The approach I am supporting is a deregulatory approach toward it, but you would add some real focus and effort and intensity to this so the problem does not continue to grow and exacerbate and cause difficulty for economic activity and other type of activities in rural areas.

Mr. EVANS. I will do that, Senator, absolutely. And I look forward to working with you on that issue.

Mr. BROWNBACK. Thank you. And welcome. You are going to do an excellent job as Secretary of Commerce and I look forward to working with you.

Mr. EVANS. I appreciate it, Senator. Thank you.

Senator HOLLINGS. Very good, Mr. Evans.

The Members to be appointed next week have yet had an opportunity to confer or ask questions. Whether or not that will require a further hearing, it will be up to our regular Chairman. We will have that—I hope—FBI report, ASAC's report, within the next 2 weeks. And Chairman McCain will take over. Once again, I want to thank him for his leadership. And thank you, very, very much for your appearance here today. It is the Committee's hope that we can confirm you that first week after the inauguration.

Senator McCain.

Senator MCCAIN. Senator Hollings, I just want to thank you. I look forward to the continued close working relationship between our staffs, and I thank you again for holding this hearing on a very important position.

Senator HOLLINGS. The record will stay open for any written questions. The Committee will be in recess subject to the call of the Chair. Thank you.

[Whereupon, at 12:05 p.m., the hearing was adjourned.]

A P P E N D I X

PREPARED STATEMENT OF HON. BILL FRIST,
U.S. SENATOR FROM TENNESSEE

Thank you, Mr. Chairman. It is a great honor to be returning to the U.S. Senate and to the Senate Commerce Committee for the 107th Congress. Six years ago yesterday, I was sworn as a new Senator and feel privileged that the people of Tennessee have endorsed my return.

I am most pleased to welcome my friend, Don Evans, to the Commerce Committee this morning. President-elect Bush has nominated him to a position of great responsibility. The next Secretary of Commerce will have a critical role in expanding technology and innovation to enhance the United States' international competitiveness. Just as Malcolm Baldrige, the father of the American quality revolution proved almost two decades ago, the Commerce Secretary can have an extraordinary effect on the productivity of American business.

I applaud President-elect Bush for finding the best nominees for his new Cabinet. It is especially clear that this nominee embodies all of the attributes and virtue necessary for success. This is truly a gentleman who believes in giving back to his community and his nation and I am grateful for his willingness to serve.

Don, now comes the hard part. Winston Churchill quipped before the House of Commons that "I have nothing to offer but my blood, toil, tears and sweat." As my colleagues on this Committee will attest, Washington is a city that demands nothing less. I look forward to your quick confirmation and working with you in the years to come.

Thank you, Mr. Chairman.

RESPONSE TO WRITTEN QUESTIONS SUBMITTED BY HON. JOHN MCCAIN
TO DONALD L. EVANS

Census

Question 1. As you well know, the census, specifically the issue of statistical sampling, is controversial. The Supreme Court has ruled that the Census Bureau cannot constitutionally use statistical sampling for census counting purposes. I support a constitutional census plan that accurately counts every person. What means do you plan to use to ensure an accurate census count, especially in those locations where there have been documented undercounts in the past?

Answer. To ensure an accurate and constitutional census count, I believe Congress and the administration must adequately fund and support Census Bureau efforts to increase the participation and response rates to the census. I understand that over the past decade, the Census Bureau spent over \$7 billion to fund the many activities leading up to, and carrying out, the 2000 Decennial Census. Current Commerce Department officials describe the 2000 Census as the most successful census in history, with the lowest undercount ever. Looking ahead to the 2010 Census, the apparent success of the 2000 Census suggests the need to continue emphasis on use of adequate numbers of trained, temporary census workers; public awareness and educational campaigns; and other methods to encourage people to respond. Successful implementation of the American Community Survey initiative also should contribute to an even more accurate count in the 2010 Census.

Foreign Trade Missions/Political Activities

Question 2. Will you commit to this Committee that in an Evans Commerce Department trade mission invitations would be issued on the basis of merit and in accordance with clear and objective criteria?

- If so, what would you do to ensure that your commitment is followed through?

Answer. As you may be aware, Secretary Daley put in place major changes in the way that trade missions are conducted. He has advised me that his purpose was to ensure that invitations are based on merit in accordance with clear, objective standards. The current policy thus requires written criteria for selection of participants, prohibits consideration of political activities, and requires selection of participants by a majority of career Department personnel. This appears to be a sound approach, and I am committed to ensuring that it works effectively. I will work with the Office of Inspector General, the General Accounting Office, and others to evaluate the effectiveness of the current approach and to make further improvements where necessary.

Question 3. Would you please supply the Committee in writing your criteria for selection as a participant in a Department of Commerce-sponsored trade mission?

Answer. I will apply the general criteria noted above for selecting participants. I understand that additional, specific criteria for selection as a participant are also established to meet the goals of individual missions. These specific criteria for selection are published in the *Federal Register* for each mission. Because they are mission-specific, I cannot provide all of the criteria in advance. I also understand that the Office of Inspector General is currently engaged in a review of the implementation of the new trade mission policy. Until that review is completed, I believe it would be prudent to maintain the new system for publishing the criteria for participation in specific missions.

Question 4. At about the time of Secretary Daley's confirmation hearing before this Committee, significant allegations had been raised that the Commerce Department was being used by certain individuals for fundraising purposes. In the past year, at least one allegation has surfaced that the former head of the Commerce Department Office of Business Liaison sent fundraising letters to foreign trade mission participants. I cannot judge the accuracy of this allegation, but it disturbs me nonetheless.

- Mr. Evans, can you tell me what safeguards you would propose to ensure that political activities do not occur in conjunction with Commerce Department trade missions?

Answer. As stated in my response to Question 2, the current procedures include specific prohibitions against consideration of political activities in the selection process. The Inspector General's office is currently looking at implementation of the new procedures, and I expect that office to continue periodic reviews to point out problems and to ensure compliance.

Question 5. At his nomination hearing, former Commerce Secretary Daley pledged to hold a 30-day "top to bottom review of the procedures, rules, and criteria used to govern" foreign trade missions. Would you pledge today to institute a 30-day review of the procedures, rules, and criteria used to govern foreign trade missions in order to ensure the integrity of the foreign trade mission selection process?

Answer. Given the institution of new procedures since Secretary Daley conducted his review, a better approach is to obtain the results of the Office of Inspector General's on-going work in this area before instituting another 30-day review of the type previously conducted. I will then review the new policy and procedures put in place by Secretary Daley and refine and improve the policy as needed to ensure the integrity of the foreign trade mission process.

Question 6. There has been a suggestion made that the Department could institute a voluntary system where individuals and the firms or entities they represent could be asked to agree not to make any political contributions during a period beginning when they are invited to participate in a foreign trade mission and ending 6 months after the mission is completed. Please comment on this proposal, noting with specificity why you would or would not support it. If you do not support it, please outline any suggestions you have regarding this subject.

Answer. Should I be confirmed as Secretary of Commerce, I will consider all proposals for improving the selection of trade mission participants. I am committed to ensuring that politics do not enter into the decisionmaking process, and I will strive to isolate the selection criteria and decisionmaking process from all political influence. I would not, however, favor a policy of asking candidates to refrain from making political contributions. Potential invitees who satisfy objective, relevant selection criteria should be treated no differently than other candidates merely because of their independent political activities, including their political contributions. Such a policy could effectively exclude many qualified individuals or their companies from participating, to the detriment of the trade mission program.

Question 7. Would you agree to a periodic review of the Department's foreign trade mission selection process by either the Inspector General of the Department of Commerce or the General Accounting Office to ensure that the Department's foreign trade mission procedures, rules, and criteria are appropriate, and that the Department is following them?

Answer. Yes, please see answer to Question 4.

Question 8. You are probably aware of the ongoing litigation regarding Freedom of Information Act requests concerning Department of Commerce foreign trade missions. The foreign trade mission litigation appears to me to be an unfortunate and easily avoidable instance of administration stonewalling in the face of these document requests. I would request that you commit that in all instances the Department of Commerce be as forthcoming as possible in response to Commerce Committee requests for documents, as well any other legal requests made to the Department.

Answer. I understand that current Department policy requires recordkeeping procedures and automatic public availability of documents without Freedom of Information Act requests. Until further review, I believe this is the appropriate policy. If confirmed, I will be as forthcoming as possible in response to the Committee's requests for documents, as well as any other legal requests of the Department.

Question 9. In a sworn affidavit, a Commerce Department career civil servant who had supervisory authority over all Freedom of Information Act matters stated that the Office of the General Counsel staff "improperly assumed and exercised the final authority to approve or disapprove the release of documents responsive to FOIA requests submitted by Judicial Watch." Many times the FOIA staff was not notified what documents had or had not been released, according to the affidavit. The employee further asserted that the General Counsel's procedure in this instance "was and is inconsistent with the Commerce Department's written, prescribed rules for responding to FOIA requests."

- Can you supply the Committee with these rules?
- Will you assure this Committee that they will be followed in all circumstances?

Answer. The Department's published rules for responding to FOIA requests are attached. It would be my policy that the Department must follow its own rules when responding to FOIA requests.

Earmarking Corporate Waste

Question 10. As you are probably aware, I believe that earmarking Federal funds is wrong because it gives special benefits to certain groups of individuals when others may be more in need or better qualified in the case of research or a similar, project. I strongly believe that the expenditure of Federal money should be made solely on the basis of national priorities determined in an open fashion based on a standard set of criteria that provide no undue advantage to any one entity or locality.

- Will you pledge to work to ensure that Federal funds are distributed on a merit basis and not due to earmarks?

If so, does that pledge include "congressional priorities" that are itemized in committee report language?

If not, please state why.

Answer. I support the funding of programs on the basis of merit and the award of grants in an open and transparent process based on objective criteria. I will work with the Congressional authorizing and the appropriating committees and subcommittees with jurisdiction over the Department of Commerce to achieve consensus on the nation's priorities and specific goals for Commerce Department grant programs, and to ensure that funding decisions are based on merit.

Question 11. The 2001 budget for the National Marine Fisheries Service is approximately \$519 million. Of that, \$377 million was earmarked for special projects. While much of this funding may go to worthwhile fisheries programs, other equally important research and management programs will not be funded because a fair and equitable allocation process was circumvented. Mr. Evans, sustainable and competent management of our nation's fisheries is difficult. It is made more difficult unnecessarily when the routine, merit-based prioritization spending process is ignored.

How do you plan to address this growing problem at the National Marine Fisheries Service?

Answer. While I was not a party to the decisions surrounding the allocation of resources for National Marine Fisheries Service in fiscal year 2001, I understand that NMFS received a substantially increased budget. I hope that such increased funding can and will help the Service to address the host of fisheries and endangered species management issues facing the nation.

As I expressed in response to the previous question, by working collaboratively with the Department of Commerce's Congressional authorizing and the appropriating committees, I trust we can achieve consensus on a fiscal year 2002 budget that will reflect the Department's natural resource stewardship priorities.

Electoral Reform

Question 12. It was recently discovered during the post-election drama that the National Institute of Standards and Technology (NIST) previously published two reports criticizing the lack of uniform standards in our national voting machines—one in 1978 and the other in 1988. Upon learning of these reports, I have been working closely with NIST to encourage the establishment of voluntary standards for voting machines used in Federal, State and local elections. What are your plans for such action at the Department of Commerce?

Answer. The election and its aftermath rightly focused attention on the mechanics of voting. Historically, issues associated with voting standards have been addressed

at the State level. I understand that efforts will be undertaken in both the House and the Senate to study voting standards matters during the first session of the 107th Congress. The ultimate role of the National Institute of Standards and Technology will depend largely on the overall decisions made by Congress on whether and how to address standardizing voting machines and processes. I would welcome the opportunity to deploy the expertise found within the National Institute of Standards and Technology to assist the States and Congress to achieve their goals in this area.

Trade

Question 13. In the last Congress, President Clinton signed into law a provision to the Agricultural Appropriations bill that shifts antidumping duties from the general fund to the petitioning U.S. companies in antidumping cases. This legislation would have diverted almost one-half billion dollars from the general fund last year. Concerns have been raised that this provision will spur a number of frivolous antidumping and countervailing duty cases. In addition, a number of American trading allies, including the European Union and Japan, have objected to this legislation stating that it violates U.S. WTO obligations.

- Would the Bush Administration support a repeal of this legislation?

Answer. The provision in question raises a number of concerns, including whether it is appropriate on a permanent basis to earmark general revenues for narrow groups of beneficiaries, and whether U.S. exporters will be exposed to retaliatory trade action if the provision is found to be inconsistent with U.S. trade agreement obligations. At this time, however, President-elect Bush has not determined whether to propose a repeal of this legislation, or to support a repeal if such action is proposed in Congress. That determination must await a more thorough analysis of the consistency of the legislation with U.S. trade agreements, its purpose, and economic effects.

Question 14, part 1. President-elect Bush faces a number of major trade issues left over from the Clinton Administration, including free trade negotiations with Chile and Singapore, the Free Trade Area of the Americas negotiations, re-starting the next round of World Trade Organization (WTO) negotiations, and getting Congressional approval for the U.S.-Vietnam bilateral agreement and the U.S.-Jordan free trade agreement. The President-elect has also indicated that he intends to expand this ambitious trade agenda.

- What are the major trade objectives of the Bush Administration?

Answer. Among the top priorities of the Bush Administration will be to secure fast-track trade negotiating authority that will allow the United States to speak with a unified voice in international trade negotiations, and to secure sound trade agreements based on that authority. The Bush Administration will seek to expand trade through a hemispheric free trade initiative in the Americas and through the launching of a new round of negotiations under the auspices of the World Trade Organization. The Bush Administration will continue to support the admission of the People's Republic of China and Taiwan to the World Trade Organization. Vigorous enforcement of our trade remedy laws will also be a priority.

Question 14, part 2. Where do you foresee opportunities for embarking on future negotiations for free trade agreements?

Answer. The Bush Administration will seek market-opening opportunities with any nation or group of nations committed to free market principles and trade liberalization on a reciprocal and fair basis. We will pursue market-opening opportunities for our services, agriculture, and manufacturing sectors. We will also seek elimination of tariffs on high tech goods and services and the removal of non-tariff barriers that hinder the export and deployment of these products and services.

Question 15. Ambassador Barshefsky, the current United States Trade Representative, has stated that the incoming Bush Administration may want to pursue a strategy of negotiating agreements and then sending them to Congress for ratification, instead of pursuing general "fast-track" legislation. Many of our trading partners, however, are wary about negotiating trade agreements with the United States without existing "fast track" authority.

- Will the Bush Administration introduce "fast track" legislation this year?
- Does the Bush Administration view "fast track" legislation as a necessity for its international trade agenda?

Answer. The Bush Administration will work in a bipartisan fashion to secure "fast-track" trade negotiating authority this year. This authority is necessary for the achievement of an international trade agenda that serves America's interests.

Question 16, part 1. Last year, the Clinton Administration negotiated a free trade agreement with Jordan that includes controversial labor and environmental provisions. Specifically, this agreement includes provisions that would allow the United

States to implement trade sanctions against Jordan if it does not effectively enforce Jordanian labor and environmental laws. The Clinton Administration has hailed this free trade agreement as a model for future free trade agreements, including current negotiations with Singapore and Chile.

- Does the Bush Administration support the use of these provisions of the Jordan Free Trade Agreement as a model for future U.S. trade negotiations?

Answer. The Bush Administration will carefully review all aspects of the Jordan Free Trade Agreement, including its provisions on labor and environmental matters. Generally, imposing sanctions is not the best way to achieve progress in these areas. Until the implications of these provisions are fully analyzed, however, it is premature to comment on their applicability to future trade agreements.

Question 16, part 2. How does the Bush Administration intend to deal with pressure by environmental and labor groups to use trade agreements to address labor and environmental standards?

Answer. The Bush Administration will consider all reasonable proposals to address international labor and environmental issues. In our view, the best way to address labor and environmental issues abroad is not through trade sanctions, but through international agreements. We must remain on guard against countries using labor and environmental standards as an excuse to raise protectionist barriers. Indeed, a primary goal of our trade agreements program is to raise living and working standards everywhere.

Question 17, part 1. Recently, a number of concerns have been raised that existing United States antidumping laws do not give consuming industries an appropriate role in antidumping and countervailing duty investigations. For example, it has been alleged that United States steel-consuming companies are not given an adequate voice in antidumping and countervailing duty trade cases, despite the fact that the steel-consuming industries employ 40 Americans for every 1 American employed by steel-producing companies. In addition, our foreign trading partners have initiated a number of WTO cases against American antidumping laws, and urged that the United States revise its antidumping and countervailing duty laws.

- Could you describe how the Bush Administration will ensure objective and fair antidumping and countervailing duty investigations that will take full account of the prevailing economic conditions?

Answer. Consideration of prevailing economic conditions in the context of unfair trade cases is generally the responsibility of the International Trade Commission, an independent agency. It will be the policy of the Bush Administration to administer the unfair trade laws fairly and impartially, taking into account prevailing economic conditions as required by applicable law.

Question 17, part 2. Could you discuss how the Bush Administration will respond to foreign pressure and recent WTO rulings concerning American antidumping laws?

Answer. Foreign pressure is irrelevant to the administration of the antidumping laws. The Bush Administration will administer these laws fairly, impartially, and in accordance with U.S. obligations under the WTO Agreements. We will vigorously defend foreign challenges to all U.S. laws, including our antidumping laws.

Question 17, part 3. Do you foresee a need to revise the United States' antidumping and countervailing duty laws to ensure that they are compliant with our WTO obligations?

Answer. We will review all applicable WTO rulings concerning U.S. antidumping and countervailing duty laws and, where necessary or appropriate, propose legislative or administrative changes to ensure that these laws operate in accordance with our WTO obligations. I do not have any such proposals to make at this time.

Question 17, part 4. Consuming industries have expressed concerns that trade restrictions have been imposed without adequate attention to the needs and interests of consumers in this country. Could you please discuss ways to ensure that the Department can ensure that the antidumping investigatory process is inclusive of the views of all affected industries, while still ensuring the integrity of the process?

Answer. The antidumping and other trade laws establish the framework for the conduct of investigations, for the participation of interested parties, and, where necessary, for the imposition of trade remedies. It is vital that these investigations be conducted fairly and impartially, and in accordance with law. To the extent trade laws permit interested parties and others to express views on the merits of pending cases and for the Department to take those views into account in the process, we will do so.

Question 18. In June 1999, a coalition of domestic oil producers represented by Save Domestic Oil, Inc. filed antidumping and countervailing duty cases against crude oil from Iraq, Mexico, Saudi Arabia, and Venezuela. The Department of Commerce dismissed these petitions in August 1999. On September 19, 2000, Judge

Thomas J. Aquilino, Jr. of the U.S. Court of International Trade instructed the Department to re-examine industry support for the petitions. The Department has appealed this case, and it is still in litigation. It has been alleged that Tom Brown, Inc. is a member of the Permian Basin Petroleum Association, which Save Domestic Oil lists as an association which has "agreed to support Save Domestic Oil."

- As Secretary of Commerce, what actions do you intend to take to ensure that the Department of Commerce's investigation into crude oil dumping, and the resulting legislation, is handled in an unbiased, objective, and fair manner?

Answer. If confirmed as Secretary, I will do what is necessary to ensure that the trade remedy laws are, in all cases, administered in an unbiased, objective, and fair manner. As for the specific case to which you refer, it is my understanding that there is no antidumping investigation of crude oil imports currently before the Department. Even if the proceeding involving Save Domestic Oil is remanded to the Department, I would not expect to be involved in it, because I will be generally disqualified from particular proceedings involving Tom Brown, Inc.

Export Controls

Question 19. A major issue concerning the Department of Commerce concerns export controls. In the last Congress, a number of bills were introduced, including legislation intended to establish a new Export Administration Act. The June 1999 Department Inspector General's report stated that the "intelligence community does not review all dual-use export applications or always conduct a comprehensive analysis of export license applications it does review."

- Could you describe your views of how the Department should interact with the Department of Defense and the State Department in the area of dual-use export applications?

Answer. In the past, the Department of Commerce has been the lead decision-maker among the involved Departments in licensing dual-use exports under the Export Administration Act and Export Administration Regulations, while the State Department has been the lead agency for licensing items on the Munitions List. I understand that the Departments of State and Defense participate regularly with the Commerce Department in reviews of dual use export issues, with an established mechanism for resolving the relatively few questions that are not decided by consensus at the working level. Close cooperation among these three agencies, with support from the intelligence community and other relevant agencies, is essential to an effective export control and licensing system. I thus anticipate that the Commerce Department will continue to lead a joint effort regarding dual use items, with enhanced integration of information from the intelligence community as necessary.

Question 20, part 1. One major piece of legislation that was introduced in the last Congress to deal with recent export control problems was S. 1712, the Export Administration Act. I had a number of problems with this legislation. It ultimately did not pass, and instead a 1-year renewal of the old Export Administration Act was enacted. The 1-year renewal expires on August 20, 2001.

- Could you discuss your plans for establishing a regime to guide the process for approving or rejecting applications involving items on the Commerce Control List?

Answer. We will follow the existing licensing framework, at least until further review suggests the need for significant change. Within that framework, my general approach will reflect the principles that have been outlined by President-elect Bush: wherever there is no national security interest at stake, exports will be permitted; but wherever national security is truly at stake, exports will be subject to appropriate levels of control, with serious penalties for violations. In addition, the Bush Administration will work to strengthen multilateral cooperation to control proliferation of the most critical technologies.

President-elect Bush has proposed the establishment of the President's Technology Export Council (PTEC) to advise him on the implementation of the export control laws. The mission of PTEC will be to ensure that accurate and timely information is provided to the responsible export control officials concerning trends and issues involving advanced technology items.

President-elect Bush also expressed support for renewal of the Export Administration Act along the lines proposed by Senators Gramm, Enzi, and others last year. Renewal of the EAA will be a high priority. We look forward to working with you, Senator Gramm, Senator Enzi and others to achieve a consensus on EAA reauthorization.

Question 20, part 2. In a revised Export Administration Act, what would you like to see your role be vis-a-vis the Secretary of Defense in deciding what dual-use commodities should be placed on this list?

Answer. In a revised Export Administration Act, I would expect to see my relationship with the Secretary of Defense, like that with the Secretary of State, to con-

tinue to be one of close consultation regarding the treatment of items on the Commerce Control List, but with final responsibility for licensing decisions and administration resting with the Commerce Department. As is currently the case, any disagreements would be resolved through an inter-agency process.

Question 20, part 3. Do you support the use of a “foreign availability or mass market status” designation to delist items from a Commerce Control List?

Answer. Yes, I support the discretionary use of a “foreign availability or mass market status” designation to delist items from the Commerce Control List.

Question 21, part 1. On August 3, 2000, the Clinton Administration revised the policy for exporting computers. Concerns have been raised that this new policy allowed computers performing up to 28,000 million theoretical operations per second to be exported to “Tier III” countries, such as China, without government review. Experts who study nuclear proliferation have alleged that this new policy will benefit China’s strategic nuclear warhead modernization and missile program.

• Could you describe the new administration’s policy with regard to the export of computers to countries considered national security or proliferation risks?

Answer. On January 10, 2001, the current administration made further significant and wideranging changes to the high performance computer (BPC) export control policy of the United States. The incoming Bush Administration will closely examine these changes and the implementation of the revisions by the Department of Commerce.

That review will be conducted in light of President-elect Bush’s position that computer export controls should not be based on technical specifications that consistently lag behind technological developments, resulting in unilateral U.S. restrictions on widely available technologies. At the same time, under the President-elect’s proposals, wherever security is truly at stake, exports will be subject to appropriate levels of control, with serious penalties for violations.

Question 21, part 2. Are there actions you would recommend to ensure that the existing United States export control policy cannot be used by nations to aid their weapons development programs?

Answer. Multilateral cooperation is essential to control the proliferation of the most critical technologies. I thus would seek to strengthen efforts to obtain multilateral solutions to proliferation issues. In addition, I support improving intelligence capabilities to detect violations of export controls, utilizing onsite inspections where appropriate, and imposing stringent penalties on those firms guilty of serious export violations.

Science, Technology and Space

Question 22. The Advanced Technology Program administered by the National Institute of Standards and Technology (NIST) has been the subject of criticism and controversy over the last decade. Several members of this Committee, including myself, have voiced our concerns that the program has outlived its mission and no longer awards grants to “high-risk” research and development projects. Do you envision any substantial changes to the program under your leadership and the new administration?

Answer. I have not made any decisions on the future of the Advanced Technology Program (ATP). I intend to review the status of ATP during the fiscal year 2002 budgetary process. My review will include a hard assessment of the continued utility of ATP and the extent to which it fills a need not capable of being satisfied at least as well by the private sector.

Question 23. The National Weather Service completed its \$4.5 billion modernization program recently, closing an estimated 184 weather offices throughout the country. Are you satisfied that the agency has achieved each of its original goals in completing this massive overhaul and reorganization?

Answer. I understand the Weather Service modernization has significantly improved the accuracy and timeliness of weather forecasts and warnings. Such improvements were the primary reason for the modernization effort. In addition, the Weather Service promised to downsize its staff and to close over 160 weather offices across the country. I am advised that almost 150 of these offices have already been closed.

It thus appears that the Weather Service has substantially achieved its immediate modernization goals. I nevertheless would review this program more closely, if confirmed, to ensure its goals have in fact been met, and whether new goals should be set.

Question 24. The Technology Administration has the potential to be at the forefront of emerging technology issues that impact this nation’s economy. Yet under the previous administrations, it failed to be more than a small think tank. Do you have any plans to reorganize and re-energize the Technology Administration?

Answer. I have not developed any specific reorganization plan or new missions for the Technology Administration. No bureau within the Commerce Department, however, should lack energy or focus. I will work to ensure that the Technology Administration plays an important role in the Department of Commerce's mission to promote the growth of the U.S. economy.

Question 25. Over the last year, this Committee has held hearings and meetings to discuss the fate of the National Technical Information Service (NTIS), which is no longer self-sufficient and in need of reorganization. Do you believe that NTIS should be transferred to the Library of Congress or the Government Printing Office? What are your plans for this valuable Federal resource?

Answer. I understand that the National Technical Information Service is neither self-sufficient nor appears capable of becoming self-sufficient. With Federal technical information being ever more readily available through easily accessible sources, the future role of NTIS clearly must be rethought. I understand that the Library of Congress has not expressed any interest in taking over NTIS' functions. It is also unclear if this solution would actually save any of the taxpayers' money, because it may be more expensive to house NTIS functions at the Library of Congress than to simply fund NTIS.

Currently, NTIS does not appear to require any appropriated funds in fiscal year 2002. I am hopeful that, working with interested Members of Congress, we might find a solution to NTIS' future before additional funding is required.

Question 26. With the International Space Station moving along in its assembly process, commercial space opportunities for industry will grow. Do you have any plans for the Office of Space Commercialization to become more active in this area of industry involvement?

Answer. The International Space Station will indeed offer significant opportunities for private sector pursuit of commercial ventures in space, but it is only one potential source for such ventures.

The future commercial development of the Global Positioning System (GPS) and commercial remote sensing licensing and enforcement are other areas where the Commerce Department can promote space-related commerce. These areas deserve increased attention. I have no specific plans for broadening the work of the Office of Space Commercialization, but I would welcome working with the Committee and private sector participants to focus the work of the office most effectively.

Question 27. Do you feel that that NOAA research budget and activities are sufficient to address its responsibilities on climate change research?

Answer. Climate change research is clearly important, and I support continuing the Department's central role in this field. The National Oceanic and Atmospheric Administration's budget for Oceanic and Atmospheric Research (OAR) includes most of the Department's funding for climate change research. I have not had the opportunity to review the budgetary needs of all of the Department of Commerce's programs. I will examine whether OAR's funding needs are sufficient in connection with the submission of the Bush Administration's fiscal year 2002 budget.

Question 28. As part of its work on climate change, do you have any plans of developing policies on a national emission trading program?

Answer. President-elect Bush supports private sector trading of airborne emissions, including carbon dioxide. The Department of Commerce, however, neither regulates airborne emissions nor administers an emissions trading program. I expect that the Department of Commerce, through scientific research conducted by the National Oceanic and Atmospheric Administration, will contribute its technical expertise to any policies the administration may develop.

Question 29. Last year, the Congress passed legislation on improving technology transfer between Federal laboratories and industry. The Technology Administration is required to issue a biannual report on the progress on technology transfer activities. Based on the previous experience in industry, do you have any ideas that you will pursue to further improve the technology transfer process?

Answer. I understand that the Technology Transfer Commercialization Act of 2000 (P.L. 106-404) is the latest in a series of refinements to previous laws, including the Bayh-Dole and Stevenson-Wydler acts, that have helped stimulate technology transfer between federally funded research institutions and the private sector. P.L. 106-404 was signed into law on November 1, 2000. It is too early for me to determine if any additional changes are needed to improve the technology transfer process.

Question 30. At the end of 1998, foreign companies owned 715 facilities in the U.S. designated as R&D centers. What are your thoughts on this from a competitive standpoint?

Answer. The eagerness of foreign companies to invest in research and development facilities in the United States says much about the advantages offered by our

free market economy and our educational system. Overall, I believe the U.S. economy benefits tremendously from such investments. Foreign investment in the United States fosters new ideas, talent, innovation, and competition—all of which invigorate our economy, creating new jobs and opportunities for entrepreneurs.

Question 32. The Commerce Department released a report on American's Access to Technology Tools this past October. The report indicates that while 11 percent of Internet users access the Internet using broadband technologies such as DSL or cable modem, far fewer rural persons have the ability to gain access to high speed networks.

- How do you intend to increase rural America's access to broadband technology?

Answer. The job of increasing rural America's access to broadband technology is one foremost for the private sector. The role of the Commerce Department and other agencies primarily will be to remove regulatory barriers and otherwise to foster a business and regulatory environment that will encourage rapid deployment of broadband access to all citizens. For example, the identification of suitable spectrum for Third Generation (3G) wireless technology, an initiative being lead by the NTIA, has great potential for ultimately giving our rural citizens a cost-effective option for digital services. There may be initiatives to be undertaken in conjunction with the FCC, such as finalization of the universal service proceeding, that should be encouraged as well.

Question 33. The Commerce Department released a report on advanced telecommunications in rural America this past April. The report recommended revisions to the universal service program to ensure that advanced services are deployed to rural America.

- Do you believe that in order to ensure that all Americans have access to broadband technology we must subsidize broadband deployment, or do you believe a competitive market-based approach can accomplish this task?

Answer. I understand that a recent Commerce Department study reported a dramatic increase in Internet access by rural residents over a very short time period. This increase apparently occurred simply through the workings of a competitive market place. I would hope the same migration to broadband access will occur without any need for potentially expensive and market-distorting subsidies. As President-elect Bush has stated, however, we must ensure that no person is left behind, especially the children of America. We need to look closely at the merits of expanding existing universal service programs to cover additional services, such as broadband deployment, but in light of the potential harm to existing universal service that might result.

Question 34. As new wireless telecommunications services become available and spectrum becomes more scarce, increasing pressure is placed on the Federal Government to share or turn over more of the spectrum it uses to the private sector for commercial use.

- What do you see as the proper role of NTIA, the manager of Federal spectrum, as commercial demands increase?

Answer. The need for additional allocations of spectrum for commercial purposes is apparent. The Department of Commerce, through NTIA, should lead the effort to maximize the efficient use of spectrum by Federal users. NTIA can promote efficiency and use of modern technologies, which may significantly decrease the amount of spectrum now allocated for Federal Governmental use.

The immediate challenge for NTIA will be to complete the process of identifying spectrum suitable for Third Generation (3G) wireless use according to the current schedule. Completion of this process will unleash great potential for providing new technologies that will help bring greater choices to all consumers, especially our rural citizens.

Finally, NTIA can also help to promote consensus among the Federal spectrum users about the proper balance of interests to be made in setting spectrum policy and freeing spectrum for commercial use.

Question 35. Several bills were introduced in the 106th Congress that were seeking to facilitate broadband deployment nationwide by leveling the regulatory playing field between cable companies and regional Bell operating companies. Specifically, these bills would deregulate Bell data services to more closely resemble the largely unregulated environment in which cable, modern deployment is taking place.

- Do you believe regulatory parity and the anticipated increased competition for broadband subscribers will facilitate broadband deployment to rural areas?

Answer. Yes, I am hopeful that a competitive, market-based approach will promote deployment of broadband services to rural areas. I also will look to remove regulatory barriers to fair competition in the marketplace.

Question 36. Currently, NTIA's Public Telecommunications Facilities Program is being used to assist public broadcasters' transition to digital television, a project

that can only be achieved with a \$1 billion price tag according to the administration and public broadcasters.

- At this past July's CPB nomination hearing, Senator Rockefeller indicated that viewership was in the low single digits. Given the explosion in the new sources of data and content available to the public through the Internet and multichannel video marketplace, and the public's apparent lack of interest in the programming offered through public broadcasting, do you believe the taxpayers should be asked to give the public broadcasters \$1 billion for DTV?

Answer. I am not yet prepared to determine whether or to what extent public broadcasters should receive Federal funding for DTV conversion. In general, however, I believe that the cost and benefits of such funding must be given a hard look. The development of additional media outlets and opportunities is a factor to be considered. At a minimum, the specific funding request made by the public broadcasters must be examined fully to ensure that all potential savings and discounts are fully understood in order to protect taxpayers from paying more than necessary. Further, it is important to examine the public broadcasters' request in the context of how the entire industry is making the conversion to digital television.

Question 37. In recognition of the potential of wireless Internet services, the Department of Commerce is presently working under an aggressive schedule to identify the additional spectrum that is necessary for the wireless mobile industry to undertake expansion and to provide services competitive with those available in other nations.

- Will the Department adhere to the timeframes and responsibilities set forth in the Presidential Directive on 3G? What steps do you envision the Department and the NTIA will undertake to further the President Directive on 3G?

Answer. The current timeframes provided in the Presidential Directive seem reasonable at this point, and most parties apparently agree that they can be met. I thus will expect the NTIA to meet the proposed schedule. I am presently unaware of any new steps that the Department and NTIA must undertake to meet the schedule, but I will make clear that meeting the schedule is a priority, and that NTIA should advise me of any anticipated difficulties that may delay the decision.

RESPONSE TO WRITTEN QUESTIONS FROM SENATOR MAX CLELAND
TO DONALD L. EVANS

Question 1. Both the incoming Bush Administration and the just-sworn-in 107th Congress face unprecedented challenges requiring bipartisan communication and cooperation within and between the Executive and Legislative branches. What ideas do you have—in terms of staffing or outreach or policy proposals or some other approach—for addressing such challenges?

Answer. I have always found that the surest way to achieving one's goals is to approach issues with an open mind, to obtain the facts, to listen to the ideas of others, and to conduct one's affairs with integrity. President-elect Bush shares these principles and they are not novel, but I see no reason why the approach that has served well in my prior business and public service endeavors will not work equally well to forge an effective governing partnership between the Congress and the Administration.

Question 2. One of the concerns of this Committee regarding the Department of Commerce, under both Democratic and Republican Administrations, has been the political nature of the Department in general and the Department's trade missions in particular. Is this a concern to you as well? If so, how will you address these concerns?

Answer. Whatever the record of the Commerce Department might have been in the past, my focus will be on ensuring that all of the agency's programs, including trade missions, are conducted in the public interest and to achieve the goals established by the Administration and Congress. With specific regard to trade missions, I will ensure that invitations to participate will be based on merit in accordance with clear objective criteria. I understand the current policy requires written criteria for selection of participants, prohibits consideration of political activities, and requires selection of participants by a majority of career Department personnel. I am committed to ensuring that this new approach works effectively. If confirmed, I will work with the Office of Inspector General, the General Accounting Office, and others to evaluate the effectiveness of the current approach and to make further improvements where necessary.

Question 3. Just a week ago, the Census Bureau released the State-by-State counts of population data that will be used to reapportion the U.S. House of Representatives. By Supreme Court decision, the use of sampling is prohibited in deter-

mining the number of congressional districts each State gets. However, the decision did not prohibit States from using sampling numbers for congressional and legislative redistricting.

Do you favor or oppose the use of scientific sampling to correct the historic miscounts in the census? Please elaborate.

Answer. By all accounts, the 2000 Decennial Census was the most successful census in history. Congress deserves credit for authorizing the substantial funds required to achieve such an apparently accurate count. The Census Bureau did an admirable job of deploying new resources, increasing awareness, educating people about the importance of the Census, and encouraging people to respond and to be counted. The Census Bureau has suggested that count is highly accurate.

I have not pre-judged whether sampling techniques should be used to adjust the recently released State population data for redistricting or other purposes. Whether the 2000 headcount should be statistically adjusted is still being evaluated internally by the Census Bureau, and I do not possess the information upon which the Bureau's evaluation is being made. In general, I believe we must continue to seek the most accurate census counts for each of the many purposes for which the counts are used, within the bounds of scientific validity and applicable law.

Question 4. Barring action by the new Administration, the Census Bureau may offer two sets of population numbers this spring—one raw and one adjusted by statistical sampling. Many scientific experts, including the National Academy of Sciences, believe that the second set of numbers, based on scientific sampling, is the more accurate, since it seeks to address the consistent undercount, chiefly of poor people and minority groups, that continues to plague the census. For example, according to the Census Bureau's own estimates, approximately 8 million Americans went uncounted in 1990.

As Secretary of Commerce, would you support the release of the adjusted, more accurate census numbers this spring?

Answer. As I noted in response to Question 1, the current Census Director has stated that the 2000 Decennial Census was the most successful ever, with the lowest undercount in history. The Census Bureau is still evaluating whether the 2000 headcount should be statistically adjusted. At this time, it is not known that adjusted census numbers would necessarily be more accurate.

Also, it is my understanding that, while supportive of the concept of statistical adjustments, the National Academy Panel to Review the 2000 Census has not expressed any opinion on whether the 2000 Census data should be adjusted by use of statistical sampling techniques, because neither the internal evaluation of the actual headcount, nor the statistical adjustment process, has been completed by the Census Bureau. I similarly have not prejudged the question whether the Census Bureau should attempt to adjust the population data through statistical sampling techniques.

As I indicated in the January 4 hearing, it is not clear what responsibility now lies with the Secretary of Commerce concerning any decision by the Census Bureau to release adjusted numbers. I will only be able to form a personal judgment about the adjustment question after obtaining the facts and determining what my responsibilities will be.

Question 5. On October 6, 2000, the Commerce Department under Secretary Mineta issued a rule which delegates to the Director of the Census Bureau the final authority to determine whether the census data will or will not be adjusted to correct for census miscounts. However, the rule also allows the Secretary of Commerce to revoke the delegation of authority given to the Director of the Census Bureau. Do you intend to overturn the rule and take the decisionmaking authority back under your jurisdiction so that you would have the final say?

Answer. As section 195 of Title 13 of the U.S. Code confers the responsibility for making any adjustment decision specifically on the Secretary of Commerce, the timing and purpose of the November 6 rule, and its consistency with Congressional intent, certainly may be questioned. Nevertheless, I have made no decision concerning any changes to the rule, and as a practical matter, whether the rule should be revoked or amended is an issue that will be addressed, if at all, only after the Director of the Census Bureau has determined whether to issue, statistically adjusted data.

Question 6. The census long form has been widely criticized as being too intrusive. To what extent do you support the American Community Survey as an eventual replacement for the census long form? Will you push for adequate funding for this initiative?

Answer. I will support efforts to deal with problems associated with the census long form, including those relating to privacy and intrusiveness, and the overall drag on decennial census response rates. These concerns must be balanced with the

data needs of Federal entities for effectively implementing particular Federal programs.

I understand that the American Community Survey (ACS) will attempt both to simplify the decennial census form, and to collect more timely socio-economic data. I support these goals. This program is in its infancy, however. As the ACS survey is developed more fully, I look forward to learning more about how effective it will be as a replacement for the long form.

As Secretary of Commerce, I would work to ensure that issues of privacy and intrusiveness are addressed with the ACS in a way that balances privacy concerns with the need for accurate and timely data. This undertaking would involve a thorough assessment of the actual questions on the ACS, including how new questions are added, and how outdated questions are removed. The ACS is a promising initiative. While I cannot presently commit to any particular funding level, I look forward to evaluating the program as it unfolds, and together with the Congress, determining how it should be shaped and funded.

Question 7. The Commerce Department plays a key role in compiling statistics that measure the performance of our economy. What is your view regarding the proper role of the Department in assuring that we have the best possible measurements of economic activity? Does the Department have adequate funding for carrying out this responsibility?

Answer. I agree that the Department of Commerce has a critical responsibility for collecting and analyzing the business, housing, and employment data that give us an accurate and timely picture of the status and performance of our economy. To date, I have not been made aware of any issues regarding adequate funding for carrying out this responsibility. As Secretary of Commerce, I would work to ensure that adequate resources are in place for the Department's traditional surveys that constitute the measures of our economy, as well as new surveys recently funded by Congress to measure important trends, such as electronic commerce, so that we maintain an accurate picture of a constantly changing economic landscape.

Question 8. The Clinton Administration has advocated wider government involvement in promoting technology and research and development. What do you believe is the proper role, if any, of the Federal Government—and the Department of Commerce in particular—in fostering technology development leading to economic growth?

Answer. The primary goal of the Department should be to foster a climate in which the development and deployment of technologies may thrive. It may play several roles in pursuing that mission. Those include, for example, promoting harmonization of domestic and international technical standards taking into account U.S. commercial interests; identifying regulatory impediments to technology development and means of alleviating them; and working to eliminate foreign barriers to technology exports and services dependent on them.

Question 9. One of the difficult challenges faced by the Commerce Department is maintaining a proper balance between easing the regulations on the export of U.S. technology, such as encryption and space launch, and ensuring that national security is maintained at all times. What role do you believe the Commerce Department should play in promotion of these sensitive industries and how would you suggest that such a balance be struck? In particular, how can we be assured that the national security side of the balance will be appropriately maintained?

How would you weigh the need to limit overseas sales for security reasons against commercial requirements of U.S. exporters, especially hi-tech producers, to reach foreign markets?

Answer. As President-elect Bush has stated: "There need not be any conflict between America's security interests abroad and our economic interests. We just need to be smart enough and flexible enough to distinguish between the technologies that guide enemy missiles and the technologies that animate children's games." Of course, these decisions are not always easy.

Obtaining up-to-date, and accurate information, and applying seasoned judgment, are essential components of the deliberative process. Proposals in Congress to reauthorize the EAA have been consistent with President-elect Bush's approach.

Maintaining the nation's security will be the guiding principle in any Commerce Department licensing decision. Against that paramount concern a variety of factors will be considered, including the effectiveness of controls, the proposed end use, the integrity of the end user, and alternative means of ensuring that national security concerns are satisfied.

Question 10. What do you see as the principal role of the government in helping U.S. industries in the global market? Do you believe the government should step back and let U.S. industries fight on their own or do you believe the government

should be actively involved in ensuring that these markets are kept open for U.S. businesses?

Answer. The entrepreneurial spirit of the American people, not the government, creates wealth. But government can help create an environment in which the entrepreneurial spirit flourishes, an environment that promotes innovation, risk-taking and equal opportunity. In this regard, there is no question that the government should be actively involved in ensuring that foreign markets are kept open to U.S. business. Should I be confirmed as Secretary of Commerce, this will be one of my foremost goals.

Question 11. How do you currently rate U.S. producers internationally? Do you believe they are competitive or not? If not, what do you believe the problems are and what do you suggest government can do about them?

Answer. American producers are some of the most efficient and productive—and therefore the most competitive—in the world. The most important role for government is to foster the climate in which that competitiveness continually increases. This means maintaining a strong economy at home and reducing trade barriers abroad.

Question 12. What role do you envision for the Commerce Department in the near future in terms of e-commerce? Are there some “rules of the road” that have applied to governmental involvement in commerce in generally, especially interstate commerce, for the last 100 years or so that we might want to consider as we look at e-commerce, or is this such a new item that we have better take a “hands off” approach until we see how things progress. What is your reaction to the dramatic growth of e-commerce?

Answer. The Commerce Department should continue to lead efforts by the Federal Government to harmonize and minimize government regulation of e-commerce, both domestically and abroad; and to foster standards and technologies (e.g., acceptance of digital signatures, increased broadband access) that facilitate e-commerce.

Question 13. In the last Congress this Committee struggled with the issues of Internet privacy and taxation. What role do you believe the Federal Government should play in guaranteeing privacy or working out some accommodation on Internet taxation?

Answer. President-Elect Bush supports the current Internet tax moratorium. We also understand the serious concerns many parties have about its impact on the tax bases of State and localities, and its impact on local merchants and retailers. Although it must be respectful of the taxing authority of State and local governments and their revenue needs, the Federal Government has an important role to play in promoting harmonization of fiscal and regulatory measures affecting e-commerce, in a manner that least intrudes on the growth and directions taken in that marketplace. E-commerce will thrive in an environment of certainty and minimal government intrusion. E-commerce also will falter ultimately if the public loses confidence in the security of electronic transactions.

In some areas, like financial services, Congress has already taken action to promote consumer privacy. The privacy provisions of the Gramm-Leach-Bliley Financial Modernization Act offer important models by which these concerns may be addressed. In addition, it is vital that the Federal Government examine its practices and policies on protecting consumer privacy. In the past the Federal agencies apparently have violated their own privacy policies. This is unacceptable. Improving the privacy protections of the Federal Government should be a priority.

Question 14. As you know, the Technology Opportunities within the Dept. of Commerce provides infrastructure and Internet access to disadvantaged communities. How do you view this program and would you like to see it expanded?

Answer. The TOPs program has a very laudable mission. I have not yet formed a view, however, as to whether TOPs is accomplishing its mission in the most effective way, or whether it should be expanded.

Question 15. In recent years, some critics have questioned the role of the National Weather Service in providing important weather information for free, even though there are private firms that seek to perform the same service. Supporters of the Weather Service’s policy believe it provides a service to the public, including farmers, aviators, sailors and others whose lives and livelihood depend upon abundant and accurate forecasting. Do you support a continuation of this policy by the National Weather Service or do you see a need for change at this time? What role do you believe the National Weather Service should play for our country?

Answer. The mission of the National Weather Service is to provide weather, hydrologic, and climate forecasts and warnings for the people of the United States and those that navigate our waters. The Weather Service should continue to play this vital role in the protection of lives and property.

The Weather Service currently provides free access to the data and forecasts it generates. Such access both assists the public and enables private sector businesses to develop specialized forecasts for paying costumers. The Weather Service should continue to make this information readily available to the private sector for educational, commercial and other uses.

Question 16. As you know, foreign trade zones provide an opportunity for industries to import their goods under certain very special circumstances at reduced tariff rates. This past summer the Savannah Foreign Trade Zone applied for an expansion of their Trade Zone which they believe could be a boon to their economic development. As Secretary of Commerce, your seat on the Foreign Trade Zone Board will have a great impact on the decisions made. What role do you believe the FTZ Board should play as we enter the 21st Century and an era of increasing global trade?

Answer. Foreign trade zones play a positive role in the economic development of the United States by allowing U.S. companies to capitalize on market efficiencies at home and abroad. The FTZ Board should continue to assist local communities to establish FTZs adapted to the changing needs of commerce and capable of being administered with a minimum of red tape.

Question 17. One of the first pieces of legislation that I authored and saw signed into law was a disaster mitigation pilot program to protect small businesses before a disaster strikes. I am sure you are well aware of the importance of a reliable and timely disaster warning system not only for the sake of the lives of millions of Americans but also for the sake of U.S. commerce. Do you see the issue of disaster warning as something you would like to champion or become actively involved in? If so, do you have any preliminary idea as to what additional steps the Federal Government should take in this field?

Answer. The National Weather Service plays a critical role in disaster preparedness. I strongly support the Weather Service's role in proving disaster warnings.

The Weather Service is only part of the disaster mitigation solution, however. While I do not have specific proposals to make at this time, I believe one should look at what further steps the Weather Service might take to work with State and local agencies and other Federal agencies, including the Federal Emergency Management Administration, Army Corps of Engineers, U.S. Geological Survey, U.S. Forest Service, Bureau of Land Management, Department of Defense, Department of Agriculture and the Environmental Protection Agency, to help ensure that disaster warnings are translated into actions that save lives and property.

BIOGRAPHICAL AND FINANCIAL INFORMATION ON DONALD L. EVANS, NOMINEE TO BE SECRETARY OF THE DEPARTMENT OF COMMERCE

Biographical Information

1. Name: (include any former names or nicknames used.)
Donald Louis Evans (Don).
2. Position to which nominated:
Secretary of Commerce.
3. Date of nomination:
A date to be determined after January 20, 2001. President-elect Bush announced his intention to nominate me on December 20, 2000.
4. Address: (List current place of residence and office addresses.)
Residence: (Information not released to the public); Office: 508 West Wall, Suite 500, Midland, Texas 79701.
5. Date and place of birth:
Houston, Harris County, Texas.
6. Marital status: (include maiden name of wife or husband's name.)
Married—Susan Marinis (wife's maiden name)
7. Names and ages of children: (Include stepchildren and children from pervious marriages.)
Elizabeth S. Moon, 27; Jennifer S. Evans, 25; Donald L. Evans, Jr., 11.
8. Education: (List secondary and higher education institutions, dates attended, degree received and date degree granted.)

Name of school	Dates attended	Degree received	Date degree granted
University of Texas at Austin	Sept. 1964-May 1969	MSMB	June 1969.
University of Texas at Austin	Feb. 1970-Dec. 1972	MBA	Aug. 1973.

9. Employment Record: (List all jobs held since college, including the title or description of job, name of employer, location of work, and dates of employment).

Title	Name of employer	Location	Dates of employment
Engineer	Armco Steel	Houston, TX	June 1967-Sept. 1967.
Design Engineer	Monsanto Chemical	St. Louis, MO	June 1968-Aug. 1968.
Design Engineer	Cameron Iron Works	Houston, TX	June 1969-Sept. 1970.
Counselor	Camp Olympia	Houston, TX	June 1971-Sept. 1971.
Chairman of the Board, CEO	Tom Brown, Inc.	Midland, TX	Feb. 1975-Present.

10. Government experience: (list any advisory, consultative, honorary or other part-time service or positions with Federal, State, or local governments, other than those listed above.)

University of Texas System Board of Regents.

11. Business relationships: (List all positions held as an officer, director, trustee, partner, proprietor, agent, representative, or consultant of any corporation, company, firm, partnership, or other business enterprise, educational or other institution.)

Tom Brown, Inc.—Chairman of the Board, Chief Executive Officer, Director.

TMBR/Sharp Drilling, Inc.—Director.

American Oil & Gas, Inc.—Director.

Caprock Electric Cooperative—Director.

Security National Bank—Director.

American Century Corporation—Director.

Greenway Heritage Partners, L.P.—Limited Partner.

Greenway-Glade Partners, L.P.—Limited Partner.

Carlang Partners, L.P.—Limited Partner.

Turnpike Waldrop Joint Venture—Joint Venturer.

12. Memberships: (List all memberships and offices held in professional, fraternal, scholarly, civic, business, charitable and other organizations.)

Board of Regents, University of Texas System—Chairman.

The Bynum School Board of Governors.

The Gladney Fund—Board Member.

Memorial Hospital & Medical Center—Trustee.

Midland Cerebral Palsy Center—Beefeaters Ball Chairman.

Scleroderma Research Foundation—Board Member.

United Way of Midland, Campaign Chair.

United Way of Midland, President.

Midland Chamber of Commerce.

YMCA of Midland, Metropolitan Board.

Young Life, Executive Committee.

Young Presidents Organization.

Omicon Delta Kappa Society Sigma.

Alpha Epsilon Fraternity.

Texas Cowboys.

13. Political affiliations and activities:

(a) List all offices with a political party which you have held or any public office for which you have been a candidate.

None.

(b) List all memberships and offices held in and services rendered to all political parties or election committees during the last 10 years.

Bush For Governor, Inc.

1995 Texas Inaugural Committee for Governor George W. Bush.

Bush for President, Inc. (formerly Governor George W. Bush Presidential Exploratory Committee, Inc.)

Bush-Cheney 2000, Inc. (formerly Bush for President & General Election Committee, Inc.)

Bush-Cheney 2000 Compliance Committee, Inc. (formerly Bush for President Compliance Committee, Inc.)

Bush/Cheney Presidential Transaction Foundation, Inc.

(c) Itemize all political contributions to any individual, campaign organization, political party, political action committee, or similar entity of \$500 or more for the past 10 years.

Name	Amount
Wayne Allard for U.S. Senate Committee	\$ 200.00
Texans for Rudy Izzard	250.00
Kay Bailey Hutchison for Senate Committee	1,000.00
Cubin for Congress Inc.	1,000.00
Texans for Lamar Smith	250.00
Texans for Lamar Smith	250.00
Kay Bailey Hutchison for Senate Committee	1,000.00
Texans for Lamar Smith	250.00
Texas Republican Congressional Committee AKA Victory '96	1,000.00
Pink Elephant Committee	200.00
Texans for Lamar Smith	250.00
Friends of Phil Gramm	1,000.00
Texans for Henry Bonilla	250.00
Cubin for Congress	250.00
Phil Gramm for President, Inc.	11,000.00
Dole for President Inc.	1,000.00
McMillan for U.S. Senate	250.00
Cubin for Congress	500.00
Kay Bailey Hutchison for Senate Committee	1,000.00
Gramm '96 Committee	500.00
Texans for Lamar Smith	250.00
Texans for Henry Bonilla	500.00
Bush-Quayle '92 Primary Committee Inc.	1,000.00
Texas Republican Party	1,000.00
Craig Thomas for Congress Inc.	300.00

14. Honors and awards: (List all scholarships, fellowships, honorary degrees, honorary society memberships, military medals and any other special recognitions for outstanding service or achievements.)

Distinguished Service Award and Boss of Year presented by Midland Jaycees in 1980.

Distinguished Alumni Award—University of Texas at Austin—School of Engineering—1997.

15. Published writings: (List the titles, publishers, and dates of books, articles, reports, or other published materials which you have written.)

None.

16. Speeches: Provide the committee with two copies of any formal speeches you have delivered during the last 5 years which you have copies of on topics relevant to the position for which you have been nominated.

None.

17. Selection: (a) Do you know why you were chosen for this nomination by the President?

Apparently because President-elect Bush believes my skills and experience will enable me to lead the Commerce Department successfully.

(b) What do you believe in your background or employment experience affirmatively qualifies you for this particular appointment?

In my professional career I have been employed as an engineer and manager at several industrial companies, including as the Chairman and Chief Executive Officer of a large energy concern for the past 15 years; and I have chaired the University of Texas System Board of Regents, an educational system comprised of nine academic institutions and six health science centers, having 79,000 employees serving 154,000 students. Besides the skills thus acquired through years of managing large enterprises, both commercial and governmental, I am thus well acquainted both with the challenges and opportunities of operating in global, highly competitive and regulated industries—through good times and bad—and with the tremendous benefits of educational and scientific endeavor.

B. Future Employment Relationships

1. Will you sever all connections with your present employers, business firms, business associations or business organizations if you are confirmed by the Senate?
Yes.

2. Do you have any plans, commitments or agreements to pursue outside employment, with or without compensation, during your service with the government? If so, explain.

No.

3. Do you have any plans, commitments or agreements after completing government service to resume employment, affiliation or practice with your previous employer, business firm, association or organization?

No.

4. Has anybody made a commitment to employ your services in any capacity after you leave government service?

No.

5. If confirmed, do you expect to serve out your full term or until the next Presidential election, whichever is applicable?

Yes.

C. Potential Conflicts of Interest

1. Describe all financial arrangements, deferred compensation agreements, and other continuing dealings with business associates, clients or customers.

None.

2. Indicate any investments, obligations, liabilities, or other relationships which could involve potential conflicts of interest in the position to which you have been nominated.

None.

3. Describe any business relationship, dealing, or financial transaction which you have had during the last 20 years, whether for yourself, on behalf of a client, or acting as an agent, that could in any way constitute or result in a possible conflict of interest in the position to which you have been nominated?

None identified.

4. Describe any activity during the past 10 years in which you have engaged for the purpose of directly or indirectly influencing the passage, defeat or modification of any legislation or affecting the administration and execution of law or public policy.

None.

5. Explain how you will resolve any potential conflict of interest, including any that may be disclosed by your responses to the above items. (Please provide a copy of any trust or other agreements.)

I will comply fully with government ethics requirements. At present, I am working with transition and government ethics counsel to identify potential conflicts and to address appropriately any that are identified. I also am working on structuring my personal financial affairs to comply with government ethics requirements. I have no trust or other agreements relevant to these matters at this time. Upon taking office, I will act upon the advice of the Department's ethics counsel to avoid conflicts of interest that might arise, recusing myself from matters as appropriate.

6. Do you agree to have written opinions provided to the Committee by the designated agency ethics officer of the agency to which you are nominated and by the Office of the Government Ethics concerning potential conflicts of interest or any legal impediments to your serving in this position?

Yes.

D. Legal Matters

1. Have you ever been disciplined or cited for a breach of ethics for unprofessional conduct by, or been the subject of a complaint to any court, administrative agency, professional association, disciplinary committee, or other professional group? If so, provide details.

No.

2. Have you ever been investigated, arrested, charged or held by any Federal, State, or other law enforcement authority for violation of any Federal, State, county, or municipal law, regulation or ordinance, other than a minor traffic offense? If so, provide details.

No.

3. Have you or any business of which you are or were an officer ever been involved as a party in interest in an administrative agency proceeding or civil litigation? If so, provide details?

(a) *Security National Bank*.—I served on the Board of Directors of Security National Bank, a small, locally owned national bank in Midland, Texas, from the date of its formation in November 1981 until my resignation as a Director on February 15, 1985.

The Comptroller of the Currency declared Security National Bank insolvent on February 12, 1987 and the Federal Deposit Insurance Corporation was appointed as receiver of the Bank.

Charles and Jeannie McClure brought suit in the U.S. District Court for the Western District of Texas, Midland-Odessa Division, Civil Action No. M086CA86, styled *Charles McClure and Jeannie McClure v. Security National Bank of Midland, et al.*, filed on May 19, 1986. The Plaintiffs alleged that officers of the bank breached a commitment for interim financing and refused to honor the bank's contract. The bank's directors, including me, were joined Defendants in their official capacities on the alleged grounds that they consented to and agreed with the actions of the officers. At the conclusion of the evidence in the trial, the other directors and I were dismissed from the suit. Thereafter, the jury returned a verdict for the Plaintiffs, and a judgment was entered on December 13, 1986, in the amount of \$2,250,000 (resulting from the trebling of actual damage award of \$750,000 in accordance with 12 U.S.C. 1975). The McClures filed for bankruptcy (*In Re: Charles and Virginia McClure, Debtors*, in Bankruptcy No. 7-85-0328 in the U.S. District Court for the Western District of Texas, Midland-Odessa Division) and on February 12, 1987, the FDIC was appointed Receiver of Security National Bank of Midland. Thereafter, the \$2,250,000 award was reduced to \$750,000 and filed as a claim with the FDIC, with approximately \$250,000 in dividend payments being made to the McClures.

The McClures then filed another lawsuit against the directors, including me. This action was Case No. 89CA029 in the U. S. District Court for the Western District of Texas, Midland-Odessa Division, styled *Charles McClure and Virginia McClure, Individually and on Behalf of Security National Bank of Midland v. Fred M. Allison, III, Ray P. Moudy, Ernest Angelo, Jr., James M. Blakemore, L. Decker Dawson, Arlen L. Edgar, Donald L. Evans, Joseph A. Kloesel, C.R. Schwisow, William C. Thomas, William Howle McCright, Jr., David Covey, Individually, and the Federal Deposit Insurance Corporation, as Receiver of Security National Bank*. In general, the Plaintiffs alleged (1) derivative claims on behalf of Security National Bank and (2) claims, individually, for personal damages based upon the same alleged wrongdoings which served as a basis for the derivative claims. The Defendant Directors filed a motion for a Rule 12 (b)(6) Dismissal for Failure to State a Claim or for Summary Judgment on March 13, 1989. The motion was granted on May 4, 1989. While the McClures filed a Notice of Appeal to the U.S. Court of Appeals for the Fifth Circuit, the appeal was dismissed on August 30, 1989 for want of prosecution for failure of Appellants to file a brief.

At no time was a claim against the Directors, including me, made by the FDIC or any other governmental agency.

B. *American Century-Corporation, San Antonio, Texas*. I was elected to the Board of Directors of American Century Corporation on August 24, 1984. Originally organized as a real estate investment trust in 1969 in Jacksonville, Florida, under the name "American Century Mortgage Investors," the company relocated its headquarters in San Antonio, Texas in 1982 and was reincorporated as a Delaware corporation under the name American Century Corporation. At the time I joined the Board of Directors, American Century was a New York Stock Exchange-listed company engaged in commercial real estate investment and mortgage lending through a wholly owned subsidiary, Commerce Savings Association, a State-chartered thrift with approximately \$850,000,000 in assets. In addition, American Century held a 20 percent stake in The First American Financial Corporation in Santa Ana, California, the nation's second-largest title insurance company.

With the sharp downturn in Texas economy and collapse of the real estate market in the late 1980s, American Century experienced significant operating losses, primarily through its wholly owned subsidiary, Commerce Savings. I resigned as a director of American Century in January 1989. Shortly afterwards, Commerce Savings became insolvent and was placed in conservatorship in March 1989. American Century also had outstanding publicly traded subordinated debentures, which defaulted at approximately the same time. In June 1989, American Century filed a voluntary petition for reorganization under Chapter 11 of the bankruptcy code. A plan of reorganization of American Century was confirmed in June 1990, under which American Century was merged with Tescorp, Inc. in Austin, Texas, and American Century's bondholders received a combination of publicly-traded Tescorp common stock, preferred stock and warrants with a combined value that exceeded the par amount of the debentures, resulting in no loss to its creditors. Its shareholders also received a modest recovery in the form of publicly-traded warrants. No claim was asserted against American Century by Federal or State banking regulators in such proceeding, and it is believed to be the only one of the numerous holding companies

of failed banks or thrifts in the State to have been successfully reorganized. It should be noted that 48 of the 50 largest thrifts and all but one of the 20 largest banks in the State either failed or were the subject of supervised mergers with Federal assistance.

In June 1992, the Resolution Trust Corporation filed a suit against the former directors of Commerce Savings. The suit alleged simple negligence on their part in connection with the lending activities of the thrift (no allegations were made of gross negligence, fraud or selfdealing). I was not named as a defendant in the suit. The defendants denied any liability and no discovery was taken in the suit, which was settled in late 1992 for an amount approximately the cost of defending the suit.

(c) Tom Brown, Inc., an oil and gas exploration and production company, of which I have served as Chairman and CEO, has been involved in various State and Federal administrative agency proceedings in the normal course of its business.

4. Have you ever been convicted (including pleas of guilty or nolo contendere) of any criminal violation other than a minor traffic offense?

No.

5. Please advise the Committee of any additional information, favorable or unfavorable, which you feel should be considered in connection with your nomination.

None.

E. Relationship With Committee

1. Will you ensure that your department/agency complies with deadlines set by congressional committees for information?

Yes, within the bounds of my authority.

2. Will you ensure that your department/agency does whatever it can to protect congressional witnesses and whistleblowers from reprisal for their testimony and disclosures?

Yes.

3. Will you cooperate in providing the Committee with requested witnesses, to include technical experts and career employees with firsthand knowledge of matters of interest to the Committee?

Yes.

4. Please explain how you will review regulations issued by your department/agency, and work closely with Congress, to ensure that such regulations comply with the spirit of the laws passed by Congress.

The Commerce Department only has the authority Congress has granted it. I thus will expect Department personnel to develop rules only where necessary and only as consistent with applicable law. I view Congress and the Department as having complementary roles in ensuring that the Department's programs are developed and implemented effectively and true to their purpose. I thus expect on-going, two-way communications between the Department and Congress will be an integral part of the way we do business, including in our role as regulator.

5. Describe your department/agency's current mission, major programs, and major operational objectives.

Although the world in which we live and work is much different than it was a century ago, the Department of Commerce's mission remains fundamentally as it was stated by Congress in 1903: to foster and to promote U.S. commerce, international trade, manufacturing and fisheries. I believe the Department's programs should reflect our nation's commitment to the free enterprise system and be designed to bring the benefits of that system to all Americans, whether through opening new foreign markets to U.S. exports, or bringing the great scientific research resources of the Department to bear in establishing standards and policies to free our entrepreneurs to concentrate on commercial competition rather than regulatory barriers. The major programs of the Department fit this mission. These include: (1) Managing the nation's fisheries and coastal zones through NOAA; (2) providing first-class weather data gathering and analysis services, also through NOAA; (3) supporting both U.S. commerce and national security through oceanic mapping and research; (4) partnering with the U.S. Trade Representative to negotiate and implement effective trade agreements that promote and protect U.S. interests; (5) promoting U.S. export opportunities, particularly by assisting new and smaller exporters to take advantage of world markets; (6) advising the President on telecommunications and information technology policies, and manage the allocation of the Federal radio spectrum; (7) fostering technology standards development, research, and policies that enable U.S. commerce to thrive; (8) supporting economic development op-

portunities by minority and disadvantaged businesses and communities; and (9) conducting the U.S. census and related economic research. My major operational objectives will include ensuring that all of these programs, and other responsibilities assigned to the Department by the President and Congress, are conducted efficiently, honestly, and with the purpose of promoting a strong American economy.

6. Are you willing to appear and testify before any duly constituted committee of the Congress on such occasions as you may be reasonably requested to do so?

Yes.

F. General Qualifications and Views

1. How have your previous professional experience and education qualifies you for the position for which you have been nominated.

The Secretary of Commerce must be an advocate of our free enterprise system, champion and defender of the nation's commercial interests, and steward of the nation's marine environment. I have spent 25-plus years as an employee and leader of a successful billion dollar company—through good times and bad—operating in a global, highly competitive, and regulated environment, as well as chairing the regents of a major university system and leading other community activities. These experiences all have provided me both with the skills to manage a large and diverse organization, and a deep understanding of the challenges and opportunities faced by American businesses and workers, whatever their size, location, or sector.

2. Why do you wish to serve in the position for which you have been nominated?

I share the goals and ideals of President-elect Bush and, like him, wish to put my experience and abilities to public service.

3. What goals have you established for your first 2 years in this position, if confirmed?

- Assemble a top-notch team of people.
- Establish the Department's leadership and supporting roles in carrying out the President-elect's policies and programs, including vigorous enforcement of U.S. trade laws and monitoring of trade agreements, streamlining our export control mechanisms, promotion of U.S. trade opportunities and of hemispheric trade in particular, and fostering ecommerce.
- Continued improvement in management of the Department, including implementation of up-to-date and efficient information systems.

4. What skills do you believe you may be lacking which may be necessary to successfully carry out this position? What steps can be taken to obtain those skills?

I believe I possess the necessary experience and management skills to carry out my responsibilities. My team of appointed and career people will assist me to analyze and to make decisions in subject areas where I currently lack detailed expertise.

5. Please discuss your philosophical views on the role of government. Include a discussion of when you believe the government should involve itself in the private sector, when should society's problems be left to the private sector, and what standards should be used to determine when a government program is no longer necessary.

U.S. leadership of the global economy and our national security derive from our nation's free enterprise system. I share the President-elect's belief in restrained Federal powers and reliance on State and local governments where appropriate to promote the public welfare. Nonetheless, the Federal Government has many important roles to play in our society, ranging from defending the national security, to conducting international trade relations, to resolving conflicting claims to our common resources. The government generally shouldn't be carrying on activities, especially commercial activities that are better done in the private sector. The creation and continued utility of government programs must be measured against their purpose, effectiveness, and the alternatives.

6. *In your own words*, please describe the agency's current missions, major programs, and major operational objectives.

See my answer to Question E5, which is in my own words.

7. In reference to question No. 6, what forces are likely to result in changes in the mission of this agency over the coming 5 years.

I do not see changes in the Department's basic mission occurring, but how the Department carries out its mission will certainly be affected by a variety of factors. These include: Continued expansion of international trade and negotiation of new trade agreements; technological advances that will continue to drive new modes of conducting business and new products and businesses; scientific discoveries and applications of the fruits of those discoveries to our man-

agement of fisheries, the marine environment, weather analysis, and other endeavors; etc.

8. In further reference to question No. 6, what are the likely outside forces which may prevent the agency from accomplishing its mission? What do you believe to be the top three challenges facing the department/agency and why?

I currently do not see any outside obstacles that will prevent the Department from accomplishing its mission. That is not to say there will not be challenges, but it is premature for me to specify and rank those challenges.

9. In further reference to question No. 6, what factors in your opinion have kept the department/agency from achieving its missions over the past several years?

I have no opinion on this subject, as I have not yet reviewed in detail what the Department sought to accomplish over the past 6 years and why it did not achieve some of its goals, if any. The Department clearly spent much effort over the past 3 years on improving its management systems, with positive results, but with more to be done.

10. Who are the stakeholders in the work of this agency?

All of the American people.

11. What is the proper relationship between your position, if confirmed, and the stakeholders identified in question No. 10.

I will be a public servant, and my office must serve the people. Those who are interested in the Department's programs will find that I place great value on listening to a wide range of views and obtaining the best technical advice available with respect to the issues before me. We will strive to define and to promote the public interest taking into account those views, the law, and the President-elect's policies and initiatives. At the end of the day, I will make the required decisions and be accountable for them.

12. The Chief Financial Officers Act requires all government departments and agencies to develop sound financial management practices similar to those practiced in the private sector.

(a) What do you believe are your responsibilities, if confirmed, to ensure that your agency has proper management and accounting controls?

I will be accountable to the President and Congress for the proper management of the Department. I will put into place a team of well-qualified individuals, lead by the CFO, to manage the Department properly. I will rely on the expertise of the Inspector General, other agencies (such as the General Accounting Office and OMB), and our outside auditors to ensure the integrity and efficiency of our programs.

(b) What experience do you have in managing a large organization?

See answer to Question F1 above.

13. The Government Performance and Results Act requires all government departments and agencies to identify measurable performance goals and to report to Congress on their success in achieving these goals.

(a) Please discuss what you believe to be the benefits of identifying performance goals and reporting on your progress in achieving those goals.

I believe that appointing capable people at the start, delegating the necessary authority to them to do their jobs, and holding them accountable for the results is the best way to obtain the results you seek. Accountability depends on defining goals and measuring progress toward those goals.

(b) What steps could Congress consider taking when an agency fails to achieve its performance goals? Should these steps include the elimination, privatization, downsizing or consolidation of departments and/or programs?

The remedy depends on the problem. Programs that do not have a justifiable purpose may certainly be candidates for elimination or restructuring. Worthwhile programs that simply are not performing well should be reviewed from a management improvement perspective.

(c) What performance goals do you believe should be applicable to your personal performance, if confirmed?

To be an effective leader and communicator with Congress and the public, and a candid, forthright advisor to the President.

14. Please describe your philosophy of supervisor/employee relationships. Generally, what supervisory model do you follow? Have any employee complaints been brought against you?

As noted above, I have followed a philosophy of delegation of responsibility and authority, with expectations of performance. I also believe strongly in the value of communicating personal interest in the success of each individual.

15. Describe your working relationship, if any, with the Congress. Does your professional experience include working with committees of Congress? If yes, please describe.

I expect to be in regular communication with Congress about the range of issues that the Department will address under my leadership. My past work involving Congress has been largely limited to the Texas delegation.

16. Please explain what you believe to be the proper relationship between yourself, if confirmed, and the Inspector General of your department/agency.

The IG has a valuable role to play as an objective reviewer of the Department's programs. We will share the same objectives of efficiency, effectiveness and integrity in the Department's operations. I thus expect the IG to perform his duties cooperatively, but independently.

17. Please explain how you will work with this Committee and other stakeholders to ensure that regulations issued by your department/agency comply with the spirit of the laws passed by Congress.

See my response to Question E4.

18. In the areas under the department/agency's jurisdiction, what legislative action(s) should Congress consider as priorities? Please State your personal views.

President-elect Bush supports reauthorization of the Export Administration Act, on a permanent basis, as soon as possible. It also appears to be important to resolve the funding status of the Patent and Trademark Office.

19. Within your area of control, will you pledge to develop and implement a system that allocates discretionary spending based on national priorities determined in an open fashion on a set of established criteria? If not, please state why. If yes, please state what steps you intend to take and a timeframe for their implementation.

Yes. Discretionary spending should be made on the basis of objective criteria developed in a methodical process. I will review the Department's programs to determine whether any discretionary spending is not made according to such a process, and determine what procedural changes are necessary in the circumstances.

Affidavit

Donald L. Evans, being duly sworn, hereby states that he has read and signed the foregoing Statement on Biographical and Financial Information and that the information provided therein is, to the best of his knowledge, current, accurate, and complete.

Signature of Nominee—Donald L. Evans.

