

see the realities rather than being emotional," Ataman responded. Turkey rules out diplomatic relations with Armenia unless Azerbaijan's territory is set free. But Ankara apparently feels the pressure from Washington for better relations with Armenia. "On Turkey-Armenian relations, which are so frayed with history, emotion, misunderstanding and conflicting views of history, our view is very simple. Your two countries must work together, must find ways to move on to the future," Richard Holbrook, Assistant U.S. Secretary of State, said last month.●

TRIBUTE TO THE GIRL SCOUTS OF AMERICA

● Mrs. BOXER. Mr. President, I rise today to pay tribute to an organization that is truly an American institution—the Girl Scouts of America.

This week we celebrate National Girl Scout Week, in recognition of the founding of the Girl Scout organization on March 12, 1912. Throughout the country, Girl Scouts are observing this special week by participating in numerous community service activities.

In my home State of California, where there are 20 Girl Scout councils, young women participated in the first ever Be Your Best Day on March 14. All over the State, Girl Scouts contributed their talents, energy, and time to make an impact on their communities. For example, the Girl Scouts in Anaheim, CA, collected over 300 dolls, reconditioned them, and distributed them to various local agencies.

In Placentia, CA, Girl Scouts assisted the staff of the Van Buren Elementary School by cleaning the school, decorating bulletin boards, and pulling weeds. And, in the bay area, the Girl Scouts collected and distributed 750 bags of clothing and other items for Goodwill. These are just a few examples of the impressive work that the Girl Scouts do every day.

When the Girl Scouts of America was formed in 1912, their mission was simple: To promote character, good conduct, patriotism and service. As they have advanced over the last 83 years, the Girl Scouts have successfully changed to meet the needs of our society while maintaining the original spirit and conviction in which the organization was founded.

I am proud of the Girl Scouts for their ongoing commitment to serving their communities and our Nation. I am pleased to offer my sincere congratulations to them for their 83 years of distinguished service.●

DOWN GOES THE DOLLAR

● Mr. SIMON. Mr. President, I appreciate the column of James Glassman, which has appeared on the financial pages of the Washington Post twice a week and, I was pleased to see, on the editorial page the other day.

In a column titled, "Down Goes the Dollar," he suggests that we ought to be looking at our deficit if we really want to do something about the dollar.

Unfortunately, the lesson of recent history is that we will pay attention to the deficit for a short time, then other things will preoccupy us, and our interest in reducing the deficit will diminish. That is why we need a constitutional amendment.

In his excellent column he quotes Alan Greenspan in response to a question by Representative JOHN KASICH about what would happen if we actually moved to balancing a budget. The Chairman of the Federal Reserve Board, Alan Greenspan, replied "There would be some strain." Then, he says, as borrowing fell, so would interest rates, and "the effects would be rather startling." Real incomes would rise, and we'd be ensured that our kids would live better than we have, he said.

Alan Greenspan's remarks coincide completely with what Data Resources, Inc., the Congressional Budget Office, and the General Accounting Office [GAO] have told us. The GAO report to us in June 1992 said that two decades after we balanced the budget, the average American would have an increased income of 36 percent. That is a startling figure. And they suggest, if we simply stumble along as we are doing now, that's what we will do in terms of our standard of living, with a possible slight increase or slight decline; or, as appears more likely, the deficit gradually grows, their prediction is for economic chaos.

No one should have any illusions. Our failure to address our fiscal problems discourages financial markets in this country and around the world.

I urge my colleagues to read the James Glassman column, and I ask that it be printed in RECORD.

The column follows:

[From the Washington Post, Mar. 14, 1995]

DOWN GOES THE DOLLAR
(By James K. Glassman)

Dinner for two at Aubergine in Munich now costs more than 400 American dollars (including a half-decent wine), and a room at the Imperial Hotel in Tokyo runs \$600 a night. But if you aren't planning a trip to Germany or Japan, the recent decline in the dollar won't affect you much. At least not yet.

Benign neglect can sometimes solve currency problems, but the dollar is so weak right now that the only way to preserve its status as the world's reserve currency may be a sharp increase in interest rates. "We fear that the ending of this will not be pretty," wrote Ray Dalio, an astute financial analyst, in a fax to his clients last week.

Exchange rates are a complicated and emotional subject. No one really knows why they go up and down, but there's certainly a glut of explanations for the latest crash in the dollar:

"The Mexican crisis is almost certainly the single biggest factor," said economist John Mueller of Lehrman Bell Mueller Cannon in testimony before a Senate committee.

"It comes down to a lack of confidence" in the ability of new Treasury Secretary Robert Rubin, wrote Hobart Rowen of The Post on Sunday.

Charles Ramond, whom runs the currency consulting firm Predex in New York, says that the dollar will keep falling simply because it's too popular, especially in emerging

countries—"the best U.S. brand since Coca-Cola." And with so many greenbacks floating around the world, the dollar has been cheapened as a "store of value."

But there's another explanation that's easier to understand: Our twin deficits—in trade and in the federal budget—are forcing us to borrow too much. Through the early 1980s, the United States was the world's biggest creditor; now we're the world's biggest debtor.

When foreigners lend to us, they have to trade their own currencies for ours. Now, the Japanese, for example, are saying that they'll only part with about 90 yen to buy a dollar, in 1985, they parted with 263 yen.

If the dollar keeps falling fast, these lenders may become reluctant to make dollar investments at almost any price (that's what happened with peso investments in Mexico). The only way to lure them will be with higher interest rates.

Dalio believes that if the Federal Reserve moves quickly (it meets March 28), then the rate hike may only have to be one percentage point, or two or three. That would probably mean a recession, but if the Fed waits longer, "the eventual rate hikes and economic damage will have to be more severe."

The truth is that the Fed has shown little appetite for raising interest rates to attract foreigners to the dollar. But the dollar's weakness may force the Fed's hand for a different reason—something economists call "imported inflation."

To make up for a falling dollar, foreign manufacturers have to raise the prices they charge for goods they import to the United States. Thus, it's likely that Japanese cars, for example, will cost more here. If that happens, U.S. automakers will raise their prices, too, slipping under the Japanese umbrella.

In his testimony before the House Budget Committee last Wednesday, Alan Greenspan, the Fed's chairman, admitted that imported inflation could be a problem and that "it is important to contain such pressures"—which the Fed does by raising interest rates to dampen economic activity.

Of course, there's a better way to strengthen the dollar: The government could stop borrowing \$200 billion a year by balancing the budget.

In fact, the defeat in the Senate of a constitutional amendment to do just that—and the subsequent beatification in the press of Saint Mark Hatfield, the only Republican dissenter—may even have ignited the dollar selloff.

If so, then Congress will soon get a chance to show the international markets that it's serious. Tomorrow, the House Appropriations chairman, Rep. Bob Livingston (R-La.), is bringing a bill to the floor that will cut spending by \$11 billion immediately. That may not sound like much, but it's actually revolutionary. In the past, Congress has used floods and earthquakes as excuses to raise spending in the middle of the year through "dire emergency" supplemental bills.

Also tomorrow, Rep. John Kasich (R-Ohio), the budget chairman, will produce a list of reductions totaling nearly \$200 billion. Those cuts would merely pay for the tax reductions in the "Contract With America," but again, they should encourage the markets. Then, in May, Kasich will present what he calls "The Big One"—the spending cuts to bring the budget into balance by 2002.

Even if the tax reductions are trimmed by the Senate—and many House Republicans privately hope they will be—balancing the budget won't be easy. That's why Kasich asked Greenspan for some spine-stiffening words for rubbery members of Congress.

"What would you tell the American people the reasons would be for making some tough