fueled wars in these countries and contributed to a tidal wave of atrocities by those forces against the unarmed population. We are especially concerned about Sierra Leone, where the Revolutionary United Front controls two-thirds of the country including its most lucrative diamond resources. The RUF continues its practice of abusing, enslaving, raping and mutilating noncombatant adults and children to this day. And the international trade in Sierra Leonean diamonds appears to be undiminished.

We welcome the South African-led ''Working Group on African Diamonds'' (''Kimberley process'') supported by the diamond industry that led to the announcement of a commitment to establish an international system of ''rough controls'' last year. But we are dismayed by the slow pace of reform and the industry's inability to police its own members who continue to deal in diamonds from Sierra Leone and other conflict areas. We are disappointed that the principal countries involved in the mining, cutting, finishing, exporting, and importing of diamonds have not themselves taken the actions agreed to last year as a means of jump-starting the international rough controls regimen.

It seems clear that until a major importer of diamonds such as the U.S. prohibits the direct or indirect importation of any and all diamonds and diamond jewelry from any country that does not have the rough controls in place, progress in establishing the international system will proceed at a leisurely pace. For this reason, we strongly support legislation being introduced by Representatives Tony Hall, Cynthia McKinney, and Frank Wolf to enshrine such restrictions in U.S. trade law. We respectfully urge the American jewelry importers and retailers to support this initiative as well. The Hall-Wolf-McKinney bill, if enacted, would provide the diamond industry an inestimable service. Without penalizing the legitimate producers and exporters, the legislation would assure American diamond retailers and consumers of a ''clean stream'' of diamonds and put serious pressure on countries that fail to support the Kimberley rough controls agreement. Moreover, enactment of a U.S. prohibition on imports from countries that do not have the rough controls in place would encourage them to move forward quickly, and hasten the day that the functioning rough controls on diamonds and diamond jewelry would be truly internationalized.

We respectfully urge you to protect your own product and safeguard unwitting American consumers by supporting tight restrictions against all diamonds that emerge from countries that have not adopted the Kimberley rough controls. This is the approach that you called for in your September testimony before Congress, and it is the approach that Representatives Hall, McKinney, and Wolf have taken in their legislation. We hope that you will support it strongly, and urge its immediate adoption by Congress.

Sincerely,

Leonard S. Rubenstein, Executive Director, Physicians for Human Rights; Adotei Akwei, Africa Advocacy Director, Amnesty International, USA; Bruce Wilkinson, Senior Vice President, World Vision; Dr. Clive Calver, President, World Relief; Raymond Offenheiser, President, Oxfam America; Rabbi David Saperstein and Rabbi Dan Polish, Commission on Social Action of Reform Judaism; Rev. Bob Edgar, General Secretary, National Council of the Churches of Christ.

Rev. John McCullough, Executive Director, Church World Service and Witness; Nancy Aossey, President and CEO, International Medical Corps; Stephen G. Price, Office of Justice and Peace, Society of Affican Missions; Wanjlru Kamau, President, African Immigrants and Refugees Foundation; Al Graham, Air Serv International; Loretta Bondi, Advocacy Director, Arms and Conflict Program, the Fund for Peace; Larry Goodwin, Executive Director, Africa Faith and Justice Network; James Matlack, Director, Washington Office, American Friends Service Committee; David Begg, CEO, Concern Worldwide U.S.; Jaydee R. Hanson, Assistant General Secretary, United Methodist Church, General Board Of Church and Society, William Goodfellow, Executive Director, Center for International Policy; Beverly Lacayo, Missionary Sisters of Our Lady of Africa; Kevin Lowther, Regional Director Africare.

Kathleen McNeely, Maryknoll Office for Global Concerns; Gaspar Colon, Adventist Development and Relief Agency International; Duni Jones, Self Help Initiative; David Beckman, President, Bread for the World; Alex Yearsley, Global Witness; Rev. Seamus P. Finn, Missionary Oblate Society; Roger Winter, Executive Director, U.S. Committee for Refugees; Rev. Leon Spencer, Washington Office on Africa; Tony Doyle, Mid-South Peace and Justice Center; Maureen Healy, Society of St. Ursula; Kevin George, Friends of Liberia; Thomas Tighe, President and CEO, Direct Relief International; Farshad Rastegar, CEO, Relief International; Barry LaForgia, Executive Director, International Relief Teams.

Keith Wright, Food for the Hungry; Richenda VanLeeuwen, Executive Director, Trickle Up Program; Peter Sage, Program Director, Ananda Marga Universal Relief Teams; Jeffrey Meer, Executive Director, U.S. Association for UNHCR; Ron Mitchell, Sierra Leone Emergency Network; Gay McDougall, Executive Director, International Human Rights Law Group; Lynn McMullen, Executive Director, RESULTS; Dr. Ritchard Mâbayo, Chairman, Coalition for Democracy in Sierra Leone; Margaret Zeigler, Deputy Director, Congressional Hunger Center; Alfred L. Marder, President, The Amistad Committee, Inc.; Reverend Alan Thomson, International Liaison, U.S. Peace Council; Carol Fine, Chairman, NGO Committee on Southern Africa; Washington Office, Church of the Brethren; Rachel Crowger, Executive Director, African Law Initiative; American Bar Association.

Peter Vander Muelen, Coordinator for Social Justice and Hunger Action, Christian Reformed Church in North America; Phyllis S. Yingling, U.S. Section Chair, Womenâs International League for Peace and Freedom; Rev. Mark B. Brown, Asst. Director, International Affairs and Human Rights, Lutheran Office for Governmental Affairs, Evangelical Lutheran Church in America; Rev. Phil Reed, Office of Justice and Peace, Missionaries of Africa; Robert Kushen, Executive Director, Doctors of the World; Joel R. Charny, Vice President for Policy, Refugees International; Brian Farenell, Advocacy Director, Friends of Guinea; Merle Bowen, Associate Professor, University of Illinois, William Martin, Professor, Binghamton University, Co-chairs, Association of Concerned Africa Scholars; Clifton Kirkpatrick, Stated Clerk, Presbyterian Church (USA); Kathryn Wolford, President, Lutheran World Relief; Randall Robinson, TransAfrica; Daniel Vollman, Africa Research Project.

Mel Foote, President, Constituency for Africa; Pharis Harvey, Executive Director, International Labor Rights Fund; Bass Vanderzalm, President, Northwest Medical Teams, International; Rev. Richard Cizik, Vice President for Governmental Affairs, National Association of Evangelicals; Fr. Rick Ryscavage, S.J., Jesuit Refugee Service/USA; Kathy Thornton, RSM, Network: National Catholic Social Justice Lobby; Yael Martin, Director, Promoting Enduring Peace; Billie Day, Friends of Sierra Leone; Hasit Thankey, Project Officer, Commonwealth Human Rights Initiative; Reynold Levy, President, International Rescue Committee; Gail R. Carson, Director, Relief and Food Security Programs, Counterpart International, Inc.; Paul Montacute, Director, Baptist World Aid of Baptist World Alliance; Dr. Evelyn Mauss, Physicians for Social Responsibility/NYC; Save the Children; Stephen Rickard, Robert F. Kennedy Memorial; Lonnie Turner, Washington Office, Cooperative Baptist Fellowship.

HONORING TEXAS PUBLIC SCHOOLS

HON. CIRO D. RODRIGUEZ

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 7, 2001

Mr. RODRIGUEZ. Mr. Speaker, as we in Texas celebrate Public Schools Week, March 5–9, I wish to recognize the many achievements made by public schools in Texas. At a time when Congress is debating the merits of reforming education in this country, it is important that we recognize the progress that has been made in meeting the goals of our education system and to applaud the dedicated public servants who educate our children. As an educator and a former school board member, I have witnessed first hand the tremendous effort our teachers pour into every class, every hour and every minute with their students, and it is fitting that Texas recognizes their dedication during this special week.

Public schools are the backbone of our education system. Ninety percent of the school age population nationwide attends public schools. A good, quality public education serves not only as a bridge to vast economic opportunities, but also as a foundation for our strong and prosperous democracy. Thanks to the hard work of teachers, counselors and administrators, Texas has made significant strides in its public education system, especially in student achievement.

To continue on this path of success, we must offer more to our students and families than block grants and vouchers, which serve only to redistribute resources inconsistently and damage the democratic foundation of public schools. We must capitalize on our success and increase our efforts to modernize Texas classrooms, maintain a teacher ratio that places students in a personal learning environment with well-trained teachers, and ensure security and safety. The sad events this week in California remind us of the dangers in ignoring students' needs. Therefore, it is important that public schools be given the resources to recruit and retain professional counselors and social workers who not only aid students in their academic planning but also provide support and consultation to those students who may suffer from depression or mental illness. Every child in Texas deserves this and nothing less.

As we chart our course in this new millennium, the education of all Texas children remains vital to our future. Texas Public Schools Week is the perfect opportunity to celebrate our past, our present, and our future.

TRIBUTE TO MS. JOAN KNISS

HON. BOB SCHAFFER

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 7, 2001

Mr. SCHAFFER. Mr. Speaker, today I pay tribute to Ms. Joan Kniss of Brighton, Colorado, the 2001 Colorado Teacher of the Year. This prestigious recognition is no small honor. This year brought 3,500 teachers throughout the State of Colorado into competition for this prestigious award. Ms. Kniss, I am proud to say, teaches English at Brighton High School which is located within the congressional district I represent.

The Colorado Teacher of the Year Program is Colorado's oldest and most prestigious honors program which recognizes the contributions of the classroom teacher. The nominee must be an exceptionally skilled, dedicated, and knowledgeable classroom teacher. The standards for the award are high. The Colorado Teacher of the Year must inspire students of all backgrounds and abilities to learn, have the respect and admiration of students, parents, and colleagues, play an active and useful role in the community as well as in the school, and demonstrate high levels of academic achievement for their students.

Mr. Speaker, I have no doubt the best teacher in the Great State of Colorado won in 2001. Ms. Kniss began her teaching career in Colorado in 1973 at North Junior High in Brighton, Colorado. For eight years, she worked within the school district on special assignment. Since 1984, she has served as a language arts teacher at Brighton High School. Mr. Speaker, through her many years as an interested teacher, Ms. Kniss has exemplified true dedication to Colorado's children and parents.

Every applicant for Colorado Teacher of the Year must submit an essay. Mr. Speaker, in her essay, Ms. Kniss wrote, ''[W]e must focus on partnerships: teachers must be learning partners with their students; teachers must be partners with parents, and teachers must form partnerships with community members.'' Mr. Speaker, interested parents and teachers produce successful students. Successful teachers, like Ms. Kniss, are those who look to the future knowing the basis for their students' success is a background of solid academics.

Again, today on the floor of the House of Representatives, I say congratulations thank you to Joan Kniss, the 2001 Colorado Teacher of the Year, for her many years of educating Colorado's students.

INTRODUCTION OF A BILL TO PERMIT THE CONSOLIDATION OF LIFE INSURANCE COMPANIES

HON. PHILIP M. CRANE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 7, 2001

Mr. CRANE. Mr. Speaker, today I am introducing, along with Representatives MATSUI, ENGLISH, LEWIS, BECERRA, RANGEL, WELLER, SAM JOHNSON, COLLINS, RAMSTAD, MCNULTY, HULSHOF, SHAW, and NUSSLE legislation that would repeal a number of limitations contained in the consolidated return provisions of the Internal Revenue Code. These limitations, originally enacted in 1976, are a relic from a time when the financial markets were highly regulated and financial institutions were taxed very differently than they are today. The limitations serve no good purpose and yet they complicate the tax code for both the taxpayer and the Internal Revenue Service and they place affiliated corporations that include life insurance companies at a competitive disadvantage relative to other corporate groups.

I had hoped we could have addressed this problem long ago, and indeed, much of the bill I am introducing today was included in the 1999 tax bill vetoed by President Clinton. It is my hope that we can focus our attention on this problem again this year, either in the context of a tax simplification effort, an income tax system maintenance effort, or as part of tax relief for business.

BACKGROUND

The consolidated return provisions in the tax laws were enacted so that the members of an affiliated group of corporations could file a single tax return. The right to file a ''consolidated'' return is available regardless of the nature or variety of the businesses conducted by the affiliated corporations. The purpose behind consolidated returns is simply to tax a complete business entity and not its component parts individually. It should not matter whether an enterprise's businesses are operated as divisions within one corporation or as subsidiary corporations with a common parent company. If the group is one economic entity, it should be taxed as a single entity and file its return accordingly.

Corporate groups that include life insurance companies, however, are denied the ability to file a single consolidated return until they have been affiliated for at least five years. Even after groups with life insurance companies are permitted to file on a consolidated basis, they are subject to two additional limitations that do not apply to any other type of group. First, non-life insurance companies must be members of an affiliated group for five years before their losses may be used to offset life insurance company income. Second, non-life insurance affiliate losses (including current year losses and any carryover losses) that may offset life insurance company taxable income are limited to the lesser of 35 percent of life insurance company taxable income or 35 percent of the non-life insurance company's losses.

The historical argument against allowing life insurance companies to file consolidated returns with other, non-life companies was that life insurance companies were not taxed on the same tax base as non-life companies. This argument is unfounded today. Prior to 1958, life insurance companies were taxed under special formulas that did not take their underwriting income or loss into account. Legislation enacted in 1959 took a major step toward taxing life insurance companies on both their investment and underwriting income. In fact, at the same time the present rules were under consideration in 1976, the Treasury Department took the position that full consolidation was consistent with sound tax policy.

In 1984 and 1986, Congress reviewed the taxation of life insurance companies and made a number of substantial changes that have resulted in these companies paying tax at regular income tax rates on their total income. Today, life insurance companies are fully taxed on their income just like other corporations. There is no reason to treat them differently today, especially with respect to consolidation.

THE PROBLEM

The current restrictions place affiliated groups of corporations that include life insurance companies at a competitive disadvantage compared with other corporate groups and also create substantial administrative complexities for taxpayers and for the Internal Revenue Service. The five-year limitations, in particular, create irrational disparities between groups containing life insurance companies and other consolidated groups. For example: First, when a consolidated group acquires another consolidated group that includes a life insurance company member, the acquired group is deconsolidated. This means that, unlike other groups, intercompany gains in the acquired group would be recognized as current income while losses would continue to be deferred.

Second, for the five year period following a consolidated group's acquisition of a life insurance company, gains on any intercompany transactions are subject to current tax and cannot be deferred. However, gains of other groups that are allowed to file a consolidated return are allowed to be deferred.

Third, section 355 spin-off transactions raise questions concerning the five year ineligibility period for the spun-off company even if the group had existed and been filing a consolidated return for many years.

The ability to file consolidated returns is particularly important for affiliated groups containing life insurance companies. Many corporations in other industries can, in effect, consolidate the returns of affiliates by establishing divisions within one corporation, rather than operating as separate corporations. Unfortunately, state law and other, non-tax business considerations generally require a life insurance company to conduct its non-life business through subsidiaries. The inability to file consolidated returns thus operates as an economic barrier inhibiting the expansion of life insurance companies into related areas.

SOLUTION

There are no sound reasons to deny affiliated groups of corporations including life insurance companies the same unrestricted ability to file consolidated returns that is available to other financial intermediaries (and corporations in general). Allowing the members of an affiliated group of corporations to file a consolidated return prevents the business enterprise's structure, i.e., multiple legal entities, from obscuring the fact that the true gain or loss of the business enterprise is the aggregate of each of the members of the affiliated group. The limitations contained in present law