by Senators D'Amato and Moynihan, to amend section 832(e) of the Internal Revenue Code of 1986 to apply to financial guaranty insurance generally. Under present law, the tax and loss bonds provisions thereof are applicable to mortgage guaranty, lease guaranty, and tax-exempt bond insurance but are not applicable to insurance of other taxable debt instruments, a growing segment of the financial guaranty insurance business.

Article 69 of the New York Insurance Law, which governs financial guaranty insurance corporations, was enacted on May 14, 1989. Article 69 establishes contingency reserve requirements in respect of all financial guaranty insurance corporations where in the past these requirements only applied to insurers of municipal obligations.

In formulating this new legislation and establishing contingency reserve requirements applicable to all financial guaranty insurance corporations, there was no intention to create a disparity between insurers of taxable and tax-exempt obligations in respect of their ability to invest in tax and loss bonds. Section 6903(a)(7) of Article 69 provides that ''any insurer providing financial guaranty insurance may invest the contingency reserve in tax and loss bonds purchased pursuant to Section 832(e) of the Internal Revenue Code (or any successor provision) only to the extent of the tax savings resulting from the deduction for federal income tax purposes of a sum equal to the annual contributions to the contingency reserve.'' This provision of Article 69 expressly contemplates that all financial guaranty insurers would be entitled to benefit from an investment in tax and loss bonds within the limitations provided by the insurance law.

S. 1106 eliminates the disparate treatment of insured mortgages, leases and tax exempt bonds, on the one hand, and of other insured taxable bonds, on the other, which the provisions of IRC section 832(e) now create. Your efforts to secure enactment of the proposal will be most appreciated.

Very truly yours,

EDWARD J. MUHL,
Superintendent of Insurance.

THE ELECTRIC POWER COMPETITION AND CONSUMER CHOICE ACT OF 1996

HON. EDWARD J. MARKEY

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 11, 1996

Mr. MARKEY. Mr. Speaker, today I am introducing legislation aimed at promoting competition in the electric utility industry. This legislation seeks to create Federal incentives for removal of existing State-level barriers to full competition and consumer choice in electricity generation.

Today, the generation, transmission, and distribution of electricity remains largely a monopoly enterprise. The monopoly nature of this industry has, in turn, necessitated a very strict system of Federal and State utility regulation aimed at protecting captive utility ratepayers from potential overcharges, abuses and conflicts of interest. Today, however, we are now at a crossroads. We now have an historic opportunity to bring full competition to the business of electricity generation. The transition to such a competitive market, however, will require both Federal and State action.

Electricity restructuring legislation at the Federal or State level should be aimed at demonopolizing the electric power industry, not simply deregulating it. There is now no reason why electricity generation should remain a monopoly business, and no reason why consumers should not be free to choose their power supplier, just as they now can choose between rival phone companies. Our objective must be to create a competitive marketplace where many sellers and many buyers can come together. In some cases, this may mean getting rid of old utility regulations that no longer are needed because their purpose can now be achieved through reliance on market forces. In other cases, it may mean preserving existing rules where necessary to respond to those aspects of the industry which remain a monopoly, such as distribution of electricity over local power lines. But restructuring also means Congress will have to enact some new rules that assure the benefits of competition—lower prices and consumer choice—are not effectively undermined by anticompetitive practices by recovering utility monopolists who fall off the competition wagon.

Earlier this year, I introduced H.R. 2929, the Electric Power Competition Act of 1996 to advance the goal of electric utility demonopolization. That bill linked repeal of the mandatory power purchase provisions of PURPA to State action to open up full retail competition. This would be achieved either through utility divestiture of powerplants or by State approval of a so-called retail wheeling plans that would allow consumers to buy power from competing generating companies that would be granted nondiscriminatory access to utility power lines. In order to preserve environmentally sound renewable energy sources, energy conservation programs, and low-income consumer protections, H.R. 2929 also requires the States to certify they have met certain minimum standards in each of these areas in order to qualify for relief from PURPA. Finally, to promote a fully competitive marketplace, certain exemptions which electric utilities currently enjoy from the Federal antitrust laws would be repealed.

At the time I introduced H.R. 2929 and in subsequent hearings before the Energy and Power Subcommittee I noted that in addition to these reforms, electric utility restructuring legislation also must address the risks that electric utility mergers, utility market power, or utility diversification into new lines of business might harm electricity consumers or undermine the emergence of a fully competitive electricity generation market. The legislation I am introducing today addresses each of these critical areas and should be viewed as the companion bill to H.R. 2929. The bill requires each State to initiate a retail competition rulemaking proceeding pursuant to certain Federal standards; repeals PUHCA for those electric utility holding companies whose service territories have been opened up to full retail competition and met minimum standards for renewables, efficiency, and low-income consumer protections; and gives FERC and the States enhanced authority to oversee mergers and acquisitions to protect consumers from transactions that are inconsistent with effective competition in electricity markets or would increase electricity prices.

It also gives FERC and the States authority to regulate utility market power to guard against anticompetitive practices; grants FERC and the States authority over electric utility interaffiliate transactions to guard against cross-subsidization or self-dealing; directs FERC to establish regional transmission markets to assure functionally efficient and nondiscriminatory transmission and prevent pancaking of rates; and, assures FERC and State regulators have full access to electric utility books and records.

It is important to keep in mind that Congress enacted PUHCA 60 years ago in response to the myriad of anticonsumer abuses that occurred during the initial growth of the electric utility industry. These abuses included the creation of complex utility holding companies not readily susceptible to effective State regulation, cross-subsidization, self-dealing, and other abuses, and blatantly anticompetitive practices and activities. While much has changed in the electric power business since PUHCA was enacted in 1935, even in a restructured electricity industry, Congress must be concerned about the potential for a recurrence of such abuses. For example, utilities who control generation, transmission, and distribution assets might still engage in self-dealing transactions among their affiliates, cross-subsidize unregulated business ventures at the expense of the captive consumers in their monopoly transmission or distribution businesses, or exploit their substantial market power to impede the growth of effective competition. Moreover, the accelerating pace of utility mergers threatens to create giant mega-utilities that could dominate regional electricity markets and effectively bar other entrants from vying for customers.

Comprehensive electricity restructuring legislation must address each of these potential threats to the development of a competitive electric generation market. I intend for the reform proposals contained in this legislation to be considered as part of any comprehensive electricity legislation that moves through the Commerce Committee, and I look forward to working with my colleagues on a bipartisan basis to secure their enactment into law.

THOU SHALT NOT BEAR FALSE WITNESS AGAINST THY NEIGHBOR

HON. ANDREW JACOBS, JR.

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 11, 1996

Mr. JACOBS. Mr. Speaker, I insert a July 29, 1966, letter to the editor of the Indianapolis Star and a July 1, 1996, article from the Indianapolis News.

Among the Ten Commandments of God Almighty is this: ''Thou shalt not bear false witness against thy neighbor.''

Of course the repulsive concept has garnered different terms through the years—slander, libel, perjury, smear, vicious gossip, mudslinging, character assassination, gutter tactics, McCarthyism, the politics of personal attack, uncivilized, and indecent. How about primitive? In the 81st Congress my father said, ''The extremists thought they had President Truman in '48 and ever since they have been going around like a mad dog whose victim escaped.''

And in defining the difference between the two major political parties, President Lyndon Johnson said, ''We don't hate their Presidents.'' Perhaps a paraphrase is in order, to wit: We don't hate their Presidents' wives.

Faults are things which describe our friends and disqualify our adversaries. My mother's favorite quotation is, ''There is so much good in the worst of us and so much bad in the best of us that it hardly becomes any of us to say very much about the rest of us.''

P.S. Just in case the mud slingers run short of wild charges against the President, they should try this one: A few days ago one of our little boys came home and said a chum of his solemnly insisted that there are Nazis in the White House.

[From the Indianapolis Star, June 29, 1996]

THE RIGHT STUFF

(By Ron Byers)

In The Star's June 25 search for an explanation of President Clinton's commanding lead in the polls, you may have overlooked a minor detail: four years of steady economic growth, reduced inflation and declining deficits.

It's not the stuff the Republican right claims he has done wrong. It's the stuff the public knows he has done right.

[From the Indianapolis News, July 1, 1996]

CRITICS ATTACK AGENT'S BOOK ABOUT INSIDE WHITE HOUSE

WASHINGTON.—The former FBI agent who wrote an insider's book on White House security is being attacked from all sides for what critics say is a pack of unbelievable tales and ''wild speculation.''

First lady Hillary Rodham Clinton today blasted the book during a visit to Bucharest, Romania.

''I see it as a politically inspired fabrication and I don't think anybody should take it seriously,'' she said.

She also denied suggestions that she played a role in the hiring of the White House security chief who collected private FBI files on more than 400 people. ''There is no connection,'' she said.

A top White House aide denounced author Gary Aldrich as a person of no credibility whose book is part of conservative Republicans' efforts to ''destroy the president.''

And White House spokesman Mike McCurry today called on Republican candidate Bob Dole to separate himself from a one-time volunteer adviser to Dole's campaign who is promoting Aldrich's book.

''It would be a surprise to us if Senator Dole didn't indicate that the activity of one of his paid advisers with respect to this book is unacceptable,'' McCurry said. ''I assume he'll do that and do it promptly.''

Even leading conservative journalists are denouncing Aldrich, including the apparent source of his book's wildest allegation—that President Clinton sneaks out of the White House without his guards for romantic hotel trysts.

''I never knew I would be used as a source,'' David Brock, a writer for the American Spectator, told *Newsweek* magazine. He said he never thought Aldrich would use the ''wild speculation'' he traded about the alleged presidential outings to a Washington hotel, which the Secret Service says would be impossible.

Conservative columnist George Will, who quizzed Aldrich Sunday on ABC, said Brock told him he was appalled to see the unverified story published.

''Can't someone say that, in fact, your book is a raw file and that you have gone into print with the kind of evidence that no prosecutor would ever go into court with?'' Will asked Aldrich.

''This is not a case presented to a grand jury,'' Aldrich replied, saying he had relied on his observations and untaped interviews for his book.

''I conducted investigations and talked to many sources, trying to knock this particular issue down as to whether the president could in fact travel without a Secret Service complement. I was unable to knock down that possibility,'' Aldrich said.

He acknowledged that much of the material came from second and third-hand source, some of whom have publicly disputed his account.

Still, Aldrich, who retired from the FBI in 1994 after 30 years as an agent, said he would be willing to go before Congress to reveal his sources and back up his insider tales of sloppy White House security and alleged former drug use by some officials, including a senior staffer.

''I'm willing to swear under oath to anything that I have in this book,'' Aldrich said on ABC's This Week With David Brinkley.

Senior Clinton adviser George Stephanopoulos, who had urged ABC to cancel Aldrich's appearance, said, ''His story couldn't get past the fact checker at the National Enquirer.''

Stephanopoulos said Aldrich's book was being promoted by people with Republican connections. He said several ''GOP operatives'' were present for the ABC show's taping, including those with ties to Republican president candidates Bob Dole and Pat Buchanan.

He named Craig Shirley, a paid adviser to Dole in his 1988 presidential campaign. His company, Craig Shirley & Associates Inc., is promoting the book, published by the conservative Regnery Publishing Inc.

''If you look at the people behind him, they're right-wing Republican political operatives who are determined to destroy the president,'' Stephanopoulos said. ''They're trying to tear him down.''

EVALUATING THE EVEN START PROGRAM

HON. WILLIAM F. GOODLING

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 11, 1996

Mr. GOODLING. Mr. Speaker, as the Member of Congress who developed the Even Start Program, I was understandably disappointed by the language discussing Even Start in the committee report accompanying the Labor, HHS, and Education appropriations bill for fiscal year 1997.

The Even Start Program was first funded in 1989 and, therefore, the program has only been in existence for a short period of time compared to other major elementary and secondary education programs. Thus, I believe it is unfair to say there is little in the way of evaluations to support the request for funding for this program.

I must admit that I, too, was disappointed with the last program evaluation. However, I never expected that the program would not have to undergo change in order to effectively carry out its goals. There is not a program in the Federal Government which cannot be improved. However, Even Start is new and we are just now learning what does and doesn't produce the positive results we are seeking.

For example, the interim evaluation reports called attention to the fact that adults participants were not benefiting as much as their children. As a result, the Department of Education started to stress with States and program providers the need for a stronger parent component. Additionally, early evaluations indicted that not all Even Start projects were operating all three program components. Again, this was corrected.

One of the findings of the most recent and final report was that the intensity of services was not strong in many programs and parents were receiving a minimal number of hours of adult education. The fiscal year 1996 appropriations bill for the District of Columbia contained language modifying the existing Even Start law to require intensive services be provided to program participants.

It is also easy to misinterpret data contained in evaluation studies. For example, the results on preschool experiences were misinterpreted. Children in Even Start did significantly better than the control group on school readiness tasks during the preschool year. Most children in the control group did not attend a preschool program and they did not learn skills needed for kindergarten by staying home. It was only at the end of the kindergarten year that the control group children learned the skills that the Even Start children had learned a year earlier.

Mr. Speaker, the committee did not cut funding for this program, for which I am grateful. However, I would hope that any future discussion of the effectiveness of Even Start would take into consideration the information I have discussed today and not jump to the conclusion that this program has not proven its worth.

LUCY BOWEN MCCAULEY'S CHOREOGRAPHIC MAGIC

HON. HENRY J. HYDE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 11, 1996

Mr. HYDE. Mr. Speaker, I wish to take this opportunity to advise my colleagues of a magical event which took place recently. Virginia's own Lucy Bowen McCauley, a renowned dancer and teacher, who has expanded her art into choreography, staged her first dance concert consisting solely of her own choreography.

The concert was a wonderful potpourri of passion and humor, style and grace. Ms. Bowen McCauley demonstrated her choreographic range in splendid fashion. From the classical ''Brahms Trio'' with its depth of lyrical movements, to the marvelously humorous ''What'll Ya'ave, Luv,'' to the deeply moving ''At Last,'' the evening was filled with excitement, emotion, and fun. One critic was especially moved when she noticed that the couple dancing the romantic ''At Last'' are married to each other and truly exuded the love which Ms. Bowen McCauley had choreographed into the piece. Ms. Bowen McCauley gave the audience a special treat by dancing in ''Fracture Zone,'' a wonderfully imaginative and dynamic work.

In her inaugural choreographic triumph, Ms. Bowen McCauley has managed not only to demonstrate her command of the complexities of choreography, but she has been able to imbue her dancers with her own drive and love of dance which clearly comes out in each piece. The combination made for a truly magical evening—one which culminated in a well-deserved standing ovation.

The dance world looks forward to future work from this truly talented choreographer.