

For further information, please contact Paul Cooksey at 224-5175.

SUBCOMMITTEE ON WATER AND POWER

Mr. KYL. Mr. President, I would like to announce for the public that a hearing has been scheduled before the Subcommittee on Water and Power, of the Energy and Natural Resources Committee, to consider S. 1515, a bill "To amend Public Law 89-108 to increase authorization levels for State and Indian tribal, municipal, rural, and industrial water supplies, to meet current and future water quantity and quality needs of the Red River Valley, to deauthorize certain project features and irrigation service areas, to enhance natural resources and fish and wildlife habitat, and for other purposes."

The hearing will take place on Tuesday, March 31, 1998, at 2:30 p.m. in room SD-366 of the Dirksen Senate Office Building.

For further information, please call James P. Beirme, Senior Counsel, (202/224-2564) or Betty Nevitt, Staff Assistant at (202/224-0765).

AUTHORITY FOR COMMITTEES TO MEET

COMMITTEE ON ENERGY AND NATURAL RESOURCES

Mr. CHAFEE. Mr. President, I ask unanimous consent that the Committee on Energy and Natural Resources be granted permission to meet during the session of the Senate on Wednesday, March 4, for purposes of conducting a full committee hearing which is scheduled to begin at 10 a.m. The purpose of this oversight hearing is to consider the President's proposed budget for fiscal year 1999 for the Department of Energy.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMITTEE ON THE JUDICIARY

Mr. CHAFEE. Mr. President, I ask unanimous consent that the Committee on the Judiciary be authorized to meet during the session of the Senate on Wednesday, March 4, 1998 at 10 a.m. in room 226 of the Senate Dirksen Office Building to hold a hearing on "A Review of the National Drug Control Strategy."

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMITTEE ON RULES AND ADMINISTRATION

Mr. CHAFEE. Mr. President, I ask unanimous consent that the Committee on Rules and Administration be authorized to meet during the session of the Senate on Wednesday, March 4, 1998 beginning at 9:30 a.m. until business is completed, to conduct an oversight hearing on the FY99 budget and operations of the Library of Congress, and to review the reauthorization of the American Folklife Center.

The PRESIDING OFFICER. Without objection, it is so ordered.

SELECT COMMITTEE ON INTELLIGENCE

Mr. CHAFEE. Mr. President, I ask unanimous consent that the Select Committee on Intelligence be author-

ized to meet during the session of the Senate on Wednesday, March 4, 1998 at 2:30 p.m. to hold an open hearing on intelligence matters.

The PRESIDING OFFICER. Without objection, it is so ordered.

SUBCOMMITTEE ON ACQUISITION AND TECHNOLOGY

Mr. CHAFEE. Mr. President, I ask unanimous consent that the Subcommittee on Acquisition and Technology of the Committee on Armed Services be authorized to meet at 2 p.m. on Wednesday, March 4, 1998, in open session, to receive testimony on the Policies Concerning the Industrial and Technology Base Supporting National Defense in Review of the Defense Authorization Request for fiscal year 1999 and the future years Defense program.

The PRESIDING OFFICER. Without objection, it is so ordered.

SUBCOMMITTEE ON AIRLAND FORCES

Mr. CHAFEE. Mr. President, I ask unanimous consent that the Subcommittee on Airland Forces of the Committee on Armed Services be authorized to meet on Wednesday, March 4, 1998, at 10 a.m. in open session, to receive testimony on Military Transformation Initiatives.

The PRESIDING OFFICER. Without objection, it is so ordered.

SUBCOMMITTEE ON ANTITRUST, BUSINESS RIGHTS, AND COMPETITION

Mr. CHAFEE. Mr. President, I ask unanimous consent that the Subcommittee on Antitrust, Business Rights, and Competition, of the Senate Judiciary Committee, be authorized to meet during the session of the Senate on Tuesday, March 4, 1998 at 2 p.m. to hold a hearing in room 226, Senate Dirksen Building, on: "The Telecommunications Act of 1996: Moving Toward Competition Under Section 271."

The PRESIDING OFFICER. Without objection, it is so ordered.

SUBCOMMITTEE ON EAST ASIA AND PACIFIC AFFAIRS

Mr. CHAFEE. Mr. President, I ask unanimous consent that the Subcommittee on East Asia and Pacific Affairs of the Committee on Foreign Relations be authorized to meet during the session of the Senate on Wednesday, March 4, 1998, at 2 p.m. to hold a hearing.

The PRESIDING OFFICER. Without objection, it is so ordered.

SUBCOMMITTEE ON PERSONNEL

Mr. CHAFEE. Mr. President, I ask unanimous consent that the Subcommittee on Personnel of the Committee on Armed Services be authorized to meet on Wednesday, March 4, 1998, at 2 p.m. in open session, to receive testimony on Recruiting and Retention Policies Within the Department of Defense and the Military Services in Review of the Defense Authorization Request for fiscal year 1999 and the Future Years Defense Program.

The PRESIDING OFFICER. Without objection, it is so ordered.

SUBCOMMITTEE ON READINESS

Mr. CHAFEE. Mr. President, I ask unanimous consent that the Readiness Subcommittee of the Committee on Armed Services be authorized to meet at 10 a.m. on Wednesday, March 4, 1998, in open session, to receive testimony on the Ongoing Competitions to Determine the Dispositions of the Workloads Currently Performed at Sacramento and San Antonio Air Logistics Centers.

The PRESIDING OFFICER. Without objection, it is so ordered.

SUBCOMMITTEE ON TECHNOLOGY, TERRORISM AND GOVERNMENT INFORMATION

Mr. CHAFEE. Mr. President, I ask unanimous consent that the Senate Judiciary Subcommittee on Technology, Terrorism and Government Information Committee on the Judiciary and the Senate Select Committee on Intelligence be authorized to meet for a joint hearing during the session of the Senate on Wednesday, March 4, 1998 at 2:30 p.m. in room 216 of the Senate Hart Office Building to hold a joint hearing on: "Biological Weapons: The Threat Posed by Terrorists."

The PRESIDING OFFICER. Without objection, it is so ordered.

ADDITIONAL STATEMENTS

ACCOUNTING STANDARDS FOR DERIVATIVES AND THE FASB

• Mr. D'AMATO. Mr. President, investors place their trust as well as their funds in our capital and financial markets. It is clear that one of the reasons for this trust is the knowledge that financial statements are reliable, relevant, consistent, comparable and prepared according to well-understood and carefully considered standards, known as generally accepted accounting standards. These financial reporting standards are an essential component of the attraction of our capital markets—to borrowers who are looking for the most capital at the lowest cost and to suppliers of capital who want to invest with confidence and earn a high return.

This openness and transparency is the result of the useful and highly successful mechanism used in the United States for over 60 years to develop financial reporting and accounting standards. Although Congress empowered the Securities and Exchange Commission (SEC) to set accounting standards in 1934, for over sixty years the Commission has delegated this responsibility to the private sector. The Financial Accounting Standards Board (FASB) has exercised the delegated authority to develop accounting standards, subject to SEC review, since 1972. In that year, a blue ribbon commission, created by the SEC, recommended the creation of the FASB in order to insulate its deliberative process from the influence of special interests and politics. The FASB's task is to establish and improve financial standards in an inclusive, public and deliberative manner.

Mr. President, while I have not always agreed with the FASB's pronouncements and activities over the years, I believe strongly in an independent standard setting body and I believe the FASB has worked well. It has earned praise for its evenhanded, principled and well-reasoned decisions from professionals in the accounting profession, from the SEC and the financial media, and investors.

Mr. President, at times, the FASB's activities have generated controversy and opposition from those affected by and opposed to its pronouncements. At this particular moment, the FASB is encountering stiff criticism as a result of its attempt to require institutions who hold derivatives to provide some type of fair market value financial reporting.

As my colleagues are aware, derivatives are highly complex financial instruments that can and do perform an important role in effective risk management by enabling commercial corporations, governments and financial firms and others, in the U.S. and worldwide, to reduce their exposure to fluctuations in interest rates, currency exchange rates, and the prices of equities and commodities. Derivatives also enable users to reduce funding costs and speculate on changes in market rates and prices. But Congress is also well aware that the use and misuse of derivatives can cause severe financial shocks. Hearings held by the Banking Committee in recent years demonstrated that derivatives improperly used, and inadequately regulated, can expose an institution or company to potential ruin with serious consequences for depositors, investors, taxpayers and, potentially, the stability of the financial system.

Mr. President, regulatory agencies and Congress have studied the numerous regulatory, policy and disclosure issues raised by derivatives. Among the more serious findings is that derivatives generally do not need to be accounted for in financial statements. In other words, there are billions of dollars worth of derivatives outstanding that are not reflected adequately in the financial statements of major industrial companies, banks and other large derivative users.

In 1994 a GAO study, (Financial Derivatives: Actions Needed to Protect the Financial System), recommended that the FASB:

Proceed expeditiously to issue its existing exposure draft on disclosures of derivatives and fair value of financial instruments.

Proceed expeditiously to develop and issue an exposure draft that provides comprehensive, consistent accounting rules for derivative products, including expanded disclosure requirements that provide additional needed information about derivatives activities.

Consider adopting a market value accounting model for all financial instruments, including derivative products.

Mr. President, the FASB is earnestly pursuing this complicated objective

with the support of the SEC, the accounting profession and most investment professionals. The critics and opponents of the proposed derivative accounting standards are now taking the extraordinary step of asking Congress to intervene in the FASB's standard setting procedures. This not only threatens the FASB's ability to determine appropriate standards for disclosure of derivatives-related information, it seriously jeopardizes its independence. This course of action is extremely unwise and provides continuing justification for having an independent, professional entity to set accounting and financial reporting requirements, like the FASB, rather than the Congress or a government agency.

Mr. President, it is obvious that Congress lacks the technical expertise and resources to develop accounting standards, as does the SEC. In addition, federal bank regulators lack the impartiality to administer disclosure standards dedicated to investor protection and public disclosure since the banking laws are geared to maintaining public confidence in financial institutions rather than requiring the full and complete disclosure of a financial institution's real financial condition.

Mr. President, Congress should resist the suggestion of removing standard setting from the public sector and transferring it to a government agency. If history is any guide, this step would create more problems than it would solve. Every recent effort by a government agency, including the Congress, to set accounting standards has been a total failure. For example, during the early days of the savings and loan crisis, the FSLIC (Federal Savings and Loan Corporation—the former S&L regulator) created "supervisory goodwill" as a mechanism by which healthy thrifts could acquire or invest in fledgling ones. Regulators permitted supervisory goodwill to qualify as regulatory capital. Then, in 1989, Congress enacted stricter capital standards under the Financial Institutions Reform, Recovery, and Enforcement Act (FIRREA) and mandated that all supervisory goodwill was to be charged-off over an accelerated period ending in 1994, causing severe capital constraints, even pushing some S&Ls to liquidate assets at a severe discount. Between the actions of the regulators and the Congress, the S&L crisis lasted longer than necessary, the recovery took longer than necessary and eventually ended in a \$130 billion taxpayer-financed bailout. In fact, the final costs to the federal government of the S&L bailout may increase as a result of the ongoing "supervisory goodwill litigation."

Mr. President, the FASB started working on derivatives and hedging in 1991. It has had an extensive and open process that has involved ample opportunity for public comment, debate and participation by all constituents. This open and deliberative process is still

ongoing and will, in the end, produce thoughtful and comprehensive accounting standards that will better inform investors and the financial markets as a whole and contribute to their effective functioning.

Mr. President, I do not want to dwell on the S&L crisis or on the benefits and risks of derivatives. Instead, I simply want to underscore that Congress should not disrupt the FASB's independence and professionalism in setting accounting standards, for derivatives or for any other project. The SEC has jurisdiction over the FASB and the Congress already conducts oversight of the SEC and the FASB. In fact, the Subcommittee on Securities has held two hearings on the derivatives issue. I would oppose authorizing the SEC, or any other federal agency, to set accounting standards. We should leave to the private sector the responsibility to develop accounting and financial reporting standards that are at the heart of the success of our process of capital formation.●

NATIONAL SPORTSMANSHIP DAY

● Mr. REED. Mr. President, March 3rd was the eighth annual celebration of National Sportsmanship Day in over 10,000 schools in all fifty states and more than 100 countries throughout the world.

Recognized by the President's Council on Physical Fitness, National Sportsmanship Day was conceived by the Institute for International Sport, located in my home state of Rhode Island. As the President's Council Co-Chairs Tom McMillen and Florence Griffith Joyner have stated, "this event will serve as a highly visible, one-day effort to stress the importance of ethics and sportsmanship, not just on the athletic field but in all aspects of life. . . . having a powerful and positive effect on the youth of the United States and the world."

Heeding President Clinton's challenge to begin a serious dialogue on race relations in the United States, the centerpiece of this year's National Sportsmanship Day was a seminar and town meeting at the University of Rhode Island discussing race issues in sport. This day long event included panels composed of athletes, coaches, and journalists who discussed the many different aspects of these issues.

In addition, the Institute has enlisted the help of several Sports Ethics Fellows, including Mills Lane, a Reno, Nevada district judge and internationally known professional boxing referee, Billy Packer, CBS sports commentator, and Ken Dryden, the president and general manager of the Toronto Maple Leafs. These men and women are wonderful role models who can be admired for more than just their athletic prowess. They have consistently demonstrated an interest in furthering the principles of honesty and integrity in sport and society.

These Sports Ethics Fellows are helping to teach the important lessons of