

# EXTENSIONS OF REMARKS

## FIGHTING DRUGS IS THE ANSWER TO MORE THAN ONE QUESTION

**HON. GERALD B.H. SOLOMON**

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

*Friday, February 3, 1995*

Mr. SOLOMON. Mr. Speaker, drug abuse takes an enormous toll on our society. We spend billions of dollars on tangible ways to fight abuse like police, prisons, and courts. The problems is many don't recognize the other areas where drugs attack the fabric of this country. Rather than only affecting the individual, drug abuse has widespread and damaging repercussions. Today, 1 out of every 10 babies born in our country is addicted to drugs. According to the Partnership for a Drug Free America, drug use is related to half of all violent crime. Illegal drugs play a part in half of all homicides. Drug use is a factor in half of all family violence which is mostly directed against women. And over 30 percent of all child abuse cases involve a parent using illegal drugs. Obviously, drugs are playing an enormous part in the decline of our country. By aggressively allocating our resources to fight drug use, we show our commitment to mending many of this country's ills. This excellent article from the January 29, 1995 issue of the New York Times Magazine recommends several prescriptions.

[From the New York Times Magazine, Jan. 29, 1995]

### IT'S DRUGS, STUPID

(By Joseph A. Califano, Jr.)

Despite all the Republican preening and Democratic pouting since Nov. 8, neither political party gets it. If Speaker Newt Gingrich is serious about delivering results from his party's "Contract With America" and if President Clinton means to revive his Presidency, each can start by recognizing how fundamentally drugs have changed society's problems and that together they can transform Government's response.

For 30 years, America has tried to curb crime with more judges, tougher punishments and bigger prisons. We have tried to rein in health costs by manipulating payments to doctors and hospitals. We've fought poverty with welfare systems that offer little incentive to work. All the while, we have undermined these efforts with our personal and national denial about the sinister dimension drug abuse and addiction have added to our society. If Gingrich and Clinton want to prove to us that they can make a difference in what really ails America, they should "get real" about how drugs have recast three of the nation's biggest challenges.

Law, Order and Justice. In 1960 there were fewer than 30,000 arrests for drug offenses; in 30 years, that number soared beyond one million. Since 1989, more individuals have been incarcerated for drug offenses than for all violent crimes—and most violent crimes are committed by drug (including alcohol) abusers.

Probation and parole are sick jokes in most cities. As essential first steps to rehabilitation, many parolees need drug treatment and after-care, which means far more

monitoring than their drug-free predecessors of a generation ago required, not less. Yet in Los Angeles, for example, probation officers are expected to handle as many as 1,000 cases at a time. With most offenders committing drug- or alcohol-related crimes, it's no wonder so many parolees go right back to jail: 80 percent of prisoners have prior convictions and more than 60 percent have served time before.

Congress and state legislatures keep passing laws more relevant to the celluloid gangsters and inmates of classic 1930's movies than 1990's reality. Today's prisons are wall to wall with drug dealers, addicts, alcohol abusers and the mentally ill (often related to drug abuse). The prison population shot past a million in 1994 and is likely to double soon after the year 2000. Among industrialized nations, the United States is second only to Russia in the number of its citizens it imprisons: 519 per 100,000, compared with 368 for next-place South Africa, 116 for Canada and 36 for Japan.

Judges and prosecutors are demoralized as they juggle caseloads of more than twice the recommended maximum. In 1991 eight states had to close their civil jury trial systems for all or part of the year to comply with speedy trial requirements of criminal cases involving drug abusers. Even where civil courts remain open, the rush of drug-related cases has created intolerable delays—4 years in Newark, 5 in Philadelphia and up to 10 in Cook County, Ill. In our impersonal, bureaucratic world, if society keeps denying citizens timely, individual hearings for their grievances, they may blow off angry steam in destructive ways.

Health Care Cost Containment. Emergency rooms from Boston to Baton Rouge are piled high with the debris of drug use on city streets—victims of gunshot wounds, drug-prompted child and spouse abuse, and drug-related medical conditions like cardiac complications and sexually transmitted diseases. AIDS and tuberculosis have spread rapidly in large part because of drug use. Beyond dirty needles, studies show that teen-agers high on pot, alcohol or other drugs are far more likely to have sex, and to have it without a condom.

Each year drugs and alcohol trigger up to \$75 billion in health care costs. The cruelest impact afflicts the half-million newborns exposed to drugs during pregnancy. Crack babies, a rarity a decade ago, crowd \$2,000-a-day neonatal wards. Many die. It can cost \$1 million to bring each survivor to adulthood.

Even where prenatal care is available—as it is for most Medicaid beneficiaries—women on drugs tend not to take advantage, of it. And as for drug treatment, only a relatively small percentage of drug-abusing pregnant mothers seek it, and they must often wait in line for scarce slots. Pregnant mothers' failure to seek prenatal care and stop abusing drugs accounts for much of the almost \$3 billion that Medicaid spend in 1994 on inpatient hospital care related to drug use.

The Fight Against Poverty. Drugs have changed the nature of poverty. Nowhere is this more glaring than in the welfare systems and the persistent problem of teen-age pregnancy.

Speaker Gingrich and President Clinton are hell-bent to put welfare mothers to work. But all the financial lures and prods and all the job training in the world will do precious little to make employable the hundreds of

thousands of welfare recipients who are addicts and abusers.

For too long, reformers have had their heads in the sand about this unpleasant reality. Liberals fear that admitting the extent of alcohol and drug abuse among welfare recipients will incite even more punitive reactions than those now fashionable. Conservatives don't want to face up to the cost of drug treatment. This political denial assures failure of any effort to put these welfare recipients to work.

The future is not legalization. Legalizing drug use would write off millions of minority Americans, especially children and drug-exposed babies, whose communities are most under siege by drugs. It has not worked in any nation where it's been tried, and our own experience with alcohol and cigarettes shows how unlikely we are to keep legalized drugs away from children.

Drugs are the greatest threat to family stability, decent housing, public schools and even minimal social amenities in urban ghettos. Contrary to the claim of pot proponents, marijuana is dangerous. It devastates short-term memory and the ability to concentrate precisely when our children need them most—when they are in school. And a child 12 to 17 years old who smokes pot is 85 times as likely to use cocaine as a child who does not. Cocaine is much more addictive than alcohol, which has already hooked more than 18 million Americans. Dr. Herbert D. Kleber, a top drug expert, estimates that legalizing cocaine would give us at least 20 million addicts, more than 10 times the number today.

It's especially reckless to promote legalization when we have not committed research funds and energies to addiction prevention and treatment on a scale commensurate with the epidemic. The National Institutes of Health spend some \$4 billion for research on cancer, cardiovascular disease and AIDS, but less than 15 percent of the amount for research on substance abuse and addiction, the largest single cause and exacerbator of those diseases.

Treatment varies widely, from inpatient to outpatient, from quick-fix acupuncture to residential programs ranging a few weeks to more than a year, from methadone dependence to drug-free therapeutic communities. Fewer than 25 percent of the individuals who need drug or alcohol treatment enter a program. On average, a quarter complete treatment; half of them are drug- or alcohol-free a year later. In other words, with wide variations depending on individual circumstances, those entering programs have a one-in-eight chance of being free of drugs or alcohol a year later. Those odds beat many for long-shot cancer chemotherapies, and research should significantly improve them. But a recent study in California found that even at current rates of success, \$1 invested in treatment saves \$7 in crime, health care and welfare costs.

Here are a few suggestions for immediate action to attack the dimension drugs have added to these three problems:

Grant Federal funds to state and Federal prison systems only if they provide drug and alcohol treatment and after-care for all inmates who need it.

Instead of across-the-board mandatory sentences, keep inmates with drug and alcohol

• 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.

problems in jails, boot camps or halfway houses until they experience a year of sobriety after treatment.

Require drug and alcohol addicts to go regularly to treatment and after-care programs like Alcoholics Anonymous while on parole or probation.

Provide Federal funds for police only to cities that enforce drug laws throughout their jurisdiction. End the acceptance of drug bazaars in Harlem and southeast Washington that would not be tolerated on Manhattan's Upper East Side or in Georgetown.

Encourage judges with lots of drug cases to employ public health professionals just as they hire economists to assist with antitrust cases.

Cut off welfare payments to drug addicts and alcoholics who refuse to seek treatment and pursue after-care. As employers and health professionals know, addicts need lots of carrots and sticks, including the threat of loss of job and income, to get the monkey off their back.

Put children of drug- or alcohol-addicted welfare mothers who refuse treatment into foster care or orphanages. Speaker Gingrich and First Lady Hillary Rodham Clinton have done the nation a disservice by playing all-or-nothing politics with this issue. The compassionate and cost-effective middle ground is to identify those parents who abuse their children by their own drug and alcohol abuse and place those children in decent orphanages and foster care until the parents shape up.

Subject inmates, parolees and welfare recipients with a history of substance abuse to random drug tests, and fund the treatment they need. Liberals must recognize that getting off drugs is the only chance these individuals (and their babies) have to enjoy their civil rights. Conservatives who preach an end to criminal recidivism and welfare dependency must recognize that reincarceration and removal from the welfare rolls for those who test positive is a cruel Catch-22 unless treatment is available.

Fortunately, the new Congress and the new Clinton are certain not to legalize drugs. Unfortunately, it is less clear whether they will recognize the nasty new strain of intractability that drugs have added to crime, health costs and welfare dependency, and go on to tap the potential of research, prevention and treatment to save billions of dollars and millions of lives.

If a mainstream disease like diabetes or cancer affected as many individuals and families as drug and alcohol abuse and addiction do, this nation would mount an effort on the scale of the Manhattan Project to deal with it.

(Joseph A. Califano Jr. is president of the Center on Addiction and Substance Abuse at Columbia University and former Secretary of Health Education and Welfare. His book "Radical Surgery: What's Next for America's Health Care" was published this month.)

IN RECOGNITION OF MR. BENNETT  
FISCHTHAL FOR HIS BRAVERY  
AND COURAGE

**HON. GARY L. ACKERMAN**

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

*Friday, February 3, 1995*

Mr. ACKERMAN. Mr. Speaker, I rise today with great pride to share with my colleagues in the House of Representatives the inspiring story of a man who has proven to be an extremely courageous citizen.

Mr. Bennett Fischthal, a graduate of Brooklyn Law School, was returning from a bar re-

view course when he encountered a large fire in the subway station. Bennett did what he does naturally: he came to the assistance of people in crisis. Bennett did not run for safety or worry about his own physical well-being, he stopped and helped the passengers in the subway get to safety.

Bennett responded valiantly to this emergency and has won the praise and the respect of his community. For these actions we cannot express sufficient gratitude to Bennett, an individual who recognizes that the preservation of life and property is a massive responsibility. He made that responsibility his own by coming to the aid of the subway passengers in peril.

Mr. Speaker, I ask my colleagues to join with me now to salute Bennett Fischthal because he has exhibited the ultimate commitment by caring and working so diligently for the safety of others.

PERSONAL EXPLANATION

**HON. STEVE LARGENT**

OF OKLAHOMA

IN THE HOUSE OF REPRESENTATIVES

*Friday, February 3, 1995*

Mr. LARGENT. Mr. Speaker, as part of my induction into the NFL Hall of Fame, the National Football League requires that I be available for all promotional events. On Sunday, February 5, 1995, I must attend a half-time promotional event at the Pro-Bowl in Honolulu, HI. Due to travel constraints, I was forced to leave Washington on the morning of Friday, February 3, 1995, to attend related events on Saturday and Sunday.

If I had been present for the following votes on Friday, February 3, 1995, I would have voted as follows:

Spratt amendment—"No"; adding tax incentives to the list of provisions the President may rescind.

Wise substitute amendment—"No"; requiring approval, rather than disapproval, from both Houses of Congress before any rescission takes effect, effectively turning the bill into an expedited rescissions proposal.

A TRIBUTE TO JEAN GILLIGAN

**HON. CONSTANCE A. MORELLA**

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

*Friday, February 3, 1995*

Mrs. MORELLA. Mr. Speaker, I would like to bring to the attention of the House the retirement of a remarkable woman, Jean W. Gilligan, who has now retired after 45 years service as a congressional staffer.

Jean came to Capitol Hill from South Dakota in 1949 and began her career as secretary to Representative Gardner Withrow of Wisconsin. She then became the administrative assistant to Representative Vernon Thomson of Wisconsin from 1961 to 1974. Jean then served on the Committee on Post Office and Civil Service from 1975 to 1994 under four ranking Republican Members: Representatives Edward Derwinski of Illinois, Gene Taylor of Missouri, BENJAMIN GILMAN of New York, and JOHN MYERS of Indiana.

Last night Mr. Speaker, the Congressional Staff Club [CSC] honored Jean W. Gilligan at

its annual membership party where she was lauded by friends, colleagues, and CSC members. Jean was the primary force in developing the club into a vital entity for staff members. She served as second vice president of the club in 1965, first vice president in 1966 and president in 1967 and 1993. She was one of the founders of the mixed ten pin bowling league and served as its secretary, vice president and president. The Congressional Staff Club honored Jean by awarding her a life membership in 1977.

There is no doubt that Jean will be greatly missed on Capitol Hill by hundreds of staff members who consider her a colleague par excellence, a friend and a mentor. I, too, will miss you, Jean.

Mr. Speaker, I congratulate Jean on her dedicated service and wish her a long, healthy, and active retirement.

COMMEMORATION OF THE 77TH  
ANNIVERSARY OF LITHUANIAN  
INDEPENDENCE

**HON. DAVID E. BONIOR**

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

*Friday, February 3, 1995*

Mr. BONIOR. Mr. Speaker, I rise today to commemorate the 77th anniversary of Lithuanian independence. On Sunday, February 5, 1995, the Detroit-area Lithuanian community will mark the event by holding a commemorative ceremony at the Lithuanian Cultural Center in Southfield, MI.

Lithuania was occupied for nearly 55 years. During that time, Lithuanian representation in the United States was uninterrupted. For those many difficult years, the United States never recognized Lithuania's forced incorporation into the former U.S.S.R.

In 1991, the United States granted most-favored-nation trading status to the Baltic Republic of Lithuania. Since that time, trade with Western countries has risen from less than 8 percent of the total to over 24 percent. In addition, the spread of private sector activity is creating jobs and boosting consumer spending. I understand that the introduction of a stable currency a year and a half ago is stimulating investment. And, there are now over 55,000 privately owned companies in Lithuania. The transition from an occupied nation to a free country has been challenging, but it is a challenge that Lithuanians proudly face.

The Lithuanian community is especially excited to have as their guest speaker, Arturas Paulauskas, Esq., the current attorney general of Lithuania. Mr. Paulauskas has devoted his energies to combating corruption and economic crime. Along with Lithuanians in American and the homeland, I support him in his work to promote a prosperous future for all Lithuania.

I am watching events in Lithuania with much optimism. This weekend's celebration marks the second anniversary without Russian military forces deployed inside the Republic. We must all work to see that they never return.

I commend the Lithuanian-American community for their vigilance through the many difficult years and I urge my colleagues to join me in commemorating the 77th anniversary of Lithuanian independence.

TRIBUTE TO BRADFORD MORSE

**HON. WILLIAM F. CLINGER, JR.**

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

*Friday, February 3, 1995*

Mr. CLINGER. Mr. Speaker, I rise today to remember a former colleague, and one of the founders of the House Wednesday Group, Representative Bradford Morse. The objectives of Brad and the others in starting the Wednesday Group was to foster and promote moderate, Republican ideas. This temperate philosophy carried over to Representative Morse's work as a legislator as he served on the Government Operations and Merchant Marine and Fisheries Committees, and later on Foreign Affairs. On behalf of the members of the Wednesday Group, we deeply regret his passing.

Much to the credit of Mr. Morse, he never forgot the reason he was able to work in this body and establish the group that still meets. The constituents of his Massachusetts district were always a priority. He began contributing to the State early in his career, long before his time here in Washington. Mr. Morse pursued all phases of his education in his home State, and decided to practice and teach law there as well. Appropriately, he also served on the Lowell City Council, the town in which he was born. As you can see, Mr. Speaker, Brad Morse was a man of integrity, a man whose heritage defined his successful career.

After he left Congress, Mr. Morse continued to make a significant contribution as he worked to achieve international peace at the United Nations. In his role as administrator for the U.N.'s Development Programme, Mr. Morse set out to accomplish monumental tasks. Accordingly, and in his typical fashion, the effects of the results he achieved were also monumental.

Mr. Speaker, although I am saddened to be addressing you on the occasion of Brad Morse's passing, it is my privilege and honor to associate myself with the ideas he represented. Perhaps the greatest tribute my colleagues and I can pay to the late Representative is to continue the thoughtful undertakings of the group he founded nearly 30 years ago.

AMERICAN PEOPLE DEMAND  
CHANGE—LESS GOVERNMENT,  
LESS TAXES, LESS REGULATION

SPEECH OF

**HON. RANDY TATE**

OF WASHINGTON

IN THE HOUSE OF REPRESENTATIVES

*Wednesday, February 1, 1995*

(Mr. TATE asked and was given permission to address the House for 1 minute.)

Mr. TATE. Mr. Speaker, to my Democrat friends across the aisle, I say, methinks thou doth protest too much.

I have heard for weeks personal attacks on our Republican leaders and delay tactics. I ask, is it because you have nothing else to say?

I know that losing power must be difficult to deal with. But the message last November was not more fighting, more finger pointing, and more personal attacks. It was less government,

less taxes, and less regulations. We have defied the odds by passing a balanced budget amendment, and we will pass an unfunded mandates bill.

Mr. Speaker, the American people have said they want a change. The Democrats have tried their patience long enough.

INTRODUCTION OF LEGISLATION  
TO MAKE THE R&D CREDIT PER-  
MANENT

**HON. RICHARD E. NEAL**

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

*Friday, February 3, 1995*

Mr. NEAL. Mr. Speaker, yesterday Mrs. JOHNSON, Mr. MATSUI, Mr. HERGER, and I introduced legislation to make permanent the Research and Development [R&D] tax credit. U.S. based R&D is critical to our continued economic growth. The R&D credit provides a significant incentive for U.S. companies of perform valuable R&D in the United States providing high-skilled, high-paid jobs for American workers.

The R&D credit was enacted in 1981 to provide an incentive for companies to increase their spending on U.S. R&D. The credit requires companies to increase their current year R&D spending above a predetermined base before they are eligible to receive the credit. Since 1981, the credit has been extended five times and changed to reduce the benefits available to certain companies. The current R&D credit expires on June 30, 1995.

Failure to make the credit permanent has substantially reduced its value to business. Research and Development projects are generally long-term efforts, often spanning 5–10 years. Corporate research planners can not rely on the incentive provided by the R&D tax credit if it is extended for only 12–18 months at a time.

I believe New England would substantially benefit from a permanent R&D credit. New England is still trying to recover from difficult economic times. A permanent R&D credit will provide a significant incentive for New England companies to perform R&D in New England. The technological innovations perfected through R&D are necessary to assist New England companies that are undergoing defense conversion to compete in the market place.

R&D will help rebuild our economy. I urge you to support this legislation.

KEEPING THE CONTRACT WITH  
AMERICA ON TRACK

**HON. RON PACKARD**

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

*Friday, February 3, 1995*

Mr. PACKARD. Mr. Speaker, the new Republican Congress continues to carry out its mandate with the American people. We are committed to keeping our Contract With America on track. The American people demanded a Congress that produces results. That's what our contract is about.

We are committed to reducing the size, cost, and scope of Government. So far, we

have kept our promise to balance the budget and reform unfunded mandates. Next, we will vote on passage of a line-item veto, a sharp tool to give the President to cut bloated, wasteful Government spending. It will fundamentally change the budget process—in favor of wise spending.

Mr. Speaker, the Republican agenda for change continues. Gone are the days of empty rhetoric. The new Congress works for results, not empty promises. Mr. Speaker, I hope America is watching and checking off the items in our contract. We are working for them.

THE WAR ON DRUGS: RENEWING  
THE BATTLE

**HON. GERALD B.H. SOLOMON**

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

*Friday, February 3, 1995*

Mr. SOLOMON. Mr. Speaker, during the 1980's, the message to Americans was "Just Say No to Drugs and Alcohol." Children were admonished by their sports and entertainment heroes to stay away from marijuana and cocaine. Statistics show that the message was working, at least as far as adolescent drug use was concerned. But during the Clinton administration, the war on drugs has been downsized and their supporters in the drug culture are claiming it can't be won. As the following article emphasizes, teenagers are showing a renewed interest in illegal drugs. Without the constant reminders to avoid these mind-numbing and brain killing substances, kids have begun testing the waters. The only way to safeguard the future of America is to stop this experimentation before the sharks take over again.

The article follows:

[From the Wall Street Journal, Jan. 18, 1995]

(By Gerald F. Seib)

DRUG COMEBACK: ONE SAD TREND LOST IN  
SHUFFLE

The new Congress isn't exactly short of things to do, but here's one task crying out for attention: putting a stop to the backsliding underway in the national war against drugs.

Subtly, almost imperceptibly, drug use is creeping back up among America's youth. Worse yet, all the warning signs of bigger problems ahead are flashing. Use of marijuana, often a precursor of cocaine use, is up sharply among teens. Simultaneously, young people's perception that drugs are risky is declining, an attitude change that usually forecasts an actual upturn in drug use.

At least one powerful voice is trying to persuade the new, Republican-controlled Congress to fix its eyes on this troubling picture. The voice belongs to William Bennett, the former drug czar, who has been pressing new GOP members to get drugs onto at least their second 100 days' agenda. His message, Mr. Bennett says, is simply this: "You cannot ignore it."

In truth, though, ignoring the problem is what a lot of people, in Congress and out, have been doing. Consequently, the country is in a position roughly akin to that of a drug abuser who may appear to be recovering but who actually is in grave danger of a relapse.

Over the last few years, it was possible to conclude that, outside of the inner cities,

broader American society had finally turned the tide in its long battle against illegal drugs. Studies by the University of Michigan Institute for Social Research, for instance, showed that drug use among high school seniors declined gradually but steadily through the second half of the 1980s and into the 1990s. Not coincidentally, perceptions that regular drug use was risky rose through the same period.

Now, those comforting trendlines have turned. The University of Michigan research shows that illicit drug use has been rising, slowly but clearly, among eighth and 10th graders and high school seniors in each of the last two years. Particularly alarming was the rise found in the use of marijuana. Over the past two to three years, the share of students reporting use of marijuana at least once in the past year has doubled among eighth graders, grown by two-thirds among 10th graders, and jumped by 40% among high school seniors.

The rise in marijuana use is particularly troubling, because historical trends show that marijuana is a "gateway" drug often leading to other drugs. Recent studies by Columbia University's Center on Addiction and Substance Abuse, or CASA, document a link between marijuana, as well as alcohol and tobacco, and later cocaine use. To put a grim human face on the latest statistics, CASA estimates that the jump in youthful marijuana use means 820,000 more young Americans will try cocaine in their lifetime, and that 58,000 of them will become regular cocaine users as adults.

Why is this happening? The best guess is the broadest one. The country is letting down its collective guard.

For starters, society generally has stopped pounding home the theme that drugs are dangerous, meaning that a whole new set of young Americans isn't getting the same kind of clear signal their older brothers and sisters did. "The message is getting mixed," frets Joseph Califano, the former health, education and welfare secretary and CASA's chairman. "It's everything from the fact that we're starting to see pot come back to the movies and the music business, which are incredibly important to young people, to the fact that Jocelyn Elders is sending out an ambiguous message."

Surgeon General Elders has just departed, of course, so now it's up to President Clinton and his administration to undo any damage her casual remarks about possible drug legalization may have done. But the problem is hardly confined to the Clinton administration. Congress is equally complicit in toning down the anti-drug message.

In the budget he presented for the current fiscal year, Mr. Clinton proposed spending \$659.2 million on a program to help ensure safe and drug-free schools. Congress last year chopped that request down by 27%, to \$482 million.

Now comes the new Republican Congress, which will be torn between its budget-cutting impulses and the painful fact that programs to interdict drugs and prevent their use cost money. This is one area where anti-crime bromides alone won't suffice. Some in the drug-fighting community are particularly worried that, as spending on federal social programs gets packed into block grants and shipped out to the states, drug-fighting will get pushed to the back of the line of competing claims.

For his part, Mr. Bennett suggests that existing federal and state law-enforcement money could be used for a "targeted, intense effort at closing down drug markets in the cities." The first battle, though, isn't against drug dealers. It's against creeping national complacency.

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dangerous, meaning that a whole new set of young Americans isn't getting the same kind of clear signal their older brothers and sisters did. "The message is getting mixed," frets Joseph Califano, the former health, education and welfare secretary and CASA's chairman. "It's everything from the fact that we're starting to see pot come back to the movies and the music business, which are incredibly important to young people, to the fact that Jocelyn Elders is sending out an ambiguous message."

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### HONEST WORK EQUALS JUST REWARD

**HON. EARL F. HILLIARD**

OF ALABAMA

IN THE HOUSE OF REPRESENTATIVES

*Friday, February 3, 1995*

Mr. HILLIARD. Mr. Speaker, I rise today to address the issue of welfare, specifically, reforming our welfare system. How can we, as a Congress, and as a society, make welfare reform work?

I'll tell you how—by paying people a livable wage. Individuals must be able to earn a decent wage for a day's work. We have to pay our workers enough to live on, enough to keep themselves and their families above the poverty level.

Current discussion of welfare reform would require recipients to find gainful employment. Gainful employment should at least be a viable alternative, providing adequate compensation for workers and their families. The only way to achieve this is to increase minimum wage levels. If wages had kept up with inflation after 1970, the current rate would have risen to \$5.54.

I am urging that we immediately raise the minimum wage to \$5.50, and index it for inflation, in order to avoid this injustice in the future. We must protect the interest of America's working class by offering fair compensation for honest work. This is the way we take people off of welfare. Thank you, Mr. Speaker.

### THE DEPOSITORY INSTITUTION AFFILIATION ACT

**HON. JOHN J. LaFALCE**

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

*Friday, February 3, 1995*

Mr. LaFALCE. Mr. Speaker, today I am happy to join my distinguished colleague, Congressman BAKER of Louisiana, in introducing the Depository Institution Affiliation Act of 1995.

We are on the brink of a new century. Yet the laws which govern the financial services system which must meet the demands of that century are antiquated. They reflect a world in which only banks offered bank services; major corporations relied primarily on banks for their financing; consumer needs were simply and easily segregated into discrete products offered by distinct industries; and U.S. banks were easily preeminent at home and abroad.

That world no longer exists. Technology and product innovation have blurred the lines between various financial products and the businesses of the companies which provide them. Increasingly, individual and corporate customers have their financial needs met through new financial products provided outside the traditional U.S. banking system. Strong competition from foreign banks, which operate within legal structures which recognize rather than ignore new market dynamics, pose a serious competitive challenge to U.S. institutions in both foreign markets and our own.

As policymakers have failed to address these issues and U.S. law has remained static, the banking system has attempted to respond to new consumer demands and market developments through ad hoc regulatory adjustments and strained and unduly complex efforts by the banks to devise products and structures which might allow them to meet new demand within the limitations current law permits. The result has been a system that is excessively costly, complex, and inefficient. It undercuts our international competitiveness, limits consumer choice and convenience, and ultimately suppresses economic growth.

This cannot continue. In a competitive global marketplace, we can no longer afford to be indifferent to something as critical as the financial system which underpins our economy.

In 1991, I had the privilege of chairing a Banking Committee Task Force on the International Competitiveness of U.S. Financial Institutions. After an exhaustive analysis of the condition of U.S. banks and the challenges they faced, that task force concluded it was absolutely incumbent upon policymakers to undertake a fundamental and comprehensive reassessment of the major laws and the regulatory structure which underpin the U.S. banking system. Four years have passed and, while there has been some progress—most notably last year's interstate legislation—and much effort, the structure of our financial system has remained substantially unchanged and U.S. banks still face the same problems and constraints.

We can no longer respond to the serious problems our outdated financial services system imposes by peripheral change. The task force had a much broader vision of what needed to be done, and the bill we are introducing today responds to that vision. While this bill may not be perfect, it will facilitate a

badly needed debate addressing the basic structural problems that result from the outdated activities and affiliation restrictions in current law. I would expect there will be changes as the process moves forward. In particular, I look forward to working closely with my colleague, Mr. BAKER, to address our mutual concern that the bill ensure that a restructured system will provide international banks comparable treatment to our domestic institutions, so we can in turn ensure that our own firms are equally fairly treated abroad.

Our objective in this legislation is to create a structure for the U.S. financial services system that will allow U.S. companies to provide consumers and businesses with the most cost-efficient and highest quality financial products, and to compete fairly in a global marketplace, while operating in a safe and sound manner. It is an objective we must achieve if we are to meet the challenges ahead. I urge that my colleagues offer their support to this important effort.

### INTEREST RATES

#### HON. PAT DANNER

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

*Friday, February 3, 1995*

Ms. DANNER. Mr. Speaker, home interest rates are up, housing starts are down. Car plants are closing, credit cards rates are rising, and more jobs are lost.

I am alarmed that these scenarios exist in America in 1995 during this time of apparent prosperity. But for the seventh time since last February, the Federal Reserve has raised the short-term interest rate. And for the seventh time since last February, Americans will experience increased borrowing costs. We have heard many technical excuses about "cooling an overheating economy" and "curbing the rise of inflation."

Meanwhile, the people I represent are saying, "that's enough!" The Fed does not reserve the right to impose rate hike after rate hike on the hardworking citizens of my district who struggle every day to meet upward spiraling home, farm, and car payments. Most Americans who can scarcely afford life's necessities are having a difficult time believing that the economy is growing too rapidly. It is my hope that this is the last rate increase for a long time.

### TRIBUTE TO PAUL BUTHERUS

#### HON. IKE SKELTON

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

*Friday, February 3, 1995*

Mr. SKELTON. Mr. Speaker, today I wish to honor a great Missourian, Paul F. Butherus. Last fall Paul Butherus was inducted into the Northwest Missouri State University's Athletic Hall of Fame.

An athlete, official, and coach, Butherus began his athletic career at Maryville High School. During 1940-44, Butherus was a letter winner in football, basketball, track, and tennis. Before moving onto college, Butherus served in the U.S. Infantry from 1944-46, where he was awarded a Purple Heart in the Battle of Luzon. In his college years at North-

west Missouri State College from 1946-49, Butherus was a 3-year letter winner in football, basketball, and track.

Butherus served as a teacher, coach, and athletic director from 1949-83 at various high schools. From 1949-50 he was at Madrid High School in Iowa. Following his years in Iowa he returned to Plattsburg High School in Missouri until 1958. He then went to Wentworth Military Academy in Missouri where he was until 1983.

I urge my colleagues to join me in recognizing this talented athlete. I congratulate him on his lifetime accomplishments and contributions.

### MEXICAN BAILOUT

#### HON. PETER J. VISCLOSKEY

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

*Friday, February 3, 1995*

Mr. VISCLOSKEY. Mr. Speaker, I rise today in adamant opposition to President Clinton's unilateral decision to bailout the Government of Mexico. In response to the President's actions, I am joining a number of my colleagues in introducing today a resolution calling for a full investigation of this matter by the U.S. Comptroller General.

I am extremely disappointed that the President decided to circumvent Congress and provide billions of dollars in United States-backed loan guarantees to rescue Mexico from a financial collapse without first receiving congressional approval. The taxpaying citizens of northwest Indiana are absolutely opposed to this United States-funded bailout of the Mexican Government.

While I recognize and appreciate the problems associated with a devalued peso and illegal immigration, I do not believe these arguments are compelling enough to justify a nearly \$50 billion bailout of the Mexican Government. As someone who adamantly opposed NAFTA, I strongly believe that the United States aid package designed to prop up Mexico's unstable economy is the wrong course of action to take at this time. Mexico's problems are far more serious than a short-term currency shortage. This crisis clearly shows that NAFTA has failed to deliver on its promises of a strong and stable Mexico.

Mexico's problems are social, political, and economic in nature. The present crisis was precipitated by the Chiapas rebellion, as well as the assassination of key leaders. Mexican society is unstable, as evidenced by the recent elections, which contained extensive voter fraud. Mexico is also continuing its policy of repressing worker rights and labor standards in order to attract United States factories and foreign investors. New economic reforms proposed by the Mexican Government would reduce the average Mexican wage by at least 5 percent over the coming year, making cheap Mexican labor even cheaper.

Mexican's reforms have not gone far enough and they are now going the wrong direction. The Mexican Government is going to reduce wages of the ordinary worker, including the minimum wage, in order to help balance the Mexican budget and control the economy. Punishing the ordinary Mexican worker because of the irresponsibility of the Mexican elite is typical of a country with such a large gap between the rich and the poor.

Finally, we are setting a bad precedent by helping Mexico. It is entirely possible that Mexico will face a similar or worse crisis in the near future. United States taxpayers should not have to put up billions of dollars every time Mexico is unable to maintain fiscal stability. After all, 38,000 taxpaying citizens of northwest Indiana lost their jobs in the late 1970's and 1980's. The U.S. Government certainly did not step in to provide loan guarantees for those with home mortgages, credit card debt, or car loans.

I urge all Members to take a strong stand on this issue by supporting the resolution introduced by Representative GENE TAYLOR requiring that the U.S. Comptroller General provide a detailed explanation about the legality of the President's decision.

### CONCERNING THE STENHOLM AMENDMENT TO H.R. 2—LINE-ITEM VETO ACT

#### HON. CHARLES W. STENHOLM

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

*Friday, February 3, 1995*

Mr. STENHOLM. Mr. Speaker, as indicated by my submission of amendments, placed into the RECORD on Wednesday, I intend to offer an amendment to H.R. 2, the Line-Item Veto Act. Although my first choice would be to substitute my expedited rescission authority for H.R. 2, I understand that there is great difficulty in achieving the votes for that approach. Therefore, my plan is to offer an amendment which leaves H.R. 2, as amended, entirely intact and simply adds on the expedited rescission authority.

As you know, Mr. Speaker, there were three amendments approved by the Committee of the Whole during yesterday's proceedings. I was particularly pleased to see the amendments offered by the gentlewoman from Florida [Mrs. THURMAN] and the gentleman from Georgia [Mr. DEAL] accepted by the House.

In order to guarantee that I am offering my add-on to the base package which has been approved by the House, I have redrafted my amendment to incorporate the Clinger, Thurman, and Deal amendments. I am today submitting for the RECORD my amendment so that everyone might have full opportunity to examine it.

### INTRODUCTION OF THE SUPERFUND RECYCLING EQUITY ACT OF 1995

#### HON. BLANCHE LAMBERT LINCOLN

OF ARKANSAS

IN THE HOUSE OF REPRESENTATIVES

*Friday, February 3, 1995*

Mrs. LINCOLN. Mr. Speaker, today I am introducing legislation along with Mr. UPTON, Mr. SCHAEFER, Mr. BOUCHER, Mr. MANTON, Mr. GILLMOR, and Mr. TAUZIN to relieve legitimate recyclers from Superfund liability. We introduced similar language last year with bipartisan support. This language was developed in conjunction with the recycling industry, the environmental community and the Federal Government and was incorporated into the

Superfund Reform Act of 1994 in the 103d Congress.

The Superfund Recycling Equity Act of 1995 is intended to place traditional recyclable, or secondary, materials which are used as feedstocks in the manufacturing process on an equal footing with their virgin, or primary, materials counterparts. Traditional recyclables are made from paper, glass, plastic, metals, textiles, and rubber.

This legislation has become necessary because of an unintended consequence of the Comprehensive Emergency Response, Compensation, and Liability Act [CERCLA] or Superfund. Some courts have interpreted CERCLA to mean that the sale of certain traditional recyclable feedstocks is an arrangement for the treatment or disposal of a hazardous substance and, therefore, fully subject to Superfund liability. While there exists in law and legislative history no suggestion whatever that the Congress intended to impede recycling in America by providing a strong preference for the use of virgin materials through the Superfund liability scheme, that is precisely what as happened.

Mr. Speaker, the American people and their elected leaders have insisted that the recycling rates in our country increase, not decrease. I am offering the Superfund Recycling Equity Act of 1995 to encourage more, not less, recycling. Intuitively, our citizens know that increased recycling means less use of natural resources, which both extends the life of those resources and minimizes any adverse environmental impacts of their exploitation.

The use of recyclables is also of importance to the achievement of the goals of pollution prevention and waste minimization, which have taken on increased importance in the environmental debates of the past few years. For example, the use of recycled steel results in a 90 percent savings in virgin material use, 40 percent reduction in water use, 76 percent reduction in water pollution and a 97 percent reduction in mining waste over the use of virgin ores. Recycling is also more energy efficient than the production of primary metals. As an illustration, using recycled materials in place of virgin materials results in tremendous energy savings: 95 percent for aluminum production, 75 percent for iron and steel, 64 percent for paper, and 80 percent for plastics.

Let me now address what my bill does—and does not—do. The Superfund Recycling Equity Act of 1995 acknowledges that the Congress did not intend to subject to Superfund liability those governmental or private entities who collect and process secondary materials for sale as feedstocks for manufacturing. This bill removes from liability those who collect, process, and sell to manufacturers paper, glass, plastic, metal textiles, and rubber recyclables. This bill also exempts from liability those individuals who collect lead acid, nickel, cadmium, and other batteries for the recycling of the valuable components. However, my CERCLA bill does not address or exempt chemical, solvent, sludge, or slag recycling. It addresses traditional recyclables in a CERCLA context only. I do not intend it to be viewed as a precedent for any other amendment to Superfund or to any other environmental statute, whatsoever.

It should also be clearly understood that this bill addresses the product of recyclers, that is the recyclables they sell which are utilized to make new products. This does not effect liability for contamination that is created at a facility

owned or operated by a recycler. Neither does it affect liability related to any process wastes sent by a recycler for treatment or disposal. In order to assure that only bonafide recycling facilities benefit from this bill, I have established a number of tests by which liability relief will be denied to sham recyclers.

I encourage my colleagues to support and cosponsor this worthwhile piece of legislation that will promote the practice of recycling to preserve our natural resources and the environmental integrity of this country.

CONGRATULATIONS TO THE JEWISH FEDERATION OF GREATER BRIDGEPORT AND UNITED JEWISH APPEAL ON SUPER SUNDAY

**HON. CHRISTOPHER SHAYS**

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

*Friday, February 3, 1995*

Mr. SHAYS. Mr. Speaker, today I am pleased to congratulate the Jewish Federation of Greater Bridgeport, CT, as it proclaims Sunday, February 5, 1995 Super Sunday.

For nearly 55 years, the Jewish Federation of Greater Bridgeport has served and represented Jews in need, through its service to the cities and towns of Bridgeport, Easton, Fairfield, Monroe, Stratford, and Trumbull. It provides health services, social and educational opportunities to citizens through agencies such as the Greater Bridgeport Jewish Community Center, the Jewish Home for the Elderly, Jewish Family Service, Hillel Academy, and Merkaz Community Hebrew High School.

Through the continuing work of the United Jewish Appeal, the Jewish Federation has been able to provide both social and humanitarian services to hundreds of thousands of Jews in Israel and in 40 other countries around the world.

On Sunday, February 5, both organizations will conduct a combined annual telethon campaign to raise vitally needed funds to continue providing these worthwhile services abroad and here at home. The dedication and perseverance demonstrated by each of these organizations is a testament to the commitment they have to the Jewish community.

I commend each organization for the valuable contribution they have made to Jews in this country and around the world.

VOLUNTEERISM IS ALIVE IN TENNESSEE—MAURY COUNTY OBSERVES THE 50TH ANNIVERSARY OF WORLD WAR II

**HON. ED BRYANT**

OF TENNESSEE

IN THE HOUSE OF REPRESENTATIVES

*Friday, February 3, 1995*

Mr. BRYANT of Tennessee. Mr. Speaker, so many Tennesseans volunteered their services to their country during the War of 1812 that the State became known as the Volunteer State, and is so known to this day. Volunteerism is yet alive in the State, not only by those in the military, but by civilians as well.

President George Bush, by Presidential proclamation, designated the years 1991–1995 as time to observe the 50th anniversary

of World War II, judged by historians to be the outstanding event of the 20th century. He asked that every county in the country appoint a World War II Commemorative Committee to encourage the observance.

Long before the proclamation, Maury County, TN, had begun making plans to honor those men and women who had served in that great struggle. Volunteers copied more than 4,000 discharges. Veterans were contacted and urged to share letters, diaries, newspaper clippings, and other memorabilia, and to either write their memoirs or allow themselves to be interviewed.

The response was overwhelming and grew into a two volume history, 832 pages, 8½ by 11, entitled "Maury County Remembers World War II," edited by Virginia W. Alexander, editor, and Margaret D. Ashton, associate editor. Like the character Kilroy, Maury Countians were all over the globe, engaged in every conceivable activity. They were storming the beaches, sailing the high seas, building the Ledo Road, flying with General Chennault. One doctor was captured with the medical unit of the 101st Airborne at the Bulge. Another medical officer was captured on Corregidor.

For those Doubting Thomases who do not believe there was ever a Holocaust, F.J. Haley's letter should dispel that doubt. Although 225 consecutive days in combat with the 808th Tank Destroyer Battalion had hardened him to war, he was not prepared for what he found when they liberated a concentration camp.

The apologists for dropping the A-Bomb should read Lt. Col. Newsom Cooper's account of locating two cyclotrons when he went into Japan with the 8th Army. And artillery officer John Jewell's account of how ill-prepared we were for war should make every American marvel at how we overcame that obstacle to go on to victory.

This is history, not written by professional historians after the fact, but by those who were right in the thick of it.

All of the work on the book was by volunteers, who contributed not only their time, but paid for their own postage, telephone calls, and gasoline. The only cost was for the actual printing, which was borne by the Maury County Historical Society.

On December 7, 1991, the books came off the press and American Legion Post 19 and Auxiliary Unit 19 hosted an autograph party and Show and Tell day, when veterans brought memorabilia to share with many who attended.

Many other activities have honored veterans since that time. Post 19 and Unit 19 have hosted three reunions, one being for those who left here with a National Guard outfit, and became the 181st Field Artillery. Another was for those who were in the Normandy campaign, and another for those who served in the Pacific. Other reunions are planned before the observance ends. Videos were made at the reunions, when each veteran present told about his experiences.

These are but a few of the activities honoring World War II veterans of Maury County, when not a penny of tax payers money was spent.

Members of the World War II Commemorative Committee in addition to Mrs. Alexander and Mrs. Ashton are: Hal Morgan, a Marine World War II veteran; Cam Anderson, 101st

Airborne veteran of World War II; Robert Bradley, Armored Division veteran of World War II, and James Bloss, Korean war veteran and Veterans Service Officer. The late Lon MacFarland, Chief of Staff of the 5th Armored Division, was also a member.

PITTSBURY TO HONOR FRANK  
LOSZYNSKI, RETIRING TOWN  
JUSTICE

**HON. GERALD B.H. SOLOMON**

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

*Friday, February 3, 1995*

Mr. SOLOMON. Mr. Speaker, earlier this year, one of the finest public servants I have ever known retired after more than 30 years of service. I'd like to say a few words about him.

Mr. Speaker, I'm not exactly famous for my kind remarks about Democrats, but when they are as outstanding as Frank Loszynski, former town justice of Pittsboro, NY, I have no problems at all. Keep in mind that Republicans outnumber Democrats two to one in Pittsboro, and you will have an idea of the man's effectiveness and popularity.

Actually, Frank Loszynski had a solid reputation for integrity even before his election. His personal and business conduct established him in the eyes of his neighbors as an excellent candidate for a justice seat, and they were right. Over the years he confirmed the confidence of the voters by conducting his office with fairness and understanding, earning the support of Democrats and Republicans alike.

Mr. Speaker, on March 25 there will be a banquet in his honor. I would ask you and all Members to join me today in paying our own tribute to Frank Loszynski, an outstanding judge and a great American.

SPECIAL TRIBUTE TO ALFRED  
AND GENESSA BERTEL

**HON. GARY L. ACKERMAN**

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

*Friday, February 3, 1995*

Mr. ACKERMAN. Mr. Speaker, I wish to pay special tribute to Alfred and Genessa Bertel of East Hills, NY, an absolutely remarkable and special couple, on the occasion of their 50th wedding anniversary. This auspicious occasion was joyously celebrated this past Sunday at a surprise party at Papagallo's in Glen Head, NY, with over 100 loving close friends and family. The party was, according to one account one of the funnest celebrations ever.

Al and Nessa have both touched the lives of many people indeed. The mark of a successful life is the positive influence on other people, and by that measure, the Bertels are a resounding success. In addition, they have achieved great successes in other areas of their lives. Al founded one of the first super-market chains in New York City, and to this day runs a very successful wholesale produce business in the Bronx. He served in the U.S. Army during World War II, and fought in the Pacific. His deep and sincere generosity and largeness of spirit have endeared him beyond description to family, friends, business associates, and employees.

Nessa, as past president of the Roslyn Chapter of Hadassah, and as a continuing active member of Hadassah, has long been devoted to the cause of Israel, and other worthy causes. She is, for good reason, a popular and very beloved figure in the community. Her love and devotion is a source of strength not only for her children, Sharon, Aaron, and Mindy, but for many other family and friends.

Al and Nessa, who are in remarkably good physical shape, and have somehow managed to barely change their appearance over the past 50 years, deserve the highest accolades and congratulations over this unique and happy milestone. I ask all my colleagues in the House of Representatives to join me now in congratulating Alfred and Genessa Bertel on their 50th wedding anniversary, in lauding them for their many years of good works to the community and to the Nation, and in wishing them many more years of health and happiness.

DEPOSITORY INSTITUTION  
AFFILIATION ACT OF 1995

**HON. RICHARD H. BAKER**

OF LOUISIANA

IN THE HOUSE OF REPRESENTATIVES

*Friday, February 3, 1995*

Mr. BAKER of Louisiana. Mr. Speaker, the landmark legislation I am introducing this afternoon, the Depository Institution Affiliation Act of 1995, is designed to restore the competitiveness of our Nation's financial services sector and to set the stage for the financial markets in the 21st century. I am particularly pleased to introduce this legislation with Senate Banking Committee Chairman ALFONSO D'AMATO who introduced similar legislation yesterday in the Senate. In the 193d Congress, I had the distinguished honor to work with the Senator on another piece of legislation, the Small Business Loan Securitization Act of 1994, and it is certainly my hope that our efforts this year will be just as successful.

Mr. Speaker, I would like to digress a moment with a bit of history to illustrate the great importance of this legislation. In 1933, an American engineer perfected the FM radio. In 1956, color televisions were selling in the retail market. In 1969, Neil Armstrong took the historic first walk on the Moon. Today, while we are at the edge of the information super-highway, we take for granted home computers, fax machines, and pocket-sized cellular phones. If you were born some 50 years ago, you've seen remarkable advancements in technology and business opportunities that have revolutionized the way we live and the way we work. Unless, of course, you are a banker or a provider of financial services. I invite everyone in the House of Representatives to join me in rewriting the laws governing our Nation's financial services industry by supporting the Depository Institution Affiliation Act of 1995.

A few days ago, I had a conversation with one of our Federal bank regulators which had a lasting impression on me. While detailing the present condition of the banking industry, he suggested that it was in many ways analogous to the state of our Nation's railroad industry a decade ago. In making that comparison, he underscored that our banking industry, and more broadly the financial services industry, is at a crossroads. He suggested that the regu-

latory structure that presently governs our financial services marketplace—like that of our railroad industry a century ago—serves only to hinder competitiveness, to restrict rapidly developing markets, and to limit the availability of financial products and services to American consumers.

Mr. Speaker, the legislation I introduce today is virtually identical to legislation that I have previously cosponsored in the past three Congresses. I introduce this bill today with broad bipartisan support, just as it has enjoyed bipartisan support in years past. I would like to personally thank my colleagues BILL MCCOLLUM, DAVID DREIER, MIKE CASTLE, PETER KING, JOHN LAFALCE, BARNEY FRANK, and FLOYD FLAKE for joining me as original cosponsors of this landmark legislation.

The bill this year differs only slightly to reflect the changes in the banking laws over the past few years. Most notably, for example, some changes were made as a consequence of the Federal Deposit Insurance Corporation Improvement Act of 1991—Public Law 102-242.

With this in mind, Mr. Speaker, the Depository Institution Affiliation Act of 1995 seeks: (1) To promote competition among bank and nonbank providers of financial services; (2) to encourage innovation in the design and delivery of financial services and products to individuals, consumers, large and small businesses, non-profit institutions, and States and municipalities; (3) to ensure that adequate regulation of financial intermediaries in order to protect depositors and investors; (4) to preserve the safety and soundness of the banking system and the overall financial system; and, (5) to protect the Nation's taxpayers by requiring that nonbanking activities are conducted in separately capitalized and functionally regulated affiliates.

It is important for all of us to remember that the antiquated structure of today's financial services industry is much the same as it was 62 years ago, except there are more rules and regulations to prohibit the development of new products and services. The banking rules of 1933 and 1956 are still the law of the land, despite the fact that the rest of the business world has changed dramatically.

In the last half of this century, the banking and financial services industry has undergone enormous change largely due to advances in technology and information processing—changes that were not contemplated when our present structure was conceived. Between 1933, with the Glass-Steagall Act, and 1956, with the Bank Holding Company Act, much of the current Federal legal structure governing providers of financial services was erected. Thus, our present structure is based on a bygone era of market segmentation of generally distinguished financial products, such as deposits, securities, whole life insurance, and other products. This form of market segmentation no longer corresponds to the realities of today's dynamic financial marketplace. In many ways the financial markets are progressing despite Congress. Interstate banking, for example, was practically obsolete by the time Congress got around to it last year. All too often, participants in the financial markets, like commercial banks and investment banks, work together within the confines of current law to improve the availability of products and services to the consumer. We can improve upon

the financial service industry's ability to deliver these services to their customers with this legislation I introduce today.

As a member of the House Banking Committee since 1989, I have noticed that we all to often respond to the problems of the past instead of trying to set the stage for a competitive marketplace in the 21st century. As with competition in any business, there will be winners and there will be losers. The real question is, who should decide the winners? Governmental rules that restrict the markets of hard work and competitiveness in the financial marketplace?

Recently, Bill Gates, the chairman of Microsoft Corp., referred to the banking industry as a "dinosaur" because of the banking industry's inability to keep pace with technological advances. Under today's artificial segmentation of the financial services industry, if a customer goes to a bank for financial planning they may be told to invest in a CD, a money market fund, and get a home equity loan—because that is all the bank has to offer. At the insurance company, they may be told to invest in an annuity and buy whole life insurance. And finally, at a securities firm, they may be told to invest in a mutual fund, stocks, or government bonds. All of these suggestions are based not necessarily on the best interests of the consumer, but simply on what the institution has to offer. I believe that if institutions were able to market a full array of financial products they could better serve the needs of all customers.

The legislation has been carefully designed to address the barriers to market entry contained in the Bank Holding Company Act, the Glass-Steagall Act and other laws designed to artificially restrict competition.

As the chairman of the Subcommittee on Capital Markets, Securities and GSE's, I hope that the introduction of this bill, with broad bipartisan support, will encourage further debate on the future of the entire financial services industry rather than merely focus on only one of its component parts. To this end, I intend to hold a series of hearings addressing the way our capital markets function and how the financial services industry operates under current law. Finally, it is my hope that we will advance legislation this spring to respond to our ever-changing financial marketplace.

Piecemeal reforms that merely address bank powers without taking into consideration competitive interests of the system as a whole does the consumer of financial products a disservice. Removing restrictions on bank affiliations, while at the same time ensuring safety and soundness within the depository institution affiliate, would ensure that the financial services industry could continue offering new products while protecting and enhancing the financial system as a whole.

Whatever reforms we undertake must recognize the reality of the marketplace, which is that the financial services industry has become one market. We must eliminate outmoded barriers to the conduct of financial businesses that deny this reality and thereby limit the profitability of all financial firms.

Mr. Speaker, I look forward to working with you and all Members of the House in order to bring real reforms to our Nation's financial marketplace. For the record, I also would like to include the enclosed article written by the Senate Banking Committee Chairman ALFONE D'AMATO that appeared in yesterday's Wall

Street Journal. I ask that you please join me today in supporting the Depository Institution Affiliate Act of 1995. Thank you.

[From the Wall Street Journal, Feb. 2, 1995]

MY PLAN FOR A STRONGER FINANCIAL INDUSTRY

(By Alfonso D'Amato)

It's time to bring financial regulation out of the 1930s and into the 21st century. To achieve that goal, I am introducing legislation today that would break the Chinese wall between different sectors of the financial industry built by the Depression-era Glass-Steagall Act and other laws.

My Depository Institution Affiliation Act would level the playing field for banking, securities and insurance companies by authorizing the creation of "financial services holding companies" to engage in everything from banking to securities underwriting to manufacturing.

This diversification—which would reduce the risk that taxpayers would have to pick up the tab for a future banking crisis—is long overdue. The past 20 years have seen growing competition among financial providers that has undermined the strict limits in federal law on permissible activities for bankers, stock brokers and insurance underwriters. The banking industry's share of U.S. financial assets has fallen to less than 30% from 66% in just 20 years. Borrowers are relying on securities, finance and insurance firms to raise funds. Since 1980, mutual funds assets have grown at a compounded rate of 22% and today total \$2 trillion—not much less than the \$2.4 trillion of domestic deposits in U.S. banks.

The walls between different financial sectors have been crumbling—but slowly. Banks have had to jump through all sorts of regulatory hoops to move into new areas such as securities and insurance. Major retailers, auto makers and appliance manufacturers, meanwhile, have established finance arms to provide customers with credit to purchase their goods. But they haven't been able to open their own banks.

Many of these developments have come about through a patchwork of deregulation by bank regulators and the courts. Recently, for example, the Supreme Court approved the Comptroller of the Currency's ruling that banks may broker annuities.

Last year Congress got into the picture by authorizing interstate banking. But Congress has so far been unable to enact a sweeping reform that would simplify the regulatory picture and make the U.S. financial services industry more competitive globally.

My bill would accomplish that goal. Under this legislation, regulation of banks and nonbank affiliates would be divided along functional lines. The FDIC-insured-bank affiliates would be regulated by federal and state bank regulators; the securities affiliates by the Securities and Exchange Commission; and the insurance affiliates by state insurance commissioners.

Strong firewalls, costly penalties and expedited enforcement procedures would prevent bank holding companies from jeopardizing taxpayer-insured deposits. Provisions against "tying"—requiring a bank customer to use a bank's new services in conjunction with its old ones—would protect customers against anti-competitive conduct.

A National Financial Services Oversight Committee consisting of representatives of the leading financial regulatory agencies (Treasury, the Federal Reserve, FDIC, SEC, CFTC, and so on) would help to ensure that regulations for the entire financial industry are streamlined and uniform.

As long as the insured-bank affiliates are protected, there is little to fear, and much to gain, from allowing industry and commercial

businesses into banking. Commercial firms will infuse new capital and expertise into the banking system.

What makes me think this ambitious bill can pass now after similar efforts were defeated in the recent past? For one thing, there is now a Republican Congress. In the House, legislation was often blocked in the past by splits between the Banking and Commerce committees; now that authority over financial services has been consolidated in the Banking Committee, that shouldn't be a problem. And House Banking Chairman Jim Leach has moved in our direction by introducing legislation that would remove barriers on commercial banks affiliating with securities firms.

The Clinton administration is now studying our plan. I've urged Treasury Secretary Robert Rubin to support the principles outlined in the Depository Institution Affiliation Act, and endorsed by the Bush Treasury Department in 1991. By working together with the administration, the Republican Congress can overcome the companies of vested interests and reform our outdated financial services laws. We should not miss this opportunity for bipartisan cooperation.

WHY WE SHOULD NOT LIFT THE ARMS EMBARGO UNILATERALLY

HON. LEE H. HAMILTON

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Friday, February 3, 1995

Mr. HAMILTON. Mr. Speaker, on January 11, 1995 three high-level administration officials briefed the Congress on the situation in Bosnia. Attention was focussed on the impact that unilaterally lifting the arms embargo would have on the ground in Bosnia and on our relations with our NATO allies, as well as the implications of such action for United States military involvement in the conflict.

Lt. Gen. Wesley Clark, director for strategic plans and policy, Joint Chiefs of Staff, on this occasion provided a detailed and forceful analysis of the probable sequence of events and the dangerous consequences for Bosnia and the United States that would result from lifting the arms embargo unilaterally: the war will intensify; U.N. peacekeepers will leave; United States Armed Forces will be drawn directly into the ground war and a deep rift will develop with our NATO allies.

General Clark's remarks at this closed briefing have just been declassified. I am inserting them into the RECORD at this time so my colleagues who did not have the opportunity to hear General Clark will now have an authoritative analysis of the why the United States should not lift the arms embargo unilaterally.

CONGRESSIONAL TESTIMONY LTG CLARK'S REMARKS, 11 JANUARY 1995

Mr. Chairman, let me say at the outset that we welcome the opportunity to update you on the current situation on the ground in Bosnia, current operations, options for alleviation of the situation, the status of ongoing planning for UNPROFOR withdrawal, and efforts to strengthen UNPROFOR.

The situation on the ground has stabilized since the signing of the cease fire on 31 December. The heavy fighting has subsided and the skirmish lines have remained steady since the agreement went into force. Sporadic small arms fire remains a threat, however there is an overall improvement in the conditions in Bosnia-Herzegovina.

From the military perspective, I would like to first assure you that we are continuing with a number of ongoing operations in the Balkans including:

TF Provide Promise (Humanitarian initiative).

Deny Flight (No Fly Zone Enforcement).

Sharp Guard (Sanctions Enforcement).

Able Sentry (Stabilizing Force).

We have no units on the ground in Bosnia-Herzegovina, but do have 15 personnel in Sarajevo on the UNPROFOR staff. We are also responsible for funding a proportion, 31 percent, of all costs associated with UNPROFOR—this amounted to \$271 million in Fiscal Year 94.

I would like to open the discussion of lifting the arms embargo by stating briefly that the Joint Staff has studied the impact of unilaterally lifting the arms embargo, and while I do not intend on going through the full briefing, I would like to cite some of the key findings that may prove relevant today.

The concept underlying a unilateral lifting of the arms embargo would be to improve the ability of the Federation Armed Forces to counter the strengths of the Bosnian Serb Army. Our analysis indicates that, if the US lifts unilaterally, this is an extremely unlikely outcome. Rather, if the arms embargo is unilaterally lifted, we believe that violence and humanitarian suffering in the region will increase.

Let me run through what we believe will happen if the US determines unilaterally to lift the arms embargo.

(1) The Congressional vote would have immediate adverse repercussion among our allies in NATO, most of whom warned us strongly about the risks to their soldiers and the adverse international consequences should the arms embargo be unilaterally lifted.

(2) Following a Congressional vote, the President would issue a determination that would direct that the embargo be unilaterally lifted despite United Nations Security Council Resolution 713. Additionally, restrictions on the issuance of munitions export licenses to Bosnia would be lifted, and the US Government policy to utilize authorities under the Arms Export and Control Act and Foreign Assistance Act would be changed to allow transfer and sale of arms to Bosnia.

(3) Contributing nations would immediately decide to withdraw their forces before the escalation of violence. We have been assured privately and publicly that they will leave. NATO forces and equipment will immediately begin staging for withdrawal operations. Within weeks of the vote to unilaterally lift the arms embargo and hopefully, before the lift is implemented, the withdrawal operation would commence. The United States has decided in principle to participate in the withdrawal, as described by Mr. Slocumbe. Under the best circumstances, there will be little organized threat to the withdrawn UNPROFOR forces or the NATO force, however there would be sniping and intermittent harassment impeding the withdrawal. The withdrawal will take 2 to 4 months to accomplish.

(4) Humanitarian support would fall off. NGO/PVOs also would begin withdrawing as tensions rise and fighting increases. Some of the 248 NGOs/PVOs in country would need to be extracted using the NATO force, lengthening the overall withdrawal process, and further depriving the populace of humanitarian support.

(5) Bosnian Serb Forces would likely begin an offensive. In a coordinated effort, at some point during or immediately after the withdrawal, we anticipate that Serb forces will attack to split Bosnia, overrun eastern enclaves, and deprive Bosnia of military options. The lifting of the arms embargo has

sent a signal to the Serbs that their strength relative to the Bosniaks will only decrease as arms begin to flow to their adversary. They must attack or see their hopes for a greater Serbia vanish. Fighting will escalate. The humanitarian efforts will all but stop as Serbs interdict both governmental and nongovernmental relief organizations at will.

(6) Bosniak offensive action would also ensue—fighting designed to protect their people, their existing territory, and enhance their credibility as a military. We believe that despite the Bosniaks superiority in manpower and notable ongoing efforts to build up their forces, the outcome would likely follow the outlines of the battles around Bihac \* \* \* some initial Bosniak gains followed by Serb counterattacks to cut off and isolate Bosniak forces.

(7) Additional arms would begin to flow into Croatia bound for Bosnia.

(8) Meanwhile, Bosnia would likely appeal for US assistance—unable to defeat Serb heavy weapons, hindered in fighting effectively by trying to absorb the new weapons and build a modern fighting force \* \* \* there will be charges and counter-charges of outside intervention \* \* \* and more urgent appeals to Islamic nations.

(9) If the battlefield situation were to evolve in this manner, the US would confront a profound dilemma \* \* \* stand aside, or intervene. The arguments for direct US military intervention would be strong.

That the purpose of lifting was to give the Bosniaks the means to defend themselves \* \* \* we cannot allow their defeat and slaughter.

That US airpower can make a crucial difference \* \* \* and must be applied quickly to forestall a need for US intervention on the ground.

That others are already helping the other side.

Of course, there would also be cogent arguments for not intervening:

That US intervention—even from the air alone will substantially raise the risks of widening the war.

That there are very real limits on what airpower can accomplish in that terrain \* \* \* if it does not intimidate the Serbs, it may not be able to physically prevent them from seizing the eastern enclaves or other actions.

That the US determination to unilaterally intervene in the war will further isolate us from our NATO allies.

That by military intervention, we will further Americanize the conflict.

(10) While we were debating, regional tensions would continue to rise. The threat of the Serbs would cause all regional parties to lobby for arms for self protection and to take preventive action. The future of the confederation between Bosnia and Croatia would be cast into doubt if the United States does not supply arms to Croatia—and if we do supply weapons, we might raise the probability that the Croats will attempt to regain the Krajina region by force.

(11) Further widening of the conflict. As the Serbs press the attack, the countries of the region would seek even more intensively to draw in outside support. All parties in the conflict will seek supplies from their benefactors. If the US has lifted unilaterally, it is likely that the Russians or others would begin overt support to Serb forces throughout the region. There would also be more support for the Bosniaks from Islamic nations, including the most radical, anti-Western elements. Even within NATO, there would be strong tensions between nations, and in some cases strong support for opposite sides.

(12) The conflict may spin out of control. The escalation in fighting and the additional

weapons flowing into the region would lead to a widening of the war.

In sum, these are the long-term implications of unilaterally lifting of the arms embargo:

(1) There would be an Americanization of the war. Explicit U.S. involvement would likely be required, including both U.S. Close Air Support (CAS) to assist the Bosnians and ground forces for ensuring humanitarian aid flows and for filling the vacuum created by UNPROFOR withdrawal, unless we wish to see the Bosnian state partitioned between Serbia and Croatia.

(2) Damage to NATO would be extensive and perhaps irreparable. There would be a significant impact on our alliance relationships that would impair our cooperation within NATO and undermine 45 years of alliance cooperation. Loss of access to key NATO basing, infrastructure, or overflights is a virtual certainty. NATO relevance will be thrown into doubt the very time we are seeking to establish NATO as the central foundation for a new European security architecture.

(3) Unilateral lift would also have a detrimental impact on our national credibility both within our alliance and at the United Nations. The long-term impact of our non-compliance with a United Nations Security Council Resolution would call into question our reliability, motives and ability to exercise global leadership. Other sanctions efforts, such as Iraq and Libya, would be weakened as well.

(4) A dangerous East-West confrontation becomes a real possibility, as does a geographic widening of the war.

(5) Finally, unilateral lift is unlikely to provide any reasonable solution to the problem on the ground in Bosnia.

The focus of the scenario that I have developed applies primarily to a unilateral lift of the arms embargo. If this were to be a multilateral effort, many of these problems would be obviated.

In the event that the embargo is lifted or that the UNPROFOR mission is determined no longer to be viable, UNPROFOR will have to withdraw. NATO has already made the determination to support this effort. As a result, NATO planning to support UNPROFOR withdrawal is ongoing.

Planning for withdrawal of UNPROFOR began in July, when it was recognized that UNPROFOR would be unable to execute such a complex and difficult operation without substantial assistance from NATO. The current status is that a NATO concept plan was presented to the Military Committee in Brussels and sent back to SACEUR for detailed planning. The detailed plans have been completed in draft by Allied Command Europe and briefed to SACEUR.

The essence of the plans, as we understand them, is to provide additional combat brigades, with supporting elements to assist UNPROFOR's withdrawal. Some portion of the force will, in all likelihood, need to be stationed in Bosnia prior to the commencement of the withdrawal. The operation would be conducted under NATO control, with appropriate rules of engagement to facilitate force protection as well as mission accomplishment.

As previously stated, the President has expressed our commitment to participate in such an operation, subject to a detailed review of the plans, and consultation with Congress.

However, we continue to believe that the option with the greatest chance of long-term success is to encourage UNPROFOR to remain in Bosnia-Herzegovina until a negotiated settlement can be reached. To this end, an information meeting of Chiefs of Defense from the NATO nations, the Russian

Federation, NATO staff, UN Secretariat and the Commander of UNPROFOR was held in The Hague from 19-20 December in which participants formulated a number of military recommendations to enhance UNPROFOR's effectiveness.

The results of the meeting were unanimous. There was "a unified resolve to continue UNPROFOR's mission in order to help alleviate the suffering of the civilian population in conflicts areas of the former Yugoslavia. Furthermore, the meeting recognized the important role UNPROFOR is playing in creating the conditions favorable to the

eventual achievement of a negotiated settlement."

The meeting's specific recommendations cover various steps for improving the capabilities, effectiveness and the freedom of movement of UNPROFOR and reducing its vulnerability. These include measures:

Enhancing the effectiveness and self-defense capabilities of UNPROFOR. Examples include equipment, communications enhancements and the improvement of liaison between UNPROFOR and the warring parties.

Facilitating the delivery of humanitarian aid to Sarajevo and the enclaves.

Finally, the meeting reaffirmed the crucial important of maintaining UNPROFOR's impartial mission until a negotiated settlement can be reached.

At this time, capitals are examining potential national contributions that could be made with an aim towards an improvement in UNPROFOR's effectiveness.

Mr. Chairman, I thank you for the opportunity to speak with you today, and I would be happy to entertain your questions at this time.