

HOUSE OF REPRESENTATIVES—Monday, March 2, 1992

The House met at 12 noon.

DESIGNATION OF SPEAKER PRO TEMPORE

The SPEAKER pro tempore (Mr. MONTGOMERY) laid before the House the following communication from the Speaker:

WASHINGTON, DC,

February 28, 1992.

I hereby designate the Honorable G.V. (SONNY) MONTGOMERY to act as Speaker pro tempore on Monday, March 2, 1992.

THOMAS S. FOLEY,

Speaker of the House of Representatives.

PRAYER

The Chaplain, Rev. James David Ford, D.D., offered the following prayer:

We know Your many gifts, gracious God, and we specially give thanks for the gift of light, a light that brightens the darkness of the world and gives hope to the human soul. We know, too, O God, that our paths sometimes lead through the valley of the shadows and we lose our way and we cannot save ourselves and we are alone. May we open our spiritual eyes to glimpse Your light and see ourselves as we truly are, admit the shadows of our thinking and our action, and have our lives grow in wisdom and understanding and see the road illumined by the light of truth and love. Amen.

THE JOURNAL

The SPEAKER pro tempore. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Pursuant to clause 1, rule I, the Journal stands approved.

PLEDGE OF ALLEGIANCE

The SPEAKER pro tempore. Will the gentleman from Kentucky [Mr. HUBBARD] please come forward and lead the House in the Pledge of Allegiance.

Mr. HUBBARD led the Pledge of Allegiance as follows:

I pledge allegiance to the Flag of the United States of America, and to the Republic for which it stands, one nation under God, indivisible, with liberty and justice for all.

MORE VIOLENCE IN THE DISTRICT OF COLUMBIA

(Mr. HUBBARD asked and was given permission to address the House for 1

minute and to revise and extend his remarks and include extraneous matter.)

Mr. HUBBARD. Mr. Speaker, another Washington, DC, tragedy has caused those of us in Congress to look again at the wisdom of the death penalty for crimes of a substantial nature in the District of Columbia.

Last night, the Sergeant at Arms of the U.S. House of Representatives, Jack Russ, was attacked by three men just five blocks from our Nation's Capitol. They robbed him. They beat him. They put a gun in his mouth and shot him. Fortunately, he turned his head as the gun went off and he is still alive, in stable condition.

We pray for Jack Russ' speedy and complete recovery.

Just last January 11, Tom Barnes, an outstanding young staff member of Senator RICHARD SHELBY of Alabama, was tragically shot near the U.S. Senate office buildings as he was walking from his condominium to a 7-Eleven convenience store. Tom Barnes died January 15.

Just what will it take here in the Nation's Capital of Washington, DC, for those of us in Congress to be convinced that we need to bring about the death penalty for substantial violent crimes committed in the District of Columbia?

Today, a family from Paducah, KY, is visiting Washington, DC, namely Rev. Jerry Hopkins, his wife, Lucyann, and their daughters, Sarah and Hannah. Only this morning, these constituents and friends of mine came to our office in the Rayburn Building. I took them to the House Chamber and parts of the Capitol. Mrs. Hopkins mentioned that they had a wonderful time last night walking around downtown Washington looking at the historical buildings and famous monuments. Reverend Hopkins said they saw the White House, the Washington Monument, the Lincoln Memorial, and other sights. And they hoped to go walking again tonight to other areas of the Capital City here in Washington.

Their Congressman urged them not to do it. This Congressman urged them to visit sights in the daytime but not at night because of the dangers in the city of Washington.

It is a tragedy.

In my own Kentucky district at least 90 percent of my constituents favor the death penalty. Yet, in Kentucky it has been 30 years ago today since anyone was executed for serious crimes in Kentucky.

Recently, we have had many serious crimes in Kentucky and we have many people on death row at the Kentucky

State Penitentiary in my home district at Eddyville, KY. But the last prisoner to be electrocuted there was on March 2, 1962.

I say in closing, Mr. Speaker, with the House Sergeant at Arms Jack Russ being shot and almost killed, what will it take to bring about Congress' passing a law to impose the death penalty for serious crimes here in the Nation's Capital? We are embarrassed that Washington, DC, is known as a city where murders, robberies, rapes, and other crimes increase every year.

What is the answer? Why not give capital punishment a chance here in Washington, DC?

HEALTH CARE CHOICE AND ACCESS IMPROVEMENT ACT

(Mr. GOSS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. GOSS. Mr. Speaker, it has been many long years, but the message has finally gotten through. Health care reform, an issue that has been of primary importance to southwest Florida and other parts of the Nation, has become a priority here in Washington. That in itself is good news, but now it's time to make some decisions. I have introduced legislation with Congressmen JAY RHODES and DENNIS HASTER that will help apply the brakes to our skyrocketing health care costs. This legislation restores consumer choice through medical savings accounts and trims costs with malpractice reform. It gives out country's small businesses a fair shake through a low-cost group insurance plan. We encourage younger people to prepare for their long-term health care needs. This is responsible legislation whose effect could be immediate and whose concept is simple. By cutting waste and inefficiency, we save money, channeling those savings to individuals who are currently uninsured. We understand the problem—join us in being part of the solution.

THE BUDGET RESOLUTION FOR FISCAL YEAR 1993

(Mr. MAZZOLI asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. MAZZOLI. Mr. Speaker, later this week the House will take up the budget resolution for fiscal year 1993. This budget resolution, which controls spending for the fiscal year beginning

□ This symbol represents the time of day during the House proceedings, e.g., □ 1407 is 2:07 p.m.

Matter set in this typeface indicates words inserted or appended, rather than spoken, by a Member of the House on the floor.

this coming October 1, will pose very difficult problems for this Congress because it does indicate to us that we cannot do everything we would like to do for the people of this great land.

We cannot fund every program—the meritorious programs—that we would like to fund for all of the people in States and localities of this land.

Nevertheless, I commend the chairman of the Committee on the Budget, the gentleman from California [Mr. PARNETT] and all the members on the committee for having come up with a very good work product. It makes tough decisions, but I am pleased to note that many programs which help the areas of Louisville and Jefferson County, which I represent, are noted in the budget document for increases in fiscal year 1993, including programs like maternal health and child health programs; women, infant, and children nutrition programs; and job training programs to give our people job skills and an opportunity to work.

I am reminded, Mr. Speaker, of the television ads which say, "Pay me now or pay me later." I am pleased that the budget which comes here to the Congress this week has adopted the philosophy of pay me now, which means put the money up now and prevent the later stresses and strains on society and the costs which inattention brings.

So I certainly believe we have an opportunity to benefit our communities and the country by paying serious attention to the budget document which comes before us later this week.

VIOLENCE IN THE NATION'S CAPITAL

(Mr. DORGAN of North Dakota asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. DORGAN of North Dakota. Mr. Speaker, some while ago, a young staff person from Senator SHELBY's office early in the evening went out to get a cup of coffee here on Capitol Hill. He never returned, for he was shot and killed a block from his residence.

Not long after that, a number of weeks ago, the chief of staff in my congressional office was apprehended on her front porch, a gun was put at her head. She was dragged for blocks. Only by the grace of God did she escape death.

Last evening on Capitol Hill, once again the Sergeant at Arms, a friend of all of us in this Chamber, Mr. Russ, was assaulted and shot by someone who approached him or some group of people who approached him attempting to rob him and subsequently shot him.

Again, by the grace of God, Mr. Russ is going to survive.

All of this reminds us again of the breakdown in this country of law and order. Why does this country consume 50 percent of the world's cocaine? Why

is America the murder capital of the world? I do not know the answer to those questions. But something is fundamentally wrong at the bottom, and we have to fix it.

While we try to find the cause and try to discern some sort of remedy to put families back together and neighborhoods back today and teaching the value systems back together, we also, while we try to do that, we need some law enforcement.

My mother was killed several years ago in a high speed police pursuit.

□ 1210

She was an innocent victim driving down the street, killed by those fleeing from police. When I looked at the records of those fleeing from police I found the same old thing, people convicted of a crime, thrown in prison, they got out of prison, convicted of a crime again, and the second time they were given probation, not even sent back to prison. I frankly did not understand it then and I do not understand it now. Why do we not find those that commit violent crimes, punish them, and put them away and keep them off the street and make the street safe for innocent people?

Frankly, our law enforcement system does not work. There is a more pervasive problem, I understand, and we have to deal with that. But while we deal with that we also have to make sure that those that commit violent crimes are not put in the revolving door where they go in jail and come back out to kill more people.

One way or another we need a law enforcement system that works, that metes out justice in a manner that protects people in this country who are innocent victims.

EXPAND CAPITOL HILL POLICE JURISDICTION

(Mr. ROBERTS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. ROBERTS. Mr. Speaker, I would like to identify and associate myself with the remarks by the gentleman from North Dakota [Mr. DORGAN] and the gentleman from Kentucky [Mr. HUBBARD]. It was just last week that I was sitting having a conversation with our Sergeant at Arms, Mr. Jack Russ, in relation to a jurisdiction problem as to what area the Capitol Hill Police would cover in regard to law enforcement.

Jack told me, "Pat, if you are a Member, if you are a staff member here on Capitol Hill and you are outside of our jurisdiction," which is just blocks, "you cannot call the Capitol Hill Police, or if in fact the Capitol Hill Police were here and they were witnessing a crime they cannot arrest anybody because of the jurisdiction problem."

He has a map down there in his office. I just went down there. We were commiserating with staff people about the near tragedy that occurred last night, and it was a tragedy. Everybody here knows that, but for a sudden impulse or a sudden reaction, Jack would have lost his life had he not really turned his head.

The least we can do, it seems to me, as a member of the Subcommittee on Personnel and Police in the Committee on House Administration, is expand that jurisdiction to protect our staff people and to protect our Members. Let us give the Capitol Hill Police the kind of policy they need to protect Members, staff members, and everyone else.

I know that we get into the jurisdiction problem and the overlapping and the oversight and the policy considerations. What does it take? What does it take, a personal loss of a Member, a staff member, and now the Sergeant at Arms, to wake us up? We need to move.

On behalf of all Members, get well, Jack. We are thinking of you.

JACK RUSS

(Mr. GEPHARDT asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. GEPHARDT. Mr. Speaker, the District of Columbia, like so many urban areas across this country, has been drenched in an acid bath of violence.

We cower behind locked doors at night, and to some extent, we've been dulled by the body counts and the carnage.

A few weeks ago, a young aide to Senator SHELBY was murdered; and, yesterday, the House of Representatives was touched by an especially brutal crime.

Shortly after 10 o'clock, three individuals robbed the House Sergeant at Arms, Jack Russ, and then they shot him in the face.

In spite of the seriousness of his injury, Jack is in stable condition in a nearby hospital and he is expected to recover.

We pray for Jack's recovery, and that his wife, Susan and his family feel the comfort of this community's concern for his health and well-being.

We also ask that when violence nearly takes someone we know, that our compassion will be extended to all who are victimized by crime, regardless of their status or position in life—because personal safety is the birthright of every American and the maintenance of civil peace is the first responsibility of Government.

WHAT IS WRONG AND WHAT IS RIGHT WITH AMERICA

The SPEAKER pro tempore. Under a previous order of the House, the gen-

tleman from North Dakota [Mr. DORGAN] is recognized for 60 minutes.

Mr. DORGAN of North Dakota. Mr. Speaker, I will not say I shall be brief with all of the information I have brought to the well, but I shall not read it all. I did want to take the well this afternoon and talk a little bit about what is wrong and what is right in this country.

I grew up in a small community of 300 people, went to a high school with 9 in my class, and all the time I was growing up and going to high school I knew one thing for certain, and that is when I got up in the morning and went off to school I knew viscerally that this country was No. 1. We were the best. We were the biggest. We could do things other countries could not do.

We won. We had won the Second World War. We had overcome a recession and a depression in the 1930's. We produced the best products. We produced more of them. We were No. 1. I know that instinctively, and every American knew that instinctively.

Now, however, things have changed. Not every American knows instinctively that we are the preeminent world economic power. There are questions about our economic leadership. We are now confronted with very tough challenges and tough competition from other countries, the Japanese, the Germans, the Koreans, and others, who proved to be very tough competitors in the international marketplace.

Why is this country in such a blue mood? Why is there such despondency in America about where we find ourselves? Is it because we can no longer instinctively and immediately say "We are No. 1, unchallenged," or is it because of something deeper than that? I think it is a combination.

We have, it seems to me, lost our place. We have lost our way. We have taken our attention from the kinds of things we used to do well and been dragged into a whole range of other areas. We have speculation and a whole range of things that have weakened this country. The American people understand that we are spending money that we do not have, often on things we do not need, and mortgaging the future of our children and our grandchildren. They see also that there is an increasing interest in buying a television set made from Japan.

□ 1220

Why? Because that is the consumer choice they determine is the best value at the best price.

While we spent a long while in a cold war and we became No. 1 in missiles, we are no longer No. 1 in VCR's and television sets, so we now build the best missiles in the world, but we do not sell any VCR's or television sets to amount to anything. Therefore, the jobs for mass production in those areas are not in this country. They are in other parts of the world.

The 1980's was a period that we have just finished in which there was an orgy of speculation. We went from attention to production to attention to speculation, junk bonds, leveraged buyouts, hostile takeovers. Everything was in play in this country, and it was the speculators, not the builders, that were driving the economic forces in America.

What was the result of that orgy of speculation? The ultimate result has been collapse. All during the 1980's, I insisted this was damaging the country, and it did. We ended up with the junk bonds here in the portfolio of the RTC. The fact is, the hood ornament of the failure of the 1980's was the fact that we ended up in the Federal Government owning junk bonds from the Taj Mahal Casino in Atlantic City. How did that happen? Well, Donald Trump, who does not like his name mentioned very often, so I will not, Donald Trump built the Taj Mahal, the biggest, glitziest casino in the world. He did it with junk bonds which he sold to some savings and loans. The savings and loans went belly up. The Federal Government took over the S&L assets, ergo, the Federal Government owns junk bonds in the Taj Mahal Casino.

Is there anything more symbolic of the failure of the excess speculation of the 1980's than having the American taxpayer end up owning junk bonds in a casino in Atlantic City?

The fact is the junk bonds themselves are nonperforming, because the casino was not doing as well as it had been projected to.

We have gone through this period of all of this speculation, and while the Japanese and Germans are figuring out how to build better tires and better toasters and better television sets and better VCR's, we have been not only making XM-1 tanks and F-16 fighters and B-2 bombers, but we have also been over here building casinos and floating junk bonds and floating more junk bonds for hostile takeovers, and the result has been that, rather than trying to expand the economic pie in this country and being better producers and better manufacturers, this country became a country whose economy was moving ahead on a bubble of speculation that was destined to burst, and it did. We were not paying attention to business quality. We were not paying attention to producing the best, finest products in the world. We were not paying attention to manufacturing methods. The result is we were outproduced, outpriced, and outpositioned on product quality.

We now find ourselves in trouble. The question is, How do we get out of it?

We have an educational system that is in some disarray. One of the reasons is probably pretty obvious. Not too far from the building where I speak today, we have had a debate by the school board about whether there should be

metal detectors in the front doors of the schools to get the guns and knives out of the pockets of students as they enter the school. Who can learn in this school where you wonder whether your classmates have guns and knives? Learning there is not possible. Those kids, if they were able to learn, are going to learn 180 days a year, and their counterparts in Japan are going to be in school 240 days a year. How do they compete?

We have a lot of problems in education. We have to deal with time.

We have a lot of problems in the welfare system. The fact is that Pat Buchanan is right about almost nothing in my judgment, but even a stopped clock, I say, is right twice a day. I think he is dead right on the question of the welfare system. I do not agree with his remedy for it, but I certainly agree with his diagnosis. The welfare system in this country is a failure. It institutionalizes welfare. Rather than saying that the welfare system is a helping hand to say let us help you up and out of this situation, it becomes a handout and a handout and a handout that never stops. We have to change that system.

We have gone through a whole series of problems that have become institutionalized problems for this country. How do we get out of it?

First of all, let me say this: I think there is plenty wrong with Government, but I have got to tell you that there are people, I am sure, in your hometown and mine who, if a tornado came by tomorrow and went down the main street and wiped out blocks worth of buildings, there would be some folks in that town who would gather afterward and they would say, "that damn Government." Somehow they feel Government is responsible for every failure, including natural disasters. It is not true.

The fact is there are a lot of things happening that Government does not have very much to do with.

I will confess in my judgment there is a lot wrong with Government. I want to go through a few of the reasons I think people are upset and angry with Government. On this floor, there are all sorts of impulses to do good things, and I recognize all of those impulses, and some of them actually end up in law, and this law is an attempt to do something good for the country.

Let me give you some examples, and then let me tell you how it turns out. Some people say we should have a national commercial driver's license. Why? Because we have got people driving 18-wheel trucks down the road at a very high rate of speed. They get speeding tickets and drunk-driving tickets and on-and-on-and-on. In one State they lose their driver's license, and all they do is go to the next State and get a driver's license. We have examples of people getting 15 different driver's li-

censes after they get suspended, and they are hauling tons of metal down the road at 60 and 70 miles per hour, a danger to everybody in their path, and yet there has been no uniform requirement for a commercial driver's license for those kinds of drivers. Should there be a commercial driver's license? Absolutely, and I support that.

There is now a law that says you have got to have one if you are going to drive an 18-wheeler down the roads in this country. I want to make sure you know how to drive.

But what is the manifestation of the law that says you have got to have a commercial driver's license? Well, the manifestation of that law that plays out in regulation when some bureaucrat gets ahold of it and writes the regulation is that some farm-supply store on the main street of a town of 400 people sends a kid in a 2-ton truck 60 miles away to get a load of twine, and all of a sudden—if they do not have a CDL, a commercial driver's license—they are in violation. Some custom combiner that is going to have college kids drive a wheat truck for 30 days during the fall harvest—if they do not have a commercial driver's license—they are in trouble. We are trying to change that. April 1 is the date, and we are trying to get it changed by April 1 to allow a seasonal exemption for those kinds of drivers. They are not 18-wheel drivers. I am not suggesting that we should have an exemption for people that drive those big trucks, but the extension of this commercial driver's license to the employee that occasionally drives a truck, a small truck for the purposes of getting parts or certified seed or hauling twine, that makes no sense at all. It is crazy. It is driving people out there wild.

Let me give you another example: the Americans with Disabilities Act. It is a good idea. We ought to open up this country's opportunities to the 40 million disabled people. That makes sense. But about a week and a half ago, I was in a town called Stanley, ND. A woman asked me a question. She said, "I am on the township board, and we have a little one-room schoolhouse out there that we use for a township building. It is where we vote in our precinct. It is a one-room place where we vote. We have no handicapped people who vote in that little precinct. We are told now that we have got to get running water and we have got to enlarge the door if we are going to use that. We only use it three times a year. If we are going to use it for voting, we have got to have indoor plumbing and enlarge the door." They cannot do that. They are not going to do that.

That was not what was intended on the floor of this House when the ADA was passed. It is the sort of thing that drives people wild.

Drug testing for transportation workers. We have a guy smoking mari-

juana who jumps into a locomotive and steams down the tracks and hits an Amtrak train and kills people, because he is high on drugs. Yes, I support drug testing for those kinds of people involved in public safety issues, and I supported it here in Congress. But do you know what the manifestation of that is? Some little old guy in Valley City who drives a little minivan to haul a few people during the day around Valley City is told, "You have got to be drug tested." He almost goes crazy. "What do you mean me take a drug test? I have never even seen drugs," he says.

The extension of these things and the way they play out in the country drives people mad and justifiably so.

Swampbuster. The term means nothing to most people, I guess. It is a term in which the Federal Government tried to define what wetlands are. I think we ought to preserve wetlands. Why should we have farmers break up wetlands and plant wheat when we have a surplus of wheat and you lose the fragile wetlands that help duck and geese production and so on? I support that. But then what happens is the Federal Government defines a wetland as the low spots in a field that are wet 3 or 4 days every year but are cropped every year.

□ 1230

So now what we have is geese and ducks flying south from Canada and they are going to stop at what the Government says is a wetland, but there is no water there because it is cropland.

You know, if not for the soundness of policy, we ought to change the law at least for the mental health of the ducks and geese who cannot drink where there is no water, for gosh sakes.

This makes no sense to have policies that are so out of tune as they are practiced out in the country at the lowest levels, so out of tune with reality.

I could go through a hundred examples of that. One of the best, we finally got it overturned, was a tax law that was passed awhile ago. It was determined that it would require contemporaneous record keeping by people who were driving out on the farm. It had to do with the gas tax exemption. It had to do also with the ability to write off the value of the vehicle as a business expense. So the suggestion was as the regulation was promulgated that when you get in your pickup truck to go check the cows in the north 40, you need to have a little notebook and a pencil and you write in there, here is the mileage. I went out to check the cows.

Well, you can imagine what happened. These fellows who hang guns in their pickups in the gun rack in the back window and wear tight belts and have overhanging stomachs, they go to drive that pickup out to look at the

cows, they got off—I guess a better way to say is they got damn upset. They were furious that somebody was telling them that you have to have a notebook in their pickup truck so that when you take a little trip you can make a contemporaneous record of that.

Now, we repealed that because it made no sense. It just made no sense to require contemporaneous record keeping by farmers and ranchers who drive their pickups to go to the barn and check the cows; but it is what is driving people crazy about Government. It is the way the regulations and the rules smother initiative and the way they play out in the country in a manner that is not justifiable or does not meet any kind of a nod test.

While the Government is busy dealing with all these little issues, plumbing in a one-room shack, commercial driver's license for a college kid who is driving a grain truck, defining as type one wetlands some cropland that has no water on it—while the Government is busy intruding itself in the lives of all those people in an unfair way—it is off over here doing that and ignoring the broad range of things Government ought to be dealing with.

Why did we have an S&L crisis? Because we have regulators who were simply incapable of regulating. They came to town and their notion was that the Government is bad. Now we are going to get paid as regulators and we are going to decide to turn our cheeks and not watch, so you people, if you want to steal us blind, go right ahead. The S&L's want to load up on junk bonds? You want to buy Don Trump's junk bonds? Go right ahead. It is not a problem. We are regulators and we are the new breed of regulators. We do not care what you do, so just go ahead and do it to us, and they did it to us for a decade.

I can recall in the back west front of this Capitol in 1981 sitting behind Ronald Reagan when he gave his first inaugural address and he said that the problem in this country is Government.

Well, he sure took care of that. He appointed people to regulatory bodies who believed just as he did, the problem is Government, so we will not govern. We will not regulate.

Oh, they got paid all right. They just did not do their jobs.

The result is that in the financial industry we did not have anybody looking over their shoulders to find out what these people were doing, and the American people got robbed blind. We were stolen blind by people who should never have been able to do what they did, because the regulators refused to regulate.

Things have got to change. The Government has to step over here and start doing what it is supposed to do and stop messing with people's lives over here in areas where they should not be involved.

Wall Street. Well, it is not just S&L's and banks. What about Wall Street? What was their activity? Hostile takeovers, investment banking, junk bonds, LBO's they went crazy in the 1980's.

Was there anybody willing to step up and say, "Look, let's stop all this. This is ruining the country." No.

The Secretary of the Treasury came before my committee one day. I pointed out, here is a savings and loan that has over one-half of its assets in junk bonds. We have a carnival, a casino atmosphere up on Wall Street. Are you not going to step in? Are you not willing to concede that this is a problem?

The Secretary of the Treasury said, "Look, if there is a problem here, Wall Street will tell us what it is and give us some recommendations on how to solve it."

Yes, they really will. I mean, it is in their interest to solve all that?

The fact is it went on and on because regulators would not regulate. We did not have anybody willing to step in and say enough is enough, and the American public gets stuck with the bill, billions, tens of billions, in fact hundreds of billions of dollars now charged to us, our kids and our grandkids, because we would not regulate.

I will give you another example. Sam Skinner over in the Department of Transportation. Look at where we are going with airlines. Our airlines are going broke one after another. The airlines that you used to fly, they are not even here anymore. Eastern Airlines is gone; Pan Am, gone; TWA in bankruptcy; Continental in bankruptcy. I could go on down the list. They are either gone or they are in bankruptcy.

Now, why? Well, at least part of the reason is the Secretary of Transportation sat on his hands and said, "It's fine. You can just put airlines into play for speculative purposes, just like all other corporations are put into play. There is no problem."

So what happens is Carl Icahn buys TWA, loads it with debt. Other airlines are put into play loaded with debt.

Can you imagine an industry or company more sensitive to the economic situation of this country than airlines? And yet Secretary Skinner and the administration says it is fine, go ahead and load them up with debt.

I have not seen such incompetence in regulatory authority or lack of it in my lifetime.

Railroads. The ICC acts like it is not alive from the neck up. It just acts like it does not care. It has always been a stamp that says, "Made in the Offices of Big Railroads and We Approve." It has always been a stamp like that, but you would think one day they would wake up and probably try to promote a little competition and protect the consumers and the shippers, but it is not to be. The ICC is still the same old Interstate Commerce Commission. Whatever the railroads want, the railroads get.

One would think maybe or hope maybe that the Government that intrudes so much in people's lives in a manner that makes most people angry would spend some time over in the center part of regulations where they are supposed to regulate, the S&L's, the financial institutions in Wall Street, airlines, railroads, and do something good for people and give people the notion that Government is playing a constructive force in regulating the big economic interests that otherwise are harmful to people's interests.

Well, Government does not do that under the Reagan or Bush administration because they do not like Government, so they hold these jobs, not to do them well, but to avoid doing them.

The result is the public in this country is ill-served by people who claim to be regulators, but who refuse to regulate.

Now, what is the other problem that we have in this country? Aside from people being angry about Government intruding in their lives and snuffing out initiative and handcuffing them every time they turn around, the other fear that people have is they know deep in their hearts we are spending money that we do not have on things we do not need and mortgaging this country's future.

I brought with me today the budget of the United States. It is the budget that President Bush sent to Congress about a month ago, and I want to give you some information about this budget, because this budget was sent to us by a President who says, "I'm a conservative and we got to get Government in control."

In fact, this week President Bush was out campaigning and he says, "The problem is Washington."

I mean, it seems to me he must have forgotten. He has been Vice President for 8 years, now President for 4. It is very difficult for him to run against himself, but that is what he was doing this weekend.

So I want to submit his budget for some discussion. His budget on page 25 tells us what he proposes in spending and in taxes. It is interesting that if you take a look at what he proposes, again a conservative politician, he proposes the largest deficits in history.

Let us look at 1992. In 1992, President Bush proposes—that is the fiscal year we are in—deficits of \$473 billion. That is \$473 billion. That is a billion and a third a day, 7 days a week, every day all year.

Now, this is the book the President sends to Congress. It weighs close to 10 pounds and is almost 2,000 pages. I want to read for the American people what he proposes in fiscal policy, and let me say when I start this, do not believe I am suggesting the President is all wrong and Congress is all right, because that is not the case. Deficits are a joint responsibility of the President

and this Congress, but the President would have us believe, "I am only the President. I have nothing to do with deficits."

There are three steps to the budget process.

□ 1240

First, the President, by law, sends this to the Congress. This is his proposal for a budget.

Second, Congress passes appropriations bills.

Third, the President either signs or vetoes those bills.

His signature is worth two-thirds of all of our votes in the House and the Senate.

So, for the President and the White House to suggest that they somehow have no responsibility for deficits is hogwash. It starts with them and ends with them.

But this Congress plays an enormous responsibility as well, and this Congress has failed; Republicans and Democrats have jointly failed. But the failure starts here.

Let me read it for you, page 25. And I am going to read it honestly, not the way it was presented. The way it is presented takes the Social Security surpluses and subtracts it first to get the deficit; but that is dishonest. Social Security is a tax from your paycheck that can go into only one place, the Social Security trust fund, it can be spent for only one purpose, Social Security.

We are now creating a surplus each year because we need it after the turn of the century when the baby-boomers retire.

The President subtracts it from the deficit in order to get a lower deficit. So he says this year the deficit is going to be \$399.4 billion. He does that by taking \$74 billion in revenue from the Social Security accounts and subtracting it. Actually, the deficit is going to be \$473 billion. You cannot subtract Social Security surpluses, because that is destined to be used. We are saving that for another purpose.

So, if you look at 1992, 1993, 1994, 1995, 1996, and 1997, which is this year and the coming 5, President Bush proposes this: He proposes that in this year and the coming 5 we add \$2.21 trillion to the debt. Let me say it again because a lot of people would say, "Well, that is not true, he is a conservative, he says he is for a balanced budget." In fact, he wants the Constitution amended to prevent him from doing this.

President Bush, on page 25, says: "I think we should have a fiscal policy that adds \$2.21 trillion to the debt. It is irresponsible, reckless, and dangerous fiscal policy."

Congress, in most cases, is content to argue about the yardlines but not about the stadium. Congress says, and I assume will say it again this week—

and I do not intend to vote for it if that is the case—in our budget resolution, “Yes, well, we will talk about this range, but we want to talk about the p’s and q’s, change a few dots and a few t’s.” The fact is we will quibble about nuances around \$400 billion.

Next year’s budget deficit is proposed, in the President’s budget, at \$442 billion; that is for next year.

Will Congress say to the President, “No, we will not accept that”? No, my guess is Congress is going to nibble around the edges and come up with a budget resolution that is not radically different. The President will have failed dramatically in proposing this kind of irresponsible policy. And if Congress goes along with it, it will have failed, in my judgment. It will have failed the American people in saying, “Stop, we quit, it is over, we cannot spend what we don’t have.”

Now, if we spend money we do not have, is it a big deal? What if the budget deficit this year were \$473 billion and the money was spent in medical research and we cured cancer? Would that not be a good deal? Sure it would. And I would not be here concerned about it.

If this were going for something useful, if we were curing cancer with these deficits, that would be one thing, but it is not. These are operating budget deficits year after year far out into the future. Our debt is now \$3.6 trillion, and it will be \$6 trillion by the time we reach 1998, and we simply cannot allow that to happen.

There is too much waste, and it is not just waste; there is plenty of that, but it is more than that. We have structural problems, we spend 24 percent of the GNP and raise 19 percent in revenue and charge 5 percent to somebody else.

I am chairman of a task force on waste, in the Democratic caucus, and we will be submitting our report. I worked on it about a year. I can tell you chapter and verse on waste. It makes your hair stand on end. There is way too much waste. But if we eliminated all of the waste that I have targeted in this task force report, it still does not deal with the structural problems.

One way or another we have to decide what we want, then whether we can afford it and how we are going to pay for it. Until we do that, we are going to continue to charge a major part of what we spend each year to our kids and our grandkids.

That is what people fear deep in their gut is wrong with the country. They know when we spend money we do not have, we mortgage our future. They know when you mortgage your future and you are trying to compete with tough competitors like the Japanese and the Germans and others, you do not win.

We win when we pay attention to details and pay attention to fundamen-

tals. You have got to pay your bills; you have to pay some attention to education, you have got to be able to compete in education; you have got to stop all the extraneous speculation on junk bonds, hostile takeovers and all that sort of thing; you have to make the best products. You cannot win unless “made in the USA” means it is the best in the world. There is a whole range of things that I have put in a brochure which I have sent around which represent the menu of things I think we have to do.

We can do that if we have some leadership from the President, have some leadership from Congress.

We can do those things.

You know, I was reading the other evening and I wanted to put it in the CONGRESSIONAL RECORD, something about the Second World War, because I said after the gulf war that I thought President Bush ought to be credited for some real leadership in the gulf.

Now, he and I had a difference about whether we should extend sanctions longer or shorter. Once the decision was made in this Congress to do what the President was intending to do, all of us supported that. I was impressed with the President’s ability to organize those resources, follow a plan and implement the plan. I have said it publicly and I will say it again, I was impressed and I thought it exhibited leadership.

Why is it that there is so much leadership in those kinds of circumstances and so precious little leadership on the other things that matter to this country, like deficits, like beginning to build again internally, having a domestic program and trade policies that work? Why is it there is so precious little leadership? And it probably has always been the case.

But I wanted to read some things from a book that I think is a wonderful book, entitled “The Glory and the Dream.” A book written by Manchester, where he chronicles the Second World War from a period in the 1930’s to the 1970’s or 1980’s in this country’s history.

I was impressed by reading something, and I think it is probably useful to read. He talks about 1942. A lot of us, and I probably was not around yet at this point, the Axis destroyed 1,664 ships in 1942, the darkest days for the Allies; 1,664 ships the Axis had destroyed—7,790,000 tons of shipping.

And the German admiral calculated that if his wolf pack could average 700,000 sunken tons a month, Britain would starve. He was going to intercept the shipping from our country to Great Britain. It would have changed the whole complexion of the war. He was going to send all the U-boats to the American seaboard and attack that shipping, as he was very successful in doing. England would have starved, it would have changed the whole complexion of the war.

He talks here about the Germans building new U-boats every week. The figures for sunken tonnage continued to rise.

The British were very grim and the Americans told them to take heart. If there was no other way to win the battle of the Atlantic, the Americans would simply have to outbuild the U-boats.

It was at this moment that Henry Kaiser, an aggressive 60-year-old industrialist, entered American history. Kaiser had played roles in the building of Boulder Dam, Grand Coulee Dam, Bonneville Dam, and the Grand Shasta Dam, the Oakland-San Francisco Bay Bridge. And in March 1942, he had just acquired a shipyard in California and in Oregon. There he was introducing revolutionary new techniques for building ships, prefabrication and assembly of which would lead to mass production of ships, without a loss of quality.

Now, from the outset, Henry J. Kaiser’s shipyards produced some real industrial triumphs. Beginning with an initial keel-to-delivery time of over 200 days, he cut the average work time on a Liberty ship to 40 days. September 1942, the 10th month of the war, he established a world record by launching the 10,000-ton Liberty ship, the *John Fitch*, just 24 days after laying the keel. By then he had 100 ships in the Atlantic. And that was only the beginning, it says. In 1944 he was launching a new escort aircraft carrier, *Edwin Week*. He and his fellow shipbuilders were turning out entire cargo ships in 17 days. During the first 212 days of 1945, they completed 247 cargo ships, better than 1 a day.

□ 1250

But Kaiser already turned his attention elsewhere. He said, “If I can make cargo ships, why couldn’t we build cargo planes as well,” and immediately he was surrounded by engineers and designers saying, “We ought to take a look at that,” and they said, “It’s probably an impossible dream,” but mastering impossible dreams was something that Kaiser did not say no to, and he acquired a partner. His partner’s name was Howard Hughes, and Hughes had done almost everything Kaiser had done, and he had done it in the area of flying, and they struck a bargain. They each put in 50 percent of the capital. They became celebrities. They were charismatic. But they were best represented as people who in their time were able to accomplish results.

The production miracle in this country, which is what it was, the production miracle was accomplished by thousands of hard-driving executives and millions of workers, some skilled, some unskilled, men, women, some young women fresh from the kitchen or the bargain counter, it says. American resources and American freedom had united them in a joint effort.

This book says:

To a generation which has grown up, under the sound of supersonic booms, some miracles probably seem unimpressive now, but the aerospace designers are inclined to regard, for example, the B-17 Flying Fortress as merely quaint, like a World War I Spad or a DeHavilland Tiger Moth. But in the early 1940's the B-17 was a technological triumph.

To put the military production in perspective, it may be useful, in this book, to note that on May 10, when the Wehrmacht burst through the lowlands and the Ardennes, its historic blitzkrieg was supported by 3,034 aircraft, 2,580 tanks, 10,000 artillery pieces and 4,000 trucks. In the 5 years following the French collapse, here is what the Americans built:

| | |
|---|-----------|
| Warplanes | 296,429 |
| Tanks (including self-propelled guns) | 102,351 |
| Artillery pieces | 372,431 |
| Trucks | 2,455,964 |
| Warships | 87,620 |
| Cargo ships | 5,425 |
| Aircraft bombs (tons) | 5,822,000 |

At Tiran in 1943, Marshal Stalin from the Soviet Union proposed a toast. He said, "To American production, without which this war would have been lost."

Now I cite this passage in "The Glory and the Dream" simply to remember a time when this country was full of builders, and when this country was on a mission, a united mission, dealing with a national freedom and a national commitment to accomplish that mission, to build the capability to defend freedom in the world. And it produced, unlike any record of production in the history of mankind. This country is a country of builders and producers. Throughout history we have produced enormous projects and incredible accomplishments.

The Brooklyn Bridge. When the Brooklyn Bridge was built, everybody said, "It can't be built." It took 12 to 15 years to build it. It was an engineering marvel.

The production of the Second World War. We decided to build an interstate highway system in America, and now we link the entire country with interstate highways. Before that we forged west and linked the east coast and the west coast with railroads, which was a remarkable achievement.

Then we decided to put a man on the Moon, a remarkable achievement. An American stood on the Moon with an American flag.

This country is a country of builders, and what has happened? I mean why have we gotten off track? A couple of reasons, I think. We are snuffing out the flame of initiative in this country with terrible rules and terrible regulations that say:

You can't build anymore. If you build, you've got to get approvals from 1,600 different jurisdictions, and every single one of them is going to tell you how to do it.

We are snuffing out initiative in this country, and, second, those who would

be builders are now getting out of graduate school still just worried about pimples on their face and trying to figure out how to make their first \$500,000 in investment banking enterprise, financing or selling financing for a hostile takeover, not to build a new product, but to take over something somebody else did, and take it apart, and ruin it and sell it in parts to make money. That is what has happened in this country. We do not have the initiative anymore, or the brains, or the best and brightest going into production, and we need to.

Mr. Speaker, I say to my colleagues, "You cannot, it seems to me, in this country lose our productive base, our manufacturing base, and retain the kind of economic strength this country must retain if it is going to be the pre-eminent world economic power."

It seems to me that this Presidential race that is going on in this country, which ought to be a thoughtful debate about a range of economic policies, too often and now has become a relatively thoughtless debate about extraneous issues. As my colleagues know, I have never met Gennifer Flowers. I could care less about Gennifer Flowers. But every American knows her, I guess. It is kind of sad, but why? Well, Gennifer Flowers is an issue in a Presidential campaign because some magazine that says, "Two-headed Martians give birth to twin calves in Idaho," says that we give her a hundred thousand bucks, and she tells her story about some candidate. So, it is big news. Do the American people know as much about some candidate's trade policy? About what they think we ought to do to respond to a trade deficit that is troublesome? No, I do not think so because that is not very interesting. Nobody did anything wrong. There is no sex, or violence, or scandal involved in that.

I ask my colleagues, "Wouldn't it be nice if we had a Presidential campaign in which the candidate says, 'Here's what we believe about this country's future, and here's the specific policies we would like to implement to get us there.'?"

Mr. Speaker, it is interesting. I mentioned this Federal debt and yearly Federal deficits. Not one story have I seen, with the exception of one instance in the front page of the Washington Post, about the dimension of this debt proposal, and yet this kind of fiscal policy will saddle this country with obligations and troubles far beyond the other policies that are being discussed on the campaign trail and far beyond the policies that are evaluated in minute detail by all these journals and newspapers. But there is almost no mention of it.

We could ask the American people, "What do you think the proposals for deficits are by President Bush in his budget?" Most people do not know. It is not reported on. This is not news. It

would be news if it were Gennifer Flowers holding it up, if it had something more interesting in it, but it is not news because all it talks about is adding \$2 trillion to an obligation our kids are going to have to pay, and it is adding an obligation to us that means we are not going to win in economic competition if we embrace this kind of approach.

Now the question of whether our children are going to have a future with jobs, and opportunity and growth is not a question of whether we embrace the Republican approach or the Democrat approach. I do not think Republicans are all wrong. I am a Democrat, but I do not think they are all wrong. I think they have got some good ideas. I do not think Democrats are all right despite the fact we have some good ideas. I do not believe the President is solely to blame.

But I will tell my colleagues this: "There is a lot wrong on that side and a lot wrong on this side, and a lot of policies coming from the White House are goofy."

What we ought to decide to do is get the best of what everybody has to offer and start insisting that there be some leadership. As my colleagues know, we have a lot of things that we could do together, if we would start deciding that we all belong to the same team. We compete with the Japanese, which I have mentioned a couple of times. When the Japanese compete in the private sector, they compete as a team. It is not just the company that is selling a VCR in this country. It is that company, it is the related supplier group of that company, it is that company's banker, and it is that company's government that is called the kiratsu. The Japanese kiratsu, that is that organization of interests that is designed to try to sell into this marketplace, is going to compete against one little American company out here who cannot talk to their other companies because that would violate antitrust, whose government is largely at odds with the company. We do not have a government and a series of companies deciding how to work together to win. They are fighting each other. They are trying to figure out how to battle each other rather than battling the other economic competitors, and, until we change that attitude and decide on a different strategy in a whole range of these areas, we are not going to win.

Now my hope is that this Presidential campaign produces a result in which finally we will hear descriptions from people about what they would like to do about this country's future. What do we do about health care? What do we do about trade policy? What do we do about fiscal policy? What kinds of policies can we initiate to encourage, once again, manufacturing and production of real jobs?

These people say, "Well, but we've produced all these jobs." Who cares? If

we lose a \$15 job and acquire a \$4.35 job flipping hamburgers, has this country really produced anything very much? I mean that is what is happening. We are seeing our manufacturing base leave this country, and we are seeing the growth of frying hamburgers.

I have nothing against hamburgers. Hamburgers are just fine. But those are not long-term, well-paying jobs that are going to sustain families and provide a future that families can have some confidence about, and we have got to develop a policy in this country that decides we have a strategy, a strategy that we jointly work on together.

□ 1300

God forbid that somebody should ever suggest that we have an industrial policy, but we are one of the few countries in the world that does not have a plan. There is no plan. If we cannot decide the priorities, perhaps we should just take the Japanese plan. That is probably good enough. The Japanese certainly have a plan. They know what the priorities are. If we decide we cannot develop priorities, maybe we ought to just take a look at the priorities of our nearest competitor and say, "Yes, those are important for a manufacturing-based economy."

But the minute you mention industrial policy, you know what happens. The administration, which is dead set opposed to it, says, "Oh, what you want to do is develop a public policy that picks winners and losers in the private sector. We are against that." They continually say, "We are against that. We don't want the Government involved in picking winners and losers."

So I have asked the Trade Ambassador:

Is there anything that we are threatened with the loss of that you think would hurt our country? For example, if a major segment of the communications industry went offshore and we lost the whole manufacturing capability there, or of the auto industry, whatever, is there anything the loss of which you think would irreparably weaken this country in the future?

Well, the answer is, "no," because to think that is to require that we do something in terms of establishing policies that would in their minds say we should pick winners and losers.

I am not suggesting we pick winners and losers. I am just saying it is about time this country had a plan. The plan ought to be to try to develop public policies to create an opportunity once again for us to maintain a manufacturing base with some decent jobs and give our producers and give our workers an opportunity to compete.

This country is a country whose people have demonstrated time and time again that given the opportunity, there is no finer work force in the world. The Japanese can say what they want about our work force, but they did not

outproduce us in the 1940's and they would not today if we had policies in place that encourage production of the right things and have quality programs in this country to demonstrate to the rest of the world that "made in the USA" is the best you can get. Our production in the Second World War suggests that when we have a national purpose, we get national results as an American people. I suggest to Presidential candidates that they adopt the same national purpose to what I think is an economic emergency. I think when we talk about \$6 trillion in debt, that is a national emergency, and I think it is time for us to ask of all our candidates, Republicans and Democrats, Presidential candidates and congressional candidates, "What is your plan? What do you want for this country? What would you do to put America back on track again?" Because the American people do not deserve pity; the American people deserve an opportunity. If we give them the opportunity with an economy that is growing, this country is going to do just fine.

REPORT ON BANKING COMMITTEE'S INVESTIGATION OF THE ATLANTA BRANCH BNL

The SPEAKER pro tempore (Mr. HUBBARD). Under a previous order of the House, the gentleman from Texas [Mr. GONZALEZ] is recognized for 60 minutes.

Mr. GONZALEZ. Mr. Speaker, today is a continuation of a series of special orders that for almost 2 years I have been giving with the indulgence of my colleagues concerning the Banking Committee's looking into various activities, among others principally the Banca Nazionale del Lavoro [BNL], the activities in Atlanta, GA, and the incredible pattern of those activities, aided and abetted by our national leaders and based upon what obviously shows today was a misdirected course.

The reason I continue these reports is that I will offer the documentation that will be the basis for the remarks that I will make chronologically, pointing out the series of actions that led to this incredible commitment by our Nation's leaders over the course of several years, to the extent of almost \$4 billion of taxpayers' exposure to guaranteed letters of credit or loans that were facilitated through this Italian agency bank in Atlanta to Iraq. Also the reason for it is that we have always had a very definite legislative purpose. It has not been our practice, no matter what temporarily high-profiled publicity a certain issue might give rise to, such as 2 years ago the S&L scandals and the activities of some individuals that had been prominently paraded in our press.

We live in a world in which these images are forgotten less than 3 months after the event, or at least they are not

pursued. But that is not our case. We have very specific reasons for first informing my colleagues. I promised I would do that the very first day of the last Congress, at which time I was officially elected chairman of the U.S. House of Representatives Committee on Banking, Finance and Urban Affairs, and I promised then that I would do what I had been doing through the years, even though at most I had been chairman of several subcommittees, and that is relate to my colleagues and report those activities that transcended my purely parochial responsibilities in representing a given geographic area or district of our country.

So I felt it would be more important to do so. It has not been done before, but there is nothing from the investigatory hearings we had in 1989, 1990, and 1991, not only with respect to S&L's but such things as the BCCI and the rest reported faithfully by this means in the RECORD to my colleagues. After all, I believe that that was inherently understood to be the intention of our committee system when our Congress was first organized, after the adoption of the Constitution in 1789. Of course, at that time the country was small, the representation was smaller in number, and we had a very different country, radically different and totally unimagined by succeeding generations, even in the early portion of this century.

Our objective is to obtain for this country its yet-to-be formulated regulatory oversight laws and structure that will give protection to the national interest from the improper activity of billions of this kind of money that is reported by so-called international banking or financial activities in our country.

□ 1310

It now amounts to somewhere around or better than \$800 billion yearly. It is high velocity money, just a little chunk of it has high leverage. And there is no question the kind of crime we have, such as drug money laundering, and the like, would not be possible if we did not have a meshing in between the illegal activities in the narcotics trafficking and such things as financial activities in banking.

As a matter of fact, let me say parenthetically what I have said before to my colleagues, and that I opted to stay on this committee since I was assigned to it when I first came to the Congress about 30½ years ago. I opted to stay on it because it is my field of interest and also because I felt and feel that at the bottom of everything, all through history, certainly to the present day, but all through history at the bottom of everything are such things as banking and finance.

Today there is nothing that has not affected or influenced our country, from war to peace, so-called, to com-

mercial and diplomatic intercourse with the other nations that is not founded in some way on banking or finance.

The hostage taking, for instance, at the bottom of the celebrated taking of the hostages was financing, involving \$10 billion of one of our biggest banks, which had the power at the time. And I will go into that later in subsequent reports because it has never been reported to the Congress or to the people, that involved were about 10 billion dollars' worth of those moneys in this particular bank in the United States.

Of course, the rest is history because it was inextricably linked with the fallen Shah of Iran. Of course, it is tragic, but the fact remains that it was not until the Federal Reserve official in the Federal Reserve Bank in New York pressed a button, the same day that President Reagan was taking his oath of office, that by pressing that button and releasing several billion dollars in London of that money to Iran, at that moment the hostages were released.

The same thing happens with everything, including the Persian Gulf war. It was the presence of some 280 billion dollars' worth of Kuwaiti funds in our banks here that greatly influenced our policies. And also the fact that things are done that I cannot see, even though it is not strictly within the jurisdiction of our committee, the Committee on Banking, Finance and Urban Affairs. For instance, how many of my colleagues—maybe they do, maybe they know more than I have up until lately.

How many of the people out in my district I know are not aware, even editors and newspaper reporters, that we have entered into a 10-year treaty with this country that we liberated, so-called Kuwait. It is a 10-year treaty of defense.

How many of my colleagues realize what our stake still is in personnel, servicemen, American, and armament, still remaining in that Middle East sector. In other words, what I am saying is that at the bottom of all of that is financing. Because as my colleagues will remember, we were told by the President that the war would be mostly financed by our so-called fellow allies or U.N. members.

The truth of the matter is that in the last supplemental—dire supplemental emergency bill—we appropriated an installment of over \$3 billion. That is taxpayer money for the so-called Desert Storm.

So at the bottom of everything is finances. And the fact that is we have, we are the only Nation of any particular industrial size that has no screening board. We do not even have sufficient regulatory oversight. Certainly the Federal Reserve Board, which is the one that has prime responsibility for this international flow of funds, cannot and does not even now.

We did amend the International Banking Act of 1978 this last year in the Banking Act, but our point is we are still trying to establish whether, as I do not think it was, those are sufficient and adequate safeguards to guard the national interest.

I want to continue the report on the BNL and the extensive use of the U.S. Government guaranteed export promotion programs for Iraq. These are export programs that are based on taxpayers guarantees. Of course, the taxpayer, at this point, is left holding the bag with over \$3 billion, including some \$200 million of the Export-Import Bank guarantees to Iraq.

BNL was by far the largest participant in the Commodity Credit Corporation, a program that helped to finance the sale of over \$5 billion in agricultural commodities to Iraq. And it was the second largest participant in the Export-Import Bank that guaranteed the sale of over \$300 million in goods to Iraq.

The committee's investigation of BNL, and let me point out at this time, the committee first began having hearings. In fact, it will be 2 years in October. And we do not go around making big news releases because we are interested in legislating. We are not out to make waves, as far as publicity is concerned. That determination is going to be made by the news disseminating media anyway.

I cannot tell my colleagues that I know what will or will not make news. Things that I thought did not, have; things that I thought would, have not. So from that standpoint, occasionally there will be a flash of interest in this, that, and the other thing. But the point is that the overriding need at this point for the country is to have some, even minimal grasp of, say, the direct asset acquisition by foreign interests of our banking resources.

We know, for instance, that at this point about 25 percent plus is Japanese acquired, but if that gets Members excited, remember that the Japanese interests and their direct acquisitions of either direct interest or direct assets are about 50 percent of the British investment in our country. We do not hear much about that. That is something else that is in the jurisdiction of someone else.

Nevertheless, the Committee on Banking, Finance and Urban Affairs has a responsibility of focusing on the needed legislation, trying to reach a level of consciousness among the majority of our fellow 434 Members to the importance of it and try to draft such legislation as is possible under our sort of compromise procedures as will be as near adequate as it is humanly possible to construct.

The committee's investigation of BNL participation in United States credit programs has led to a broader look at the United States policy to-

ward Iraq because of the magnitude of the BNL scandal and the fact that it touched upon nearly all the elements of the United States policy toward Iraq. The BNL scandal sheds a revealing light on United States-Iraq relations.

I also want to remind my colleagues of what I said last week, that such banks as BNL, such banks as most of those that are involved in international interests and transactions in our country are government owned. BNL is owned by the Italian Government. So we have very delicate additional questions about national policy, not only our Nation's national policy but that other country's national policy and how these institutions fit in or did not into those policies.

During last week's special order I discussed the Eximbank program for Iraq.

I showed how the Eximbank was continually pressed by the State Department and even President Bush, at the time Vice President, but as I will indicate later, even after he took his oath of office as President in 1989, he was still pushing for Iraq's aid.

□ 1320

This is true, even though Eximbank is charged by law, and we have jurisdiction of the Eximbank that will be a reasonable assurance of repaying those debts. Therefore, I have asked the GAO to determine if the Eximbank violated its charter by granting credit to Iraq.

Today I will discuss the Commodity Credit Corporation's export promotion program for Iraq. I will illustrate how the Bush administration placed inordinate importance on the CCC program for Iraq and how the BNL scandal affected United States policy toward Iraq.

An October 1989 meeting between Secretary of State James Baker and Iraqi Foreign Minister Tariq Aziz illustrates that point. The main focus of that point turned out to be the BNL scandal.

During the early 1980's the United States policy toward Iraq was motivated by the fear of Iranian dominance of the Middle East.

There is another thing that is lost sight of, and I think is very little appreciated in our country. Iran is a non-Arabic country. It is not an Arabic country. Iraq is. We must remember the distinction, because apparently those that have gotten all the notoriety, from President Reagan to Colonel North and Security Adviser McFarlane, do not seem to realize that. They played into the hands of people and nations that have been at war, and still continue in a state of war, and have been in a state of war since 1949; this is, Israel and Iraq.

Unless we know that this Middle East is complex, complicated, but like any other section of the country, Middle Europe, or as they say in Germany,

Mitteleuropa, or the Far East, we seem to be totally either averse or unaware or unwilling to be aware of the tremendous corpus of history that is there, so our perception cannot be a correct one.

I have always said, even since then, that had we had the correct perception of the country we would not have lost 54,000 soldiers in Korea and 58,000 in Vietnam. But that is neither here nor there. The only connection there is that we continue with these misperceptions in the Middle East.

If we think that we are looked upon as the saviors, let me assure the Members that in the Middle East the fixed, rooted perception, whether it is true or not is immaterial, the rooted perception is that we have stepped into the shoes of the two departed colonial powers, France and England. Be that whatever it is.

The logic that I report here is best spelled out in a 1984 memorandum to then Vice President Bush related to his efforts to have the Eximbank finance the Iraqi Aqaba pipeline project. I am not going to read from it, and I have a copy of the memorandum which I will place, together with all the documents, at the end of my discourse this morning.

I quote:

The war between Iraq and Iran directly affects our vital interests in the Middle East, and particularly in the Persian Gulf.

This is Vice President Bush.

Our objective is to bring the war to a negotiated end in which neither belligerent is dominant and the sovereignty of both is preserved.

Now, he is Vice President of a regime that in the meanwhile is also dealing through the so-called client states, even though sometimes client states become masters, such as Israel, with Iran, and therefore the big scandal that later erupted, and only a portion of that has been seen, of the aid of arms to Iran.

So we were foolish enough to think that we could be helping each one of the combatants without the other realizing it. It is absurd. Of course they knew. Therefore, no respect.

I will continue, and I quote:

We believe victory by either side would have a serious destabilizing effect on the region.

I am going to repeat that:

We believe victory by either side would have a serious destabilizing effect on the region. At this point Iran is the intransigent party, unwilling to negotiate in part because it believes it can win in the war of attrition. We must therefore seek means to bolster Iraq's ability and resolve to withstand Iranian attacks as well as to convince Iran that continuing hostilities is useless.

Have we learned anything? No. Today we have been involved in negotiations mostly to pay back some of the money that I spoke of that had gone out of Iran and led to the release of the last hostages.

If the Members think the release of the last hostages was just accidental, let me assure them that it was connected with our payment of something that had been demanded, and coincidental with that, also there is good reason to know that right now Iran is also being enabled to get some help through other countries for arms procurement.

Why is Iran building to such a tremendous point of arms ability? What is its goal in the Middle East, now that we have conquered Iraq and consider it a continuing enemy? Why is Iran being pumped up like these messages indicate we were doing with the case of Iraq on that occasion?

With that broad policy and strategy that I have just quoted in mind, the policymakers sought out a path to achieve those goals. Since the administration had a stated policy of prohibiting the sale of United States military hardware directly to Iraq, the options available to assist Iraq were limited. The administration chose to assist Iraq by providing financial assistance.

In determining how to assist Iraq financially, a March 16, 1983, internal State Department memo to Secretary of State George Shultz states, and I quote:

There are two possibilities for the official credit for Iraq: (a) Eximbank program; (b) CCC blended credits or guarantees for agricultural exports.

An October 31, 1983, State Department cable shows the benefits of such a strategy, and I quote:

In considering ways to build international confidence in Iraq's economic and financial future, we should give serious thought to offering Eximbank credits. New U.S. credits, in combination with our CCC credits, will demonstrate U.S. confidence in the Iraqi economy. This in turn could encourage other countries to provide similar assistance. Such concrete demonstrations of support could ease pressure on Iraq.

Increasing Iraq's access to credit allowed it to feed its people on borrowed money, thus freeing scarce foreign exchange, to purchase military hardware to fight the war against Iran.

As I said last week, the Eximbank was repeatedly pressured by the State Department to open its program to Iraq. On three separate occasions President Bush, then Vice President, intervened on behalf of Iraq and Eximbank. Luckily the Eximbank charter contained provisions that made it difficult to lend money to a nation like Iraq, so its exposure to Iraq was limited at the time Iraq invaded Kuwait, but for no other reason.

□ 1330

The same cannot be said of the CCC program. The CCC is a division of the U.S. Department of Agriculture and its Foreign Agricultural Service. The goal of the CCC program is to assist U.S. farmers to sell agricultural products abroad, that is, by granting credit to a

nation that wants to purchase U.S. products.

The usual terms of CCC loans is 3, with some as long as 7 years. The CCC is required by regulation to allocate guarantees on the basis of the receiving country's needs, its market potential, and the likelihood that the loans would be repaid.

Despite these limitations, in 1988 and 1989, a whopping 20 percent of the total CCC program was dedicated to Iraq. Utilizing the CCC program as a means of bolstering Iraq's financial position was a great success. For instance, in 1983 at a time when United States officials feared that Saddam Hussein might be overthrown because of food shortages caused by the Iran-Iraq war, the United States sold \$364 million in CCC-guaranteed agricultural products to Iraq. The program grew steadily, and by 1988 CCC-guaranteed sales of agricultural commodities to Iraq reached a \$1 billion annual clip. Until recent times, the CCC program was poorly managed, and corruption by exporters and importing nations was not unusual.

The GAO, our Government Accounting Office, and the USDA inspector general have done almost a dozen reports on various problems with the CCC programs. Many of them concern Iraq.

The following provides a clear example of the magnitude of the problems encountered at the CCC. In September 1989, 1 month after the BNL scandal broke, the USDA Office of Inspector General admitted that the CCC had some several internal-control problems, and the Office of Inspector General wrote as follows:

The GSM program was operating without the benefit of a compliance review process or program to assess the direction and impact the program has had on U.S. and foreign agricultural marketing activities. As a result, U.S. exporters are participating in a \$6 billion program without CCC conducting a review or periodic check to make sure the program is operating in accordance with applicable laws and requisitions.

In the past several years, the Congress and the USDA have made many changes to improve the operation of the CCC program. In light of the Iraqi program, the committee is concerned whether the changes in regulating go far enough.

The CCC program for Iraq was rife with corruption. Demands for kickbacks and bribes were not unusual. For example, several Iraqi Government organizations that purchased United States agricultural commodities requested United States exporters to pay kickbacks in order to win an order. Typically, these kickbacks included cash, truck parts, and machinery. While the Iraqis admitted to this practice, the CCC never punished Iraq for any violation of the CCC regulations.

However, five BNL-financed tobacco exporters did plead guilty in 1990 to

violating regulations of the CCC program by paying kickbacks to various Iraq entities totaling \$1,027,241, and another scheme used by the Iraqis to extract money from United States exporters was to levy a stamp tax on United States agricultural imports. On several occasions, the Iraqis were caught engaged in that scheme, but escaped without punishment.

A third scheme involved the use of foreign-sources commodities. In September two tobacco exporters pleaded guilty to violating regulations of the CCC program by selling Iraq foreign tobacco, claiming it was American tobacco. Maybe they could not tell the difference between a camel.

Documents obtained by the committee showed that the CCC program for Iraq continued to increase despite grave concerns among various Government agencies about the ability of Iraq to repay its debts. For example, documents show that beginning in 1985 the Federal Reserve Board, of all people, the Treasury Department, and the Export-Import Bank voted at different times against increases in the CCC program for Iraq. They feared that Iraq was not creditworthy and would not be able to repay the bills that it owed the United States.

In one meeting in the fall of 1988, and I have a memo and minutes here, as I said, at the end of the presentation, a Federal Reserve official warned Iraq only repaid creditors when they were offered greater lines of credit. He called the CCC program for Iraq a Ponzi-type scheme. One of the reasons that Iraq was able to obtain ever larger credit was the inadequate country-risk analysis process used by CCC to determine which nations were likely to repay their debts and how much could prudently be loaned to a nation.

A March 1990 USDA memo states:

While our formal method for establishing country program limits is not yet operational, the consensus of my staff prior to our consultation with Iraq last fall was for a maximum program level of \$800 million.

One of the best illustrations of the absurdity of the situation involved the Export-Import Bank, and again, as I said last week, Iraq was often in arrears or in default in its Eximbank program; in fact, Iraq was suspended from Eximbank programs between 1986 and 1987 because of nonpayment, but during that same period, the CCC approved \$1 billion in credit for Iraq. How could one Government agency grant credit to Iraq, while another located less than a mile away was being stiffed?

Obviously foreign policy drove the CCC program, not the Iraqis' ability to pay. This is illustrated by the fact that the CCC program was over 15 times that of the Eximbank program, or at least for Iraq.

Because the CCC program lacked tough standards for granting credit, the administration found it easier to

use the CCC program for Iraq as a foreign policy tool at the expense of the United States taxpayers.

As stated earlier, Iraq's finances were clearly not in good shape. To illustrate Iraq's precarious financial position, look at the comments in an October 5, 1989, cable to the State Department from Ambassador April Glaspie:

Economic and commercial officers met October 3 to exchange information and views on Iraq's payment problems, the security situation, the BNL affair, and the November Baghdad International Fair. With the exception of the agricultural commodity exporting countries, that is, Australia, Canada, and the U.S.A., virtually all reported continuing payments problems. Australia, Denmark, Germany, Greece, Ireland, Italy, New Zealand, the Netherlands, Norway, and the United Kingdom reported new or continuing payments arrears on Iraqi debt.

Again, I enclose here at the end the memo from which I am quoting.

Concerns about Iraq's creditworthiness intensified when on August 4, 1989, FBI and Customs Service agents raided the Atlanta branch of BNL and uncovered \$4 billion in unauthorized loans to Iraq including \$900 million guaranteed by the CCC.

In order to better understand the CCC program for Iraq and its policy implications, let us take a look at the January 16, 1985, State Department cable that reported on a meeting between a representative of the Department of Agriculture and Mr. Hassan Ali, the Minister of Trade of Iraq, and the cable stated, and I enclose this also at the end of my presentation:

Minister Ali took the occasion of USDA visit to express his government's gratitude for the leading role the Department of Agriculture had played in developing United States-Iraq economic cooperation.

USDA staff, in turn, expressed pleasure with the smooth operation of the CCC program and noted United States readiness to expand cooperation in the agricultural field with Iraq.

□ 1340

In response to a request for additional information on the state of Iraqi finances, Mr. Ali stated:

The U.S. did not make such credit available because of Iraq's "lovely brown eyes".

He went on the state that:

*** U.S. laws and political constraints would not permit the availability of such credits if Iraq suffered from corruption, poor production, nonutilization of the credits made available serious bilateral political problems or doubts about its willingness to meet its full obligations.

Iraq was given the impression that it was an important partner of the United States and the CCC program was symbolic of that policy. In spite of Iraq's always dubious financial condition and continued corruption in its CCC program, the United States continue to expand cooperation in the agricultural field. By 1988 the CCC program for Iraq had grown to over \$1 billion, but the

events of 1989 made the color of Iraq's eyes turn red.

Because of Iraq's deteriorating financial position and the BNL scandal, 1989 turned out to be the watershed year for the CCC program for Iraq. Despite everything I have mentioned, when he was elected President Bush placed a renewed emphasis on improving relations with Iraq. He believed, as spelled out in National Security Decision-26 [NSD-26], that the best way to improve relations with Iraq was through expanded trade and the CCC program offered the single largest boost to that strategy.

Now, remember, behind all of this you have the National Security Adviser, Scowcroft, and the Deputy Secretary of State, Eagleburger, all of whom came from Henry Kissinger's stable known as Kissinger and Associates, which incidentally has had more influence with foreign potentates and ambassadors coming over than even the State Department sometimes.

Now, these two gentlemen were integral parts of Kissinger and Associates. They were integral parts in the stimulation of trade with Iraq. So now they are ensconced in these mighty powerful positions, and naturally they are going to reflect a continuation of what their boss, Henry Kissinger, who no longer has an official title, but lurks in the penumbra of power and has for many years.

So naturally, these are advisers. Presidents must depend on advisers, and when Presidents are not too sensitive or too aware or too deep in their understanding of events, I think it is safe to say and fair to say that we have had some who have not, that the role and the voices of these individuals become extremely powerful. Of course, their dealing was that added leverage in dealing with Saddam Hussein would be obtained because of these goodies we were providing him.

The thing that undid it was the B&L scandal that originated and in fact as late as just months ago, last year in fact, the administration through the Attorney General was still trying to keep us from having hearings on it.

President Bush and his advisers thought that expanded trade would give the United States added leverage in dealing with Saddam Hussein. As events showed, that was a grave miscalculation. The undoing of that strategy was the BNL scandal and Iraq's deteriorating financial condition.

I will now illustrate how the BNL scandal affected United States-Iraq relations by using the 1989 National Advisory Council [NAC] decision to grant Iraq a \$1 billion in CCC credits. That decision also serves as a vivid example of how State Department and President Bush viewed the CCC program, first and foremost, as a foreign policy tool while delegating the issue of Iraq repaying billions in loans to secondary status.

Before embarking on that journey I will provide some background on the interagency process that determines how credit is allocated to foreign governments like Iraq.

NAC: ORGANIZATION AND FUNCTIONS

The National Advisory Council on International Monetary and Financial Policies [NAC] is responsible for the policies and practices of agencies that make, or participate in making foreign loans such as the International Monetary Fund, the World Bank, Export-Import Bank and the USDA's Commodity Credit Corporation [CCC]. In the case of CCC and Eximbank, the NAC seeks to assure that the credit extended by those entities is consistent with U.S. policies and objectives.

NAC: MEMBERSHIP

The members of the NAC include the Secretary of the Treasury—chairman; Secretary of State; U.S. Trade Representative; Secretary of Commerce; Chairman of the Board of Governors of the Federal Reserve System; Chairman of the Board of the U.S. Export-Import Bank; and the Director of the International Development Cooperation Agency. These high-level decision-makers rarely participate directly in NAC decisions. Instead, a committee of alternates at the Assistant Secretary level has been empowered to act for their principals.

Under the alternates level lies the day-to-day apparatus that performs the work of the NAC called the staff committee. The staff committee is composed of economists and other professionals from NAC member agencies. They are often joined by representatives of other agencies of the U.S. Government such as the Departments of Defense [DOD], the Department of Agriculture [USDA], and the Office of Management and Budget [OMB]. The staff committee meets regularly or talks by phone to discuss CCC or Eximbank extensions of credit to foreign nations such as Iraq.

The NAC itself cannot override the decisions of the Eximbank and the CCC, but obviously in practical terms these agencies must heed advice of more powerful organizations such as the White House and the State Department.

On rare occasions a decision is so important that a NAC deputies committee meeting is called. The deputies committee is generally composed of the No. 2 person in each NAC agency. The question of whether to grant the \$1 billion in loans to Iraq eventually was kicked up to the deputies committee.

THE FISCAL YEAR 1990 DECISION

Even though Iraq's financial condition had deteriorated steadily during 1989, the USDA, at the State Department's prodding, proposed a \$1 billion CCC Iraq program for fiscal year 1990. Because of concerns about the BNL affair and Iraq's financial problems, a

NAC staff committee voted in August 1989 to defer consideration of the Iraqi program until a later date.

The CCC understood that it would be difficult to get the entire \$1 billion approved by the NAC, so in September 1989, it approached the NAC with a modified offer. CCC proposed an interim \$400 million in CCC credits for Iraq. An additional \$400 million was contemplated once Iraq was exonerated from responsibility for the BNL scandal. On October 4, 1989, the NAC unanimously approved that approach. That is when the trouble began—the NAC forgot that Iraq always wanted more not less.

Iraq considered the \$400 million offer for CCC credit an insult. A November State Department memo spells out the Iraqi position on the \$400 million offer. It states:

The Iraqis rejected a USDA offer of a \$400 million "interim" in early October because they believed so drastic a cut from the \$1.1 billion fiscal year 1989 program would be viewed as a United States no vote of confidence in Iraqi debt policy.

The Iraqis were also worried that the United States would publicly announce its decision to limit Iraq to a \$400 million interim program because such a decision could severely affect the perception of their creditworthiness.

The Iraqis immediately began to pressure the State Department, United States Embassy in Baghdad, and the United States farm community for a larger CCC allocation. They also sought a meeting between Secretary Baker and Foreign Minister Aziz to discuss the CCC program.

October 6, 1989, Secretary of State Baker met with Iraqi Foreign Minister Tariq Aziz. The main topic of the meeting was United States-Iraq relations and how the United States handling of the BNL scandal was jeopardizing that relationship. Notes from the meeting report Foreign Minister Aziz as saying:

Finally, and most seriously, Aziz stated that lately there had been reports that "some American agencies" are trying to destabilize Iraq. The CCC program was being linked to the BNL Atlanta branch scandal of which Iraq had no part. The Minister made it clear that this was not a sign that the U.S. wanted improvement in relations. It is in fact a setback and the Government of Iraq (GOI) is very unhappy.

□ 1350

Mr. Aziz found a strong ally in Secretary Baker. A week after their meeting a cable from the U.S. Embassy in Baghdad reported:

As a result of his conversation in Washington last week with Secretary Baker concerning the CCC credits, Foreign Minister Aziz has high hopes that the Secretary will seek to break the current impasse in the USGOI negotiations.

Secretary Baker not only intervened personally on behalf of Iraq, he put the whole weight of the State Department behind Iraq. Mr. Baker and other State

Department officials repeatedly referred to NSD-26 which stated that "the President wished to improve relations with Iraq" as the justification for pressuring other agencies of the NAC into approving the \$1 billion CCC program for Iraq.

The State Department was intent on ignoring Iraq's poor financial condition. The agency was also intent on ignoring the BNL scandal despite the fact that the highest levels of the Iraqi Government were involved including the second most powerful man in Iraq—Saddam Hussein's son-in-law Hussain Kamil.

INTERVENTION LETTERS

In order to set the scene for the NAC consideration of the CCC program for Iraq, Secretary Baker wrote a letter to the Secretary of Agriculture, Clayton Yeutter, and then called him personally to express his conviction that Iraq should be given the benefit of the doubt and granted the full \$1 billion CCC program for fiscal year 1990. The talking points for Mr. Baker's call to Mr. Yeutter state:

On foreign policy grounds, we support a program of up to \$1 billion, released in tranches, with periodic compliance reviews. With safeguards, I hope we can get this important program back on track quickly.

Convincing the Department of Agriculture to support the allocation of the full \$1 billion to Iraq was the easy part. The next step was to convince the OMB and Treasury to drop their opposition to the \$1 billion program for Iraq. This job was left to Deputy Secretary of State, Lawrence Eagleburger.

To their credit, the Treasury Department and OMB were opposed to the \$1 billion program for Iraq based on Iraq's precarious financial condition and the smell of the BNL scandal. The Treasury Department had actually voted against the fiscal year 1989 program for Iraq because of creditworthiness concerns.

Iraq's shaky financial condition was not paramount on Mr. Eagleburger's mind. The talking points for Mr. Eagleburger's calls downplayed any such considerations. They state:

The Secretary has determined that policy considerations warrant support for a full \$1 billion program of CCC credit guarantees to Iraq. * * * The CCC program is crucially important to our bilateral relationship with Iraq.

Mr. Eagleburger topped off his efforts on behalf of Iraq by sending letters to OMB and Treasury. His efforts were crucial to eventually neutralizing OMB and Treasury opposition to the CCC program.

Finally, after much lobbying and back scratching, a November 3, 1989, meeting of the NAC alternates was held to consider the USDA's request for a new \$1 billion CCC program for Iraq. Apparently still concerned over what was about to occur, the Treasury Department and Federal Reserve mem-

bers formally moved to block a decision at that level. At the Treasury Department's request, it was decided to kick the decision up to the next level—the NAC deputies committee.

An internal State Department memo accused the OMB of instigating the Treasury and Federal Reserve and implied that OMB was taking its role as "the administration's watchdog against scandal" a bit too seriously.

Moving the decision on the Iraq program to the deputies committee level played right into the State Department's hands. Secretary Baker had already lobbied the Agriculture Department and Mr. Eagleburger had lobbied the Deputies at OMB and Treasury.

THE DEPUTIES MEETING

The NAC deputies meeting took place on November 8, 1989. Some of the more or less notable participants in the meeting were Robert Kimmitt, State Department; John Robson, the No. 2 man at the Treasury Department; Steve Danzansky, the White House; Jack Parnell the No. 2 man at USDA, Federal Reserve Board Governor Edward Kelly; and William Diefenderfer, the No. 2 man at OMB.

Mr. Robson opened the meeting by stating that there were two issues that should be addressed with respect to the CCC program for Iraq: First, the questions of Iraq's creditworthiness, and second, the implications of the BNL scandal.

The State Department's Mr. Kimmitt opened by stating that his "comments reflected the views of Secretary Baker who believed that the CCC program in Iraq was crucial to the U.S. bilateral relationship with Iraq. He noted that in NSD-26 the President called for improvement of United States-Iraq relations and bilateral trade offered the best means to achieve that goal."

Other NAC participants indicated that they had reservations about the program, but they offered no fatal objections. The NAC voted to approve the \$1 billion for Iraq to be released in two \$500 million tranches. Several safeguards were added to ensure that the CCC program's integrity would remain intact.

My next floor report will continue with the events that occurred after the NAC decision of November 6, 1989. That statement will show that President Bush and the State Department continued to champion the cause of Iraq despite numerous warning signs that Saddam Hussein was out of control and the revelation that BNL provided over \$2 billion for a secret Iraqi technology procurement network which had responsibility for obtaining the technology necessary to build ballistic missiles and nuclear, chemical, and biological weapons. I will also discuss the issue of the pending \$350 million CCC payment to BNL.

CONCLUSION

At the NAC deputies meeting on November 8, 1989, the State Department's

Robert Kimmitt invoked the heavy hand of President Bush by stating:

To abruptly terminate the CCC program in Iraq would clearly run counter to the President's intention and would furthermore, cause a deterioration in our relationship with the Iraqis.

Now I think that the American public and we in particular would find it hard to understand how deterioration of relations with such a country as Iraq would irreparably harm the United States national interest. The fact is that the miscalculations and the rather shifting, almost schizophrenic adoption of policies, if such can be called policies, led to a tragic denouement.

It ended up in the loss of tremendous loss of human life, over 200,000. Those are human beings, regardless. We reached the point where, incredibly, even our much publicized commanding general, on the eve of the skirmishes, pictured the Iraqis as subhuman beings. The result is still to be calculated.

Throughout the Muslim world, not just the Middle East but from one end to the other, we have engendered a tremendously deep hatred toward us. We are involved in something that we have not been disengaged as yet and will not be for the foreseeable future. But have we learned? No.

Once we stray from fundamentals, and this is what I always say and have always said on the committee, we cannot stray from basics except at our own risk.

Some time ago, I believe it was perhaps the second-to-last or the third-to-last speakership, Speaker O'Neill's regime, that the House suspended—and I did not realize it until it did not happen—the annual reading of the Farewell Message of President George Washington. It used to be the habit when I came, and I used to kind of marvel at the idea that that would be the case.

On the occasion, or on the Monday of the week that we used to celebrate George Washington's birthday, we would have the reading, even if there was no other business, we would have the reading of Washington's Farewell Address. That has been suspended. I am suggested to our present Speaker that he reinstall that.

I think it was very well founded, more than just having a ritualistic reading, because it gave us basics that are still true today as they were in his time. It is a vastly radical, hardly perceived world in that day and time, from what we live in today, but he did say in the speech what I think is now involving us, involved in this very tragic mistake, as it turned out to be.

Have we learned? No. As I said earlier, we are about to do the same with even Iran, which is still considered and certainly was during the time that this trade was fomented with Iraq, our real enemy, mostly because of the hostage

taking and the like. But today it is more than ever because it has tremendous potential.

It is a non-Arabic country, but Muslim, and we must never forget that just 90 miles away from the Iraqi border is Russia. Along that Russian border is over 3 million Muslims. That is where Iran is directing its attention.

It now has probably the most substantial buildup of any in that area.

Remember, it is non-Arabic as a nation, but what about the other part of the world? Same thing with respect to China. It seems that in the case of China our policymakers for some time have gone on the theory that maybe they can have a gentler, kinder kind of communism there. Of course, it is an equally profound error.

Ever since the factors that led to the 1972 Nixon visit, and even then by the time the Chinese permitted President Nixon and his entourage to go to China—I was the one that reported it, and I do not remember anybody else mentioning it—but we had to guarantee them a downpayment of \$10 million in gold, ostensibly to cover the cost of all that was involved in this tremendous entourage that President Nixon took.

But the reasons for the things that were done in 1972 no longer hold in China. Why? Because we have had at least three Secretaries of Defense, we have had two Presidents visit China, made commitments and receive deceptive assurances.

For instance, when 37 of our sailors died while patrolling the Persian Gulf and died as a result of a missile fired by, not Iran, but by Iraq, that missile was procured through China because we gave China, one of our Presidents, or Secretary of Defense, with great secrecy, provided China with the license to produce the so-called Silkworm missile. Then China, very much looking after its own national interests—and this is where I have been criticized and asked if I am an isolationist; I have said, of course, no, of course not. I never have been an isolationist. But I am a protectionist.

□ 1400

Dog-gone right. I am a protectionist of the national interest. Everybody in our Nation looks out for No. 1 first and foremost, and they are expected to. We do not expect the country to go against its own national interest. Why should we? So, why should we then expect any of the other nations to ask us to yield on matters that now have to do with the basic independence and freedom, financial and economic, and our standard of life, which is what is at stake in the world today? But here was China selling to both sides also.

Mr. Speaker, I ask, "Why shouldn't they?" Even though our Presidents went over and came back—even Secretary Baker, as late as November 1991,

came back and said, "Well, you know, the Chinese have given us assurance. They're not going to be selling any more of these armaments over to the Middle East," but the Chinese said, "Well, we will stop doing" what they denied just a year before.

But today where are we? Syria, whose President met with President Bush in Switzerland in 1990, when we were building up our expeditionary force, suddenly the Syrian leader becomes what? Less tyrannical? Less murderous than Saddam Hussein? No. But all of a sudden the enemy of our enemy is our friend, and it is this policy that is leading us constantly down a path that is detrimental to our national interest, and I think basically it is the disregard that our first President in his advice to us has given us, and I am going to quote:

That nation which indulges towards another an habitual hatred or an habitual fondness is in some degree a slave to its affection, either of which is sufficient to lead it astray from its duty and its interests.

I will leave it with that, however I include for the RECORD various and sundry items relating to the subject of my special order today.

CREDITWORTHINESS ASSESSMENT OF IRAQ

Iraq will not be able to commit sufficient resources for foreign debt service over the next five years or longer:

The military absorbs a substantial share of Iraqi resources:

Long-term program for enhanced regional political power.

¼ of all adult males are on active duty in the armed forces.

Large military hardware purchases: fighters, etc.

Costly high-tech military production projects.

Military will absorb output of new civilian industries.

The "civilian" government also absorbs considerable resources:

Large, costly intelligence services and information networks.

Costly government bureaucracies control most industry.

"Privatization" efforts are minimal.

Costly consumer price subsidies—including farm products.

Costly prestige projects—Basra and others.

The government fails to mobilize the private sector:

Military and government have first claim on resources.

Private business limited—by government—to small scale.

Government price controls constrain profits.

Traders forced to operate outside government FX system.

State banking system discourages private savings, investment.

The government's additional resources will be insufficient:

Oil revenues remain constrained by OPEC negotiations.

New industries: civilian FX contribution likely small.

Non-oil projects: will not be permitted to "stand alone".

Massive agricultural development is far off.

Iraq will make timely debt payments only to "favored creditors":

Iraq's debt strategy is not likely to change:

Iraq only repays those who offer larger amounts of new money.

Iraq attempts to force new money from creditors by defaulting, or threatening to default, on existing debt.

Iraq reschedules—on a bilateral basis—debts owed creditors who are unwilling to commit new money.

Iraq will not go to the Paris Club or otherwise adopt "normal" debtor-creditor relations.

Export credit agencies seek to reverse Iraq's strategy:

Only ECGD—backed by HM Treasury—provides MT project cover.

Other ECAs link ST cover to specific amounts of repayments.

ECA terms: pre-84 debt repaid first, post-83 debt rescheduled.

Political element to rescheduling negotiations: Italy & Japan.

Iraq's strategy toward Eximbank:

Iraq seeks small MT program as a "foot-in-the door."

Iraq will seek much larger Exim programs thereafter.

Iraq using U.S. exporters to lobby for new credit.

Iraq will maintain ST payments while MT is on Exim agenda.

Exim can expect Iraqi "Favored Creditor" status as long as:

Exim commits to consecutively larger lending programs.

Source: 1989 Eximbank.

Fm: SECSTATE WASH DC.

To: AMEMBASSY Baghdad Immediate

Info: Gulf War Collective Immediate

Subject: Secretary's October 6 Meeting With Iraqi Foreign Minister Tariq Aziz

1. Secret—entire text.

2. Summary: On October 6 Secretary Baker met with Iraqi Foreign Minister Tariq Aziz. Aziz emphasized his government's strong desire for the very best possible relationship with the United States, but said his government had received "signals" that this might not be the U.S. Government's attitude. He mentioned, (1) the negative remarks about Iraq intentions in the gulf made to other governments by U.S. officials, (2) USG-placed obstacles to Iraqi efforts to rebuild its economy technology transfer, and (3) congressional actions against Iraq. He also said "some American agencies" are trying to destabilize Iraq. Finally, he complained about a USG decision to cut CCC credits for FYSG from over \$1 billion to \$488 million. The Secretary assured the Foreign Minister of our desire for good relations with Iraq. At the same time, the Secretary confirmed U.S. concerns globally about the transfer of sensitive technology related to proliferation. He also stressed that while the administration had opposed congressional moves to place sanctions on Iraq, the Congress had been influenced strongly by GDI's use of VW which did have a very negative impact. He asked for more details about alleged U.S. efforts to destabilize Iraq so that he could investigate it fully. Regarding CCC credits the Secretary said he understood the \$400 million in credits now offered by USG was an interim commitment. The Fed and Treasury are worried about Iraqi involvement in the Atlanta BHL bank scandal and wish to defer commitment on the full level of CCC credits until their investigation is completed. Aziz said this was a banking problem and not one that involved the GDI. Aziz made clear a solution needed to be found quickly. Iraq is particu-

larly worried about the impact of this decision on its ability to meet food import requirements in 1990. The Secretary said he would look into the matter immediately. The two sides also discussed briefly the Middle East peace process and Lebanon. End summary.

3. The Secretary warmly welcomed Iraqi Foreign Minister Tariq Aziz to the Department on October 6. We noted their inability to find a mutually acceptable time to meet in New York and said we appreciated Aziz willingness to come to Washington. The Secretary said the U.S. values its relationship with Iraq and wants to see it strengthen and broaden. Our dialogue on human rights will help. We also noted with pleasure Iraq's participation in CW conferences. Regarding the Stark claims, the Secretary welcomed Iraq's payment of wrongful death compensation and observed that this set the stage for early conclusion of the remaining claims. We ended his introductory remarks to again stress the U.S. desire for good relations saying there was all the potential to move the relationship in a positive direction.

4. Aziz responded with warmth that we had good relations with Secretary Shultz and many other senior American officials. He said we had always conducted his conversations in a friendly and open manner and hoped we could continue to do so with the Secretary. It leads to much better understanding. The Secretary encouraged him to do so. Aziz said we wanted to state clearly and unequivocally that Iraq wants good relations with the U.S. on the basis of mutual respect and understanding. He said he wanted it understood that while this had been stated in time of war when diplomatic relations were restored, he was saying it now after a ceasefire had brought the active fighting in the war to an end. We strongly believe he said, that good relations between us is in the best interests of the U.S. and of the region.

5. Aziz continued that he greatly appreciated the Secretary's assessment of bilateral relations; but frankly speaking in the spirit of friendship, Iraq has not seen "enough improvement" in the relationship since the ceasefire. In fact Iraq had received a number of signals which were rather disturbing. We listed four: (1) After the ceasefire the GOI got a number of reports from several capitals that senior U.S. diplomats were approaching officials in the gulf raising suspicion and fear regarding Iraqi intentions in the region. Aziz said this disturbed the GOI greatly because during the war we had discussed the gulf region in a frank manner. Iraq has said clearly that it wants to maintain the whole region intact—including the individual countries—and that it has no bad intentions against any of them. He stressed that Iraq's objective was and is good relations with them all, particularly Saudi Arabia and Kuwait. Hence, he said the GOI is perplexed and concerned about U.S. motivations.

6. Secondly, Aziz said the U.S. seemed to have a negative approach to Iraqi post-war efforts to develop its industry and technological base. Aziz emphasized that the GOI had clearly stated that its current goals and objectives were to reconstruct and restore the economy. Our desire, he said, is to develop the country for our people—to raise their standard of living. Implying this massive effort was being misrepresented, Aziz declared that all this was being done for Iraq and her people. No objective directed against any other country in the region lay behind Iraqi development activities. Aziz then complained of a propaganda campaign against

Iraq in the U.S.—particularly by the Congress. He noted congressional moves to legislate economic and political sanctions.

7. Finally, and most seriously, Aziz stated that lately there had been reports that "some American agencies" are trying to destabilize Iraq. He said he had no details and had heard only the reports just as he was leaving Baghdad. He said he felt it was important to mention this to the Secretary. The Secretary indicated his surprise at such reports and said he would like more details as quickly as possible so he could look into it immediately. Aziz undertook to try to get more details.

8. Aziz closed with a final point on U.S.-Iraqi commercial relations. He noted that up to now this had been a very positive aspect of our bilateral relationship. The USG, he said, had allocated CCC credits of over \$1 billion in FY89, making the U.S. Iraq's major supplier of agricultural products. He told the Secretary that he had just learned from the Iraqi agricultural team, now in Washington to reach agreement on a program of similar size for FY90, that the U.S. was prepared to agree to only \$400 million in credits at this time. The CCC program was being linked to the BNL Atlanta branch scandal of which Iraq had no part. The minister made it clear this was not a sign that the U.S. wanted improvement in relations. It is in fact a setback and GOI is very unhappy.

9. The Secretary said he wished to respond to the minister's points. He said he heard the desire for better relations and that was the U.S. objective as well. He asked Aziz to note that the U.S. had been in the forefront in focusing on the POW repatriation issue at the UNSC during the meeting on renewing UNIMOG's mandate. As to efforts to destabilize Iraq, the Secretary repeated that our desire is to improve relations with Iraq and he urged Aziz to give him further details as soon as possible. Regarding technology, the Secretary admitted the U.S. does have concerns about proliferation, but they are world wide concerns. He suggested that we work together on specific requests so the U.S. can understand Iraqi needs and objectives and Iraq can hear what concerns us. Regarding Aziz point on congressional criticism. The Secretary noted that the administration never supported sanctions on Iraq and that he personally had so testified. The Secretary added that congressional actions were limited to Iraqi use of CW during the war. Our position continues to be that we need to look forward, not backward.

10. Turning to CCC credits, the Secretary said he was aware that a problem existed. It was his understanding that the DOLS 400 million which the USG was now ready to approve is an interim allotment. The balance of the program was being held pending further investigations into the BNL banking scandal. He noted Iraq had received about DOLS 3 billion out of DOLS 4 billion of the unauthorized loans. The Fed and Treasury, he explained, want some restraint in further credits to Iraq until this banking problem is more thoroughly investigated. Aziz defended the GOI, arguing that they were not involved in any illegal actions. If the bank had willing to make loans under such good terms, any customer would have said it was the bank not the customer who had the problem. Aziz said he had met with the Italian Minister of Finance who said Iraq was not involved. If the Government of Italy is not taking action against Iraq, it is strange that the U.S. is. Iraq, he said, was always punctual with its payments to the U.S. He continued that Iraq was relying on U.S. cooperation in a number

of areas and such actions to restrict programs called into question whether the U.S. would be a reliable trading partner. Food was a particularly explosive area because the Government must feed its people. We said the Iraqi delegation was very concerned that failure to agree to the full program now would force Iraq to search immediately for alternative suppliers and such suppliers may not be available. U.S. actions will sour relations, he concluded.

11. The Secretary asked if GOI is cooperating with the Fed investigation, indicating this was important to do. Acting Assistant Secretary Covey noted there were some concerns that there may have been some wrongdoing traceable to Iraqi officials. Aziz said that Iraqi Central Bank Governor and Minister of Finance had been in Washington, met with U.S. officials, and were told the GOI was not involved. If Iraqi officials were implicated, the GOI wanted to know immediately. He stressed Iraqi pride in rooting out corruption and said GOI would surely act on any information available to it. When the Secretary asked if GOI would make available any official implicated in the affair, he said he did not know. It would depend on the information. Aziz again repeated the urgency of solving this matter quickly. The Secretary said he wanted to find a way to solve it and the USG may need assurances from GOI that it will aid in the investigation. He assured Aziz that we would immediately look into what could be done and let him know what other U.S. agencies might need from GOI.

12. The Secretary said he had several subjects that he wished to raise. On the search for peace in the Middle East, we asked Iraq to consider supporting the Egyptian ten points. The Secretary said the U.S. is working hard to keep the peace process going. Both Egypt and Jordan are partners with Iraq, had been very helpful. Iraq's endorsement of the Egyptian ten points would be a big help. Aziz said Egypt had discussed the ten points with Iraq and Arafat, too, had recently been in Baghdad. The GOI, he said, was pleased and supported the joint efforts by Egypt and the PLO. Aziz noted that Iraqi support was well known in the region. It was, however, Iraqi policy to refrain from public statements on the peace process. A policy Iraq would maintain. Talk, particularly from parties not directly involved, may complicate the issue.

13. The Secretary raised Lebanon saying we strongly supported the Arab League tripartite committee effort and understood Iraq did too. He said he wanted to see all foreign forces leave Lebanon. We have supported a role for General Aoun in the process and hope he will stay committed to the AL effort. The Secretary said we had hopes that Iraq would too. We are encouraged, he concluded, by the initial reports coming out of Taif. Aziz affirmed that Iraq does indeed support the AL effort noting that when they had asked Iraq to stop sending arms to Lebanon Iraq had agreed. Iraq had advised Aoun to support the meeting in Taif. Aziz stressed the historic nature of the meeting—the first time Lebanese members of parliament had been able to discuss their problems under an Arab League umbrella and not under Syrian domination. Syria, after all, was a party in the Lebanese dispute. Aziz also said Iraq had encouraged the Christians to accept reform (the 50/50 formula). Times had changed and the old systems are no longer valid, we said. The question of the Syrian presence, however, had to be faced and resolved. A new government and new president could not

function under Syrian domination. They would be hostages—just as Salim Al-Nuss and some other Lebanese officials are now in West Beirut. At a minimum, Aziz argued, there had to be a free environment in the capital. The Syrians, he said, do not have to withdraw immediately and President Hussein had told Assad this in Casablanca. Aziz concluded that Saddam Hussein had, at King Fahd's request, sent a message to Aoun October 5 urging him to cooperate with the AL committee and Saudi Arabia to achieve a successful outcome of the Taif meeting. Aziz said Iraq had great confidence in King Fahd and would give him all support possible.

14. Participants: Iraqi Foreign Minister Tariq Aziz, Iraqi appointed Ambassador in Washington, Mohamed Sadiq Al-Maskat, MFA International Organizations Director Riyadh Al-Gayssi, and Aziz Chef Du Cabinet Kamal Issa. The Secretary, under Secretary Bartholomew, Assistant Secretary Tutwiler, Policy Planning Director Ross, Acting HEA Assistant Secretary Covey, and HEA Deputy Assistant Secretary Edward W. Ghenn, Jr. (notemaker) comprised the U.S. side. Baker.

U.S. DEPARTMENT OF STATE,
Washington, DC, October 11, 1989.

MEMORANDUM FOR THE SECRETARY

Subject: CCC Credits for Iraq.

I have looked into the problems concerning USDA's Commodity Credit Corporation (CCC) program for Iraq. There are three distinct but related problem areas:

1. Creditworthiness.
2. Allegations of corruption in the operation of the Iraqi CCC program itself.
3. The Italian Banca Nazionale del Lavoro (BNL) agency office scandal in Atlanta.

CREDITWORTHINESS

The Fed, Treasury and EXIM have all been concerned about Iraq's credit record for several years. During the war years the Iraqis became notoriously bad creditors defaulting or unilaterally rescheduling billions of dollars of official and commercial credit and refusing to even discuss the matter in the Paris and London Clubs. Because of the extenuating circumstances and the country's substantial economic potential, not to mention the opportunity to profit from the war recovery program, this has never been a big stumbling bloc for Iraq's other major trading partners like Japan, France and West Germany.

Iraq's repayment record on the CCC program has been good. There is, however, some concern about the large amount of credit outstanding (about \$1.7 billion) and heavy debt service (some \$800 million a year), especially since Iraq already accounts for about 20 percent of the total CCC program. Despite these concerns by Treasury and the Fed, USDA has been disposed to continue the program at the \$1 billion a year level, in part, not to unnecessarily anger the Iraqis and trigger a default that could jeopardize the whole CCC program.

Creditworthiness, therefore, while a legitimate concern, is not a major driving factor for reducing the Iraq CCC program. All other things being equal, USDA would continue on at the \$1 billion plus level indefinitely and the Fed and Treasury would probably acquiesce.

Exim has refused to provide medium-term credit to Iraq until they agree to multi-debt rescheduling of official debt. The Bank's \$200 million insurance program has also been "suspended" until the \$6.2 million in arrears is repaid.

CORRUPTION

Several investigations (IRS, DOD, USDA, FBI) reportedly are looking to allegations of

widespread and blatant "irregularities" in the CCC program for Iraq. Hard information is difficult to obtain, but apparently there has been substantial overpricing of some commodities (double and triple wholesale prices), diversion and trans-shipment of commodities outside Iraq and financing of non-U.S. origin goods. There is even one report that the Iraqis used the proceeds for arms purchases.

None of this, of course, has yet to be proven. Nor is it clear how long these investigations will take and whether or not indictments will eventually be handed down. And even if they are, it may never be clear how much, if any, Iraqi official complicity there was.

BANCA NAZIONALE DEL LAVORO (BNA)

The unfolding BNA scandal is directly involved with the Iraqi CCC program and cannot be separated from it. Of the \$4 billion of unauthorized loans involved, about \$1 billion were CCC guaranteed. (*is trying to obtain the details from the U.S. attorney in Atlanta.) Treasury and the Fed, however, find it hard to believe that Iraqi Central Bank officials and others were not aware of what was going on given the apparent scale of loans, kickbacks, deeply discounted interest rates and other gross irregularities. Indictments of U.S. citizens are expected by the end of this year, although no legal moves against Iraqi officials are contemplated at this point.

It is also worth noting the president of Iraq's central bank and the finance minister reportedly have been arrested for unknown reasons in the past several days.

RESPONSE TO IRAQIS

Given the above apparent problems with the Iraq CCC program, it would seem wise to proceed with caution and prudence. We should not jump to conclusions before all the facts are known; nor should we continue with business-as-usual.

USDA, acting against the advice of the Fed and Treasury, but with the support of the other NAC members (including State), recently approved a "first tranche" of \$400 million in FY 1990 CCC credits for Iraq—about one-third of the planned annual program or enough to keep the pipeline open until January at about the same volume as last year. They have told the Iraqis that approval of additional credits will depend on the outcome of the ongoing investigations into the BNA scandal and charges of corruption in the operation of the CCC program.

The Iraqis are taking an "all or nothing" approach, insisting that they have done nothing wrong and will be hurt badly if the annual CCC program is substantially cut. Iraq, in fact, is a consistent net importer of food and other commodities and undoubtedly benefits considerably by the CCC program. Certain painful adjustments would undoubtedly have to be made at a time when the government is hard-pressed for foreign exchange.

On balance, I think the USDA approach is prudent and proper under the circumstances. No options are foreclosed and, at least until the pipeline dries up, the Iraqis are not being prejudged until the facts are known and acted upon by U.S. authorities.

In the meantime, this situation should be kept under close policy review because the stakes are big. We need export markets, and Iraq is a large potential market and as the war-induced imports are replaced by commercial purchases, this market will undoubtedly increase in the next decade.

Once the facts are all known, it may be possible to correct the problem by building in safeguards against future possible abuses and then resuming the Iraq CCC program at previous levels. We will want, in any event, to avoid taking punitive action against the whole Iraqi government and population for the sins of some corrupt officials if they are brought to justice.

STATE,

Washington, October 27, 1989.

MR. SECRETARY: When this issue first emerged, — office was screaming caution on our involvement in this CCC exercise with Iraq. Ten different U.S. Government agencies were investigating various aspects of potential fraud in Iraq's past CCC program, and no one really knew just how far and deep the corruption went.

I was then reluctant to advise you to proceed with this matter until we had an opportunity to dig deeper into the potential corruption, and until the Department of Agriculture had an opportunity to follow through on my suggestion to devise a new CCC program with Iraq that would insulate us against corrupt elements.

I gather that a sanitized CCC program with Iraq is devised. In the meantime the top GOI ministerial team associated with the CCC program has been removed. You also now have a formal recommendation from — that we proceed on this matter.

Assuming that USDA finalizes a sanitized CCC program, I recommend that you assert to Yeutter the political and economic rationale for going forward with this whole program, by tranche, to the \$1 billion level. If we are comfortable with a \$400 million exposure, based on our new anticorruption safeguards, we ought to be comfortable with a billion dollar program.

[Confidential]

U.S. DEPARTMENT OF STATE,
Washington, DC, November 7, 1989.
BRIEFING MEMORANDUM

To: P—Mr. Kimmitt.

From: —

Subject: NAC Deputies Meeting on the CCC Program for Iraq November 8, 1989, at Treasury, 0900.

I. KEY POINTS

In early October, Iraq rejected USDA's offer of an "interim" FY90 program of \$400 million in Commodity Credit Corporation (CCC) credit guarantees. At the urging of Secretary Baker, USDA has proposed a full, billion-dollar CCC program for Iraq with built-in safeguards to ensure Iraqi compliance with CCC obligations and cooperation with the U.S. Attorney's investigation of the Atlanta branch of the Italian-owned Banca Nazionale del Lavoro (BNL). On November 3 the National Advisory Council (NAC) declined to make a recommendation on the new USDA proposal, preferring instead to refer the decision to the policy level.

Our goal for the NAC Deputies meeting is to obtain NAC approval for USDA's full billion-dollar CCC program, with safeguards, for Iraq. Rapid action is crucial, because Iraq has already begun to explore alternate sources of supply.

II. INTERAGENCY POSITIONS

The Federal Reserve and Treasury, reflecting the views of OMB (which is not in the NAC), oppose a CCC program for Iraq. They note that Iraq has failed to make payments on some of its \$30-40 billion debt to non-Arab creditors. They also support OMB's contention that allegations of Iraqi wrong doing in

the BNL case, though not backed by evidence at this time, could eventually embarrass the Administration. USDA responded to OMB's specific concerns on BNL, but OMB (and Fed and Treasury) claimed to have continued, unarticulated "uneasiness" regarding the BNL case. OMB's concern stems from its post-HUD watchdog role. It is not clear whether a meeting between OMB and the USDA on 11/7 allayed OMB concerns.

State strongly backed USDA in the November 3 NAC. The other NAC members—AID, USTR, Commerce and EXIM—did not speak at the meeting. USTR reportedly is leaning against USDA's proposal. However, AID can generally be depended upon to follow State's lead and EXIM has privately indicated support, since it has its own short-term program of credit guarantees. The Commerce representative will support the State position if the argument is made on foreign policy grounds.

III. PROPOSED STRATEGY

The Deputy Secretary has laid the groundwork by calling Deputy Secretary Robson at Treasury to urge acceptance of the full program, and he plans a similar call to OMB. USDA briefed OMB November 6, emphasizing that the U.S. Attorney does not intend to indict Iraqi officials in the BNL case on the basis of the evidence to date. You should strongly urge, on policy and commercial grounds, that the NAC Deputies approve the full package, with safeguards, submitted by USDA.

[Confidential]

TALKING POINTS FOR NAC DEPUTIES MEETING,
NOVEMBER 8, 1989

The CCC program is crucially important to our bilateral relationship with Iraq. State strongly supports immediate action by the NAC Deputies to approve the new program proposed by USDA.

In NSD-26, the President mandated that we seek to improve and expand our relationship with Iraq. At present, trade is central to that relationship and credits guaranteed by CCC finance a large part of that trade.

(In response to the point that Iraq cannot service existing debt and that we are digging ourselves into a hole by providing new credits.)

Iraq's record of repayment to us is good, and the Iraqis have told us we have priority over other creditors. Iraq has oil reserves second only to Saudi Arabia. In addition, we should not take action that would harm U.S. exporters.

(In response to the point that we should not go forward with a new program in light of the BNL scandal.)

On the basis of the evidence we have there is no reason to derail future programs. We have a pledge of Iraqi cooperation with an investigation into the BNL issue, in response to the Secretary's request to the Iraqi Foreign Minister. No investigating agency has put any specific questions to Iraq.

Past problems are a reason to make sure there are adequate safeguards in a new program—not a reason to stop the program in its tracks to the detriment of our foreign policy interests.

We support a program of up to one billion, released in tranches, with periodic compliance reviews. These safeguards should protect us if problems are uncovered in the future and help assure Iraqi cooperation in the investigation.

I urge immediate approval of the full program of CCC credit guarantees, with safeguards, proposed by USDA for Iraq.

*State

U.S. DEPARTMENT OF STATE,
Washington, DC, November 6, 1989.
To: The Acting Secretary—Eagleburger.
Subject: CCC Program for Iraq.

ISSUE FOR DECISION

How to expedite approval of a full CCC program for Iraq.

ESSENTIAL FACTORS

The Secretary has determined that policy considerations warrant support for a full, \$1 billion program of Commodity Credit Corporation (CCC) credit guarantees for Iraq, provided the program is protected by safeguards, such as disbursement in tranches, that would ensure Iraqi compliance with CCC obligations and cooperation with the investigation of the Atlanta branch of the Italian-owned Banca Nazionale del Lavoro (BNL). The Iraqis rejected a USDA offer of a \$400 million "interim" in early October because they believed so drastic a cut from the \$1.1 billion FY89 program would be widely viewed as a U.S. vote of no confidence in Iraqi debt policy. The Secretary telephoned Secretary Yeutter October 31 to urge that USDA propose a full program with adequate safeguards (Tab A).

USDA presented its new proposal for a full, billion-dollar program to the National Advisory Council (NAC) on November 3 (Tab B for membership and function of the NAC). The NAC declined to make a recommendation on the USDA proposal, electing instead, at Treasury's request, to bump the decision up to the political level; an Alternates' (Assistant Secretary level) meeting is to take place this week. Treasury and the Fed formally moved to block a decision in the NAC, acting at the behest of OMB. OMB, though not a member of the NAC, led the opposition to USDA's proposal at the November 3 meeting. Noting that OMB is administration watchdog against scandal, OMB complained of continued uncertainty regarding the Iraqi role in the BNL affair and that the Iraq CCC program was too big, given Iraq's recent failure to make timely payments on debt to some creditors. (OMB's real problem may be less with Iraq per se than with some serious accountability questions regarding the entire CCC program.) USDA responded to OMB, noting that the legal situation with regard to BNL remained unchanged, that there were no current plans to indict Iraqi officials, and that Iraq's record on repayment of CCC-guaranteed credits was spotless (Tab A). The NAC members, however, were content to kick the problem to a higher level. Only State spoke out in support of the USDA proposal.

Time is a factor. USDA has yet to register a single purchase by Iraq from U.S. commodity suppliers in FY90, and the Iraqis have begun to explore alternate sources of supply. A significant potential market for U.S. exporters is therefore at risk. USDA wants an Alternates' meeting as soon as possible, and it may take place as early as the afternoon of November 7.

RECOMMENDATION

That you telephone Treasury and OMB and urge that an Alternates meeting take place as soon as possible to approve USDA's proposed full program of CCC credit guarantees, with safeguards, for Iraq.

U.S. DEPARTMENT OF STATE,
Washington, DC, November 8, 1989.
To: The Acting Secretary.
Subject: Letter to Treasury Deputy Secretary Robson on a CCC Program for Iraq.

In your conversation earlier today, Department of the Treasury Deputy Secretary John

Robson asked that you send him a letter outlining the policy reasons for which State strongly backed USDA's proposal for a full, billion-dollar program of Commodity Credit Corporation (CCC) credit guarantees, with safeguards, for Iraq. Attached is a letter for your signature that outlines those policy considerations. It essentially follows the talking points provided for your telephone conversation with Mr. Robson.

RECOMMENDATION

That you sign the attached letter to Deputy Secretary Robson.

Attachment—Proposed letter to Deputy Secretary Robson.

DEPARTMENT OF STATE,
Washington, DC, November 8, 1989.
Hon. JOHN E. ROBSON,
Deputy Secretary of the Treasury,
Washington, DC.

DEAR JOHN: Further to our discussion, on foreign policy grounds we support the Department of Agriculture's proposal for a full, billion-dollar program of Commodity Credit Corporation GSM-102 export credit guarantees in FY 90, with adequate safeguards, for Iraq.

In addition to the near-term benefits for agricultural sales, the CCC program is important to our efforts to improve and expand our relationship with Iraq, as ordered by the President in NSD-26. Iraq is a major power in a part of the world which is of vital importance to the United States. Our ability to influence Iraqi behavior in areas from Lebanon to the Middle East peace process to missile proliferation is enhanced by expanded trade. Also, to realize Iraq's enormous potential as a market for U.S. goods and services, we must not permit our displacement as a major trading partner.

With regard to the real concerns which arise from the investigation into the operations of the Atlanta branch of the Banco Nazionale del Lavoro, we have received from the Government of Iraq a pledge of cooperation. Our intention is to hold Iraq to this commitment and to work with the Department of Agriculture to ensure that the problems with the program in the past are fully resolved in a new program. The safeguards proposed by USDA, including disbursement of the CCC guarantees in tranches, buttress the program and merit our backing.

I appreciate your support in this connection.

Sincerely,

LAWRENCE S. EAGLEBURGER,
Acting Secretary.

U.S. DEPARTMENT OF STATE,
Washington, DC, October 26, 1989.
To: The Secretary.
Subject: The Iraqi CCC Program.

ISSUE FOR DECISION

Whether to push for a full CCC program for Iraq.

ESSENTIAL FACTORS

Over the last five years USDA's Commodity Credit Corporation (CCC) has guaranteed some \$4 billion in loans for U.S. agricultural exports to Iraq under its GSM program, which Iraq so far has repaid on schedule. This year, concern over possible Iraqi involvement in the scandal in the Atlanta branch of Italy's Banco Nazionale del Lavoro (BNL) caused USDA to withdraw its first, billion-dollar offer for FY 90 and put forward instead an "interim" program for \$400 million. The Iraqis, believing so large a reduction would be widely viewed as a U.S. vote of no-confidence in their economy, rejected the 400 million. They hope we will come back of-

fering the full program but also have begun to hedge their bet by looking into other sources of supply. Tariq Aziz raised the issue with you on October 6, and you promised to look into it personally.

Earlier this month, the President signed NSD-26, mandating pursuit of improved economic and political ties with Iraq. Since last year's cease-fire in the Gulf War, trade has become the central factor in this relationship. Iraq is now our ninth largest customer for agricultural commodities, and the U.S. is Iraq's largest supplier of non-military goods. Iraq has signalled the importance it places on the relationship by giving first priority to repaying CCC-guaranteed loans at a time when it faces severe financial difficulties. (Treasury and the Fed cite these difficulties—Iraq has failed to make some payments on its \$30-40 billion debt to non-Arab creditors—in opposing any FY 90 CCC program for Iraq.) Our ability to influence Iraqi policies in areas important to us, from Lebanon to the Middle East peace process, will be heavily influenced by the outcome of the CCC negotiations.

USDA has looked into the BNL investigation and *** has spoken with USDA and independently with the U.S. attorney's office in Atlanta. *** believes the investigation is largely focussed on widespread, systematic banking fraud by persons working for BNL or under consulting relationships with BNL. It may also involve several high Iraqi officials, though this is unclear. USDA, which has come under pressure from U.S. exporters, is prepared to reopen talks with Iraq, but leans toward a partial offer. We doubt the Iraqis would accept this, unless it includes a U.S. commitment to complete the program early next year. In view of the evidence available, *** believes that, to wall off a FY 90 CCC program from the BNL investigation, it is sufficient to exact Iraq's promise to cooperate in the investigation into past practices and to cooperate with USDA in establishing monitoring procedures and safeguards for future deliveries. The CCC contract could be discussed as a full program but include built-in, periodic reviews and related disbursement in tranches to ensure Iraqi compliance with CCC obligations and cooperation with the BNL investigation. In this regard, Tariq Aziz responded positively to your message of October 23 and—in an unprecedented step for Iraq—promised Ambassador Glaspie full cooperation in the BNL investigation. To date, no investigating agency has asked Iraq for help.

DISCUSSION OF OPTIONS

There is no point in going back to the Iraqis with a partial program they have already rejected, especially when it seems clear they would accept reviews and other reasonable safeguards. Offering a program of up to \$1 billion would strengthen relations with Iraq, in line with NSD-26, and help U.S. exporters. *** favor. *** first instinct is to give USDA leeway in negotiations, but *** supports on commercial grounds a program with safeguards, made available in tranches, that could go up to the full amount.

RECOMMENDATION

That you telephone Clayton Yeutter to urge that we go forward rapidly with a CCC program, with safeguards and to be made available in tranches, that could go up to the full \$1 billion, provided the review process turns up no evidence of Iraqi wrong doing. Talking points attached.

TALKING POINTS

The CCC program is crucially important to our bilateral relationship with Iraq. We strongly support your effort to reinstitute it.

Obviously we should not go forward with the program if we have substantial evidence of a pattern of serious violations of U.S. law by high-ranking Iraqi officials. Our information about the investigation indicates that the prosecutor does not now intend to indict Iraqi officials.

On foreign policy grounds, we support a program of up to one billion, released in tranches, with periodic compliance reviews.

Given the allegations, we believe safeguards should be built in to ensure the alleged problems do not recur.

The Iraqi Foreign Minister, with whom I talked, has now pledged Iraq's cooperation with the investigation.

My legal adviser, Abe Sofaer, is prepared to work with USDA's lawyers to secure Iraqi cooperation in developing adequate safeguards for the Iraq CCC program.

With safeguards, I hope we can get this important program back on track quickly.

FUNCTION AND COMPOSITION OF THE NATIONAL ADVISORY COUNCIL

The National Advisory Council (NAC) was established by statutory authority to advise the President on general policy directives for the International Monetary Fund, the multilateral development banks, the Export-Import Bank and other agencies that participate in making foreign loans or engage in foreign financial, exchange or monetary transactions. It is composed of the Secretary of the Treasury, who is chairman of the Council; the Assistant to the President for Economic Affairs, who is Deputy Chairman; the Secretary of State; the U.S. Trade Representative; the Secretary of Commerce; the Chairman of the Board of Governors of the Federal Reserve System; the Chairman of the International Development Cooperative Agency; and the President of the Export-Import Bank. By Executive Order, the President has delegated to the Secretary of the Treasury most of the functions and responsibilities conferred on him in the setting up of the NAC.

In practice, the NAC meets weekly at the working level and generally makes its recommendations on the basis of a majority vote of the seven members routinely in attendance (Treasury, State, the Fed, AID, USTR, Commerce and EXIM). In cases in which the NAC cannot or prefers not to make a decision, or on the strong request of one of its members, consideration may be moved up to the policy level through the convening of an NAC alternates' Meeting.

TALKING POINTS FOR CALLS TO TREASURY AND OMB

The CCC program is crucially important to our bilateral relationship with Iraq. State strongly supports action by the Alternates' meeting to approve the new program proposed by USDA.

We realize that Iraq has had problems paying its debts recently. However, the Iraqi economy survived the war in surprisingly good shape, and Iraq sits atop immense oil reserves. Its record on repayment of CCC-guaranteed loans is spotless.

Obviously, we should not go forward with the program if we have substantial evidence of a pattern of serious violations of U.S. law by high-ranking Iraqi officials. However, the most recent available information about the BNL investigation indicates that the prosecutor does not now intend to indict Iraqi officials.

On foreign policy grounds, we support a program of up to one billion, released in tranches, with periodic compliance reviews. These safeguards should protect us if problems are uncovered in the future and help assure Iraqi cooperation in the investigation.

Given the allegations, we believe safeguards should be built in to ensure the alleged problems do not recur.

The Iraqi Foreign Minister has promised the Secretary Iraqi cooperation with the BNL investigation.

With safeguards in place, we can get this important program back on track.

I urge that the NAC Alternates Meeting be convened as soon as possible to approve the full program of CCC credit guarantees, with safeguards, proposed by USDA for Iraq.

NATIONAL ADVISORY COUNCIL DEPUTIES MEETING, NOVEMBER 8, 1989

Treasury representative opened the meeting by stating that there were two issues that should be addressed with respect to the proposed extension of new CCC guarantees to Iraq in FY 1990: (1) the question of Iraqi creditworthiness and (2) the implications of the Banca Nazionale del Lavoro (BNL) investigation and the uncertainties it created for the proposed program for Iraq. He stated that the proposed FY 1990 program should be evaluated, first, on the basis of the agencies' judgment that the 1990 program was a responsible action from a programmatic standpoint, and, second, from the standpoint of having to defend the program to a hostile Congressional committee or the media if a worst case scenario—involving criminal conduct in connection with the program on the part of banks, exporters, or the Iraqis—came about. He indicated that this possible worst case scenario should be weighed against the agricultural, trade, and foreign policy considerations involved in a decision on whether to proceed with the program. He then referred the meeting participants to two background papers prepared by Agriculture which outlined 1) the status of the BNL investigation and 2) a country risk analysis of Iraq, and asked Agriculture for his comments.

Agriculture representative noted that the BNL investigation had, thus far, resulted only in allegations of violations and that the Department of Agriculture representative had advised the Department in writing that there was not an evidentiary basis for withholding approval of a new CCC transaction with Iraq. Furthermore, he said, many of these alleged violations were internal BNL bank matters not associated with the management of the GSM program for Iraq. He added that while eventually it might be proven that certain BNL bank officers had been engaged in violations of the banking laws, such possible violations would not necessarily implicate Iraqi officials or others directly connected with the CCC program. These possibilities had to be weighed against the value of one billion dollars in export sales—to a country, he noted, that accounted for 20 percent of all U.S. rice exports and was the tenth largest U.S. agricultural export market. He said that in his view the benefits of approving the program far exceeded the risks.

The Department of Agriculture continued by noting that Iraq normally entered the market at that time of the year. He added that the United States was already five weeks late in its export credit negotiations with Iraq, and, accordingly, there was a risk of our losing the market for our exports.

As to a worst case scenario, Agriculture representative said that his position would be that, based on all available evidence, the

decision to go ahead with the GSM program was appropriate and correct. He stated that in this country innocence is assumed until proven otherwise and it was therefore improper to penalize the Iraqis for unproven allegations. Noting that the one billion dollar program was to be offered in two tranches, he suggested that if wrongdoing on the Iraqis' part were proven, the unused portion of the first tranche could be withdrawn and the second tranche not released. He summarized by noting that he had to make immediate buying decisions, and that third parties were willing to fill these agricultural needs at the expense of U.S. exporters. He concluded that there was a strong need to move ahead expeditiously with a FY 1990 GSM program for Iraq.

Department of State representative stated that his comments reflected the views of State, who believed that the GSM program in Iraq was crucial to the U.S. bilateral relationship with Iraq. He noted that in "National Security Decision 26" the President had called for improvement of the U.S. relationship with Iraq, and bilateral trade expansion offered a good means to achieve that end. He noted that Iraq was key to the achievement of our objectives in the Middle East, the Gulf, and Lebanon. To abruptly terminate the GSM program in Iraq would, he said, clearly run counter to the President's intention and would, furthermore, cause a deterioration in our relationship with the Iraqis. Any such deterioration, he contended, would create difficulties in ongoing discussions on other issues, e.g., the Middle East peace process, human rights, and proliferation of missile and chemical weaponry. He noted that Treasury had called to express its support for an ongoing GSM program in Iraq. He also noted that the Iraqi Foreign Minister had given assurances that Iraq would cooperate fully with the investigation. Finally, he stated that, despite possible future revelations, overwhelming foreign policy considerations led him to urge support of the proposal, based on information available at that time.

OMB representative said that, while he was aware that OMB was not a voting member of the NAC, his agency's mandate to oversee the management of Government programs had led him to request an interagency review of the GSM-Iraq program. He applauded Agri for bringing a potential problem to the attention of OMB, stated that he was satisfied that the allegations had been taken seriously, and indicated that he did not want to express an opinion on the issue. Noting that the decision on approval of the program would involve a balancing of risks, he expressed confidence that the eventual outcome would be prudent and correct.

Department of Commerce representative, noting Iraq's large external debt and questions surrounding its creditworthiness, voiced an uneasiness with the proposed program. However, noting the foreign policy concerns of State and the large export market that Iraq represented, he said that Commerce did not want to obstruct the proposal. In response to a question from Treasury, he said that his agency was not opposed to the program but felt that tranching and other safeguards were necessary.

Eximbank representative said that he viewed the NAC as a forum for consideration of political, not country creditworthiness, issues. He noted Eximbank had supported the CCC on its Iraq proposal in the past and would do so at this meeting. He also noted that Eximbank was currently open in Iraq with a short-term \$200 million revolving line

of credit. The Iraqis, he said, were currently delinquent by \$12 million as of September 30, 1989, and Eximbank, therefore, would be reluctant to expand its exposure from the short-term facility.

AID/IDCA representative stated that since AID/IDCA was not active in Iraq, his agency had no position on the current proposal.

Federal Reserve Representative stated that, despite assurances on several points gained from the Agriculture Department papers, there was still more about the BNL affairs that had yet to be brought to light. He said that he was reassured, however, that the investigation had not yet revealed culpability on the part of the Iraqis. Nevertheless, he cautioned, it would be unrealistic to think that the entire BNL affair would be settled before the second tranche was released sometime in 1992.

Furthermore, Federal Reserve said, the BNL affairs notwithstanding, there was still the question of credit risk with respect to Iraq. While he stated that he understood the need to make a sale to a customer, it was just as important that the customer pay. He cautioned that extending 20 percent of the CCC's guarantee authority for a fiscal year to one country was not desirable in terms of risk management—especially when that country was engaged in unilateral debt reschedulings. Finally, noting the foreign policy considerations brought forward by State, Federal Reserve said that he, too, did not want to be obstructionist, but had reservations about a one billion dollar program.

U.S. Trade Representative stated that, while this transaction was risky from both the creditworthiness and domestic and international political angles, he thought it was reasonable to proceed, given the safeguards discussed.

Treasury representative, in summarizing the sense of the meeting, indicated that absent compelling agricultural export and foreign policy interests this proposed program probably would not go forward. He stated further that the Committee's deliberations had been valuable insofar as they facilitated: 1) acknowledgement of the risks of proceeding with the proposed program for Iraq in the face of uncertainties as to the potential for future revelations of wrongdoing; 2) clarification of the point that resolution of the issue required a balancing of foreign policy and agricultural export interests; and 3) establishment of a record that showed that the risks involved in the transaction had been recognized and that the strong advice of the State and Agriculture had been that we should proceed. Thus, in the worst scenario, it could be shown that the NAC agencies had taken prudent steps to protect the integrity of the program. He then offered a number of suggestions as to actions that might be taken.

Agriculture representative responded that he agreed that building a record was appropriate and supported the suggestions that Treasury had made. Agriculture indicated that it should be recognized that there are significant controls in place and that the problems with BNL had been uncovered and disclosed to OMB because of them. NSC strongly seconded Agriculture point.

Treasury observed that the Middle East peace process was at a vital point and proceeding quickly with the proposed program would be helpful in that context. He added that he approved of the approach Treasury had suggested.

Based on the foregoing discussion, including the points suggested by Treasury that were subsequently accepted and reduced to

writing (see attached), the NAC Deputies agreed that Agriculture should go forward with a FY 1990 GSM program for Iraq in up to two tranches of export credit guarantees, with each tranche not to exceed \$500 million.

SUMMARY OF AGREED POINTS IN NAC DEPUTIES MEETING ON PROPOSED CCC PROGRAM FOR IRAQ, NOVEMBER 8, 1989

1. The Agriculture Department will designate senior officials to monitor the Iraq program through appropriate channels.

2. The Agriculture Department will suspend its program under specified conditions and will ensure the full cooperation of the government of Iraq in uncovering and dealing with any wrongdoing in connection with the program.

3. The Agriculture Department has reviewed the existing GSM procedures and is installing additional safeguards or controls needed to tighten the monitoring and enforcement of its guarantee programs and to raise the probability that irregularities will be detected at an early stage.

4. The State Department and Agriculture will send, for the record, letters to the Secretary of the Treasury, in his capacity as chairman of the NAC, outlining the agricultural, trade, and foreign policy reasons which make it important to proceed with the CCC program for Iraq.

5. Prior to commitment of a second tranche under the Iraq program, the Agriculture Department will submit a written report to the NAC detailing:

(a) the nature and operation of the safeguards and controls established in connection with the Iraq program in particular;

(b) the steps taken to tighten the monitoring and enforcement of its export credit guarantee programs; and

(c) developments in the investigations of the BNL scandal.

Any significant developments with respect to the BNL investigations that may have ramifications for the Iraq program will be reported to the NAC as soon as they become known.

DEPARTMENT OF STATE,
Washington, DC, June 12, 1984.

NEA Subject: Eximbank Financing for Iraqi Export Pipelines.

Attached is a background paper, prepared at the request of the Vice-President's staff, on the status of the proposed Iraqi oil export pipelines and suggested talking points for possible use by the Vice President in calling Eximbank Board Chairman William Draper concerning Exim financing.

CHARLES HILL,
Executive Secretary.

BACKGROUND PAPER: STATUS OF IRAQI EXPORT PIPELINES

Iraq has agreement in principle with both Jordan and Saudi Arabia to build separate oil export pipelines and has asked U.S. firms to take the lead in both projects. Both are moving forward slowly, however, because of delays in arranging financing as well as some apparent indecision on the part of the Iraqi and Saudi Governments.

Bechtel has detailed financial and technical discussions with an Iraq-Jordanian Joint Commission on the \$1 billion 1 million barrel per day line to Aqaba. Recently, the Commission asked Bechtel to revise its proposal and maximize U.S. official and private participation and present the new version by June 25. In keeping with this request, Bechtel has now applied to Eximbank for a preliminary commitment of financing for up to

\$570 million in U.S. goods and services and has urged Exim to act on this request at its June 19 Board meeting (Eximbank would cover 85 percent of the amount, or up to about \$500 million.) Bechtel is seeking financing for most of the remainder from Eximbank's French and British counterparts.

The Iraqi-Jordanian effort to maximize U.S. participation is in part due to concerns over possible Israeli interference with the planning, construction and operation of the line, which would terminate within a few miles of the Israeli port of Eilat. We have advised the Israelis of our interest in seeing this line operate and they have raised no military or political objections, but have noted the need for adequate environmental safeguards.

Iraq has also publicly and privately described this project as a major test of U.S. intentions toward it. Jordan enthusiastically supports this project which would provide additional employment and continuing revenues.

In the case of the proposed link to the Saudi East-West pipeline, Brown & Root has a contract with Iraq to design and manage this \$800 million 500,000 b/d project. The company has prepared an application for Exim financing of its \$35 million service contract but has delayed submitting it while it attempts to meet an Exim request for external, i.e., Saudi, guarantees. Construction of this line presents a number of potential problems to the Saudis and their commitment to it appears lukewarm at best; while they have not obstructed preliminary work, they have also not facilitated it, and there has been no sign of Saudi government willingness to provide financing.

Eximbank support is likely to be a crucial component, particularly for the Aqaba line. Exim's policy to date has been to disapprove medium and long term financing for U.S. goods and services for Iraq in the absence of external security arrangements because of doubts regarding repayment prospects. Following recent discussions with Exim Chairman Draper and his staff, however, Bechtel believes they are favorably disposed towards the project and Bechtel's application, which would include only about \$50 million in Iraqi risk with the remainder backed by a Jordanian government guarantee. (All of Brown & Root's request would be for Iraqi risk.) The Aqaba project would be one of the largest single commitments ever made by the Bank and would far exceed its current exposure in Jordan.

While expressions of interest and support made to Eximbank at this time would necessarily focus on Bechtel's application regarding the line to Aqaba, we do not regard the two projects as mutually exclusive. Both would be beneficial.

Given the importance of these projects to our overall policies in the region, Deputy Secretary Dam is calling Mr. Draper to reiterate our foreign policy interests. (The Secretary has not been involved because of his previous association with Bechtel.) We understand that National Security Advisor McFarlane may also call Draper. A call by the Vice President would be particularly useful in confirming the Administration's support for these projects. (Suggested talking points for such a call are attached.)

TALKING POINTS: EXIM FINANCING FOR IRAQI PIPELINES

The war between Iraq and Iran directly affects our vital interests in the Middle East and particularly in the Persian Gulf.

Our objective is to bring the war to a negotiated end in which neither belligerent is dominant and the sovereignty of both is preserved. We believe that victory by either side would have a serious destabilizing effect on the region.

At the present time, Iran is the intransigent party, unwilling to negotiate in part because it believes it can win in a war of attrition. We must therefore seek means to bolster Iraq's ability and resolve to withstand Iranian attacks as well as to convince Iran that continuing hostilities are useless.

One such means would be the early initiation of construction and rapid completion and operation of additional export pipelines for Iraq's large oil reserves.

Eximbank could play a crucial role in our efforts in the region. Early and favorable action on applications for Exim financing for these pipeline projects would be clear and very welcome evidence of U.S. commitment to these objectives.

U.S. suppliers of services and equipment would benefit and with the completion of these pipelines, we would be less dependent on oil shipped through the Persian Gulf.

Finally, operation of a pipeline to Aqaba could contribute to stability in the region by promoting at least tacit cooperation in the region.

DEPARTMENT OF STATE,
Washington, DC, March 16, 1983.

To: The Secretary.

From: EB—Richard McCormack.

Subject: U.S. Credit Possibilities for Iraq.

ISSUE FOR DECISION

Whether to approve the attached cable (Tab A) outlining the limited possibilities for U.S. financial support for exports to Iraq.

ESSENTIAL FACTORS

In your February 14 meeting with Iraqi Minister of State Hammadi you undertook to provide Iraq information on official U.S. financing possibilities in support of U.S. exports to Iraq.

Iraq's financial position has gradually worsened since the beginning of the war in 1980 and is likely to grow more serious over the next six months. With reduced, although still substantial, aid from the Gulf, Iraq faces a current account short-fall of as much as \$10 billion this year. This situation undoubtedly motivated Hammadi to mention to you that the U.S. should consider providing credits, loans and technical cooperation to support U.S. exports to Iraq, which have approached one billion dollars in each of the past two years.

ANALYSIS OF OPTIONS

There are two possibilities for U.S. official credit for Iraq: (a) Eximbank programs; (b) CCC blended credits or guarantees for agricultural exports. Secondly, the U.S. attitude in the IMP could affect Iraq's ability to obtain access to IMP resources. Finally, although commercial bank financing is beyond USG control, we could take some minor steps in support of Iraq's prospects in private credit markets.

A. Eximbank Programs

Eximbank is discouraging the few inquiries from U.S. exporters regarding Iraq because of the war's effect on Iraq's economy. This decision was based upon the Export-Import Bank Act requirement that there be "a reasonable assurance of repayment". Other official credit agencies have informed Exim of payment and contract problems.

Equally problematic is section 520 of the Foreign Assistance Appropriations Act of

1979 which prohibits Eximbank funding to any government which harbors terrorists. L has concluded that if an Iraqi government entity were involved in an Eximbank transaction, then the question of whether Iraq was harboring terrorists would have to be decided. However, an area of ambiguity exists with respect to the issuance of FCIA insurance for the benefit of a U.S. exporter or U.S. bank where the importer is a private foreign national.

Section 520 language originated in a 1977 amendment proposed by Senator Heinz. With the Eximbank Act up for renewal this year, a section 520 case, on the heels of a Chafee Amendment determination for Argentina, could galvanize Congressional support to circumscribe the Administration's flexibility to ensure that Exim loans are consistent with our foreign policy. Because Heinz will be a key Senator on the Eximbank renewal we would hope to avoid a section 520 case. Given legislative requirements and Congressional sensitivity, we have asked Eximbank to refer any applications involving Iraq to State before taking action.

B. CCC Blended Credit Program

Based in part on the opinion of the AID General Counsel's office, L has concluded that there are no FAA or other pertinent statutes which specifically bar a CCC program for Iraq. In December, USDA approved \$210 million in CCC credit guarantees for Iraqi imports of U.S. agricultural exports. State successfully opposed a proposal to raise the quantity of wheat in the package (and increase the total package to \$250 million), citing the need to avoid further angering Canada, a non-subsidizing exporter of wheat. Canada has complained that our blended credit package with Iraq has affected their non-subsidized cash wheat market there. Although Agriculture has received Iraqi assurances that they will purchase the minimum amounts of Canadian wheat required under the long term agreement with the GOC, the Canadians have told us that the Iraqis have not signed any new contracts for wheat deliveries for this year and that old contracts also have not been picked up. We can expect further protest from Ottawa.

C. U.S. Vote in the IMF

IMF assistance may be appropriate for Iraq's current balance of payment problems. We could give no blanket commitment to support Iraqi applications, since our decisions are made on the viability of individual loans. Furthermore, legislation requiring that we "work in opposition" to any extension of IMF financial or technical assistance to any country that harbors terrorists would be an additional constraint. For these reasons and because we would not want Iraq to tell the IMF the U.S. in any way suggested it approach the Fund, we have not included this subject in the cable.

D. Commercial Financing

The Iraqis probably doubt disclaimers that the USG cannot swing loans for Iraq through friends in the private sector. We might remind the Iraqis that the private sector takes into account the state of political relations in making its credit determinations. We could offer to arrange consultations between Iraqi government financial officials and U.S. government and private international financial experts.

RECOMMENDATION

That you approve the attached cable which instructs U.S. Interest Section Chief Eagleton to inform the Iraqis what we have done on CCC credits, explains the constraints on

Eximbank credits to Iraq and reiterates that the U.S. private sector is influenced by the overall state of our relations.

HOUSING CREDIT KEY TO ECONOMIC GROWTH PACKAGE

The SPEAKER pro tempore (Mr. HUBBARD). Under a previous order of the House, the gentleman from Florida [Mr. STEARNS] is recognized for 5 minutes.

Mr. STEARNS. Mr. Speaker, perhaps no element of President Bush's economic growth package was better received by the American public than his proposal to extend a refundable \$5,000 tax credit to first-time home buyers. It was the type of commonsense, growth-oriented proposal needed to reinvigorate our Nation's economy. The housing market has led the American economy out of every recession in the post-war era, and we should be encouraged by the 5.6-percent increase in housing starts reported this January. This current expansion is promising, but the refusal of the leaders of the House of Representatives to include the housing credit in their tax legislation could smother hopes for recovery.

Millions of Americans will profit by establishing this incentive. After decades of increases, home ownership rates have stopped growing since the late 1970's. For Americans under age 39, home ownership rates declined by 10 percent since 1980. Older Americans often cannot find buyers for their homes and are unable to take advantage of their lifelong investment. And, millions of middle-age Americans are caught in between: With children who have difficulty getting started and parents unable to survive on fixed incomes. By passing a reasonable tax incentive for first-time home buyers, the Federal Government can improve mobility in the housing market and lessen the affordability burden on working Americans.

Creating this stimulus for first-time home buyers makes economic, fiscal, and social sense.

In Florida, construction employment has declined by 15.7 percent since December 1990. Nationally, housing production was at its lowest point in 1991 since World War II. The construction industry has broad impact in almost every sector of the economy—manufactured goods, retail and wholesale trade, real estate, and finance. By attacking unemployment with free-market incentives that directly improve Americans' lives, we can jump start the economy without spending our children further into debt. The \$5,000 tax credit is an especially appropriate response to the affordable housing crisis since the most difficult obstacle to overcome for first-time home buyers usually is saving for a downpayment.

Of course, no major change in our Tax Code should be considered without

closely evaluating its effect on the Federal budget deficit. A tax credit targeted at a high-growth area such as new home construction will produce \$2.11 in economic activity for every dollar invested according to the School of Building Construction at the University of Florida. That will more than offset the revenue foregone by the Federal Government.

However, Congress should not rely exclusively on economic growth to close the budget deficit. We must cut wasteful spending. President Bush has recommended eliminating 246 programs, but that is just a start. The President needs a line-item veto to eliminate the searches for space aliens—yes, we actually spend money for that—and multimillion-dollar bike paths. Then we can direct our responses toward programs like the home buyers tax credit that truly benefit Americans.

Finally, we must consider the social impact of this proposal. If a good job is the greatest social program, a good home is a close second. Home ownership provides stability and increases the sense of community under which the American family has flourished. Stable communities provide a powerful core to allow Americans to fight crime and drug abuse in their neighborhoods while promoting education, responsibility, and social involvement. As young families have had to push back their dreams of owning a home, these advantages have been denied their children. Worse yet, the lack of affordable housing has moved families further away from the workplace, increasing congestion and pollution, and decreasing the amount of time they can spend with their children. These families, facing ever-increasing demands on their time and money, are the targets of the \$5,000 tax credit.

Any good economic package must include the tax credit for first-time home buyers. But most of all, Congress must recognize that economic growth and not economic redistribution is the key to an economic turnaround. That is the message American families want to hear.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. GONZALEZ) to revise and extend their remarks and include extraneous material:)

Mr. ANNUNZIO, for 5 minutes, today.

Mr. DORGAN of North Dakota, for 60 minutes, today.

Mr. GONZALEZ, for 60 minutes, today and 60 minutes, on March 3, 9, 12, 16, 19, 23, 26, and 30.

Mr. MARTINEZ, for 5 minutes, on March 3.

Mr. McDERMOTT, for 30 minutes, on March 4.

Mr. HOAGLAND, for 30 minutes, on March 3.

Mr. HOYER, for 5 minutes, today.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

(The following Members (at the request of Mr. GOSS) and to include extraneous matter:)

Mr. CUNNINGHAM.

Mr. BARTON of Texas.

Mr. MICHEL.

Mr. GINGRICH.

(The following Members (at the request of Mr. GONZALEZ) and to include extraneous matter:)

Mr. ANDERSON in 10 instances.

Mr. GONZALEZ in 10 instances.

Mr. BROWN in 10 instances.

Mr. ANNUNZIO in six instances.

Mrs. LLOYD in 10 instances.

Mr. HAMILTON in 10 instances.

Mr. DE LA GARZA in 10 instances.

Mr. MFUME.

Mr. FOGLIETTA.

Mr. EDWARDS of California.

Mr. HOYER.

BILLS PRESENTED TO THE PRESIDENT

Mr. ROSE, from the Committee on House Administration, reported that that committee did on the following dates present to the President, for his approval, bills of the House of the following title:

On February 26:

H.R. 355. An act to provide emergency drought relief to the reclamation States and for other purposes;

H.R. 476. An act to designate certain rivers in the State of Michigan as components of the National Wild and Scenic Rivers, and for other purposes;

H.R. 543. An act to establish the Manzanar National Historic Site in the State of California, and for other purposes; and

H.R. 3866. An act to provide for the designation of the Flower Garden Banks National Marine Sanctuary.

On February 27:

H.R. 2212. An act regarding the extension of most-favored-nation treatment to the products of the People's Republic of China, and for other purposes.

ADJOURNMENT

Mr. GONZALEZ. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 2 o'clock and 10 minutes p.m.), the House adjourned until tomorrow, Tuesday, March 3, 1992, at 12 noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from

the Speaker's table and referred as follows:

2946. A letter from the Secretary of Agriculture, transmitting a draft of proposed legislation to amend the act of August 30, 1890, and the act of March 4, 1907, to eliminate the provisions for permanent annual appropriations to support land grant university instruction in food and agricultural sciences; to the Committee on Agriculture.

2947. A letter from the Adjutant General, the Veterans of Foreign Wars of the United States, transmitting proceedings of the 92d national convention, pursuant to 36 U.S.C. 118 and 44 U.S.C. 1332 (H. Doc. No. 102-195); to the Committee on Armed Services and ordered to be printed.

2948. A letter from the Assistant Secretary for Legislative Affairs, Department of State, transmitting a report on the extent to which significant progress has been made toward ending the system of apartheid, pursuant to 12 U.S.C. 635(b)(9); to the Committee on Banking, Finance and Urban Affairs.

2949. A letter from the Administrator, Farmers Home Administration, transmitting a report on the use of private attorneys contracted to perform certain legal actions taken in connection with housing programs administered by the Farmers Home Administration; to the Committee on Banking, Finance and Urban Affairs.

2950. A letter from the District of Columbia Retirement Board, transmitting the Board's annual report for fiscal year 1990, pursuant to D.C. Code, section 1-734(a)(1)(C); to the Committee on the District of Columbia.

2951. A letter from the Acting Commissioner, National Center for Education Statistics, transmitting a copy of a report entitled, "International Mathematics and Science Assessment: What Have We Learned?"; to the Committee on Education and Labor.

2952. A letter from the Secretary of Agriculture, transmitting a draft of proposed legislation to amend the National School Lunch Act and the Child Nutrition Act of 1966 to the Committee on Education and Labor.

2953. A letter from the Secretary of Energy, transmitting the Strategic Petroleum Reserve Annual/Quarterly Report; to the Committee on Energy and Commerce.

2954. A letter from the Assistant Secretary for Legislative Affairs, Department of State, transmitting the 1992 International Narcotics Control Strategy Report, pursuant to 22 U.S.C. 2291(e)(6); to the Committee on Foreign Affairs.

2955. A letter from the Chairman, National Credit Union Administration, transmitting a report on activities under the Freedom of Information Act during calendar year 1991, pursuant to 5 U.S.C. 552(d); to the Committee on Government Operations.

2956. A letter from the First Vice President and Vice Chairman, Export-Import Bank of the United States, transmitting a report on activities under the Freedom of Information Act for calendar year 1991, pursuant to 5 U.S.C. 552(d); to the Committee on Government Operations.

2957. A letter from the Chairman, Federal Election Commission, transmitting a report of activities under the Freedom of Information Act during calendar year 1991, pursuant to 5 U.S.C. 552(d); to the Committee on Government Operations.

2958. A letter from the Administrator and Chairman, Cost Accounting Standards Board, Office of Management and Budget, transmitting the second annual report of the Cost Accounting Standards Board, pursuant to Public Law 100-679, section 5(a) (102 Stat. 4062); to the Committee on Government Operations.

2959. A letter from the Secretary of Health and Human Services, transmitting the Department's annual report of activities under the Freedom of Information Act, pursuant to 5 U.S.C. 552(d); to the Committee on Government Operations.

2960. A letter from the Secretary of Veterans Affairs, transmitting the annual report under the Federal Managers' Financial Integrity Act for fiscal year 1991, pursuant to 31 U.S.C. 3512(c)(3); to the Committee on Government Operations.

2961. A letter from the U.S. Office of Special Counsel, transmitting a report of activities under the Freedom of Information Act for calendar year 1991, pursuant to 5 U.S.C. 552(e); to the Committee on Government Operations.

2962. A letter from the Chief Judge, United States Tax Court, transmitting the actuarial reports requested for the U.S. Tax Court Judges' Retirement and Survivor Annuity Plans for the year ending December 31, 1989, pursuant to 31 U.S.C. 9503(a)(1)(B); to the Committee on Government Operations.

2963. A letter from the Deputy Associate Director for Collection and Disbursement, Department of the Interior, transmitting notice of proposed refunds of excess royalty payments in OCS areas, pursuant to 43 U.S.C. 1339(b); to the Committee on Interior and Insular Affairs.

2964. A letter from the Secretary, Department of Commerce, transmitting the annual report on the effect of process patent amendments on domestic industries, pursuant to 35 U.S.C. 271 note; to the Committee on the Judiciary.

2965. A letter from the Director, Administrative Office of the U.S. Courts, transmitting a draft of proposed legislation entitled, "The Federal Courts Improvements Act"; to the Committee on the Judiciary.

2966. A letter from the Secretary, U.S. Naval Sea Cadet Corps, transmitting the annual audit report of the Corps for the year ended December 31, 1991, pursuant to 36 U.S.C. 1101(39), 1103; to the Committee on the Judiciary.

2967. A letter from the Administrator, General Services Administration, transmitting a copy of a building project survey for Orlando, FL, pursuant to 40 U.S.C. 606(a); to the Committee on Public Works and Transportation.

2968. A letter from the Secretary of Veterans Affairs, transmitting a draft of proposed legislation to amend title 38, United States Code, to make permanent the authority to collect reimbursement from health insurers and others for nonconnected veterans; to the Committee on Veterans' Affairs.

2969. A letter from the Secretary of Veterans Affairs, transmitting a draft of proposed legislation to amend title 38, United States Code, to target entitlement for vocational rehabilitation benefits under chapter 31 to veterans with service-connected disabilities rated 30 percent or more; to adjust the basic military pay reduction for chapter 30 Montgomery GI Bill participants in proportion to the increased amount of assistance provided under such chapter; and for other purposes; to the Committee on Veterans' Affairs.

2970. A letter from the Secretary of Veterans Affairs, transmitting a draft of proposed legislation to amend title 26 and 38, United States Code, to make permanent certain income-verification and pension provisions of the Omnibus Budget Reconciliation Act of 1990; jointly, to the Committees on Veterans' Affairs and Ways and Means.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

[Omitted from the Record of February 27, 1991]

Mr. FORD of Michigan: Committee on Education and Labor. H.R. 3553. A bill to amend and extend the Higher Education Act of 1965; with an amendment (Rept. 102-447). Referred to the Committee of the Whole House on the State of the Union.

[Submitted March 2, 1991]

Mr. MILLER of California: Committee on Interior and Insular Affairs. S. 996. An act to authorize and direct the Secretary of the Interior to terminate a reservation of use and occupancy at the Buffalo National River; and for other purposes (Rept. 102-448). Referred to the Committee of the Whole House on the State of the Union.

Mr. MILLER of California: Committee on Interior and Insular Affairs. H.R. 2321. A bill to establish the Dayton Aviation Heritage National Historical Park in the State of Ohio, and for other purposes; with an amendment (Rept. 102-449). Referred to the Committee of the Whole House on the State of the Union.

Mr. PANETTA: Committee on the Budget. House Concurrent Resolution 287. Concurrent resolution setting forth the congressional budget for the U.S. Government for the fiscal years 1993, 1994, 1995, 1996, and 1997 (Rept. 102-450). Referred to the Committee of the Whole House on the State of the Union.

PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. ANDREWS of New Jersey:

H.R. 4354. A bill to amend the Federal Law Enforcement Pay Reform Act of 1990 to provide that Federal police officers be treated in the same way as other Federal law enforcement officers for purposes of that act; to the Committee on Post Office and Civil Service.

By Mr. LEVINE of California:

H.R. 4355. A bill to provide financial assistance to eligible local educational agencies to rebuild America's schools; to the Committee on Education and Labor.

H.R. 4356. A bill to increase the safety of America's schools; jointly, to the Committees on Education and Labor and the Judiciary.

H.R. 4357. A bill to amend the Federal Property and Administrative Services Act of 1949 (40 U.S.C. 471, et seq.) to establish the National Education Property Board, and for other purposes; jointly, to the Committees on Government Operations and Education and Labor.

MEMORIALS

Under clause 4 of rule XXII, memorials were presented and referred as follows:

332. By the SPEAKER: Memorial of the Legislature of the Commonwealth of Puerto Rico, relative to Democratic Rights; to the Committee on Interior and Insular Affairs.

333. Also, memorial of the Senate of the Commonwealth of Pennsylvania, relative to

the Water Quality Act of 1987; to the Committee on Merchant Marine and Fisheries.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

Mr. EDWARDS of Oklahoma introduced a bill (H.R. 4358) for the relief of Marguerite Kordahi, May Kordahi, Nouhad Kordahi, and Souad Natet Kordahi; which was referred to the Committee on the Judiciary.

ADDITIONAL SPONSORS

Under clause 4 of rule XXII, sponsors were added to public bills and resolutions as follows:

H.R. 78: Mr. HOBSON, Mr. EWING, and Mr. DREIER of California.

H.R. 299: Mr. BURTON of Indiana and Mr. PACKARD.

H.R. 328: Mr. SOLOMON.

H.R. 720: Mr. ENGLISH.

H.R. 784: Mr. ALLEN.

H.R. 1306: Mr. JEFFERSON.

H.R. 1472: Mr. COMBEST and Mr. FIELDS.

H.R. 2336: Mr. ATKINS.

H.R. 2361: Mr. PETERSON of Florida and Mr. KLUG.

H.R. 3173: Mr. PETERSON of Florida.

H.R. 3369: Mr. JOHNSON of South Dakota.

H.R. 3878: Mr. APPELGADE, Mr. BLACKWELL, Mr. BRUCE, Mr. DIXON, Mr. DOWNEY, Mr. DURBIN, Mr. DYMALLY, Mr. FLAKE, Mr. FOGLIETTA, Mr. FROST, Mr. HAYES of Illinois, Mr. HOCHBRUECKNER, Mr. LIPINSKI, Mr. MOLLOHAN, Mr. PETERSON of Minnesota, Mr. SAVAGE, Mr. STAGGERS, Mr. STOKES, Mrs. UNSOELD, Mr. WEISS, and Mr. WILSON.

H.R. 4028: Mr. SMITH of Oregon, Mr. TAYLOR of Mississippi, Mr. WEBER, Mr. KOLTER, Mr. JEFFERSON, Mr. LAGOMARSINO, Mr. EMERSON, Mr. BUNNING, Mr. GILCHRIST, Mr. ATKINS, Mr. DE LA GARZA, Mr. RITTER, Mr. SPENCE, and Mr. TRAFICANT.

H.R. 4163: Mr. GUARINI, Mr. WALSH, and Mr. HAYES of Louisiana.

H.R. 4168: Mr. LANTOS.

H.R. 4220: Mr. FROST and Mr. HAMILTON.

H.R. 4277: Mr. EDWARDS of California and Mr. AUCOIN.

H.R. 4315: Mr. STEARNS, Mr. PORTER, Mr. ALLARD, and Mr. HEFLEY.

H.R. 4341: Mr. RHODES and Mr. ROHRBACHER.

H.J. Res. 81: Mr. ROTH.

H.J. Res. 293: Mr. REED, Mr. RICHARDSON, Mr. STUMP, Mr. LAGOMARSINO, Mr. ORTON, Mr. MATSUI, Mr. HOAGLAND, Mr. FOGLIETTA, Mr. SHARP, Mr. ANTHONY, Mr. GILMAN, Mr. SCHEUER, Mr. COOPER, Mr. RIGGS, Mr. GILCHRIST, Mr. KILDEE, Ms. HORN, Mr. DOWNEY, and Mr. WHEAT.

H.J. Res. 334: Mr. DORNAN of California.

H.J. Res. 371: Mr. BRUCE, Mr. CAMP, Mr. LANCASTER, Mr. GUARINI, Mr. HEFNER, Mr. LAGOMARSINO, Mr. MARTINEZ, Mrs. MEYERS of Kansas, and Mr. PERKINS.

H.J. Res. 410: Mr. ECKART, Mr. BAKER, Mr. NEAL of North Carolina, Mr. HUCKABY, Mr. TALLON, Ms. KAPTUR, Mr. OBEY, Mr. VALENTINE, Mr. PRICE, Mrs. KENNELLY, Mr. HOAGLAND, Mr. DWYER of New Jersey, Mr. BRUCE, Mr. DEFazio, Mr. FROST, Mr. SERRANO, Mr. MONTGOMERY, Mr. TAYLOR of Mississippi, Mr. COYNE, Mr. ENGEL, Mr. PETERSON of Minnesota, Mr. HEFNER, Mr. LIPINSKI, Mr. SISISKY, Mr. EVANS, Mr. ROE, Mr. TORRICELLI, Mr. HUGHES, Mr. KOPETSKI, Mr.

GAYDOS, Mr. JOHNSTON of Florida, Mr. BACHUS, Mr. OBERSTAR, Mr. DE LA GARZA, Mr. TRAFICANT, Mr. THOMAS of Georgia, Mr. BARNARD, Mr. HATCHER, Mr. SIKORSKI, Mr. WHEAT, Mr. HASTERT, Mr. GEREN of Texas, Mr. BREWSTER, Mr. GONZALEZ, Mr. BLACKWELL, Mr. COBLE, Mr. MARTINEZ, Mr. CARDIN, Mr. OWENS of Utah, Mr. HARRIS, Mrs. VUCANOVICH, Mr. HUNTER, Mr. LAGOMARSINO, Mr. ZIMMER, Mr. FALEOMAVAEGA, Mr. UPTON, Mr. FAZIO, Mr. NOWAK, Mr. POSHARD, Mr.

ROBERTS, Mr. SHAW, Mr. RAMSTAD, Mr. QUILLEN, Mr. GREEN of New York, Mr. DUNCAN, Mr. GILLMOR, Mr. CAMP, Mr. MILLER of Washington, Mr. YOUNG of Alaska, Mr. BURTON of Indiana, Mr. GILCREST, Mr. GILMAN, Mr. LEHMAN of California, Mr. NICHOLS, Mr. RAVENEL, Mr. RINALDO, Mr. IRELAND, Mrs. LLOYD, Mr. GALLO, Mr. WAXMAN, Mr. BEVILL, Mr. SAXTON, Mr. JACOBS, Mr. HYDE, Mr. CLINGER, Ms. SNOWE, Mr. McGRATH, Mr. SMITH of New Jersey, and Mr. HOUGHTON.

H.J. Res. 411: Mr. MARTIN, Mr. SCHUMER, Mr. TALLON, Mr. JOHNSON of South Dakota, Mr. SPRATT, Mr. FASCELL, and Mr. OWENS of New York.

H. Con. Res. 224: Ms. HORN, Mr. LENT, and Mr. FALEOMAVAEGA.

H. Con. Res. 246: Mr. ABERCROMBIE, Mr. CONDIT, Mr. FROST, Mr. GORDON, Mr. HOCHBRUECKNER, Mr. KLECZKA, Mr. PALLONE, and Mr. MRAZEK.

H. Res. 385: Mr. ROHRABACHER.

EXTENSIONS OF REMARKS

OPPOSITION TO THE OMNIBUS
CRIME CONTROL ACT

HON. NEWT GINGRICH

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Monday, March 2, 1992

Mr. GINGRICH. Mr. Speaker, I think that as we debate the Omnibus Crime Control Act, we should listen carefully to the views and opinions of those who are on the front line of our war on crime, those whose daily lives will be affected by the legislation which we enact.

Captain Bob Brown, as president of the Peace Officers' Association of Georgia, has recently written to me to express the unanimous opposition of the 11,000 members of his organization to H.R. 3371, the Omnibus Crime Control Act of 1991. It is their strong belief that this bill, as amended in conference, will seriously undermine law enforcement efforts at the local, State, and national levels.

The following is a list of the serious concerns which they have with H.R. 3371 in its present form. I urge my colleagues to take their views into consideration and enact a true crime control bill.

HOW THE CONFERENCE CRIME BILL WEAKENS
EXISTING LAW

Elimination of penalty for attempted assassination or kidnapping of top executive officials. Section 103(a)(9) of the conference bill amends 18 U.S.C. 1751(c) so as to eliminate the penalty authorization for attempting to kill or kidnap the President, the Vice President, and Presidential or Vice-Presidential staff, except in cases involving attempted assassination of the President that comes dangerously close to succeeding.

Increased abuse of habeas corpus. Title II of the conference bill systematically overturns the Supreme Court's habeas corpus decisions that are favorable to law enforcement, including decisions concerning retroactivity, counsel, procedural default, and deference to state court determinations.

Broadening the exclusionary rule. Title III of the conference bill weakens the "good faith" exception for searches under warrants—adopted by the Supreme Court in *United States v. Leon*, 468 U.S. 897 (1984)—by authorizing suppression of evidence in various circumstances despite officers' reasonable reliance on a magistrate's authorization of the search.

Overturning of convictions on the basis of harmless error. Title IV of the conference bill automatically requires reversal of convictions on appeal where the trial court erroneously admitted incriminating statements by the defendant, even if the independent evidence of guilt is overwhelming and it appears beyond a reasonable doubt that the error could not have affected the outcome of the trial. This overturns the Supreme Court's decisions in *Milton v. Wainwright*, 407 U.S. 371 (1972) (holding that Massiah violation was harmless error), and *Arizona v. Fulminante*, 111 S.Ct. 1246 (1991) (applying harmless error analysis to involuntary statement claim).

Repudiation of antiterrorism treaties. Sections 803-05 and 827 of the conference bill undermine international conventions that the United States has signed relating to violence at airports and violence against maritime navigation or platforms. The sections contain drastically weakened "implementing legislation" which does not fulfill the United States' obligations under the conventions.

Narrowing of laws against counterfeiting. Section 829 of the conference bill proposes an extraterritorial counterfeiting offense which is substantially narrower than the existing counterfeiting provisions (18 U.S.C. 471, 473-74) that currently apply both domestically and extraterritorially.

Prohibition of cooperation among federal agencies in administering federal grant programs. Section 1107 of the conference bill would prohibit cooperative arrangements of the Bureau of Justice Assistance (BJA) and other federal agencies in administering grant programs. This would seriously impair the federal justice assistance program by barring utilization by BJA of the expertise and resources of other federal agencies—such as the Bureau of Justice Statistics and the Office of Juvenile Justice and Delinquency Prevention—in administering funding programs within their areas of competence.

Limiting consideration of relevant factors and promotion of prisoner litigation relating to prison assignments. Section 1401 of the conference bill bars consideration of "the social or economic status" of a criminal in deciding what prison to assign him to, though such factors are legitimately relevant to assignment decisions in some cases. For example, a prisoner's social status as leader of a gang may legitimately weigh against sending him to a prison where other gang members are confined, and a prisoner's poverty (economic status) may weigh in favor of an assignment that minimizes travel expenses for his family in visiting him. Section 1401 would bar consideration of such relevant factors. It would also open up new vistas of litigation for prisoners raising allegations that their prison assignments reflected improper consideration of "social or economic status."

Repeal of rules requiring revocation of release for criminals who illegally possess drugs. Under existing rules set out in 18 U.S.C. 3565(a), 3583(g), and 4214(f), offenders on probation, supervised release, or parole who illegally possess drugs must have their release revoked and must be sentenced or returned to prison. Section 1403 of the conference bill repeals these rules in cases where the offender's illegal possession of drugs is discovered through drug testing. It contains a language which presupposes that the offender may not be imprisoned despite a positive test showing that he has possessed and used drugs.

Early release from prison of drug abusing offenders. Section 1404 of the conference bill authorizes release of offenders from prison up to a year prior to completion of the sentence imposed by the court, where the offender is a drug abuser and has gone through drug treatment in prison. This undermines the determinate sentencing system and abolition of parole enacted by the Sentencing Reform Act of 1984, reduces incapacitation

and deterrence, and unfairly gives drug abusing offenders a chance at early release which is denied to other prisoners who have not engaged in drug abuse.

Mandatory reduction of prison terms for drug abusing offenders. The current "boot camps" provision for federal offenders, 18 U.S.C. 4046, authorizes retaining in custody an offender who has completed a "boot camp" program until the end of his prison term. In contrast, §1406(c) of the conference bill mandates the immediate release of drug abusing federal offenders who are placed in boot camps on completion of a 90 to 120 day program, where the offender would otherwise be subject to incarceration for up to two years or more under the federal sentencing guidelines. (Offense level 15 offenders, who would be eligible for boot camp assignment, are subject to a guideline sentence of 18 to 24 months at the lowest criminal history category.)

Establishment of partisan commission to promote racial politics and de-incarceration policies. Section 1801 of the conference bill would establish a national commission on crime and violence with general responsibility for planning the nation's crime control efforts in the 1990's. A majority of the membership of the commission (12 out of 22) would be chosen by the Democratic leadership in Congress. The commission is directed to give "particular emphasis" to changes in correctional policy relating to the "disproportionate" incarceration of black males and other minority groups, and to consider decreased use of incarceration in favor of alternative sanctions.

Facilitation of trafficking in stolen motor vehicles and motor vehicle parts. Section 2003 of the conference bill (misnumbered 2002) eviscerates the existing law against tampering with identification numbers for motor vehicles and motor vehicle parts, 18 U.S.C. 511, by limiting liability to cases where intent to further the theft of a vehicle can be proven. For example, alteration in a chop shop of the identification numbers of stolen motor vehicles or their parts in order to facilitate fencing of the vehicle or parts would not be an offense, because the intent would not be to further the theft of a vehicle; the theft has already taken place in such a case.

MAJOR FEATURES OF CONFERENCE CRIME BILL
HABEAS CORPUS

The conference bill makes it easier for criminals to upset their convictions by overturning numerous Supreme Court decisions that are favorable to law enforcement. Offenders would be set free on the basis of rules that were initially announced years after their trials and appeals.

DEATH PENALTY

The conference bill provides procedures that would make it extraordinarily difficult to use the federal death penalty it purports to authorize. Jurors in capital murder cases would be instructed that they are free to disregard the evidence and to refrain from imposing the death penalty no matter how aggravated the crime. There would be no safeguards against the litigation abuse and delay

• This "bullet" symbol identifies statements or insertions which are not spoken by a Member of the Senate on the floor.

Matter set in this typeface indicates words inserted or appended, rather than spoken, by a Member of the House on the floor.

that has made it nearly impossible to carry out death sentence.

EXCLUSIONARY RULE

The conference bill is worse than current law in this area. Reliable evidence of guilt would be excluded in various circumstances even if the officers conducting a search reasonably relied on a warrant issued by a magistrate.

HARMLESS ERROR

The conference bill overturns Supreme Court decisions which upheld convictions if errors in the trial were harmless beyond a reasonable doubt. A criminal conviction would automatically be overturned on appeal if the trial court mistakenly admitted incriminating statements by the defendant, even if the independent evidence of guilt was overwhelming and the error could not have affected the outcome of the trial.

SEXUAL VIOLENCE AND CHILD ABUSE

The conference bill omits most of the anti-rape and anti-child abuse provisions proposed in pending bills. For example, it excludes House bill provisions that would double the maximum penalties for recidivist rapists and child molesters, increase penalties for drug sales to pregnant women, require testing of rapists for the human immunodeficiency virus (HIV) with disclosure of test results to the victim, require government payment of the cost of HIV testing for rape victims, expand restitution for rape victims and other crime victims, and correct jury selection rules that are biased against victims. It also omits a critical proposal of the President's violent crime bill to more regularly admit evidence in rape and child molestation cases that the defendant has committed offenses of the same type on other occasions.

TERRORISM

The conference bill rejects effective implementing legislation for antiterrorism treaties that both the Senate and the House of Representatives have passed. It substitutes inadequate provisions which do not meet the United States' obligations under the treaties.

PUBLIC CORRUPTION

The Senate bill contained critical tools for federal prosecutors to combat public corruption, including drug-related corruption and election fraud. These provisions have disappeared in the conference bill.

VIOLENT FIREARMS OFFENDERS

The conference bill excludes a Senate bill provision strengthening the prohibition of firearms possession by convicted felons. This undermines the Justice Department's efforts through "Project Triggerlock" to prosecute and imprison the most dangerous firearms offenders.

EQUAL JUSTICE

Finally, the House bill contains provisions proposed by the President (the "Equal Justice Act") to strengthen safeguards against racial discrimination against crime victims and defendants in the criminal justice process. These provisions, too, have simply disappeared in the conference bill.

REMEMBERING ALEX HALEY

HON. WILLIAM (BILL) CLAY

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Monday, March 2, 1992

Mr. CLAY. Mr. Speaker, I would like to insert for the RECORD an article appearing in

Civil Rights Journal No. 530 published by the United Church of Christ's Commission for Racial Justice. The article written by Benjamin F. Chavis, Jr., pays tribute to writer and historian Alex Haley whose sudden death this month was mourned by all the world.

"ROOTS"—AN ODE TO ALEX HALEY

(By Benjamin F. Chavis, Jr.)

African American History Month 1992 witnessed the passing of a greater writer and historian. Alex Haley's contributions to African and American history were remarkable and the impact of his writings and research will have a long lasting imprint in the history of the United States.

Haley was born in Ithaca, New York in 1921 and was reared in the southern town of Henning, Tennessee. As the author of the Pulitzer Prize-winning book, "Roots: The Saga of an American Family," Alex Haley won the admiration of millions of persons throughout the world. This bold African American writer with the stroke of his pen was able to shatter the false stereotypical view about the so-called impossibility of tracing African American genealogies back to Africa.

In fact, "Roots" was so successful that the book and television dramatization helped to inspire the establishment of thousands of community genealogical societies and family reunion clubs among African Americans. "Roots" also made a significant contribution to reminding all persons about the hideous and brutal nature of the American and European slave trade.

Although there were some who argued that "Roots" romanticized the awful pain and misery of slavery in the United States, we believe that Alex Haley should be given credit, praise and respect for getting as much of the slave reality as he did on prime time television for the entire nation to see. It has been reported that more than 130 million viewers tuned in to watch the ABC television broadcasts of "Roots" back in 1977.

Even before the publication of "Roots," Haley had made history with the publication of "The Autobiography of Malcolm X," which also became a best seller. With the renewed interest in the life and struggle of Malcolm X, we are thankful that Haley was able to help document the evolution of Malcolm into an international leader.

Dr. Dorothy Height described Alex Haley as "a modern prophet." We agree. A prophet does more than foretell the future. Haley, in the prophetic tradition of the African American liberation movement spoke and wrote about history by stressing its importance for the present. When millions of persons read and watched "Roots," a better national consciousness emerged concerning the urgency of doing more in the present to challenge the lingering vestiges of slavery, segregation and all forms of racial injustice.

Just about a month before Haley's death, national cable television networks rebroadcast "Roots" to millions of other viewers. One way to pay tribute to the legacy of Alex Haley is to continue his work of researching the "truth" of the magnitude and details of the trade and slavery of African people.

As the nation observes the 500th anniversary of Columbus discovering "that he was lost," it would be a fitting ode to Alex Haley for a national inquiry into the truth of 500 years of exploitation of the peoples of Africa, North and South America, and of the Caribbean.

Alex Haley was 70 years old and died from a heart attack while preparing to lecture in Seattle, Washington. Haley enjoyed his work

and took serious his labor of historical research. We thank God for the life and gifts of Alex Haley. We all understand better, due to the labor of Haley, the common roots of all humanity.

MYTH, REALITY, AND ENDANGERED SPECIES

HON. GEORGE MILLER

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, March 2, 1992

Mr. MILLER of California. Mr. Speaker, as stories of the spotted owl controversy in the Pacific Northwest continue to dominate the Nation's press, attention has been unfairly given to exaggerated instances of conflict between implementation of the Endangered Species Act and societal needs or job security. Not only are cases in which the act has proven to be a success minimized, but conflicts are maximized.

Opponents to the reauthorization of the Endangered Species Act mislead the press with hundreds of instances of job loss based on preferential treatment to species rather than society. Proponents of this myth contend that the act protect species beyond either economics or job security, and lose sight of the provisions within the act to balance the needs of societal and species existence.

John Sawhill, president of The Nature Conservancy, recently wrote an intriguing commentary in the Wall Street Journal which clears up this myth. Contrary to common belief, less than one-tenth of one percent of all projects evaluated by the Fish and Wildlife Service in the last 5 years have actually been halted because of placing a species in jeopardy.

Recent history serves as evidence of the act's success. Habitat conservation plans in many areas have been a successful compromise between industry and species. Furthermore, many species listed on the act have made significant recoveries and have either been removed from the list entirely or upgraded from endangered to threatened status.

Abandoning the Endangered Species Act now disclaims the successes it has manifested. Although I recognize that the act may require some fine-tuning before its reauthorization, it is important to acknowledge its provisions for flexibility and compromise and its successes. Mr. Speaker, I urge my colleagues to take a few moments and read the following valuable article.

[From the Wall Street Journal, Thursday, Feb. 20, 1992]

SAVING ENDANGERED SPECIES DOESN'T ENDANGER ECONOMY (By John C. Sawhill)

In an effort to prevent the reauthorization of the Endangered Species Act, the exploit-at-any-cost crowd has wildly exaggerated the act's impact on growth while consistently underestimating the economic value of a health environment.

Clearly, there have been well-publicized conflicts between the protection of certain species and development, the most prominent being the case of the northern spotted owl. But these kinds of disputes have been the exception, not the rule, since the act was passed in 1973.

In the past five years, some 34,600 development projects were evaluated by the U.S. Fish and Wildlife Service for their impact on endangered species. Only 23—less than one-tenth of one percent—were halted because they put species in jeopardy.

To put this in perspective, in the same period 29 airplanes crashed into commercial or residential buildings in the U.S. That means that a developer faced a greater chance during that time of having an airplane crash into something he built than having a project stopped by the Endangered Species Act.

Contrary to the impression left by a Jan. 15 editorial in this newspaper ("Species Act, Endangered"), most Americans don't seem to be buying the arguments of people who seek to devalue the importance of biological diversity. A new poll conducted by the bipartisan polling team of Tarrance/Greenberg-Lake shows that 66% of registered voters support the Endangered Species Act. Only 11% of voters oppose the act. There is strong support for the act even in regions where the most contentious conflicts have occurred.

Voters came down on the side of species even when presented with a stark choice between saving species or protecting local businesses and jobs—48% to 29%. Nearly a quarter of those polled did not want to make this choice.

Fortunately, we don't have to choose. Critics of the act have tried to frame the debate in "either-or" terms—either you're for jobs or for species, with no middle ground. But in emphasizing those isolated incidents where species protection threatens jobs, they ignore the many success stories associated with the act.

The truth of the matter is that the act works, for people as well as for animals and plants. For example, of the roughly 600 species that have been listed as threatened or endangered over the past two decades, only seven have become extinct. Nine species have recovered sufficiently to be removed from the list, and many others have made remarkable recoveries—animals like the bald eagle, American alligator, California gray whale, and peregrine falcon. The provisions of the act ensured that these magnificent creatures could survive in the wild.

Experience has shown that the conflict-resolution mechanisms already found in the act can succeed. Perhaps the most promising of these mechanisms are Habitat Conservation Plans, or HCPs, which have resolved disputes by accommodating the interests of both business and the environment. For example:

An HCP was approved last summer to protect the endangered desert tortoise in the rapidly growing area around Las Vegas, Nevada. Working together, environmental groups, the development community and government agencies created a plan that set aside 400,000 acres for the tortoise in the outlying desert. Meanwhile, 22,000 valuable acres adjacent to Las Vegas were freed up for commercial and residential development.

In the Coachella Valley near Palm Springs, Calif., development plans with a potential value of \$19 billion threatened the habitat of the endangered fringe-toed lizard. Under the terms of an HCP, a 15,000-acre preserve was set aside for the lizard, paving the way for construction in other parts of the valley. Developers found that property values and tax revenues went up because of the proximity to the lizard preserve.

Planning for an HCP is currently under way near Austin in Travis County, Texas. At risk are two endangered bird species and five other species that live in the Hill Country to

the west of Austin, an area targeted for hundreds of millions of dollars of development projects. Current plans call for the creation of about 60,000 acres of preserves, with the remaining 820,000 acres in the area opened to development. The HCP will also help to safeguard the aquifer that provides the drinking water for three million people.

Of course, not every endangered-species conflict can be so neatly resolved. But even in cases that appear to involve a short-term economic sacrifice, protecting the diversity of species is really a long-term investment in the future.

This point is clearly articulated in the 1990 report of the President's Council on Environmental Quality, which flatly states, "Domestically and world-wide, it is a healthy environment that makes wealth possible."

The decline of species that led to the enactment of endangered-species legislation is an indicator that our environment is not healthy. And we are already feeling the economic consequences.

The spotted owl controversy in the Pacific Northwest provides a classic example. Far from being an impediment to growth, the plight of the owl reflects the destruction of a once-plentiful resource—the old-growth forest. As U.S. Judge William Dwyer wrote in his celebrated opinion last spring, owls are not responsible for the decline of the logging industry; rather, a combination of factors are at work, including overlogging, mechanization and exports.

Then there's the fishing industry. On any given day, a third of this country's shellfish waters are closed because of pollution. Since 1982, commercial landings of fish and shellfish along the southeast Atlantic and the Gulf of Mexico have dropped 42%. The populations of every fish species harvested commercially or recreationally in North American waters are at or near all-time lows.

And in the Everglades watershed, pollution, conversion of land, and the diversion of water for agricultural and residential uses has led to a malfunctioning of the entire ecosystem. Not only could this devastate the balance of life in the Everglades, but it also poses a direct threat to the long-term supply of fresh water for Miami and other rapidly growing cities of south Florida. What do the Journal's editorialists, who portray environmentalism as uneconomic, say on this one?

The depletion of species is an urgent alarm, a signal of the severe stresses on our environment. The Endangered Species Act seeks to answer that alarm. To turn back the clock, and return to the policies that have led us to the brink, would be more than foolhardy—it would violate one of our most basic commitments to our children and theirs.

HI-TECH VERSUS HUMAN SPYING

HON. ROBERT H. MICHEL

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Monday, March 2, 1992

Mr. MICHEL. Mr. Speaker, my colleague, Mr. SHUSTER of Pennsylvania, ranking Republican member of the Permanent Select Committee on Intelligence, has written an incisive and informed article on the subject of HUMINT, that is, "human intelligence," as opposed to the use of high-technology, to gather information.

I commend the article for its reasoned and fair-minded approach to a difficult and important subject.

At this point I want to insert in the RECORD, "Hi-tech vs. Human Spying," by BUD SHUSTER, the Washington Times, February 11, 1992.

[From the Washington Times, Feb. 11, 1992]

HI-TECH VS. HUMAN SPYING

(By Bud Shuster)

Decades ago, pundits highlighted the U.S. love affair with technology. Certainly this has been true in the intelligence realm. We've long witnessed an ever-increasing focus on "technical" means of collection, partly at the expense of age-old "human" intelligence ("HUMINT") gathering via spies and agents.

Results often have been spectacular. But while its contribution will remain extremely important, the heyday of technical intelligence may have passed. During the 1980s, and with the Iraqi war, those advocates of a higher priority for human intelligence collection gained momentum.

Continuance of the overwhelming priority accorded technical collection has been undermined by a number of factors. These include increased awareness and countermeasures within target countries and groups; the pro-HUMINT-orientation of Republican administrations; discovery of sweeping Soviet intelligence coups based on HUMINT; communications innovations that help keep messages secure; congressional advocacy for HUMINT; uncontrolled inflation in the technical system costs; and worldwide political liberalization allowing better access to foreign lands and people.

As Gen. Norman Schwarzkopf noted, intelligence performance in the Iraqi war was outstanding over all. Specifically, he said: "We had very, very good intelligence support. We had terrific people. We had a lot of capabilities. However, gaps in prewar and postdeployment intelligence resulted from Iraq's fear of and countermeasures to communications, electronic and photo intelligence collection methods and from the limited availability of expensive satellite assets, which in turn facilitated deception. The most striking aspect of the Iraq experience may have been its proof that even a Third World country could implement highly successful denial and deception programs to foil technical intelligence collection. Many U.S. intelligence officials had rejected this possibility."

The allied victors' on-site inspection rights have given us a rare, detailed retrospective on our intelligence failures. There have been eye-opening revelations about assessment problems in areas such as Iraqi Scuds, chemical weapons and, most importantly, the Iraqi nuclear program. These demonstrate the folly of relying too heavily on technical collection. Serious underestimation of the Iraqi nuclear program meant that, had we opted only for an embargo, foregoing offensive action, Iraq might have acquired nuclear weapons allowing it to deter or retaliate against belated military pressure.

The nuclear issue dramatized the advantages of human intelligence. Several postwar defectors tipped off inspectors to previously unknown plant locations, equipment and documents. That provided concrete evidence about the broad scope and advanced status of Iraq's program. Defector-derived information also demonstrated that even when the purpose and location of a large military complex is known, wartime targeting of dispersed buildings can be guesswork if we lack an inside source.

Unfortunately, this bounteous HUMINT was largely unsolicited, provided after the war rather than before, at somebody else's initiative rather than our own. Deficiencies in clandestine HUMINT on Iraq typify those we have experienced with many other "difficult" targets. For example, almost all our recruited Cuban and East German "agents" were found to be "doubles," actually working for the other side. A lack of strong quality control and vigorous counterintelligence scrutiny has often proven the bane of U.S. clandestine human intelligence.

While well-publicized failures have dogged existing human intelligence efforts, in the past year we have begun improving the quality of our activities. Programs have been instituted to test more rigorously our spies and agents, to scrutinize clandestine HUMINT collection operations and hold program managers accountable. Analytical and technical experts are developing strategic targeting and new techniques that, it is hoped, will produce the necessary high-quality intelligence. These improvements have resulted, in part, from increased intelligence funding. Some believe that we could make greater strides by throwing more money at the problem. Many other deserving intelligence programs, however, are competing fiercely for limited funding that likely will decrease considerably in the future.

In sum, despite past fiascos, there has been progress. Continuing efforts to improve clandestine HUMINT collection deserve strong support. The question is how can we most wisely effect needed reforms. Even in tough times, it is much easier for Congress to increase a funding line than successfully demand more elusive qualitative improvements. We should adopt the Missouri slogan: "Show me." Show me that these improvements are part of serious and ongoing effort. Once we are convinced that the money is being well spent, we can justify giving more. It is the means, rather than the end, that now should be debated.

LOWELL HOWARD

HON. HAROLD ROGERS

OF KENTUCKY

IN THE HOUSE OF REPRESENTATIVES

Monday, March 2, 1992

Mr. ROGERS. Mr. Speaker, I rise today to praise Mr. Lowell Howard of Middlesboro, KY. This gentleman has written an eloquent poem praising the Cumberland Gap in honor of the tunnel which will soon run through it. I would like to take a moment to share this poem with you.

CUMBERLAND GAP

To the gap in the Mountain the Pioneers came,
Seeking Adventure and new land to tame.
Like a child longing for his mother's hand,
They came to the Mountain Passage that lead to the Westward land.

This gap in the Mountain was their gateway to freedom in a land so vast and far,
It was their Pathway to follow a star.
These men and women with Courage true,
They were following a dream to start life anew.

They were destined to be builders, to shape with their hand,
To make possible a great nation of this American land.

They were to tame its vast wildness and chart its unexplored stream,

For they were the Pioneers of the American dream.

Again, I am honored to have men such as Mr. Lowell Howard in the Fifth District of Kentucky.

HONORING CHARLES CRISAFULLI, WORLD WAR II HERO

HON. FRANK HORTON

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, March 2, 1992

Mr. HORTON. Mr. Speaker, 50 years ago this month, Seaman Charles Crisafulli was killed while saving the life of his fellow shipmate aboard the U.S.S. *Truxton*. On this fateful day, February 18, 1942, Charles Crisafulli became the first resident of Oswego, NY, which I represent, to die in World War II. He died a hero.

Charles Crisafulli, a tailor in Oswego, was a naval reservist with the 15th Fleet Division when the Japanese bombed Pearl Harbor. Soon thereafter, he found himself serving aboard the U.S.S. *Truxton* on his way to the North Atlantic. Unfortunately, the *Truxton* encountered stormy weather, and gale-forced winds ripped the ship apart, killing 189 sailors. Charles Crisafulli was among those 189. But had it not been for his courageous efforts the number of dead would have been greater. He died while saving the life of one of his shipmates.

I think all of my colleagues will agree with me that Charles Crisafulli is an American hero in every sense. His bravery and valor are the epitome of military service.

Today, Charles Crisafulli's family, friends, and supporters are petitioning the Navy for a posthumous award of the Navy and Marine Corps medal for acts of heroism. It is my sincere hope that our Government will soon give Charles Crisafulli the tribute he so deserves.

Mr. Speaker, I request that the following article from the Syracuse Post Standard be included at the conclusion of my remarks.

[From the Syracuse (NY) Post-Standard, Feb. 18, 1992]

OSWEGO HONORS WORLD WAR II HERO

(By Andrew Smith)

OSWEGO.—Charles C. Crisafulli was on his way to the North Atlantic Ocean 50 years ago today. He never made it.

Crisafulli, 28, became the first city of Oswego resident to die in World War II. The city will honor him at 10 a.m. today at the park that bears his name at the foot of Ontario Street. Mayor Terry Hammill will read a proclamation in his honor.

"When he was killed, I was 16," said Frederick Crisafulli, one of his younger brothers. "He was one of my idols."

Charles Crisafulli was aboard the U.S.S. *Truxton*, one of two destroyers escorting the cargo ship U.S.S. *Pollux* from Boston. In high seas and fierce winds the night of Feb. 18, 1942, the ships ran aground off the coast of Newfoundland.

Gale-force winds ripped the ships apart and killed 189 sailors. Crisafulli died saving the life of another sailor, something Frederick Crisafulli found out only a year and a half ago, he said.

He was reading a Reader's Digest story about the disaster that named a survivor.

Crisafulli got in touch with him and found out the circumstances of his brother's death.

After the ship ran around, it was leaning on its side by about 45 degrees. Men were in the water all around it. Crisafulli struggled to get one sailor out of the water, Frederick Crisafulli said, and with the help of two other men managed to put the sailor in the *Truxton's* radio shack.

That was the last anyone saw of Crisafulli. "Evidently, a 40-foot wave washed him over and he was too weak to save himself," Frederick Crisafulli said. Charles Crisafulli's body was never found.

"He not only gave his life for his country, but he gave his life for a sailor," Frederick Crisafulli said.

Crisafulli is trying now to get his brother posthumously awarded the Navy Marine Corps Medal, an award for heroism that others on the *Truxton* received.

Charles Crisafulli was a naval reservist when the war began. He was with the Navy's 15th Fleet Division.

"He was already a second-class gunner's mate at that point," Frederick Crisafulli said.

For 38 years, he said, he didn't know his brother died a hero, but he always knew his brother was someone to respect.

Like his brother, Frederick Crisafulli enlisted in the Navy in 1943. He served in the Pacific and fought at Okinawa. He also was with the Marines in the Korean War, he said.

Before World War II, Charles Crisafulli was involved with the family. There were six brothers and three sisters, Frederick Crisafulli said, so the older siblings often acted as parents for the younger ones.

Charles Crisafulli was a tailor before the war, and he always brought his brothers and sisters gifts. Once he made sailor suits for Frederick and his brother Francis.

Frederick Crisafulli still misses his brother, 50 years later. The fact that his body never came home sometimes contributes to Frederick Crisafulli's wistful yearning.

"I always think I'm going to see him again," he said.

BIOGRAPHY OF SEQUOYA

HON. ENI F.H. FALEOMAVAEGA

OF AMERICAN SAMOA

IN THE HOUSE OF REPRESENTATIVES

Monday, March 2, 1992

Mr. FALEOMAVAEGA. Mr. Speaker, through Public Law 102-188 (S.J. Res 217, H.J. Res 342), Congress and the President designated 1992 as the Year of the American Indian. This law pays tribute to the people who first inhabited the land now known as the continental United States. Although only symbolic, this gesture is important because it shows there is sympathy in the eyes of a majority of both Houses of the Congress for those Indian issues which we as a Congress have been struggling with for over 200 years. In support of the Year of the American Indian, and as part of my on-going series this year, I am providing for the consideration of my colleagues a short biography of Sequoya, a Cherokee known for his abilities as a leader and teacher. This biography was taken from a U.S. Department of the Interior publication entitled "Famous Indians, A Collection of Short Biographies."

SEQUOYA (CHEROKEE)

By the early 1820's, Cherokee Indians of the southeastern United States had reached a re-

markable level of civilization. They were good farmers; owned plows, wagons, and thousands of livestock; they wove their own cloth for clothing; operated sawmills and grist mills, blacksmith shops and ferries; and had built roads, schools, and churches. They governed themselves, with a constitutional system they had patterned after that of the United States.

The tribe's outstanding achievement, in 1821, was the development of a system of writing the Cherokee language. It was the invention of Sequoyia, a tribal member sometimes called George Gist.

Sequoyia, who had grown up among the Cherokees, had been a hunter and fur trader until permanently crippled in a hunting accident. He had never gone to school, and could neither speak nor understand English. But he was by nature a thoughtful and talented man. Having observed the importance of reading, writing, and printing among whites, he pored over English letters in mission-school primers, and set out to develop a Cherokee alphabet.

Some of his tribesmen, frightened at the strange-looking symbols on which Sequoyia was constantly at work, suspected him of witchcraft. His cabin and all his working papers were burned, and Sequoyia left Cherokee country for the sake of his great project, settling for a time in Arkansas among those Cherokees who had emigrated west.

Twelve years after he had first dreamed of a Cherokee writing system, Sequoyia returned to his people, bringing a written greeting from Cherokees in the west. He had succeeded in inventing an alphabet, made up partly of English characters (but with sounds differing from English) and partly of new ones of his own. The first Indian writing system north of Mexico ever devised without white help, it was a brilliant achievement that revolutionized Cherokee education.

Within a year, thousands of Cherokee Indians of all ages had learned to read and write their language. Parts of the Bible were printed in Cherokee in 1824, and in 1828, having acquired a press of their own, the tribe began publication—in Cherokee and English—a weekly newspaper, *The Cherokee Phoenix*. Sequoyia was honored by the Cherokee Legislature with a silver medal and a lifetime pension, the first ever given by an Indian tribe.

Sequoyia lived among the Arkansas Cherokees as a leader and teacher until 1842, when his thirst for knowledge led him on another search. This time he hoped to find a "lost" band of Cherokees supposed to have crossed the Mississippi many years before, and to look for similarities of speech and grammar among various tribes. He disappeared into the southwest, and was not heard from again.

Three years later, a Cherokee named Oonoleh, sent to look for Sequoyia, wrote from Mexico City (in the Cherokee language) to the tribe that their most honored leader had died there in 1843.

TRIBUTE TO MARGUERITE ROSS BARNETT, EDUCATOR

HON. WILLIAM (BILL) CLAY

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Monday, March 2, 1992

Mr. CLAY. Mr. Speaker, the city of St. Louis, the State of Missouri, as well as all friends and supporters of higher education

were greatly saddened on February 26 by the death of a truly outstanding educator—Marguerite Ross Barnett, the president of the University of Houston.

Dr. Barnett was named president of the University of Houston in May 1990, becoming the first black person and the first woman to hold that position. Before moving to Houston, she was chancellor of the University of Missouri at St. Louis.

I would like to insert for the RECORD an editorial from the February 27, edition of the St. Louis Post-Dispatch that speaks of the impact she made on the St. Louis community.

MARGUERITE ROSS BARNETT

Though she spent only four years in St. Louis, Marguerite Ross Barnett, who died Wednesday at age 49 of cancer, had a great impact on this area than most people can manage in a lifetime here. If her tenure as chancellor of the University of Missouri-St. Louis could be summed up in a single sentence, this would be it: She got things done.

And she started doing things literally the moment she got off the plane in June 1986 to take over at UMSL—or UM-St. Louis, as she insisted it be called. Ms. Barnett asked a small group of women who welcomed her at Lambert Field to be taken to the marker commemorating the U.S. Supreme Court's historic 1948 decision striking down racially restrictive covenants. She was told that there was no marker. There is now.

Things continued like that pretty much non-stop until Ms. Barnett left in August 1990 to become president of the University of Houston. As chancellor at UMSL—make that UM-St. Louis—Ms. Barnett did the usual bricks and mortar things: a science complex, a computer science building, a library. But what distinguished her was her success in getting the community involved in the university and making the university a participant in the community.

She persuaded corporations to contribute to the building program and to educational programs, too—something almost unheard of before she put her foot in the door of executive offices all over town. She arranged for the university to work with several public high schools in the region to improve students' chances of success at the college level. She increased scholarships by 300 percent.

Marguerite Ross Barnett deserves a marker. The most fitting one would be a resolve to strengthen and enlarge the partnerships she established.

TRIBUTE TO JOHNNY CASH, AN AMERICAN TREASURE

HON. RANDY "DUKE" CUNNINGHAM

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, March 2, 1992

Mr. CUNNINGHAM. Mr. Speaker, it is fitting that the permanent RECORD of the Congress of the United States include a tribute to a true American treasure, country music legend Johnny Cash.

The "Man in Black" has long distinguished himself among singers and songwriters. Since the beginning of his career in 1954, Johnny Cash has written and sung stories of joy and sadness, of success and despair, of love gained and love lost, of loyalty and broken promises, of cowboys and convicts, of the

compassionate hand of God and the trials of the working man.

They are songs we all know, on themes we are all familiar with, and lyrics we all relate to.

In his trademark deep baritone, Johnny Cash sings those hard luck songs. We listen and understand because we've been there; even more so, we know Johnny Cash has been there.

He was born the fourth of seven children to a poor farming family in backwoods Arkansas, raised on cotton-picking and country gospel churches, and the music of Hank Williams and the Carter Family. Young Johnny's gifts for song emerged early, in high school, he had his own program on Blytheville's KLCN Radio and won the \$5 first prize in a local talent contest.

But instead of pursuing a musical career as his mother Carrie urged, in 1950 he enlisted in the Air Force. He bought his first guitar not in Arkansas, but in Germany where he was stationed. Upon his honorable discharge in 1954, Johnny Cash settled in Memphis, took a job selling appliances, and met guitarist Luther Perkins and bassist Marshall Grant.

They became Johnny Cash and the Tennessee Two and recorded the song "Cry, Cry, Cry" for Sun Records, Elvis Presley's new label. That 1954 song sold well over 100,000 copies, and the rest is country music history.

But by no means did success in country music come easy to him. It is no secret that Johnny Cash struggled with poverty in childhood, and with drugs and alcohol in the 1960's. There is also no doubt that he has conquered both.

In the 28 years since "Cry, Cry, Cry," Johnny Cash has accumulated a long list of hit records and awards, including seven Grammys and inductions into the Country Music Hall of Fame and the Rock and Roll Hall of Fame.

Let the permanent RECORD of the Congress of the United States show that Johnny Cash is indeed an American treasure, a man who has served his nation well, who exemplifies the best in the American tradition and sings the songs that chronicle the perseverance of the American spirit.

SEARCHES, SELF-INCRIMINATION

HON. DON EDWARDS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, March 2, 1992

Mr. EDWARDS of California. Mr. Speaker, this fourth editorial in a series of eight that recently appeared in the Atlanta Constitution examines the fourth and fifth amendments of the Bill of Rights. We in Congress must be aware of the threat posed to the fourth amendment as the Supreme Court, and even Congress, cut back on the exclusionary rule. I recommend that you read this editorial, as well as the others, to enlighten yourselves on the status fate of our Bill of Rights.

Article IV: The right of the people to be secure in their persons, houses, papers, and effects, against unreasonable searches and seizures, shall not be violated, and no Warrants shall issue, but upon probable cause, sup-

ported by Oath or affirmation, and particularly describing the place to be searched, and the persons or things to be seized.

Article V: No person shall be held to answer for a capital, or otherwise infamous crime, unless on a presentment or indictment of a Grand Jury, except in cases arising in the land or naval forces, or in the Militia, when in actual service in time of War or public danger; nor shall any person be subject for the same offence to be twice put in jeopardy of life or limb; nor shall be compelled in any criminal case to be a witness against himself, nor be deprived of life, liberty, or property, without due process of law; nor shall private property be taken for public use without just compensation.

[From the Atlanta Constitution, Dec. 11, 1991]

SEARCHES, SELF-INCRIMINATION

(This is the fourth in a series of editorials leading to the 200th anniversary December 15 of the ratification of the Bill of Rights.)

One of the main abuses with which American colonials charged King George III was his government's use of open-ended search warrants to dig up evidence against them. As a result, the Fourth Amendment of the Bill of Rights requires that federal warrants be issued only "upon probable cause, supported by Oath or affirmation, and particularly describing the place to be searched, and the persons or things to be seized."

Thirty years ago, the U.S. Supreme Court ruled that this ban on "unreasonable searches and seizures" was so important that it was also binding on state law enforcement officials. Today, by contrast, the court is less and less impressed by the Fourth Amendment's insistence that suspicion be specific and individualized.

In 1989, the court allowed U.S. Customs to test all its employees for drugs, even though there was no evidence that customs officials were prone to drug abuse. The same year, the court found it permissible to search anyone at an airport who fit a "drug courier profile." And last year, the court gave constitutional approval to sobriety checkpoints, where you need only be a driver to be stopped and interrogated.

This same lessening of regard for the rights of individuals in criminal justice can be found in the court's recent handling of the Fifth Amendment, which most famously protects a person from being "compelled in any criminal case to be a witness against himself." The drafters of the Bill of Rights understood that allowing people to be compelled to testify against themselves invited abuse to the point of torture.

This year, the court held that a forced confession is insufficient grounds for having a case dismissed on constitutional grounds. To gain dismissal, it must be proved on appeal that the confession caused a "harmful error"—that the verdict would likely have been "not guilty" without it.

This amounts to an open invitation to law enforcement authorities to force confessions in tough cases. Once the defendant is convicted, there's always a chance the appeals court will decide the "error" was "harmless."

But if personal rights are falling out of favor, property rights may be in for a revival. The court recently agreed to hear a South Carolina case relating to the Fifth Amendment's provision that "private property should not be taken for public use without just compensation." The case involves a beachfront management act prohibiting new buildings close to the shoreline.

The owner of some beachfront property argues that by restricting his use the state has

illegally "taken" his property and owes him compensation. Should he prevail, much legislation critical to protecting the environment might be open to challenge.

This is one of five property-rights cases the court has taken to rule on this year. There's reason to fear it will begin turning the clock back a century, when the individual rights that mattered were not to speak and worship freely and to be protected from law enforcement abuse but to prevent public regulation of what you own.

IN RECOGNITION OF RAYMOND S. VOCCOLA

HON. ROSA L. DeLAURO

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Monday, March 2, 1992

Ms. DELAURO. Mr. Speaker, all of us in Congress are here because of our desire to serve the citizens of our States and districts. We feel privileged to have the opportunity to represent the American people. But we also realize that the Federal Government, which we serve, is just one element in the structure of this republic. Equally vital are the institutions, and the men and women, that serve America at the State and local levels. With this in mind, I would like to recognize the public service of a man who exemplifies, in his own community, the traditions of America's participatory democracy.

For years, Raymond S. Voccola has made a significant contribution to his community in Stratford, CT. As he steps down after a decade as the chair of that town's Democratic Committee, he deserves to know of our deep appreciation for his years of service.

During World War II, Ray distinguished himself as a member of the U.S. Army. Subsequently, through years of hard work, he was able to establish his own plumbing and heating business, which he has operated since 1960. Today we recognize this veteran and self-employed craftsman, however, primarily for his service to his town.

Ray has held numerous public posts. He has been a member of Stratford's Ordinance, Public Works, Finance, Airport, and Recreation Committees. He has served with great dedication on the town's pension board and has worked with the Water Pollution Control Authority. In other capacities, he has strongly supported local education and community development projects.

Ray's leadership skills are impressive. He was a town councilman for 18 years, and served as the council's majority leader. He also chaired Stratford's Building Need and School Building Need Committees. Finally, since 1982, he has been the town's Democratic chairman, making excellent use of his wide knowledge of, and deep dedication to, the Stratford community.

Over the course of his career, Ray has not only served the public but has encouraged others to follow his lead. Members of his own family—his wife, Margaret, and two sons—are among the many people who have been drawn into community service, inspired by his example.

Raymond S. Voccola's career has exemplified the American ideals of patriotism, along

with a special combination of individual initiative and commitment to the public good. He has consistently worked to fulfill those ideals. As a veteran of World War II, a successful small businessman, and a local official, he has demonstrated an unwavering belief in the American system. In return, that system owes him a special debt of gratitude. On the occasion of his retirement from the chairmanship of the Stratford Democratic Town Committee, I remind the Congress of Raymond S. Voccola, whose devotion to his fellow citizens is an example and inspiration to all public servants. Such devotion has helped to make the United States the great Nation that it is.

TRIBUTE TO A GRADUATING NURSING CLASS

HON. JAMES A. TRAFICANT, JR.

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Monday, March 2, 1992

Mr. TRAFICANT. Mr. Speaker, today I rise to pay tribute to the graduating class No. 78 from the Choffin Career Center in Youngstown, OH. These students recently celebrated the completion of their classes in a beautiful ceremony in the commons of the Choffin Career Center on January 31, 1992.

Today's nurses must absorb great amounts of information in dealing with modern medicine's miracle machines. But these same miracle machines would be just bells and whistles without the experience and knowledge of the nurse. These graduates, I know, have mastered the technical aspects of nursing, but also have been instilled with commitment and compassion in their course of study. As anyone who has experienced a long-term hospital stay knows, it is the nurses that one deals with several times a day, not the doctors. It is the nurses who use modern medicine's miracle machines with a human touch, easing the pain of being in the hospital.

Mr. Speaker, the kind of nurses that graduated from Choffin School of Practical Nursing cannot be found just anywhere. I know that these dedicated students will go on successfully to aid in the comforting of others.

Mr. Speaker, it gives me great pleasure to honor these newly graduated nurses as they go forth into the health care field:

CHOFFIN SCHOOL OF PRACTICAL NURSING
CLASS NO. 78 GRADUATES

Deborah A. Barber,
Cheryl A. Beckman,
Sherri L. Berenics,
Barbara J. Bigley,
Lori A. Boyd,
Janet K. Bresnahan,
Lisa M. Bukofchan,
Frances L. Burns,
Madeline L. Cage,
Antionette D. Carey,
Lora P. Carter,
Vada L. Click,
Pamela S. Collier,
Linda J. Devine,
Merileen Ellison,
Lonnie J. Everly,
Christy A. Foltz,
Vicki L. Funkhouser,
Rachel M. Fusco,
Julia K. Gribben,

Sherry L. Hilderhoff,
Carol A. Hinton,
Ramona L. Humphrey,
Rochelle L. Jordan,
Chesta L. Kassinger,
Linda R. Kimble,
Dina M. Malloy,
Georgia A. McGuire,
Henrietta Peagler,
Fay E. Roberts,
Christopher A. Rodgers,
Theresa R. Rogers,
Cynthia A. Rosenberger,
Brenda L. Schell,
Christina S. Signor,
Cecile M. Swiskoski,
Autumn R. Tentler,
Deborah S. Waltermire,
Dianna L. Whipple,
Margaret Williams,
Terry J. Williams,

THE TAX FAIRNESS AND ECONOMIC GROWTH ACT OF 1992

HON. AL SWIFT

OF WASHINGTON

IN THE HOUSE OF REPRESENTATIVES

Monday, March 2, 1992

Mr. SWIFT. Mr. Speaker, last Thursday, I voted for the Democratic budget package, the Tax Fairness and Economic Growth Act of 1992. I voted "yes" despite some reservations I have about the bill. Let me discuss some of those reservations first.

First of all, I am concerned about the real impact on the deficit in the out years. The revenue projections we have been given in the past have not always been accurate, and we must be careful to spend our limited dollars in the most effective way.

Next, while the bill provides some relief from the current passive loss rules for the real estate industry, it does not include a change in the passive loss regulations nor effective capital gains tax relief for timber growers. If others are favored, but not the tree farmer, for example, the danger is that investment will be directed away from reforestation, and that can have severe economic and environmental consequences.

While I was pleased that the bill repeals the luxury tax on boats, furs, jewelry and airplanes, I was disturbed that the boat user fee was not repealed, despite overwhelming support in the House for repeal of this onerous tax.

And I was disappointed that the bill didn't include raising the exemption for poll workers subject to the Social Security tax. I urge that serious consideration be given to these issues by the conference committee.

Having said that, I would also say that I strongly support the positive features of the bill, provisions that I have cosponsored and am pleased have been included in the bill. We all know that without a strong, stable, and economically healthy middle class, this country cannot survive as a democracy. Over the past 12 years, however, we have witnessed the erosion of the middle class. By adding a new tax rate for wealthy individuals and a surtax on millionaires, this bill will begin to reverse the trend that shifted the burden of taxation to the middle class.

Other provisions that will help strengthen our middle class are waiving the penalty for withdrawal of IRA funds for first-time homebuyers, or for medical or education expenses; and a tax credit for student loan interest.

An important improvement is the inclusion of a taxpayers bill of rights which will give the individual taxpayer a fair shake in dealing with the Internal Revenue Service.

Another measure, the indexing of capital gains, can be of real benefit to middle income taxpayers as well. I have never been philosophically opposed to capital gains tax reduction, but because in the past proposals have usually disproportionately benefited the wealthy, I have always insisted capital gains tax relief be coupled with measures that directly benefit the middle income taxpayer. In this bill, that is the case.

Also included in the bill are a number of useful measures to encourage growth in our economy such as the permanent extension of the Research and Development tax credit, low-income housing tax credit, targeted jobs tax credit, employer-provided educational assistance, the exclusion for employer-provided educational assistance, and mortgage revenue bonds. I have supported all of these because they have proven to be of value and they should be a permanent part of our Tax Code.

I voted for the Democratic tax bill because it represents a serious effort toward a fairer Tax Code. I recognize that there are problems yet to be resolved, and I look forward to the conference process to deal with those issues. But on balance, the positive features outweigh the negative. This bill is a good beginning.

THE REAL CLARENCE THOMAS IS REVEALED

HON. WILLIAM (BILL) CLAY

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Monday, March 2, 1992

Mr. CLAY. Mr. Speaker, I would like to insert for the RECORD a column written by Ms. Mary McGrory in response to the dissenting opinion of Justice Clarence Thomas in the Hudson versus McMillian decision where Thomas argued that there was no violation of a prisoner's eighth amendment rights even though the prisoner was beaten by guards while shackled. This column appeared in the February 27 issue of the Washington Post.

THOMAS WALKS IN SCALIA'S SHOES

(By Mary McGrory)

People thought that Clarence Thomas might not be much of a protector of the powerless—he had pretty much erased his past as a poor black and rejected the legal remedies proffered by the government. But he has exceeded dreadful expectations. In a disgusting dissent in the case of the beating of a shackled manacled prisoner he shows he doesn't subscribe even to a bedrock tenet of human decency: Don't kick a man when he's down.

His Senate confirmation hearings cost the country a great deal, due to the explosive allegations by Anita Hill. If he continues to reason the way he did in *Hudson v. McMillian* for the next 30 years or so, his tenure will cost even more. The outstanding mediocrity of his mind was evident in the little we were given about his record. The distortions and

the denials of his personal life and the fatuous declarations of self-reliance boded ill for justice. But the hair-splitting pitilessness of his dissent is a new dimension.

At the confirmation hearings, he had an opportunity to explain why he wanted the job for which George Bush perjurally claimed he was the best qualified. When Sen. Herbert H. Kohl (D-Wis.) asked him the question, he was ready. From his window at the U.S. Circuit Court of Appeals here, he could see criminal defendants being bused to court. He thought he could have been one of them, he said.

"So you feel you have the same fate, or could have. . . . So I walk in their shoes, and I could bring something different to the court."

But judging from the dissenting opinion in the case of a prisoner being beaten by prison guards—under the observing eye of a supervisor who merely cautioned the perpetrators "not to have too much fun"—he's going to bring the same old constitutional crankiness that is the principal contribution of Justice Antonin Scalia.

Scalia, a brilliant and compelling extremist on the limits of the Constitution, raised most of the points in oral argument that Thomas folded into their joint dissent in the case. The plight of handcuffed, shackled prisoners being kicked and beaten by guards moved such sticklers for the protection of authority as Chief Justice William H. Rehnquist and Justice Byron White to find for the prisoner, Keith J. Hudson, and to find his torturers' conduct a violation of Eighth Amendment sanctions against "cruel and unusual punishment." Justice Sandra Day O'Connor, hardly a radical, wrote the majority opinion.

But rookie Thomas, standing with Scalia, brushed aside individual rights in favor of a handkerchief-sized interpretation of the Constitution. Never mind the rights of the prisoner. The federal Constitution must not be stretched to cover matters that can be handled by the state. The injuries inflicted on Hudson were not "significant" enough to warrant invoking the Constitution, a document that should be wished into the vault when ordinary citizens come seeking redress.

Thomas makes some specious arguments about the uncongenial state of prisons at the time of the Founding Fathers. Prisons are meant to be harsh and unwelcoming. That's part of the punishment. But to go from there and say that the Constitution does not prevent guards from kicking and punching a handcuffed and manacled prisoner is too long a trip for the strictest constructionist. Americans have little sympathy for prisoners—Keith Hudson was doing 15 years for armed robbery—and generally think convicts get what they deserve.

To follow Thomas's reasoning, we would make our prison system a school for sadism, where guards can manhandle a prisoner at will as long as they don't meet the Scalia-Thomas test for "serious injury." With prison population at an all-time high and recidivism at a truly appalling rate, it would seem wiser to emphasize rehabilitation and education in our jails. But that's the kind of soft-headed thinking that conservatives frown on.

Hudson suffered minor bruises and swelling of his face, mouth and lip and a crack in his dental plate, and that just wasn't enough for Scalia and Thomas.

Says Sen. Arlen Specter (R-Pa.), one of Thomas's most vociferous defenders at the awful confirmation hearings, "I think he needs to mature a little."

Alvin J. Bronstein, the American Civil Liberties Union lawyer who was Hudson's court-appointed attorney, says the bad news is that Thomas has come on as Scalia's puppet. Worse news, of course, is that he reached his conclusions on his own.

Either way, it is a distressing debut for a man who was born an underdog and has forgotten all about what it was like. Far from identifying with the poor defendants who were on the bus that he saw from his window, Thomas seems more like the bus driver.

THE CSCE FACT-FINDING MISSION TO NAGORNO-KARABAKH

HON. STENY H. HOYER

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Monday, March 2, 1992

Mr. HOYER. Mr. Speaker, last November I introduced a resolution on the situation in Nagorno-Karabakh that called for the U.N. Security Council to consider whether U.N. peacekeeping forces should be sent to the region to maintain order. This week, the tragic conflict has taken a new turn, with the release of a CSCE report based on a mid-February fact-finding mission to Baku, Yerevan, and Nagorno-Karabakh.

The investigators tried to take all sides and viewpoints into account. Their report's brief historical section describes the Soviet and Azerbaijani restraints on the religious and cultural rights of Armenians in Nagorno-Karabakh, which led them to call for unification with Armenia. The rapporteurs then discuss the different principles invoked by the parties in the ensuing conflict: Armenians argue for self-determination, while Azeris appeal to territorial integrity.

The report and its conclusions contain good news and bad news. To begin with the latter, it confirms what we have long known, namely, that Armenians and Azerbaijanis differ fundamentally in their interpretation of the nature of the conflict. Equally clear is that the violence carried out by the contending parties has not lessened after last fall's attempts by Russia and Kazakhstan to broker a cease-fire and negotiations, but has, in fact, intensified.

On the positive side, however, both Azerbaijanis and Armenians appear eager to settle the conflict. The CSCE fact-finding mission was invited by the Azerbaijani and Armenian governments. The rapporteurs also came away with the impression that the Armenians of Nagorno-Karabakh, despite insisting on their right to self-determination, want the quickest possible solution to the problem by peaceful means. On the other side, the Azeris indicated a willingness to hold consultations, if not negotiations, with the Armenians of Karabakh. Baku also indicated a readiness to grant a degree of autonomy to the region if earlier resolutions about the incorporation of Nagorno-Karabakh into Armenia were withdrawn. Such autonomy and local self-government would entail cultural autonomy, the freedom to use native languages and to education in those languages, and religious freedom.

None of these developments and positions may be satisfactory to the contending parties. We will have to wait and see whether this con-

flict can be resolved. But in the meantime, it is critical to end the bloodshed. For that reason, I support the recommendations made by the CSCE fact-finding mission, which include: an immediate cease-fire, an arms embargo to the region, the provision of humanitarian assistance by voluntary organizations to the inhabitants of Nagorno-Karabakh, the establishment of safe corridors for that purpose, the immediate exchange of all prisoners and hostages, and the return to families of their dead relatives.

I would go beyond the recommendations of the rapporteurs, however, in arguing, as I did in House Resolution 321 last November, that the U.N. Security Council consider whether to send U.N. peacekeeping forces to Nagorno-Karabakh. No negotiations will get off the ground while violence continues. In the interests of saving lives and promoting negotiations, I again urge that the internationalization of the conflict, having now begun with the involvement of the CSCE, broaden to embrace the United Nations and its mechanisms. Both Armenia and Azerbaijan are now members of that body, and its growing prestige and authority would be well engaged in Nagorno-Karabakh.

TRIBUTE TO THE U.S.S.

"LEXINGTON"

HON. E de la GARZA

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Monday, March 2, 1992

Mr. DE LA GARZA. Mr. Speaker, as we today consider a measure to transfer the U.S.S. *Lexington* to Corpus Christi, I want to take this opportunity to say how happy I am she is coming to the bay and to south Texas. She is a carrier warmly welcomed by the community to her new home where she will begin her new life as a floating museum. I also want to add that for future generations she will serve as a reminder of the major role our Nation played during the Second World War as we sought to safeguard democracy, promote freedom, and make the world a safer and more secure place in which to live.

With her comes a significant history and extensive war experience. Launched in September 1942 and commissioned in February 1943, the U.S.S. *Lexington* played a dramatic and determining role in World War II.

She arrived for Pacific action in the summer 1943 making searches and flying sorties in the Marshalls, as well as covering the landings in the Gilberts where she promptly distinguished herself.

In early December the *Lexington* continued her mission. Although the results were impressive she found herself a casualty of conflict having been hit by a torpedo to starboard which knocked out her steering gear. She was reported sunk. This began her reputation as the ship with nine lives.

During subsequent fierce and intense fighting against the major centers of resistance in Japan's outer empire in the spring 1944, the *Lexington* was again announced as sunk although in this instance she remained un-

touched. Torpedo planes sought to sink her in June of that year, but again she emerged unharmed.

Next came the famed Marianas operation which provoked the Battle of the Philippine Sea. The *Lexington* played a major role in this great victory which virtually knocked all Japanese naval aviation out of the war. With the planes went the trained and experienced pilots without whom our enemy could not continue air warfare at sea.

As the war escalated the *Lexington's* planes continued to score important victories particularly in the Battle for Leyte Gulf, our Nation's climactic American naval victory over Japan. It was during this time that the *Lexington* was introduced to the kamikaze. Once again she was declared by the enemy as destroyed, and once again, although damaged, she proved the rumors false.

Throughout World War II the *Lexington* remained a force to be reckoned with, and we all owe her a great debt of thanks.

These, however, are but a few of the highlights of the *Lexington's* illustrious career. After the war her planes continued to fly precautionary patrols over Japan, and dropped supplies to prisoner of war camps. She supported the occupation of Japan until leaving Tokyo Bay with homeward bound veterans.

Subsequent years have seen the *Lexington* continue to play a significant role in the defense of our Nation. It is important to note, however, that the role has not been solely confined to that of an attack carrier. She has also been actively involved in search and rescue missions as well as peacekeeping missions.

Most recently the *Lexington* has operated primarily out of her home port, Pensacola, qualifying student aviators and maintaining the high state of training of both active duty and Reserve naval aviators. Her work preparing the men vital to Navy and Marine Corps operations has been remarkable.

For all her valiant efforts the *Lexington* has received the Presidential Unit Citation and 11 battle stars for World War II services. With her comes quite a record of accomplishment, and again let me say how proud we are to welcome her. Because of the *Lexington's* work and the work of those who served onboard her, America and the world are a safer place. It is indeed an honor to know that south Texas is now her home.

TRIBUTE TO THE 1992 SCHOLAR- ATHLETES

HON. ROBERT T. MATSUI

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, March 2, 1992

Mr. MATSUI. Mr. Speaker, I rise today to pay tribute to 10 high school and 3 college members of the Sacramento community upon their acceptance as this year's National Football Foundation Sacramento Valley Chapter's scholar athletes of the year. These outstanding individuals deserve to be recognized for their dedication to the pursuit of excellence not only in their sport but also in their academic undertakings.

This ceremony will recognize the achievements of a very elite group of outstanding student athletes in the Sacramento Valley area. The three college students: Jason Edwards, University of the Pacific; Eric Palmberg, California State University, Sacramento; Michael Shephard, University of California, Davis, along with the 10 high school students: Eric Belding, Bear River High School; Byron Deeter, El Camino High School; Eric Frostad, Roseville High School; Tim Griffin, Jesuit High School; James Kidd, Elk Grove High School; Brian Marlette, Oak Ridge High School; Joe McKeen, Cordova High School; Zachary Stassi, Jesuit High School; Mike Statham, Del Campo High School; Joseph Tanner, River City High School; Eric Tension, Roseville High School are to be congratulated for their outstanding achievements. It is through their commitment and skill that these individuals have made significant contributions to the entire Sacramento community.

Mr. Speaker, I commend the 1992 scholar-athletes for their many accomplishments. I am sure that my colleagues join me in saluting these invaluable members of the National Football Foundation and Hall of Fame for their expertise and their sportsmanship. It is through their hard work and sacrifice that these young men have met the challenge of excelling in two different environments head on. I extend my best wishes for their continued success in all their future endeavors.

IN HONOR OF THE WEST PHILADELPHIA CATHOLIC HIGH SCHOOL FOR BOYS 75 YEARS OF ACADEMIC EXCELLENCE

HON. LUCIEN E. BLACKWELL

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Monday, March 2, 1992

Mr. BLACKWELL. Mr. Speaker, I rise today to pay tribute to a most special academic institution located in the heart of my congressional district. As West Catholic High School celebrates its 75th anniversary this week, I would like to take a moment to reflect on the glorious past of this beloved school.

The plan to establish a Catholic high school in west Philadelphia was pursued with great fervor by Bishop John J. McCort. After enlisting the support of the pastors of west Philadelphia and its outlying districts, Bishop McCort's dream was realized as ground was broken for the new school in 1915. In its first year, the West Philadelphia Catholic High School for Boys enrolled a total of 110 students. Five years later, enrollment had already increased to 450 students, and plans for expansion were underway. In 1926, the Brothers of the Christian Schools assumed the religious direction of the school, and saw the student body increase to nearly 2,900 students in 1952.

The tradition of West Catholic High is deeply rooted in the community of which it serves. Although the school's duration in years is highly impressive, it is the quality of West Catholic's administrators and teachers that render this institution with greatness. Any former student at West Catholic will testify about the personal concern and compassion

shown by former teachers, as well as the overall quality of the education they received. Indeed the spirit of the school owes a great deal of its vitality to the leadership of those educators whose vision and dedication continue to make West Catholic High one of the finest schools in the Delaware valley.

Of course, there could be no school without students, and since 1915, West Catholic High has graduated a countless number of community, city, State, and national leaders. Graduates of West Catholic frequently reminisce about the companionship shared with fellow students in class, on the playing fields or basketball courts, and in extracurricular activities. In my mind, this seems to be the key to endurance for any benevolent institution—the time honored notion of working together.

I ask my colleagues to rise and join me in paying our greatest tributes to West Catholic High School.

A TRIBUTE TO BRENDA SHIELDS WADE AND ELAINE SHIELDS RAINES

HON. KWEISI MFUME

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Monday, March 2, 1992

Mr. MFUME. Mr. Speaker, I rise today to honor two of Maryland's most recent African-American female retirees. Mrs. Brenda Shields Wade and Mrs. Elaine Shields Raines are sisters. On Friday, February 28, 1992, these women will be honored by family, friends, and a host of admirers throughout the greater Baltimore area on the occasion of their retirement from the Chesapeake & Potomac Telephone Co. of Maryland.

Collectively, both Brenda and Elaine have been employed with this major corporation for over 50 years. During which time both were able to overcome the obstacles of sexism and racism to achieve occupational excellence; becoming executive managers for their firm and positive role models for their community. Twenty-seven years later, both women were afforded the opportunity to retire and pursue new goals, and both took advantage of it.

And, as a result of this opportunity, these women have chosen to pursue additional certification in the fields of education and human services. It is with the completion of this latest endeavor that both plan one day to give even more back to the community, by serving the needs of its children and its disadvantaged.

Mr. Speaker, like many who have attained much, both Brenda and Elaine came from humble beginnings. They are two of seven children, born to Bethlehem Steel worker, James C. Shields and his wife, Willeen. As products of this blue collar working family in Baltimore's innercity; they both entered the work force at the early age of 17. Being strong of character and possessing sound interpersonal and communication skills, these women were able to rise to the rank of management at the Chesapeake & Potomac Telephone Co.

They took advantage of company-sponsored educational opportunities as well as enrolling in evening and weekend programs at local col-

leges. These experiences enriched their contributions on their jobs and in their communities. Both women were active members of the board of trustees and the Sunday School at the Brown's Memorial Baptist Church in Baltimore as well as founding members of the Baltimore Washington Investors, Ltd.

While achieving all of the aforementioned accomplishments and more, both women maintained households, raised their children and supported their husbands.

Mr. Speaker, I am honored to pay tribute to these women who have contributed greatly to their employers, their communities, and their families. They are fine examples of the many accomplishments being made by women in corporate America, and African-American women in particular.

TRIBUTE TO MARGARET KOZUCH

HON. GUS YATRON

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Monday, March 2, 1992

Mr. YATRON. Mr. Speaker, I rise today to pay tribute to Mrs. Margaret Kozuch of Summit Hill, PA, who has spent many years as an active and integral part of her community.

Mrs. Kozuch participates extensively in civic affairs, dedicating herself to the causes of her church, town, and the county of Carbon. She is on the Carbon County Parks and Recreation Commission, has served as den mother to the Boy Scouts of Troop No. 546, and has organized fund drives for many worthwhile projects. Mrs. Kozuch has held the position of chairman of the Carbon County Democratic Party and is the current party committee-woman of Summit Hill, a position which she has held for over 45 years. Through her involvement with St. Joseph's Church, Mrs. Kozuch has led the Guild of Catholic Women to assist in the church's functions. Mrs. Kozuch has given of herself to these and many other causes, all while raising her family and working for the department of labor and industry until her retirement. To recognize and honor her dedication to Summit Hill, Mrs. Kozuch will be presented with the prestigious Shamrock Award by the Panther Valley Irish-American Association.

I believe my colleagues will agree that Mrs. Kozuch deserves our commendation on the floor of the House for her untiring service to the people of Summit Hill. Mrs. Kozuch's compassion, charity, and devotion to her fellow citizens reminds us of our ability to enrich the lives of others by giving of ourselves.

A CONGRESSIONAL TRIBUTE TO REV. EDWARD BYNUM

HON. MERVYN M. DYMALLY

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, March 2, 1992

Mr. DYMALLY. Mr. Speaker, I rise today to honor an unselfish servant of God, who has served the Greater Los Angeles and Watts area not for profit or fame, but because he truly cares for this community.

Rev. Edward Bynum initiated a small food program for his church, the Lighthouse Church of God and Christ, located in the Watts area of Los Angeles, to serve for 1 month. Today, thanks to his dedication and the generosity of his supporters, the Lighthouse Community Outreach project now serves thousands and thousands of families. In these recessionary times, when the needs of our people are greatest, it is outstanding leaders like Reverend Bynum who help offset these economic woes with their outpouring of service to the needy families in our communities.

I would like to share with you a few excerpts from an article written by Ralph Sutton for the Wave Newspaper of Los Angeles:

"This one lady came to get food every day. One Sunday she came and testified, 'I came here every day, got this food and fed my children. I was able to save \$900. I got a nice apartment for my children now, and I quit drugs.' She never came back to church, but we knew her life had been changed," said Bynum.

"We established a small church in Compton called the House of Prayer. We also started holding outdoor services in Watts at Will Rogers Park. We liked the area because we could see how tremendous the needs of the people were," Bynum said. "If Jesus were here today, we believe he would be where the needs are the greatest."

A lot of people think that we're giving away government surplus food and that it's free to us," Bynum said. "But, only the government-issued food is free. Everything else—like vegetables, bread and meat—you pay 10 cents a pound for."

The Outreach Market now serves approximately 200,000 people annually. In addition, church members deliver groceries to shut-ins and they turn no one away.

So, Mr. Speaker, I stand before you to direct your attention to this man who has so humbly served his community. I am honored to have this occasion to make sure that Rev. Edward Bynum is properly recognized for his deeds.

A TRIBUTE TO CAPT. JAMES M. FOURNIER

HON. C. CHRISTOPHER COX

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, March 2, 1992

Mr. COX of California. Mr. Speaker, I rise today to pay tribute to an outstanding official of the U.S. Congress, Capt. James M. Fournier has devoted over four decades of his life in service to his country. Jim Fournier has excelled in many fields: as a military officer, a sea captain, an engineer, and a general manager. He has succeeded in both business and Government. He is, I am proud to say, a good and loyal friend who has been with me since the beginning of my congressional career.

As my district representative and the chief of staff in my California office, Jim Fournier has become a beloved figure not only to the people who work for him but also thousands of southern Californians whom he has helped through difficulties with the Federal Government.

Although it would have been equally well-deserved, Jim did not earn the title of "Cap-

tain" by navigating the political waters of Washington, DC, or California. Rather, it was his long and outstanding service in the U.S. Coast Guard which earned him that designation. He began serving our Nation in 1954, when he was commissioned an ensign following graduation from the U.S. Coast Guard Academy. The next 30 years found Jim on Coast Guard cutters sailing to all four corners of the Earth, as well as on the vast network of waterways throughout the United States. Among his varied assignments, Jim captained icebreakers in the Antarctic and in the Arctic Circle; he commanded the Coast Guard's 8th District Field Office in New Orleans; and he managed the Coast Guard's Congressional Liaison Office in Washington, DC.

Jim Fournier's rapid advancement and stellar performance sailing under the flag of the United States earned him several national honors, including one of our Nation's top military service awards, the Legion of Merit. Although he would not be one to mention it, a listing of the other honors awarded to Captain Fournier is nothing short of amazing: Meritorious Service Medal, 2; the Coast Guard Commendation Medal, 2; Letter of Commendation, 2; National Defense Medal, 2; Antarctic Service Medal, 3; Arctic Service Medal, 4; and 11 other awards. In between his seagoing assignments, Jim found time to study engineering at the prestigious Rensselaer Polytechnic Institute and to do postgraduate work at John Carroll University.

Jim has often mentioned that the best import ever to sail to the United States from Canada is Lucille, his wife of nearly 30 years. I have had the pleasure of knowing Lucille for the past 4 years, and I agree with Jim completely. Jim and Lucille have three grown children, and for the past 2 years, Captain Jim has been grandpa Jim to his beautiful granddaughter, Renee.

Following his retirement from the Coast Guard and from private business in the field of engineering, Jim came on board with me right after my first election in 1988. He started from scratch and set up my district office in Orange County, finding office space, hiring the staff, and organizing the workload. He has served Orange County as the first line of assistance for thousands of constituents who have had problems with Federal agencies—from the IRS to the INS, from Santa Ana to our most distant and farflung Embassies around the world.

I well remember one especially poignant success that Jim achieved. Our constituents, Paul and Marci Mast of Laguna Hills, were seeking to adopt Rachel and Juliana, two orphaned Romanian babies. The Masts were devastated at the roadblocks they encountered in the U.S. bureaucracy. They weren't sure when, if ever, they would be allowed to bring their new daughters home to California. That's when they turned to my office for help. In the words of Marci Mast, Jim Fournier "worked on our problem with a passion that approached a vendetta." In less than a month, the Masts had their two beautiful girls at home with them in California. The creative energy that led to our success was typical of Jim Fournier—all day, every day.

Mr. Speaker, as my district representative, Jim Fournier has established an enviable record of caring service to the people of Or-

ange County. His stewardship in that role will long be remembered, and should serve as a model for all of us in congressional service for years to come. As he sets his course for new challenges, I'm sure my colleagues will join me in saluting Jim Fournier, and thanking him for a job well done—for Orange County, for California, and for America.

THE 10TH ANNIVERSARY OF THE KEENE CAMERATA

HON. JOE BARTON

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Monday, March 2, 1992

Mr. BARTON of Texas. Mr. Speaker, I'd like to share with my colleagues the remarkable story of a small-town orchestra in my district.

Keene, TX—population 3,944—is a small town that is home to the Keene Camerata, a 35-member string orchestra. The Camerata is comprised of community members and students ranging from elementary to college levels. Their repertoire includes religious, classical, and semiclassical works. They perform regularly in the north Texas area. In 1988, the Keene Camerata traveled to Jamaica for a week of performances across the island.

Murgor Doroftei, founder and director of the Keene Camerata, emigrated to the United States from Romania in 1980. He and his family spent a few months in New York City before settling in Keene, TX, in the spring of 1981. A professional musician and composer, Mr. Doroftei was hired by Southwestern Adventist College as a music instructor. Although he was fluent in Russian and French, Mr. Doroftei did not speak much English. He did not let his language problem prevent him from organizing a full orchestra at Southwestern Adventist College. He named the orchestra the Keene Camerata.

The Camerata experienced growing pains in the beginning. Mr. Doroftei had a difficult time finding people who played wind instruments. After 2 years, Mr. Doroftei decided to disband the percussion and wind instrument sections and form the existing chamber string orchestra.

Mr. Doroftei faced another potential problem. He did not have a budget that would accommodate the expense of new music for the fledgling ensemble. As an accomplished composer and arranger himself, he resorted to writing his own arrangements for string orchestra: Concertos, hymns, show tunes, and golden oldies. Today his collection numbers over 400 arrangements. This includes nearly 30 concertos for solo instrument and some 200 hymns and vocal solos.

The Keene Camerata celebrated their 10th anniversary on February 29, 1992, with a performance at 7:30 p.m. in Evans Hall on the campus of Southwestern Adventist College.

INTRODUCTION OF THE FAIRNESS
FOR FEDERAL POLICE OFFICERS
ACT

HON. ROBERT E. ANDREWS

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Monday, March 2, 1992

Mr. ANDREWS of New Jersey. Mr. Speaker, I rise today to inform the House of a great injustice that is taking place, and of legislation I have introduced to correct it.

The many Federal buildings, lands, and military bases across the country rely on Federal police officers to enforce the law and protect public safety. Unfortunately, because of U.S. Office of Personnel Management, an entire class of Federal police officers have been denied the pay raise to Federal law enforcement officers that was passed in the Federal Law Enforcement Pay Reform Act of 1990.

OPM uses a very narrow interpretation of the legal definition of Federal law enforcement officers. By OPM's own admission, their interpretation excludes Federal employees who perform general police-type duties including maintaining law and order, protecting life and property, and guarding against or inspecting for violations of law. To me, these duties are the essence of law enforcement, yet OPM has precluded such employees from FLEPRA.

This problem was first brought to my attention by Mr. Michael Petrecz, the president of the Fraternal Order of Police for the GS-083 officers at the Philadelphia Naval Shipyard which borders my district, and where many of my constituents work. Mr. Petrecz showed me in great detail the many varied and dangerous duties of the police officers at PNSY. Those officers are responsible for everything from drug interdiction, to river boat patrols. Every day they are confronted with the same violence and danger that all of our inner city police face, and yet are told by our Government that they are not law enforcement officers.

For this reason, today I introducing the Fairness for Federal Police Officers Act. This legislation amends FLEPRA to provide that Federal GS-083 police series officers be treated as Federal law enforcement officers for the purposes of the 1990 pay raise. I believe that fairness dictates the passage of this legislation, and I would invite my colleagues to join me in sponsoring this legislation.

SENATE COMMITTEE MEETINGS

Title IV of Senate Resolution 4, agreed to by the Senate on February 4, 1977, calls for establishment of a system for a computerized schedule of all meetings and hearings of Senate committees, subcommittees, joint committees, and committees of conference. This title requires all such committees to notify the Office of the Senate Daily Digest—designated by the Rules Committee—of the time, place, and purpose of the meetings, when scheduled, and any cancellations or changes in the meetings as they occur.

As an additional procedure along with the computerization of this information, the Office of the Senate Daily

EXTENSIONS OF REMARKS

Digest will prepare this information for printing in the Extensions of Remarks section of the CONGRESSIONAL RECORD on Monday and Wednesday of each week.

Meetings scheduled for Tuesday, March 3, 1992, may be found in the Daily Digest of today's RECORD.

MEETINGS SCHEDULED

MARCH 4

9:30 a.m.

Banking, Housing, and Urban Affairs

To hold joint hearings with the Joint Economic Committee's Subcommittee on Technology and National Security on the overall competitiveness of the U.S. economy.

SD-538

Joint Economic

Technology and National Security Subcommittee

To hold joint hearings with the Committee on Banking, Housing, and Urban Affairs on the overall competitiveness of the U.S. economy.

SD-538

10:00 a.m.

Environment and Public Works

Water Resources, Transportation, and Infrastructure Subcommittee

To hold hearings to examine water resources infrastructure needs and impacts.

SD-406

Foreign Relations

Business meeting, to mark up S. Con. Res. 70, to express U.S. support for the protection of the African elephant, S. Con. Res. 80, concerning democratic changes in Zaire, S. Con. Res. 89, concerning the United Nations Conference on Environment and Development, to consider the International Covenant on Civil and Political Rights (Ex. E, 95th Congress, 2nd Session), and pending nominations.

SD-419

Governmental Affairs

Business meeting, to mark up pending legislation.

SD-342

Labor and Human Resources

To hold hearings to examine comprehensive health reform proposals.

SD-430

Joint Economic

To hold hearings to examine the long-term outlook for agricultural trade.

B-352 Rayburn Building

Joint Economic

Economic Goals and Intergovernmental Policy Subcommittee

To hold hearings to examine United States agricultural competitiveness and how current trade talks might affect the farm industry.

B-352 Rayburn Building

10:30 a.m.

Judiciary

Juvenile Justice Subcommittee

To hold hearings on proposed legislation authorizing funds for programs of the Juvenile Justice Act, focusing on problems of overcrowding in youth detention centers and access to justice in the court system.

SR-385

2:00 p.m.

Armed Services

To hold hearings on proposed legislation authorizing funds for fiscal year 1993

for the Department of Defense and the future year defense plan, focusing on the unified commands military strategy and operational requirements.

SR-222

Foreign Relations

European Affairs Subcommittee

To hold hearings to examine U.S. policy toward Yugoslavia.

SD-419

Judiciary

To hold hearings on pending nominations.

SD-G50

Select on Intelligence

To resume hearings on S. 2198, to reorganize the United States intelligence community to provide for the improved management and execution of United States intelligence activities.

SH-216

MARCH 5

9:00 a.m.

Appropriations

Defense Subcommittee

To hold hearings on proposed budget estimates for fiscal year 1993 for the Department of Defense, focusing on Army posture.

SD-192

9:30 a.m.

Select on Intelligence

To resume hearings on S. 2198, to reorganize the United States intelligence community to provide for the improved management and execution of United States intelligence activities.

SH-216

Environment and Public Works

Environmental Protection Subcommittee

To hold hearings on proposed legislation authorizing funds for the Resource Conservation and Recovery Act, focusing on recycling provisions.

SD-406

Governmental Affairs

Federal Services, Post Office, and Civil Service Subcommittee

To hold hearings on S. 316, to provide for treatment of Federal pay in the same manner as non-Federal pay with respect to garnishment and similar legal process.

SD-342

Labor and Human Resources

Children, Family, Drugs, and Alcoholism Subcommittee

To hold hearings to examine solutions for a new economy, focusing on jobs and families.

SD-430

Veterans' Affairs

To hold joint hearings with the House Committee on Veterans' Affairs to review the legislative recommendations of the Paralyzed Veterans of America, the Blinded Veterans of America, WWI Veterans, Military Order of the Purple Heart, Association of the United States Army, Retired Officers Association, and Vietnam Veterans of America.

345 Cannon Building

10:00 a.m.

Appropriations

Commerce, Justice, State, and Judiciary Subcommittee

To hold hearings on proposed budget estimates for fiscal year 1993 for the Department of State.

S-146, Capitol

Appropriations

Transportation Subcommittee

To hold hearings on proposed budget estimates for fiscal year 1993 for the Interstate Commerce Commission, and the Office of Inspector General.

SD-138

Banking, Housing, and Urban Affairs

To hold hearings to examine Resolution Trust Corporation (RTC) operations, focusing on its affordable housing program.

SD-538

Foreign Relations

To resume hearings on strategic nuclear reduction in a post-cold war world, focusing on arms control.

SD-419

Joint Economic

To hold hearings to examine new approaches to restructure the public sector to deliver more for less.

2200 Rayburn Building

2:00 p.m.

Appropriations

VA, HUD, and Independent Agencies Subcommittee

To hold hearings on proposed budget estimates for fiscal year 1993 for the Consumer Product Safety Commission, the Office of Consumer Affairs, and the Consumer Information Center.

SD-116

Energy and Natural Resources

Public Lands, National Parks and Forests Subcommittee

To resume hearings on S. 1755, to reform the concessions policies of the National Park Service.

SD-366

MARCH 6

9:30 a.m.

Agriculture, Nutrition, and Forestry
Agricultural Research and General Legislation Subcommittee

To hold hearings on the alternative uses of agricultural commodities, focusing on impediments to commercialization.

SR-332

Joint Economic

To hold hearings on the employment-unemployment situation for February.

SD-628

10:00 a.m.

Finance

International Trade Subcommittee

To hold hearings on intellectual property rights protection and the "Special 301" provisions of the 1988 Trade Act.

SD-215

MARCH 10

10:00 a.m.

Foreign Relations

To resume hearings on strategic nuclear reduction in a post-cold war world, focusing on succession issues.

SD-419

MARCH 11

11:00 a.m.

Commerce, Science, and Transportation
Communications Subcommittee

To hold hearings on S. 1101, to require the Federal Communications Commission (FCC) to prescribe standards for AM stereo radio broadcasting, an FCC rulemaking proposal relating to radio ownership rules, and other related issues.

SR-253

MARCH 12

9:30 a.m.

Rules and Administration

To hold hearings on S. 523, to establish the National African-American Memorial Museum within the Smithsonian Institution.

SR-301

10:30 a.m.

Rules and Administration

To hold hearings on S.J. Res. 259, providing for the appointment of Barber B. Conable, Jr. as a citizen regent of the Board of Regents of the Smithsonian Institution.

SR-301

11:00 a.m.

Rules and Administration

To hold hearings on proposed legislation authorizing funds for fiscal years 1993 through 1997 for the American Folklife Center of the Library of Congress.

SR-301

MARCH 17

9:30 a.m.

Commerce, Science, and Transportation
Science, Technology, and Space Subcommittee

To hold hearings to examine an overview of NASA's budget for fiscal year 1993.

SR-253

10:00 a.m.

Appropriations

Agriculture and Related Agencies Subcommittee

To hold hearings on proposed budget estimates for fiscal year 1993 for the Department of Agriculture, focusing on the Food and Nutrition Service, and the Human Nutrition Information Service.

SD-138

MARCH 18

9:30 a.m.

Commerce, Science, and Transportation
Science, Technology, and Space Subcommittee

To hold hearings to examine NASA's space station and launch issues.

SR-253

Select on Indian Affairs

To resume oversight hearings on the implementation of the Indian Gaming Regulatory Act (IGRA).

SH-216

MARCH 19

9:30 a.m.

Appropriations

VA, HUD, and Independent Agencies Subcommittee

To hold hearings on proposed budget estimates for fiscal year 1993 for the National Science Foundation, and the Office of Science Technology Policy.

SD-124

Energy and Natural Resources

Public Lands, National Parks and Forests Subcommittee

To hold hearings on S. 684, to strengthen the preservation of the Nation's historic heritage and resources.

SD-366

10:00 a.m.

Appropriations

Commerce, Justice, State, and Judiciary Subcommittee

To hold hearings on proposed budget estimates for fiscal year 1993 for the Department of Justice.

S-146, Capitol

Appropriations

Transportation Subcommittee

To hold hearings on proposed budget estimates for fiscal year 1993 for the Federal Highway Administration, Department of Transportation.

SD-138

MARCH 20

10:00 a.m.

Appropriations

Agriculture and Related Agencies Subcommittee

To hold hearings on proposed budget estimates for fiscal year 1993 for the Department of Agriculture, focusing on the Farmers Home Administration, the Federal Crop Insurance Corporation, the Rural Electrification Administration, and the Rural Development Administration.

SD-138

MARCH 25

9:30 a.m.

Appropriations

VA, HUD, and Independent Agencies Subcommittee

To hold hearings on proposed budget estimates for fiscal year 1993 for the Neighborhood Reinvestment Corporation, and the National Credit Union Administration.

SD-116

Select on Indian Affairs

To hold hearings on S. 1752, to provide for the development, enhancement, and recognition of Indian tribal courts.

SR-485

10:00 a.m.

Appropriations

Commerce, Justice, State, and Judiciary Subcommittee

To hold hearings on proposed budget estimates for fiscal year 1993 for the Federal Communications Commission, and the Securities and Exchange Commission.

S-146, Capitol

Appropriations

Transportation Subcommittee

To hold hearings on proposed budget estimates for fiscal year 1992 for the National Highway Traffic Safety Administration, and the Research and Special Programs Administration, both of the Department of Transportation.

SD-138

MARCH 26

9:30 a.m.

Appropriations

VA, HUD, and Independent Agencies Subcommittee

To hold hearings on proposed budget estimates for fiscal year 1993 for the Environmental Protection Agency, and the Council on Environmental Quality.

SD-G50

Commerce, Science, and Transportation

Consumer Subcommittee

To hold hearings on S. 664, to require that health warnings be included in alcoholic beverage advertisements.

SR-253

MARCH 27

10:00 a.m.

Appropriations

Agriculture and Related Agencies Subcommittee

To hold hearings on proposed budget estimates for fiscal year 1993 for the De-

partment of Agriculture, focusing on the Animal and Plant Inspection Service, the Food Safety and Inspection Service, and the Agricultural Marketing Service.

SD-138

APRIL 1

9:30 a.m.

Select on Indian Affairs

To hold hearings on proposed legislation to authorize funds for programs of the Indian Health Care Improvement Act.

SR-485

10:00 a.m.

Appropriations

Commerce, Justice, State, and Judiciary Subcommittee

To hold hearings on proposed budget estimates for fiscal year 1993 for the Department of Commerce.

S-146, Capitol

APRIL 2

9:30 a.m.

Appropriations

VA, HUD, and Independent Agencies Subcommittee

To hold hearings on proposed budget estimates for fiscal year 1993 for the Federal Deposit Insurance Corporation, and the Resolution Trust Corporation.

SD-116

10:00 a.m.

Appropriations

Transportation Subcommittee

To hold hearings on proposed budget estimates for fiscal year 1993 for the National Transportation Safety Board.

SD-138

APRIL 3

10:00 a.m.

Appropriations

Agriculture and Related Agencies Subcommittee

To hold hearings on proposed budget estimates for fiscal year 1993 for the Department of Agriculture, focusing on the Agricultural Stabilization and Conservation Service, the Foreign Agricultural Service, the General Sales Manager, and the Soil Conservation Service.

SD-138

APRIL 7

10:00 a.m.

Appropriations

Agriculture and Related Agencies Subcommittee

To hold hearings on proposed budget estimates for fiscal year 1993 for the Department of Agriculture, focusing on the Commodity Futures Trading Commission, the Food and Drug Administration, the Farm Credit Administration, and the Farm Credit System Assistance Board.

SD-138

Appropriations

Commerce, Justice, State, and Judiciary Subcommittee

To hold hearings on proposed budget estimates for fiscal year 1993 for the Federal Bureau of Investigation, and the Drug Enforcement Administration, Department of Justice.

S-146, Capitol

APRIL 8

9:30 a.m.

Veterans' Affairs

To hold joint hearings with the House Committee on Veterans' Affairs to review the legislative recommendations of the AMVETs, American Ex-POWs, Jewish War Veterans, Non-Commissioned Officers Association, National Association for Uniformed Services, and Society of Military Widows.

SD-106

APRIL 9

9:30 a.m.

Appropriations

VA, HUD, and Independent Agencies Subcommittee

To hold hearings on proposed budget estimates for fiscal year 1993 for the National Aeronautics and Space Administration.

SD-G50

10:00 a.m.

Appropriations

Commerce, Justice, State, and Judiciary Subcommittee

To hold hearings on proposed budget estimates for fiscal year 1993 for the National Oceanic and Atmospheric Administration, and the Small Business Administration.

S-146, Capitol

Appropriations

Transportation Subcommittee

To hold hearings on proposed budget estimates for fiscal year 1993 for Amtrak, and the Federal Railroad Administration, Department of Transportation.

SD-138

APRIL 29

10:00 a.m.

Appropriations

Commerce, Justice, State, and Judiciary Subcommittee

To hold hearings on proposed budget estimates for fiscal year 1993 for the U.S. Information Agency, and the Board for International Broadcasting.

S-146, Capitol

APRIL 30

9:30 a.m.

Appropriations

VA, HUD, and Independent Agencies Subcommittee

To hold hearings on proposed budget estimates for fiscal year 1993 for the Department of Housing and Urban Development.

SD-G50

10:00 a.m.

Appropriations

Transportation Subcommittee

To hold hearings on proposed budget estimates for fiscal year 1993 for the Federal Transit Agency, and the Washington Metropolitan Area Transit Authority.

SD-138

MAY 7

9:30 a.m.

Appropriations

VA, HUD, and Independent Agencies Subcommittee

To hold hearings on proposed budget estimates for fiscal year 1993 for the Department of Veterans Affairs, and the Court of Veterans Affairs.

SD-124

10:00 a.m.

Appropriations

Transportation Subcommittee

To hold hearings on proposed budget estimates for fiscal year 1993 for the U.S. Coast Guard, Department of Transportation.

SD-138

MAY 14

9:30 a.m.

Appropriations

VA, HUD, and Independent Agencies Subcommittee

To hold hearings on proposed budget estimates for fiscal year 1993 for the Federal Emergency Management Agency.

SD-124

10:00 a.m.

Appropriations

Transportation Subcommittee

To hold hearings on proposed budget estimates for fiscal year 1993 for the Federal Aviation Administration, Department of Transportation.

SD-138

MAY 21

9:30 a.m.

Appropriations

VA, HUD, and Independent Agencies Subcommittee

To hold hearings on proposed budget estimates for fiscal year 1993 for the National Community Service, and the Points of Light Foundation.

SD-116

10:00 a.m.

Appropriations

Transportation Subcommittee

To hold hearings on proposed budget estimates for fiscal year 1993 for the General Accounting Office.

SD-138

MAY 22

9:30 a.m.

Appropriations

VA, HUD, and Independent Agencies Subcommittee

To hold hearings on proposed budget estimates for fiscal year 1993 for the Department of Housing and Urban Development and certain related agencies.

SD-138

CANCELLATIONS

MARCH 5

2:00 p.m.

Select on Intelligence

To hold hearings on the nomination of Vice Adm. William O. Studeman, U.S. Navy, to be Deputy Director of Central Intelligence, and to have the rank of Admiral while so serving.

SH-216