EXTENSIONS OF REMARKS

TRIBUTE TO FLORINE WARDEN

HON. NICK JOE RAHALL II

OF WEST VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Friday, October 2, 1992

Mr. RAHALL. Mr. Speaker, today, I want to pay tribute to Florine Warden who is well known for her public service contributions to the Raleigh County community and throughout southern West Virginia.

Whenever there is a need for the people's voice to be heard, Florine Warden's voice is the one you hear. Florine's untiring efforts in the community range from her campaign to beautify the Robert C. Byrd Drive in Beckley, WV, to establishing the Tri-County Baseball Association, to secure a professional minor league baseball team in southern West Virginia.

Florine has taken a stand on many issues of concern to the community and has been a leader in bringing those issues to the forefront. She is a friend to those in need and is always ready to lend a helping hand.

A TRIBUTE TO ROBERT PATRICK KELLIHER

HON. RICHARD E. NEAL

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Friday, October 2, 1992

Mr. NEAL of Massachusetts. Mr. Speaker, it is with pleasure that I pay tribute to a generous gentleman from Springfield, MA, who is retiring from the Springfield Public School District after 26 years of service as principal of Glenwood School, the longest tenure in the history of the Springfield Public School District.

Robert Patrick Kelliher grew up in Worcester, MA, where he received his high school diploma from the Worcester Public School District. After high school, Robert was called to serve his country in the Korean war. He was on active duty from 1951 until 1953. Following the Korean war, Robert married Phyllis Olson and they had two daughters, Nancy and Laurie. Robert is also the proud grandfather of three. In 1957, Robert graduated from Worcester State Teachers College. He continued his education at Westfield State College where he received his master's degree in education in 1961. At the University of Connecticut, Robert received his C.M.G.S. in public school administration in 1965.

Robert began his career as in educator in 1957 as a teacher at Memorial School. He remained there until 1964 when he transferred to Dorman and Balliet School as an assistant to the principal. He transferred again in 1965 to the Glenwood and Liberty Schools where he was the assistant principal. In 1966, he made his final transfer to the Glenwood School where he became principal.

Robert's contribution to the educational community was not only within Glenwood School. He established a teacher's training school in conjunction with Our Lady of the Elms for many years. As well as educating the high school students in the Springfield Public School District, Robert also worked as a visiting instructor at Elms College. As a fundraiser, Robert is outstanding. Robert raised money for the cancer fund by selling daffodil flowers over a period of several years. These flowers were then given to patients in area hospitals and nursing homes. Robert was also involved in a statewide committee which evaluated teacher's training programs for accreditation purposes. For homeless children, Robert established an after school program with the Springfield Boys' Club.

Robert's contribution to his family, his community and the students of the Springfield Public School District is truly remarkable. As an educator his impact on the Springfield community is extraordinary.

Mr. Speaker, please join with me and the family and friends of Robert Patrick Kelliher, in wishing him a long, happy and healthy retirement. He certainly deserves it.

DOMESTIC VIOLENCE MUST STOP

HON. ROMANO L. MAZZOLI

OF KENTUCKY

IN THE HOUSE OF REPRESENTATIVES

Friday, October 2, 1992

Mr. MAZZOLI. Mr. Speaker, on September 30, 1992, the House Judiciary Committee, on which I am proud to serve, unanimously approved three measures to combat domestic violence. I hope the House acts expeditiously on these bills and sends them to the President for his signature.

During committee consideration, I took the opportunity to express my strong support for the measures. The text of my remarks follows:

STATEMENT OF ROMANO L. MAZZOLI

Mr. Chairman, I am proud to support three measures before the Committee this morning that will help combat the rising tide of violence against women and families. Thank you for including them on the agenda for our consideration.

I commend the gentleman from New Jersey, Mr. Hughes, for his support and for guiding these bills through the panel he chairs. and, I appreciate the outstanding efforts of the gentlewoman from Maryland Mrs. Morella, on behalf of this critical issue.

For the record, I also support the Violence Against Women Act, which includes these measures. I look forward to joining my colleagues on the Committee and in the House in securing the enactment of that vital measure.

H.R. 1252, H.R. 1253, and H. Con. Res. 89, individually and as a legislative package, will assist battered women in obtaining equal justice in state courts. Allowing for the admission of expert testimony and making funds available for abused defendants to obtain expert testimony in criminal cases, will help victims receive a fair trial. Furthermore, authorizing funds for the development and dissemination of model training programs for judges in sexual assault and domestic violence cases, as well as child custody cases involving domestic violence, will go a long way toward meeting the important goal of equal justice.

Communities across the country are making strides in the public battle against what is sometimes referred to as the dark problem or abuse. Drawing attention to this problem, in fact, was the purpose of a recent candlelight vigil held in my hometown of Louisville, Kentucky, and sponsored by the Louisville Chapter of the National Organization for Women.

Other efforts in my community and state of which I am particularly proud, include the establishment of the Jefferson County Office for Women by Jefferson County Judge/Executive David Armstrong in 1991. Under the leadership of Marcia Roth, Office Director, examining the issue of domestic violence was the first task of the Office's Advisory Committee. That examination led to the development and implementation of sound policies that contribute to the successful prosecution of domestic violence cases.

In Louisville, we are also fortunate to be able to make available much-needed services to women and children who are victims of domestic violence. The Center for Women and Families, which I had the privilege of visiting earlier this week, provides emergency shelter, counseling, and transitional housing for these victims. In fact, its Spouse Abuse Program is regarded as a national leader because of its innovative programming.

Finally, the Kentucky Commission on Women is also very active in addressing the issue of domestic violence. The Commission's Executive Director, Marsha Weinstein, who is also a member of the Kentucky Attorney General's Task Force on Domestic Violence Crime, joined her colleagues on the Commission in supporting the passage of several domestic violence measures by the Kentucky General Assembly.

Mr. Chairman, domestic violence must stop. I strongly support these measures and I urge their passage.

NATIONAL VETERANS AFFAIRS OFFICER OF THE YEAR

HON. WILLIAM O. LIPINSKI

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Friday, October 2, 1992

Mr. LIPINSKI. Mr. Speaker, it gives me great pleasure to bring to the attention of my colleagues an outstanding individual from my congressional district of Illinois, Stanley Mageria, who has been selected as the National Veterans Affairs Officer of the Year in the Small Business Administration [SBA].

Mr. Mageria is a Veterans Affairs Officer in the SBA's region V office in Chicago, IL. I am proud of the fine job he has done and continues to do for our veteran community. Mr. Mageria's commitment is impressive and deserving of special recognition.

I ask you, my fellow colleagues, to join me in congratulating Stanley Mageria for his outstanding achievement on behalf of our country's veterans.

IN HONOR OF MAYOR RON DUNIN

HON. LEON E. PANETTA

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Friday, October 2, 1992

Mr. PANETTA. Mr. Speaker, I rise today to pay tribute to an outstanding leader and a dedicated public servant. Ron Dunin, mayor of San Luis Obispo, CA, has given years of dedication and service to his community, and we, the people of the 16th District of California are deeply grateful. I am pleased to have this opportunity to express my sincere appreciation for his many years of commitment and hard work.

From 1938 until 1945 Ron was a member of the Polish forces in Poland, France, and the United Kingdom, and was decorated by the governments of all three countries. He came to San Luis Obispo County, from the United Kingdom, in 1965, where he has served his community ever since. He has been a member and chairman of many city and civic boards and committees from 1965 to the present. In 1977 he was elected to the city council of San Luis Obispo, where he served until he was elected the mayor of San Luis Obispo in 1985. He has served three terms as mayor, and will be retiring this year.

Ron's contributions have been many. He has been an outstanding leader in the community and an example to all those who strive to help their country and their communities through hard work, dedication and public service. His retirement is certainly a well-deserved one, but we are nevertheless very sorry to see him go.

Mr. Speaker, I ask my colleagues to join me in recognizing Ron for his many years of outstanding service and wish him well during what I am sure will be many happy years of retirement.

A SALUTE TO DAN R. BANNISTER

HON. JAMES P. MORAN, JR.

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Friday, October 2, 1992

Mr. MORAN. Mr. Speaker, on behalf of my colleague, Representative FRANK WOLF of the 10th District of Virginia and myself, we want to bring to our colleagues' attention the annual Northern Virginia Foundation's Founders' Award which will be presented this year on October 24 at the Sheraton Premiere at Tysons Corner. The award will be presented to a most exemplary citizen of northern Virginia—Dan R. Bannister of Great Falls.

The Founders' Award is presented annually in recognition of outstanding community service and dedication to the betterment of the northern Virginia community. The Northern Virginia Community Foundation [NVCF] was established in 1978 by a group of northern Virginia residents seeking to improve the community in which they live. The foundation is a nonprofit community endowment from which funds are used to support the arts, education, health, youth programs, and civic improvement for the benefit of the citizens of northern Virginia.

This year's award recipient—Dan R. Bannister—has a history of dedicated service to both the business and civic communities in northern Virginia. Dan Bannister is president and CEO of DynCorp. In his capacity as president and CEO, Mr. Bannister has seen the company through some of its most challenging times. In 1988 following a hostile takeover attempt, Mr. Bannister led a team of top managers through a successful leveraged buy out of the company which included the installation of an employee stock ownership plan, making DynCorp one of the largest majority employee owned companies in the country. Shortly thereafter, Mr. Bannister launched a total quality management program designed to clench the company's industry leadership. Today DynCorp is a leader in the quality movement. In 1990, a diversification program was implemented to increase DynCorp's growth and improve its business mix. By 1991, six acquisitions had been completed and DynCorp's defense contracts had been reduced from 73 percent in 1988, to 63 percent and a new operating group was formed to provide high-technology services to non-DOD customers.

Mr. Bannister studied at the University of Arizona and the University of Illinois, and in 1982 completed the Harvard University Advanced Management Program. In his professional affiliations Mr. Bannister has been widely involved in both the armed services and business communities. He has served as a chapter president of the Air Force Association. He is an active member of the Army Aviation Association of America, the Association of the U.S. Army, the Association of Naval Aviation, and the Professional Services Council. He also serves on the national board of advisors of the National Contract Management Association, the general management council of the American Management Association, the board of directors of Fairfax County, Virginia Chamber of Commerce, and as secretary and director of the ESOP Association and as a director of the Washington Airports Task Force.

Mr. Bannister also has a number of achievements in his charitable associations. He is an active member of the Easter Seals Society, the AAAA Scholarship Foundation, the American Medical Association Board of Trustees, the Wesley Housing Board, the Fairfax County Symphony Board, the George Washington University Graduate School Advisory Board, and serves as chairman of the Combined Health Appeal, the George Mason University Arts Gala, and the Joe Gibbs Youth for Tomorrow Country Fair.

Over the past year Dan R. Bannister and DynCorp have received the following awards: The 1992 Best of Reston Award for community service, the 1992 KPMG Peat Marwick High Tech Entrepreneur Award, the 1992 Emerging Company Award from the Washington Chapter of the Association for Corporate Growth, the 1991 Employer of the Year from the Virginia American Legion, and the 1991 Army Aviation Association of America's [AAAA] Material Readiness Award, in recognition of DynCorp's efforts in support of Operation Desert Storm.

Dan R. Bannister has contributed enormously to the betterment of northern Virginia and on behalf of Congressman WOLF and myself, we offer our congratulations to both Mr. Bannister and his family on receiving the Northern Virginia Community Foundation's Founders' Award and our appreciation for his outstanding community service.

CFC REPLACEMENT REFRIGERANTS

HON. SIDNEY R. YATES

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Friday, October 2, 1992

Mr. YATES. Mr. Speaker, a constituent of mine, David Goldberg, is the chairman of the board of directors of the Air-Conditioning & Refrigeration Institute. He has sent the following statement to me detailing the progress the institute is making with regard to locating efficient and usable CFC replacement refrigerants. I ask that the text of that statement be inserted as a part of the RECORD.

STATEMENT OF ARNOLD W. BRASWELL, PRESIDENT, AIR-CONDITIONING & REFRIGERATION INSTITUTE

Sixty years ago when breakthrough chemicals called chlorofluorocarbons were first introduced as refrigerants, known better then by the trade name Freon, no one would have believed that this extraordinary boon to mankind would become an environmental danger.

Thanks to modern refrigeration equipment using CFCs, vast improvements were made in food preservation and distribution. CFCs also made it possible to create efficient air conditioning at home and the workplace, making day-to-day life much more comfortable and work much more productive.

But decades later scientists now tell us that this extraordinarily important chemical family must be phased out because chlorine in CFC compounds is causing depletion of the earth's protective ozone layer. As a result, 24 nations and the European Economic Community on September 16, 1987 signed the Montreal Protocol on Substances that Deplete Ozone in a concerted world-wide effort to reduce consumption and production of the CFC compounds.

Earlier this year a working group of signatories to the Montreal Protocol met to refine recommendations and adjustments to the Protocol which will be considered in Copenhagen in November. These revisions very likely will result in acceleration of earlier agreed to phase out dates for CFCs and a mandatory long-term phase out plan for hydrochlorofluorocarbons (HCFCs), which deplete ozone at only one twentieth of the rate of CFCs and are used today to replace CFCs in many applications.

This upcoming meeting is important for several reasons. First, as a world leader and a nation heavily dependent on refrigerants,

the United States has an important stake in the decisions reached in Copenhagen. This is a global issue. We cannot assume this is a problem affecting only the United States or Europe. Developing nations too are joining in the shift from CFCs. But the search for alternatives is not an easy undertaking. Clearly, it is desirable to move from CFCs to HCFCs as transition refrigerants wherever possible. But, we need an intensive research effort to find the best substitute refrigerants for both CFCs and HCFCs.

And that is my second reason for bringing up this important topic. If, as expected, the Montreal Protocol does accelerate the phase out of CFCs and HCFCs, it will be possible only if there are substitute refrigerants. But the industries that rely on refrigerants must know how every substitute refrigerant will interact with existing and yet-to-be-developed air conditioning and refrigeration machines. For that reason, research is underway in a number of laboratories to test these chemicals for a wide variety of reactions.

In fact, scientists and others from government and industry gathered this week in Washington at the 1992 International CFC and Halons Alternatives Conference, to discuss a wide range of issues including interim results of industry research into the compatibility of substitute refrigerants, particularly hydrofluorocarbons (HFCs) and HCFCs, with plastics, elastomers and other compressor motor materials.

The issues are complex, but there is a sense of commitment at this conference that was summed up in the words J.A. Krol of the DuPont Company who noted that "the orderly phase-out and replacement of CFCs will be one of the great industrial achievements of the post-World War II era. No technological transition of this magnitude has ever been mandated to take place in so short a span of time for the sole purpose of protecting the global environmental commons."

As we all know, there are billions of dollars of equipment in place that use CFCs. But there is no single product that can be used to replace the CFCs in this equipment even though production of CFCs in the United States will cease at the end of 1995.

Fortunately, research undertaken with the encouragement of the Congress and the cooperation of industry, with funding being provided by the Department of Energy and the Air-Conditioning and Refrigeration Institute (ARI), is beginning to provide very useful information. This study, called the Materials Compatibility and Lubricants Research Study, will run for the next several years in laboratories across America.

While it is too early to reach conclusions, I am pleased to report that the interim results are encouraging. Based on tests completed to date, it appears that HFCs and HCFCs are compatible for use with many of the materials typically used in CFC-based air conditioning and refrigeration systems. I must emphasize that these tests are not complete. Also, HFCs and HCFCs are being studied separately for energy efficiency, cooling capacity, toxicity and flammability. The research is complex and much work remains to be done.

But at least the interim results being released at the conference indicate that compatibility of materials with HCFCs and HFCs will probably pose no insurmountable problems for long-term equipment development. These scientific reports are excellent examples of how industry and government are working together on a solution to the refrigerant problems.

Obviously, one company working alone cannot solve this problem. The complexity of testing the materials used in refrigeration equipment is not easy to describe. There are literally dozens of different plastics and elastomers used in compressors, and a number of possible alternative refrigerants. That's why this research would not have been possible without the dedicated efforts of scientists and researchers working in private laboratories of the manufacturers of air conditioning and refrigeration equipment.

In a separate project fully funded by industry called the Alternative Refrigerants Evaluation Program (AREP), manufacturers have agreed to join together in a cooperative enterprise to identify and test new refrigerants that will be the most suitable replacements for the widely used refrigerant, HCFC-22. The testing activity is being managed by the Air-Conditioning and Refrigeration Institute, guided by a task force of senior executives established and headed by the Chairman of the Board of Directors of that institute, Mr. David Goldberg of Chicago. A total of 12 U.S. manufacturers are participating in this new program. The testing work is being done in their company laboratories and the data obtained from these tests will be shared among the manufacturers and with the public.

Very significantly, when manufacturers in Europe and Japan were informed by ARI about this new program, ten manufacturers from Europe and ten from Japan volunteered to participate and were welcomed into the program by the U.S. industry. Therefore, we now have a truly international industry effort to test and identify new refrigerants which have the best performance characteristics as long-term replacements for our most important and widely used refrigerant.

Also participating in this cooperative program in the electric utility industry under the sponsorship of the Electric Power Research Institute, which is sponsoring special heat transfer tests with new refrigerants.

The ARI and all the companies participating in AREP are to be congratulated. This extraordinary effort will be successful because of the attention to detail and exhaustive care being shown by the industry. This assignment is not an easy one and requires a huge effort. While AREP looks at performance and MCLR studies compatibility, an international consortium of chemical companies tests alternative refrigerants for toxicity. The Program for Alternative Fluorocarbon Toxicity Testing (PAFT) was created in 1988 to conduct toxicological evaluations of alternatives to CFCs. It has published some reports and is actively engaged today, at some great expense, in on-going evaluations.

In considering the scope of these efforts, I recommend the words of Mr. Goldberg, who in addition to his role with ARI also serves as the chairman of the Air-Conditioning and Refrigeration Technology Institute. He says "I don't think there has ever been a case before where our industry has sent in data from their private labs to share with other people. This is happening on a very encouraging scale. Major producers are donating research that has cost them millions of dollars."

It is clear industry and government can successfully work together to solve environmental problems. I am pleased by the progress being made to resolve this problem and I congratulate the people of the air conditioning and refrigeration industry who are working so hard to overcome this difficult challenge.

LIBERTY AND JUSTICE FOR ALL

HON. MERVYN M. DYMALLY

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Friday, October 2, 1992

Mr. DYMALLY. Mr. Speaker, at a meeting of the Congressional Black Caucus' Braintrust on Science and Technology, which I chaired, the Administrator of NASA, Daniel S. Goldin, made a remarkable address which I would like to share with all of my colleagues and the Nation. If all of our agency heads were as sensitive and as committed to the principles of equal justice as he, we would be much further along towards realizing the American dream of a society with liberty and justice for all.

REMARKS BY NASA ADMINISTRATOR DANIEL S. GOLDIN, CONGRESSIONAL BLACK CAUCUS FOUNDATION, WASHINGTON, DC, SEPTEMBER 25, 1992

Thank you, Congressman Dymally, for that introduction. I am delighted to meet with such a distinguished group during your 22nd annual legislative weekend. I was impressed with the broad range of Braintrust Workshops, Issue Forums, and Roundtable discussions planned for this conference. I commend Congressman Alan Wheat, president of the Congressional Black Caucus Foundation; Congressman Edolphus Towns, chairman of the CBC; Congressman Mike Espy, chairman of this weekend conference; and I especially want to thank Congressman Stokes for arranging for me to be here, because I very much wanted to bring to you the message today that NASA wants to be a part of your dream. Let me explain:

Every space shuttle that lifts off from Florida carries more than just astronauts. It carries the pride of America. And America has never had a better reason to feel proud than the flight of Dr. Mae Jemison—the first African American woman to fly in space.

She grew up on the South Side of Chicago during the years of the March on Washington and the great civil rights struggle. Back then, there were no female astronauts. There were no black astronauts. But it didn't matter. Martin Luther King had a dream, and Mae Jemison had a dream, too.

As the Administrator of NASA, I could not be more proud of any group of individuals as I am of our astronauts. They are multi-talented, super-smart, many with more than one doctorate. The qualifications they have to meet are probably the toughest of any job in the world.

It should come as no surprise, then, that our astronaut corps represents the full cultural diversity of America. We didn't have to go out and find the best from every segment of society; they came looking for us.

It takes more than just astronauts, though, to have a space program. It takes engineers to build spacecraft. It takes scientists to plan experiments. It takes procurement officers, and accountants, and computer programmers. In all these positions, NASA must represent the full cultural diversity of America so that children can have role models to show them that a good education can give them an inspiring, well-paying job.

I grew up in the Bronx at a time when it was home to dozens of different racial and ethnic groups. Throughout my life, I have enjoyed the energy, creativity and different points of view that emerge when cultural diversity is present in the community and the workplace.

Our nation is a wonderful mosaic of diverse people. But for many, the promise of the American Dream appears far out of reach. Before moving to Washington this spring, I spent the last 25 years living in Los Angeles. The terrible sights broadcast from South Central a few months ago deeply disturbed me. The violence we saw was truly a national tragedy. To prevent future tragedies, we need to offer people hope, inspiration, and opportunity.

That's why I am personally and deeply committed to making NASA a model for the nation in building a culturally diverse workforce at every level.

We need a space program that keeps America on the competitive cutting edge. We need to make sure that job opportunities in this exciting business are open to every American. And we need to have a space agency filled with role models for our young people—at every level.

When I was approached by the Administration about taking this job, I told them how committed I was to bringing more cultural diversity to NASA, and increasing the opportunities for minorities and women. President Bush not only supported me in that, he enthusiastically endorsed that goal.

I've been fortunate to be able to convince highly qualified and talented minorities and women to join me in managing NASA. My first appointments were Fred Gregory as Associate Administrator for Safety and Mission Quality, and Charlie Bolden as Assistant Deputy Administrator in Charge of reviewing all the agency's programs. Both had been outstanding astronauts, and were ready for new challenges.

Later, however, I was extremely upset to learn that NASA had so few African Americans, Hispanics, Asians, and Native Americans in our Senior Executive Service, particularly among the SES corps at the NASA Centers. I have asked every NASA Center director and associate administrator to change this situation. Each one now has a plan for cultural diversity that I will hold them accountable for achieving. The kind of world class talent NASA needs is not bounded by race or sex. We intend to find the best, and enrich NASA's cultural diversity.

While broadening our workforce, we also seek to broaden our contractor base. We are committed to making NASA's small and disadvantaged business program the best in the country—an example that government and industry will seek to emulate.

While Congress has imposed on NASA an 8 percent goal for contracting to small and disadvantaged businesses, NASA had upped the ante. Congress did not set a deadline for meeting the goal, but we have imposed one on ourselves: 1994. Between now and the end of fiscal year 94, we plan to offer significant prime and subcontracting opportunities to minority- and woman-owned businesses.

In fiscal year 1991, we awarded $712 million dollars in prime and subcontracts to small and disadvantaged businesses, including woman-owned businesses—that's 6 percent of NASA's total spending. Just last month, the Kennedy Space Center selected an 8(a) (minority) firm for a $75 million contract, with options up to $150 million, for telerobotics and other high tech devices.

Meeting our goal will not be easy. But we are committed to it. Among the steps we are taking:

Establishing firm percentages for small and disadvantaged business subcontracting as part of our prime contracts.

Making use of small and disadvantaged business subcontracting as an important evaluation factor in every source selection.

Rewarding prime contractors with special award fees when they exceed their subcontracting goals by certain percentages.

Last week, we received final approval and I'm pleased to announce today that we are setting up a NASA Minority Business Resource Advisory Committee.

This Committee will help us identify more businesses that should be a part of the NASA family. I invite you to nominate members for this committee. Send their names to my office within a few weeks, because we're ready to get started. This committee will help disprove the notion that there are no high tech small and disadvantaged businesses. We know they're out there, and we'll find them, and nurture them because we want to work with firms that have the desire to reach for the American Dream.

Dr. Martin Luther King, Jr. said that "Education is more than ever the passport to decent economic positions." Space has the power to excite students about learning like nothing I've ever seen. Learning about geology becomes exciting if you can study rocks from the Moon. Learning about math can mean something if you're calculating the amount of power it takes to get a rocket to Mars.

That's why NASA's education programs reach out to more than 1.8 million students, more than 130,000 teachers across the country. That's why many of these programs are targeted to the segments of our society that are under-represented in science and technology. In Congressman Stokes's home town of Cleveland, for example, the NASA Lewis Research Center has teamed up with teachers and parents to use kids' natural interest in space to improve their learning. I'm going to visit with Congressman Stokes at the Anton Grdina [sic] School next month for a first-hand look.

Two weeks ago, at an educators conference in Florida just prior to Mae Jemison's flight, Congressman Stokes issued two challenges to NASA: to work with other government agencies to increase the number of minorities getting degrees in engineering, science, and math; and to do more to help education in the major cities, where the largest numbers of minority students reside. Those are two challenges that we accept, and I hope you'll invite me back in a year so I can report to you on what we've done.

Dr. Benjamin Mays once said, "The tragedy of life doesn't lie in not reaching your goal. The tragedy lies in having no goal to reach. It is not a disgrace to reach for the stars, but it is a disgrace to have no stars to reach for."

NASA's educational programs lift students' eyes up toward the stars, giving them hope and opportunities they might never have imagined.

Our SHARP program puts minority high school students in NASA labs over a summer to work with our engineers, and other professionals. Our Spacemobile program reached hundreds of thousands of elementary school students, and distributed science and math teaching materials to their teachers. At the university level, we have doubled our research grants and other assistance to Historically Black Colleges and Universities to $20 million over the last eight years.

We do all this, and much more, to improve the education of our young, because you never know which computer program, or which internship will influence a young person to dedicate their life to science or engineering.

Sometimes it's hard, in a period of economic difficulties, to see the practical benefits of investing in space research.

Long ago, President Kennedy said, "Many Americans make the mistake of assuming that space research has no value here on Earth. Nothing could be further from the truth. Our effort in space is not * * * a competitor for the natural resources that we spend to develop the Earth. It is a working partner and co-producer of these resources."

Kennedy realized, despite the hard economic times of the early 60s, that our nation needed investment to keep moving forward.

Yes, we need affordable housing, good health care, excellent schools. But our citizens also need hope and opportunity. Common sense tell us that we can't focus exclusively on the present. We need to make some investments that will pay off in terms of new technology, new knowledge, and new jobs in the future—which is exactly the kind of future NASA represents.

In the thirty years since the dawn of the Space Age, there is hardly a sector of the economy that has been untouched by the space program. Every time an American operates a computer, makes a long distance call, or watches television, they are the beneficiaries of space technology. Every time one receives a CAT scan in a hospital, has arthroscopic or laser surgery, or enters intensive care, they benefit from previous NASA work.

Space-based research on Space Station Freedom will revolutionize our way of life in the 21st century much as Apollo made possible our way of life today.

Today, America invests a little over $14 billion a year in NASA—just one percent of the federal budget. Approximately $2 billion per year of that is for Space Station Freedom. That sounds like a lot—and it is. Yet Americans spend $4.3 billion per year on potato chips and $1.4 billion on popcorn. In simple terms, Space Station Freedom costs each American two cents a day. For that investment, the evidence shows that we will all get more than our two cents worth.

America needs Space Station Freedom so scientists can learn how to protect the health of humans living and working in space in order to permit human exploration of the solar system, and to use this understanding and technology to improve the quality of life for everyone on Earth.

As we approach the year 2000—the dawn of a new century—it's hard to imagine the future without thinking of new achievements in space. There's so much left to learn; so many places yet to go.

And it will be a new NASA that takes up there. A NASA where Hispanic engineering students from the University of New Mexico go on to build Space Station Freedom. A NASA where Asian students at Cal Tech plan a probe to the last unexplored planet: faraway Pluto. A NASA where the first flight surgeon on Space Station Freedom is a Morehouse graduate.

When I moved into the Administrator's office this year, I found a plaque—all covered with dust. On the plaque was the Apollo 11 patch, and the signatures of Neil Armstrong, Buzz Aldrin, and Mile Collins. On the top, it's written, "Carried to the Moon aboard Apollo 11. Presented to the Mars 1 crew."

Somewhere in America last week, an amazing thing happened. I can't tell you exactly where—it might have been East St. Louis, or Houston, or Watts. But somewhere, an African American schoolgirl promised herself that she would be on that first flight to Mars.

At the big press conference before the flight, they'll ask her if she ever dreamed of becoming the first American to go to Mars.

And she'll say, "Yes. My dream started in September, 1992, when I saw Mae Jemison fly in space and I knew that in NASA, no dream was too big—no limit could be placed on what I could accomplish." That is the NASA I want to build. I want you help to do it.

THE TRANSPORTATION FAIR SHARE ACT OF 1992

HON. TIM VALENTINE

OF NORTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Friday, October 2, 1992

Mr. VALENTINE. Mr. Speaker, today, I am introducing legislation to ensure that States do not get shortchanged when it comes to the distribution of Federal transportation dollars. My bill, the Transportation Fair Share Act of 1992, will help guarantee that growing areas of the United States receive their fair share of Federal transportation funds.

As our Nation undergoes dramatic demographic shifts, the population of some regions is growing rapidly. As a result of this rapid growth, decennial census data used in calculating the funding levels for various transportation programs can be inaccurate, especially in the latter years of the decade.

The Transportation Fair Share Act of 1992 will provide for the utilization of the latest available estimates prepared by the Department of Commerce, rather than decennial census data, in the administration of the following transportation programs: The Urban Mass Transit Grant Program, Federal Transit Block grants, the Airport and Airway Improvement Program, and highway safety programs.

COMMENDING THE AMERICAN AND TEXAS WINE INDUSTRIES

HON. JOE BARTON

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Friday, October 2, 1992

Mr. BARTON of Texas. Mr. Speaker, it is with great pleasure that I rise today to pay tribute to the American wine industry, and in particular the expanding wine industry in Texas.

The American Wine Appreciation Week resolution was spearheaded by Women for Wine Sense, a national group of professional women with chapters across the country, who enjoy wine, believe it has a role in a balanced life and wish to generate dialog about wine and daily life.

American grape growing and wine production continues today as a significant agricultural industry in 40 of our United States and comprises thousands of family-owned farms. Grape growing and wine production provide thousands of jobs, and are important to the U.S. general economy. The industry is a valuable contributor to health, civic, and educational organizations. Wine enhances the pleasure of dining when consumed in moderation, and has fulfilled a valued role in a wide variety of our cultural, religious, and familial traditions.

Messina Hof Wine Cellars in Bryan, TX, a leader in the growing Texas wine industry, is located in my congressional district. Messina Hof's owner and winemaker, Paul V. Bonarrigo, has been a driving force in expanding and developing the industry as the president of the Texas Wine and Grape Growers Association. The Texas wine industry produced over 1 million gallons of wine in 1991, creating an economic impact in Texas of $3 million in jobs and revenue for Texans.

The growth of Messina Hof is a shining example of positive development in the State. Messina Hof's production has grown from 1,500 gallons in 1983 to 50,000 gallons in 1991. Production is expected to reach 100,000 gallons by 1994.

In these difficult times, the ever-expanding wine industry in Texas and the United States is doing its share to help boost our economy. I hope my colleagues will join me in saluting the American wine industry.

LEAD EXPOSURE

HON. HARRY A. JOHNSTON II

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Friday, October 2, 1992

Mr. JOHNSTON of Florida. Mr. Speaker, in the 103rd Congress as in many past Congresses, we will be facing difficult policy decisions impacting the environment and public health. One of those issues has recently been debated before the Energy and Commerce Committee of the House of Representatives. This issue is the reduction of lead exposure to children.

While scientific evidence has shown that children's exposure to lead can have adverse health effects, it is important that we move thoughtfully to assure that EPA's policy mistakes with a similar health issue, asbestos-in-buildings, does not repeat itself. While protecting the health of children is always of utmost importance, we need to assure that the regulatory measures we put in place will, in fact, provide that protection.

Our experience with asbestos-in-schools has shown that hastily developing a regulatory program based on emotion and fear, rather than scientific fact, in actuality may have increased asbestos exposure levels through unnecessary asbestos removal. We don't want the same thing to happen with lead.

To underscore this point, I attach a letter from EPA to Chairman JOHN DINGELL regarding the development of H.R. 5730—the Lead Exposure Reduction Act of 1992—in which the Agency acknowledges these problems. Please note the following quotes that exemplify my concerns:

From a July 31, 1992, letter from Assistant Administrator Linda Fisher:

While lead based paint that is in poor condition (e.g., chipping, pealing, flaking, or chalking) can present a hazard and may appropriately be removed or controlled in many instances, removing lead-based paint that is in good condition, apart from posing an unnecessary expense, can actually increase risk of exposure, especially if not carefully and properly conducted. We do not want to repeat the early experience of the asbestos-in-schools program where some schools removed all asbestos from their facilities regardless of its condition at great expense, whole potentially increasing exposure of the children targeted for protection.

From a May 11, 1992, letter from Administrator William K. Reilly:

EPA's asbestos experience convinced the agency that, in addition to improperly conducted abatement activities, we also have to prevent inappropriate abatements.

ENVIRONMENTAL PROTECTION AGENCY,
Washington, DC, July 31, 1992.

Hon. JOHN D. DINGELL,
Chairman, Committee on Energy and Commerce, House of Representatives, Washington, DC.

DEAR MR. CHAIRMAN: My staff and I have recently reviewed the July 23, 1992 staff draft of the Lead Exposure Reduction Act, which we understand is scheduled to be marked up soon in the Energy and Commerce Committee. While we certainly support the goal of reducing childhood lead exposure, we have several serious concerns about this bill and oppose the bill as drafted. Some of these concerns were discussed in Administrator Reilly's May 11, 1992 letter to you concerning H.R. 2840, The Lead Contamination Control Act Amendments (enclosed). Our comments are presented for your consideration.

GENERAL CONCERNS

Our major areas of concern involve the bill's lead training and certification approach, mandatory school inspections, amendments to the Safe Drinking Water Act (SDWA), arbitrary lead content restrictions on certain products, and the comprehensive inventory of lead products. Many of these provisions will result in significant costs to businesses and consumers without yielding an appreciable benefit in reducing the health risk from lead exposure.

Furthermore, we continue to have serious concerns about the overall workability of these provisions and their impact on job-creating sectors of the economy and on the availability and quality of services, such as day care. These negatives could far outweigh any potential health benefit that may result from this legislation.

Another general concern is that the bill will impose substantial costs on State and local governments without providing any means to pay for those costs. As you may be aware, the President has expressed his view that no significant burdens be placed on States and localities unless accompanied by commensurate funding, in accordance with the 1990 budget agreement.

In addition, we feel that in several areas of the bill, authorities are shifted away from Agencies, now currently engaged in certain activities, to completely different Agencies for no apparent reason. An example is the shift of the lead training grant program from EPA, where the program has been managed for the last two years, to the National Institute of Environmental Health Sciences (NIEHS). This change, which will require NIEHS to develop new lead training oversight capabilities that are already established at EPA, is not an efficient use of Federal resources.

SECTION 421: LEAD ABATEMENT TRAINING AND CERTIFICATION PROVISIONS

We have concerns with the lead abatement training and certification provisions in Section 421. These provisions require the Federal government to undertake responsibility for licensing various groups including inspectors, contractors and planners, as well as accrediting training programs. We have serious concerns over the potential breadth of any certification program. We believe that

contractors and others who intentionally engage in lead inspections and abatement should be subject to formal certification requirements. However, an attempt to accredit all manner of craftsmen and others involved in building renovation, remodeling or demolition may be neither feasible, given the size and diversity of this work force, nor necessary to protect health. There are several million workers in the housing trade industry, a small percentage of whom may disturb significant amounts of paint containing lead during work activities. Any attempt to certify all workers could divert us away from those workers with greatest need for protection and could needlessly hamper a major job-creating section of the U.S. economy. Instead, an education requirement for these individuals may be more appropriate.

While the Federal government has an important role to play in training and certification, we believe that the States can manage this program more effectively and efficiently than the Federal government, perhaps by building upon existing State-run training and accreditation programs. EPA, in consultation with other Federal agencies such as the Occupational Safety and Health Administration (OSHA) and the National Institute of Occupational Safety and Health (NIOSH), should be responsible for developing model training materials and for setting national accreditation and certification standards. This would include developing a model State plan for training and certification as well as implementing a process for approving State plans. EPA would also appropriately have a role in assisting States to develop and implement programs and providing some oversight to those programs.

In fact, many of the activities mentioned above are already being undertaken. EPA has developed a comprehensive lead training program, based in part at universities across the country, and we are also developing a model accreditation plan for States. The combination of these two programs should help assure that lead inspection and control personnel are both competent and proficient in their job performance.

EPA is coordinating its worker training initiatives with other Federal agencies through the Federal Interagency Lead-Based Paint Task Force. As a result, EPA recognizes that OSHA is considering revising its worker protection standards for lead and that it has issued training grants to address the hazards posed to workers from lead exposure. In addition, NIOSH has worked closely with the Department of Housing and Urban Development (HUD) in the development of worker protection recommendations for HUD's lead-based paint abatement program.

Section 421 also establishes an Advisory Committee on Lead Poisoning. EPA supports the concept of having a broad range of parties involved in program development. However, we feel that the Committee membership as outlined in the bill does not represent the full range of affected parties, including university training organizations. Additonally, the requirements for mandatory meetings and short time allowances for EPA to provide written responses to Committee concerns are overly burdensome. We would support establishing a Committee with broader membership and with less statutory administrative structure.

SECTION 422: MANDATORY LEAD INSPECTION PROGRAM FOR SCHOOLS AND DAY CARE CENTERS

EPA has serious concerns about the impact of the mandatory lead inspection program on the general availability and quality of day care services. While well-intended, the amendment could significantly increase the cost and administrative hurdles associated with smaller, community-based day care services. A much more preferable approach would be a limited pilot program to gauge the need for, and scope of, such a program. These pilot inspections would assess the extent of lead hazards in schools and centers, and the health benefits of various risk reduction methods. This program should be focused on the most vulnerable populations, such as children six years of age or younger who occupy facilities built before 1960, and examine the practical considerations of limited or partial building inspections.

Of special concern are provisions which may create incentives to unnecessarily remove lead-based paint. Section 422, in particular, would exacerbate this problem by encouraging "abatement in lieu of notification." Simple inspection and notification of lead in schools or day care facilities, without an accurate assessment of the risks posed by lead, may lead to unfounded fears and unnecessary or counterproductive lead abatement. While lead-based paint that is in poor condition (e.g., chipping, peeling, flaking, or chalking) can present a hazard and may appropriately be removed or controlled in many instances, removing lead-based paint that is in good condition, apart from posing an unnecessary expense, can actually increase risk of exposure, especially if not carefully and properly conducted. We do not want to repeat the early experience of the asbestos-in-schools program where some schools removed all asbestos from their facilities regardless of its condition, at great expense, while potentially increasing exposure of the children targeted for protection. We would prefer that schools be able to consider all appropriate management and abatement options for lead paint, rather than only removal or encampsulation, if this step is explicitly offered in lieu of notification.

SECTION 4: AMENDMENTS TO THE SAFE DRINKING WATER ACT

We oppose the bill's amendments to the SDWA which would revise the drinking water testing requirements for schools. While schools are currently encouraged to participate in an existing voluntary program, a mandatory requirement for drinking water testing within a limited period of time (less than several years) may not be practical, especially given the increased costs which schools would have to bear. More importantly, implementation of any new requirements for remedial steps to be taken below EPA's 20 parts per billion (ppb) action level is currently beyond proven field technology for isolating the cause of the contamination. Additionally, it is important that EPA's current sampling protocols be utilized to assure that accurate levels of lead can be reliably determined and reported.

We have concerns with respect to the bill's other amendments to the SDWA. First, the bill requires manufacturers to repair or replace all coolers identified by the Commission as contributing 20 ppb or more of lead to drinking water. Assigning retroactive liability in this manner creates a dangerous precedent to manufacturers of all goods, thereby stifling development of new and safer products. Given the scope of this recall and the number of coolers built before 1988, this provision would be very expensive. In addition, it is inappropriate to institute a national recall or certain models based in part on laboratory evidence when lead levels vary considerably depending on use, corrosivity of local water and age of cooler. Risks are best assessed at the local, not national, level.

EPA further opposes the provision in the SDWA amendment which outlines "hammer" requirements that are to prevail if the Agency does not promulgate, within specified periods after enactment, regulations establishing minimal leaching levels of lead from new plumbing fittings conveying drinking water. This provision is ineffective because it mandates a maximum percentage of lead content in fittings which is essentially unrelated to leachability of lead into drinking water.

SECTIONS 411 AND 414: OTHER REGULATION OF LEAD-CONTAINING PRODUCTS

Section 411 of the bill restricts continuing uses of certain lead-containing products. While we support the concept of pollution prevention as an environmental management tool, placing an arbitrary cap on the allowable level of lead in certain products is not a sound scientific approach. More complete information about the expected risks from the use of these products and the economic impacts of restricting lead use are necessary in order to determine whether the lead in these products presents an unreasonable risk to human health or the environment.

Section 414 of the bill would require EPA to develop a comprehensive inventory of lead-containing products. EPA is already in the process of completing a survey of current lead uses. This information, which will be published for public comment by the end of this year, will serve as the basis for our actions under the Toxic Substances Control Act (TSCA) to control any new uses of lead resulting in unacceptable exposures. Frankly, we fear any new inventory provision, even one which eliminates the need for direct industry reporting, could interfere with the EPA process already underway by diverting our current resources.

Finally, EPA is concerned that the bill would require shifting resources from priority activities and programs to comply with less critical mandates of a new law. While we do agree with the pollution prevention goals of this bill, an inordinate amount of resources would be lost from current federal action addressing the largest exposure sources (lead-based paint, dust, soil and drinking water) to accommodate the requirements or the new legislation. The draft bill, for example, could require nearly 20 new rule making efforts to control various lead products. We strongly feel that EPA already has sufficient authority to deal with current and future uses of lead which may present unreasonable risks.

I trust that those comments are useful to you and your staff. If you have any questions about these comments, please contact me.

The Office of Management and Budget has advised that it has no objections to the presentation of these views from the standpoint of the President's program.

Sincerely yours,

LINDA J. FISHER,
Assistant Administrator.

AN AMERICAN TEACHER'S EXPERIENCE OF ANTI-SEMITISM IN POLAND

HON. TOM LANTOS
OF CALIFORNIA
IN THE HOUSE OF REPRESENTATIVES

Friday, October 2, 1992

Mr. LANTOS. Mr. Speaker, this summer, I was fortunate to have as an employee in my

Washington office a talented young woman by the name of Jennifer Bloomfield. Currently an aspiring playwright studying for her master's degree at Carnegie Mellon University, Jennifer spent a year in Poland as an English language instructor during the 1991–92 academic year.

At a time of dramatic transition in that country, Jennifer experienced and observed at first hand the attitude of Poles toward Jews. At my request, she wrote an account of her experience.

Mr. Speaker, I ask that her work be placed in today's RECORD. Her observations are particularly insightful, and they deserve serious consideration in light of the unfortunate revival of anti-Semitism, racism, and neofascism in Western Europe as well as Central and Eastern Europe during the past year.

ANTI-SEMITISM WITHOUT JEWS,
CONTEMPORARY POLAND

Generalizations are dangerous, and they shouldn't be made about any group—be it Jews or Poles. Many Jews simply assume all Poles hate Jews. One student told me that when visiting the United States she was immediately rejected by an American Jew she met because of that assumption. I encountered the same kind of thinking before I left to spend a year teaching in Poland.

What follows are my impressions of the feeling toward Jews in Poland. It is based on those I met and on incidents I read and heard about.

The memory of Polish complicity in the extermination of European Jewry has not faded, and Poland's reputation for anti-Semitism continues.

That reputation is not completely unfounded. It has been kept alive not only by memories of the Holocaust, but also by how those memories are recalled in the national psyche. Until just a few years ago, one could visit Auschwitz concentration camp and find no mention of a single Jew.

Poles are required to visit the camp as students. They go on field trips to this national memorial, but because of the Soviets, communism and prejudice they do not learn about the Jews who died there.

The Soviets had a need to portray the war as a fight against fascism and the outcome of the war as a victory of communism over fascism. Their aim was to help legitimize their takeover of Poland, and to make people more sympathetic, grateful, and welcoming to communists. Soviet and Polish anti-Semitism no doubt also played a significant role in the decision to disregard prejudice against groups such as Jews, Gypsies and homosexuals as having played any role at all in German aggression, much less the crucial role it did play.

So, for instance, the new pamphlet guide for visitors begins by listing all the nationalities that died at Auschwitz at the hands of the fascists, belatedly mentioning Jews and racial prejudice on the second page.

The displays themselves never mention Jews. They refer to "the people from the Warsaw ghetto" and the many nationalities who were rounded up from all over Europe, but the word Jew seems to be taboo. There are huge rooms, one full of hair, one of spectacles, another of suitcases. The ubiquitous Jewish names inscribed on the suitcases reveal the untold story.

The story a visitor learns about Auschwitz depends greatly on the guide who tells it. Many see the camp without a guide; they get the story told above. My guide was a Pole who had lived near Auschwitz as a child and was evacuated at some point during the war. He was very even-handed in his presentation. Poles suffered, Jews suffered. Poles were there to be slaves, Jews to be annihilated. Friends who visited the camp at other times told me their guides largely or completely ignored Jewish suffering.

It is not only at the camps that the facts of the Holocaust are misrepresented. Polish friends told me that their history classes were equally biased and that they learned nothing of the gross numbers of Jews who were successfully targeted by the Nazis for extermination until they had read extensively on their own, usually books that had been banned by the Polish government.

The Communists disseminated countless lies through the Polish educational system, from misrepresenting the facts to a wholesale rewriting of history. Materials contradicting the official version were banned, but apparently many were still able to attain them during Soviet domination and once the Communists were thrown out, these materials flooded Poland.

Poles feel that Jews try to portray the atrocities of World War II as a solely Jewish suffering—and Jews feel that Poles try to appropriate the war. It is a disgusting contest of numbers.

Compounding the tension is the willing complicity of Poles with the Nazis in exterminating Jews. Poles would not even allow Jews to fight in the resistance armies during the war. Numerous Poles did save Jews, however, a fact that should not be overlooked either.

For Poles, the association of Jews with their communist oppressors builds the tension. Many Jews were supporters of the communists, both during the Soviet Revolution and in bringing communism to Poland.

There were prominent Jews in the party apparatus in Poland until its demise. Most prominent was the hated Urban, a die-hard communist until the very end who apparently was involved in imposing martial law and other stranglehold measures. He remains prominent today, as the editor and publisher of the controversial, detested and wildly popular opposition newspaper Nie (meaning "No"). He is considered to be the quintessential Jew. (I don't know if Urban considers himself to be a Jew or not; that distinction makes little difference in Poland.)

However, the association of Jews and Poland's communist oppressors reaches far beyond reality into the realms of conspiracy theories, scapegoating and paranoia.

For me, the most shocking portrayal of anti-semitism surfaced during the political campaign. It wasn't passive like the whispered rumors or the neglect of the educational system. These are equally potent weapons, but effortless and riskless to perpetrate. The hatred and fear exhibited during the campaign was bold and forthright.

One party's campaign poster said of one candidate (in Polish) "Mazowiecki Get Out." Individual letters were highlighted to spell "Jew" (also in Polish). These were posted all over the city.

Mazowiecki (pronounced Mazovyetski) is the leader of the popular Democratic Union (or Unia) Party, a liberal-progressive splinter group of solidarity. there have been allegations that one of Mazowiecki's ancestors was a Jew. He vehemently denies it. (But does he condemn the charges themselves?)

Meanwhile the Christian National Union chose a different venue for its intolerance. Churchgoers in the city of Gorzow heard the message loud and clear from their priest during mass; "Catholics should vote for Catholics, Christians for Christians, Muslims for Muslims, Jews for Jews, freemasons for freemasons and communists for communists" (Warsaw Voice, November 24, 1991). In a country that is predominantly Catholic and in the midst of a strong Catholic revival this slogan means only one thing: the Nazi cry Raus Auslander—Foreigners Get Out.

The Episcopate became involved as well, distributing letters the Sunday before elections with instructions on which parties to vote for. They encouraged voters to support those opposed to abortion, euthanasia and foremost, the separation of church and state.

Many parties stressed their connection to the Catholic church and Christian values. The historic slogan "A real Pole is a Catholic" because a rallying cry for many parties.

Lech Walesa (pronounced Vawensa) engaged in some of this rhetoric as well with the slogan, "Poland for Poles." He soon apologized and retracted his statement.

The fear of other nations and nationalities, especially the Jews, Germany, and the former Soviet Union (or more generally, communism) played a central role in numerous campaigns. They stressed "real Polishness" and infiltration plots.

Two radical nationalist parties came up with a paranoid plot reminiscent of the Elders of Zion. According to their complicated conspiracy theory, Jews first destroyed Poles through communism. Then these same Jews delegated other Jews to form an opposition party, and came to power as Solidarity.

According to the Polish National Community, "a Judaized Episcopate is sending chaplains of Jewish nationality to the officers' corps in the Polish Army" (Warsaw Voice, November 24, 1991).

Stan Tyminski, leader of Party X, and Walesa's rival in the election, left a small box with a newspaper when he left the country. Inscribed with the inscription "The Final Word," the box contained a recorder that played the message, " F--- Jew! F--- Jew! F--- you! F--- you! (Warsaw Voice, November 24, 1991).

There is no doubt anti-semitism reared its head in a tremendous way during the elections, but let me put the above examples in perspective. Stan Tyminski and the Party X lost overwhelmingly to Walesa—I believe by more than 90%. Two factors contributed to his defeat.

First, the run-off between Tyminski and Walesa came after a three way run between Tyminski, Walesa, and Mazowiecki. Mazowiecki and Walesa lead the two largest splinter groups of Solidarity. Mazowiecki is the favorite of the intellectuals, but is extremely uncharismatic and fails to inspire the remainder of the population. The three-way race was much closer—no candidate had a majority—and Tyminski and Walesa prevailed.

In the run-off, all of Mazowiecki's supporters voted for Walesa, if they voted at all. This was because of Tyminski's platform of hate and complete public disdain for him as a person and a politician.

The second reason Walesa won so overwhelmingly is Tyminski's nationality. He is a citizen of Canada who returned to his native Poland to take part in the new government.

In the parliamentary elections, the communists and the Democratic Union each won more seats than any other group. Neither ran on a platform of hate and fear of outsiders. The Polish National Community (of the conspiracy theory above) failed to win a single seat.

The elections reflect what I witnessed in my classes and among Polish friends.

In my weekend class (third year university students returning after some time away from school, mostly young mothers) one student told me that the highest form of insult in Poland was to call someone a Jew. But, she maintained, this was not anti-Semitism or in any way related to American racism. She was angrily confronted by two other students who not only disagreed, but were deeply embarrassed by her comment.

I heard this insult during my stay in Poland, but from a British colleague, not a Pole. I don't know whether he picked it up in Poland and found it salient, or his is a homegrown idea, but clearly anti-semitism needs neither Jews nor Poles, and neither does open-mindedness.

Another woman told me that though it was a bit difficult for her parents to accept that she was marrying a German, "If he were a Jew, forget it!" She added, "Better whole German than ¼ a Jew," which is saying a lot, because while blatant anti-Semitism is generally not condoned on the surface (at least among my students and colleagues at the university) a certain amount of anti-German feeling is.

The conversation went something like this:

"I said to Deiter, Deiter, if you were a Jew, my father would never have accepted you. You are German, and yes, that's difficult for a Polish father to accept, but if you were a Jew, or a Ukranian, forget it. Even ¼ a Jew. Even though it was the Germans who literally kicked his ass for 4 years making him work for free, for a bowl of soup, it is worse to be a Jew. He points them out on t.v. They have a slight accent or a look."

"'Daddy, did they ever hurt you?' I asked him."

"'No.'"

"Then why?"

"'You should have seen them in Warsaw before the war. They dominated everything—they owned all the shops.'"

"'Well, Daddy, maybe they were better at it than the Poles.' I said to him, 'So why shouldn't they own everything? That is capitalism.'"

"'Harrumph.'"

"'But Daddy, there are no Jews in Poland now. Very few. They do not own all the shops. Why do you hate them now?'"

"'You should have seen them before war.'"

The issue of Jewish economic domination before the war surfaced often. Many people cited their parents' or grandparents' resentment of Jewish shop owners and in that manner explained why Poland's complicity in Jewish annihilation was "understandable."

Just how much did Jews dominate the marketplace before the war? One day a very nasty argument broke out in class. One student was saying how her grandmother had told her the Jews owned everything before the war. Then another cut her off—No, he said, they didn't. They went back and forth, her grandmother's word against his.

Certainly it seems that Jews owned businesses in larger proportions than their size would indicate. But that they dominated—or "owned everything"—is simply ridiculous. Sheer numbers would not allow this. In addition, Jews by no means enjoyed the equal rights and equal status with Poles that would allow them to compete on the same level. Some Jews were prominent in society, but the most prominent, the most wealthy and the most influential sectors of society were certainly Polish. This racist misconception stems from a resentment of members of the ethnic group—"them"—in positions of prominence and the assumption that members of the majority—"us"—belong there.

I saw anti-Semitic graffiti scrawled on walls, in synagogues and in cemeteries. One student tried to claim that the Jewish star hanging from gallows that I had seen drawn in the Old Garrison Cemetery in Poznan was not anti-Semitic at all, but the absent minded doodling of some bored teenager for whom it had no meanings.

In Krakow, one of the synagogues in the old Jewish sector was vandalized and thugs were hanging around outside. I didn't stop to ask why. We were told that the synagogue has to be washed and painted constantly to erase the hateful scrawls.

I read account after account of Jewish cemeteries being desecrated, particularly in Warsaw.

For the first time in history, the Polish government is taking steps against anti-Semitism. Last August Walesa's government took strong and immediate action when young vandals once again struck Warsaw's Jewish Cemetery. The government sent in armed guards, took part in a commemorative ceremoney at the site of the vandalism, and promptly charged and arrested suspects.

In a recent visit Pope John Paul II also urged his compatriots not to forget the mass extermination of Jews at Auschwitz, nor the Jews that used to live among them.

The Pope's comments are quite significant in this country that is predominantly Catholic and in the midst of a strong religious revival after decades of communist rule. But the word of the Catholic church does not always encourage tolerance or acceptance of Jews, as the elections illustrate. Furthermore, the predominance of one religion and one race in Poland compounds intolerance rather than abates it.

The concept of fighting discrimination based on difference is difficult to relay in this homogeneous society.

I had my class read an account of one obese woman's experiences with discrimination in the U.S., "Equal Rights for Fat People." She was turned down for jobs because of her appearance, unable to use public facilities and was the object of heckling and nasty slurs. The students thought the article absurd.

Though some had more sympathy for her than others, they all agreed that she should simply lose weight and be like everyone else.

The attitude was, "Why is she complaining? She chooses to be different, she is going to suffer the consequences."

The students refused to link discrimination based on weight to anti-Semitism or racism—both hot issues they have heard a lot about. However, the discussion did extend well beyond obesity to other forms of prejudice.

One student explained nastily, "There's nothing you can do about it. You can't tell people how to think. If someone doesn't want to hire a Jew, they are not going to hire a Jew. They just say someone else has better qualifications. Too bad."

What about the Civil Rights Act in the U.S, I asked?

"Useless."

Another student disagreed, "We can't discriminate against people who are different because there are too many of them. If we discriminated against all the Jews, Gypsies and handicapped that would be half the population."

Someone else in that class later said, "There can't be anti-Semitism in Poland because there are barely any Jews. We are too homogeneous for there to be discrimination against any group."

Both comments brought general agreement. They seemed to have fear that Jews were going to take over, while at the same time they felt Jews were too insignificant for "special laws" to assure their civil rights.

The contradiction escaped them, as did the moral issue that discrimination based on ethnic or religious difference is just plain wrong.

No one I met in Poland, mostly students and teachers, the oldest of whom were children during World War II, would ever publicly profess anti-Jewish sentiments. Among them there is widespread shame over the events of the Holocaust, and I believe that the majority of post-war Poles reject anti-Semitism as a theory.

Without a doubt, anti-Semitism in Poland lives, without Jews. But negative feelings toward Jews are more subtle and more complex than in the past. Poland has taken the first steps away from the hatred and prejudice that marks its past. It also has a long way to go.

What can we do to help Poland continue on the right path and become a nation that will not tolerate prejudice?

First, we must continue to monitor public expressions of anti-Semitism and other intolerance such as was displayed during the 1991 elections. Letters from the U.S. Congress will go a long way in eradicating governmental expression and condonement of anti-Semitism. Walesa's retraction of his nationalist slogan "Poland for the Poles" exemplifies the power of western opinion.

Next, we cannot support a government that in effect supports anti-Semitism. We must make it clear that as long as Poland fails to punish those who desecrate cemeteries, draw gallows with Jewish stars hanging from them or otherwise carry out crimes of hate, the U.S. will take notice and action. Fortunately, Poland has been changing its policy of ignorance concerning anti-Semitic crimes.

Finally and most importantly, we must target the educational system. If students never learn of the crimes against Jews and the culpability of Poland they will never understand what drives anti-Semitism or the horrible consequences ethnic, religious and racial prejudice can have. We must urge the Polish government to teach the whole truth about the Holocaust in schools and at national memorials such as Auschwitz Concentration Camp.

CELEBRATING THE COMMITMENT OF C. RICHARD BEYDA TO OUR CHILDREN

HON. STENY H. HOYER

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Friday, October 2, 1992

Mr. HOYER. Mr. Speaker, I would like to take this opportunity to recognize the accomplishments of an outstanding individual who has done an extraordinary job of working for the health and well-being of children in the Washington area and in the United States.

In December of this year, C. Richard Beyda will conclude 4 years of service as Chairman of the board of Children's National Medical Center. Dick began his formal association with Children's in 1984, when he joined the corporate board. In 1985, he joined the board of directors. Since then, he has demonstrated an exceptional leadership commitment in guiding

the growth and development of Children's to *its present status as one of the premiere pediatric health facilities in America.*

Dick Beyda was born in Washington, DC and resides here today with his family. He is a graduate of the George Washington University School of Law. As an accountant and a lawyer, he is a well known and respected member of the business and legal communities. He is a member of the DC Bar Association and the DC Institute of Certified Public Accountants.

Mr. Speaker, health care is one of the most critical issues facing the Congress and the American people today. Our responses to this situation is perhaps most important when it comes to children. The health care of our children is an investment that we as a Nation must make, because it is our children who will determine the future course of our Nation and our world. Because of the wisdom and foresight of Dick Beyda and the leadership team at Children's, they have developed a strategic approach to their long-range goals, while managing the short-term issues that are facing virtually all health care organizations. As a result, the children and families of the Washington Metropolitan region have a resource to which they can turn.

Dick Beyda's accomplishments at Children's Hospital are numerous. He oversaw the planning and implementation of a corporate restructuring that enabled the hospital to function more effectively in a time of diminishing resources. Under his leadership, the hospital created a task force to examine the issues that would face the health care industry in general, and Children's Hospital in particular in the year 2000. In 1989, this group produced the "Vision for the Year 2000" report which outlined the challenges—rapidly advancing medical technologies, nursing shortages, greater complexity of patient care delivery, increased operations costs, and decreasing reimbursements—surfaced and the hospital staff began to effectively address them with the strategies put forth in this report. the strategies put forth in this report.

A second achievement was the expansion of Children's basic and clinical research capabilities. Biomedical research has always been an integral part of the hospital's mission. And, indeed, quality health care for all Americans rests upon the foundation of research investigations to uncover new methods of preventing and treating disease and injury. During Dick Beyda's tenure as chairman, the hospital established the Children's Research Institute, which houses six research centers. Each of these centers is investigating the cause, treatment, and prevention of the diseases of infancy, childhood, and adolescence. Because of its location within the hospital facility, the Research Institute will promote the communication and collaboration between physicians and scientists that is so vital to research progress. This will provide improved patient care, by posing new questions which can be addressed in the research laboratories.

Another notable accomplishment was the expansion and enhancement of the main hospital facility. Under Dick's leadership, a threefold plan was completed: expansion of the hospital's underground parking garage, the construction of an administrative wing, and the relocation of the hospital's helipad from the east lawn to the roof. But, these physical changes are not significant in and of themselves; they are significant because they symbolize the commitment of Children's Hospital to continued growth and development of its clinical, research, education, and advocacy efforts into the 21st century and beyond.

In the mid-1980's, Dick played a leading role in getting the hospital's first helipad built on the east lawn of the hospital. Children's was then building its trauma service, which has since become a model for children's hospitals across the country. In order to get young patients to the hospital in that "golden hour" following a severe injury, it was vital that Children's have the capability of receiving patients by helicopter. Dick and other board members went to the community, making the case and raising the money for that first helipad. The tangible results of this effort are hundreds of children who are alive today as a result of the prompt and quality emergency care they received at Children's. The first year that the helipad was open, 320 children arrived by helicopter. This year, that number has more than doubled, with more than 700 youngsters arriving by air transport.

Two years ago, at the dedication of the new rooftop helipad, Dick spoke of the construction of that first helipad. He also eloquently expressed his philosophy and motivation for his involvement with Children's Hospital. On that occasion, he talked about his commitment, and the commitment of the entire Children's Hospital team, to the health and safety of the children that we all hold so dear. Dick likened the hospital's red helicopter beacon, which is one of the highest, brightest lights in the Washington skyline, to the eternal light of the Jewish faith. That light, he said, shining steadfastly in the rain, snow, or clear, starlit sky, was a symbol of everything Children's Hospital stands for—a place for sick and injured children and their families to come and know that they are going to be loved and cared for in a manner that is as good as, if not better than, any other place in the country.

Mr. Speaker, Children's Hospital is very important to me and to my constituents. Almost 50 percent of the patients treated at Children's come from my home State of Maryland. Children's is an integral part of the health care delivery system for Maryland families. The hospital provides services that span the entire health care spectrum, from simple tonsillectomies and ear tube surgeries to the multidisciplinary management of chronic diseases to the complex treatment of life-threatening injuries and illnesses.

Dick is a man who cares deeply about the well-being of children. As the parents of three daughters, he and his wife, Suanne, know first-hand how much children need expert pediatric specialty care. As chairman of the board of directors, he has extended his knowledge and concern to include the larger community, enabling the hospital to continue to provide this care to many thousands of children in our region.

In conclusion, Mr. Speaker, I would like to applaud Dick Beyda for his hard work and devotion. I would also like to ask my colleagues to join with me in saluting him for accomplishments as chairman of the board of Children's National Medical Center. Although he is stepping down as chairman, I know that Dick will continue this exceptional commitment to the children and families of the Washington area, helping to ensure their health and well-being for many years to come.

TRIBUTE TO HERBERT BALISH

HON. SUSAN MOLINARI

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, October 2, 1992

Ms. MOLINARI. Mr. Speaker, on the evening of Wednesday, November 11, 1992, a very special event will take place. There will be a reception honoring a very special person, the recently retired principal of Tottenville High School on Staten Island, Mr. Herbert Balish.

Herb Balish has been active and devoted to education all of his life. After graduating from City College in New York in 1940, he passed his teacher-in-training test. But instead of following this endeavor, he joined the U.S. Army and served in the Southwest Pacific from September 1942 to November 1945.

After his discharge in 1945, Herb returned to education and became a teacher. He took an active role in the lives of his students by being a yearbook and grade advisor, as well as with his colleagues through his involvement with the New York City Association of Teachers of English.

Throughout his career, Herb took an interest in coordinating special programs to assist the students. For instance he organized the XG–Core programs for at-risk students, as well as the college-bound, Core Curriculum Program. He also found the time to author various educational works such as "English for Modern Life," a major English arts book, various handbooks on grammar, and an extensive reading-writing series for urban youth called "The Way It Is," which was distributed on a nation-wide basis.

After passing the principals' examination in 1970, Herb was appointed principal of Port Richmond High School on Staten Island. This school had been the scene of racial difficulties and riots in 1969 and 1970, but when Herb came on board, he worked with all members of the school and local community, and helped turn things around.

In 1978, he was selected to lead the Staten Island Rezoning Task Force to study and rezone Staten Island's high schools. After working on this project for 2 years, Herb's proposals were accepted in full by the parents, the city, the board of education, and the chancellor. Then in 1982, Herb was chosen out of 120 other principals to conduct the principal as Curriculum Leader Program. Working with major New York universities and the business community, Herb drafted a training program which continued for many years. In 1984, he was appointed administrative assistant superintendent, serving as the coordinator of the Principal Curriculum Leader Program.

Then in 1985, Tottenville High School had the good fortune to have Herb Balish assigned to their school. In the 7 years that Herb was at Tottenville, he worked with the school community to enhance the process of shared deci-

sionmaking, as well as implementing the process of teacher involvement and empowerment. Tottenville has been recognized as one of the best and largest comprehensive high schools, not only in the city, but in the country, because of Herb's efforts. During his time at Tottenville, he helped to expand the humanities, emphasize math and science, and protect the various occupational programs. Evidence of his success at Tottenville occurred in 1987, when the school won both State and national recognition.

Mr. Speaker, it is a privilege for me to have this opportunity to honor Herb Balish for his distinguished career and his commitment to our community. His wife, Faith, and their three children I'm sure are very proud of him. He has been a source of great inspiration to the Tottenville High School community, and will be sorely missed.

NEIGHBORHOOD DEVELOPMENT DEMONSTRATION PROGRAM

HON. THOMAS J. RIDGE

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Friday, October 2, 1992

Mr. RIDGE. Mr. Speaker, today I am introducing a bill to update and improve the Neighborhood Development Demonstration Program [NDDP]. The NDDP is a matching program under which HUD matches funds raised by neighborhood organizations to support local development activities—in particular, job creation and business development.

The late Senator John Heinz originally sponsored this program. My bill, the Heinz Act, renames it in his honor, as the John Heinz Neighborhood Demonstration Program. The Heinz Act provides new incentives for neighborhood organizations to coordinate with depository institutions.

The Heinz Act maintains the current focus of the NDDP by promoting self-sufficiency among neighborhood organizations. It improves on the existing law by encouraging them to build lines of communication with local financial institutions. In this regard it is consistent with, and supportive of, the greenlining bill that we passed as part of the FDICIA, which provides corresponding incentives for banks to invest in troubled and distressed communities.

The Heinz Act is an effort to weave together the complementary talents of banks and neighborhood organizations. Neighborhood organizations have shown that they can do a great deal to improve the economic climate in lower income communities. They can provide help in many forms to potential borrowers; borrowers that take advantage of their help present a better risk profile to lenders, and become more bankable. At the same time, forward-looking banks have proven that they can operate successfully in distressed areas. They can offer the credit and other services that are needed to establish a sound economic foundation for the local communities.

I believe it is vital that neighborhood organizations on one hand, and banks on the other, each come to appreciate what the other can bring to the table. My legislation is an attempt to foster an atmosphere of cooperation between the two sides. My working together, rather than independently on separate tracks, they can reinforce each other's efforts to promote the growth of local business enterprises, and to increase the prosperity of the communities they serve.

PRESIDENT BUSH'S ETHANOL DECISION GOOD FOR AMERICA

HON. THOMAS W. EWING

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Friday, October 2, 1992

Mr. EWING. Mr. Speaker, yesterday President Bush completed that rarest of all feats, the triple play. The President's decision to assure ethanol's participation in the reformulated fuels program of the Clean Air Act will help America's farmers, benefit the nation's environment, and enhance America's energy security. Farmers in the Midwest greatly appreciate President Bush's decision and we applaud his strong leadership on agricultural issues.

There's no way to overstate the importance of this issue to my part of the country. American agriculture must move toward providing value-added products such as ethanol if farming is to be a profitable enterprise into the next century. Yesterday's decision will enable farmers, who have long prided themselves on their ability to feed the world, to now participate in the cleanup of our environment. It also lends further support to the President's goal of making America more energy-independent by expanding the use of domestically produced, renewable fuel sources.

I applaud the President for his courage and resourcefulness in resolving this difficult issue. Yesterday was not only a good day for American farmers. It was a good day for all of America.

A PROMISE FINALLY KEPT

HON. BEN GARRIDO BLAZ

OF GUAM

IN THE HOUSE OF REPRESENTATIVES

Friday, October 2, 1992

Mr. BLAZ. Mr. Speaker, one of the lingering disappointments among distinguished warriors of World War II will shortly be coming to an end. In a few days from now, my home District, Guam, an American Territory which was liberated from hostile occupation almost 50 years ago, will be welcoming over 100 Filipinos who fought side-by-side with Gen. Douglas MacArthur and the U.S. Armed Forces during World War II. On October 15, 1992, these gallant warriors will finally receive what was promised to them almost half a century ago—U.S. citizenship.

The history of American involvement in protecting and preserving freedom and democracy during World War II is replete with accounts of the battlefield exploits of these Filipino veterans, who fought against enormous odds and under miserable and demeaning conditions. After a gallant struggle against a foe holding overwhelming superiority in firepower, equipment and sheer numbers, these valiant men were finally subdued. Those not killed were subjected to inhumane conditions as prisoners of war.

Sadly, through a series of administrative oversights, bureaucratic blunders and prolonged litigation, the promise of U.S. citizenship became an ephemeral vision for almost 50 years. It was not until the Immigration Act of 1990 that our country finally fulfilled the promise it made decades ago.

Over the years, it must have been especially difficult for these men to see thousands upon thousands of people, from their own country and from other nations in the region, admitted to the United States ahead of them. While these other immigrants can claim citizenship through family relations, business investment, professional and scientific credentials or political upheavals in their own countries, the Filipino veterans alone can claim U.S. citizenship based on a promise made on the battlefield in recognition of their heroism side-by-side with the U.S. Armed Forces. Yet, that official promise, which one would think would give them priority, considering the circumstances under which it was made, turned out to be a hollow one for decades.

Looking back at those lost years, there is no way of ascertaining what might have happened to the lives of these men and their families if they had been made U.S. citizens immediately after World War II.

Now in their twilight years, many of these warriors have become too feeble, too sick or too impoverished to withstand even a plane ride to claim the prize which should have rightfully been bestowed long ago. They have seen many of their comrades, who were able to survive the bullets, bombs, starvation and other privations of the war, succumb to the passage of the intervening years.

The feelings of those veterans who could not make the trip may have been captured by one who said to me:

> While I will be unable to go abroad with my brothers, I am comforted to some degree by knowing that, if I had had the means or the strength, I, too, could have been a citizen of the United States.

Remarkably, despite the decades of humiliation, frustration and rejection, becoming an American citizen remains a premier symbol of ultimate freedom for these soldiers.

As a soldier myself, and as a son of the Pacific like these Filipino veterans, I am honored to enter into the RECORD of the Congress of the United States this tribute in memory of their contributions in behalf of freedom and an honor roll of names of those individuals being sworn-in as U.S. citizens on October 15, 1992.

It is the most that I can offer them in salute; it is the least they deserve.

LIST OF FILIPINO VETERANS

Simplicio R. Acula, Juan A. Adanzo, Ramon O. Adorable, Alfonso Agancillo, Leon A. Agda, Miguel F. Aguilar, Leoncio C. Alcantara, Felipe B. Argueza, Francisco O. Aviles;

Alejandro M. Bautista, Rodolfo L. Bauzon, Loecadio H. Bay, Guillermo Biton, Antonio B. Blones, Bonifacio C. Bonifacio, Teofilo B. Bulcsan;

Sustines Cabo de Leon, Jose Villegas Canaban, Agustin C. Cardos, Eldefonso M. Carranza, Guillermo A. Cervantes, Gavino G. Colocado, Otoniel D. Cotejo, Antonio C. Cruz, Laurencio V. Cruz, Raul C. Cumanan;

Dionisio A. Dacayo, Felicisimo T. Dadia, Crescencio E. Dagala, Nicasi Degollado, Sustines Deleon, Panfilo A. de Guzman, Alfredo V. de Jesus, Juan P. de Vera, Aurelio C. Dela Cruz, Sixto Dela Cruz, Jacinto DeLos Reyes, Mauro Duatin;

Gerardo Delos Reyes Eclevia, Francisco R. Eslava, Victor Dela Rosa Espinosa, Elpidio L. Estuita;

Erequiel S. Faelnar, Aniceto S. Florendo, Sebastian C. Flores;

Jose V. Granaban, Armando Ganutice, Eduardo C. Garcia, Neciforo Garcia, Vicente M. Garin, Francisco R. Gongora, Gavino Gonzales, Hermogenes S. Guanga;

Juan Leonida Hidalgo;

Marciano C. Iglasius, Macario H. Illustrisimo, Ponciano Inopiquez, Teodoro C. Isorena;

Mercado Tan Justiniano;

Filipe H. Ladda, Antonio L. Lasmarias, Mario B. Libano, Ernesto P. Luberto;

Pablo E. Mabanglo, Serapio M. Madriaya, Abraham I. Malaya, David A. Mallorga, Nicolas D. Marcelo, Feliciano Maye, Leonardo A. Mayuga, Malchor F. Mejia, Pedro A. Mendoza, Saloman F. Mera, Olimpio P. Metiam, Rosendo L. Moldez, Solomon E. Montejo, Jose S. Morcon;

Olimpio G. Nacpil, Leonardo Narzabal, Custodio Nator, Ambrocio Navilla, Prudencio E. Nilo, Santos D. Nillo;

Camilo D. Olivar;

Lorenzo S. Pajares, Amador Pambid, Casiano F. Pamilara, Estelito B. Papa, Abundio G. Pechon, Simeon Penaranda, Roberto S. Pineda;

Florentino D. Quirimit;

Pedro N. Resurreccion, Julian Reyes, Melanio R. Reyes, Ricardo J. Reyes, Jose R. Rito, Laureano N. Rivera, Maximo M. Roque, Amado R. Roxas, Deogracias C. Rueda;

Ignacio B. Sab, Francisco Salindong, Felipe A. Samonte, Reynaldo R. Sanvicente, Gregorio C. Senenso, Melecio T. Siapno, Honorio C. Suemith, Leopoldo L. Supe;

Onofre M. Tablizo, Antonio S. Tallan, Lino A. Tatanes, Rito Tejado, Pablo C. Tomines, Nemesio A. Torres, Candelario R. Tuliao;

Jose T. Valera, Domingo Valdez, Santos C. Valdez, Bienvenido M. Valico, Armando T. Vasquez, Felicisimo A. Vibas, Eusebio C. Villaflor, Rodrigo J. Villanueva;

Hilario I. Yamon; and

Paterno Zabala, Godofredo C. Zamubio, Maximiano U. Zarsuelo, Jr.

SALUTING HUDSON POST #184, THE AMERICAN LEGION

HON. GERALD B.H. SOLOMON

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, October 2, 1992

Mr. SOLOMON. Mr. Speaker, on Saturday, November 7, American Legion Post #184 in Hudson, NY, will hold a dinner in commemoration of the single most important event of the 20th century, World War II.

Mr. Speaker, I hardly need tell this body how much I admire the American Legion, both the national organization and the many local posts I've had the privilege to know or belong to.

These days, it's easy to forget the mobilization of an entire society that characterized World War II. Great sacrifices, including the ultimate sacrifice of death in many far-flung battle zones, were made by countless Americans. Yet, most Americans who lived through World War II still remember it as the most exciting part of their lives.

However individual Americans remember the war years, everyone got on with their lives and helped make America the undisputed leader of the free world.

Mr. Speaker, the years before 1941 were a prelude, and the years after 1945 were an epilog, to World War II. And that is why I would ask all Members to join me in saluting Hudson Post #184, the American Legion, for preserving the memory of this extraordinary event in our history.

WELFARE SHOULD EXIST TO CREATE SELF SUFFICIENCY AND INDEPENDENCE

HON. STEPHEN L. NEAL

OF NORTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Friday, October 2, 1992

Mr. NEAL of North Carolina. Mr. Speaker, our welfare system is in desperate need of reform. Programs designed to provide temporary assistance to people in need have become a way of life for all too many of our Nation's poor. In many instances, the regulations governing these programs create obstacles for individuals and families trying to work their way out of poverty.

Today I am introducing legislation that could lead to a complete overhaul of our country's welfare programs.

My bill would establish a system designed to promote self sufficiency for welfare recipients within a reasonable period of time. The goal would be to eliminate duplication, red tape and counterproductive restrictions in welfare programs.

My plan would have a cabinet-level task force devise a plan for coordinating and streamlining the administration of all Federal programs that provide assistance to the poor.

Subject to the approval of Congress, the task force would revise program eligibility standards so that they are no longer obstacles to self sufficiency for those receiving assistance.

Applications for assistance would be made on one form and in one location. Program administration would be greatly improved and simplified. Services would be delivered according to coordinated plans designed to meet the needs of the individuals and families receiving assistance for a short period of time until they become self sufficient. Welfare would become temporary assistance, as it should be, rather than a way of life. It would exist to help people become self sufficient and independent.

We can no longer afford to pour billions of dollars into a welfare system that promotes dependence and perpetuates poverty. My legislation will enable us to implement comprehensive reform that coordinates services, eliminates duplication and promotes self sufficiency for welfare recipients. We can and we must take action now. I hope that this proposal can receive a thorough hearing and be enacted during the next Congress.

STATEMENT OF THE CONGRESSIONAL BLACK CAUCUS IN COMMEMORATION OF THE LATE LEONARD C. BALL, AN EXECUTIVE ASSISTANT FOR THE AMERICAN FEDERATION OF STATE, COUNTY AND MUNICIPAL EMPLOYEES [AFSCME]

HON. CHARLES A. HAYES

ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Friday, October 2, 1992.

Mr. HAYES of Illinois. Mr. Speaker, I rise today to honor our dear departed friend, Leonard C. Ball. Leonard Ball, who left this Earth on July 9th, was a longtime confidant and supporter of the Members of the Congressional Black Caucus. Leonard devoted his life to labor and civil rights activism, and in that capacity he successfully established and strengthened critical ties between the labor movement and the African-American community.

Leonard was a faithful friend, tireless worker, and an extremely devoted family man. His commitment to eradicating racial inequalities that exist in and out of the trade union movement, was matched by none. The labor movement, as well as this Nation as a whole, has certainly benefitted from the unflinching dedication and good works of Leonard Ball.

Born in Middlesboro, KY and reared in Cincinnati, OH, Leonard attended the University of Cincinnati and received a master's degree in education from Antioch College. Mr. Ball worked as a supervisor at the U.S. Post Office in Cincinnati.

Before moving to Washington, DC in 1968, Mr. Ball gained wide respect in the Midwest as an effective community organizer. He was head of the Cincinnati chapter of the Congress of Racial Equality and helped lead rent strikes, economic boycotts, and protests against police brutality and harassment. He also traveled to the South in support of many civil rights groups. A tribute to his intellectual prowess, Mr. Ball delivered many lectures at the law schools of George Washington and Georgetown Universities, and became a mentor to many youngsters.

Prior to working for AFSCME, Mr. Ball was project director in the Washington office of the National Urban League, and an income maintenance coordinator with the United Planning Organization, an anti-poverty agency.

Mr. Ball retired last year after 19 years of service with AFSCME and a longstanding commitment to the goals of the Coalition of Black Trade Unionists [CBTU]. Mr. Ball spearheaded the undaunting task of organizing the founding conference of CBTU in Chicago, IL. Largely because of his herculean efforts, more than 1,200 black union officials and rank-and-file members attended the conference. Leonard went on to crganize and involve CBTU in anti-apartheid protests, international relief efforts, and political action workshops.

As much as we will all miss Leonard, I know that his family will miss him desperately. I extend the Congressional Black Caucus' heartfelt condolences to Leonard's loved ones. It is clear, however, that a soul and spirit as concerned, caring and giving as Leonard's will al-

ways remain with us. It should certainly be our goal to retain those special qualities that Leonard Ball exuded in his many years on this earth, and use them to continue his good works. We then can ensure that his legacy will live on. Thank you, Mr. Speaker, for allowing me this time.

To Leonard's wife, Jessie M. Ball, and all of his family we are,

Sincerely,
John Conyers, Jr.,
Louis Stokes,
Charles B. Rangel,
Harold E. Ford,
Mervyn M. Dymally,
Major R. Owens,
Alan Wheat,
Mike Espy,
John Lewis,
Donald Payne,
Barbara Rose-Collins,
Eleanor Holmes-Norton,
Maxine Waters,
William L. Clay,
Ronald V. Dellums,
Cardiss Collins,
Julian C. Dixon,
Gus Savage,
Edolphus Towns,
Charles A. Hayes,
Floyd Flake,
Kweisi Mfume,
Craig Washington,
Gary Franks,
William Jefferson,
Lucien Blackwell.

INTRODUCTION OF THE AMERICAN CONSUMERS HEALTH CARE REFORM ACT

HON. GEORGE W. GEKAS

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Friday, October 2, 1992

Mr. GEKAS. Mr. Speaker, today I am introducing the American Consumers Health Care Reform Act [ACHRA], legislation that will provide immediate and long-term reforms of our Nation's health care system. My action taken here today is a direct result of responses to my annual constituent questionnaire and a series of health care policy meetings throughout my congressional district.

According to my questionnaire and district meetings, a majority of my constituents and the American people clearly do not want the Federal Government running our Nation's health care system. What they do want, however, is a system that is more affordable and more accessible. The American Consumers' Health Care Reform Act will enact steps to do this and provide to all interested parties on health care reform a new and consolidated approach to the problem at hand.

What makes my bill different from others are new provisions to restructure Medicaid to deal with the aging population and the lack of quality care among the very poor. Secondly, my bill reforms the Federal system of subsidizing medical education to increase the pool of primary care physicians. Third, my bill makes available to every State the successful health outcomes data system that we have in Pennsylvania. Fourth, my bill frees the States from certain restrictive laws to allow them to be innovative by testing alternative delivery and financing systems to hold down costs. My bill also would institute much needed medical malpractice reform, to decrease defensive medical and litigation costs.

Most important, my bill deals with the issue of personal responsibility by empowering the Secretary of the Department of Health and Human Services to take action on the President's Healthy People 2000 Program. The Secretary would submit an action plan on health promotion and disease prevention and make recommendations to Congress to decrease the risk factors—e.g., smoking, high blood pressure, high blood cholesterol, overweight, sedentary lifestyle, high fat diet, inadequate childhood immunization, heavy use of alcohol, and failure to use seat belts—mentioned in that program.

I offer this bill, nicknamed ACHCRA (pronounced ak-ra), at this, the end of the 102d Congress, for study, review, comment and, ultimately, refinement, so that the 103d Congress will, hopefully, see its re-introduction in an even better version. A summary and rationale of the bill follows.

SUMMARY AND RATIONALE

TITLE I—IMMEDIATE REFORMS TO EXPAND ACCESS TO HEALTH CARE AND HEALTH INSURANCE

(1) Subtitle A—Expansion of Medicaid Program:

Expand Medicaid eligibility to increase access to insurance for the poor uninsured while restructuring Medicaid to allow states to limit their focus to long-term care services and transferring responsibility of acute care services to the federal government.

Rationale

Today the Medicaid program is not fulfilling the promise of the 1960s. Only 40 percent of the poor are actually covered by Medicaid, and the program is increasingly under-compensating providers.

This subtitle makes a programmatic distinction between the two basic elements of Medicaid: acute care and long-term care. The restructuring of Medicaid does not increase substantially the fiscal burden on either the states or the federal government, but rather, it makes the program more consistent nationwide and more manageable.

The proposed restructuring allows each governmental component to concentrate on what services it can best provide. The federal government has done a creditable job in its management of Medicare. Extending its reach to encompass the acute care portions of Medicaid would be a logical extension of that expertise.

In their management of long-term care services, states have shown much creativity. Having states responsible for this portion of Medicaid makes the most sense programmatically.

This definition of responsibilities allows us to expand significantly the eligibility for Medicaid with out damaging state budgets. Increasing Medicaid coverage to all persons below 100% of federal poverty level would mean providing coverage to an additional 10 million Americans. The new structure will also permit long overdue increases in Medicaid provider payment rates.

Finally, the merger of Medicaid administration with that of Medicare will permit administrative cost savings.

(2) Subtitle B—Medicare Reform:

Combine all administrative services of the Medicare program to improve its efficiency.

Rationale

Today the artificial distinctions between Medicare parts A & B no longer make programmatic sense. Consolidating the administration of the two parts will simplify program management, especially in those areas where the actual services provided to beneficiaries are comprised of both parts.

This proposal will yield administrative savings through the elimination of duplicative data processing, and overhead functions. It will also make Medicare program management simpler and easier for beneficiaries to understand.

(3) Subtitle C—Health Benefit Plan Reform:

Preemption of state mandates and anti-managed care laws; limitation on pre-existing exclusion; guaranteed issue and renewability; minimum benefits package; modified community rating.

Rationale

Small businesses today face an insurance market that is unpredictable, arbitrary, and unaccountable to its customers. Insurers have begun using aggressive rating and underwriting practices, resulting in severe segmentation of the small employer market place. The current system gives insurers incentives to compete—but only to underwrite plans for healthy individuals.

Insurance companies can cancel or refuse to renew policies, and workers with pre-existing health conditions are often denied coverage. Small businesses experience double or triple digit annual premium increases that far outpace national averages.

This bill improves the availability and fairness of health insurance for small businesses. Meaningful market reforms must be enacted if private insurance coverage is to continue to play a significant role in health care financing.

(4) Subtitle D—Medical Malpractice Reform:

Mandatory pre-trial alternative dispute resolution; limits on non-economic damages; statute of limitations; pretrial settlement offer; limitation on attorney's fees; liability for costs; uniform standards; use of practice guidelines; other

Rationale

We consider these reforms an essential component of national health reform in that access to health care has been curtailed in several regions because of fear of suit and the costs of liability insurance. In addition to insurance premiums, it has been estimated that as much as $20 billion is spent annually on so-called defensive medicine—diagnostic tests, procedures and hospitalizations provided primarily to reduce perceived liability, not because they were medically necessary.

The proposed reforms will put in place a system where injured parties will have their claims considered, and awards made, much faster than under the existing system. Furthermore, physicians and other health providers not practicing up to community standards will be more identifiable, and eliminated from medical practice.

The current liability system fails patients, providers, and the public. It is expensive, unfair in awarding claims, and slow to respond. This bill includes comprehensive reforms which will improve the legal climate in which health care is provided, encourage ongoing quality improvement in medical care, and enhance the safety of the public through more rigorous processes of medical licensure and credential review

(5) Subtitle E—Medical Education Reform:

To increase the national pool of primary care physicians, increase the medical education funding percentage mix for primary care education and decrease the funding percentage going for specialists education. S

Rationale

Medical education in the U.S. is without question one of the most successful components of our current health care system, training large numbers of health personnel, and encouraging biomedical research and development of new medical technologies.

However, over the past twenty years the federal government has tried through a variety of initiatives to promote education of more primary care providers in relation to the number of specialists trained. All such efforts to date have been of limited success, and in recent years the number of students choosing primary care specialties, e.g. family practice, general internal medicine and pediatrics, has been declining.

This specialty imbalance and a growing number of sub-specialists, contributes to ongoing shortages of health personnel in recognized medically underserved areas. This bill addresses the problem by phasing in, over a ten year period, financial incentives for the training of primary care physicians. This is accomplished by redirecting funds currently allocated to post-graduate, i.e. "residency" training under the Medicare program.

While several national commissions and councils addressing problems related to medical manpower have recommended we should strive for a goal of producing 50% primary care physicians, there have not previously been recommendations to achieve this. This bill provides one important component of educational reform by requiring balanced financing of graduate medical education. This change is to be phased in over a long enough period so as not to disrupt any cycle of residency training, which can last for as long as ten years.

The proposal also requires states to determine their respective needs for health personnel, and assist in directing educational funds in order to meet society's health care needs through training the proper mix and type of health professional.

(6) Subtitle F—Public Delivery System:

Increase funding for publicly-funded health centers and improve the health habits of Americans by directing the HHS Secretary to develop an action plan on health promotion and disease prevention.

Rationale

The recent debate on national health reform has focused primarily on financing and health insurance issues, and little attention seems to have been paid to the health care delivery system itself. Yet many studies have documented that expanded health insurance coverage alone may not be sufficient to improve either access to health care services, nor improved health status. This is particularly true for the medically indigent—individuals and families without private health insurance who suffer from chronic poverty and/or are geographically isolated. Even if there were "universal access" to health insurance, there would still be a significant number of our citizens who would go without even basic primary and preventive health services. These individuals tend to postpone treatment of health problems, and then often show up at hospital emergency rooms for treatment of costly and complicated medical conditions which may have been entirely preventable with early treatment. The cost to hospitals for treatment of the medically uninsured was estimated to be $11 billion in 1988, and this burden is increasing, and unevenly distributed.

To ensure early access to preventive and primary care, the bill calls for expansion of existing efforts to serve the most needy among us through the establishment of a publicly funded community health center in every designated health personnel shortage area. This proven public health approach to serving the medically indigent will improve the health status of those most in need, and limit the uncompensated care provided by our nation's hospitals.

As the consensus is developing on the need for health care reform there accompanies it a growing awareness that the health care system simply cannot keep up with the demands placed on it by the public, even if there were universal insurance coverage. Much of the costly care provided is directly related to issues beyond control of health planners, policy makers, and providers—the aging of our society, drug abuse, sexually transmitted diseases, unwanted and unintended pregnancies, violence, and unhealthy lifestyles. The "results" of these factors often show up at the hospital emergency room, requiring immediate medical care.

The public has grown to expect highly sophisticated and technical solutions to whatever ails them. Our bill begins to address the magnitude of these social problems and the unrealistic expectations on the part of the public by emphasizing the critical need for a more focused and meaningful effort in disease prevention and health promotion.

Fortunately, the steps which need to be taken have already been determined by leaders in public health, in collaboration with experts in academic medicine, economics and social policy. Their recommendations are published by the Public Health Service in Healthy People 2000: National Disease Prevention and Health Promotion Objectives. This document provides information of the cost of our major social ills, and sets realistic goals in health status for the nation to strive for by the year 2000.

Our bill would significantly expand the activities and resources of the Office of Disease Prevention and Health Promotion, which would enable them to serve as a more effective catalyst and coordinator of the achieving of the goals established in Healthy People 2000. Furthermore, it creates for the first time a federal focus for all nutrition activities, recognizing that the number one and two killers of our citizens (arteriosclerotic vascular disease, and cancer, respectively) are strongly related to dietary practices, and that current nutrition practices are often confusing and contradictory.

Finally, our bill begins the difficult process of educating the public about the appropriate use of medical technology and resources. Just as medical personnel have been found to change the frequency with which they order diagnostic tests and perform therapeutic procedures when data calls into question their efficacy, it is felt that the general public must learn about the relative benefits of medical technology, the tradeoffs in using costly high technology with limited benefits for a few vs. broad scale use of inexpensive preventive measures for the benefit of many. In order to accomplish this, a series of demonstration projects on health care decision making are established, related to bringing patients and their families into the process.

The bill recognizes that the health care system cannot succeed if its perceived mission is the "fix" a burgeoning number of costly societal problems. Solutions lie with individuals assuming responsibility for their own behavior, with families, educators, and clergy promoting healthy attitudes, and government supporting more vigorous health promotion and disease prevention policies.

(7) Subtitle G—Public Disclosure:

HHS Secretary would work with states to develop health outcomes data systems to empower consumers in making prudent, cost-effective decisions about utilizing the health care system.

Rationale

The provision for full public disclosure of cost and quality information is built on a belief that individuals must share in the responsible use of health care services. This expectation cannot be realized unless individuals have access to information on the cost and quality of service options.

Quality information should be available to help consumers avoid substandard providers, to educate the public about the quality of medical care, and to stimulate the medical community to improve quality standards.

Cost information is important to purchasers because of the rising cost of care. In an era of increasing coinsurance and deductibles, consumers need to know the cost consequences of their provider choices. Also, employee benefits managers need to know the cost profiles of different providers to be able to "shop" for the most cost effective services.

(8) Subtitle H—Tax Incentives to Provide Only Minimum Benefits:

Employers could deduct only the cost of a basic benefits package.

Rationale

The current tax treatment of health insurance costs has contributed significantly to the problems of our health care system. Because premiums are tax deductible to the employer and not taxable to the employee, very generous health insurance benefit plans have proliferated in certain industries. The current tax policy is a subsidy for these arrangements, and employees are inclined to take compensation in terms of fringe benefits rather than in higher wages.

The changes in tax policy in the bill would increase employee recognition of the true costs of their health benefits and allow an expansion of the deductibility of basic benefits. It is expected that employees would become more sensitive to the cost of coverage and more aggressive in demanding that costs be held down.

The second of the two titles, "National Health Care Reform Proposals", has two subtitled provisions to cut the costs associated with health care. The subtitles follow.

(1) Subtitle A—National Health Care Reform Commission:

Establish a health care commission to: Create the minimum benefits package and analyze the results of state demonstration projects;

(2) Subtitle B—Demonstration Projects on Alternative Financing and Delivery Systems:

States will work with the Department of Health and Human Services (HHS) Secretary to test alternative delivery systems in order to cut the costs associated with health care.

Rationale

The cost of the health care problem is long-term, perhaps chronic, and both cost control and significant enhancements in access require reform of health care delivery mechanisms. In order to achieve long-term structural reform, some of the underlying assumptions of which our current delivery system is based must be re-examined.

Demonstrations are required when there is considerable uncertainty concerning the feasibility of various policy alternatives. Experiments would be conducted and evaluated simultaneously to determine which policy option yields the best results.

The American Consumers Health Care Reform Act will go a long way in the debate that will to come next year in providing a new system.

FIRST ANNUAL AMERICAN HEART WALK

HON. BENJAMIN A. GILMAN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, October 2, 1992

Mr. GILMAN. Mr. Speaker, I rise to call to the attention of all our colleagues a noteworthy event taking place throughout our Nation this weekend, October 3-4, 1992.

The American Heart Association, which is the Nation's largest voluntary health agency dedicated to the reduction of disability and death from heart and blood vessel diseases, is holding its first national walking event to raise funds in support of cardiovascular research and education. The American Heart Walk, as this important new fundraising event is called, is being held in more than 700 cities throughout our Nation.

Lederle Laboratories, a division of American Cyanamid Co., which has research and manufacturing facilities in my 22d Congressional District of New York, is the national sponsor of the first American Health Walk. Lederle is a pharmaceutical company that, through its own cardiovascular research efforts, shares the American Heart Association's goal of advancing cardiovascular health for all Americans.

I would like to commend Lederle Laboratories; Mr. David Bethune, group vice president of American Cyanamid; and Mr. Edward Fritzky, president of Lederle Laboratories, for nationally sponsoring the first American Heart Walk.

In my own region, Mr. Charles Isberg, the public relations director of Lederle Labs, is to be especially commended for his outstanding services to this cause.

I applaud Lederle's substantial commitment to help in the fight against heart disease, our Nation's No. 1 killer.

Mr. Speaker, I invite all of our colleagues to join with me in commending Lederle for their commitment, in thanking all of the nationwide participants in the American Heart Walk for their compassion and their efforts, and the American Heart Association for keeping up this fight against such a major enemy of humankind.

TRIBUTE TO JOHNNIE B. THOMASON

HON. CARROLL HUBBARD, JR.

OF KENTUCKY

IN THE HOUSE OF REPRESENTATIVES

Friday, October 2, 1992

Mr. HUBBARD. Mr. Speaker, I take this opportunity to pay tribute to a longtime friend, Johnnie B. Thomason, of Arlington, KY, who died at age 70 last August 13 in Paducah, KY.

Johnnie Thomason served 8 years as a member of the Arlington City Council prior to his death. He contacted me several times in recent years regarding assistance for Arlington and Carlisle County, KY.

Johnnie Thomason was well known and highly regarded in western Kentucky.

Mr. Thomason, a retired maintenance mechanic for Union Carbide, was a member of Oil, Chemical and Atomic Workers Union Local 3–550.

The World War II veteran was a member of American Legion Post 250 of Arlington and Veterans of Foreign Wars Post 5409 in Bardwell.

He was a member of First Baptist Church in Arlington, KY.

Surviving are four daughters, Bonnie T. Hicks of Paducah, Mary Jane Tyler of Arlington, Wanda O'Connor of Wickliffe, and Loretia Cornette of Alexandria, VA; two sons, Mike Thomason of Bardwell, and Mickie Thomason of Paducah; one sister, Dorothy Burgess of Arlington; one brother, Sammie Thomason of Arlington, 15 grandchildren and two great-grandchildren.

His wife, Willie Mae Beshears Thomason, preceded him in death as did four sisters and two brothers. His parents were Amos and Henrietta Blackburn Thomason.

My wife Carol and I extend to the family of Johnnie B. Thomason our sympathy.

U.S. POLICY TOWARD TAIWAN

HON. STEPHEN J. SOLARZ

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, October 2, 1992

Mr. SOLARZ. Mr. Speaker, my good friend, Dr. Trong Chai, recently gave a speech on United States policy toward Taiwan at a meeting here on Capitol Hill. Dr. Chai is a Taiwanese who lived in the United States for over two decades and has now returned to his homeland to participate in the island's political life. He presents a point of view that deserves consideration by those who care about the future of Taiwan, and I, therefore, ask that it be printed in the CONGRESSIONAL RECORD and made accessible to our colleagues.

U.S. POLICY TOWARD TAIWAN

(By Trong R. Chai, Ph.D.)

Ladies and Gentlemen: My heart was filled with joy, gratitude and fear, when I received an invitation six months ago from four most distinguished gentlemen: Senator Pell, Chairman of the Senate Foreign Relations Committee, Congressman Fascell, Chairman of the House Foreign Affairs Committee, Senator Cranston, and Congressman Solarz, Chairman of the House Asian Subcommittee.

I wish to thank you deeply for your concern for the people in Taiwan, democratization of Taiwan's political processes, and the future of this island.

I am very pleased to be here to see once again so many familiar faces in a forum with a great tradition of democracy. I would like to share with you my observations in Taiwan in the past two years and my endeavor to lead the Taiwanese to decide their future through a plebiscite.

Yet, I feel frightened.

I feel frightened, because to determine Taiwan's future by plebiscite is still a far cry from reality. Since my return to Taiwan two years ago to launch a plebiscite movement, I have participated in a peace demonstration, the largest and most fervent of its kind in the history of Taiwan. It indicates a strong desire of the 20 million people in Taiwan to determine their own future.

My assertion of a plebiscite fits perfectly well in the changing world trend in pursuit of true democracy. However, even with a peaceful movement such as this one, no one, under the current regime, can change the reactionary forces within the Nationalist Party, who block all efforts for democratization.

To express our concerns, I and some of Taiwan's leaders from all walks of life are here today. We firmly believe that the future of Taiwan should be in the hands of the 20 million inhabitants of Taiwan. They should, through a genuinely democratic process, voice their true opinions on the future and international status of Taiwan.

I believe that, in the spirit of The Mayflower, my distinguished guests, who are here today, can fully grasp the idea of self-determination the Taiwanese people want, and you will, without reservations, support the wish of the Taiwanese to strive for democracy.

To me, the best support the United States can give to Taiwan is, in its quest for a new world order, to change its outdated Taiwan policy.

In fact, the people of Taiwan and their government have, willingly and unwillingly, followed your changing Taiwan policy such as stated on various occasions by, among others, Honorable James Lilley, former Ambassador to Beijing, ex-President Richard Nixon, and President George Bush, who just made a great decision to sell F–16 fighter planes to Taiwan.

Since the Shanghai Communique signed by the Nixon Administration and China in 1972, the United States has, again and again, stressed its basic position on China that the U.S. "acknowledges that there is only one China and Taiwan is a part of China." Such pledge might settle temporarily the tensions between the United States and China; however, it provides an implicit ground to block the people of Taiwan from pursuing their own happiness and future.

Today, I want to express the feelings of 20 million Taiwanese and to point out the misconceptions inherent in the Shanghai Communique.

The "acknowledgement" by the United States should be limited to the view of the Chinese; it should never be interpreted as understanding the will of the people on Taiwan. Because there has not been a means given to them to express their own true views on basic political matters that affect their future.

The Communique ignores the iron fact that Taiwan, for almost 400 years, has been separated from China. During this period, there has been very little contact between them. Above all, the People's Republic of China has never set foot on Taiwan.

We, myself and my colleagues, are here to reflect the will of 20 million Taiwanese to call for the U.S. Congress and Senate to urge your government to adopt a new Taiwan policy, such that the wish of the Taiwanese be respected, to pay greater attention to the political and, especially, the growing economic power of this island in the world arena, to encourage holding a plebiscite in Taiwan,

and to let the Taiwanese decide their own future—whether to be united with China, to maintain its status quo, or to establish a new, independent nation of its own.

I beg you to consider seriously the following question: Isn't it a most contributing first step toward building a new order in the Far East by providing such a mechanism that the Taiwanese vote to decide their own future?

My beloved homeland Taiwan is facing an unprecedented change: The first General Election in 40 years. Myself and my colleagues have, for 40 some years, been subject to the Kuomintang's oppression. Such political chains have, seemingly, been broken and Taiwan is walking toward democracy.

However, I would like to remind you that, although members of Congress are to be elected, there is no assurance of democracy there.

One of the most damaging outcomes of 40 years of martial law rule is monopoly of the mass media by the Nationalist Party. Taking the medium of television as an example, the Democratic Progressive Party has next to none in access to such medium, whereas the Nationalists have full access to it. In last year's National Assembly election, all candidates from the DPP camp were only allocated 65 minutes and 15 seconds of television time!

Ladies and Gentlemen, if, hypothetically speaking, there exists in the United States a political game whose winner in pre-determined, even though the race has not formally begun, would you consider it beyond comprehension? To us, who are accustomed to KMT's authoritarianism, the understanding of such rules of the game is by no means beyond our reach. As a matter of fact, every one of us knows that KMT will never stop playing such a dirty game.

My distinguished guests, do you want to join such an election? Besides, who, in this world, will call such a political game an "election" at all?

Unfortunately, myself and my good colleagues, some of them presently being sitting next to you, have no other choice but to participate in a shameful "General Election" a la such rule this winter. Not because we concur that rule, but because this is the only means we can fight for dignity for our people.

My friends, there are plenty of tricks used by the KMT to negate the tempo of democratization such as ELECTION FRAUD. Unabasedly, the KMT dares to suggest to its candidates to resort to illegal act such as vote buying to ensure winning. According to a scholarly work title "Election Fraud in Taiwan", published this year by Taiwan's National Academy of Arts and Sciences, a study, using scientific sampling method, on voting behavior, shows 22.3% of registered voters claimed they received gifts from the candidates: and, a quarter of voters received gifts from the candidates who participated in last December's National Assembly election.

Professor Yang Wen-Shan, who supervised this research project, referring to the above study, commented: "The remarks on such research findings are too mild, which underestimate the extent of election fraud." If then, one can charge with certainty that no less than 3 million voters can be exposed to and receive illegal gifts in a typical island-wide election.

Let me give you one more horrifying story on vote-buying. Months ago, in mayoral contest at Hsinying City, the KMT candidate spent 2,000 to 3,000 Taiwan Dollars—equivalent to one hundred US dollars—for one Identification Card (if the I.D. card is sold during the election time, the voter cannot cast his vote; instead, anyone who temporarily possesses the I.D. card could vote for that voter) to buy 500 I.D. Cards from potential supporters of the opposition candidate, Mr. Tseng Tien-teh. The repercussion was that Mr. Tseng, who represented the Democratic Progressive Party for that position, was defeated by 238 votes!

My friends, if one vote can trade for one hundred US dollars, and on average, 3 million registered voters could receive gifts at any given island-wide election, three hundred million dollars will have to spent in the coming election just for vote buying! According to Dr. Wu Nai-teh, another researcher at the National Academy of Arts and Sciences: "All vote buyers came from the KMT camp" What a horrible story on "democracy" under current regime!

I and other opinion leaders, who are now sitting next to you in this room, are very angry at this destructive state of political affairs. We are ashamed of it. However, we are not here to ask you for sympathy. We are here to remind you once again of the burning desire of 20 million people how much we want to determine our own will, through genuine referendum, in national affairs such as the political institutions, social structures, and fate of the nation.

I hope very much my presentation today can give you a sufficiently clear picture how democracy is mislead and distorted in the island where we live.

May I appeal to you, my distinguished guests, when you work for a new world order of peace and democracy, would you please be so kind as to frequently remind yourselves of a forgotten Asian island, called Taiwan, where, under the KMT's rigid and fictitious "One China" policy, 20 million people are constantly suffering from international isolation and denial of the right to self-determination.

I trust democracy is the best defense for Taiwan against aggression from China. And providing support for a plebiscite to safeguard security and happiness for 20 million people is the mildest action the American people can take with regard to Taiwan.

Earnestly hoping that the American and Taiwanese people work together to witness jointly a genuine democracy and lasting peace on Taiwan.

Thank you very much.

IN RECOGNITION OF DR. J. TED HARTMAN

HON. LARRY COMBEST

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Friday, October 2, 1992

Mr. COMBEST. Mr. Speaker, I rise today to pay tribute to an outstanding man from my home State of Texas, Dr. J. Ted Hartman. Dr. Hartman will be retiring from Texas Tech University Health Sciences Center, located in Lubbock, TX, after 21 faithful years of service.

After coming to Texas Tech University in 1971 as a professor and chairman of the orthopedic surgery department, Dr. Hartman has risen to the position of executive director of the Texas Tech Mednet project. This vital program is a telecommunications network which operates out of the health sciences center, linking the Lubbock Medical Center with 50 rural hospitals. Mednet enables citizens to receive valuable medical care through satellite consultations. Dr. Hartman has devoted his time to ensuring that rural Americans have instant access to up-to-date health care information and medical professionals.

Mr. Speaker, I cannot stress enough the importance of such a project to ensuring quality health care for rural Texas. As you may know, there is a serious health care crisis in rural areas. As a member of the Rural Health Care Coalition, I have always supported efforts which would ensure access to health care for rural Americans. It is for this reason I have been a strong supporter of the Mednet system. Mednet has greatly benefited west Texas and it is my hope that this program will serve as a pilot project for other States.

Dr. Hartman has faithfully given his time and intellect to improving rural health care and abating professional isolation in the medical community. His hands-on approach and tireless efforts throughout the years have contributed to Mednet's great success.

Mr. Speaker, it is an honor for me to recognize someone who has contributed to improving the quality of health care for all Americans. Although I regret that he will be retiring from Texas Tech University, I am certain that Dr. Hartman will continue to be active in the health care community. I commend him for his dedication and outstanding commitment to improving health care service. The impact Dr. Hartman has made will be recognized for generations to come.

TRANSPORTATION FUNDING ESSENTIAL FOR RURAL AREAS

HON. BYRON L. DORGAN

OF NORTH DAKOTA

IN THE HOUSE OF REPRESENTATIVES

Friday, October 2, 1992

Mr. DORGAN of North Dakota. Mr. Speaker, Members of Congress often view transportation funding as a means of improving the infrastructure and providing jobs in urban areas.

I just want to point out that this funding is needed just as critically in rural States such as North Dakota to help State and local governments to maintain our roads, bridges, and the city streets. We have to keep our transportation system in reasonable condition because transportation is so critical to our entire economic life in North Dakota.

Beyond much needed highway-related funding, this appropriations bill, H.R. 5518, contains funds to assist North Dakota and the Nation in maintaining good railroad service, and to continue to develop our air transportation system.

A modest appropriation of $8 million, for example, will allow nine States, including North Dakota, to provide grants and low-interest loans to help repair and rebuild branch lines. These are often lines taken over by fledgling short line companies, and the continued operation of those lines is critical to our ability to ship farm commodities from our State.

The bill also provides $2 million for the Aerospace Distant Learning Program, based at the University of North Dakota, to continue. This program enriches the air sciences pro-

gram of several universities, including UND, by allowing the universities to share their instructors and curriculum by televising courses to several university air science centers.

Improvements to the air traffic controller simulation laboratory at UND is provided $245,000 in this bill, and North Dakota State University is to receive $500,000 to develop its Aero-Manufacturing Laboratory.

This bill also includes language that will allow Dickinson, an isolated city in western North Dakota that is hours from any other commercial air service, to apply for essential air service matching funds from the Federal Aviation Administration. Such funding makes it possible for a small city to gain modest commercial airline service to service its people and businesses.

Funding of $7.5 million for development of multipurpose recreational trails nationally, strongly desired by sporting and outdoor groups in my State and elsewhere, was also included.

In this year of very restricted Federal spending, the funds that have been made available will help North Dakota continue to play important roles in the Nation's transportation system.

TRIBUTE TO CAROL LAVELL

HON. BERNIE SANDERS

OF VERMONT

IN THE HOUSE OF REPRESENTATIVES

Friday, October 2, 1992

Mr. SANDERS. Mr. Speaker, I would like to take this opportunity to call the attention of this House to the most recent triumph of Ms. Carol Lavell, and to welcome her home to Vermont after her most successful journey to Barcelona, Spain, as a participant in the XXV Olympic games.

Ms. Lavell and her outstanding horse, Gifted, led the U.S. equestrian team to a team bronze medal victory in dressage at the Barcelona games. Ms. Lavell also placed sixth in the individual dressage final and won the 1992 Miller's USET National Grand Prix Championship as the highest placing American in the Olympic equestrian events.

These tremendous achievements are only the latest in Ms. Lavell's long and distinguished career as an equestrian. Over the years, she has won countless major dressage awards even when confronted with what many of us would consider overwhelming adversity. Several years ago, Ms. Lavell rode and placed in international competition with a broken back. In 1989, Ms. Lavell and Gifted were double gold medalists at the North American Dressage Championship. In 1990, the U.S. Olympic Committee selected Ms. Lavell as the Female Equestrian Athlete of the Year. And this past summer, Ms. Lavell and Gifted became the first Americans to win the Grand Prix at the prestigious international competition at Goodwood, England.

My wife, Jane, is more familiar with the world of equestrian competition than I. Her late brother, Benny O'Meara, recently named to the Show Jumping Hall of Fame, loaned some of his best horses to the U.S. equestrian team during past Olympic competitions. But as a very, very amateur horseback rider myself, I also have a personal interest in Ms. Lavell's remarkable accomplishments.

Ms. Lavell who is 49 years old, has lived in Fairfax, VT, for more than 25 years. She is responsible for virtually all the training and coaching that her horse, Gifted, has received. Last year, a top European Olympic team coach offered her $1 million for Gifted. Her response was, let us say, a resounding, unequivocal "no."

With the assistance and support of her husband, Tom Lavell, her groom, Ande White, and her Vermont farrier, Stephen Hazen, she has compiled an outstanding record of mastery and excellence. Vermonters will officially welcome her home at a reception in Burlington sponsored by a host of Vermont businesses and community organizations.

Carol Lavell is a true champion, and we are very proud to claim her as a Vermonter.

A CONGRESSIONAL SALUTE TO DETECTIVE OLIVIA BURBANK

HON. GLENN M. ANDERSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Friday, October 2, 1992

Mr. ANDERSON. Mr. Speaker, Friday, November 6, 1992, will mark the retirement of one of the Long Beach Police Department's finest detectives, Olivia Burbank. On Tuesday, November 3, 1992, the department will honor Olivia with a service retirement party. It is with great pride and pleasure that I rise today to pay tribute to this remarkable woman who has served our community with great distinction.

A native of Los Angeles, Olivia began her career with the Long Beach Police Department as a stenographer on October 3, 1960. Her responsibilities in this capacity included patrol reporting and her 120 words per minute typing skills and knowledge of shorthand were an asset to this unit. She remained in the stenography department for 11 years, advancing to a personnel and training position. By 1971, Olivia chose to try a different career path within the department. She entered the Long Beach Police Academy and was honored as the "Top Graduate" of her class. Following graduation, Olivia was hired as a police officer by the LBPD on August 3, 1971. Her first assignment was to the LBPD Women's Jail. By November 1971, Olivia had made detective and was assigned to forgery/fraud, felony morals—sex crimes—and juvenile crimes against property details.

As fellow detectives and superiors will tell you, Detective Burbank has excelled in all of her assignments. She has been the recipient of 33 commendations from the community and her superiors for excellence in police work throughout her career. In 1989, Olivia was nominated "Woman Peace Officer of the Year" by the Women's Peace Officer Association—Southern California chapter. She was also selected as "Employee of the Quarter" in December 1991. Olivia is perhaps best known as the resident expert in the sex crimes detail. Her compassion for and sensitivity toward victims of violent crimes has been well documented. She has received many of her commendations for her professionalism in this field and frequently gives presentations to citizen groups concerning rape and its victims.

Her 32 year and 1 month tenure with the LBPD has not been all work. Detective Olivia Burbank met her husband Detective Ronald Burbank while they were working in the forgery/fraud detail. The Burbanks will be retiring together this November 6 and as avid campers, plan to spend their free time traveling in their 32-foot trailer.

Mr. Speaker, my wife Lee joins me in extending this congressional salute to Detective Olivia Burbank for her devotion to the Long Beach Police Department and community. We wish Olivia, her husband Ron, son Dana, daughter Denise, and stepdaughters Patty and Christy, all the best in the years to come.

ST. XAVIER'S INTERNATIONAL BUSINESS CENTER

HON. WILLIAM O. LIPINSKI

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Friday, October 2, 1992

Mr. LIPINSKI. Mr. Speaker, I rise today to call to the attention of my colleagues, a unique program at a small university in the southside of Chicago, IL. The school is St. Xavier University.

St. Xavier is unique because a large percentage of its student population lives and works in south Chicago. They come from diverse economic and ethic backgrounds and represent the first generation of families to attend an institution of higher learning.

This university, in its international business program, offers an American masters in business administration [MBA] degree to students overseas at campuses in Paris, France and Milan, Italy. What is more unique, however, is St. Xavier's exchange programs where foreign students and faculty come to the United States to learn American business methods and at the same time teach foreign business methods to American students. In this context, St. Xavier is the largest provider of management training for executives from the new Commonwealth of Independent States.

St. Xavier's efforts have generated considerable interest from the business community. Indications from the business sector have shown parallels in the school's idea with United States foreign policy goals overseas, particularly in the former Soviet Union.

Included in St. Xavier's efforts is a plan to work with small businesses, particularly in Chicago wishing to expand their markets internationally, but lack the know-how when it comes to licensing requirements, customs laws, and exchange rate problems. Through its new program, St. Xavier will work with local and regional businesses by putting its faculty resources to work in continuing education type management training programs, in an effort to strengthen the economic base of Chicagoland and the Midwest.

I and other members of the Illinois delegation, notably Congressman JOHN PORTER, have sought to explore ways of working with St. Xavier to enhance its efforts in the areas of international business and trade assistance

education. A good beginning has been made and considerable interest has been generated.

I intend to work in the next Congress with St. Xavier's president, Dr. Ron Champagne, to further explore and develop ideas and programs he has fashioned, and to capitalize on the school's significant progress.

TOP PRIORITY—REDUCING THE BUDGET DEFICIT

HON. TOM CAMPBELL

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Friday, October 2, 1992

Mr. CAMPBELL of California. Mr. Speaker, since being elected to Congress in 1988 reducing the Federal budget deficit has been my top priority. I have raised my voice many times in this Chamber about the crisis being caused by ever increasing deficits.

I introduced the resolution on the line-item veto. I have worked to limit the Government's expenditures by opposing unnecessary new spending. I introduced legislation to rescind existing spending. I supported the base closure process, even the closure of bases in my district. I pushed for the balanced budget amendment. When that failed, I put forward a plan that will change Congress' incentive to add to the deficit by limiting spending and returning a portion of the savings to American taxpayers.

The deficit crisis still looms and I plan to continue my fight against the deficit until my last day in office. I have introduced H.R. 6019 which will cut fiscal year 1993 spending by 10 percent. The bill would reduce next year's deficit by nearly $100 billion according to current CBO estimates. This is a meaningful cut. Considering the significance of the fiscal crisis, it is warranted. The cuts would be spread across the board. Mandatory spending would not be exempt; however, the Government would keep its contract with Social Security recipients.

Mr. Speaker, There is no doubt that the country must swallow what might be called a bitter pill. However, the medicine, while strong, is not nearly so bad as the disease. Without action there will be more record deficits in the coming years. They will increasingly sap the long-term strength of our economy. Further, interest on the national debt is the fastest growing segment of the budget. If we don't take real steps to eliminate the deficit, debt service costs will eliminate any options we now have.

Recovery from the recession must be built on a firm fiscal foundation. Let's take the necessary steps for deficit reduction so that America will remain the largest, most vigorous and competitive economy in the world.

TRIBUTE TO SUN-MAID GROWERS OF CALIFORNIA ON THEIR 80TH BIRTHDAY

HON. CALVIN DOOLEY

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Friday, October 2, 1992

Mr. DOOLEY. Mr. Speaker, I rise to acknowledge and honor the accomplishments of Sun-Maid Growers of California, a leading producer of California raisins for 80 years. Since its establishment in 1912, Sun-Maid has developed into one of the Nation's most successful and enduring farmer owned and operated cooperatives. Through innovation and leadership, Sun-Maid has persevered through years of economic hardship and market instability to become what it is today.

At the heart of Sun-Maid's success are the 1,500 growers who consistently provide consumers with a wide variety of high grade raisins. Many current grower members represent several generations of membership in the Sun-Maid cooperative. Years of dedication and arduous labor have resulted in annual raisin production averaging 100,000 tons.

In an effort to efficiently process and package the cooperative's yearly output, Sun-Maid designed and constructed its Kingsburg, CA plant, the world's largest and most modern raisin packing facility. The 100-acre plant site uses state-of-the-art raisin processing equipment to package and distribute up to 1,000 tons of raisins a day. Over 600 employees of the Kingsburg plant work to ensure the production of high quality products and their timely delivery to Sun-Maid clients worldwide.

Sun-Maid Growers continues to explore and develop new markets in an effort to increase raisin consumption and promote California raisins throughout the United States and the world. An aggressive marketing strategy and creative advertising have made the Sun-Maid trademark one of the most recognized brands in the world. Sun-Maid products are shipped to 25 countries worldwide and expansion of international markets continues to be a focus of Sun-Maid's efforts. Sales of Sun-Maid products remain strongest in the United States and Canada and more than half of all raisins sold by American grocers are Sun-Maid.

With growing consumer awareness of the high nutritional value of raisins, Sun-Maid can look optimistically toward a future of continued growth and prosperity. I applaud this fine California agriculture cooperative for 80 years of excellence and salute the many grower members and employees of Sun-Maid Growers for their dedication and commitment to producing a high quality product.

TRIBUTE TO MIKE ROBBINS

HON. MERVYN M. DYMALLY

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Friday, October 2, 1992

Mr. DYMALLY. Mr. Speaker, I rise to pay tribute to one of the great humanitarians in my congressional district—Mike Robbins. Many are the charities he has benefited over the years. Let me list just some of the things this good samaritan has done to make the world a little better place for the poor and afflicted. To the homeless he has been a generous benefactor. He has donated thousands of dollars in clothing and other items to Para Los Ninos, an organization that assists homeless children. To the Midnight Missions, a haven for homeless men, he has given thousands of dollars in clothing and money. He has made similar contributions to the Apostolic Church. To Aslan House, an organization that takes care of children with sickle cell anemia, he has provided thousands of dollars of computer equipment. To the Make-A-Wish Foundation he regularly provides free limousine service for terminally ill children.

But Mike Robbins has given of his time as well as his money. His support of the Christian Children's Foundation has resulted in his adopting over 25 children in the past 25 years. He has given countless hours to children's organizations such as Girls, Inc., the YMCA, and the Challengers Boys and Girls Clubs.

Mike Robbins has done all of these things quietly and out of a sense of deep commitment and compassion. He is more than a point of light, he is a beam of brotherhood whose deeds need to be emulated throughout our country.

EASTERN CONNECTICUT ITALIAN-AMERICANS HONOR THEIR HISTORY

HON. SAM GEJDENSON

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Friday, October 2, 1992

Mr. GEJDENSON. Mr. Speaker, the 500th anniversary of Christopher Columbus' arrival in the Americas has sparked a series of cultural and ethnic celebrations throughout eastern Connecticut, where large populations of Italian-Americans have thrived for several generations. In towns including Norwich, Middletown, Willimantic, and New London, men and women of Italian descent have worked hard to track the rich history of their early heritage in the United States, and have put together festive plans for Columbus Day weekend.

While there are subtle differences in the stories of how Italian-Americans settled into various pockets across eastern Connecticut, many themes hold true throughout the region. These immigrants, like their Irish, German and Polish counterparts during the late 19th and early 20th century, came to America seeking a prosperous new life. Many Italian immigrants fully intended to come to America, make a fortune, then return to their native villages to live like princes.

But for most, the dream of going back to their homes across the Atlantic was quashed by two unexpected factors: the extreme wealth they expected to find was not so easily attainable; and they became part of a phenomenon we now call the melting pot.

As many of us know, Italian-Americans brought significant contributions into the melting pot. In eastern Connecticut, they have made strides in professional, political, educational, religious, artistic, and medical fields.

By keeping alive and sharing their rich traditions, Italian-Americans have also made vital contributions to the fabric of our unique American culture.

In eastern Connecticut, the first generations of Italian immigrants found jobs in local mills and textile factories which were then at peak employment rates. They quickly branched into professional sectors, owning grocery stores, barber, tailor, and masonry shops, as well as restaurants, and other businesses in areas including Middletown's riverfront section, Garibaldi Square in New London, and throughout the city of Norwich.

Integration, through the help of public school systems, allowed subsequent Italian-American generations to reach even further in pursuit of the American dream. Today Italian-Americans are leaders in medical, academic, political, legal, business, and artistic fields.

Now, to honor the tremendous feats of their ancestors, Italian-Americans have gone to great lengths to celebrate the Columbus Quincentennial.

In Norwich, a 17-foot monument will be dedicated to the early Norwich Italian settlers on October 11. Inscribed on the base of the monument, on the same side as Columbus' profile, are the words "Onorate I Vistri Genitori" which means "Honor Your Parents." Also on the base will be the names of 400 settlers, who organizers say, "are being honored for the sacrifices they endured, and for the cultural contributions they have given the community." Celebrations in Norwich will also include a banquet on October 10, a special mass and procession, and much more.

In Middletown, nearly a week of cultural activities will coincide with the Columbus holiday. These activities, which follow annual events including the Italian-Heritage Parade and St. Sebastian's Festival, will place emphasis on the city's cultural diversity. They include: a lecture series on America's ethnic diversity; a concert performance by an Italian choir; a regatta and celebration by the riverfront; and more.

In Willimantic, two important anniversaries will coincide: the 300th anniversary of the city's founding and the 500th anniversary of Columbus' exploration. During the tercentennial parade, the Princes Yolandi-Guiseppe Garibaldi Lodge, Order of Sons of Italy of America will host a marching unit and a float.

And in New London, Italian-Americans have been celebrating all year. This summer, the city hosted the New World Festival during which replica ships of the *Nina, Pinta* and *Santa Maria* were at port for 1 week, attracting thousands of visitors every day. New London also held its annual Festival Italiano which featured a world class bike race, an opera, an Italian wine tasting, and much more. For Columbus Day weekend, a dinner dance and banquet for several hundred people will be held at Ocean Beach Park.

I am enclosing these comments to formally mark and praise the efforts of eastern Connecticut-Italian Americans, and to celebrate the brave lives of their ancestors who came to a strange new land, and opened new worlds of opportunity for generations to come.

KYIV CONFERENCE SPEECH

HON. CHRISTOPHER SHAYS

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Friday, October 2, 1992

Mr. SHAYS. Mr. Speaker, I would like to submit the following speech given by International Executive Service Corps [IESC] Executive Vice President Hobart C. Gardiner to the Kyiv Conference in Ukraine. The speech was given to extend IESC's cooperation to Ukraine as it makes the transition to a market economy. I believe Mr. Gardiner's remarks convey the importance of the IESC's efforts throughout the developing world.

AMERICAN VOLUNTEERS—HELPING UKRAINE CHANGE TO A FREE MARKET ECONOMY

(By Hobart C. Gardiner)

I am indeed pleased to be with you. It is always satisfying to be where the action is. Today, the action is here. You have become a sovereign nation and are faced with the exciting challenge of integrating into the world of free nations competing in a global market economy.

I'm here to offer my organization's cooperation to help smooth your transition to a market economy and to help you strengthen your public institutions. That will support the democratization process.

In concrete terms, we first want to help on economic restructuring to create the infrastructure necessary for the successful operation of a demand driven economy. Second, we want to help create effective government structures and services. This is necessary for implementing the pluralistic, democratic initiatives that will reorient bureaucracy to the proper role of government in a free market economy.

Many years ago I lived in Western Canada, where many Ukrainians had settled. There I first learned of your national hero, Taras Shevchenko, and became aware of the many contributions the sons and daughters of Ukraine had made in North America.

Recently, I visited Shevchenko's statute in my nation's capital, Washington, D.C. I should like to quote some lines from his poetry. They reflect his thoughts about allowing foreign influence into Ukraine to help her modernize. Shevchenko had nothing against that, provided it was done altruistically, for the good of the people as a whole. He wrote:

Good! Show her! Lead her in the way!
Let the old mother learn today
How to take care, as Wisdom runs,
Of you, her new enlightened sons!
Show her!

Yes, I want to say some day that I was here when Ukraine gained its independence. More importantly I want to say that my organization cooperated with Ukrainians by showing them how to restructure. I'm sure my organization, the International Executive Service Corps (IESC), would pass muster with Taras Shevchenko because we can help Ukrainians achieve a higher standard of living and an enhanced ability to compete in the global marketplace. Then they will truly enjoy their freedom. As Shevchenko would have wished, learn from the foreigners, but don't give up your soul.

For your information, we have been cooperating with the countries of Central and Eastern Europe in their transition from command to free market economies. And now we shall develop our activities here. We have just completed a project in Kharkiv and plan to open an office here in Kyiv.

Incidentally, the volunteer in that project was a specialist in housing construction. When he completed his assignment, his Ukrainian client thanked him not only for his advice in construction, but for his help in "management, banking, and marketing."

It may also interest you to know that a new vice president at IESC is Richard Shriver. He will have responsibility for our program in Ukraine and the other republics of the newly independent states of the former Soviet Union. Some of you may know him since he has worked and taught here over the past two years. Dick was originally scheduled to be here as speaker and leader of the U.S. delegation. His new responsibilities have caused him to be in other parts of the world at present. He wanted me to be sure to say to you that he is sorry not to be here at this conference, but looks forward to returning soon when we open our office here in Ukraine.

A word about the International Executive Service Corps: we are a private, not-for-profit organization. We operate independently of government. We are not part of the United States State Department. Our board of directors if comprised of private businessmen and women.

Upon request, we provide companies and organizations throughout the developing world and Central and Eastern Europe with volunteer experts. They receive no salary or other forms of compensation. They have no personal financial interest in the services they render. Winston Churchill once said:

"We make a living by what we get; we make a life by what we give."

The typical IESC volunteer is usually a retired executive. He has made his living. Now he makes a life by giving something back to the free enterprise system that gave him so much.

These volunteer experts act as short-term advisors and specialists for organizations that request assistance. They are not typical consultants. They do more than write reports; they roll up their sleeves and show their clients how to do the task more efficiently.

Our volunteers build economic links with nations. We strengthen cultural ties between people. We nurture political connections between democracies. These are important to my country as they would be to any nation. Our experience in other parts of the world shows that there is mutual benefit in providing assistance through the transfer of technology and managerial expertise, in being, to put it simply, a good neighbor.

Now, you may ask with reason, what is a not-for-profit corporation? After all, corporations in a capitalist society are supposed to make a profit. A not-for-profit corporation is one organized to work for some specific aspect of the public welfare. It is supported by contributed funds and is directed by volunteer leadership.

Non-profit organizations are central to American society. With every second American adult serving as a volunteer in the nonprofit sector and spending at least three hours a week in volunteer work, the nonprofits are America's largest employer. They also exemplify and fulfill the fundamental American commitment to responsible citizenship in the community. Our universities, museums, many hospitals, performing arts organizations, churches, synagogues, mosques and social service organizations—even our Olympic team—are all non-profit institutions supported by private funds and volunteer boards of directors.

How ironic it is for me to represent here in Kyiv today a not-for-profit organization whose founding chairman's name, Rockefeller, is so synonymous with capitalism and money. Yet our purpose in being here has nothing to do with making money for ourselves. Our purpose is to respond to Ukraine's specific requests for technology and managerial expertise.

Our goal in Ukraine is simple. It is to speed the growth of democracy by assisting private enterprise, by helping the privatization process, and by assisting public administration at all levels in becoming more efficient and more responsive to the needs of the people. The best hope for peace and worldwide economic well-being, in our opinion, is to help Ukraine and other countries participate and prosper in a new and competitive global economy. That would benefit all of us.

IESC receives funds from three sources: the United States Agency for International Development; private U.S. corporations and foundations, and from the clients we help, based insofar as possible, on their ability to pay the living arrangements and incidental expenses for our volunteers.

At our headquarters, we maintained a computerized register of some 12,000 mostly retired business people. These are men and women who have volunteered to put their career experience, technical skills and managerial abilities to work helping others.

Since IESC began operations, it is estimated that volunteers have contributed more than 2,000 man-years of their time valued at more than 400 million dollars. Stated another way, we have saved the companies and organizations we've served 400 million dollars by supplying skilled volunteers who received no salaries. Thus far, we have completed 14,000 projects in 101 countries.

IESC has 51 overseas offices in 43 countries, including offices in Belgrade, Zagreb, Budapest, Bucharest, Prague, Bratislava, Brno, Riga, Tirana, Sofia, Warsaw, Gdansk, and Krakow. These are staffed by qualified executives who seek out enterprises that can benefit from our services. They also oversee the activities of volunteers and see to their well-being.

For the past two years, as we have been working in Central and Eastern Europe, we have found that a majority of our projects center on management as applied to the needs of a market economy.

Our volunteers undertake such tasks as helping a company computerize its accounting system, developing a marketing plan, or analyzing a company's total operation and showing its managers how to make it more efficient and profitable.

Recently in Hungary, for example, we sent a volunteer to a manufacturer of heavy equipment in Budapest and Kaposvar. The volunteer had been a director of a consulting firm that assisted 600 companies. After observing the operations of the Hungarian company, he realized that the firm had no sales and marketing organization. The company had simply responded to inquiries about its products, and no one was actively promoting sales.

The volunteer designed a strategy which included direct calls on potential customers, the use of selling agents, trade shows, and a campaign of direct mail sales. The company is now acting on those recommendations and is beginning to improve its profitability.

In another case, an IESC volunteer whose career included 34 years with a major international oil company, assisted with the privatization of the state-owned petroleum marketing company in Bulgaria. The company owned 540 gas station outlets and wanted to privatize 300 of them. The volunteer made an in-depth study of 10 of the stations and analyzed the amount each received from sales against that needed for expenses as a means of valuation and setting a price for each outlet. He showed the client several alternative methods of achieving private ownership of the stations. The Bulgarian client thanked the volunteer for his "substantial contributions and very useful advice—which will be followed."

In the Czech Republic, one of our volunteers was asked to provide a business plan for the country's sole producer of pediatric vaccines, diagnostic chemicals and allergens as it prepared for privatization. The volunteer drew upon his 30-years' experience in the pharmaceutical business in conducting a complete analysis of the company in order to provide factual records and financial figures. The data was provided to parties interested in forming a joint venture. As a result, the Czech enterprise now has the opportunity to be privatized by forming a joint venture with a foreign firm. The foreign partner will help provide new facilities and equipment, improving production and export sales. This venture will be important to health care in Czechoslovakia which cannot afford to import high cost vaccines and blood derivatives.

The Polish Ministry of Privatization asked us to survey a number of companies being considered for privatization. We mobilized five teams of experts to take a close look at the companies, to identify their most critical needs, and to secure project agreements for technical assistance preparing individual firms for transition to the private sector. Our teams visited 170 enterprises throughout Poland and got requests for 60 future projects. The response has been so successful that one volunteer remained in Poland to provide on-going support to the privatization process.

In Hungary, one of our volunteers was asked to assist in the privatization of a major agricultural products and equipment company. The volunteer helped reorganize and modernize the company. He was able to locate several interested U.S. farm equipment manufacturers and submit proposals for the client company to represent their product lines in Hungary. The client commented that the volunteer "provided outstanding assistance in working out a complete company proposal for privatization" and that "it will follow his advice on how and which direction to develop the structure of the company."

Of special import to Ukraine may be IESC's program of multiple business services which includes trade and investment activities.

These include informational studies on U.S. markets for specific products along with direct contact with potential U.S. buyers, locating sources of new and used equipment, and identifying possible joint venture or coventure partners. Coventures can include licensing existing technology to client enterprises. We also conduct industry assessment surveys, assist clients in presenting their products to U.S. importers, and help formulate plans for success in the free market. These activities are all in conjunction with technical assistance programs.

For the past 18 months IESC has conducted such trade and investment activities in Central and Eastern Europe. We are now planning to offer these services to companies in Ukraine.

Here are two recent examples of what our trade and investment activities can accomplish.

In Czechoslovakia, a volunteer helped a textile company establish a connection with U.S. companies. He developed a list of American textile firms to whom he sent samples of fiberglass, threads, decorative fabrics and linings to 12 U.S. companies. Recently, one of the companies placed a substantial order for some of the Czech company's products and paid for them in hard currency. The Czechs liked that!

Last year, IESC searched for a partner to collaborate with the East Europe Investment Corporation in manufacturing prefabricated houses in Bulgaria. The wood frame houses would use Bulgarian components and would be sold in Bulgaria and abroad. Through intensive market research, we identified several potential joint venture partners with whom the Bulgarians are not in negotiation.

We believe Ukraine has great economic potential about which little is known. We'd like to help you change that. We would like to suggest some areas where we can help. In all cases, we would complement, not compete with, assistance you are receiving from other organizations.

We have a long and successful history of providing technical and managerial assistance to different types of industries throughout the world. Among the benefits listed by our clients as resulting from our help are increased and better quality production, creation of new jobs, more efficient management, and increased sales—including exports.

Based on our experience in Central and Eastern Europe, and elsewhere, we anticipate assisting your manufacturing facilities in modernizing both plant and products to stimulate exports. In addition to manufacturing technology and quality management, we will also offer our expertise in international trade and marketing.

IESC volunteer executives have operated at every level of business and public administration and in every kind of business. They have dealt with the narrowest of technical problems to the broadest of management concepts. They have improved food production, food distribution and processing and health standards. They have upgraded investment and banking practices, construction methods and transportation systems. They have enhanced manufacturing processes and marketing programs, government and educational services, communications media and tourist facilities.

Volunteer executives have been assigned to resource-building and job-making enterprises of great potential impact on local economies and have been guided by one overriding precept: they are not to try to run the organization or business but to help the client management learn how to carry on by itself. To cite an old Chinese proverb,

"Give a man a fish and you feed him for a day; teach him to fish and you feed him for a lifetime."

In effect, the IESC volunteer executive is a teacher of management, using the case-study method made famous by the Harvard Business School, with the client organization as the case.

IESC volunteers contribute their skills because they truly believe in the work they are doing. They get a special satisfaction in helping companies (or organizations) become more effective and productive. Service with IESC enables the volunteers to "wear out rather than rust out." For most this is true self-fulfillment.

Our recruiters—the men and women who select the volunteer for a specific project—are themselves volunteers whose past careers

in business and public administration have been both successful and eminent. Their education and experience are combined with an urge to pay back their country and the free enterprise system in which they believe so deeply. They find in IESC an outlet for their energy and expertise and an opportunity to help others in our increasing interdependent world.

Peter F. Drucker, preeminent business and management writer of our time, also one of IESC's founding board members, emphasizes that not-for-profit organizations do not base their strategy on money nor do they make it the center of their plans. A commercial business starts its planning with financial returns; a non-profit starts with the performance of its mission. A non-profit needs skillful management even more than business does, precisely because it lacks the discipline of the bottom line, the need for a profit. Volunteers must get far greater satisfaction from their accomplishments and make a greater contribution precisely because they do not get a paycheck.

IESC's mission here in Ukraine, however, is not simply transferring technology and managerial expertise to the private and public sector during economic transition. There is another even more critical issue and management challenge. People emerging from totalitarian government and command economies lack understanding of the meaning of free enterprise and a market economy, something we've learned in the past year during our activities in Central and Eastern Europe. We have to help create the right mindset.

For example, Drucker wrote about an American marketing executive who recently returned to the Czech provincial city where she had been born and raised. She reports:

"I was immediately asked to hold a seminar on marketing for the top people in the city's five big factories. I started out by telling them how our company in the U.S. operates. We have 2500 employees and are number three in a small but highly competitive and fast-moving market. I soon realized that I made no sense to my audience.

So I stopped and said: 'I have a feeling that you define a competitive market as one in which prices are kept high enough for every competitor to make a good profit.'

'That's exactly right,' they all said. 'After all, in a market economy a business has to make a profit.'

No, I said, 'in a market economy it has to EARN a profit.'"

Very few people, if any, in Central Europe still believe in complete socialism as a political, social, economic or moral system. They want political freedom. They want the incomes and the goods that they know only a market economy can provide. But do they yet know—and how could they possibly know—that in a market economy there is no "profit," only "profit and loss"—no "reward," but only "risk and reward," and that freedom is not just the absence of restraint, but requires the rule of law, self-discipline and responsibility. The profit must be earned * * * and not everyone earns a profit. That's true in the United States as well as elsewhere. The latest business figures for the United States show that approximately 88,000 firms failed in 1991.

Ukrainian leaders in government and business have to help mold a new and positive mindset and set an example of optimism. IESC can't pass on a changed mindset to Ukrainians as though it were a baton in a track race. We'll need the help and example of your leaders.

I live in a small town near the Sikorsky Aircraft factory in Stratford, Connecticut. Igor Sikorsky, a native son of Kyiv, lived a life of exile in the country nearby. As you may know, his three greatest aeronautical achievements were the multi-motored airplane, the big amphibious flying boat, and the helicopter. Igor Sikorsky wrote more than a chapter in the history of aviation. He wrote a chapter in the history of freedom. Let me tell you what I've learned about him from his son. When Mr. Sikorsky first began his free enterprise in America in the 1920's, he had no money. The famous composer and pianist Sergei Rachmaninoff gave him financial support. Aviation was a dangerous activity back then. But Sikorsky said the greatest danger in aviation was starvation. When the task looked impossible and people got discouraged, Igor Sikorsky said,

"After all, we designed and built the helicopter because we didn't know it couldn't be done."

He succeeded not only because he was brilliant but because he was essentially optimistic and hopeful. He certainly took risks. He enjoyed the freedom to make mistakes. He had a keen awareness of the importance, even the magnificence, of people's capacity to transform wisdom, will, and work into achievement. He even insisted that radical socialism would one day disappear. He said:

"The freedom of the individual is the spark that moves mankind ahead."

A pioneer helicopter pilot once said,

"Back of our efforts stood the unswerving faith of Mr. Sikorsky, I believe that his success can be charged to his calm, forceful, sometimes dogged confidence, coupled with sound engineering and intuitive judgment."

Not a bad description of how Ukraine's government and business leaders should act today!

I'm not a believer in miracles. But I feel certain that with your leadership and courage you can transform your country and bring it to new levels of productivity and prosperity. We at IESC are proud to be a part of your campaign.

We are totally in sympathy with Ukrainians' desire to build a nation where all people, regardless of ethnic background, religion, education or economic status are equal under the law and have equal opportunity. That is something dear to us and that we strive for in America. That is why I'm here today—to assure you that we are ready to roll up our sleeves and work with you toward that success.

Let us take as our motto Shevchenko's immortal words, engraved on his monument in our capital:

"I CHUZHOMU NAUCHAYTES SVOHO NE TSURAYTES!" * * * Read, learn, and study others but do not forsake your own.

Thank you.

RUST DECISION

HON. W.J. (BILLY) TAUZIN

OF LOUISIANA

IN THE HOUSE OF REPRESENTATIVES

Friday, October 2, 1992

Mr. TAUZIN. Mr. Speaker, This is not a free speech issue. The free speech question was addressed and answered finally by the Supreme Court in the Rust decision.

And the Rust decision was not handed down by a court friendly to the pro-life cause; that is, friendly to unborn children and their mothers. On the contrary, two of the members of the majority in Rust—Associate Justices Kennedy and Souter—sided this year with the majority in Casey to sustain and reinforce the essential holding in Roe v. Wade: the so-called right to an abortion.

So despite the shouting and haranguing by those groups which have spent millions of dollars and 4 years trying to overturn the regulations, this is not a free speech issue.

It is a "program goals" issue. And the goal of the Title X program is family planning, whether that planning be to prevent or to achieve a pregnancy. And as the program was set up, abortion is not, nor has it ever been, considered family planning. To quote a 1963 Planned Parenthood brochure:

What is birth control? Is it an abortion?

Definitely not, an abortion kills the life of a baby after it has begun * * * Birth control merely postpones the beginning of life.

Let me use as an example of another program to bring out further what I mean by program goals.

The Women, Infants and Children, or WIC program gives Federal assistance to help provide for the nutritional needs of pregnant women, nursing mothers, and young children. The program goals are obvious: to provide vouchers to women so that they can buy food which will be beneficial to them and to their unborn and newborn children.

But these vouchers cannot be used to purchase any food. Milk? Yes. Eggs? Yes. Cheese? Yes. Infant formula? Yes. Alcohol? No. Why not? It's a beverage and it is certainly legal for women, including pregnant women, to consume alcoholic beverages. But the Federal Government has made the decision that because alcohol consumption by pregnant women places their unborn children at risk for fetal alcohol syndrome, it is not appropriate to let women use WIC program money to buy beer, wine, or other liquors.

Does this mean we are discriminating against poor pregnant women because rich pregnant women can afford to buy wine so that they can have a small glass at dinner occasionally? I doubt any Member here would make that argument. Rather, we understand that every Federal program has program goals and program limitations.

The goal of WIC is nutritional assistance, and wine is not considered an appropriate nutritional beverage. The goal of Title X is family planning. And abortion is not family planning.

U.S. HARNESS WRITERS ASSOCIATION AWARDS CEREMONY

HON. BENJAMIN A. GILMAN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, October 2, 1992

Mr. GILMAN. Mr. Speaker, on Sunday, November 15, 1992, the Monticello-Goshen Chapter of the U.S. Harness Writers Association is holding its 34th annual awards banquet. Several outstanding contributors to the sport of harness racing will be honored. That event promises to be an outstanding gathering of many of the giants of this sport.

Trotting races, our Nation's oldest sport, began in my Congressional District in 1838.

The historic track in Goshen, N.Y. was built 7 years before the first baseball game was played; and only 1 year after Martin Van Buren, our Nation's eighth president, had been inaugurated. The fine contributors to this historic American tradition who are being honored at this year's annual awards banquet certainly deserve our heartiest congratulations. Among those being honored is Elbridge T. Gerry, Sr.

Elbridge T. Gerry, Sr. is the great-great-grandson of Elbridge Gerry who was a signor of the Declaration of Independence, Governor of Massachusetts and, later, Vice President of the United States.

Elbridge T. Gerry, Sr.'s first accomplishment in equine sports came in 1936 when he and the other members of the talented U.S. polo team captured the Westchester Cup from their rival English team. Later, Mr. Gerry and his uncle E.R. Harriman bred and raised many champions at their famous Arden Homestead Stables. Mr. Gerry's horse, Titan Hanover, won the 1945 Hambletonian Stake while Mr. Gerry was serving overseas in World War II.

In addition to owning many champion horses, Mr. Gerry also served as a member of the board of the Hambletonian Society, the treasurer of the U.S. Trotting Association, the chairman of New York State's Harness Racing Commission, and former vice-president of the Saratoga Raceway. He was a founder, and is now president, of the Goshen Trotting Horse Museum which is home to the Trotter Hall of Fame. In 1976, Mr. Gerry was elected as a living hall of famer by the U.S. Harness Writers Association.

Mr. Speaker, Elbridge T. Gerry, Sr. is highly deserving of the lifetime achievement award that he will receive on November 15; a long overdue award.

Mr. Speaker, I invite our colleagues to join in extending our heartiest congratulations to this distinguished award recipient. He has made outstanding contributions to the American tradition of harness racing; and we as Americans should duly recognize their significant accomplishments.

IN ACKNOWLEDGEMENT OF THE WATTS HEALTH FOUNDATION, INC. 25TH ANNIVERSARY

HON. MAXINE WATERS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Friday, October 2, 1992

Ms. WATERS. Mr. Speaker, history has shown us that out of despair, destruction, and tragedy are born new beginnings, hope, and progress. From the smoldering ashes of the 1965 Watts rebellion rose the Watts Health Foundation, Inc.—a new beginning which brought hope and progress to a devastated community. This year marks the 25th anniversary of the Watts Health Foundation, Inc. The foundation will mark this occasion with special events in September and October 1992. The celebration will recognize the commitment and contributions Watts Health Foundation has made to health care delivery in southern California, particularly in the Watts community.

The Watts Health Foundation was founded in 1967 to provide low cost, high quality health care to the residents of Watts in the aftermath of the 1965 rebellion. Over the years, the foundation has demonstrated remarkable growth. It started as a demonstration health center project serving only the community of Watts. It has become a nationally recognized health enterprise offering a broad range of innovative, cost effective, and high quality health care services to residents of southern California and serves as an umbrella organization for approximately 28 health programs and organizations. Major components include the Watts Health Center which serves over 250,000 people annually, making it one of the largest community health centers in the country, and United Health Plan, an 80,000 plus member federally qualified health maintenance organization and the second largest Medicaid managed care program in California.

Scheduled activities to highlight the foundation's 25 years of service include: A reunion prayer breakfast, September 19, for all past and present employees and supporters; the 13th annual 5K run and community walk, September 26, to encourage healthy lifestyle behaviors by stressing the importance of preventive and primary care, exercise, nutrition, stress reduction, etc.; the 25th anniversary gala dinner, October 3, "Spirit of Commitment," the foundation's annual scholarship fundraiser will present college scholarships to local high school students; and, the third annual Third World Arts Festival, October 10–12, will highlight cultural diversity through understanding and acknowledging the contributions of all people, regardless of color or national origin.

The Watts Health Foundation will continue to commemorate its history and commitment by mobilizing local, State, and national attention around crucial inner-city urban health issues. There continues to be an absence of a fundamental commitment to provide basic access to health care service in this country, especially to urban areas. The national and statewide debate on the importance of health care reform must center on those who still do not have health access, those who need and cannot receive medical attention through mainstream systems and those who require, but cannot afford, preventive health care. The foundation is committed to ensuring the inclusion of inner-city urban issues and the discussion and development of any national and/or statewide health policy.

Watts Health Foundation is a testament to the kind of moral and social assistance the people of the United States have a right to acquire. The foundation serves an indispensable function to the medically underserved, particularly low-income, uninsured and under-insured individuals and families living in southern California. The foundation's commitment to providing quality health services to poor and underserved communities is the example by which future programs should be fashioned.

On behalf of the 102d Congress, I applaud the foundation for its distinguished 25-year legacy of service to medically underserved populations in California and for the national model it represents and I commend Watts Health Foundation for its "Spirit of Commitment," continued dedication and work to make the availability of health care a reality for every American citizen.

TRIBUTE TO FRANK P. BRIGGS

HON. IKE SKELTON

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Friday, October 2, 1992

Mr. SKELTON. Mr. Speaker, when Senator Harry Truman was elected Vice-President, State Senator Frank P. Briggs was appointed to take his place in the U.S. Senate. I had the privilege of meeting Senator Briggs when I was a teenager in the summer of 1945. Through the years, Senator Briggs has made an outstanding contribution to Missouri and it was my privilege to represent him for a period of time when I served in the Missouri State Senate. Senator Briggs died September 23, at the age of 98.

A native of Armstrong, MO, Briggs attended Central College, and received a bachelor's degree in journalism from the University of Missouri-Columbia in 1915. He served as mayor of Macon from 1930 to 1933 and later was elected to the Missouri Senate and was reelected four times. After serving in the U.S. Senate from 1945 to 1947, Briggs served on the Missouri Conservation Commission until 1961. In 1961, he was appointed assistant secretary of the Interior Department for Fish and Wildlife and was editor and publisher of the Macon Chronicle Herald until 1973.

In addition to being a member of the First Baptist Church and the young men's Sunday school class in Macon, Briggs was a member of the National Press Club and an active part of the Missouri Grand Masonic Lodge for a good part of his life.

Briggs is survived by his wife Catherine; son, Tom; two daughters, Betty Briggs, and Ruth Bratek; a sister, Margaret Bullock; 11 grandchildren; and 14 great-grandchildren.

Frank P. Briggs served Missouri with pride and distinction, and his contribution to the State and its people will long be remembered.

HAPPY BIRTHDAY TO TAIWAN

HON. GEORGE E. SANGMEISTER

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Friday, October 2, 1992

Mr. SANGMEISTER. Mr. Speaker, it is my honor and privilege to join my colleagues in wishing the Republic of China on Taiwan a Happy 81st Birthday. There is no question that the Republic of China on Taiwan has come a long way from its founding 81 years ago. Today, Taiwan is our sixth largest trading partner and a major economic power in the world. May God bless the leaders and the good people on Taiwan. May they continue to prosper and flourish in the next 81 years and beyond.

END DISCRIMINATION AGAINST GAY MEN AND LESBIANS NOW

HON. PETER H. KOSTMAYER

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Friday, October 2, 1992

Mr. KOSTMAYER. Mr. Speaker, today, I am inserting into the RECORD the third part of a

comprehensive study that the Philadelphia Lesbian and Gay Task Force released 2 days ago.

Titled "Discrimination and Violence Against Lesbian Women and Gay Men in Philadelphia and the Commonwealth of Pennsylvania," the study represents the largest survey of its kind in the United States; 2,600 gay men and lesbians from Philadelphia, its surrounding suburbs, and 35 counties throughout Pennsylvania report their experiences of discrimination, harassment, and violence.

Although not all Members of Congress will agree with the study's recommendations and conclusions, I feel that the Philadelphia Lesbian and Gay Task Force has made an important contribution to the policy debate regarding the desperate need for civil rights protections for the millions of people who encounter discrimination based on their sexual orientation. I commend the Task Force for undertaking such a worthy project, and I urge all of my colleagues to read the study.

The third installment of the study follows:

ANTI-LESBIAN AND ANTI-GAY VIOLENCE AND HARASSMENT

We now turn to survey results concerning anti-lesbian/gay violence and harassment. It should be noted at the outset that discrimination and violence represent very different forms of victimization. While discrimination does not require a face-to-face encounter of perpetrator and victim, violence involves a direct confrontation. The bigotry that motivates anti-lesbian/gay discrimination can often be hidden behind bureaucratic maneuvering while anti-lesbian/gay violence involves an active expression of hatred. The impact on the victim can be equally severe for the two forms of victimization, but the actions of the perpetrator are usually much more direct in the latter case. It should also be noted that, as in the case of discrimination, our questions specifically requested the respondents to report verbal or physical attacks that were directed against them by non-gay individuals because of their sexual orientation.

VIOLENCE AND HARASSMENT

Survey respondents were asked about acts of violence and harassment that they suffered because of their sexual orientation in the previous 12 months and over the course of their lifetime. This dual focus permits us to examine both annual and lifetime levels of victimization, and to make comparisons with our 1986-87 survey data.

Table 6A gives the rates of violence and harassment reported for our Philadelphia sample for both time periods, broken down by the respondents' race and gender. The final row in Table 6A ("Any Violence") indicates percentages of respondents who experienced at least one form of criminal violence in the relevant time period. Verbal abuse is excluded from this summary variable, as are "crimes against property," because all of the remaining categories included represent interpersonal victimizations that are clear violations of the Pennsylvania Crime Code. Also excluded are reported incidents of abuse—verbal, physical or property abuse that were AIDS-related (this would be double-counting). The "Any Violence" category, therefore, indicates percentages of individuals who experienced criminal violence in the time period indicated that is at least as serious as being threatened with physical harm.

Table 6B gives the results for the Philadelphia, suburban and Pennsylvania samples for these same categories of violence and harassment, for the previous 12 months and for the respondent's lifetimes. Table 7 shows the rates of violent victimization of our 1991-92 respondents in comparison with the responses given by our 1986-87 sample.

Verbal abuse is a nearly universal experience for gay men and almost as frequent for lesbian women. Approximately nine out of ten of the gay men in our sample and three quarters of the lesbian women have been the targets of verbal abuse at some point because of their sexual orientation. In the previous 12 months two thirds of the Philadelphia men and half of the women experienced verbal abuse, and the rates are substantially the same for the Pennsylvania sample, although suburban respondents report a somewhat lower frequency.

Criminal victimization includes less serious acts such as being threatened and chased, as well as more serious physical attacks: being punched, hit, beaten or assaulted with a weapon. One quarter of the gay men and one sixth of the lesbian women in our Philadelphia sample have been the victims of criminal violence in the past 12 months, and these rates are about 6 or 7 times higher than the rates of criminal victimization for the U.S. adult population as determined by the Department of Justice (1991). The rates for suburban residents are lower than those for Philadelphia residents, but those reported by other Pennsylvanian men are the same as those reported by Philadelphia men.

Comparing the results of the current survey with our 1986-87 data shows some areas of improvement (Table 7). While the rates of less severe victimization for Philadelphia lesbian women are essentially the same as in 1986-87, for Philadelphia gay men the rate of reported threats and chases is substantially lower than four years ago. However, the rates of more serious violence have not diminished, and a higher proportion of Philadelphia gay men report having been the victims of assault at some point in their lifetime.[1] The decrease in the rate of less serious violence compared to the earlier study can also be seen in the suburban and Pennsylvania samples, for both men and women, but the rates of assault are closer to those found in the 1986-study.

African American men report higher annual rates of violent victimization (29%) than do white men (22 percent), and the difference is particularly large for the more serious incidents (13 percent vs 8 percent). However, for lifetime violent victimization, white men and women report higher rates than do African American respondents. Also notable is the fact that younger African American women report higher lifetime levels of victimization than do older women (white women at all age levels report higher levels of victimization than do African Americans), whereas among both white and African American male respondents it is the older group who report higher lifetime levels of violent victimization.

AIDS-RELATED ABUSE

AIDS has had a tremendous impact on the gay and lesbian community. Many lives have been lost to this disease and many more will die. However, the negative impact of AIDS has been exacerbated by the actions of an often ill-informed public and even some public officials. People with AIDS, people with ARC (AIDS-Related Conditions) and people with a positive HIV (Human Immunodeficiency Virus) status have been treated as pariahs, despite the relative incommunicability of AIDS. Many have experienced discrimination in employment, housing insurance coverage, parental rights, and access to social and medical services. Furthermore, because of the misplacement of blame onto the gay community for AIDS, there has been an increase in anti-gay and anti-lesbian violence. AIDS phobia may serve as an excuse to release hostilities against lesbian and gay people that might otherwise have been held in check.

In addition to asking our respondents about incidents of anti-gay/lesbian violence and harassment we also asked whether in the previous 12 months or over the course of their lifetime they had experienced verbal or physical abuse or vandalism by non-gay people that was AIDS-related, such as being called "AIDS killer" while being attacked. In our 1986-87 study we found that 1 percent of the women and 13 percent of the men reported that they experienced violence that was specifically AIDS-related. In the present study, as shown in Tables 6A-B, the numbers of lesbian women and gay men reporting AIDS-related abuse have increased.

Women continue to report lower levels of AIDS-related abuse, but approximately 5 percent of Philadelphia and suburban women say this has occurred to them in the previous 12 months, and about 7 percent report some such experience in their lifetime. For women outside Philadelphia and its suburban counties the rates of AIDS-related abuse are much higher, 8 percent in the past year and 13 percent ever.

As striking as the figures are for lesbian women, the figures for gay men are much more dramatic. In the suburbs and around the state, between 10 and 14 percent of male respondents report AIDS-related abuse in the past year, with somewhat higher numbers (15 percent and 18 percent) for lifetime experiences. Within Philadelphia the numbers are even higher, particularly for African-Americans. Among white men 16 percent report AIDS-related abuse in the past year, and one-quarter of them have suffered such incidents in their lifetimes. For African-American men the rate in the past year is 23 percent and the lifetime rate is 29 percent. It is important to note that neither age nor education seems to affect the rate of AIDS-related abuse for African-American men: 27 percent of African-American male respondents aged 15 to 28 report such incidents in the past year, but so do 26 percent of respondents aged 37 to 80. Similarly, 26 percent of those with no more than a high school education report AIDS-related abuse in the past year, and so do 28 percent of those with post-graduate education (among white men there is a slight tendency for the younger and the less educated to report higher levels of AIDS-related abuse).

POLICE HARASSMENT AND ABUSE

Lesbian and gay Pennsylvanians do not necessarily feel that they can trust the police to perform their sworn duty to protect the rights and respect the dignity of all citizens. As in our previous surveys we asked our respondents whether they had been harassed or abused by police officers because of their sexual orientation, either in the past 12 months or at any point in their lifetime. Table 8A gives the responses of our 1991-92 Philadelphia respondents by race and gender,

[1] As Kevin Berrill has noted, information on homicides cannot be obtained through surveys of victims, thus forcing us to leave out this most serious form of anti-lesbian/gay violence. The National Gay and Lesbian Task Force has received increasing numbers of reports of such homicides in the past seven years, and experts agree that anti-gay murders are often marked by extreme brutality (Berrill, 1992:24-5).

and Table 8B shows the responses in both the 1986–87 and 1991–92 surveys in all three geographical categories, by gender.

As shown in the tables, 11 percent of the men and 5 percent of the women in our Philadelphia sample report harassment or abuse at the hands of the police in the past 12 months; nearly one-quarter of the men and 13 percent of the women have experienced police abuse at some point in their lives. These figures are almost identical to those found in our previous Philadelphia sample in 1986–87. In the case of the 1991–92 Philadelphia men there is a slight decrease for white men, which is outweighed here by the higher proportion of African American respondents in the sample, as African American men have a much higher rate of victimization by the police. Overall, it is disheartening to see that these rates have not substantially declined in the past four years despite efforts to sensitize the police to the need to respect the rights of all citizens, regardless of their sexual orientation.

It should be noted that our question regarding police abuse was not limited to physical abuse; verbal harassment could also be included. This also holds true for our subsequent questions concerning abuse by classmates, teachers or other school officials, and by family members. However, the police abuse variable and these other variables are intended to indicate levels of victimization of any sort by authority figures and significant others. While anti-lesbian/gay verbal abuse is not necessarily illegal, it can be an especially traumatic experience when it is inflicted by a police officer, a relative, or a teacher. It should also be noted that, while verbal abuse by police officers and teachers might not lead to criminal charges, it should lead to disciplinary action for unprofessional behavior.

Unlike our previous study, in this case we are able to examine patterns of police abuse in relation to the race of our Philadelphia sample respondents. While African American females are somewhat less likely to report such abuse than are white females, among males the differences are striking: African American males are far more likely than are white males to report abuse at the hands of the police: one fifth of the African American men report such abuse in the past 12 months and one third report being abused by police at some point in their life. Younger and less educated African American men are more likely to report suffering police abuse in the past 12 months than are their older and more educated counterparts. However, when we look at lifetime experiences we find that more educated African-American gay men are at least as likely as the less educated, and older African American men more likely than the younger, to have been the victims of police abuse because of their sexual orientation.

Looking at the responses from our suburban and Pennsylvania participants (Table 8B) we see lower rates of police abuse reported by males in the 1991–92 suburban sample compared to the 1986–87 sample, both in the previous 12 months and over their lifetimes. Among the respondents drawn from the rest of Pennsylvania, we find rates of police abuse reported by females in 1991–92 that are higher than those found in 1986–87, while for males there is a decrease from the earlier levels. Overall, the levels of abuse by police reported by Pennsylvania residents are strikingly similar to those reported by Philadelphia residents, and higher than those reported by suburban county residents.

REPORTING VIOLENCE AND HARASSMENT TO THE POLICE

Given the data in the previous section, we would have reason to expect that lesbian and gay citizens might be reluctant to report attacks to the police. Our previous surveys had shown that lesbian and gay Philadelphians were close to the national average in reporting victimization to the police, and that Pennsylvanians outside Philadelphia were far less likely to do so. In our current survey we asked our respondents if they had experienced anti-gay/lesbian violence, threats or harassment that could have been reported to the police; if they answered that they had, we asked how many of these incidents they actually reported. For those who reported at least some incidents we asked how they would rate the overall performance of the police. Tables 9A–B give the responses to these questions.

In contrast to our 1986–87 survey a far higher proportion of Philadelphia lesbian women and gay men say that they have reported no incidents to the police, and a much lower percent say they have reported all such incidents (Table 9B). Whereas 52 percent of the Philadelphia females in 1986–7 said they had reported no incidents, in the present sample 72 percent say this (the corresponding figures for males are 56 percent and 62 percent). In 1986–87 22 percent of the females and 24 percent of the males said they reported all incidents to the police, this time the figures were 10 percent and 11 percent, less than half the previous rate. Looking within the Philadelphia sample, Table 9A shows that the rates of reporting incidents to the police is not markedly different across racial groups, although white women have lower levels of reporting than either African American women or any of the men.

The 1986–87 survey showed that Pennsylvanians residing outside of Philadelphia were very unlikely to report attacks to the police. The present survey, with a dramatically larger sample, now divided into the four suburban counties and the rest of the Commonwealth, shows a somewhat more complex pattern. As shown in Table 9B, women in both samples are similar to Philadelphia women in their reluctance to report incidents to the police, while among the men suburban men are close to Philadelphia men and those in the Pennsylvania sample are the most likely to report at least some incidents. Yet, overall, it must be noted that only 15 percent at most report all incidents, and a clear majority of our respondents say that they have reported no incidents to the police.

What happens when incidents are reported? Here the results are not encouraging. In our 1986–87 study we found that more than a third of our Philadelphia sample and 60 percent of our Pennsylvania respondents rated the police performance as good or excellent; at the same time, a third of Philadelphia males and 18 percent of females rated the police poor, for Pennsylvanians the figures were 25 percent and 20 percent, respectively. In the present, much larger sample, the police do not receive such high marks. Among the 1991–92 Philadelphia sample only a fifth of the women and a quarter of the men rate police performance as good or excellent and nearly half rate it as poor. The patterns are most striking when the race of the respondent is taken into account. Approximately two-thirds of African Americans give the police poor marks; no African American women and only 18 percent of the men rate them good or excellent. White men are the least likely to rate the police as poor (37 percent) and the most likely to rate them good or excellent (30 percent).

Outside of Philadelphia we find a different gender-related pattern. In both the suburban and the Pennsylvania samples women are more likely than are the men to give the police good ratings, although never more than 35 percent rate them good or excellent. Men in the Pennsylvania sample, regardless of race, give the same sort of ratings as African American males in Philadelphia. Thus, while these Pennsylvanian men may be somewhat more likely than their suburban or Philadelphia counterparts to report incidents to the police, they are less likely to give a favorable rating of the police performance in response.

The responses to these questions underscore the importance of improving police training and procedures in Philadelphia and around the Commonwealth to increase police responsiveness to lesbian and gay citizens.

ABUSE BY CLASSMATES AND SCHOOL OFFICIALS

Respondents were asked whether they had experienced verbal or physical abuse from classmates, or from teachers, principals or counselors in junior high, high school or college, because of their sexual orientation. Tables 10A–B show the responses of Philadelphia residents, by race and gender, and for all respondents, by location and gender.

In our previous survey we found that one third of Philadelphia lesbian women and two-thirds of the gay men had experienced harassment and/or violence at some point in their schooling because of their sexual orientation; the rates were even higher (40 percent and 72 percent) for respondents outside Philadelphia. In the present study the figures are slightly lower for Philadelphia residents: 30 percent of women and 57 percent of men. More notably, this time the respondents outside Philadelphia report essentially the same level of harassment as do Philadelphians, which may be a sign that our markedly larger sample is more representative. Overall, between one quarter and one third of all lesbian women report having been harassed by classmates or school employees, and so do nearly three fifths of all gay men.

While it is no surprise that many more respondents report harassment from classmates than from teachers, nevertheless approximately 15 percent of all gay male respondents report having been abused by teachers or other school officials (Table 10B). There are also some disturbing patterns relating to the age of the respondent. Within the Philadelphia sample, among all females and among white males the reported rates of abuse by classmates are notably higher for those respondents aged 15 to 28 than for older respondents, which suggests that the problem of harassment in schools is getting worse. This difference may be due to the fact that more lesbian and gay people are coming out at an earlier age and thus becoming more visible targets for harassment in the schools. The rates of reported abuse by school officials are markedly higher for younger women and for younger African American males; for white males they are high regardless of the respondent's age.

ABUSE BY FAMILY MEMBERS

Survey participants were asked whether they ever experienced verbal or physical abuse by family members because of their sexual orientation. In our previous study we found that more than a quarter of the lesbian women and approximately one fifth of the gay men reported some form of abuse from relatives. In the present study we continue to find high rates of reported abuse by

family members, but it no longer seems as clear that women are victimized more than men.

Tables 10A–B show the responses of our samples within Philadelphia and elsewhere in Pennsylvania. Overall, women are somewhat more likely to report abuse by family members, but the difference is mostly among those residing outside Philadelphia and its suburbs. Within Philadelphia the differences that stand out are not between men and women but between African American and white respondents. Among African American respondents 38 percent of the women and 44 percent of the men report being abused by family members because of their sexual orientation; for white respondents the figures are 30 percent and 26 percent, respectively. African American males are the only group in which the younger respondents are less likely than the older ones to report family abuse, but at 43 percent the rate for this category is still highest for any of the younger respondents.

TESTIMONY ON THE INDEPENDENT COUNSEL STATUTE

HON. CASS BALLENGER

OF NORTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Friday, October 2, 1992

Mr. BALLENGER. Mr. Speaker, I would like to encourage my colleagues to read the thoughtful testimony of constitutional scholar Stephen Wolf who testified before the Republican Study Committee on June 17 of this year on the Independent Counsel statute.

Mr. Wolf is professor of political science at Buena Vista College in Stormlake, IA. His statement follows.

TESTIMONY BY STEPHEN WOLF ON THE REAUTHORIZATION OF THE INDEPENDENT COUNSEL STATUTE

Mr. Chairman and Members of the House Republican Study Committee, It is my distinct pleasure to appear before you this morning to testify about the re-authorization of the independent counsel statute. As you know, today marks the twentieth anniversary of the break-in at the Watergate Office Building. This incident eventually precipitated the resignation of President Nixon, and tangentially led to the enactment of the independent counsel statute. Yesterday, the Office of Independent Counsel Lawrence Walsh obtained an indictment against former Secretary of Defense Caspar Weinberger just one day before the expiration of the five-year statute of limitations in his case. These hearings fortuitously offer you the opportunity to evaluate the propriety of the actions of the independent counsel in this case, and to re-evaluate the utility of the independent counsel statute under which he operates. I hope that six months from now, when the independent counsel statute is scheduled to expire, we will be able to look back upon this incident and these hearings as the events which precipitated the termination of the independent counsel statute.

Under the provisions of the independent counsel statute, a number of serious restrictions have been place upon the authority of the Attorney General to investigate allegations of misconduct against members of the executive branch. Whenever the Attorney General receives allegations of misconduct against certain high-level officials in the executive branch, he must apply to a Special Division of the U.S. Court of Appeals for the D.C. Circuit for the appointment of an independent counsel unless he can conclude within ninety days and without his normal powers of investigation that there are no reasonable grounds for further investigation. Once an independent counsel is appointed and his jurisdiction is defined by the Special Division of the Court, neither the Attorney General nor the Court have any effective authority to supervise his activities. For example, in the light of yesterday's developments it is important to note that an independent counsel is not obligated to follow the Department of Justice guidelines for the conduct of investigations and prosecutions, and his failure to follow these guidelines does not constitute grounds for removing him.[1] An independent counsel may only be removed from office by the Attorney General for good cause, and even then the Attorney General must report his reasons for removing the independent counsel to the House and Senate Judiciary Committees, and to the U.S. District Court for the District of Columbia which may order the reinstatement of the dismissed independent counsel.

These statutory restrictions upon the Attorney General's authority to appoint, supervise, and remove the independent counsels which makes them independent from the executive branch, also makes them unaccountable for the exercise of their investigatory and prosecutorial discretion. As the previous witnesses have demonstrated in their testimony, this lack of accountability has encouraged some independent counsels to go beyond the boundaries of their investigatory and prosecutorial jurisdiction, to ignore Department of Justice guidelines for the conduct of investigations and prosecutions, to interpret criminal and civil statutes in novel and abusive ways, and to spend significantly more money on their investigations or prosecutions than comparable investigations or prosecutions conducted by the Department of Justice. Such abuses of investigatory and prosecutorial discretion deny to the targets of such investigations and prosecutions the equal application of the law, and squander precious financial resources on investigations and prosecutions of dubious merit or public benefit.

But the most important problem with the independent counsel statute is not that it leaves the independent counsels unaccountable for the exercise of their investigatory and prosecutorial discretion, but that it is an example of, and a means for maintaining, a system through which elected and appointed officials—and especially members of Congress—are able to evade public accountability for the consequences of their policies and actions. First, the statute is designed to allow the Congress to force the executive branch to trigger the provisions of the statute against itself without requiring the Congress to act as a deliberative body, and to take an official action for which it can be held publicly accountable. This is done by requiring the Attorney General to automatically seek the appointment of an independent counsel whenever he is unable to conclude that there are no reasonable grounds for further investigation. Secondly, the statute is also designed to allow individual committees of Congress, rather than the entire Congress acting as a deliberative body, to effectively trigger the provisions of the statute against the executive branch. This is done by allowing a majority of the members of the House or Senate Judiciary Committees to informally request the Attorney General to seek the appointment of an independent counsel. The current efforts by the Democratic members of the House Judiciary Committee to force the Attorney General to appoint an independent counsel to investigate the Bush administration's pre-war policy towards Iraq is only the most recent example of the numerous attempts by Democratic members of Congress to compel the Attorney General to seek the appointment of an independent counsel.

Thirdly, even though the Attorney General's decision not to seek the appointment of an independent counsel is not subject to review, individual congressmen and the interest groups they represent have attempted to use the federal courts to trigger the provisions of the independent counsel statute against the executive branch. Prior to the re-authorization of the independent counsel statute in 1987, the federal courts ruled on twelve cases involving suits by individual congressmen and private citizens seeking writs of mandamus to compel the initiation of preliminary investigations or the appointment of independent counsels. The federal courts dismissed nine of these cases for lack of standing because the petitioners had failed to present their allegations to the Attorney General. Despite the absence of any statutory authority, the federal district courts did issue writs of mandamus in three cases where the petitioners had presented their allegations to the Attorney General, but the Attorney General had closed the cases before conducting an official preliminary investigation. In two of the cases the federal district court directed the Attorney General to conduct a preliminary investigation, and in one case it directed him to apply for the appointment of an independent counsel. All three of these cases were overturned on appeal by federal courts of appeal. However, a recent proposal by the American Bar Association would overturn these precedents by amending the independent counsel statute to include a provision for the judicial review of the Attorney General's decision not to seek the appointment of an independent counsel.[2]

Finally, the statute deliberately targets members of the executive branch, the branch which is best able to resist the attempts of Congress to administer the law through its oversight and investigatory powers, or through the judiciary's power of administrative review, and to expose the inefficiency and corruption which occurs under a system which fails to observe the constitutional separation of powers. With the creation of the independent counsel statute, the Congress has devised a means for undermining public confidence in the ability of the President and his subordinates to faithfully executive the law, thereby justifying Congress' continued micromanagement of the administration of the law.

This lack of accountability is not only pernicious, it is unnecessary. Throughout our history, the investigation, prosecution, conviction and punishment of criminal offenses by high-level government officials has been accomplished without such a statute. For example, contemporaneously with the tenure of the Watergate Special Prosecution Force, the Department of Justice conducted several thorough and credible investigations and prosecutions of individuals associated with the Nixon administration. U.S. Attorney for the District of Columbia Harold Titus conducted the investigation of the Watergate break-in, and the prosecution and conviction

Footnotes at end of article.

of Bernard Barker, Virgilio Gonzalez, E. Howard Hunt, G. Gordon Liddy, Eugenio Martinez, James McCord, and Frank Sturgis in connection with the Watergate burglary. He also initiated the investigation of the criminal conspiracy to cover-up the Watergate affair, and the investigation of the break-in at the office of Daniel Ellsburg's psychiatrist, Dr. Lewis Fielding, both of which were later assumed by the Watergate Special Prosecution Force. U.S. Attorney for Baltimore George Beall investigated the allegations of bribery, extortion and tax evasion which led to the resignation and *nolo contendere* plea of Vice President Spiro Agnew just ten days before the Saturday Night Massacre. Assistant Attorney General Henry Peterson helped to preserve the existence and integrity of the Watergate Special Prosecution Task Force when he was placed in charge of its operations during the interval between the firing of Archibald Cox and the appointment of Leon Jaworski. Finally, U.S. Attorney for New York Whitney North Seymour investigated and prosecuted former Attorney General John Mitchell and former Commerce Secretary Maurice Stans for conspiracy and bribery in the solicitation of campaign contributions from financier Robert Vesco in return for impeding a Securities and Exchange Commission investigation of Vesco.

Occasionally it has been necessary for the President or the Attorney General to appoint a special counsel to conduct a criminal investigation of cabinet-level officials independently of the Department of Justice. Of course, the most prominent appointment of a special counsel occurred during the Nixon administration, when the President yielded to congressional and public pressure and permitted his nominee for Attorney General, Elliot Richardson, to use the statutory authority of his department to appoint and supervise a special prosecutor to conduct an investigation of the Watergate break-in and the subsequent attempt to cover up the involvement of high-level officials in the White House and the Republican presidential campaign organization in the break-in and related activities. However, this approach was inspired by the approach utilized during the Teapot Dome scandal when, during the Coolidge administration, the Congress first conducted investigations and then, with the support of the President, appropriated funds for the creation of a special counsel to investigate the leasing of naval oil reserves in Teapot Dome, Wyoming by Harding administration officials. The authorizing legislation stipulated that the special counsel was to be appointed by the President with the advice and consent of the Senate. Through this process Senator Atlee Pomerene of Ohio was appointed special counsel, and Owen J. Roberts, a private attorney from Philadelphia and later an Associate Justice of the Supreme Court, was appointed his assistant. Their investigation led to the prosecution and conviction of former Secretary of the interior Albert B. Fall on charges of bribery in connection with the Teapot Dome leases.

The examples of the Teapot Dome and Watergate investigations illustrate three alternative methods of appointing a special counsel, each of which is consistent with the text of the Constitution and its underlying principle of the separation of powers. Under the first method, the Attorney General uses his statutory authority to promulgate a departmental regulation creating a temporary office of special counsel whose occupant is, like an Assistant Attorney General an "inferior" officer appointed by the Attorney General and removable by the Attorney General in accordance with the restrictions he places in the departmental regulation creating the office.[3] Under the second method, the Congress enacts a statute creating a temporary office of special counsel whose occupant is, like the Attorney General himself, a "principle" officer appointed by the President with the advice and consent of the Senate, and removable at the pleasure of the President. Under the third method, the Congress enacts a statute creating a temporary office of special counsel whose occupant is, like an Assistant Attorney General, an "inferior" officer appointed by either the President or the Attorney General, and removable by either the President or the Attorney General, respectively, in accordance with the restrictions the Congress places in the statute creating the office.

If the Attorney General were to improperly remove a special counsel he would be accountable for his action to the President through the removal process, and to the Congress through the impeachment process. If the President were to improperly remove a special counsel, he would be accountable for his action to the American people through the election process, and to the Congress through the impeachment process. Under any of these three methods, the decision of the Attorney General or the President to remove a special counsel would also be subject to review in federal court for its conformity with the relevant departmental regulation or congressional statute. In addition, both the Attorney General and the President would be indirectly accountable to the Congress for their actions through the power of the Senate to delay or deny the confirmation of appointments, and the power of either chamber to conduct investments or deny appropriations.

These three alternatives methods of appointing a special counsel are superior to the current independent counsel statute in several respect. First, under any of these three alternative methods the special counsel is directly accountable to a member of the executive branch whose primary function is to ensure that the laws are faithfully executed. This helps to protect the subject of an investigation or prosecution against prosecutorial abuse which is more likely to occur when an independent counsel is appointed who is neither familiar with nor accountable to the Department of Justice policies concerning the conduct of criminal investigations and prosecutions. Second, under any of these three alternative methods, a special counsel is appointed in response to specific circumstances which, in the judgement of the Attorney General or the Congress, warrant such an action. Unlike the appointment of an independent counsel, which is designed to occur automatically whenever the Attorney General is unable to conclude that there are no reasonable grounds for further investigation, the appointment of a special counsel requires a decision by the Attorney General or the Congress for which they can be held publicly accountable. This helps to protect against attempts to use a special counsel investigation to discredit an ideological, institutional, or personal adversary.

Of course, the proponents of the current independent counsel statute always point to the so-called "Saturday Night Massacre" (during which Watergate Special Prosecutor Archibald Cox was fired, on the order of President Nixon, by Solicitor General Robert Bork after the resignation of Attorney General Elliot Richardson and Deputy Attorney General William Ruckelshaus) to prove that a special counsel must not be subject to appointment, supervision, and removal by the executive branch because this subordination will necessarily interfere with the integrity of his investigation. A careful examination of this incident reveals, however, that the independence and integrity of the special counsel's investigation was preserved without taking away the Attorney General's authority to appoint, supervise, and remove the special counsel.

During the Watergate investigation, the Senate simultaneously appointed a select committee to conduct a congressional investigation into the matter, and used its power over the confirmation of the President's nominee for Attorney General to compel the President to permit the nominee to appoint a special prosecutor to conduct a criminal investigation independently of the executive branch. When the President ordered his Attorney General to remove the special prosecutor, the Attorney General disobeyed the President and offered his resignation rather than renege on his promise to the Senate that he would do nothing to undermine the independence of the special prosecutor. The Acting Attorney General, who did remove the special prosecutor, used his position and influence to persuade the President to reverse his decision and permit the appointment of another special prosecutor to continue the investigation. If this effort to restore the investigation had failed, a federal district court judge was prepared to order the reinstatement of the special prosecutor, and the Congress was prepared to authorize the creation of another office of special prosecutor. If these efforts by the judiciary and the Congress had failed to persuade the President to allow a special prosecutor investigation to continue, the Congress was prepared to conduct impeachment proceedings against the President. In the event, the special prosecutor's office concluded its investigation, initiated prosecutions, and obtained convictions against several high-level administration officials, including the convictions of John Ehrlichman, H.R. Haldeman, John Mitchell, and Robert Mardian on charges of conspiracy to obstruct justice for their roles in the Watergate cover-up. Articles of impeachment were voted against the President by the House of Representatives, and the President resigned from office in disgrace rather than face the certainty of impeachment by the Senate. As this political reaction to the Cox removal clearly demonstrates, both the Congress and the judiciary possess ample powers to discourage, review, and reverse any unwarranted interference with the independence of a special counsel subject to appointment, supervision, and removal by the executive branch.

The necessity and propriety of the independent counsel statute becomes dubious when we realize that the other two branches of the federal government are still authorized and able to conduct thorough and credible independent investigations using procedures for the appointment, supervision, and removal of outside counsels or special committees which leave the investigators fully accountable to the branch being investigated. In the Senate, the members of the Select Committee on Ethics have complete authority to investigate allegations of misconduct filed against their colleagues. They are authorized to appoint an outside counsel to conduct the investigation, but they may also conduct the investigation themselves. Since 1978, the year the original independent counsel statute was enacted, there have been

eleven formal investigations by the Senate Ethics Committee, seven of which have been conducted by outside counsels. In addition to the precedent of the Senate Ethics Committee appointing its own outside counsel to investigate alleged misconduct by members of the Senate, the full Senate recently enacted a resolution to appoint Peter Fleming as an outside counsel to investigate the leaks of confidential information in connection with the Senate Judiciary Committee's hearings on the nomination of Clarence Thomas to the Supreme Court and the Ethics Committee's investigation of the "Keating Five" scandal.[4]

In the House of Representatives, the members of the Committee on Standards of Official Conduct also have complete authority to investigate allegations of misconduct filed against their colleagues. Unlike the Senate Ethics Committee, the House Ethics Committee is not explicitly authorized to appoint an outside counsel. However, six of the numerous investigations conducted by the House Ethics Committee since 1978 have employed outside counsels.[5]

In the federal judiciary, a special committee appointed by the Chief Judge of each federal circuit, the Judicial Council of each federal circuit, and the Judicial Conference of the United States, each have complete authority to investigate allegations that a federal judge "engaged in conduct prejudicial to the effective and expeditious administration of the business of the courts." Furthermore, the Judicial Conference may recommend to the House of Representatives that a judge be impeached. Since 1981, three federal judges have been impeached by the House of Representatives, and convicted and removed from office after a trial in the Senate. In each case, the subcommittee of the House Judiciary Committee charged with investigating and preparing articles of impeachment against the judge employed a special counsel.[6]

Occsionally individual congressmen or the congressional ethics committees themselves have been accused of impeding an investigation conducted by the special counsel. For example, in one investigation outside counsel Richard Wertheimer resigned from the Senate Ethics Committee's investigation of Sen. Edward Brook after making the accusation that representatives for Senator Brooke altered and withheld financial documents in an effort to frustrate the investigation. The Committee concluded its investigation after Senator Brooke was defeated in his bid for re-election. In another investigation conducted contemporaneously with the debate on the enactment of the original independent counsel statute, two consecutive outside counsels, former Assistant Watergate Special Prosecutor Philip Lacovara and former Watergate Special Prosecutor Leon Jaworski, resigned from the House Ethics Committee's investigation of the "Koreagate" scandal after making accusations that the chairman of the Committee impeded a compete and vigorous investigation. And in a third investigation, outside counsel R. Barrett Prettyman resigned from the House Ethics Committee's investigation of the "Abscam" scandal after the Committee ignored his recommendation that they propose disciplinary action against Rep. John Murtha. The Committee concluded its investigation without appointing a replacement for Prettyman. If the "Saturday Night Massacre" demonstrated the need for an independent counsel who was not subject to appointment, supervision, and removal by the executive branch, why is it that these four resignations did not equally demonstrate the need for an independent counsel who is not subject to appointment, supervision, and removal by the legislative branch?[7]

In conclusion, I would recommend that the independent counsel statute be allowed to expire without re-authorization, so that we may return to the pre-1978 scheme under which the Attorney General may use his statutory authority to appoint, supervise, and remove a special counsel as the circumstances warrant. The time has come for Congress to end the separate system of investigation and prosecution it has devised for the executive branch: it must either allow the independent counsel statute to expire so that the executive branch may use provisions for the investigation and prosecution of executive branch misconduct which are similar to those already in use by the legislative and judicial branches, or it must apply the provisions of the independent counsel statute to all three branches of the federal government.

FOOTNOTES

[1]The legislative history of the 1982 amendments to the independent counsel statute clearly indicates Congress' intention to prohibit the Attorney General from removing an independent counsel for failure to follow DOJ guidelines: "[This provision] should not be interpreted to mean that failure of the special prosecutor to follow Departmental policies would constitute grounds for removal of the special prosecutor by the Attorney General. Such an interpretation would seriously compromise the special prosecutor's independence." S. REP. NO. 97-496, p. 69, *reprinted in* 1982 U.S. CODE CONG. & ADMIN. NEWS @ 3552.

[2]*See* "Statement of Samuel Dash and Irvin Nathan on behalf of the American Bar Association before the Administrative Law and Governmental Relations Subcommittee of the House Judiciary Committee on the Subject of the Independent Counsel Provisions of the Ethics in Government Act" (September 10, 1992).

[3]The Attorney General currently has the statutory authority to appoint a special counsel to investigate any member of the federal government except the specific executive branch officials covered by the independent counsel statute. *See* 28 U.S.C. §§509, 510, 515; 5 U.S.C. §301. This statutory authority has been declared constitutional by the Supreme Court. *See* In re Sealed Case, 666 F. Supp. 231 (D.D.C. 1987), *affirmed* 829 F.2d. 50 (D.C. Cir. 1987), *cert. denied* 484 U.S. 1027 (1987). It has been used successfully in the past to investigate and prosecute misconduct by executive branch officials. Attorney General Edwin Meese invoked this power to provide parallel appointments for Lawrence Walsh as special counsel to investigate the Iran/Contra scandal and for James McKay to investigate Lyn Nofziger during the constitutional challenge to the independent counsel statute. *See* 52 FED. REG. 7271 (March 10, 1987). Attorney General Griffin Bell invoked this power to appoint Paul Curran as special counsel to investigate the Carter peanut warehouse case. *See* 44 FED. REG. 25837 (May 3, 1979). It is currently being used by Attorney General William Barr to authorize Nicholas Bua to act as a special counsel to investigate allegations of criminal misconduct against the Department of Justice in connection with its contract with INSLAW, Inc. for the installation of computer software for the Department, and to authorize Malcolm Wilkey to act as a special counsel to investigate allegations of criminal misconduct at the House Bank scandal.

[4]For the authority of the Senate Ethics Committee see RULES OF PROCEDURE OF THE SENATE SELECT COMMITTEE ON ETHICS, 101st Cong., 1st sess. (1989). Outside counsel investigations authorized by the Senate Ethics Committee include: Henry Schuelke's investigation of Sen. Alfonse D'Amato; Robert Bennett's investigations of Sens. Alan Cranston, Dennis DeConcini, John Glenn, John McCain, and Donald Riegle in connection with the "Keating Five" scandal, of Sen. David Durenberger, and of Sen. Harrison Williams in connection with the "Abscam" scandal; Carl Eardley's investigation of Sen. Herman Talmadge; Richard Wertheimer's investigation of Sen. Edward Brooke; and Victor Kramer's investigation of Sen. Birch Bayh, former Sen. Jack Miller, and three Senate aides in connection with the "Koreagate" scandal. Investigations of Sens. Robert Morgan and Mark Hatfield, and earlier investigations of Sens. David Durenberger and Birch Bayh, were conducted by the Committee without the assistance of outside counsel. For the resolution which authorized the appointment of an outside counsel to investigate "leaks" from the Senate Judiciary and Ethics Committees see S. Res. 202, 137 CONG. REC. S15200 (daily ed. Oct. 24, 1991).

[5]For the authority of the House Ethics Committee see RULES OF THE HOUSE COMMITTEE ON STANDARDS OF OFFICIAL CONDUCT, 102nd Cong., 1st sess. (1991). Outside counsel investigations authorized by the House Ethics Committee include: Richard Phelan's investigation of Rep. Jim Wright; William Kunkle and Linda Chase's investigation of Rep. Newt Gingrich; Stanley Brand and Abbe David Lowell's investigation of Rep. George Hanson; John Cochran's investigation of Rep. Fernand St. Germain; Joseph Califano's investigation of Reps. Daniel Crane and Gerry Studds in connection with the congressional page sex and drug scandal; R. Barrett Prettyman's investigation of Reps. John Jenrette, Richard Kelly, Raymond Lederer, John Murphy, Michael "Ozzie" Myers, and Frank Thompson in connection with the "Abscam" scandal; and Philip Lacovara and Leon Jaworski's investigations of Reps. John McFall, Edward Roybal, and Charles Wilson in connection with the "Koreagate" scandal.

[6]For the authority of the Chief Judges, the special committees, the Judicial Councils, and the Judicial Conference *see Judicial Councils Reform and Judicial Conduct and Disability Act of 1980*. PL. 96-458, 94 Stat. 2035, 28 U.S.C. §372 as amended by *Judicial Improvement Act of 1990*, PL. 101-650, 104 Stat. 5122, 28 U.S.C. §372. The constitutionality of the provisions of the original statute have been sustained by the Supreme Court. See Hastings v. Judicial Conference of the United States, 657 F.Supp. 672 (D.D.C. 1986), *affirmed in part, reversed and remanded in part* 829 F.2d 91 (D.C. Cir. 1987), *cert. denied*—U.S.—, 108 S.Ct. 1487 (1987). The impeached federal judges were Harry Claiborne, Alcee Hastings, and Walter Nixon. The House Judiciary Subcommittee on Courts, Civil Liberties, and Administration of Justice employed Nicholas Chabraja as special counsel to investigate the charges against Judge Claiborne. The House Judiciary Subcommittee on Criminal Justice employed Alan Baron as special counsel to investigate the charges against Judge Hastings. The House Judiciary Subcommittee on Civil and Constitutional Rights also employed Baron as special counsel to investigate the charges against Judge Nixon.

[7]It should be noted that during the debate over the creation of the original independent counsel statute in 1978, a proposal by Rep. Elizabeth Holtzman to apply the independent counsel statute to Congress for the investigation of the "Koreagate" scandal was defeated in the House Judiciary Committee. A similar proposal by Sens. Donald Riegle and John Heinz was adopted by the Senate, but it was removed from the bill by the conference committee. During the debates over the 1987 amendments to the independent counsel statute, when eight members of Congress were under investigation by either the House or Senate Ethics Committees, and only one of these investigations was being conducted by an outside counsel, proposals were again offered to apply the independent counsel statute to the members of Congress. These proposals were tabled in the Senate after they were defeated in the House. For the congressional debate on these proposals *see* 133 CONG. REC. H8894-904 (daily ed. Oct. 21, 1987) and S15632-42 (daily ed. Nov. 3, 1987). It should also be noted that the Executive Branch has repeatedly sought to extend the independent counsel statute to Congress. Attorney General Edwin Meese used his statutory authority to appoint a special counsel to devise an independent counsel provision for the investigation of members of Congress. *See* 54 FED. REG. 11524 (Mar. 21, 1989), amending 53 FED. REG. 31323 (Aug. 18, 1988). Attorney General Richard Thornburgh later suspended this regulation. *See* 54 FED. REG. 15752 (Apr. 19, 1989). Also, the President's Commission on Federal Ethics Law Reform recommended extending the independent counsel statute to Congress. *See* To Serve With Honor (1989), pp. 111-13. For a discussion of the Meese regulation and the draft legislation based upon the Commission's recommendation *see* Douglas Kmiec, The Attorney General's Lawyer: Inside the Meese Justice Department (1992), pp. 199-204, 209-214.

TRIBUTE TO POSTMASTER JON M. STEELE

HON. RICHARD E. NEAL

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Friday, October 2, 1992

Mr. NEAL of Massachusetts. Mr. Speaker, it is with great pleasure that I pay tribute to a hard-working, devoted public servant of Longmeadow, MA, who has recently retired from his position as postmaster for Springfield, MA.

Mr. Jon M. Steele has been promoted to the area manager for customer service for the Allegheny, PA, area. This newly created position is a result of the postal service reorganization, a maneuver which places 20 individuals in positions of national power. Mr. Steele is one of these prestigious individuals.

Jon served as Springfield postmaster for 12 years following 4 years of postmaster service in Portsmouth, NH. He was also a postmaster in Burlington, VT. A graduate of University of Massachusetts at Amherst, Jon has spent 23 years working for the postal service, a worthy accomplishment unto itself. He attended the University of Virginia and the University of Lowell for his graduate studies. He is also a U.S. naval veteran.

Not only is Jon an accomplished civil servant, he is also a tremendous community servant. He serves as the director for the United Way of the Pioneer Valley, a trustee at the Eastern States Exposition, and a director and member of both the Springfield Rotary Club and the Springfield Chamber of Commerce. Each organization, and the city as a whole, will miss the service and devotion Jon has graciously given.

Jon's wife, Lee Steele, is a registered nurse at the Cooley Dickinson Hospital in Northampton. He has two sons, Michael and Matthew, both college students. Jon proudly includes watching his sons play ice hockey as one of his many hobbies. He also enjoys gardening, boating, and canoeing. As part of these interests, he is a member of the Massachusetts Audubon Society. He is also a member of the National League of Postmasters and the National Association of Postmasters of the United States.

The Pittsburgh area is very lucky to receive Mr. Steele as a postal servant and a community servant. He has given many years of great service to this area and he will surely continue this tradition in his new home. He has brought about numerous changes in the Springfield Postal Service and has helped to bring about a system rated highest in customer satisfaction throughout the entire country, an honor of which he should be extremely proud.

Mr. Speaker, please join with me and the friends and family of Jon M. Steele in wishing him a prosperous and happy transition to his new role within the postal system. Also please join in a formal "Thank you" for his many years of terrific service. He certainly warrants it.

CONGRESSMAN KILDEE HONORS DOLORES ENNIS

HON. DALE E. KILDEE

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Friday, October 2, 1992

Mr. KILDEE. Mr. Speaker, it is an honor and a privilege to rise before you today to pay tribute to an outstanding educator, community activist, and former colleague from my hometown of Flint, MI, Dolores Ennis. For over 41 years, Dolores has devoted herself to developing the potential of our Nation's most precious resource, our children. On October 11, 1992, at 3 p.m., a reception will be held at the University of Michigan-Flint to honor the lifetime achievements of this remarkable woman.

Dolores Ennis began her career with the Flint schools in 1952 when she was hired as a Latin and English teacher at Whittier Junior High School. Having worked for 8 years as a Latin teacher at neighboring Central High School, I know first hand of Dolores' skill as an instructor and a motivator. The students that enrolled in my class after taking her Latin class in junior high were always well prepared and excited about learning. Her students were a testament to both her outstanding abilities as a teacher as well as her love and dedication to the classroom. These qualities were exhibited by Dolores throughout her extraordinary career, making her an excellent role model for teachers, counselors, and administrators.

Dolores Ennis taught at Whittier for 18 years and in 1970 was named assistant principal for instruction at Northern High School. In that same year, Dolores was also named executive director of middle school education. Though the challenges of her administrative post were great, she continued to distinguish herself both as a director and as assistant principal, becoming an outstanding mentor for students and faculty. In 1975, while still a director, she was named deputy principal of Central High School. She served at Central until 1979, leaving the school to work full time for the school administration. In 1988, Dolores was given the additional assignment of director of curriculum services for middle schools. She has served faithfully in that capacity until her retirement this year.

Dolores Ennis' contribution to the field of education extends well beyond the boundaries of Flint, MI. She has served as the regional coordinator for the Michigan Association of Middle School Educators. She is an active member of the National Middle School Association, the Association for Supervision and Curriculum Development, the Delta Kappa Gamma International Society, the National Association for Bilingual Education, and is the past president of the Flint Congress of School Administrators.

Because of her organizational skills and genuine concern for the future of our community, she was selected by Mayor Woodrow Stanley to serve on the Hurley Medical Center board of managers. She is a member of the United Way of Flint and Genesee County, serving as its chairperson from 1988 to 1989. Dolores is a member of the National Association for the Advancement of Colored People. She has also served on the board of directors of the Flint Institute of Music and the Big Sisters of Greater Flint.

Mr. Speaker, words cannot express the breadth and depth of pride I feel today for the privilege of representing Dolores Ennis in the U.S. Congress. She has been an inspiration not only to me, but to all people truly concerned about the future of education in our Nation. She understands that the greatness of a nation is measured not by the quantity of warheads in its nuclear arsenal, but rather by the quality of its commitment to the care and development of its children. I ask you, Mr. Speaker and my fellow Members of the 102d Congress to join me in honoring a great American, Dolores Ennis.

REAR ADM. ROBERTA HAZARD AND THE NAVY

HON. SUSAN MOLINARI

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, October 2, 1992

Ms. MOLINARI. Mr. Speaker, the following is the text of an article written by retired Navy Admiral Elmo R. Zumwalt, Jr. concerning the recent retirement of Rear Admiral Roberta Hazard. It is a stirring commentary of a female naval hero set against the backdrop of the Tailhook scandal. Admiral Hazard's story is a success story for the Navy and one in which we as a Nation can take great pride.

There is another extraordinary naval female that I know, this one a civilian. Her name is Barbara Pope and she is the Assistant Secretary of the Navy, for Manpower and Reserve Affairs. Secretary Pope helped further the investigation into the sexual misconduct of some naval personnel. She has made certain that a strong message has now been sent by our Government that this will not be tolerated. Secretary Pope believed in the Navy so much that she joined with Secretary O'Keefe in ferreting out the truth. She brought the following, reassuring text to my attention:

The media paid scant attention to the Navy's farewell tribute last week in the retirement ceremony of a remarkable female flag officer, Rear Adm. Roberta Hazard. It is sad that the dramatic story of Adm. Hazard's career did not make the papers to balance the unfavorable publicity highlighting last year's Tailhook episode in Las Vegas.

In the disgusting Tailhook episode, a group of drunken male aviators brutally, sexually abused a number of innocent females, including some of their "own"—female naval aviators. Perhaps even worse, a number of senior naval officers in the chain of command—some operating under the unacceptable philosophy that "boys will be boys" and others seeking to avoid bad publicity for the Navy—initially covered up the crime.

The Navy's Chief of Naval Operations, Adm. Frank Kelso, has moved with a firm hand. He has made it clear that all of those accused of participating in the Tailhook crimes will be brought to justice, that any perpetrators of sexual harassment anywhere in the Navy will be vigorously prosecuted, that every civilian and military naval person will undergo sensitivity training concerning sexual harassment, and that every female has a right to equal opportunity. It was the

implicit resentment by the male aviators of the equal right of female naval aviators that was one of the reasons for the Tailhook crimes.

All of this has brought heavy, unfavorable media coverage.

It is against this backdrop that the story of Adm. Hazard's career is so important to highlight.

A graduate of Boston College, she was a teacher for four years before being commissioned as ensign in the Navy. At that time, in the 1950s, restrictions on the duty assignment of female line officers were so pervasive that their careers were in very narrow patterns. There was no opportunity for the broadening and operational experience to qualify for high rank.

Notwithstanding these obstacles, Ensign Hazard's performance of duty at her very first command was so impressive that her commander presciently predicted that there was no assignment to which she could not aspire.

As she moved along in the Navy, slowly the barriers to women officers began to come down. In the early 1970s, the first woman in Navy history became a rear admiral—the head of the Navy's nurse corps—and Congress, despite President Nixon's personal bias against it, changed the law to permit women to attend the U.S. Naval Academy. As chief of naval operations at that time, the author assigned women to the one ship to which it was legal to assign them—the hospital ship USS Sanctuary—and initiated naval aviation pilot training for women. Later, Congress opened up assignments to combat support ships and women were permitted to command shore facilities.

Through this breach in precedent, Roberta Hazard, by then a middle-grade officer whose talents were broadly recognized, moved into a series of three traditionally male shore commands. Her stellar performance in the first two led to her selection for flag rank and assignment to command the U.S. Navy's Great Lakes Training complex. Along the way, she served superbly as staff officer to a commander in chief of NATO South, a chief of naval operations, and a chairman of the Joint Chiefs of Staff.

She was urged last month by the Secretary of the Navy to accept assignment as a three-star vice admiral, to head the critically important Naval Air Training Command—the first nonaviator ever. Regrettably, for reasons of health, Adm. Hazard had to decline what would have been the most senior position ever achieved by a woman, and chose to retire.

Her charismatic leadership and her demonstration that military professionalism is not gender-limited have established a pattern that will increase the rate at which all remaining constraints on women in the naval service are removed.

The fact that this remarkable woman was able to achieve such success demonstrates the positive side of the Navy's attitude toward gender—a story that deserves to be told.

THE 200TH ANNIVERSARY OF HOPEWELL UNITED METHODIST CHURCH

HON. JOHN P. MURTHA

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Friday, October 2, 1992

Mr. MURTHA. Mr. Speaker, I'd like to take a moment to salute the Hopewell United Methodist Church of Somerset County, PA upon their 200th anniversary. This is a extraordinary achievement, and the congregation of the Hopewell United Methodist Church is justifiably proud of their history and their faith.

Back in 1792, the area which is now Somerset County was a sparsely populated frontier. Very few people had crossed the Allegheny Mountains, and fewer still had chosen to settle in an area where the nearest neighbor might be 8 miles away. A young couple, Agnes and Moses Fream, settled about 1½ miles north of what would become the town of Boswell. They built a two-story log cabin, and Moses Fream opened it to the traveling Methodist ministers that circulated throughout western Pennsylvania. From these humble origins the Hopewell United Methodist Church has grown and prospered.

The Fream family would probably not recognize the rolling landscapes and carefully plowed fields of Somerset County today. But they would recognize and feel comfortable with the faith that the congregation of the Hopewell United Methodist Church still displays 200 years after a pioneer family cleared the forest, built a house, planted crops, and worshipped God.

I'd like to salute the congregation of the Hopewell United Methodist Church on their 200th anniversary. It's a remarkable accomplishment, and a remarkable comment on the depth of the faith that has built our Nation made it great.

THE AMBULATORY CARE QUALITY IMPROVEMENT ACT OF 1992

HON. RON WYDEN

OF OREGON

IN THE HOUSE OF REPRESENTATIVES

Friday, October 2, 1992

Mr. WYDEN. Mr. Speaker, my purpose in rising today is to act the findings of the Subcommittee on Regulation's 5 year long investigation into quality of care problems in the rapidly burgeoning industry providing health care services outside the hospital in so-called ambulatory health care clinics.

Today I am introducing legislation to establish standards for quality health care in two types of ambulatory care clinics which the subcommittee's investigation has identified as being most in need of oversight and accountability. These two classes of clinics are ambulatory surgical centers and emergency care centers.

Few of my colleagues may realize the very substantial number of surgeries and emergency care being done outside of hospitals and the normal quality review that hospitals provide. This year, for the first time in history, more surgeries were performed in ambulatory care facilities than in hospitals. The Joint Commission on Accreditation of Healthcare Organizations estimates that by 1995 fully 65 percent of all surgical procedures will be done outside the hospital.

This means that millions of invasive and lifesaving procedures are being performed each year in unlicensed or substantially underregulated facilities. The training of the personnel who assist in these surgeries and who must provide emergency care may be inadequate. There is no check on whether adequate lifesaving equipment is on hand, including either basic or advanced cardiopulmonary resuscitation devices. High-powered advertising is often used to suggest that professional expertise is available where none, in fact, exists.

The growth of this industry is not a bad thing in itself. Good quality, low-cost ambulatory care could help millions of Americans. By reducing the price of medical services, access to health care can be enhanced by these walk-in clinics. With our total national health care bill now exceeding a mind-boggling $800 billion each year, the price of health care items and services is more and more a factor in deciding who is served, and who will go without.

Moreover, Mr. Speaker, I believe that the vast majority of physicians in this country are honest, decent and caring. But for the significant minority who aren't, these unsupervised and unaccountable freestanding health care clinics are a natural place to set up shop. The lack of peer review, oversight by accreditation organizations, minimal training standards, or even minimal quality assurance programs amounts to an open invitation to slipshod medical providers to ply their trade.

The subcommittee's investigation confirms that ambulatory care provides a fertile environment for medical entrepreneurs who are undertrained, unscrupulous, or unethical. In the words of one physician interviewed by subcommittee staff, ambulatory health care is an area of care favored by what he called the medical buccaneer.

The General Accounting Office testified that the States have been slow to require even minimal licensing and quality assurance. In 1987 the States licensed about 23,000 freestanding ambulatory care facilities, ranging from radiological labs to cataract surgery clinics. But except for the 1,300 or so of these that were also certified as meeting Medicare standards, State regulation and oversight often stops at compliance with building and fire safety codes.

GAO said, "in total, 26 States reported that they did not know whether one or more types of freestanding providers were operating in the States." Not surprisingly, given that States are attempting to regulate providers they can't even identify, some types of facilities are not licensed in any State, including pain control centers and cancer treatment facilities involved in chemotherapy and radiation therapy. Only four States require licensing for emergency care centers—facilities which advertise to attract specifically those patients who are in the most unstable condition.

Mr. Speaker, virtually every State licenses veterinary clinics to protect animals from substandard care. The same cannot be said for their taxpaying citizens.

GAO found little in the way of a fallback safety system to backstop the States failure to regulate. Only 14 percent of all freestanding surgicenters belonged to a voluntary accreditation program.

But even in facilities subject to State licensing, GAO found evidence suggesting that State licensing often amounts to little more than a paper tiger. Only two States had revoked an ambulatory surgical center's license

during the year of GAO's study, and only one State that had suspended the license of such a facility. Twenty-three States had no system whatsoever for collecting and resolving complaints against either licensed or unlicensed providers.

All too often in Congress vital health and safety concerns are reduced to dry, inhuman bureaucratese. I want my colleagues to know, in human terms, how much is at stake here:

A doctor in southern California allowed his bookkeeper to deliver general anesthetic to a patient undergoing a surgical procedure in the office. The patient died.

A diagnostic center in Dallas allowed a radiological technician to administer a sedative to a 5-year-old patient. The child received a massive overdose, and died.

Another Texas doctor opened up an office practice for dermatology surgery. One of his first patients—a 13-month-old girl—was poisoned via a misconnected anesthetic gas line. This little girl, too, died.

Each of these incidents occurred in a facility that currently falls outside of the scope of any kind of peer review of the doctor, or of the kind of State and Federal licensing regulations that assure adequacy of facilities and allied health staff. The point is, Mr. Speaker, for enterpreneurs who define their surgical and diagnostic facilities as mere extensions of their personal professional practices, there is virtually no oversight.

Mr. Speaker, when our constituents take advantage of the lower cost and greater convenience of these ambulatory facilities, they should not be put in the position of unknowingly trading away the quality of care they have every reason to expect. Clearly, minimum standards are needed to ensure that such tradeoffs don't occur.

The legislation I am introducing today will close the existing regulatory loopholes by requiring unlicensed and unregulated facilities to pass muster with a quality assurance program established by the HHS Secretary. In lieu of direct Federal certification, these facilities may be certified by an accreditation organization which has been approved by the HHS Secretary as meeting basic program integrity standards.

The bill will impose new requirements on all unlicensed, non-Medicare certified ambulatory surgery centers and freestanding emergency centers. Most doctors' offices would not be regulated. Surgery centers would be regulated if they put people under general anesthesia or use analgesia that knocks out the patient's protective reflexes, such as the urge to breathe, or the gag reflex. Emergency care centers would be regulated if they hold themselves out to the public in any way—including signs, ads, Yellow Pages—as offering "emergency" or "immediate" or "urgent" care, or words to that effect.

Both of these types of entities must be certified by the Secretary—or accredited by an accreditation organization—as meeting certain standards, or face civil penalties for noncompliance. Under these standards:

First, ambulatory care facilities must use only qualified physicians and qualified nonphysician personnel. For surgical centers, this means physicians must be either board certified or have privileges at a local hospital to perform the same specific surgeries as are performed at the ambulatory surgery center.

Second, neither type of facility would be allowed to use false, misleading, or deceptive advertising or claims.

Third, walk-in emergency care centers would have to maintain appropriate around-the-clock emergency care and diagnostic capability, such as having on the premises during all hours of operation a doctor, appropriate radiology and clinical lab capability, and advanced life support equipment.

Fourth, both types of facilities would have to possess a quality assessment and improvement process, including a peer review process which meets the due process standards of the Health Care Quality Improvement Act of 1986.

Fifth, both types of facilities would have to acquire bonding or malpractice insurance of at least $200,000, or as much as the maximum State tort liability limit, in States where such limits apply.

Sixth, both types of facilities would be required to maintain a transfer agreement with area hospitals, so patients can be taken there if and when they need care beyond the clinic's capability.

Mr. Speaker, while this bill would impose no additional obligations on facilities licensed by the States, GAO's findings suggest that a more indepth review of State licensing is needed. The bill I am introducing will direct the GAO to report to Congress within 3 years of enactment regarding the adequacy of State licensing. Specifically, GAO would be asked to compare State standards and enforcement practices with the standards and enforcement practices of Medicare, as well as those imposed on unlicensed facilities by this bill.

This legislation creates no unfunded Federal, State or local costs. The Secretary is authorized to impose fees on clinics to cover the costs of developing and administering the new regulatory program. To the extent that private accreditation organizations assume the bulk of onsite inspection duties, these costs will be funded, as is customary, by fees clinics pay to the accreditation organizations.

It is my hope that the States, the professions, and the Federal Government can agree to the regulatory framework proposed by this legislation, one that allows continued growth in ambulatory care services while at the same time ensuring that patients receive good quality health care.

AMBASSADOR EDWARD A. CLARK: PUBLIC SERVANT SUPREME

HON. J.J. PICKLE

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Friday, October 2, 1992

Mr. PICKLE. Mr. Speaker, Edward A. Clark—Lawyer. Diplomat. Businessman. Banker. Raconteur. Historian. Counselor. Educator. Political Strategist. Philanthropist. Ambassador.

All of these things and more were the legacy of this giant of a man, Ambassador Edward A. Clark, who lived most of his life in the capitol city of Austin with his beloved wife Ann, who died in 1989, but his thoughts and his heart never strayed from the delightful Straddleford Farms in his hometown of San Augustine, TX where he still voted and where his widely recognized yarn-spinning abilities were nurtured.

His political acumen remained as strong in the 1990 space age as it was 60 years earlier when he aided his friend Attorney General James V. Allred who campaigned successfully for Governor in each of the State's 254 counties in a Model-T. Clark was named Texas Secretary of State, the Governor's highest appointment by Allred. Later, President Lyndon Johnson, Clark's longtime friend, appointed Clark Ambassador to Australia in 1965.

Ambassador Clark stories are legend. Many pages of the RECORD could be filled by his tales, both true and maybe some apocryphal. He was once quoted as saying about a very popular politician whose dealings were said to be a bit shady, "He was as honest as the times would permit." Unfortunately the printed word does little justice to Mr. Ed's story telling capabilities, for his somewhat high pitched east Texas twang always added much to his listeners' pleasure.

He was fond of the saying "Too slow for 'possum and not fast enough for 'coon" that he had it inscribed on his personal stationery. In his beloved east Texas, the saying refers to a fellow who doesn't quite have it all together—that he is slower than a possum and not quick enough for a coon. Mr. Ed used this saying in a self-deprecating sort of way, but his friends in east Texas and all over the world knew him to be faster than any possum and plenty quick for any coon.

In the words of former U.S. Senator Ralph Yarborough, his close friend, "When Ambassador Clark passed away, it was like a giant oak falling in the forest."

"Ed Clark left his impression on Texas history, law, politics, and government. He was such a stunning success as ambassador to Australia that his name has become synonymous with ambassador."

Mr. Speaker, no one shaped Texas' civic, business or political activities more than this man. I could rely on his friendship as I could depend on the rising sun. I have lost my 'second' father. As Ambassador, I think he brought Australia and the United States closer together than ever before. In Texas, he was a colorful and unique legend whom our State will cherish always. He had such trust with the people and with his associates that he gained the confidence of both Democrats and Republicans.

I submit to you an editorial from the Austin American Statesman which touches at the heart of this true son of Texas:

CLARK WAS WELL-LOVED AMBASSADOR OF GOOD WILL

In a day and age when politicians are regarded with suspicion and the coin of public service has been debased by greed and scandal, it is a comfort to know that there still are true statesmen, models of integrity, honor, genuine accomplishment, assets to their community, state and nation. One of those was Edward A. Clark of Austin, who died Wednesday at age 86.

Clark accomplished more in his life than most people can ever hope to. Ambassador, attorney, banker, political strategist, philanthropist, guide and adviser to three gen-

erations of political leaders, Clark was also a man of ready wit and good humor whose friends are legion.

After receiving his law degree from the University of Texas in 1928, Clark began a remarkable career, beginning as Texas assistant attorney general. He was assistant to Gov. James Allred, then became secretary of state—all this by the age of 30.

He then went on to found the law firm Looney & Clark, serve in World War II and chair the board of Texas Commerce Bank. In 1965, President Lyndon B. Johnson appointed Clark as ambassador to Australia. Clark became an executive director of the Inter-American Development Bank in Washington, DC, was on the Arms Control and Disarmament Agency committees, was for six years a University of Texas System regent and was a trustee of both Southwestern University in Georgetown and the University of Texas Law School Foundation. He raised millions of dollars for both institutions. He and his late wife donated their 24,000-volume collection of Texana to Southwestern in 1965.

As ambassador to Australia, Clark became an instant hit. After two years, he was a legend, and still may be the most widely known and beloved American in Australia. In 1968, an article in the Canberra newspaper *The Australian* called Clark "the most phenomenal ambassador to reside in Canberra."

The newspaper reported that "at least a thousand people said goodbye to U.S. Ambassador Ed Clark this week . . . Why so many? Simple. People like Ed Clark and Ed Clark likes people. And it doesn't end there, because along with the affection there is mutual respect.

"There has never been an ambassador in Canberra who could walk from the conference table and then have a beer in a Melbourne pub, yet make sense and friends in both arenas. There has never been an ambassador who, in two short years, could cover nearly 400,000 miles in 'search of the Australian people and meeting the Australian people.' And there has never been an ambassador who leaves behind such good will and so many friendships." That was Ed Clark.

Clark also was a visionary about the importance of education to this state's future. When the Clarks donated their Texana collection, Ed Clark said the collection "expresses both a reverence for the past and a regard for the future . . .

"The spirit of Texas is the greatest and most enduring of all the many elements which might compose a Texas heritage. But the spirit of Texas cannot be transferred by deed, or bequeathed by will. It can be acquired only through knowledge gained by the individual's own efforts.

"Books are the essential and fundamental source of that knowledge, and a collection of them, brought together with loving care and maintained with pride, may well inspire others to the effort necessary for them to realize to the fullest extent the benefits of their Texas heritage."

Edward A. Clark was himself such an inspiration and, like that collection, priceless and irreplaceable.

HONORING THE LIFE AND MINISTRY OF FR. JOHN D. PROTOPAPAS

HON. MARY ROSE OAKAR

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Friday, October 2, 1992

Ms. OAKAR. Mr. Speaker, I am pleased and proud today to ask you and my colleagues to join with me in celebrating the 25th anniversary banquet on October 11, 1992, honoring the Rev. Father John D. Protopapas for his quarter century service as pastor of the Annunciation Greek Orthodox Church of Cleveland, OH.

The life of Father Protopapas leading up to his assignment in 1967 as spiritual leader of Cleveland's Annunciation Greek Orthodox Church is as distinguished and rewarding as his service to God and his congregation since.

Born in the village of Pano-Zodhia, Cyprus on January 23, 1927, John D. Protopapas, in the tradition of his family, was destined to serve his Church. He received his first lessons in christian education and Byzantine chanting from his grandfather, Rev. John Argyrides Protopapas, who was the Protopresbyter of his village and from his father, Demetrios, who was the Psalti.

Following school life in his village, John entered the high school of Morphou and then on to Paphos College. John came to the United States in 1949 and quickly enrolled at the Greek Orthodox Theological Seminary in Brookline, MA. He graduated in 1952.

In June 1955, John Protopapas was married to Catherine Lianides of Worcester, MA, and was then ordained. Christopher James was born to this loving family in 1956, Paula Joanne followed in 1957 and Mira Lynn greeted the world in 1965. (Christopher is now married to the former Fran Veloudos. They have two sons: Derek and Andrew. Paula is married to James John Manos. They have three daughters: Rebecca, Elizabeth and Sarah. Mira Lynn is betrothed to Mr. Andrew Kipker.)

On July 15, 1967, Fr. John Protopapas was asked to assume the duties of spiritual leader of Annunciation Greek Orthodox Church in Cleveland, OH. The community opened its arms to him and his family and it was warmly embraced in return.

During his 25 years at the Annunciation Church, Fr. John has proven himself as a dynamic leader in the spiritual, educational, cultural, and physical growth of the community. In his selfless style, Fr. John has made himself available to all Greek Orthodox of the Greater Cleveland area, and he has always extended the hand of spiritual guidance and support to all he could reach.

Fr. John's philanthropic errands should also be noted. Through his efforts, a number of patients from Greece have been sponsored by the church and have received open heart surgery at Cleveland hospitals.

Many honors have been bestowed upon Fr. John during his career as a spiritual leader. In 1970, he received the Offikion of Economos. In 1977, he returned to Holy Cross Seminary where he was principal speaker during the 25th anniversary of his graduating class. At that time, His Eminence, Archbishop Lakovos, bestowed upon Fr. John the Offikion of Protopresbyter of the Ecumenical Patriarchate, the highest office a married can receive. In 1983, Patriarch Diodoros of Jerusalem, visiting the Annunciation Church in Cleveland, vested Fr. John with the Great Cross of the Holy Sepulcher.

In 1989, Mayor George V. Voinovich appointed and commissioned Rev. John Protopapas to be an Honorary Mayor of the city of Cleveland for his important contributions to the city's life and progress in the previous decade.

Fr. John has served as member of the Archdiocesan Presbyters Council and as President of the St. Chrysostom Clergy Syndesmos of the Pittsburgh Diocese.

Currently, this tireless servant of God is a member of the Diocesan Counsel, chairman of the Diocesan Greek Education Committee and is chairman and secretary of the Diocesan Ecclesiastical Court in Ohio.

To no one's surprise, Fr. John still finds time for gardening. It is fitting because Fr. John loves to see things grow—flowers, fruit, vegetables, but especially people.

We have all grown under the protection and leadership of this extraordinary, caring and loving man. His lesson for us all is simple: Follow his example.

NICOLA CERILLI

HON. DEAN A. GALLO

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Friday, October 2, 1992

Mr. GALLO. Mr. Speaker, recently, I lost a good friend, Nicola Cerilli, who was, for many years, a very successful restaurateur in Dover, NJ.

Upon reflection, Nick's life provides us all with a timely reminder of what it means to be an American.

As we prepare to celebrate the 500th anniversary of Columbus' voyage, we look for reminders of the significance of that journey, and we find it in individuals like Nicola Cerilli, who also discovered that America is truly the land of opportunity.

His son, John Cerilli, best summarized many of our feelings about Nick, in his moving eulogy to his father:

In his extraordinary life, Nicola Cerilli epitomized the idea we know as the American dream. A restaurant owner and chef, highly respected in his community, he began his life in Italy as one of five children born to parents of simple means. The untiring work ethic and devotion to family he was renowned for began as a youngster. During the latter part of the Second World War, Nicola, in his early teens and the family's oldest male child, felt obligated to provide for his parents and siblings. When American soldiers began the liberation of mountain villages around his hometown of Supino, Nick would make a perilous 15-hour trek to get provisions from the U.S. Army. That determination became his trademark.

Even after the woman he courted left Italy on a ship bound for America thinking she would never have a chance to marry Nicola Cerilli, he wired her during the ocean crossing proclaiming his undying love and the de-

sire to marry her. When she arrived in America, a letter saying much of the same awaited her. Fourteen months later, he married his wife, Elda, in Italy. What ensued was a lifelong love affair with the only woman he ever wanted to be with.

Because of vastly greater opportunity, they started their family in the United States. Nicola Cerilli held to his traditional value and belief that he should be the one to feed, clothe, and shelter his family. And that's what he did. Even after his restaurant became wildly successful, Nicola put in weeks in which he logged over 80 grinding hours. He did this to ensure his wife and four children got the best America had to offer them. From poverty and a fifth grade education, Nicola Cerilli struggled with great passion to fulfill his American dream. He left this world September 11, 1992, but his life of sacrifice and determination will be forever ingrained in the mind of anyone who had the honor to know him.

Mr. Speaker, as we mark the 500th anniversary of the voyage of Columbus, we are reminded once again that we are a nation of immigrants—men and women who overcame great uncertainty and hazardous journeys because they held the hope in their hearts that there would be opportunities at the end of the road.

It is always sad to lose a good friend, but there is continuity in the lives of the next generation and the dreams of generations yet to come.

Nick's commitment to hard work, so that he could build a better future for his children, is a commitment that we must never lose as a nation.

Because, no matter where we came from, as Americans we have shared a common belief in the value of hard work and a mutual understanding of the word opportunity.

Nicola Cerilli personified those beliefs and values, which are truly and uniquely American values. It is good for us to remember the importance of keeping the dream of opportunity alive and well for all Americans.

WORKER PROTECTION WARNINGS ACT

HON. ROBERT E. ANDREWS

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Friday, October 2, 1992

Mr. ANDREWS of New Jersey. Mr. Speaker, I rise today to introduce a bill to improve the health and safety of American workers. I am pleased to be introducing this important legislation with Congressman PAUL HENRY, my colleague on the House Subcommittee on Health and Safety. Entitled the "Worker Protection Warnings Act," this bipartisan bill has the support of various industry and labor groups.

This legislation would require the Occupational Safety and Health Administration [OSHA] to establish uniform warnings on all personal equipment used to protect workers from occupational hazards. Uniformity will eliminate the existing confusion among both employers and employees about the proper uses and limitations of personal protective equipment, due to the inconsistency in warning requirements among individual States.

Under the bill, consistent, uniform warnings and instructions would be created for each class of personal safety equipment, including any devices to protect the eyes, face, head, ears, and other areas of the body. The OSHA directive would preempt all current State-mandated standards and requirements, as the sole method to guarantee uniformity. OSHA, in developing standards, would be required to involve employees, employers, and manufacturers of safety equipment.

I look forward to working with Mr. HENRY, other interested Members, and the labor and business communities in the near future to improve this legislation. I am optimistic that this legislation will initiate a productive discussion that will lead to the swift passage of an important workplace safety bill.

TEACH FOR AMERICA

HON. CHARLES B. RANGEL

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, October 2, 1992

Mr. RANGEL. Mr. Speaker, I rise to recognize an organization that has done great service to America's inner-city youth and to young people across the country in undeserved urban and rural areas. The organization is Teach For America and its successful work is having a revolutionary impact on our awareness of the educational needs of this country and on the methods by which we will ultimately come to terms with these needs. We owe a great deal of gratitude to the 9,000 or so college graduates who competed for positions to serve in poor communities that did not have certified teachers. These students applied for this service out of a desire to make change happen and with enthusiasm and an entrepreneurial spirit that has given teaching renewed purpose.

The goals of Teach For America are very compatible with the goals of enterprise zones as a step toward remediation of infrastructure decay in our Nation's communities. It takes dedication, pioneering spirit, and financial commitment to make an enterprise successful and Teach For America possesses all of these qualities. Corporations, foundations, and individuals have come forward in support of the program and they have made a tremendous difference with limited resources and in just a few short years.

Mr. Speaker, in a time when we are desperately seeking solutions to our inner-city infrastructure problems and looking for ways in which to turn around our at-risk youth, it seems to me as though we would be missing a tremendous opportunity if we did not support this young American enterprise. A relatively small investment on the part of the Federal Government could go a long way toward keeping Teach For America a viable force for change not only in our cities but also in rural areas. Teach For America has their corps stationed in 13 States across the country, including several in my own congressional district, and I would like to see it in all 50.

I think that we should applaud Wendy Kopp, Teach For America's young founder and president, and think about how far this investment could take us toward reaching our much needed educational goals for America's underserved youth.

INTRODUCTION OF THE RESIDENTIAL HOMEBUILDERS AND SMALL BUSINESS CREDIT AVAILABILITY ACT OF 1992

HON. DUNCAN HUNTER

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Friday, October 2, 1992

Mr. HUNTER. Mr. Speaker, I am today introducing legislation, the Residential Homebuilders and Small Business Credit Availability Act of 1992, to facilitate the providing of loan capital to residential homebuilders and other small business concerns. My legislation would establish a temporary Government-sponsored enterprise [GSE] aimed at providing capital to homebuilders and small businesses through existing lending institutions.

The homebuilding industry is in dire straits. In testimony last fall before the House Republican Research Committee's Task Force on Tax Policy and Job Creation, The National Association of Homebuilders [NAHB] noted that—

> The destabilization of real estate values and a "credit crunch" have transformed the housing segment from a "leading" indicator to a "lagging" indicator.

NAHB Vice-President Jerry Howard further noted that for the first time since before World War II, the housing industry is not leading the economy out of a recession.

As a result, Mr. Speaker, more and more Americans find that home ownership has become an unreachable goal. NAHB notes that over the last 15 years, the home ownership rate for households headed by 30- to 34-year olds, has dropped 11 percentage points. Now, the nationwide credit crunch assures that even more of our citizens will be denied an opportunity to achieve the American dream—home ownership.

The intent of the legislation I am introducing today is to create a temporary Government-sponsored enterprise that will make available funds to lending institutions that now find it difficult to lend because of increased capital standards and regulatory burdens.

My bill would enable homebuilders to construct homes for low- to moderate-income families—under guidelines set up by State Housing Authorities, provide small businesses access to funds for bridge loans of up to 2 years and provide funds without creating massive additional Government and regulation. The legislation would make guidelines clear and easy to understand without creating a regulatory nightmare for the Office of Thrift Supervision, the Office of the Comptroller of the Currency and the National Credit Union Administration.

Mr. Speaker, this legislation, designed to sunset 5 years after its creation, would establish a corporation chartered by the Federal Government as a Government-sponsored enterprise whose function is to purchase or guarantee loans and facilitate their packaging into pools for sale to institutional investors. Its pur-

pose is to increase the availability of long-term credit to residential homebuilders and other small businesses at stable interest rates; to provide greater liquidity and lending capacity in extending credit to residential homebuilders and other small businesses; and to provide an arrangement for new lending to facilitate capital market investments in providing long-term small business funding, including funds at fixed rates of interest; and to enhance the ability of residential homebuilders and other small businesses to obtain financing by improving the distribution of mortgage financing and acquisition and development financing, particularly from institutional investors.

The sunset GSE would be funded by a $1.5 billion initial appropriation. Capital stock would then be sold to repay the U.S. Treasury with interest. Lending institutions receiving funds from the GSE, working in conjunction with the appropriate State Housing Authorities—which would establish guidelines and qualify buyers—would lend to homebuilders and small businesses, earning a percentage for administration of the loan.

The intent of this legislation is not to take over the role of Federal savings banks and commercial banks, but to provide a sunset GSE (5 years) to allow these financial institutions to work their way through the forest of regulatory burdens, while maintaining that all-important business relationship.

This legislation is a homeowners bill, a homebuilders bill, a jobs bill. And it is drafted to ensure that the ever-tightening safety net is not stretched further.

Mr. Speaker, I believe that this legislative attempt to alleviate the credit crunch and spur employment and growth by homebuilders and small businesses is deserving of support by this body. I would urge my colleagues to join me as a cosponsor of this important legislation.

TRIBUTE TO THE HOLGATE LIONS CLUB

HON. PAUL E. GILLMOR

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Friday, October 2, 1992

Mr. GILLMOR. Mr. Speaker, I want to take this opportunity to pay tribute to the Holgate Lions Club, a distinguished organization in the congressional district I represent.

On October 24, 1992, the Holgate Lions Club will celebrate its 50th anniversary. Lions Clubs have been a valued mainstay of the American tradition for generations. In cities and towns across the country, Lions Clubs provide commendable leadership for our communities. They represent the cherished idea that we are free to assemble, speak our minds, and that with this freedom comes the duty to serve our fellow man.

The Holgate Lions Club is no exception to this fine tradition. As the members of the club celebrate this auspicious anniversary, they should feel the pride that comes with being a part of a Henry County institution with a distinguished history.

Mr. Speaker, I hope my colleagues here in the House will join me in congratulating the Holgate Lions Club and commending its members for the many good deeds they have done over the years.

QUESTIONABLE EFFECTS OF CFC

HON. PHILIP M. CRANE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Friday, October 2, 1992

Mr. CRANE. Mr. Speaker, I would like to bring to your attention an issue of great concern to me which is the questionable danger of chlorofluorocarbon [CFC] on the Earth's ozone layer. Columnist Alston Chase discussed this issue in a article highlighting Congressman William Dannemeyer's proposal for an investigation.

Since the Rowland-Molina theory in 1973, CFC products, especially refrigerators, have been banned throughout the world and complete extinction of the product is expected by the year 2000, unless Mr. DANNEMEYER'S inquiry is taken seriously. The best replacement for CFC in refrigerators is a product called HFC 134A, which costs much more than the original product. I believe it is imperative that an investigation be conducted to verify the questionable effects of CFC. If not, the ban could result in a complete waste of money for consumers. The following article by Mr. Chase further explains the CFC issue. I recommend it as must reading to my colleagues.

[From the Washington Post]

HEAT IS ON FOR WORLD'S FRIDGES

(Alston Chase)

Life is filled with coincidence. Recently, California Rep. William Dannemeyer introduced a resolution calling for a presidential commission to investigate nagging questions about the role that chlorofluorocarbons—the chemicals used in refrigerators—play in depleting stratospheric ozone.

And as bad luck would have it, not long before Mr. Dannemeyer introduced his proposal, my refrigerator went on the fritz. One moment the raspberries in the freezer were hard as marbles. The next instant they were a dripping mass of jam. The fridge will cost several hundred dollars to fix. But we are lucky. At least this machine, which ran faithfully since my wife and I married in 1964, had the foresight to go kaput before 1995. After that date, repair will cost hundreds of dollars more.

Refrigeration will be more expensive because in 1987 the United States signed the United Nations Montreal Protocol, calling for a ban on the production of CFCs by the year 2000. And last February, the Senate accelerated this timetable. Frightened by NASA reports, which turned out to be false, that an "ozone hole" was forming over the Arctic, it passed a resolution introduced by Sen. Al Gore and accepted by President Bush mandating an end to CFC manufacture by 1995.

The best known replacement for CFC refrigerators—HFC 134A—is five times costlier and requires elaborate new machines whose life expectancies are three to seven years, as compared with 30 years for earlier equipment.

The worldwide cost of going cold turkey on CFCs is estimated to be a staggering $5 trillion. It will require scrapping 610 million refrigerators and freezers, 120 million cold storage lockers, 100 million refrigerator trucks and train cars, and 150 million car air conditioners. According to some estimates, 20 million to 40 million people may die in Third World countries each year from lack of proper refrigeration.

Given these costs, we should be certain that CFCs are hazardous before they are scrapped. But we are not. Rather, serious scientific questions remain.

The idea that CFCs cause ozone depletion is a hypothesis, not a fact. Conceived by chemists F. Sherwood Rowland and Mario Molina in 1973, this theory suggests that CFCs are transported into the stratosphere, where sunlight breaks them down into chlorine atoms. The chlorine destroys the ozone layer, which filters ultraviolet (UV) radiation from the sun, thus exposing people to more rays and increasing risks of skin cancer.

This theory gained currency after the National Aeronautics and Space Administration "discovered" the Antarctic ozone hole (discovered long ago but hitherto ignored) in 1985. In 1988, it was endorsed both by NASA's "Ozone Trends Panel" and by Mr. Gore, who chairs the subcommittee that oversees NASA activities. That year, the panel's "Executive Summary" claimed ozone had decreased 2 percent to 3 percent from 1969 to 1986, and blamed CFCs for the decline. But data supporting these conclusions were not released until December 1990, nine months after the United States had agreed to more stringent revisions of the Montreal Protocol.

Now that independent scientists have had the chance to study these data, many are asking questions. They find that the facts don't confirm the Rowland-Molina theory. They wonder:

Why worry about the 7,500 tons of chlorine annually produced by CFCs, when volcanoes emit 36 million tons of it each year?

Why, when stratospheric ozone levels today are what they were in 1962, do government scientists say there is a decline? Historical data show that ozone levels fluctuate wildly, paralleling 11-year sunspot cycles. NASA can show a negative trend only by comparing present levels with those in 1970, when sunspot activity (and ozone concentrations) had peaked.

Why were ozone holes observed in the past, long before CFCs were common? A Cambridge University study done in Norway from 1926 to 1945 found ozone concentrations below those later found in the Antarctic ozone hole. Similarly, the smallest amounts ever recorded in the Antarctic were made by French scientists in 1958.

Why is ultraviolet radiation declining instead of increasing? According to NASA, UV radiation should have increased a whopping 6 percent since 1969. But a 1988 study by the National Cancer Institute found an actual decrease in ground levels of UV radiation during this period.

How dangerous is the predicted rise in ultraviolet radiation really? According to NASA's worst-case scenario—that CFC production remains at 1976 levels—radiation would peak at 20 percent above what it is today. But as exposure to these rays is also 1 percent higher for every six miles one lives closer to the equator, this predicted increase is less than one would experience by moving from San Francisco to Carmel, Calif.

These doubts are among reasons why Congress should support Mr. Dannemeyer's call for a presidential inquiry. The ozone issue has been good for Mr. Gore, who may parlay it—and other environmental scare stories—into the vice presidency. But it may not be

so good for America. Rather, by putting politics ahead of science, we may have sold our birthright for a $5 trillion mess of unrefrigerated pottage.

WOMEN AND MINORITIES IN SCIENCE

HON. BILL GREEN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, October 2, 1992

Mr. GREEN of New York. Mr. Speaker, on September 16, 1992, Representative TIM VALENTINE and I sponsored a briefing on the status of women and minorities in science. I am pleased to commend to my colleagues the statement of a panelist at that briefing, Dr. Shirley Malcom, head of the Directorate for Education and Human Resources of the American Association for the Advancement of Science:

STATEMENT OF DR. SHIRLEY MALCOM

Providing an overview of the status of women and minorities in science and engineering means telling a "good news/bad news" story.

The reality of participation in S/E fields has shifted considerably over the past decade and a half. The overall proportions of women in science and engineering are growing. Women have increased their proportions of degree recipients at the bachelors, masters and doctoral level in all fields of science and engineering over mid-1970's levels.

Using trend data from the Commission on Professionals in Science and Engineering, we find that women have gone from receiving 20 percent of life sciences PhDs awarded to U.S. citizens by U.S. universities in 1975 to around 36 percent in the 1990's, from 7 to 21 percent of physical science PhDs; and from 2 to 14 percent of engineering PhDs.

The good news of rising participation by women in science and engineering is tempered by the reality of their continued underrepresentation in these fields (a "shift in share" of degrees takes a long time) and by the continuing challenges they face in advancement, (achieving promotion and tenure, positions of authority and power), treatment within the professions, salaries and workplace climate.

While we count as good news the increasing attention to minorities in science and engineering issues and the expansion of federal program options to address these, the bad news predominates. There has been little real growth in the overall degree production picture in the sciences and engineering for American Indians, Blacks and Hispanics. Blacks received 2.85 percent of bachelors degrees awarded in engineering in 1978–79 and 4.0 percent of such degrees in 1990. That is real growth of which the minorities in engineering effort can take real pride, but these numbers have been hard fought and hard to achieve. Hispanics received 1.78 percent of bachelors degrees in computer/information sciences in 1978–79, and by 1990 this proportion had grown to 2.9 percent. While these are gains to be celebrated, we have yet to see the flow through in real increases at the PhD level—the level from which we must draw the pool of faculty and researchers. Here percentages must give way to discussions of real numbers:

5: PhDs in mathematics and computer sciences to Blacks in 1990.

39: PhDs in engineering to Hispanic U.S. citizens in 1990.

46: PhDs in the life sciences to Blacks in 1990.

18: PhDs in psychology to American Indians in 1990.

And this is the product of all U.S. universities.

Many people believe that minorities are opting out of the basic sciences and engineering at doctoral levels to pursue professional degrees.

It is true that the number of minorities in medicine, for example, are higher than for the sciences, but even here, minorities remain underrepresented Blacks increased their percentages of MD degrees from 5 percent of total in 1975 to 6 percent of total in 1991. American Indians/Alaskan Natives increased their share of MDs from 0.2 to 0.3 in the same timeframe; Mexicans American grew from 0.9 to 1.7 percent of MDs and Puerto Ricans from 0.2 to 0.7 percent of MDs.

This is hardly the level of representation we will need as a country to serve the health needs of these communities, the needs to involve minorities in fundamental biomedical research, the need to have minorities who can serve as faculty and be role models and mentors to the next (and hopefully, growing number) generation of students working in the biomedical arena.

We have not been able to really move the numbers of minorities in science, engineering or medicine in the same way as we have seen the growth in participation by women. This is due to many factors, including old problems of the cost of education and the quality of pre-college preparation. We all understand that lack of opportunity to take challenging mathematics and science courses and to be educated by excellent teachers who expect that these students can learn present real problems in the pipeline.

We should be able to expect that systemic efforts being undertaken nationwide to improve the quality of K–12 science and mathematics education address these "excellence and equity" issues explicitly.

We know the fallout from our failures to address these issues: a tremendous loss of talent when young people are deprived and unfairly excluded from the opportunity to be part of the scientific and technological fields they might choose; and a loss to the scientific and technological fields of the talent, different experiences and insights, and multiple contexts these young people might provide.

In the Education reform we seek in science and mathematics, we must go after equity and excellence at the same time and plan to achieve both without sacrificing either.

But our problems are not just those of the K–12 system. Even if we graduate students from high school with science and engineering interests intact, we send them off to our colleges and universities to uncertain futures, where they may not find the nurturing and mentoring they need.

In the late 1980's AAAS received funding from the National Science Foundation to conduct a study of programs, policies and practices which might support the participation of students from underrepresented groups in the sciences and engineering. Over 500 higher education institutions were surveyed and some 250 provided information for this study (reported in Investing in Human Potential: Science and Engineering at the Crossroads by Marsha Lakes Matyas and Shirley M. Malcom). While the amount of data which emanated from this study was vast there are several pieces which should be highlighted here: the inability of most colleges and universities to provide even basic data on the demographics and status of science and engineering students at any level in the pipeline; lack of basic graduation and attrition data for S/E students; reliance on isolated project based interventions as opposed to structural or systemic approaches.

It is very difficult to design systems to support the movement of minority and women students into S/E fields if we do not understand where they are lost.

The lack of fundamental information about the movement of students into and out of science and engineering will hamper any efforts by colleges and universities to affect their recruitment and retention practices on behalf of *any* students.

Based on our analysis we proposed a structural approach to addressing these issues of recruitment and retention in our colleges and universities and contended that federal policy, especially in its structure for supporting R&D in colleges and universities, could play a catalytic role in promoting this change. This would include:

Strengthening the research capability of institutions with proven records of developing students in science and engineering from underrepresented groups, such as minority institutions and women's colleges;

Providing scholarship support for students from underrepresented groups to encourage participation and retention in S/E fields, especially for students who indicate an early commitment to graduate education;

Examining the relative effectiveness of institutional and portable sources of graduate support for students from underrepresented groups and torque the federal investment toward the more effective structure;

Closer monitoring of patterns of support for students being funded through assistantships tied to research grants;

Using program access by underrepresented groups as a major criterion in determining the award of grants for major research centers to maximize federal investment;

Encouraging enhanced collection of data and indicators of participation by underrepresented groups. This can be done by requiring that certain data be provided with submission of major proposals;

Providing support for a range of program structures and for the dissemination of the most effective of these; shifting funding from isolated projects to institution-wide coordinated efforts that can affect structural change.

So what is the bottom line?

We've come a long way toward realizing increased participation for women in science and engineering. We've come a little way in increasing minority participation for some groups, in some fields and at some levels. We've come a much longer way in understanding the nature of the change process that must occur.

We have yet to tackle and solve the advancement and career climate and structure issues for either women or minorities. Our policies and programs are not aligned so that research, education and human resources goals are consistent.

Clearly we have our work cut out for us.

U.S. ARMS CONTROL POLICY IN THE POST COLD WAR ERA

HON. DANTE B. FASCELL
OF FLORIDA
IN THE HOUSE OF REPRESENTATIVES

Friday, October 2, 1992

Mr. FASCELL. Mr. Speaker, the world has changed dramatically in the past few years. We have seen the fall of the Berlin Wall, the breakup of the Warsaw Pact, the collapse of the Soviet Union, the emergence of ethnic strife in Eastern Europe, and political and economic breakdown in the new Republics of the Commonwealth of Independent States.

These changes have effected new and significant developments in our arms control relationship with the former Soviet Union, in particular, and with the world, in general.

To meet these changes, a comprehensive arms control policy is sorely needed, not only to manage the emerging new world order, but to prevent it from turning into disorder and disarray.

During my tenure in Congress—particularly over the last 10 years—I have attempted to shape this country's approach to arms control by participating in, and in many cases, leading the fight to implement a comprehensive arms control policy.

This comprehensive arms control policy has many elements—some have been implemented by the current President, some were a long time in coming, and still some await implementation.

These elements include: deep reductions in strategic arsenals; an end to fissile material production and safe disposal of fissile material; a comprehensive nuclear test ban; a worldwide ban on chemical weapons; conventional arms control; controls on strategic defense systems; enhanced nonproliferation regimes; and concrete implementation of disarmament activities.

STRATEGIC REDUCTIONS

Over the years, many in the Congress have been urging the administration to negotiate deeper reductions in strategic nuclear weapons at the Strategic Arms Reduction Talks [START] in Geneva—deeper than the administration was prepared to discuss. Given the changing situation in the former Soviet Union—namely the dissolution of our former enemy and main reason for United States production of nuclear weapons in such vast numbers—the House passed the fiscal year 1993 Defense authorization bill in early June, which called for phased reductions in nuclear arsenals worldwide.

Specifically, the House language called for: First, United States-Russian reductions in their strategic nuclear arsenals down to a level between 2,500–4,700; second, further United States-Russian reductions down to a level between 1,000–2,000, with lower levels negotiated for the United Kingdom, France and China; and third, stage-by-stage reductions in the number of nuclear weapons in all countries.

Following the House action, Presidents Bush and Yeltsin finally agreed at the June summit to deeper cuts in their strategic nuclear arsenal that went well beyond the START Treaty signed last year and the Bush and Yeltsin Proposals of earlier this year. From the current level of roughly 10,000 strategic nuclear weapons on both sides, the United States and Russia will reduce down to a range between 3,800–4,250 strategic nuclear weapons by the year 1999 and to a level between 3,000–3,500 by the year 2003.

From 10,000 nuclear weapons to 3,000–3,500 is no small feat. Such reductions are a recognition by the two countries with the world's largest nuclear arsenals, that nuclear weapons are ceasing to have such value. The ability to destroy the world 10 times over is just that—overkill. There are many who argue that reducing our nuclear arsenal even further, to between 1,000–2,000 nuclear weapons, makes sound arms control sense. I hope we move in this direction. The recent Bush-Yeltsin agreement is a first step down this road.

Along these lines, the final Fiscal Year 93 Defense Authorization Conference Report included the United States policy goal of building on the Bush-Yeltsin June Summit agreement, by entering into multilateral negotiations with Russia, the United Kingdom, France, China, and other nuclear armed states to reach further reductions in the number of nuclear weapons in all countries. The conference report also requires an annual Presidential report on the actions taken by the United States and other countries to achieve these reductions and to ensure that United States assistance to securely transport, store, and dismantle former Soviet nuclear weapons and missiles is being properly and effectively utilized, et cetera.

FISSILE MATERIAL PRODUCTION BAN AND ULTIMATE DISPOSAL

As we implement reductions in our nuclear arsenals and are faced with the task of disposing of the fissile material from destroyed weapons, it makes eminent sense that we not produce more fissile material for new nuclear weapons.

Even without weapons reductions and eliminations, it made no sense to continue producing plutonium because the United States and the former Soviet Union have had a burgeoning stockpile of plutonium, about 100,000 kilograms each, with a half-life of 24,000 years.

Production of fissile material or access to such nuclear material is an integral part of making nuclear weapons. Without the fissile material, there can be no nuclear explosion. Therefore, it is incumbent on us to eliminate the production of this material in all countries, especially the emerging nuclear states.

A United States-Russian production ban would increase the political pressure on nuclear weapons states to halt their production and put their facilities under safeguards and on non-weapons states to forego the nuclear option.

For the past several years, the Congress has urged the President to enter into negotiations with the former Soviet Union to ban the production of fissile material for weapons purposes. The United States has not produced highly enriched uranium for nuclear weapons since 1964 and we have not produced plutonium for weapons purposes since 1988 because of the arms control, environmental and cost concerns of the Congress and the American people—and because we have so much plutonium. But the administration did not see the opportunity in our pause in production to negotiate with the former Soviet Union an end to their fissile material production for weapons purposes. But the Congress did.

In June, the House included in the fiscal year 1993 Defense authorization bill language again calling on the President to: First, engage the member States of the Commonwealth of Independent States in negotiations to end their fissile material production for weapons purposes, dismantle nuclear weapons, safeguard and permanently dispose of nuclear materials, extend this ban to a worldwide ban on the production of fissile material for weapons purposes, and engage in multilateral discussions on dismantlement, safeguard and disposal issues; second, report to the Congress on the progress of the negotiations and technical working groups established with other countries to examine and demonstrate cooperative technical monitoring and inspection arrangements for verifying the dismantlement of nuclear warheads and a ban on fissile material production; and third, use $10 million to carry out a program to develop technologies for the verifiable dismantlement of nuclear weapons, to safeguard and dispose of fissile material; and to develop reliable techniques and procedures for verifying a global ban on the production of fissile material for weapons purposes.

It was only after the House action that this administration finally saw one of its points of light when the President announced that the United States would not produce plutonium or highly enriched uranium for weapons purposes. However, the President has yet to make this a truly meaningful act by: First, calling on and negotiating with the Russians a verifiable end to their fissile material production for weapons purposes; and second, seeking a negotiated, verifiable worldwide ban on such production. The latter are two significant elements of a comprehensive arms control policy in the new world order.

The House and Senate have just completed their conference on the Fiscal Year 1993 Defense authorization bill and have agreed to include fissile material language described above in the final bill. Such action highlights the strong congressional leadership in this area, but we need the President to do his part.

As we dismantle nuclear weapons, either unilaterally or pursuant to arms control agreements, the fissile material needs to be disposed of in a safe manner. The Congress established several criteria to govern the transfer of aid to the former Soviet Union for the dismantlement of their nuclear and chemical weapons. One of the criterion states that the fissile material from destroyed nuclear weapons cannot be used in new nuclear weapons. United States-Russian discussions are underway to determine the ultimate disposition of this nuclear material. This matter is undergoing serious discussion in the U.S. Government and will be a matter for congressional input in the coming months.

COMPREHENSIVE NUCLEAR TEST BAN [CTB]

For the past several years, the House has stood firm in its support for a comprehensive test ban. Recognizing that the administration has not fulfilled prior commitments to undertake next steps with Russia to achieve nuclear testing limitations and a comprehensive test ban, the House again, by a vote of 237–167

on June 4, included language in the fiscal year 1993 Defense authorization bill calling for a 1-year moratorium on United States nuclear testing for as long as the former Soviet Union does not test. Our hope was that such action would be another demonstration of congressional resolve and would encourage the administration to move forward on nuclear testing limits, including negotiations with the Russians for a CTB.

The Senate subsequently overwhelmingly approved in its energy and water appropriations bill on August 3 by a vote of 68–26, language calling for a 9-month moratorium on United States nuclear testing, further limitations on nuclear testing, and no United States nuclear testing after September 30, 1996 unless Russia conducts such a test. The Senate followed this action by adopting a similar provision in the fiscal year 1993 Defense authorization bill by a vote to 55–40 on September 18.

With a vote of 224–151 on September 24, the House joined the Senate in approving language in the energy and water appropriations conference report that: First, halts nuclear testing for the next 9 months; second, allows no more than 5 tests for safety over the next 4 fiscal years, with no more than a total of 15 tests in the next 4 years; third, no nuclear testing after January 1, 1997, unless a foreign state conducts such a test; and fourth, requires a Presidential report to be submitted to the Congress each year on a schedule for resumption of nuclear testing talks with Russia and a plan for achieving a multilateral comprehensive ban on nuclear testing on or before January 1, 1997 unless a foreign state conducts such a nuclear test, etc.

In an overdue change of policy and in response to congressional action, President Bush signed the energy and water appropriations bill on October 2, thus laying the groundwork for true cooperation between the United States, Russia, and the world community for a multilateral comprehensive test ban.

An initial end to United States-Russian testing would highlight a recognition that the United States and Russia not only seek quantitative constraints on their respective nuclear arsenals, but qualitative constraints as well. In this way, the development and deployment of new generations of nuclear weapons would be constrained. Furthermore, a United States-Russian CTB would demonstrate a commitment on their part to ending the nuclear arms race. This would signal to the world community that the United States and Russia are taking concrete steps to implement article 6 of the NPT, which calls for signatories to the treaty on the Non-proliferation of Nuclear Weapons [NPT] to end the nuclear arms race and to disarm.

Many countries have made implementation of article 6 of the NPT the litmus test for extending the treaty at its Review Conference in 1995. The goal of the NPT—to curb and control weapons activities around the world—is a key element of the world's nuclear nonproliferation regime. This regime and the integrity of the NPT must be preserved and strengthened.

Russia has not conducted a nuclear test since October 1990 and has extended its moratorium on nuclear testing through the end of the year. France has announced a suspension of their nuclear testing for the rest of the year and has called on all nuclear powers to end nuclear testing. While many threshold nuclear States are reluctant to participate in regional nuclear test bans, they may be more readily willing to participate in a worldwide ban.

In spite of these developments and continued congressional pressure, the President was close to missing another opportunity to take the lead in ending nuclear testing around the world—until today. Nothing makes better arms control, nonproliferation, economic, and environmental sense. In fact, every President since Eisenhower, with the exception of President Reagan—and until now—President Bush, has supported a CTB.

CHEMICAL WEAPONS BAN

The United States and Russia have agreed to utilize $25 million of the $400 million authorized for Russian weapons disarmament purposes, for activities necessary to begin Russian destruction of their chemical weapons. This represents a continuation of my longstanding effort to bring about a verifiable program to eliminate chemical weapons—a key element of a comprehensive arms control policy.

The first multilateral arms control agreement to seek the total elimination of an entire category of weapons worldwide has been concluded in Geneva. It is known as the Chemical Weapons Convention [CWC]. It will be presented to the United Nations this fall by the U.N. Conference on Disarmament and then heads of state will hold a signing ceremony early in 1993.

CONVENTIONAL ARMS CONTROL

In May of last year, the House Foreign Affairs Committee adopted a conventional arms transfer restraint policy, calling for U.S. leadership in replacing the conventional arms race with arms restraint. The President's Middle East Arms Control Initiative was announced several days after the committee action.

Congressional efforts in this area culminated in the October 1991 enactment of Public Law 102–138 which calls on the President to negotiate a multilateral restraint regime with the four other major arms suppliers—Great Britain, France, Russia, and China. This congressional effort was meant to jump-start the process toward restraint, to challenge ourselves and the world community to work together to stem the flow of arms and promote lasting peace in the region.

After three rounds of talks, there has been some progress toward greater transparency and consultation among arms suppliers, as well as an agreement in principle to common guidelines. Nevertheless, arms sales continue at an alarming rate. Since the end of the Gulf war, there have already been over $20 billion in United States agreements, with over $10 billion being proposed by the Bush administration in September alone.

Many of us in the Congress remain unconvinced of the administrations' commitment to a restraint policy. We are concerned that selling arms for domestic and economic rather than foreign policy reasons will accelerate the Middle East arms race, work against the Middle East peace process, and thwart efforts to promote diplomatic rather than military solutions to regional disputes. As proliferation of conventional arms continues to be a major concern, conventional arms control remains an important element of a comprehensive approach to arms control.

CONTROLS ON STRATEGIC DEFENSES

Support for strategic defense research consistent with our treaty obligations and national security requirements, has been a longstanding element of a comprehensive arms control policy advocated by the Congress.

As far back as 1984, when President Reagan's strategic defense initiative [SDI] was getting underway, I issued a report on the adverse arms control and cost implications of SDI. These concerns remain today, and, if anything, have intensified.

Support for SDI was initially touted as a necessary hedge against Soviet breakout of the ABM Treaty. The ABM Treaty has been an effective inhibitor of an arms race in defensive systems between the United States and the former Soviet Union. With the dissolution of our former adversary, the original purpose of a multilayered SDI has also dissolved. Now the administration has found a new mission for SDI: to protect the United States against ballistic missile threats from other countries. The problem with this new mission is that there are currently no countries—other than the former Soviet Union—with the capability of attacking the United States with ballistic missiles. Such a threat is at least 10 years away according to administration testimony. A far better hedge against this kind of threat is to strengthen the nonproliferation regime.

NONPROLIFERATION AND DISARMAMENT

Increasing proliferation risks in the nuclear, chemical, and conventional areas are a major threat to stability in this new era. The emerging new world order demands a strong nonproliferation policy.

Through export controls, supplier guidelines, a strengthened NPT, a worldwide end to nuclear testing, a worldwide end to fissile material production for weapons purposes and the safe disposal of this fissile material, we can better reduce and then subsequently manage the serious proliferation risks we are facing.

We are entering a period of general disarmament, disarmament manifested in bilateral and multilateral arms control agreements, and unilateral action.

Last year, the Congress initiated this move toward disarmament by authorizing $400 million to destroy nuclear and chemical weapons of the former Soviet Union. We were all pleased that the executive branch overcame its initial opposition and is now an enthusiastic supporter of this effort.

This year, in approving its new aid bill for the former Soviet Union, the House Foreign Affairs Committee authorized a total of $940 million in nonproliferation and disarmament activities to destroy and control the proliferation of weapons of mass destruction. Included in the $940 million is the original Fascell-Broomfield initiative (H.R. 4549) establishing the Nonproliferation and Disarmament Fund which authorizes $100 million for nonproliferation and disarmament activities.

The Russian aid legislation also provides $40 million in defense moneys to support international nonproliferation activities such as the International Atomic Energy Agency and the United Nations Special Commission

[UNSCOM] on Iraq. Such support is a recognition of the crucial role of these agencies in the process of disarmament.

In assessing the Iraqi nuclear and chemical weapons situation in particular. Rolf Ekeus, Director of the U.N. Weapons Commission, highlights the importance of disarmament and arms control in general. He states that:

The large amount of chemical weapons were not destroyed through bombing. Nothing of the research activities were really destroyed in the nuclear area. What has been destroyed is through the peaceful means of inspection. I would like to say that arms control has demonstrated that it is the way to destroy weapons and not through bombing and attacks.

In this regard, it is imperative that we support the United Nations and the International Atomic Energy Agency in their efforts to meet their responsibilities and the challenges of their charters, and most immediately to complete the task of disarming Iraq.

Moreover, it is imperative that we actively support the U.S. Arms Control and Disarmament Agency [ACDA] in its efforts to implement its mission and the challenges of its charter.

ACDA was created by the Congress in 1961 as a new agency of peace to deal with the problem of reduction and control of armaments looking toward ultimate world disarmament. According to the statute:

Arms Control and disarmament policy, being an important aspect of foreign policy, must be consistent with national security policy as a whole. The formulation and implementation of United States arms control and disarmament policy in a manner which will promote the national security can best be insured by a central organization charged by statute with primary responsibility for this field.

In the emerging world order, nonproliferation and disarmament concerns will be primary. The management and implementation of these and the other elements of a comprehensive arms control policy will be enhanced by a strong bipartisan working relationship between the Congress and the executive branch.

ACDA has the mandate and an opportunity to play a leading role in this endeavor. The committee looks forward to supporting and working with ACDA in the months and years ahead to achieve a coordinated arms control, disarmament, and national security policy that enhances our security at a lower cost and lower risk to human survival.

IN HONOR OF FRANK AND FRANCES GUERRA CELEBRATING THEIR 70TH ANNIVERSARY ON NOVEMBER 25, 1992

HON. LEON E. PANETTA

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Friday, October 2, 1992

Mr. PANETTA. Mr. Speaker, I rise today in honor of Frank and Frances Guerra who will be celebrating their 70th anniversary on November 25, 1992.

Frank was born January 17, 1901 in San Jose, CA. His wife, Frances M. Maita, was born February 25, 1905 in San Francisco, CA, where she later met and married Frank on November 25, 1922. After their wedding they moved together to Hollister, where they have lived and worked ever since. They gave birth to their first child, Anthony, August 29, 1923. The second, their daughter Josephine, was born October 28, 1925. They now have 4 grandchildren and 16 great-grandchildren.

In 1947, Frank started his own business, the Guerra Nut Shelling Co., with his brother, Carl and his son, Anthony. With hard work and dedication the business grew and has thrived ever since. Frank still goes to the Shelling Co. every day where he works with his son and daughter.

Frank and Frances have been longtime business and community leaders. They are also old family friends. I remember the days when my own father sold Frank walnuts from our grove. Like my own family, they are a family of Italian immigrants who came to this country to make a better life for themselves and their children. They valued family, community, and hard work. They are examples of the opportunities this country has to offer and of its people, who are dedicated to creating new frontiers for future generations.

Through the years, Frank and Frances have dedicated much time and energy to serving their community. In 1948, Frank ran for the Hollister City Council. He was elected and has served as vice mayor, police commissioner, airport commissioner, and pound commissioner. Frances has been and is still involved in children's services, and has given countless hours of dedicated service to this important organization. They have both worked hard to improve their communities, and we, the people of the 16th Congressional District of California, are deeply grateful for their contributions.

Mr. Speaker, I ask my colleagues to join me now in congratulating Frank and Frances on their 70th anniversary. Very few people are able to experience the kind of love and commitment that Frank and Frances have shared for so many years; their dedication to each other, to family, friends, and community is truly extraordinary. It is my sincere hope that they will share many more years of happiness together.

ELIMINATE FEDERAL MANDATES FOR ILLEGAL ALIENS

HON. DAVID DREIER

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Friday, October 2, 1992

Mr. DREIER of California. Mr. Speaker, today I am introducing H.R. 6098, which will eliminate Federal mandates that require States to provide benefits to illegal aliens. The Federal Government currently mandates that States provide a number of services to illegal aliens—including free health care and education—yet it fails to provide the necessary funds to carry out these expensive programs. Just because the Federal Government cannot afford to pay for special programs does not mean that it should impose that burden on the States.

Federal mandates for illegal alien benefits are one of the major problems facing my State of California as it attempts to deal with its current budget crisis. For example, under Medicaid—the cost of which is split 50–50 by the State and the Federal Government—the State must pay for the emergency health services of illegal aliens. As a result, many illegal aliens cross the border to go to emergency rooms in southern California for minor medical care, checkups, and to give birth to their children.

Like many States, health and welfare benefits make up approximately 75 percent of California's budget. A recent study by professors at San Diego State University conservatively estimated that California pays at least $15 million for illegal alien health care through its Medi-Cal program. Overall, the State pays around $27 million a year for illegal alien health care.

The Federal Government also requires that States take all children into the school system, from K–12. The study by San Diego State University says that this costs the State over $60.6 million annually. Colleges also charge out-of-State tuition to illegal aliens. It is highly ironic that schools can demand to know whether a student lives within the school district, yet they cannot inquire about one's immigration status.

H.R. 6098 eliminates the burdensome Federal mandates on States to provide these services; however, the States could continue to offer them if they wish to do so.

In addition, H.R. 6098 prohibits direct Federal financial benefits and unemployment benefits for illegal aliens. In a time when the Government has difficulty funding programs for its own citizens, benefit programs for illegal aliens are hard to justify. Illegal aliens are currently eligible for Federal housing, social services block grants, WIC programs, School Lunch and Breakfast programs, and Headstart. Although illegal aliens are not eligible for AFDC benefits, any children they have in the United States make them eligible. Mr. Speaker, I believe that if individuals are breaking the law by entering this country illegally, they should not be rewarded with financial and other benefits.

Mr. Speaker, the citizens of California and other border States are feeling overwhelmed by the influx of people pouring over the border illegally to take advantage of our generous benefit programs. Yet a problem arises when our cities cannot absorb these people, who end up living in abject poverty while straining our already scarce State and Federal resources. This legislation would alleviate the burden on States, and eliminate the perverse incentives that attract illegal immigration to the United States. I ask my colleagues to join me in supporting this legislation, which will help put an end to this growing crisis.

IMPROVING CHILD SUPPORT ENFORCEMENT

HON. ROMANO L. MAZZOLI

OF KENTUCKY

IN THE HOUSE OF REPRESENTATIVES

Friday, October 2, 1992

Mr. MAZZOLI. Mr. Speaker, on September 30, 1992, the House Judiciary Committee, on which I am proud to serve, unanimously approved a measure to improve child support

collection. I hope the House acts expeditiously on this bill and sends it to the President for his signature.

During Committee consideration, I took the opportunity to express my strong support for the legislation. The text of my remarks follow:

STATEMENT OF REPRESENTATIVE ROMANO L. MAZZOLI

Mr. Chairman, I am pleased to support H.R. 5304, legislation that would prohibit state courts from modifying a child support order issued in another state.

I commend the gentleman from Massachusetts, Mr. FRANK, for his work on this legislation. The Committee's consideration of H.R. 5304 keeps the issue of child support in the forefront—its rightful place.

The need for uniformity in setting child support orders across state lines is a topic that was included in the report recently completed by the U.S. Commission on Interstate Child Support. H.R. 5304, I understand, would facilitate enforcement among states by requiring the appropriate authorities in each state to enforce the child support orders of sister states.

Mr. Chairman, on an increasing basis, I receive telephone calls and letters from Louisville and Jefferson County residents who are experiencing difficulty with obtaining their child support payments. Jefferson County Attorney Michael Conliffe, who is charged with enforcing child support orders in my community, has made progress in tackling what can be a very daunting challenge. However, much needs to be done and H.R. 5304 will help build on gains made in the collection of child support.

I was proud to cosponsor and to lend my support for H.R. 1241, the Child Support Enforcement Act of 1992, which this Committee and the House approved. Likewise, I support H.R. 5304 and I urge my colleagues to do the same.

TRIBUTE TO THE HONORABLE LUCILE MEADOWS

HON. NICK JOE RAHALL II

OF WEST VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Friday, October 2, 1992

Mr. RAHALL. Mr. Speaker, today, I want to recognize an individual who has contributed much of her time and efforts to being a servant of the public. The Honorable Lucile S. Meadows, delegate in the West Virginia House of Delegates, appointed to the House of Delegates in December 1990 and retired from the West Virginia House of Delegates after completing one term, representing the 24th Delegate District of the State West Virginia.

During Lucile's service in the House of Delegates, she was instrumental in the adoption of the resolution to rename the Cotton Hill Bridge in Fayette County, to the Charles C. Rogers Bridge in honor of Major General Rogers, an African-American from Fayette County, who was awarded the Congressional Medal of Honor for his valor in Vietnam.

Prior to Lucile's service in the West Virginia House of Delegates, she was a teacher and principal in the Fayette County School System and active in the National Education Association as well as the West Virginia Education Association. She is the recipient of numerous awards, including the Martin Luther King, Jr. West Virginia Holiday Commission's Living the Dream Award.

I, along with the citizens of the Fayette County community, have benefited greatly from Lucile's efforts. Lucile's service in the Fayette County community and throughout West Virginia has brought her to the forefront of many issues.

Lucile continues to remain active in various political and nonpolitical organizations, the West Virginia Federation of Democratic Women, Fayette County Black Caucus, and the NAACP to name a few.

TRIBUTE TO THE UNIVERSITY OF CHICAGO

HON. WILLIAM O. LIPINSKI

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Friday, October 2, 1992

Mr. LIPINSKI. Mr. Speaker, I am pleased to rise today to recognize the University of Chicago on its centennial anniversary. The University of Chicago is one of the most outstanding universities in the United States.

Most of the world's respected universities are older than the University of Chicago. Oxford and Cambridge have existed for 800 years. Harvard was established three and a half centuries ago. Yet in the last 100, the University of Chicago has established itself as one of the world's greatest academic institutions. Its alumni and faculty have included 61 Nobel laureates—more than any other university.

University of Chicago's first president, William Rainey Harper, arrived in Chicago to create a university like none other. He wanted to balance rigorous research by faculty with a rich liberal arts education for students. His school would be one that would nurture both current and future scholars. With his vision, the University of Chicago has grown to be the respected institution it is today.

As the University of Chicago celebrates its anniversary, I commend the students, faculty, and alumni. We are proud to have a university in the State of Illinois that has contributed so much to the city of Chicago, the State of Illinois, the Nation, and our world. I know my colleagues join me in wishing the University of Chicago family all the best. I know we will celebrate many more achievements in the years to come.

WORLDWIDE ELIMINATION OF CHEMICAL WEAPONS

HON. DANTE B. FASCELL

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Friday, October 2, 1992

Mr. FASCELL. Mr. Speaker, The first multilateral arms control agreement to seek the total elimination of an entire category of weapons worldwide has been concluded in Geneva. It is known as the Chemical Weapons Convention [CWC]. It will be presented to the United Nations this fall by the U.N. Conference on Disarmament and then heads of state will hold a signing ceremony early in 1993.

The successful conclusion of the Chemical Weapons Convention [CWC] and the achievement of universal adherence to the CWC will usher in a 21st century free of chemical weapons. That is why it is so important for the United States to continue to play a leadership role in eliminating chemical weapons worldwide and to recruit many other nations to work with the United States to make sure all nations adhere to the agreement. Success in concluding this final chapter on chemical weapons will depend on continued leadership from the United States and a comprehensive policy approach to the issue of chemical weapons.

Congress has been advocating a comprehensive policy approach to the chemical weapons issue for the last decade. Several aspects of this approach have involved heated struggle and disagreement between the legislative and executive branches. Now, however, there appears to be a broad consensus that progress in all aspects of this comprehensive approach is the only way to achieve the objective of total elimination of chemical weapons. The comprehensive approach on chemical weapons includes:

Support for a worldwide agreement to ban the use, transfer, and production of chemical weapons and totally eliminate them.

The Chemical Weapons Convention [CWC] is the first multilateral arms control agreement to outlaw an entire category of weapons of mass destruction. Forty nations at the U.N. Conference on Disarmament in Geneva have reached agreement this past August to prohibit the use, production, storage, and transfer of chemical weapons while also providing for their destruction.

The U.S. House of Representatives expressed its direct interest in the Chemical Weapons Convention negotiations when it appointed four Members of the House of Representatives, H. MARTIN LANCASTER, WAYNE OWENS, JOHN EDWARD PORTER, JOEL HEFLEY, to be observers to the Geneva chemical weapons negotiations. Representative MARTIN LANCASTER visited the negotiations several times, wrote several editorials proposing ways of advancing the negotiations—notably September 12, 1990 and April 7, 1992 editorials in the Christian Science Monitor and September 1992 editorial in the Washington Post—and sent letters to the President and administration officials offering his observations and recommendations regarding the negotiations. As chairman of the House Committee on Foreign Affairs, I have followed the negotiations closely and I have also written several editorials—notably in the Christian Science Monitor, June 20, 1990 and Washington Post, April 14, 1992—proposing possible solutions to CWC negotiating problems. I have also sent policy letters to the Secretary of State and the Director of the Arms Control and Disarmament Agency offering my analysis and recommendations regarding the CWC negotiations always emphasizing the continued importance of U.S. leadership at the negotiating table.

No new U.S. production of chemical weapons, particularly binary chemical weapons.

President Nixon halted chemical weapon production in 1969 and President Reagan at-

tempted to restart chemical weapon production at the beginning of his Presidency. For a decade the House of Representatives took a position of no new production and also specifically opposed the production of new binary chemical weapons. The House of Representatives finally convinced the executive branch of the foreign policy logic, arms control rationale, and good common sense of its position opposing the production of new binary chemical weapons. The House of Representatives prevailed in its argument that it was foolish to spend billions on new chemical weapons that were: technically flawed; rejected by our NATO allies; militarily useless; and morally repugnant. Congressional action effectively stopped a new generation of chemical weapons from being produced and deployed, thereby contributing to a policy focused on the elimination, not the production, of chemical weapons.

From 1980–90 there were key votes annually in the House of Representatives on the administration's proposal to begin production of new chemical weapons. Those votes were normally recorded as amendments or policy language in the Department of Defense authorization bills. Extensive GAO investigation of the binary chemical weapon program uncovered numerous flaws in the development and testing of these new weapons, seriously questioning their ultimate utility (GAO/PEMD–86–12BR). The proposed production of these new binary chemical weapons had serious foreign policy and arms control implications and, therefore, as chairman of the House Foreign Affairs Committee, I followed and opposed their production and frequently reported on their status—CONGRESSIONAL RECORD, Sept. 22, 1990, H7486; Nov. 10. 1988, E3767—held press conferences—June 11, 1986, Washington Post—and wrote editorials—Washington Post, June 17, 1985; Christian Science Monitor, May 21, 1986 with Representative JOHN EDWARD PORTER—arguing against their production.

Support for enhanced chemical weapons defense.

One unusual feature of chemical weapons is that there have been few, if any, times when their use has been either decisive in battle or decisively beneficial to the user. That is why adequate chemical weapons defense combined with an effectively verifiable chemical weapons ban is the most effective deterrent against chemical weapons use, not maintenance of a massive chemical weapons stockpile. Support for strong, well-funded chemical weapon defense was always part of the comprehensive chemical weapons policy that I supported in the House of Representatives. Several GAO investigations were conducted to determine the quality of U.S. chemical weapons defense and to recommend ways to improve these defenses (GAO/IPE–83–6, GAO/PEMD–86–11).

Enactment of chemical weapons sanctions legislation and support for other nonproliferation efforts.

The U.S. House of Representatives has legislated country specific chemical weapons sanctions against Iraq on September 27, 1988, H.R. 5337 and now against Iran in the Department of Defense authorization conference report for fiscal year 1993 which will be sent by the House and Senate to the President in October 1992. The House of Representatives also passed legislation to sanction chemical weapons activity worldwide and tighten U.S. export controls, H.R. 3033 on November 13, 1989, and this was finally enacted as Public Law 102–138.

Funding for chemical weapons destruction in the United States, Russia, and elsewhere.

The House of Representatives has consistently funded the U.S. chemical weapon demilitarization at significant levels. In addition, the House has recently legislated funding for a nonproliferation and disarmament fund to generate chemical weapon destruction not only in the former Soviet Union but elsewhere. The original nonproliferation and disarmament fund, H.R. 4549, was passed in the Committee on Foreign Affairs on March 11, 1992 and incorporated into the Freedom Support Act, H.R. 4547, which passed the House on August 6, 1992. The conference report of the Freedom Support Act will be send by the Congress in these last days of the 102d Congress to the President who has pledged to sign this measure into law.

THE FUTURE

There are many tasks left to be accomplished in order to reach the goal of a world free of chemical weapons in the 21st century. It is my hope that with continued, close cooperation between the Congress and the executive branch the United States will continue to play a leadership role to gain universal adherence to the Chemical Weapons Convention, to achieve a worldwide system of stringent chemical weapons export controls and sanctions, and to implement the Chemical Weapons Convention with an international regulatory administration to make sure that all aspects of the Chemical Weapons Convention are fully instituted and respected.

OPERATION GREEN ICE

HON. MICHAEL G. OXLEY

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Friday, October 2, 1992

Mr. OXLEY. Mr. Speaker, last Monday Federal law enforcement officials announced a major victory in the war against international drug trafficking. The Cali cocaine cartel and the Italian Mafia were targeted in Operation Green Ice, a 3-year undercover investigation involving agencies in 8 nations; 153 people in 6 countries were arrested and $42 million and 1,100 pounds of cocaine were seized. Among those arrested were seven of the Colombian drug cartel's top money handlers.

It is my opinion that the success of Green Ice—possibly the most complex international money-laundering case ever attempted—was not adequately covered by the American press. Money laundering is the lifeblood of drug trafficking, and Colombia's most powerful cocaine cartel was dealt a devastating blow. But when it comes to drugs, apparently only bad news can be front page news.

I wish to commend Attorney General Barr, who authorized the investigation, and DEA Administrator Bonner, who oversaw it, for a job well done. I, for one, was quite impressed.

TRIBUTE TO WILL ED COVINGTON

HON. CARROLL HUBBARD, JR.

OF KENTUCKY

IN THE HOUSE OF REPRESENTATIVES

Friday, October 2, 1992

Mr. HUBBARD. Mr. Speaker, I take this opportunity to pay tribute to a longtime friend, Will Ed Covington, a native of my hometown of Mayfield, KY, who died at age 85 last April 5 in Paradise Valley, AZ.

Will Ed Covington was a well-known, very popular Kentuckian who was admired by those who knew him.

I first met Will Ed Covington in 1945 when my father, the late Dr. Carroll Hubbard, was his pastor at First Baptist Church, Ashland, KY. During the 8 years my father was minister of the Ashland Church, two of his favorite members of the congregation were Will Ed Covington and his wife Charlene.

Will Ed Covington, who was appointed a Kentucky Colonel by former Governor A.B. Chandler, served as past president of the Ashland, KY, Rotary Club and was active in the First Baptist Church in Ashland for 30 years before moving to Arizona.

He also played football at the University of Kentucky and served as team captain his senior year.

Surviving are his wife, Charlene Covington; three daughters, Lucy McKenzie of Des Moines, IA, Suzanne Briganti of Annapolis, MD, and Kathy Weisel of Hudson, OH; a brother, Hunt Covington of Mayfield; a sister, Lucy Reminger of Fort Worth, TX; 10 grandchildren and 13 great-grandchildren.

My wife Carol and I extend our deepest sympathy to the Covington family.

CONGRATULATIONS, TAIWAN

HON. DAN SCHAEFER

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

Friday, October 2, 1992

Mr. SCHAEFER. Mr. Speaker, on October 10, 1992, the Republic of China celebrates its 81st National Day. I want to take this opportunity to congratulate Taiwan on its National Day, and to take note of its stunning achievements, especially in the economic sphere.

In 1959, Taiwan's per capita gross national product was about $120. By 1990, it was nearly $8,000 and is ranked 25th in the world. Disposable family income in Taiwan averages $20,000 per household, and continues to increase. This economic success would be remarkable for any country, but considering Taiwan's limited natural resources, this success is almost incredible. Clearly, Taiwan has industrious people and wise economic policymakers.

On Taiwan's 81st National Day, I rise to congratulate the leadership and people of the Republic of China on Taiwan and wish them further prosperity and progress.

TRIBUTE TO RETIREES OF THE STERLING HEIGHTS FIREFIGHTERS

HON. SANDER M. LEVIN

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Friday, October 2, 1992

Mr. LEVIN of Michigan. Mr. Speaker, I rise today to pay tribute to the 1992 retirees of the Sterling Heights Firefighters, of Local 1557.

Inspector Arthur Fernandez was hired as a pipeman on September 13, 1968, was promoted to sergeant on July 1, 1974, and promoted to fire inspector on June 11, 1990. Inspector Fernandez was named the Fire Department Employee of the Month in January 1988 for showing enthusiasm for his position throughout his career and for representing the fire department with pride in every assignment in which he participated. Also noted was the camaraderie he exhibited which had a positive effect on his fellow employees. During his career, Inspector Fernandez received many letters of thanks from citizens and organizations for the caring manner in which he carried out his service to the fire department. After a distinguished career, he retired on July 25, 1992. He and his wife, Kay, have three children and two stepchildren.

Capt. Jerry Dameron started his service with the Sterling Heights Fire Department as a pipeman on March 13, 1967. He was promoted to sergeant on July 24, 1972, and promoted to captain on September 22, 1990. Captain Dameron was honored by the Sterling Heights High School Key Club in 1982 for contributing outstanding services to the youth of the community and for raising funds for underprivileged members of the community. Others also recognized the contribution made by Captain Dameron who received numerous letters of thanks and appreciation from citizens and organizations for the caring manner he demonstrated at emergency scenes and the programs he participated in, especially as a CPR instructor. A graduate of Macomb Community College in 1976, Captain Dameron retired on September 19. He and his wife, Rosemary, have three children.

Inspector W. David Lopez joined the Sterling Heights Fire Department June 29, 1970, and served with distinction until his retirement on May 18, 1992. An acting sergeant for several years, Inspector Lopez was commended for his professional attitude. He was certified fire inspector by the State of Michigan Department of State Police Fire Marshal Division and presented numerous public education programs as firefighter and fire inspector. He is married to Vicky.

Lt. Thomas Wisniewski began his career with the Sterling Heights Fire Department on September 26, 1969, and was promoted to lieutenant on March 18, 1989. Lt. Wisniewski was known for his professionalism and his ability to communicate well with his fellow officers and firefighters. In August 1989, he was named the Fire Department Employee of the Month for continuing to demonstrate his dedication and loyalty to the department by supporting its functions and activities. It was noted in his commendation that Lt. Wisniewski's peers held him in high regard and respected his outstanding service. Even after having surgery on his back, Lt. Wisniewski continued to serve on limited duty. He is married to Loretta, is a strong force in the lives of his many nieces and nephews, and he retired from the department on September 30, 1991.

REFORM THE CHILD SUPPORT SYSTEM

HON. NEWT GINGRICH

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Friday, October 2, 1992

Mr. GINGRICH. Mr. Speaker, I recently received a touching letter from Winona Wadsworth about the flaws of the current child support system.

I urge my colleagues to read this letter and enact truly effective reform of the child support system so that we can assist America's single parent families, and Ms. Wadsworth and her children will receive the support which they need and deserve.

Lithia Springs, GA, July 17, 1992.

Hon. NEWT GINGRICH,

Rayburn House Office Building, Washington, DC.

DEAR CONGRESSMAN GINGRICH, the purpose of this letter is to state my opinion on the subject of Child Support.

I have been divorced for almost three years now and have custody of two children. The father is behind in child support (over $6,000) and now has stopped making any support payments at all. He stopped the children's medical insurance and I paid for this for over a year. He believes he has the privilege to make these payments when he chooses to do so and in the amount that he decides upon. He filed for divorce and he agreed to these amounts. I have yet to keep the children from seeing their Dad or spending extra time with him. He is the one that gets to take them to Six Flags, to Braves games, out to eat, etc. It was necessary to file a joint income tax return for the last year we were married even though we were divorced. He signed my name to IRS documents and did so without my knowledge and consent. He signed my name to the state and federal checks, cashed them, and I have yet to see a penny. I repeat, he did all of this without my knowledge. On several occasions he has forced his way into my home, ridiculed me in front of the children and physically attacked me.

We are now in the process of going to court because he has decided he wants custody of both children and wants me to pay child support. My attorney assures me that this will not happen and he will have to pay all back payments. But I am in doubt of this!

Where is the judicial system when it is needed? Where are the laws that protect the custodial parent from harassment and interference?

It is my strong belief that stricter laws need to be passed to ensure the well-being of children in such instances that I have just stated. I feel that I have been violated long enough. I am a victim caught up in the legal process of playing the "waiting game."

Where is the legal system when it is needed to protect the innocent?

Sincerely,

WINONA M. WADSWORTH.

A CONGRESSIONAL TRIBUTE TO THE METROPOLITAN STEVEDORE CO.—RECIPIENT OF THE 4TH ANNUAL SALUTE TO INDUSTRY AWARD

HON. GLENN M. ANDERSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Friday, October 2, 1992

Mr. ANDERSON. Mr. Speaker, on Friday, November 13, 1992, the Harbor Association of Industry & Commerce [HAIC] will honor the Metropolitan Stevedore Co. with the Salute to Industry Award. This prestigious award is presented to companies that provide outstanding service and significant economic contribution to the South Bay area. The Metropolitan Stevedore Co. and its president and CEO, Mr. Brian Harrison are truly deserving of this high honor. It is with great pride and pleasure that I rise today to pay tribute to this organization and my friend, Brian Harrison.

At the beginning of this century, the simplest ship's cargo required specialized handling and Metropolitan Stevedore Co. was there to provide this service. Founded in 1923 by seven men, Metropolitan Stevedore Co. has handled cargo for worldwide shipping lines and has become one of the principal cargo connectors for the ports of Los Angeles and Long Beach. Over the past 70 years, Metropolitan has grown to employ over 450 people, with an annual payroll that exceeds $85 million, making it one of South Bay's major employers. Metropolitan's revenues generate State, county, and local taxes in excess of $1.5 million.

Metropolitan is not a company to rest upon its laurels. It has grown and also kept pace with the many new advances in machinery this century has witnessed. Gantry cranes capable of moving 30 20-ton containers an hour have replaced the rope slings and two-wheel handcarts of years past. Additionally, one of the most sophisticated dual-loader dry bulk facilities is operated by Metropolitan. The stevedore's job has also been modified over the years, dockworkers must now be able to operate this high-speed equipment. Another indicator that Metropolitan has changed with the times, is that today women can be seen operating forklifts and driving trailer rigs next to their male counterparts.

In the course of a day, Metropolitan handles many diverse products and materials, ranging from bulk commodities, containers, and automobiles to citrus fruits, steel, and general cargo. In addition, Metropolitan is responsible for the dispatch of passengers and luggage of the cruise ships which dock in the harbor.

Metropolitan Stevedore Co. has long recognized that a clean, environmentally sound harbor is vital for their business and the country. Therefore, it comes as no surprise that Metropolitan has implemented procedures and invested in equipment that protect this very fragile environment. Air pollution controls that prevent dust particles from escaping into the atmosphere and specially designed settling tanks to prevent contamination of surrounding waters are but a few of the measures the company has taken.

The success of Metropolitan Stevedore Co. can be attributed to many factors, its dedi-

cated employees, expert service, and my dear friend Mr. Brian Harrison, president and CEO. Born in Port Talbot, Great Britain, Brian became a naturalized citizen in 1959. Early on in his seafaring career, Mr. Harrison joined Associated Banning Co. as a stevedore superintendent. He brought a wealth of experience and knowledge to this position and when Associated Banning Co. was acquired by Metropolitan, he raced to the top of its ranks. He is a distinguished civic leader and an outstanding gentleman.

Mr. Speaker, my wife, Lee, joins me in extending this congressional salute to Metropolitan Stevedore Co. and Mr. Brian Harrison. An organization whose commitment to the betterment of the South Bay community has been demonstrated through its support of the Wilmington Boys and Girls Club, the Long Beach Boy Scouts, and the San Pedro and Peninsula Hospital. We wish Brian and the company all the best in the years to come.

TRIBUTE TO BOBBY CZYZ WORLD CRUISERWIEGHT CHAMPION

HON. ROBERT A. ROE

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Friday, October 2, 1992

Mr. ROE. Mr. Speaker, On Sunday, October 25, 1992, at 10 am World Cruiserweight Champion Bobby Czyz will be honored at Station Plaza in Pompton Lakes, NJ by the New Jersey Boxing Hall of Fame. His many friends and family will be on hand to honor and thank him for his worthy efforts on behalf of boxing in New Jersey and our Nation.

Bobby Czyz was born on February 10, 1962 in Orange, NJ. He is the son of Louise and Robert Czyz, Sr. and has two brothers and one sister. Bobby ran track and played basketball at Lakeland High School in Wanague, NJ. He then went on to great fame as one of the most skilled boxers in the world.

Bobby began boxing when he was 6 years old, eventually choosing the toughest profession in the world in which to make his living. Battling Bobby is a throwback to the brawling style of yesteryear, when he gets in the ring you can bet on an exciting night. As an amateur, he compiled a 24–2 record. He turned professional in 1980, knocking out Hank Whitmore in his debut.

Bobby quickly ran off a string of victories against Robert Sims, Elisha Obed, and Oscar Alvarado. He was outpointed by Mustafa Hamsho, suffering a broken hand in the process. Battling back through this and other misfortunes, he realized his dream when he squared off against IBF Light Heavyweight Champion Slobodan Kacar. Bobby won in the fifth round and was now a world champion. He held this title for over 1 year. In 1991, he won a 12-round decision over Robert Daniels to win the WBA Cruiserweight Championship, which he has successfully defended.

Mr. Speaker, it is indeed appropriate that we reflect on the deeds and achievements of Bobby Czyz, who has contributed so much to the quality of life of his fellow citizens. It gives me great pleasure in joining them to honor Bobby with this congressional salute.

TRIBUTE TO THE DELNICKY AMERICKY SOKOL MOVEMENT

HON. BILL GREEN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, October 2, 1992

Mr. GREEN of New York. Mr. Speaker, I rise today to mark the occasion of the 100th anniversary of the Delnicky Americky Sokol movement. To commemorate this auspicious moment, a gala celebration will be held on Sunday, November 15, 1992.

The D.A. Sokol movement has a proud history based upon the philosophy of their "founding fathers" which promotes the ideals of "A Sound Mind In A Healthy Body." With their own resources, they initiated the building of Sokol gymnasiums, libraries, cultural centers and summer camps. Amateur theatricals, choral groups, lectures, and debates are as much a part of the training program for its membership as regular attendance at the gymnasium for physical activities.

Although their headquarters are located in Astoria, NY, the D.A. Sokol's membership hails from the Metropolitan New York City area, and extends across the entire United States. Further, since its original inception, the main effort of the membership has turned to participation of cooperative Sokol programs on an international scale.

At this time, I should like to join my colleagues in commending the Delnicky Americky Sokol movement for its dedication and contribution to their community and to the country. I extend my very best wishes on its 100th anniversary, and I wish D.A. Sokol many more years of success.

SCHOOL-BASED CHILDHOOD IMMUNIZATION PROGRAM ACT

HON. PATRICIA SCHROEDER

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

Friday, October 2, 1992

Mrs. SCHROEDER. Mr. Speaker, today, I am introducing the School-Based Childhood Immunization Program Act—one component of my three-pronged approach to fully immunize and protect children from major childhood illnesses, many of which we thought were eradicated long ago.

The first component involves KIDSNET (H.R. 3147) which I introduced last year. KIDSNET declares childhood immunization a national emergency, along with Head Start and WIC, so that under the terms of the budget agreement, all three can be fully funded by 1996.

Another component requires examining and dealing with the unrelenting and even ruthless drug company practice of balancing their profit margins on the backs of children. Drug companies are notorious for escalating prices beyond a reasonable and even generous profit. A Senate Aging Committee report found that prescription drug prices rose 152 percent in the 1980's, nearly three times the rate of general inflation.

For childhood immunizations, the rates of increase are even more startling: between 1980 and 1990, increases in the costs of both public and private sector vaccines ranged from 400 percent to 4,500 percent. To top it off, there are only one or two drug manufacturers who still produce and market the vaccines—leaving the American consumer and the Federal Government little choice.

The third component entails the bill I am introducing today, the School-Based Childhood Immunization Program Act, which would fund up to 10 school districts to establish the neighborhood school as the family friendly vaccination spot and would use school nurses to coordinate the community's immunization program.

Most States now require that all children be immunized in order to attend school. This has resulted in nearly universal immunization among school-age children. There are growing pockets of children however, whom we miss—migrant children, immigrant children, and a growing number of homeless children in urban, as well as rural and suburban communities, who are in school without full or adequate immunization.

The largest group of children at risk of contracting preventable childhood illness, such as measles, mumps, and whooping cough, are infants and preschool children. Three out of ten 2-year-olds are not adequately immunized. A recent assessment of preschool immunization levels in Colorado showed that only 61 percent of the children had received immunizations appropriate for them as they reached age 2.

As a result, the incidence of purely preventable childhood diseases, such as measles, is on the rise—some 30,000 children fell victim to measles in 1990, with the highest incidence in the unvaccinated preschool population. More children died of measles that year than in any other year since 1971.

Other countries manage to do much better. Immunization rates for preschool children against diphtheria, tetanus, and pertussis average 41 percent higher in many Western European nations than in the United States, and mean polio immunization rates are 67 percent above United States figures.

Even developing nations seem to have a leg up on the United States. UNICEF says the rates of immunization among infants in countries like Botswana and Brazil far surpass what the United States has been able to accomplish.

Reaching the unvaccinated population in the United States has been problematic for a variety of reasons. First, children cannot be reached if their parents have no access to the health care system. Over 9 million children have no health insurance. And, even when insurance is available, there is no guarantee that insurance will pay for the immunization. Fewer than half of conventional, employer-based insurance policies cover basic preventive services for children, such as immunization.

Nearly half of all immunizations are provided in the public sector at health departments or community health centers because the cost of immunization in the private physician's office has become prohibitive—especially when parents have no insurance. As a result, the public health sector has become overwhelmed. Long waiting lists for complete well-child exams,

postponed appointments, and inconveniently located, understaffed clinics deter timely immunizations.

The administration's initial efforts were focused on several small Federal demonstration efforts through the Centers for Disease Control to reach unimmunized preschool children through other public programs, such as AFDC or WIC offices. This approach makes some sense. A recent survey of 600 parents of unvaccinated, vaccine-eligible preschool children with measles indicated that from 46 percent to 92 percent were enrolled in one or more public assistance programs, including AFDC, Medicaid, WIC, and Food Stamps.

But it should not be the only approach. Many unimmunized children don't participate or are not eligible for these Federal programs and will not be immunized through this route. A survey of four cities with the largest outbreaks of measles revealed that Hispanic preschool children who came down with measles were much less likely to be enrolled in Federal assistance programs than their black counterparts.

Not to mention how overwhelmed the staff already are at many of these programs, such as WIC. One of the CDC demonstration sites for improving access to immunizations—a WIC clinic in New York—initially had to turn away 150 children because no one was available to actually give the shots.

A serious provider shortage was one of the most significant barriers identified by the National Vaccine Advisory Committee. According to Assistant Secretary for Health Dr. James Mason, under ideal conditions, children would receive immunizations in the context of a comprehensive preventive health care visit, but "our system is not user friendly and misses many golden opportunities." In most circumstances, according to the Assistant Secretary, vaccines can be administered without physician evaluations. Nurses can screen for precautions and contraindications, refer kids at risk of complications to a physician, and vaccinate the rest.

Given the urgency of the crisis, the strain in the public health system, and even the total absence of physicians in some areas, we need to explore alternative providers and alternative locations.

My proposal does just that.

Public schools are still the only universally available institution for children in every community—the one central location all parents know about and can use despite their income or health insurance status.

This bill establishes an immunization program to be run by a school nurse in up to 10 schools in areas where immunization rates are lowest or the incidence of childhood communicable diseases is highest. Not only will the school nurse be available to immunize school children, they will be required to notify parents that vaccinations will be provided at school free of charge for infant and preschool siblings.

The bill also requires that the school nurse coordinate a community education program—working with county birth registries, health departments, community health centers, hospitals, and other groups to get the word out that immunization is important and that vaccines can be obtained readily at the local school.

For many children, school health programs become their only source of care and the school nurse their only contact with a health care provider. At the same time, the children seen by school nurses are increasingly coming to school with serious health problems that affect their ability to learn.

But because of State cutbacks in recent years, too few schools have their own school nurse and even fewer an organized school health program. In many instances, one school nurse may be juggling responsibilities for a multitude of schools with thousands of students.

Pittsburgh is one model program that employs school nurses to work in conjunction with community health centers to provide comprehensive services to the most vulnerable children. Teachers, nurses, and doctors are working together to detect problems, treat them and keep track of them through the child's school years, and make adjustments in the classroom.

The intent of this proposal is to establish a family friendly place where parents can bring all their children for the complete vaccination series, with no hassles, no medical bills, and less waiting. But the goal is also to reestablish the integrity of school health programs—like in Pittsburgh—and get school nurses back in the schools. For many children, this could mean the difference between good health and serious illness.

The administration's own advisors agree. A panel of business executives, labor leaders, and health care experts, appointed by Secretary of Health and Human Services, Dr. Louis Sullivan, has drafted recommendations for improving the Nation's health care system. The panel recommends a much larger role for clinics in schools, saying they should offer basic health care, including immunizations and screening to detect vision or hearing problems, to all children from infancy through sixth grade.

I urge my colleagues to support this approach. It is a small demonstration effort that will not solve the whole immunization crisis, but along with other CDC demonstrations, makes a step in the right direction.

Measles and whooping cough are warning signals that there is something seriously wrong with our health care system and we must work toward revamping the Nation's health care policy. But until Congress and the administration agree on major health care reform, we must take some action before an otherwise preventable childhood epidemic claims the lives of any more young children.

A fact sheet follows.

THE CRISIS IN CHILDHOOD IMMUNIZATION

PREVENTABLE CHILDHOOD DISEASES ON THE RISE

In 1990, nearly 27,000 cases of measles were reported, 17 times the all-time low number in 1983, resulting in almost 90 deaths; 80% of cases occurred in persons who were never vaccinated. Almost half (47%) of the 1990 cases were reported among preschool-age children. (Roper, 1991; National Vaccine Advisory Committee [NVAC], 1991).

Before falling to 6,000 in 1989, mumps cases increased 330% between 1985 and 1987 (from 2,982 to 12,848). (National Association of Children's Hospitals and Related Institutions [NACHRI], 1991).

In 1989, 4,157 cases of pertussis (whooping cough) were reported, up from 1,730 in 1980. However, due to significant underreporting, the number of whooping cough cases occurring annually may be as high as 30,000 to 125,000. (Centers for Disease Control [CDC], 1991; Sutter and Cochi, 1992).

Approximately 10,000 cases of hemophilus influenza type b meningitis, preventable with the Hib vaccine series, occur each year in children less than 18 months of age. More than 300,000 people in the U.S. become infected with hepatitis B each year; 30,000 of these cases occur in infants infected perinatally. This vaccine-preventable chronic infection leads to 5,000 deaths each year. (NACHRI, 1991).

Between 1989 and 1990, there was a nearly three-fold increase in the number of reported rubella cases (from 396 to 1,093). (Cooper, 1991).

In the Washington, D.C. metropolitan area in 1990, more than 500 children contracted preventable diseases, including measles, mumps, and whooping cough. (Metropolitan Washington Council of Governments [MWCG], 1991).

THE COST OF IMMUNIZATION SKYROCKETS BEYOND INFLATION

Between 1980 and 1990, public sector vaccine prices for the diphtheria, tetanus, and pertussis (DPT) vaccine alone increased by 4,500%. (National Vaccine Program, 1991).

About half of immunizations in the U.S. are delivered through the public sector; the other half through private physicians. In 1992, fully immunizing a child in a public health clinic cost $113.20 compared with the 1982 cost of $6.69. The 1992 estimated cost for fully immunizing a child in the private sector is $464.39, including physician office visits. (NACHRI, 1991; Report of the Interagency Committee on Immunization [RICI], 1992).

From 1979 to 1988, the cost of immunizing a child in Texas rose 566%. (Cooper, 1991).

CHILDHOOD DISEASE COSTLY/IMMUNIZATION PROVES COST EFFECTIVE

Every dollar spent on immunizations saves from $10 to $14 in later health care costs. (Select Committee on Children, Youth, and Families, 1990).

Hospital charges for children with measles admitted to 46 hospitals in 1988 averaged $3,761 per child. Total charges for hospitalizations or 400 children with whooping cough were over $2.5 million in 1988, compared to the approximately $37,000 it would have cost to immunize them. (NACHRI, 1991).

Recent outbreaks of measles in Dallas cost the city $650,000 in hospital and other related costs. It would have cost the city only $9,000 to fully immunize all of the city's children. (Cooper, 1991).

The cost of treating congenital rubella syndrome is $354,000 over a lifetime. (U.S. Department of Health and Human Services, 1990).

IMMUNIZATION RATES FAIL TO IMPROVE FOR INFANTS AND PRESCHOOLERS

One-fourth of all preschoolers and one-third of all poor children are not fully immunized. In a survey of nine major U.S. cities, no more than four in ten children were properly vaccinated by age 2. The percentages ranged from 10% in Houston, Texas, to 42% in El Paso. (NACHRI, 1991; CDC, 1992).

More than 50% of children ages 2 and younger in Washington, D.C., have not received proper immunizations. In surrounding communities, the percentage of children ages 2 and younger without adequate immunization ranged from 65% in Prince William County to 24% in Montgomery County. (MWCG, 1991).

U.S. IMMUNIZATION RATES WORSE THAN IN BOTH DEVELOPING AND INDUSTRIALIZED NATIONS

Immunization rates for preschool children against DTP average 41% higher in many Western European countries than in the United States, and mean polio immunization rates are 67% above U.S. figures. (Williams, 1990).

In 1985, 61% of U.S. preschool children were immunized against measles. Though this rate was higher than those of West Germany (50%) and France (55%), it was 30-50% lower than in Denmark, Norway, and the Netherlands. (Williams, 1990).

In 1988-1989, 16 countries, including Bulgaria, Hungary, Greece, Brazil, China, Mexico and Romania had higher infant immunization rates against polio than the U.S. Fifty-five nations, including Mexico, Brazil, Hungary, Romania, China, Iran and Botswana had higher rates than those for nonwhite infants in the U.S. (Children's Defense Fund, 1991).

MILLIONS OF CHILDREN LOSE OUT ON TIMELY VACCINATIONS BECAUSE OF INADEQUATE HEALTH CARE/FINANCIAL AND OTHER BARRIERS PERSIST

More than 6 million U.S. children do not have a source for obtaining routine care, and based on 1988 survey data, nearly one in five (12 million) did not make a visit for routine care within an appropriate time interval. Studies of unvaccinated children have shown that about one-third had one or more health care visits at which an opportunity was missed for vaccination. (St. Peter, Newacheck, and Halfon, 1992; RICI, 1992).

Over 9 million children have no health insurance, but even when insured, children do not receive vaccines because policies exclude coverage for basic preventive care; only 45% of employment-based, conventional health insurance programs and 62% of preferred-provider plans cover childhood immunizations. In 1989, 77% of pediatricians in direct patient care participated in the Medicaid program, down from 85% in 1978. (Partnership for Prevention, 1992; Yudokowsky, Carland, and Flint, 1990.

Half of the 54 immunization program managers surveyed in 1990 identified significant policy and resource barriers that limited access to vaccinations. Policy barriers included: immunizations available by appointment only (93%); requirements for physical examination prior to immunization (56%); need for physician referral in order to be vaccinated (41%); requirements for enrollment in well-baby clinics in order to be immunized (37%); and administration fees (22%). Resource problems included: insufficient clinic personnel (70%); inadequate clinic hours (56%); and too few clinic locations (15%). (NVAC, 1991).

MINORITY CHILDREN LESS LIKELY TO BE PROTECTED AGAINST MAJOR CHILDHOOD ILLNESSES

In 1990, African-American and Hispanic preschool children are at a four to seven-fold higher risk of measles than other preschool children. (Roper, 1991).

A California survey of kindergarten entrants revealed that 50% of white children were up-to-date on immunizations by their second birthday compared with only 32% of Hispanic children. In a Philadelphia survey of 18 predominantly Hispanic schools, only 30% of children with Hispanic surnames had completed the primary immunization series by age 2. (Delgado, 1991).

Almost one-third of Hispanic children and nearly half of African-American children are not covered by private or public health insurance compared with 17% of white children. (National Black Child Development Institute, 1991; Delgado, 1991).

COMMEMORATING THE SPRINGFIELD COMMISSION ON INTERNATIONAL VISITORS ON THEIR 30TH ANNIVERSARY

HON. RICHARD J. DURBIN

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Friday, October 2, 1992

Mr. DURBIN. Mr. Speaker, I rise today to recognize and acknowledge the excellent work performed by the Springfield Commission on International Visitors upon its 30th anniversary. The commission has performed an invaluable service by bringing the visitors of the world to Springfield, and showing them all we have to offer.

In 1959, the city of Springfield was requested to assist international visitors traveling to the home of Abraham Lincoln to visit the Lincoln historical sites. The International Visitors Program of the U.S. Information Agency was created in 1961 and the Springfield Commission was established 1 year later. Members of this commission are appointed by the mayor, and serve a 3-year term. These civic minded citizens are homemakers and professionals, both active and retired. The Springfield Commission provides visitors with professional, community, and family experiences, which offer visitors insights into all aspects of American life.

The commission serves foreign visitors and students by contributing to their appreciation and understanding of the history and culture of our Nation, city and State, increasing Springfield's international reputation and further promoting greater international friendship and understanding. Operating in conjunction with the U.S. Agency on International Development and the U.S. Information Agency, the commission enables current and future foreign leaders to experience the varied social and cultural opportunities the heartland has to offer.

I would like to commend the mayor of Springfield, Ossie Langfelder, for his continued support of the commission. I would also like to commend the Springfield Commission's chairman, Mr. Darrell D. Carter, and the executive director, Ms. Keya Dennis, for their dedication to fostering greater understanding between Springfield and the rest of the world. The fine staff is supplemented by as many as 300 equally committed volunteers who assist over 1,800 visitors annually.

September was designated "International Visitor Month." Mr. Speaker, it is my pleasure to introduce a resolution to commemorate the anniversary of the commission and recognize the Springfield Commission on International Visitors, its volunteers, and its staff, on 30 years of exemplary service.

COUGHLIN CONSTITUENTS SUPPORT PRESIDENT'S INITIATIVES FOR HEALTH CARE, JUDICIAL REFORM, LAW ENFORCEMENT ASSISTANCE, AND HOME AND BUSINESS OWNERSHIP

HON. LAWRENCE COUGHLIN

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Friday, October 2, 1992

Mr. COUGHLIN. Mr. Speaker, I would like to report to the House of Representatives the results of my annual constituent questionnaire.

In responding to my 1992 Annual Congressional Questionnaire, a significant number of respondents, 70.6 percent, supported a national health care system which would expand private health insurance to include all individuals over a system with the Federal Government as the sole provider and payor.

Similarly, a significant number of respondents, 74.3 percent, support the President's efforts to reduce court congestion by limiting the number of appeals allowed a convicted criminal and to assist law enforcement by permitting the use of evidence obtained in good faith without a search warrant.

More than two-thirds of those answering the questionnaire support President Bush's proposals to provide home and business ownership initiatives and job training for the Nation's urban poor as an alternative to current programs.

Also, an overwhelming majority, 88.7 percent, agreed with the President's proposal to limit plaintiffs' recoveries for pain and suffering and lawyers contingent fees.

A bare majority of respondents, when asked to established domestic spending priorities for the Federal Government, listed education, 56.6 percent, crime prevention, 52.8 percent, and health care, 51.4 percent, as the top three areas where the Federal Government needs to spend more money.

Similarly, my constituents overwhelmingly rejected increased Federal spending for welfare for the disadvantaged, 18.2 percent, housing, 28.35 percent, and urban renewal, 37.1 percent.

Nearly two-thirds of the residents of the 13th Congressional District indicated that they felt that congressional efforts to reduce the national budget deficit have failed and that they favored a constitutional amendment to require a balanced Federal budget.

Questionnaires were mailed in July to every household and postal box in Pennsylvania's 13th Congressional District, which includes 28 municipalities in Montgomery County and parts of three wards in the city of Philadelphia. More than 5,500 people responded to this summer's poll.

As in years past, I have provided the White House with the results of this year's questionnaire.

The following are the complete results from my 1992 annual questionnaire:

1. Budget restraints require establishing domestic spending priorities in addition to cuts in defense and foreign aid. Do we spend too much, not enough, or the right amount of your tax dollars on the following domestic programs:

Crime prevention:

	Percent
Too much	9.2
Not enough	52.8
Right amount	38.0

Drug Abuse:

Too much	21.2
Not enough	42.0
Right amount	36.8

Education:

Too much	13.9
Not enough	56.6
Right amount	29.5

Environmental protection:

Too much	14.8
Not enough	48.9
Right amount	36.3

Health care:

Too much	18.7
Not enough	51.4
Right amount	29.9

Housing:

Too much	28.35
Not enough	28.35
Right amount	43.3

Security for older Americans:

Too much	16.4
Not enough	40.9
Right amount	42.7

Transportation:

Too much	14.4
Not enough	47.3
Right amount	38.3

Urban renewal:

Too much	24.6
Not enough	37.1
Right amount	38.3

Welfare for disadvantaged:

Too much	44.9
Not enough	18.2
Right amount	36.9

2. Since various laws to reduce the budget deficit have failed because they can be waived by Congress, should there be a Constitutional amendment to require a balanced federal budget?

	Percent
Yes	71.8
No	28.2

3. Should Congress enact President Bush's education initiative which includes voluntary national testing of students, new, privately developed experimental schools, and vouchers to allow parents to choose among various public and private schools?

	Percent
Yes	46.3
No	53.7

4. Should Congress enact the Administration's proposals to provide home and business ownership initiatives and job training for the nation's urban poor as alternatives to current programs?

	Percent
Yes	76.7
No	23.3

5. Should Congress enact a national health care system by expanding private insurance coverage to include all individuals and businesses or should we abandon the private system and substitute the Federal government as the sole provider and payor for health care?

	Percent
Private	70.6
Federal	29.4

6. Should Congress enact the measures President Bush proposed three years ago to reduce court congestion by limiting the appeals allowed convicted criminals and to assist law enforcement by permitting the use of evidence obtained in good faith but without a search warrant?

	Percent
Yes	74.3
No	25.7

7. Should Congress enact legislation proposed by President Bush to reduce the more than $80 billion consumers pay annually as a direct result of civil lawsuits by limiting plaintiffs' recoveries for pain and suffering and lawyers contingent fees?

	Percent
Yes	88.7
No	11.7

8. Should the United States guarantee $10 billion in commercial loans to Israel to assist in resettling refugees who left the former Soviet Union?

	Percent
Yes	25.6
No	74.4

9. Should the United States admit, outside the normal immigration procedure, refugees from other countries who are fleeing for primarily economic reasons?

	Percent
Yes	15.2
No	84.8

10. Realizing that further defense savings are dependent on world peace and stability, should the United States send aid to Russia and the other former Soviet republics as requested by Russian President Boris Yeltsin?

	Percent
Yes	62.6
No	37.4

TRIBUTE TO A TRUE PATRON OF THE COMMUNITY

HON. DICK ZIMMER

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Friday, October 2, 1992

Mr. ZIMMER. Mr. Speaker, in recent years, the city of Newark, NJ has been the beneficiary of one man's uncommon generosity. At the height of an enormously successful and personally profitable business career, Raymond Chambers decided that he would leave behind the world of finance to rebuild his hometown. Acting mostly behind the scenes and virtually without public recognition, Ray Chambers has donated millions of dollars of his own money and all his incomparable energies and skills to revitalizing the city he grew up in.

A front-page article in the Wall Street Journal has chronicled Ray's efforts to rebuild Newark and has described his crowning achievement to date—the creation of his student-mentor program that not only offers a child a college scholarship, but also matches the child with an accomplished adult role model as a tutor.

I urge my colleagues to read this article to learn what one dedicated and selfless man can accomplish.

[From The Wall Street Journal]

TUTORS AND MENTORS FOR KIDS

(By Ralph T. King, Jr.)

Raymond Chambers once did a leveraged buy-out of Gibson Greetings Inc., earning more than $100 million with a $1 million investment. Today he is leveraging souls in this downtrodden city, also with impressive results.

Mr. Chambers was born and raised in Newark, the son of a blue-collar warehouse manager. He went on to become one of the nation's wealthiest men as a pioneer in leveraged buy-outs with William E. Simon, the former Treasury secretary.

Meanwhile, in the years following Newark's bloody 1967 riots, the social fabric of Mr. Chambers' hometown disintegrated. It lost one-third of its population. Of the remaining 275,000 resident—85% black and Hispanic—more than one in four lived below the poverty line. It became a place where kids stole cars every night simply for sport and where drug-addicted parents sometimes abandoned newborns in hospitals for months.

Newark's educational, cultural and political institutions, with few exceptions, had decayed to a shocking degree.

So in 1986, Mr. Chambers left the business world and waded in. His solution was to enter all three areas with big projects that would generate ripple effects beyond the scope of his resources. Mr. Chambers' use of leverage—getting projects off the ground with seed money, making some programs profit-makers that can support others, financing an effort with a highly leveraged commodity fund offers a lesson in how philanthropy and shrewd business tactics can work together.

BEHIND THE SCENES

Since 1986 Mr. Chambers has worked full time to try to rebuild Newark, spending more than $50 million of his own money and committing another $36 million in the form of guarantees to donate the cash if no one else will. Yet, through it all, he has tried to avoid publicity. At the ground-breaking for a movie theater being built largely because of his efforts, he stood at the back of the crowd, in dark glasses, while civic leaders made speeches and took bows on the stage. He has declined many requests for interviews. For this article, he did provide background information and issued a brief statement for the record, but only because this reporter, at Mr. Chambers' suggestion, once spent five months assisting in a weekend tutoring program he sponsored.

"Ray stands out as the American businesses entrepreneur of the Reagan era who has made an investment of a scale and an intensity that I don't think anyone else has matched," says Peter Goldmark Jr., president of the Rockefeller Foundation. While the Fords and Rockefellers in their day may have had a broader impact on the social welfare of places like New York City and Detroit, he says, "Ray is unique because nobody is doing that now. I don't think there is anybody from this era in his league."

DOWN AND OUT

Mr. Chambers, 50 years old, studied at Rutgers University in Newark and trained as a tax accountant at Price Waterhouse before pursuing investments. But in his statement, he says: "I had never seen people as down and out as the people of Newark. It had gotten so bad, I didn't think I had any alternative."

The movie theater, while one of his smaller projects, gives a good insight into Mr. Chambers' techniques. Newark no longer had a single cinema in its neighborhoods, let alone a bowling alley or a skating rink. Mr. Chambers couldn't get any bank to make an ordinary construction loan to build a theater in the most blighted neighborhood, the Central Ward. Finally, Newark-based First Fidelity Bank came through, after Mr. Chambers' foundation agreed to put up a comparatively small sum, $800,000, and guarantee $3.9 million more.

Then he went about trying to find a theater operator to run it at cost. A. Alan

Friedberg, chairman of Loews Theatre Management Corp., a unit of Sony Corp., finally agreed. "As I thought about it, I realized I didn't want to be just another CEO interested only in profits," Mr. Friedberg told the crowd at the ceremony. Rather, profits will go the city, which in effect donated the land, and to a fund sponsoring civic and cultural activities in the vicinity.

To Mr. Chambers, that creates a kind of social leverage that's much more important than just giving money away.

Mr. Chambers' first move in Newark gave him the credibility he needed to go further. He got involved with the Boys' and Girls' Clubs of Newark. Their new director, Barbara Wright Bell, was struggling to renovate four dilapidated facilities that were overrun by youth gangs. Mr. Chambers liked her take-charge approach and grasp of inner-city problems.

He attracted an influential board and quadrupled its budget to $1.8 million with such new funding sources as an endowment with stock from one of his leveraged buyouts, Six Flags Corp., and a golf outing patronized by his business associates. Within 18 months, Ms. Bell had restored the clubs to mint condition and provided a haven for about 5,000 new members. Mr. Chambers now has about $10 million invested in the clubs.

With this success, Mr. Chambers won the respect of Newark Mayor Sharpe James, who now calls the organization the "jewel" of the city. After some discussion, the two men found they shared a vision of what needed to be done. "I deal with thousands of people who have money and want to help the city. Ray is unique," says Mayor James. "He doesn't come in and say you must do this and that, and he never looks or asks for anything in return."

Mr Chambers set to work, operating through an outfit called the Amelior Foundation, of which he is chairman. Ms. Bell, as president, oversees Amelior's projects. "A movement around one man or one organization is not healthy," says Ms. Bell, 42, who learned how to get things done in the inner city from her father, an Episcopal minister. "Newark wasn't visionless before Ray came in, but he brought the vision closer to reality, pushed it more quickly and gave it more energy."

Education was their greatest concern. Newark's school system didn't work. Despite a $496 million budget, many of its 49,000 students were learning as much in the streets as in the overcrowded classrooms. Mr. Chambers was struck by an idea he had heard about on CBS's "60 Minutes." Eugene Lang, a New York businessman, had promised college scholarships to 61 Harlem sixth-graders. In the end, about half finished at least some college.

Mr. Chambers thought he could do better by starting sooner, as early as first grade; by being bigger, eventually to include 1,000 youngsters (650 are enrolled to date, from first grade through junior high); and by doing more, such as matching all the students with a mentor.

A SPEECH BY TUTU

Amelior endowed the program, called Ready (Rigorous Educational Assistance for Deserving Youth), with $10 million, or $10,000 per student. Part of that is reserved for college costs, but most pays for tutoring, horizon-widening activities (from visiting New York City museums to attending a speech by South African Bishop Desmond Tutu) and parental assistance. Mr. Chambers has donated about another $10 million to various universities, partly to guarantee spaces for Ready students.

It's too early to tell how well the program will work; Ready was started in 1987, and its oldest participants are in the 11th grade. But it has done wonders for Deneane Jacobs. "I like when people say to me, 'You ain't nothing,'" says the 17-year-old, whose 10 sisters all dropped out of high school. She plans to attend college and law school and hopes to become a judge. "When I get up there working in my fine office one day, I hope they're still around. I'm going to take them up there and show them," she says. Having cured a stutter and increased her reading speed, Deneane has markedly improved her grades.

Mr. Chambers wanted to find more immediate incentives than a college education to reduce Ready's current dropout rate of 35% (most of these move away or never attend a single Ready session). So Amelior paid the minority-owned City National Bank $300,000 for a 20% stake, and set aside $500 worth of shares for each kid to "inherit" upon graduation from high school. That not only helps the kids, but helped the bank survive to continue to make loans in inner-city Newark.

Many Ready parents are unemployed single mothers with lots to worry about besides making sure their kids stay in Ready. Mr. Chambers had heard about a skills training program of welfare mothers that was trying to expand. Amelior donated $400,000 to move the Newark Business Training Institute into new facilities, including a day-care center. This year it will turn out 400 graduates, double the 1990 number, and find jobs for three-quarters of them. Two dozen Ready moms are enrolled in classes this fall.

UNIQUE FUND

Another project is the One-to-One Partnership. Mentors for Ready kids were hard to find, so, with Geoffrey Boisi, he founded One-to-One to coordinate existing mentoring groups and start new ones. Mr. Boisi, 45, veteran of Goldman, Sachs & Co., left Goldman to run One-to-One, inspired, he says, by Mr. Chambers's example.

The two men conceived a Wall Street commodity partnership whose trading profits will mostly go to kids who satisfy One-to-One program requirements, but also cover program costs. Charity-minded investors in the One-to-One Charitable Fund L.P. will earn a modest return at best, with the rest going to One-to-One. They won't face the typically huge risks associated with commodities because of hedging and diversification.

The fund's managers are four top performers—Paul Tudor Jones's Tudor Investment Corp., Blenheim Investment Inc., J.W. Henry & Co. and Moore Capital Management Inc.—all of which have waived their fees, which generally are 3% of funds under management plus up to 30% of trading profits.

The fund started trading two months ago with the first $20 million from investors. No results are available yet. Plans to raise $100 million by June were delayed after an article on the fund in this newspaper brought an unexpected number of inquiries, raising certain legal issues. The fund was restructured into a limited partnership, and fund-raising efforts recently resumed. Meanwhile, One-to-One has set up operations in 15 cities. Its Newark affiliate has arranged 250 matches and plans 1,500 more with five years.

Next on the agenda was the city's cultural life. Newark's downtown does have a first-class museum, but little else of interest to suburban residents or office workers after hours. A New Jersey performing-arts center had been proposed by state officials for years, but the idea languished, in part because of a $150 million price. In any case, other cities were more likely sites the Newark.

Then, in 1988, Mr. Chambers made state legislators an offer they couldn't refuse. He guaranteed that private donations would be raised to match a proposed $33 million state grant. Amelior put up the first big chunk. Mr. Chambers recruited a high-powered board including Ray Vagelos of Merck & Co. and Robert Winters of Prudential Insurance Co. of America, both big corporate donors, and called on others throughout the region. Newark's big employers joined quickly, but so did ones farther afield like American Telephone & Telegraph Co. and Matsushita Electric Corp. of America. Mayor James has agreed to try to scrape together $10 million of city money.

DOWNTOWN ANCHOR

Ground is not yet broken, but the arts center is scheduled to open in 1996. Nearly half of the immediate 12-acre site is set aside for future private development; leases are eventually expected to generate revenue for the center.

With Newark's downtown soon to have an anchor, business leaders across the state seem to be taking the city, and its problems, more seriously. Blue Cross and Blue Shield of New Jersey has just completed a new high-rise headquarters here, and will relocate 2,700 employees from the suburbs. City planners have drawn up a redevelopment scheme for the adjacent riverfront. Another ripple: The center will offer extra instruction in the arts and performance space for students in public schools. Ready kids are expected to participate.

The most recent splash is in the political arena. As Newark has decayed, squabbling over the shrinking pie has increasingly divided community groups. But a campaign called Newark Fighting Back marks a new approach. Its ostensible goal is to cut drug and alcohol abuse in the city's most depressed sections, fed by a five-year, $3 million grant from the Robert Wood Johnson Foundation. But more important is the fact that nearly 100 community leaders cooperated to get the grant.

Once again, Mr. Chambers, via the Boys' and Girls' Clubs, was a key player. Several small agencies in the city wanted to go after the grant independently. The clubs' leaders, with the mayor's help, roped them in and donated staff to put the proposal together.

SOME ARE CRITICAL

There is a nascent sense among the groups that they now have sufficient mass to map out broad, long-term solutions to such complex problems as unemployment, homelessness and crime. One who signed up, Virginia Jones, representing tenants in the high-rise building where she lives, has been criticizing city officials and anti poverty programs for years. Her beef is that the people the programs are designed to help never get consulted. Says Ms. Jones: "This Fighting Back is a start. They understand my frustration."

Some people feel the projects engineered by Mr. Chambers are misdirected. The theater ground-breaking in June was interrupted by protesters calling for long promised repairs at a rundown city housing project. Says Davis Weiner of the Newark Coalition for Low-Income Housing: "This kind of project is fine as an adjunct. The problem is that it becomes the primary focus while the more serious issue, housing, becomes secondary."

Others object that the arts center is no remedy for Newark's 13% unemployment rate or growing homelessness. Says Edward

Verner, who heads an association of 200 leaders of local black churches: "There are people sleeping in parks a stone's throw from where the center will be. If you are going to renaissance Newark, then renaissance the poor first."

And, to be sure, life remains miserable for many Newark residents. Ronald Graham, a 25-year-old unemployed native of Newark, regards the .45-caliber pistol he owns as a basic necessity. "To me, this is hell," he says, gazing at a nearly empty parking lot in a shopping center with many vacant storefronts.

But, if nothing else, Mr. Chambers's leveraged approach is giving many people in Newark hope—a sense, for the first time in years, that something can be done to break their cycle of poverty. Says Rep. Donald Payne, who represents Newark: "This community is blessed to have a Ray Chambers."

SO LONG, BOB

HON. GLENN M. ANDERSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Friday, October 2, 1992

Mr. ANDERSON. Mr. Speaker, I rise today to pay tribute to my friend from California, BOB LAGOMARSINO, who will be leaving Congress at the end of the 102d session. Our friendship began during our service in the California Legislature and has grown during our years together in Washington. During this time, Bob has worked tirelessly on behalf of his constituents on the central coast of California. I hope that they realize what an excellent Congressman they will be losing at the end of this session.

BOB was first elected to Congress in 1974, and he has made his mark in this institution as an expert in international relations and the environment. He is a senior member of the House Foreign Affairs Committee, where he serves as the ranking member of the Subcommittee on Western Hemisphere Affairs and as a member of the Asian and Pacific Affairs Subcommittee that specializes in trade with the Pacific rim nations. He is also the chairman of the Republican Institute for International Affairs, a group of prominent national leaders that promotes democracy movements throughout the world. As chairman, he has helped establish and monitor free elections in emerging democracies, and is currently working to promote free elections in Kuwait and the Soviet Union.

BOB also serves on the House Interior Committee as the ranking member of the Subcommittee on National Parks and Public Lands. This has allowed him to protect the natural resources of California's central coast. His efforts have led to the creation of the Channel Islands National Park and the Dick Smith Wilderness in the forest back country of Santa Barbara County. He also fought a successful 5-year battle to designate over 400,000 acres of the forest as wilderness, which culminated in the passage of the Los Padres Wilderness bill. This bill protected 85 miles of rivers and streams in Santa Barbara County by incorporating them into the Wild and Scenic Rivers System.

I am not the only one who has noticed the outstanding job that BOB LAGOMARSINO has done in Congress. He has been recognized by the California and National Wildlife Federations as the Legislative Conservationist of the Year, and the California Peace Officers Association named him as their Legislator of the Year. In 1985, he was awarded the Santa Barbara Medal of the University of California at Santa Barbara for his years of public service.

Too often in Congress, partisan bickering and political posturing overshadow the working relationships and friendships that extend across the aisle. I was lucky enough to have forged such a relationship with BOB LAGOMARSINO. His hard work and dedication will be missed throughout California, and throughout the Nation. My wife Lee joins me in wishing BOB and his wife Norma all the best in the years ahead.

SITUATION IN SOUTHEASTERN TURKEY

HON. LEE H. HAMILTON

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Friday, October 2, 1992

Mr. HAMILTON. Mr. Speaker, I wish to draw to the attention of my colleagues a written response from the Honorable Thomas M.T. Niles, Assistant Secretary of State for European and Canadian Affairs, regarding the security situation in southeastern Turkey and human rights abuses in Turkey. Since the mid-1980's, Turkey has been combating the activities of the PKK, a terrorist organization committed to the creation of a separate Kurdish state in southeastern Turkey. Turkish security forces have used increasingly violent methods to try to deal with the PKK threat. Innocent civilians are being killed by both sides in this conflict.

Secretary Niles' remarks were submitted to the Subcommittee on Europe and Middle East in response to questioning during a subcommittee hearing on September 29, 1992, on recent developments in Europe.

Secretary Niles' response differs notably from his earlier testimony before the subcommittee on these issues and from earlier letters from the Department of State on the human rights situation in Turkey. The response goes further than any other statement of administration policy to date in acknowledging that a serious problem exists in southeastern Turkey, not only in terms of terrorist violence, but in terms of the heavyhanded official Turkish policy for dealing with the situation in the southeast. The response also notes, for the first time, that the trend today regarding the practice of torture in Turkey is not one of improvement and may in fact be one of increased violations.

Once again, I wish to reiterate that Turkey is an important friend and ally of the United States. We have a broad agenda with the Government of Turkey. It is in our interest and in the interest of the future of the United States-Turkey relationship to ensure that serious human rights violations cease to occur in Turkey.

REMARKS BY HON. THOMAS M.T. NILES

The level of terror and political violence in Turkey is notably elevated from last year. In the southeast, the focus of the PKK insurgency, this violence has clearly increased: more than 4000 military, insurgents, and civilians have died since the insurgency began in 1984, almost half of them in 1992 alone. More than 300 civilian deaths have been reported this year—85 of them in July 1992.

Underlying this violence lies the emotionally charged issue of Kurdish-Turkish relations. The Kurdish Workers Party (PKK), which has tried to claim the mantel of Kurdish leadership in Turkey, frequently uses terror to pursue its separatist goals—extortion and murder, kidnapping and assassination, targeting innocent civilians as well as security forces. PKK attacks on teachers have closed more than 1200 schools in southeastern Turkey. It has assassinated more than 50 local officials, most recently on September 21, when it murdered two Diyarbakir officials. On September 27, the PKK gunned down a prosecutor and a judge in Diyarbakir. In August, the PKK attacked a social club in Adana, killing a pregnant woman and wounding several others. The violence has driven many Kurds to seek refuge in western Turkey, but even such refugees are victimized—a 29 year old man was murdered in Izmir on September 3, reportedly after fleeing PKK recruitment efforts.

The government of Turkey is attempting to deal with this threat to its security, while maintaining a functioning, democratically-elected parliamentary system and a free press which criticizes the government and debates alternative futures in an unfettered fashion. Within their Parliament, representatives from the Kurdish areas of southeastern Turkey have formed a political group which outspokenly advocates cultural and economic rights for Turks of Kurdish origin.

As you know, the 1991 Human Rights Report discusses inadequacies in Turkey's human rights performance, especially torture and excessive use of force by security personnel. I have previously expressed our satisfaction that laws on thought crimes have been abolished, and are no longer a basis for arrests. In addition, political prisoners have been released. On the issue of torture, it had previously been our impression that, reflecting the policy of the new government, the trend was in a favorable direction. Recent reports, however, indicate that allegations of torture have not diminished, and torture may have actually increased.

Parliament has failed to move forward with a package of judicial reforms which would address many of our concerns over human rights protection. The reform program, by limiting pre-trial detention and providing those accused access to legal counsel, could significantly improve this situation. President Ozal vetoed the bill because he believed it would hamper investigations and operations against terrorists and their sympathizers. We have been assured that the government intends to pass this law in the next two weeks.

Clearly, part of the problem of southeastern Turkey is economic. For decades that part of the country has been neglected with the result that it has been economically deprived and is far less developed than the western part of the country. The GOT has promised to address these inequities with institutional reforms and development programs for the region. Unfortunately, the upsurge in violence over the past year has reached the point where these reforms have been set aside.

The Turks are also addressing the PKK problem directly, by using their security forces to root out PKK strongholds. There is

no question that the Turkish government is uncompromising on the issue of separatism, as is every other country in the region. We strongly support Turkey's territorial integrity, and that of Iraq. The Government of Turkey has consistently said that its Kurdish population is free to express itself politically within the established parliamentary system. We support the many efforts of Turkish Kurds to work through the Parliament and other legitimate institutions; it is vital that those institutions be sufficiently flexible to allow the full expression of concerns of all Turkish citizens.

We must not forget that there are Kurds willing to oppose the PKK and its methods. The Kurdish leaders of northern Iraq have met with Turkish officials about the problem of PKK bases in Iraq, and have said they will no longer tolerate PKK activities from Kurdish-controlled areas. We are in touch with these leaders, who are committed to a united Iraq. Within the context of maintaining Iraq's territorial unity, we, the Turks, and other allies continue to work to maintain freedom from repression for all the people of northern Iraq. Turkish cooperation remains a vital ingredient for the astonishing humanitarian success of Operation Provide Comfort. We will continue to work with both Turks and Iraqi citizens in the difficult days that lie ahead in order to build a stable peace, within established borders for all the citizens of that troubled region. In an area where we have important interests—in the Middle East, the Balkans, the Caucasus and Central Asia—Turkey is emerging as a regional power. We seek to cooperate with Turkey in these areas.

It is also clear that third-world countries are supporting PKK activities. We are working with Turkey in its efforts to end the support this group gets from other states.

At the same time, and in the spirit of our long friendship with Turkey, we remain uncompromising in our defense of the human rights of all Turkish citizens. We are particularly concerned by the frequency of reports of extrajudicial killings and torture. We will expand our dialogue with the Turkish government on the subject of human rights. Believing that the rule of law and the fight against terrorism must be pursued simultaneously, we have urged the Turks to pass and implement urgently needed reforms which would protect the human rights of all Turkish citizens. Turkey's battle against the PKK is one in which we are not directly involved, but in which we clearly have a stake. We will cooperate with the Turks in reminding third-world countries that it is unacceptable that they harbor terrorist camps from which attacks are mounted on a friend.

In summary, the deep-rooted economic, political and security problems of southeastern Turkey must be addressed in reinforcing fashion. We support Turkey's democratic parliamentary system. We applaud its willingness to allow these problems to be discussed openly in a free press. As always, we deeply regret the loss of life, often innocent, as a result of the cycle of terror and violence.

CAPTIVE NATIONS WEEK

HON. GERALD B.H. SOLOMON

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, October 2, 1992

Mr. SOLOMON. Mr. Speaker, twice during this session of the 102d Congress I have risen to commemorate Captive Nations Week and to recognize those Governors and Mayors who have issued proclamations on behalf of their constituencies in honor of this important occasion.

As a finale for this year's commemoration of the event, I think it fitting and proper that this recognition include the Captive Nations Week proclamation issued by President Bush as well as his speech on America's unwavering devotion to the letter and the spirit of human rights agreements and democratic principles of Government.

Further, these sincere actions by President Bush demonstrate his personal commitment to the principles of liberty, freedom, and democracy which form the basis of our Nation and its way of Government. At a time when American citizens are contemplating their choices for the next President of our country, it is extremely important for them to remember who it is that has not only espoused these convictions but who it is that has actually acted upon them. Any examination of the record of George Bush as President of the United States clearly reflects his personal devotion and his successful endeavors in this important area. For these purposes, I have entered a copy of the President's proclamation and the President's speech into the RECORD.

A PROCLAMATION BY THE PRESIDENT OF THE UNITED STATES OF AMERICA

CAPTIVE NATIONS WEEK, 1992

When Americans first observed Captive Nations Week in 1959, repressive communist regimes had overtaken nations from Central and Eastern Europe to mainland China and overshadowed many others with the very real threat of expansionism. Three years earlier, forces of the Soviet Union had brutally suppressed a popular movement for freedom in Hungary; some 16 years before that, the Soviets had invaded Poland and achieved the forcible annexation of Lithuania, Latvia, and Estonia. In 1959, the United Nations had only recently ended its efforts to thwart communist expansionism below the 38th parallel in Korea, and a communist-led insurgency had already begun to threaten South Vietnam. At a time when millions of people were enslaved by Soviet domination or subjugated by proxy, at a time when countless others were terrorized by the threat of communist aggression and subversion. Americans paused during Captive Nations Week to reaffirm our commitment to liberty and self-government and to express our solidarity with all those peoples seeking freedom, independence and security.

Today, 33 years after our first observance of Captive Nations Week, millions of people who suffered under Soviet domination and communist rule are free. The Iron Curtain and its most despised symbol, the Berlin Wall, have fallen—toppled by courageous states, Central European countries, and 12 new states that replaced the U.S.S.R. In Afghanistan and Angola, where bloody civil war against Soviet-supported, Marxist-Leninist regimes left thousands dead and millions of others homeless, chances of achieving lasting peace have reached their highest level in years.

As we celebrate the hope of peace and freedom in these and other once-captive nations, we also remember the many courageous, freedom-loving men and women who resisted tyranny and oppression—often at great personal cost. These include the thousands of dissenters who risked imprisonment, exile, and death in order to demand rights that we American enjoy: freedom of religion, speech, and assembly, as well as the right to a fair trial and to protection against unreasonable searches and seizures. They include prisoners of the gulag who remained devoted to liberty despite suffering hunger, torture, and long periods of solitary confinement; and they include selfless religious leaders such as Father Jerry Popieluszko of Poland, Cardinal Josef Mindszenty of Hungary, and Cardinal Josyf Slipyj of Ukraine, who inspired countless others by their unshakable belief in the God-given rights and dignity of the human person. From broadcasters at the Voice of America and Radio Free Europe/Radio Liberty, who pierced the Iron Curtain with words of hope and truth, to freedom fighters in Nicaragua and other Latin American countries who led popular resistance to local despots and to political and military interference from Cuba and the Soviet Union—the men and women whom we remember this week never lost their faith in freedom and in the inevitable triumph of liberty and justice.

As we recall all those who labored and sacrificed to hasten the demise of imperial communism and to liberate the world's captive nations, we must remember those peoples who remain subject to regimes that continue to deny basic human rights in stark violation of both the letter and the spirit of international human rights agreements, as well as fundamental standards of morality. The United States will continue to speak out against egregious human rights violation in Cuba and elsewhere, and we shall continue to warn the world's newly emerging democracies against another kind of subjugation: the tyranny of ethnic hatred and nationalist rivalries. History has shown how these evils can produce their own form of captivity: a vicious cycle of violence, political repression, and economic stagnation and loss. As this observance of Captive Nations Week reminds us, freedom and peace are precious blessings that require the faith, the will, and the wherewithal to preserve and strengthen them.

The Congress, by Joint Resolution approved July 17, 1959 (73 Stat. 212), has authorized and requested the president to issue a proclamation designating the third week in July of each year as "Captive Nations Week."

Now, therefore, I, George Bush, President of the United States of America, do hereby proclaim the week beginning July 12, 1992, as Captive Nations Week. I call on all Americans to observe this week with appropriate ceremonies and activities in celebration of the growth of liberty and democracy around the world and in recognition of the need for continued vigilance and resolve in the defense of human rights.

In Witness Whereof, I have hereunto set my hand this fifteenth day of July, in the year of our Lord nineteen hundred and ninety-two, and of the Independence of the United States of America the two hundred and seventeenth.

REMARKS BY THE PRESIDENT TO RELIGIOUS AND ETHNIC GROUPS AT THE THREE SAINTS RUSSIAN ORTHODOX CHURCH IN GARFIELD, NEW JERSEY

May I thank you, Governor Kean, for that warm welcome back. May I salute our Assemblyman, Chuck Haytaian; our Senate President Don DiFrancesco; and House candidate, Pat Roma. I'm delighted to see you all. And may I ask that we pay our respects to His Beatitude, Metropolitan Theodossius, the Archbishop of Washington, the Primate of the Church; and Archbishop Peter, Bishop

Paul, Father Alex; and members of the Three Saints Parish. Thank you for welcoming me and so many thousands of your neighbors in New Jersey. And good afternoon to Congresswoman Marge Roukema that's out there somewhere, and the wonderful people in this audience that represent the rich diversity of New Jersey.

Your heritage is Cuban and Vietnamese and Jewish and Christian and Irish and African and Polish and Chinese and Armenian—and so many, many others. And you're Americans all. You are Americans. And your spirit enriches our country and it fuels the flame of freedom all over the world.

And these gleaming church domes remind me of the skyline of a great city. Since my last trip to Moscow, the Russian people have toppled the idols of Soviet communism. They have begun renewing the Russian nation. And just consider the signs of the times: In Red Square this Easter, the gigantic picture of Lenin was gone, and in its place was a massive icon of the Risen Lord. A powerful symbol of the new birth of freedom for believers all around the world.

Today Germany is free and united. Ukraine—Ukraine is free and democratic. Poland is free. And the roll call of freedom includes Hungary and Armenia, the Czech and Slovak Republic, Bulgaria, Belarus, Lithuania, Estonia, Latvia and many, many more. And at long last, the captive nations of the old Soviet empire are free.

But our work is not finished. In Asia, in Latin America, in other regions, some nations still suffer oppression. And some people are still struggling to be free. And that's why, one of the reasons, I want your support to serve four more years as president, to complete the job of freedom around the world. We've got to use our energy. We've got to use our experience to solidify the historic changes that have given birth to these new democracies abroad and made us secure at home.

These events benefit every American. The free world's triumph in the Cold War—brought about by the steadfast efforts of America, the American people, of her allies—gives us a chance to establish for these kids here a lasting peace. And the momentous arms agreement that I reached last month with President Yeltsin, this reduction—with its sweeping cuts in nuclear weapons will make us more secure than at any time since the dawn of the nuclear age. And these kids can go to asleep without worrying about nuclear war because of the changes we have brought to this country.

Little more than two years ago, I welcomed to the White House Poland's then—the first noncommunist prime minister since Stalin's conquest of Eastern Europe. This brave man, Tadeusz Mazowiecki, spoke some of the clearest and wisest words about the times we live in. He said, "History is accelerating." And with those words he foretold the fall of the Soviet empire. And this wave of history, this surge of hope, is not confined to Europe. The Afghan people have won back their homeland. In Angola, and in other African countries, People are digging out from under the rubble of tyranny.

And mark my words: During my second term as President, the probability is high—it is very high—that greater freedom will come to more than a billion people in Vietnam, in North Korea, and in China.

And closer to home, we also have more victories for freedom. The Castro dictatorship is on its last legs. And here's what I envision: Within the next four years, I will be the first President of the United States to set foot on the soil of a free and democratic Cuba. And that's good for all of us. I am determined to keep America the leader in the struggle for world freedom. And I am every bit as determined to protect the sources of our strength right here at home in the good old U.S.A. And during the next four years, I'll keep helping American workers and entrepreneurs carry us to new heights of achievement. And I will fight for the rights of American parents and American families. We must restore respect for the American family.

The family is under siege. And the choices in this election are clear: On one side, the advocates of the liberal agenda; on the other side are you and I and those values of family that we share.

They want to tighten the monopoly on our kids' education. And I am fighting on your side, as Tom said, for parents' rights to choose their childrens' school—public, private or religious. And our G.I. Bill for children gives middle and low-income families more of the same choices of all schools that people with a lot of money already have. And two years ago, they tried to create a new bureaucracy—this one for child care. And I won my fight to let parents choose their children's care, including church-based care. And I will keep on fighting for that kind of choice for the American family.

They want public schools to hand out birth control pills and devices to teenaged kids. And they believe it's no business of the parents and that it's strictly a matter between our children and the government. They even encourage kids to hire lawyers and haul their parents into court. And I believe kids need mothers and fathers, not big brother bureaucracy. And the bond between the parent and the child is sacred and it is fundamental.

The big government liberal approach to welfare has failed. And that's why, just yesterday, I enthusiastically approved New Jersey's request to try a new approach to make parents in the welfare system more responsible, to put parents back to work. And I'm ready to fight four more years to protect the traditional rights of parents and families.

Families are central to any civilization. And more than a century ago, Dostoyevsky imagined a nightmare world, a place where an all powerful state crushed the natural rights of individuals and families. "And if God is dead," he wrote, "then everything is permitted."

Well, looking out over this magnificent audience I can feel it. I know that your faith is alive and family is the most important thing we have here on this Earth. And we take to heart the words of America the Beautiful, "confirm thy soul in self control." And we know that the America we love, the America that's such a powerful beacon to the entire world will not stay strong if the culture and the government teach our kids that anything goes.

Think about it. If we can tear down the Berlin Wall, we can build a strong economy. And if we can lift that Iron Curtain, we can bring the curtain down on immorality and indifference and lawlessness. And if we can help people walk free through the streets of Europe, there's no reason we cannot take back our streets right here in our neighborhoods in the United States of America.

You know, being here reminds me that next month marks the first anniversary of that attempted coup in Moscow; of those fateful days in August when Russia's democratic future was laid on the line, when world peace hung in the balance. And I'm sure each one of us has indelible memories of those days. I certainly do. And I am proud that we had the courage and the leadership to stand by Russia's democrats in their hour of need. And I am grateful for what Boris Yeltsin said about American leadership and making it possible for democracy to come to Russia.

You know, earlier this year, I had the privilege of hearing Slava Rostopovich recount his memories at the National Prayer Breakfast in Washington. He'd flown to Moscow at the first news of the coup and he stood three days and nights with President Yeltsin and the defenders of freedom and democracy, protecting what the Russians call their White House.

And he told us that deep in the night the only sound was from the movement of the tank treads. And he said: "The aura of faith was almost palpable. And that moment the salvation of us all and of the future of the country came only from God."

My fellow Americans, we have the good fortune not to live in the shadow of machine guns and tanks. And America will be safe so long as the United States of America stays strong; so long as we continue to lead around the world.

And let me repeat it: Barbara and I count it a great blessing that when our kids and our grandchildren go to bed at night they don't have the fear, that same kind of fear, that fear of nuclear threat that we faced until just a few months ago. This is momentous. This is important to the entire world. And I am proud that our leadership brought it about.

Of course, we've got hard work ahead. We've got to keep our national security second to none. We've got to prove the pessimists wrong about America's ability to compete and to create jobs and to expand America, to expand opportunity for all. And we must protect and renew our most precious resource—America's families.

Now, to meet these challenges, to lead the nation, to fight on your side of the values we share—put party politics aside—but to fight on your share for these values—on your side—that's why I'm asking you to help me win another four years as President of the United States of America. I will not let you down. I will fight for the faith. I will fight for the American families. We are one nation under God, and never forget it. We can overcome any problems we face.

And thank you. And may God bless this great country, the freest, the fairest, the greatest country on the face of the Earth. Thank you all.

FREEDOM SUPPORT ACT SEEKS TO ENSURE TERRITORIAL INTEGRITY OF THE BALTIC NATIONS

HON. DOUG BEREUTER

OF NEBRASKA

IN THE HOUSE OF REPRESENTATIVES

Friday, October 2, 1992

Mr. BEREUTER. Mr. Speaker, as a member of the conference committee that recently completed work on the assistance package to the former Soviet republics, this Member would like to take a moment to address the very important issue of the continuing presence of Russian troops in Latvia, Lithuania, and Estonia.

As you know, Mr. Speaker, the United States has always supported the right of self-

determination for the people of the Baltic States. Their seizure by the Soviet Union some 50 years ago was clearly illegal, and successive administrations refused to recognize Moscow's claims. When the Baltic States began to break away from their oppressors, America steadfastly continued our support for their freedom. In the months since they have gained their independence, the United States has established embassies in Riga, Vilnius, and Tallin. We have begun an active assistance program, and we have begun to send specially trained Peace Corps volunteers. The United States is, and will forever remain, committed to the independence of the Baltic nations and basic human freedoms for their citizens.

Yet, despite Moscow's recognition of the independent status of the Baltic States, troops of the former Red Army remain in each of the three Baltic nations. These troops are no longer welcome, and each of the Baltic nations has rightfully demanded that the troops leave. The Russians, on the other hand, have delayed and, for a long while, have been unwilling to discuss the issue. Moscow complains that it has no housing for these returning forces, and that bringing them back in a precipitous fashion could create social upheaval that would threaten the democratic reforms.

Mr. Speaker, I understand Moscow's argument. Certainly the United States does not wish to destabilize the Yeltsin regime. That would not be in the U.S. interest, nor would it be in the interests of the Baltic States. Nonetheless, these troops must leave. And they must leave as soon as possible.

Fortunately, significant progress has been made in recent weeks concerning the status of the troops. In a major breakthrough, Lithuania and Russia have agreed on a timetable that will have the troops out by August of next year. Progress also has been made in negotiations with Estonia and Latvia. In addition, many of the troops have quietly been withdrawn as Red Army draftees finish up their term of service and they have simply not been replaced.

While these trends are encouraging, Mr. Speaker, the conference committee for the Freedom Support Act wished to make it unequivocally clear that Moscow must continue to make progress on the withdrawal of its remaining troops. Indeed, failure to continue to make significant progress on the withdrawal of troops will result in a termination of U.S. assistance.

The legislative language is quite clear—The President shall not provide assistance * * * for the Government of Russia if it has failed to make significant progress on the removal of Russian or Commonwealth of Independent States troops from Estonia, Latvia, and Lithuania or if it has failed to undertake good faith efforts, such as negotiations, to end other military practices that violate the sovereignty of the Baltic states.

Thus, this Member would wish to reassure the many Members of this body who are equally concerned about the freedom of the Baltics. The language in the Freedom Support Act is clear, and it is unequivocal. The United States will not condone the continued presence of unwelcome troops in Latvia, Lithuania, and Estonia.

I thank the Speaker for permitting this Member to report upon this matter.

EGG RESEARCH AND CONSUMER INFORMATION ACT AMENDMENTS OF 1992

HON. CHARLES W. STENHOLM

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Friday, October 2, 1992

Mr. STENHOLM. Mr. Speaker, I rise today to introduce a bill to amend the Egg Research and Consumer Information Act, a statute that authorizes research, food safety, and consumer education programs regarding eggs and egg products which are funded solely by the egg industry itself. The Egg Research and Consumer Information Act is one of the oldest research and promotion programs in the United States. Established in 1974, the American Egg Board [AEB] and its programs have served as a model for subsequent promotion boards and their programs.

Mr. Speaker, I have been a long-time supporter of the Egg Research and Promotion Program and other similar commodity programs because they represent an excellent example of producers of agricultural commodities helping themselves. Rather than seeking assistance from the Federal Government, producers collectively assess themselves to help maintain and expand the market for their products, educate and inform consumers, conduct vital research, and promote food safety within the food service industry. They enable hundreds of small producers of agricultural commodities to accomplish cooperatively that which they would never be able to do individually. These programs are vital for market stability and future growth as they provide agricultural producers with the opportunity to compete more effectively with major food companies for the American food dollar.

This year alone, the AEB has allocated over $1 million for research at respected universities across the country. In addition to research activity, AEB has implemented numerous education programs to teach safe egg handling procedures to food service operators in hospitals, nursing homes, schools, and other institutions in order to help reduce the risk of illness from food contamination. Consumers also receive positive and truthful information about eggs and egg products through the distribution of thousands of leaflets and media publicity campaigns.

However, with static checkoff rates, the AEB has found it increasingly difficult to maintain the kind of programming levels necessary to meet the ongoing and growing challenges faced by the industry. Given heightened public concerns about food safety and continued debate about the relationship between dietary cholesterol intake and its effect on blood cholesterol levels, additional research and education dollars are needed in order for the egg industry to remain competitive for the food dollar and to ensure adequate and accurate research.

To this end, the bill I introduce today will achieve two primary goals. First, it would grant further protection to smaller producers by increasing the exemption level from producers with 30,000 laying hens to those with 50,000 laying hens—such producers are exempt from AEB assessments and other requirements. Second, it would provide egg producers with the ability to vote for an increased assessment, not to exceed 30 cents per commercial case, for the American Egg Board programs. As under current law, any increase would have to be approved in referendum by two-thirds of egg producers voting, or a majority of producers if that majority is responsible for at least two-thirds of the egg production of voting producers.

Mr. Speaker, I urge my fellow Members to join in support of this proposed legislation, and urge its passage in the House.

SUPPORT OF H.R. 2042

HON. BEVERLY B. BYRON

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Friday, October 2, 1992

Mrs. BYRON. Mr. Speaker, I rise today in strong support of H.R. 2042 which reauthorizes the programs of the U.S. Fire Administration and the National Fire Academy. I am especially pleased that this legislation includes the language of H.R. 3808, legislation I introduced in the House, to establish a National Fallen Firefighters Foundations Act.

The foundation established by this bill will enable us to honor the career and volunteer firefighters who have sacrificed their lives for the protection of their communities and Nation. It would serve as a charitable, non-profit corporation, existing solely on donations made by individuals and organizations wishing to honor career and volunteer firefighters who have died in the line of duty and to assist their families. The primary purpose of the foundation is to maintain and preserve the National Fallen Firefighters Memorial, in Emmitsburg, MD, and finance the memorial's annual ceremony. If successful, the foundation could provide support to the local efforts made throughout the country to commemorate these courageous men and women, and aid the firefighters' families wishing to attend the memorial service in honor of their loved ones.

At present, all costs incurred by the memorial, its annual ceremony, and the other efforts of recognition for the fallen firefighter, have been funded through FEMA. This foundation, in removing the burden from the taxpayer, will "encourage, accept, and administer" charitable contributions made in memory of these fallen heroes.

I am delighted that this foundation has been strongly endorsed by the fire community, including the Maryland State Firemen's Association, the National Fire Protection Association, and the International Association of Fire Fighters. The memorial is growing at a rapid rate, and so too is the need for its increased support. We must help commemorate these fallen heroes and assist those they have left behind. I ask you my colleagues to join me in support of this legislation.

JOSEPH M. PIZZA CIVIC ASSOCIATION 2D ANNUAL DINNER-DANCE: HONORING JOE COLUCCI—RESTAURATEUR

HON. ROBERT A. ROE

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Friday, October 2, 1992

Mr. ROE. Mr. Speaker, on Sunday, October 25, 1992, the Joseph M. Pizza Civic Association will hold its 2d annual dinner-dance honoring Joe Colucci at LaNeve's Restaurant in Haledon, NJ.

Mr. Speaker, this gala affair will honor Mr. Joseph Colucci, founding partner of Colucci Ristorante in Haledon, New Jersey. This highly successful establishment is well known for its culinary skills. He has been selected to be honored for his distinguished career of outstanding leadership and community contribution to the greater Haledon, Passaic County area.

Born in Paterson, he is the son of John and Viola Colucci of Albero Belio Bari, Italy. Joe is married to the former Lorraine DiGiulio and they have been blessed with two lovely daughters, Lorelei and Monica.

Joe attended local schools in Paterson and Little Falls as well as Farleigh Dickinson University. He also served his country in the NJ National Guard's 114th Artillery, D Battery, in Franklin Lakes and the 104th Engineers Battalion in Teaneck.

As a preteen, Joe started to work in a restaurant with his dad and immediately knew he had found his niche. His interest and quality cooking skills have stayed with him ever since. In 1973, he purchased Colucci's Ristorante in Haledon with his father and brother. He is partners with Carl Massanova in this fine establishment.

Joe has taken an active part in civic affairs, having been elected councilman in Haledon from 1979–84. He was police commissioner in 1979, public works chairman in 1981, water department chairman in 1983, and transportation chair in 1984.

To all people, strangers and friends alike, Joe is a warm, friendly, and modest person who continues to carry out many missions of a good samaritan. His hands are never too busy to find time to help those in need.

Mr. Speaker, it is indeed appropriate that we reflect on the deeds and achievements of Joseph Colucci, who has contributed so much to the quality of life of his fellow citizens. It gives me great pleasure in joining you to honor this great American.

SMALL BUSINESS: A GLOBAL PERSPECTIVE

HON. ANDY IRELAND

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Friday, October 2, 1992

Mr. IRELAND. Mr. Speaker, as the end of the 102d Congress approaches and I prepare to leave this body, I want to take one last opportunity to address an issue I have felt committed to since I entered the U.S. House of Representatives 16 years ago. That cause, Mr. Speaker, is the survival, growth, and prosperity of this Nation's small business community.

Over the years, I have been stressing to legislators the importance of small business to our economic health and reminding my colleagues to consider the legislation they pass in light of the impact it will have on these vital enterprises. Mr. Speaker, not only are small businesses at the heart of the American economy, they are emerging worldwide as the life blood of free market economies, young and old.

I urge my colleagues to read the following press release I received recently from a delegation of members of the European Parliament, European small business representatives, and the U.K. Minister for Small Business who met in London. Their concern for the future of small business as the European Community unites demonstrates the largeness of this issue. They recognize that the promotion and protection of small businesses needs to be a governmental priority and articulate a message I have been attempting to convey throughout my eight terms.

LONDON.—September 9, 1992

Small business is one of the largest economic factors and is vital for the well-being of the European economy. At the same time small business endures special burdens due both to the specificities of running a firm of such a size and the environment that is increasingly oriented towards the interests of big firms. Therefore special attention has to be given to small and medium sized businesses and crafts by administrations and governments. This should also include the European level, i.e. the European Parliament, the Council of Ministers and especially the Commission of the EC.

This is the conclusion reached at a meeting in London between Baroness Denton, UK Minister for Small Business and a delegation led by Mrs. Karla Peijs, President of the SME-Intergroup of the EP, that was composed of Members of the European Parliament and official delegates of small and medium businesses and crafts.

Small business is particularly worried about rumours and indications that the EC-Commission's directorate general in charge of small business (DG XXIII) may be dismantled by the end of the year.

This would give an unfair advantage to large firms. These have a strong lobbying power and are given fairly open access to the European institutions.

This enables them to seek for 'positive' discrimination tailored to their specific needs. As a consequence the adopted measures fall disproportionately on small business. This is not only the case when it comes to granting specific advantages like subventions, laxest merger control or protectionism, which are often done in the context of an ill-defined industrial policy, but also when it comes to the drawing-up of new legislation.

Large parts of European legislation is now being re-drawn in the wake of the Single Market and of Maastricht. There is ample evidence that this is being done mainly with big business in mind.

It is therefore necessary to have a substantial sub-unit within the Commission of the EC (that can be supplemented by the SME-Intergroup of the EP) which is given both the ability to identify the needs of small business and the power to defend these interest—on all relevant fields—to ensure that the other parts of the Commission recognize the need for caution when drawing up laws. The small business community strongly believes that this could be achieved through an enhanced DG XXIII.

In the past the European Parliament pleaded for an independent body at the Commission. This led to the creation of the SME Task Force and later to DG XXIII. Now the European Parliament continues to stand to its position and is therefore favourable to keep DG XXIII.

THE 80TH ANNIVERSARY OF SUN-MAID GROWERS OF CALIFORNIA

HON. RICHARD H. LEHMAN

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Friday, October 2, 1992

Mr. LEHMAN of California. Mr. Speaker, it is with great pleasure that I rise today to bring to your attention the 80th anniversary of Sun-Maid Growers of California, one of California's and America's finest and most successful agricultural, farmer-owned cooperatives. Started as the California Associated Raisin Co. in 1912, Sun-Maid has grown and prospered to currently represent 1,500 raisin growers in the San Joaquin Valley. Net sales for the 1991–92 year exceeded $181 million.

Sun-Maid Growers' processing facility located in Kingsburg, CA, employs 600 local residents who consistently meet the growing demands and needs of both domestic and international markets. Sun-Maid's Kingsburg raisin processing plant is the largest and most modern facility of its kind in the world with nearly 15 acres under its roof. During peak periods, the Kingsburg plant processes and packages 1,000 tons or 90,000 cases of raisins.

Although the Sun-Maid cooperative and its members have had to persevere and overcome their share of hard times, the future indeed looks bright for another 80 years of success for Sun-Maid, as more and more consumers become aware of the health benefits of raisins and as new market opportunities develop worldwide. Currently, Sun-Maid exports its products to 25 nations abroad and is researching new international markets to target.

I salute the dedicated members of Sun-Maid Growers for their hard work and dedication on behalf of this successful cooperative. It is agricultural cooperatives such as Sun-Maid Growers that deserve our recognition and respect for their years of commitment to producing a quality American product.

PETER CAESAR ALBERTI: FIRST ITALIAN-AMERICAN

HON. NITA M. LOWEY

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, October 2, 1992

Mrs. LOWEY of New York. Mr. Speaker, Italian-Americans proudly celebrate their heritage on Columbus Day each year. In this, the 500th anniversary year of Columbus's first voyage to the New World, I rise to pay tribute

to the contributions of Italian-Americans and to honor Peter Caesar Alberti, the first Italian to settle in America, 357 years ago.

Mr. Alberti was a successful Venetian trader who joined the Dutch West India Co. He sailed to New York, then called New Amsterdam, and settled in the colony in 1635, becoming the first of many brave Italians to leave the old world behind for a new life in America. After several years in New York, Mr. Alberti married Judith Jans Manji, the daughter of a Dutch landowner, and was granted land to begin a successful tobacco plantation in what is now Brooklyn. Today, there are over 300 of Mr. Alberti's descendents living throughout the United States, including Dianne Keys Smith Booker of Bronxville.

During the many years since Mr. Alberti arrived in America, 5 million Italians have followed, and 20 million of their descendents now live in the United States. Over the years, Italian-Americans have made important contributions in all aspects of American life. At the same time, they have cherished and maintained a beautiful and vibrant heritage which is such an important part of American culture today.

As we celebrate the 500th anniversary of Christopher Columbus' first voyage to the New World, I know that my colleagues will join me in honoring one of the first of his countrymen to settle in America and the many Italian-Americans who have made such important contributions since.

TRIBUTE TO TONY DINOLFO

HON. WILLIAM O. LIPINSKI

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Friday, October 2, 1992

Mr. LIPINSKI. Mr. Speaker, I am pleased to rise to recognize Tony Dinolfo of Oak Lawn, IL. Tony will become an Eagle Scout at a ceremony on October 5, 1992.

It is important to note that less than 2 percent of all young men in America attain the rank of Eagle Scout. This high honor can only be earned by those scouts demonstrating extraordinary leadership abilities. Tony Dinolfo has clearly demonstrated such abilities through his dedicated community service, and he deserves special recognition.

In light of the commendable leadership and courageous activities performed by this fine young man, I ask my colleagues to join me in honoring Tony Dinolfo for attaining the highest honor in Scouting—the Rank of Eagle. Let us wish him the very best in all of his endeavors.

IN RECOGNITION OF FRESNO CIVIC LEADER LEWIS EATON

HON. RICHARD H. LEHMAN

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Friday, October 2, 1992

Mr. LEHMAN of California. Mr. Speaker, I rise before by colleagues today to pay tribute to one of my district's leading citizens and most effective community forces, Lewis Swift Eaton, who passed away 1 week ago.

Lew Eaton was a great man who never acted like a big shot and he was never enamored with the trappings of wealth and power. He was a person who made things happen and he believed strongly that private prosperity and public service can work hand in hand.

Lew had a lifelong love of Fresno's nearby Sierra Nevada. That love came from his many hiking and camping trips to the back country of our parks and national forests. It was just a year ago that Lew and a group of Fresno friends hiked to the summit of Mount Whitney, the highest peak in the 48 contiguous States. Until this spring, he was still skiing, a sport that he had participated in for more than 40 years.

He would often travel to Washington on business and I remember that we would spend most of our time at dinner together comparing notes and discussing our mountain experiences.

I'll remember Lew Eaton most for his love of the Sierra Nevada mountains; his sense of responsibility for preserving our parks and wilderness areas; and for his generous commitment to causes that will benefit future generations.

His contributions to our area were many. He was the son of a pioneer Fresno banking family and built a financial empire. But, as an editorial in our local newspaper pointed out, Lew was an old-style community leader.

Lew Eaton worked quietly and without fanfare, not caring about who got the credit for what was accomplished, whether it was the Fresno Metropolitan Museum, Bulldog Stadium, Chaffee Zoological Gardens, or the work for which he was most proud, Woodward Park.

Over the years Lew Eaton has honored repeatedly for his philanthropy. He was the first recipient of the Leon Peters Award from the Fresno County and city chamber of commerce; and later the Alliance for the Arts Horizon Award for his efforts on behalf of the Fresno Arts Museum and the Metropolitan Museum.

His accomplishments in business were numerous. They included serving as president of Guarantee Savings, which was started by his father in 1919, and later as a director for Glendale Federal Bank which bought Guarantee in 1987.

He also served on various other boards of directors including Grundfos Pumps, Pacific Gas & Electric, MGIC Investment Corp., the Business Advisory Council at Fresno State University, the board of Yosemite National Institutes and the board of public television station KVPT.

Lew Eaton also was president of the Alumni Association of Stanford, from which he graduated in 1941, and over the years served as the university's San Joaquin Valley host.

He was the national president of the U.S. Savings and Loan League and was a member of the first regional advisory commission of the National Park Service. In the 1970's and 1980's, Lew Eaton served as chairman of the National Park Service Citizen's Advisory Board.

In recent years the San Joaquin River Parkway was the cause that was dearest to Lew's heart.

Born in 1919, Lew Eaton's family roots are in turn-of-the-century California.

He attended Fresno schools before entering Stanford. He joined the Army as a private in the infantry and he later went to officer candidate school. During World War II, Lew was a captain in the Army administration department and a transportation officer at Washington and Lee University.

At the end of the war, he returned to work for his father's savings and loan business and began his long commitment to both public and private community service.

The Eaton family always has had a strong commitment to the public schools. His father, Edwin Eaton, served as a Fresno school trustee for two terms in the 1940's, and Eaton School in Fresno was named for him. When Fresno School Board Member Arthur L. Selland was elected mayor in 1958, Lewis Eaton was asked to complete the unexpired term. He won a full term in 1961 and served until 1965.

He once told a newspaper reporter that working in the community gave him tremendous pleasure. "Hopefully, the things that I have contributed to will be long-lasting and beneficial to future generations," he said.

His contributions will be long-lasting and beneficial.

TRIBUTE TO THE SHREWSBURY, MA, PUBLIC LIBRARY

HON. JOSEPH D. EARLY

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Friday, October 2, 1992

Mr. EARLY. Mr. Speaker, I rise today to mark the occasion of the 200th anniversary of library services in Shrewsbury, MA. As Shrewsbury's Representative in the Congress, I am proud of the distinguished history of the library and of the valuable contributions to the advancement of knowledge which have been made through the provision of library services in this community.

The Shrewsbury Social Library, founded in 1792 by the town fathers, was a voluntary association of individuals whose purpose was the buying of books to be jointly owned by all those who belonged. In 1872, the town of Shrewsbury established and funded its first public library. Miss A.E. Eaton served as the first librarian at a salary of $50.00 per year. In 1880, the town was spending 11 cents per person for the library.

As space requirements expanded, the town purchased the Thomas Bond house in 1895. In 1902, citizens of Shrewsbury voted to build a new library, to which an annex was added in 1924. By 1946, a program was begun which encouraged town residents to donate books to the library in memory of friends or relatives who had died. The library's first bookmobile was donated in 1959 by Mr. and Mrs. Anthony Borgatti, Jr.

By 1966, circulation topped 100,000 for the first time. In December 1979, ground was taken for the $1.6 million addition/renovation at the library, a project totally funded by municipal appropriation. This new facility was dedicated in February 1981. Functioning as a superior center of learning for the town, the Shrewsbury Public Library reached a circulation high of 211,200 in 1989.

On October 4, 1992, the Shrewsbury Public Library will celebrate 200 years of libraries and books in Shrewsbury. It is my privilege to salute the board of trustees, the dedicated staff, and all of the citizens of Shrewsbury on this wonderful occasion. I look forward to the success and expansion of the Shrewsbury Library for many years to come.

68TH ANNUAL OCTOBER OBSERVANCE OF CO-OP MONTH

HON. BILL GREEN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, October 2, 1992

Mr. GREEN of New York. Mr. Speaker, I rise today to pay tribute to cooperative businesses across the Nation on the 68th annual October observance of Co-op Month.

Cooperative businesses have been meeting people's needs in America since 1752 when Benjamin Franklin formed the Philadelphia Contributorship for Insurance of Homes from loss of fire. That insurance company continues to operate today, and along with it are 47,000 other business cooperatives which serve the needs of almost 120 million people. Nearly half the U.S. population benefits from co-op-provided goods and services, including electric and phone service, housing, insurance, food, health and day care, farm marketing and supply, credit unions, and news services.

Needs may have changed since Franklin's time, but the self-help traditions of co-ops haven't. Cooperatives are formed by people—often neighbors—with like needs who join together to solve a social or economic need of the group.

Co-ops are businesses. They range in size from Fortune 500 companies to small day care facilities. They pay taxes, adhere to State, local and Federal laws, and follow sound business practices. But what makes co-ops different from other businesses? The answer is that they are created and belong to, and are controlled by the people who use them. They are created to provide a service to, rather than a profit for their members. A good example is a cooperative food buying club. Its members join together to purchase food collectively and efficiently.

Cooperatives are self-help mechanisms that offer great opportunities to Americans and peoples of all nations to improve many different aspects of their lives. Currently, this self-help model is helping central and eastern Europeans make the transition from a controlled economy to a free market. Benefits from this model are global, and provide trading partners and new markets for American businesses. Round the world, co-ops are helping to nourish, house, educate, and provide a sustainable economic foundation for millions of people.

This incredible network of strength is the product of people helping themselves and their neighbors to control their own destiny, and I hope you will join me this month in paying tribute to people meeting people's needs, through cooperative businesses.

LUIGI POMPILII CELEBRATES 100th BIRTHDAY

HON. CURT WELDON

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Friday, October 2, 1992

Mr. WELDON. Mr. Speaker, I rise today to honor Luigi Pompilii who will be celebrating his 100th birthday on October 11, 1992. Luigi was born on December 23, 1892, in Teramo, Abruzzi, Italy, and immigrated to America in 1915. In 1917, Luigi became an American citizen and was drafted in the U.S. Army. When the war was over Luigi accepted a position with the Pennsylvania railroad. He worked with the railroad from 1919 until his retirement in 1960.

Luigi Pompilii has been an outstanding citizen of Delaware County, PA, for almost 80 years. It is my privilege and honor to pay tribute to such a fine American citizen. I would like to take this opportunity to wish Mr. Pompilii a very happy 100th birthday as well as only good health and good fortune in the future.

TRIBUTE TO HERITAGE BENEVOLENT AND PLEASURE CLUB

HON. WILLIAM O. LIPINSKI

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Friday, October 2, 1992

Mr. LIPINSKI. Mr. Speaker, on October 4, 1992, the Heritage Benevolent and Pleasure Club, one of the southwest side of Chicago's most active and purposeful social organizations, celebrates the 70th anniversary of its founding. I am pleased to rise and recognize this group on this special occasion.

The club began its organizational career in 1922 with 11 members and today its membership has grown to over 300. The club's membership is largely Slavic-American—one of the strong ethnic groups which make the Chicago such a wonderfully diverse place to live.

As the Heritage Benevolent and Pleasure Club celebrates its 70th anniversary, I am pleased to recognize them for their contributions to our community. As the club is recognized in the Chicago City Council and the Illinois General Assembly, I urge my colleagues to join me in saluting the Heritage Benevolent and Pleasure Club. I hope they will celebrate many more anniversaries in the years to come.

TAXPAYER ACTION DAY

HON. ELIZABETH J. PATTERSON

OF SOUTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Friday, October 2, 1992

Mrs. PATTERSON. Mr. Speaker, yesterday the Federal Government began a new fiscal year. But, instead of a present, we got more bad news about federal spending. The taxpayers of my district, and from across this Nation are calling on us to act responsibly in the way we operate our Government. They are tired of stories of Government waste that boggle the mind.

On October 17, thousands of concerned Americans will gather at rallies across the country, marking the third annual Taxpayer Action Day. These events are designed to highlight citizens' concerns about wasteful Government spending and about abuse of their tax dollars.

This year, we have an opportunity to face our constituents on Taxpayer Action Day with some good news—if we pass the line item rescission bill that is set to come before us before we adjourn. I urge my colleagues to support H.R. 2164 and send a message that we're ready to act to cut Government waste.

NATIONAL 4–H WEEK

HON. WILLIAM H. NATCHER

OF KENTUCKY

IN THE HOUSE OF REPRESENTATIVES

Friday, October 2, 1992

Mr. NATCHER. Mr. Speaker, once again it is a privilege to join with the members of 4–H as they celebrate National 4–H Week on October 4–11. The various programs offered by 4–H, the rate of participation and the achievement of 4–H'ers are evidence that this year's theme, "4–H: The Difference We Make," is an appropriate one.

In 4–H, each member enrolls in one or more organized projects each year. In 1991, the average was 1.8 projects per member with the most popular projects falling in the areas of animals and poultry, natural resources, food and nutrition, individual and family resources and mechanical sciences.

Along with these projects, 4–H offers much more. This year, efforts continued to expand the Extension's outreach to youth at risk who are most vulnurable because of poverty, lack of parental and community support and negative peer pressure. These efforts include 95 local program sites. About one-third of these sites provide badly needed high quality, school age child care. Another third emphasize scientific, technological and reading literacy. The remaining third form broad coalitions of youth-serving agencies and concerned groups to jointly address the problems of youth at risk.

Another aspect of 4–H programs is the increasingly developing partnerships with other agencies, national associations and private sector partners. One example of these partnerships is the nationwide "4–H Environmental Stewardship" recently developed by the National 4–H Council, Extension Service, USDA, and five major partner corporations. Most 4–H efforts, such as this one, address important issues of society.

These various 4–H programs are reaching a large number of our Nation's youth. Over 6 million youths across the country participated in 4–H youth development programs in 1991. This is an increase of 4.2 percent over the previous year.

My home State of Kentucky had 3,787 4–H clubs, the third highest number of clubs of any State. Kentucky also ranked third among the States in special interest groups in 1991. In addition to this, Kentucky had the highest

number of youths in 4–H instructional TV of any State, with 9,981 participating.

This past year, Kentucky 4–H involved 220,826 young people. Of the potential youths ages 9 through 19, 43 percent participated in some aspect of the program. These young people were assisted by 27,185 volunteer teen and adult leaders.

The county programs in the Second Congressional District of Kentucky, which I have the privilege of representing in Congress, involved a total of 44 percent of potential youths ages 9 through 19 in some aspect of 4–H programs. There were 38,743 youths involved in 1,592 clubs or units led by 4,383 volunteer teen and adult leaders.

Many of these leaders from the Second Congressional District of Kentucky are key leaders in 4–H on a State or national level. Mike Cauldwell of Nelson County serves as vice president of the Kentucky Association of Extension 4–H agents and was recently selected president-elect. Roberta Hunt of Washington County is the immediate past president of the Kentucky Association of Extension 4–H Agents. Mrs. James Brookshire of Breckinridge County continues to serve on the National Extension Advisory Committee. Christa Turner of Nelson County was elected State 4–H secretary last June. Bill Corum of Meade County is immediate past president and serves on the executive committee of Friends of Kentucky 4–H. Linda Jeffiers of Spencer County is secretary/treasurer of Friends of Kentucky 4–H, serves on the executive committee of Friends of Kentucky 4–H and represents her extension area on the State 4–H leaders council. Romanza Johnson of Warren County serves on the board of directors of Friends of Kentucky 4–H. Keith Rogers of Hardin County serves on the board of the State 4–H alumni association and serves on the executive committee of the State 4–H leaders council. Diane Cowles of Warren County is secretary for and serves on the executive committee of the state 4–H leaders council. Gil Cowles of Warren County is on the board of the State 4–H alumni association. Diane Jones of Barren County, Fay Crumbacker of Bullitt County, Margie Brookshire of Breckinridge County and Marilyn Shrader of Hardin County represent their respective areas on the State 4–H leaders council. Representatives on the State 4–H teen council from Kentucky's Second Congressional District are Brad Underwood of Taylor County, Jessica Gentry of LaRue County, Kathy Reding of Nelson County, Kim Akins of Washington County, Laura Lowe of Spencer County, and Susanne Jeffiers of Spencer County.

This year, six leaders from the Second Congressional District of Kentucky were recognized as area champions in the Feltner 4–H Leadership Recognition Program. Adult winners were Romanza Johnson of Warren County, Marion Creech of Meade County, and Fay Crumbacker of Spencer County. Teen winners are Alice Gentry of Warren County, Sarah Fackler of Meade County and Susanne Jeffiers of Spencer County. Romanza Johnson was also honored as one of only five adult State winners.

The quality of the leadership in the Second Congressional District of Kentucky also shows in the accomplishments of the youths active in 4–H. Kimberly Akins of Washington County was one of four delegates selected to represent Kentucky 4–H at the national conference. Meredith Staton of Meade County won the State championship for project records in the dog care division and Wes Chancellor of Daviess County won the State championship in the entomology category. State champions in fashion revue were Tanya Pickering of Meade County in the casual wear division and Jeri Fields or Warren County in the formal wear division. Communications Day State champions are: Justin Morgan of Daviess County in the junior agricultural sciences division, Rebecca Jones of Warren County in the junior animal sciences division, Tanya Pickering of Meade County in the senior creative crafts division and Kelly Haskins of Daviess County in the senior general division.

I would also like to recognize the following 4–H'ers who were winners at this year's Kentucky State Fair: Barren County, Stephen Gardner, Amanda Coomer, Luke McCoy, Cassie Martin, Marion Myatt, Angela Myatt, and Carolyn Thompson; Breckinridge County, Chandra Hobbs; Bullitt County, David O'Bryon; Casey County, Kristy Smith, Jennifer Smith, and Van Dorsten; Green County, Allison Simpson; Hancock County, Carrie Hargis; Hardin County, Michael Rider, Glendale Children's Home, Jason Lynn and Amanda Ramer; Hart County, Laura Perkins; LaRue County, Emi Williams, Patrick Durham, Andy Holbert, and Terry Padgett; Marion County, April Hollon, Joni Payne, and Danielle Ford; Meade County, Kirk Staples, Kevin Waldrip, Matthew Gleitz, and Tonya Pickering; Metcalfe County, Andrea Branstetter; Nelson County, Jacob Miller, Lora Lutz, Kevin Lutz, Mark Lundy, David Urekew, and Alice Dickerson; Spencer County, Sara Bell; Taylor County, Wendy McMahan and Jennifer O'Banion; Warren County, Jessica Chaney, James Chaney, and Mary Fields.

Twelve 4–H'ers from the Second District participated in the American Heritage Program They were among 120 teens and adults who traveled to Washington, DC and stayed at the National 4–H Center while studying and learning more about citizenship and our Government.

At this time I would like to commend all of those associated with 4–H programs, not only in the Second Congressional District of Kentucky, but throughout the country, for all their achievements and I want to wish them success in all their future endeavors.

SUN-MAID GROWERS OF CALIFORNIA CELEBRATES ITS 80TH ANNIVERSARY

HON. GARY A. CONDIT

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Friday, October 2, 1992

Mr. CONDIT. Mr. Speaker, I rise today to honor one of California's and America's finest farmer owned and operated cooperatives, Sun-Maid Growers of California, which celebrates 80 years of growth and prosperity this year. Founded in 1912 as the California Associated Raisin Co., Sun-Maid has since prospered, overcoming difficult economic times and the pressures associated with agriculture to become the country's leading producer of raisins.

Contributing to Sun-Maid's continued success are the 1,500 growers, who through dedication and hard work, produce approximately 100,000 tons of raisins annually. A key component of Sun-Maid processing and packaging operations in its 100 acre Kingsburg, CA plantsite. This facility, designed and built by Sun-Maid in 1961, is recognized as the world's largest and most modern raisin packing facility, shipping up to 1,000 tons or 90,000 cases of raisins daily. The plant also plays a vital role in the Kingsburg community by employing 600 local citizens and providing important community services.

Today, Sun-Maid Growers' reputation extends well beyond the San Joaquin Valley of 1912. Three-quarters of Sun-Maid's total production is sold throughout the United States and Canada, representing half of the raisins sold by American grocers. The Sun-Maid trademark has become one of the world's most recognized brands as Sun-Maid products are exported to 25 countries abroad and translated into 9 different languages.

I am proud to speak before you on the outstanding accomplishments and merits of this find American farmer owned agricultural cooperative. Sun-Maid growers deserve our recognition and respect for their 80 years of dedication and hard work in creating a world renowned and high quality product. I salute and congratulate Sun-Maid Growers and wish them 80 more years of growth and prosperity.

TRIBUTE TO MR. WILLIAM L. IVEY

HON. FLOYD SPENCE

OF SOUTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Friday, October 2, 1992

Mr. SPENCE. Mr. Speaker, I wish to take this opportunity to join my fellow South Carolinians in recognizing William L. Ivey, president and chief executive officer, of Columbia's Richland Memorial Hospital upon his retirement. Bill's distinguished career in the field of medical administration has been a testament to dedicated service and unselfish devotion to his fellowman. He may certainly recall with a sense of pride and accomplishment the outstanding contributions he has made. Although Bill has earned the right to take things easier for a while, I am sure that I speak for the entire medical community when I say that he will be greatly missed. I shall always cherish our association and his friendship.

In 1975, when William L. Ivey came to Columbia to be president and chief executive officer of Richland Memorial Hospital it was a local hospital with a shaky fiscal outlook that had a traditional mission of health care delivery. Today, it is a financially strong multibuilding, multicampus health organization that meets health care needs of people across South Carolina. It serves as the major teaching hospital for the University of South Carolina School of Medicine, as the region's trauma, poison control, high-risk pregnancy, and neonatal centers, and as a center for research and development of health care solutions.

Richland Memorial's growth in both size and reputation results from Bill's success in having a supportive board of trustees and in building a team from the educational, governmental, civic, and medical communities, which has worked through strategic planning to ensure that the hospital meets the present and future needs of South Carolinians with quality, state-of-the-art and cost-efficient health care and research.

Bill Ivey brought to Richland Memorial the skills and vision necessary to lead the hospital into its expanded role.

His experience—a combination of academics, patient services, hospital administration, and comprehensive health planning services—and his personal and professional commitment to affordable, quality, health care for all citizens enabled him to set a course for Richland Memorial that has increased its size and services to the State while making it a recognized leader in health care.

Currently, Richland Memorial is a 611-bed hospital with a $200 million operating expense budget employing over 4,000 people on two campuses. It includes two ambulatory health care centers, a regional free-standing Center for Cancer Treatment and Research, the Children's Hospital, and the Heart Centers as well as a medical office building complex. As president and chief executive officer, Ivey was a founding member of the hospital's foundation and its for-profit subsidiary that has engaged in a number of diversification activities.

His career of more that 40 years includes major responsibility for health services development, especially in rural areas and on Indian reservations, while deputy coordinator of the Arizona Regional Medical Program at the University of Arizona; director of the University of North Carolina School of Medicine Private Patient Service; director of North Carolina Memorial Hospital, the school's teaching hospital; and professor in the University's Department of Hospital Administration. He currently serves as an adjunct faculty member of the University of South Carolina and of the University of Alabama/Birmingham.

Since moving to South Carolina, he has served on the board of directors of both the United Way of the Midlands and the South Carolina State Chamber of Commerce and in numerous leadership positions of other local, State, and regional organizations. He has served as vice chairman and as a member of the board of directors of the multistate Carolinas Health and Hospital Services; as a founding member and director of Sun Alliance and SunHealth, Inc., currently a regional alliance of 225 hospitals; a founding director of the Columbia Free Medical Clinic, Inc.; in numerous positions with the American Hospital Association and as an advisor of health care issues to three governors and consultant to various private and public agencies, including the National Institutes of Health.

He was recognized in 1980 as the Public Administrator of the Year by the South Carolina chapter of the American Society for Public Administration.

As a former chairman of the South Carolina Hospital Association in 1980, Bill Ivey was later recognized for his dedicated efforts on behalf of health care services and was awarded the Award of Merit in 1982 and the Distinguished Service Award in 1987.

Bill was instrumental in creating Palmetto SeniorCare, a joint effort between the South Carolina Department of Health and Environmental Control, Health and Human Services Finance Commission, and Richland Memorial Hospital. This project provided comprehensive services to the frail elderly, based on the On Lok model, and is recognized nationally for its innovative approach to the comprehensive care of the frail elderly.

Bill currently serves as immediate past president and as a member of the board of directors of L. R. Jordan Management Society; a member of the Governing Council of the Metropolitan Section of the American Hospital Association; director of SunHealth, Inc; and vice chairman of the South Carolina Cancer Control Advisory Committee. This summer, he was named chairman of the South Carolina Committee, the Newcomen Society of the United States.

Bill was featured in the May—June 1992 cover story of Southern Hospitals that highlighted the successful strategic, operational, and financial goals of the hospital and its leadership.

Cited by the Southeastern Hospital Conference in May 1992 for his leadership in the health care industry and service to civic and community organizations, Bill Ivey received its Distinguished Service Award for Excellence.

For more than a quarter of a century, he has been an active member of the American Hearth Association, serving as its board chairman in three of its States' affiliates, North Carolina, Arizona, and South Carolina, and as a member and vice president of its national board. He has received the Association's Award for Distinguished Achievement and its Gold and Silver Medallion Awards. In June 1992, also Bill received the Lifetime Achievement Award from the American Heart Association, South Carolina affiliate, which is the organization's highest volunteer recognition.

Bill earned his undergraduate degree at Auburn University in Auburn, AL, and completed a master's degree and doctoral course work at the University of North Carolina at Chapel Hill. He served in the U.S. Army in both World War II and the Korean conflict.

As the needs for quality, affordable health care continue to grow, Ivey has promoted an ever-expanding mission of Richland Memorial Hospital, which currently includes plans for the development of a fourth medical office building, a new emergency medical and new psychiatric centers on its 60-acre main campus.

Upon December 31, 1992, Bill Ivey retires as president/chief executive officer of Richland Memorial Hospital after 17 years of dynamic, compassionate, and visionary leadership and will continue to serve as the management consultant to the board of trustees and incoming president of Richland Memorial Hospital.

VICTORY HOUSING

HON. CONSTANCE A. MORELLA

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Friday, October 2, 1992

Mrs. MORELLA. Mr. Speaker, I rise today in support of a $1.5 million grant for the construction of a facility to house 30 frail senior citizens in Montgomery County, MD. This grant is a part of the Departments of Veterans Affairs, Housing and Urban Development, and independent agencies appropriation for the 1993 fiscal year, which was passed overwhelmingly by the House of Representatives and the Senate.

Known as Bartholomew House, the facility will be constructed and operated by Victory Housing, Inc., a nonprofit housing agency affiliated with the Archdiocese of Washington. I would like to make special mention of Jean Brady, executive director for Victory Housing in Montgomery County, whose concern for the elderly has inspired the work of Victory Housing and whose expertise will make Bartholomew House a reality.

Bartholomew House will provide a myriad of support services to its residents, including meals, laundry, and an around the clock, on-site service coordinator. The residence will be nonsectarian and will be patterned after the highly successful frail elderly facilities currently operated in Montgomery County by Victory Housing: Raphael House, Mary's House, and Kuehner House. One of these facilities, Mary's House, was the recipient of the President's Point of Light Award.

Mr. Chairman, I am pleased that the Appropriations Committee granted my request for funding for Bartholomew House. Clearly, as the number of senior Americans multiplies and our long-term care services become increasingly strained, it is imperative that Congress ensure access to affordable, quality housing for the elderly.

Victory Housing has a topnotch record of providing dependable, affordable, long-term housing for Montgomery County's frail seniors, particularly those with limited incomes. I am proud and pleased to have helped make the dream of Bartholomew House a reality.

INTRODUCTION OF H.R. 6069, THE TAXPAYER PROTECTION, DEPOSIT INSURANCE REFORM AND REGULATORY RELIEF ACT OF 1992

HON. THOMAS E. PETRI

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Friday, October 2, 1992

Mr. PETRI. Mr. Speaker, Wednesday, September 30, I introduced H.R. 6069, The Taxpayer Protection, Deposit Insurance Reform and Regulatory Relief Act of 1992.

Briefly, H.R. 6069 will, as the title implies, reform the Nation's deposit insurance system by substituting private management for Government management of what is already an industry funded system. It will take the taxpayer off the hook for any future losses due to bank or thrift failures, and it will dramatically improve the efficiency of the banking industry through substantial regulatory relief and lower insurance premiums.

Bank insolvency losses have unnecessarily reached levels not seen since the Great Depression because mispriced Federal deposit insurance contributed to a series of asset deflations, the major killer of banks and other highly leveraged lenders.

However, bank insolvency losses were largely concentrated in the Southwest and in New England. Overall commercial banking actually performed reasonably well during the 1980's in the other regions of the United States where there was relatively little asset deflation.

The political process, however, understands neither the underlying flaws of Federal deposit insurance nor the regional nature of bank insolvency losses. As usually happens, the Federal Government overreacted in an indiscriminate manner to the problems in recent years among banks and thrifts. Consequently, the regulatory pendulum has swung to an unjustifiable extreme, and the economy is paying the price.

An unwarranted increase in regulatory burdens and costs imposed on healthy banks and thrifts has caused an enormous shift in market share to the less taxed and less regulated channels of intermediation. However, these channels may in fact be less efficient and less capable of supplying credit to important sectors of the economy, such as small business.

My bill is designed to solve these problems and more. The Taxpayer Protection, Deposit Insurance Reform and Regulatory Relief Act, will create a 100 percent cross-guarantee system under which each bank or thrift institution will enter into a contract with an ad hoc syndicate of banks, thrifts, pension or endowment funds, insurance companies and the like to guarantee all of its deposits. Premium rates and safety and soundness requirements will be negotiated contract by contract and will not require Government approval.

The guarantors, who will have their own money at risk, will take over safety and soundness responsibility from the Federal Government. The specific contract provisions for this purpose will vary depending upon the condition and practices of the individual bank or thrift, effectively ending one-size-fits-all regulation.

Each syndicate will employ an independent syndicate agent firm to oversee the performance of the guaranteed bank or thrift. The syndicate, through its agent, will be able to force changes in the guaranteed bank or even close or sell it if it runs into trouble. The agent's independence will prevent anti-competitive behavior.

Various rules for the spreading of risk will ensure the safety of the entire system, including the mandating of minimum numbers of guarantors for each bank, limits on the amount of risk undertaken by any one guarantor, and the inclusion of mandatory stop-loss contracts under which guarantors will pass any excessive losses through to their own second tier of guarantors.

The Government's principal role will be to make sure that contracts are in place and that all the risk dispersion rules are complied with. Backup Federal deposit insurance will be retained but never needed even in circumstances worse than the Great Depression.

The entire system will have to meet a key market test before it can really get started, since no contracts will become effective until a critical mass of at least 200 banks with at least $500 billion of assets has chosen to participate and has contracts ready to go.

Once the system is operating, banks' regulatory burdens will become far lighter, banks will have the opportunity to earn money as guarantors, and their own deposit insurance premiums will be far lower. Premiums will be lower because risk-related premiums will deter unsound lending and guarantors will act quickly to minimize losses if problems develop. For these reasons and many others, I expect this proposal to be attractive to all segments of the financial would.

H.R. 6069 has several important benefits for the economy. The taxpayers will be protected in the event of any future loss due to bank failures. A more efficient banking industry will help promote economic growth. However, the most important benefit of this plan is that it should lead to the risk sensitive pricing of loans, which should moderate speculative bubbles.

It is these positive effects on the economy as a whole that are really the most important reasons for taking a good look at this bill. If we are going to get our economy moving again and get a handle on our deficit problem, we need to fundamentally reform the way we do things in a number of key areas. Health care, welfare, and education are a few of those areas, but financial services is certainly a crucial one. I believe deposit insurance reform is the single most important key to improving financial services.

Mr. Speaker, I ask that in addition to this statement, the text of the bill, a brief synopsis of its contents, a section by section discussion and a question and answer document be printed in the RECORD.

INTRODUCTION TO SECTION-BY-SECTION DESCRIPTION OF THE TAXPAYER PROTECTION, DEPOSIT INSURANCE REFORM, AND REGULATORY RELIEF ACT OF 1992

(Introduced by Representative Thomas E. Petri)

[Graphs not reproducible in the Record]

The Taxpayer Protection, Deposit Insurance Reform, and Regulatory Relief Act of 1992 employs the 100 percent cross-guarantee concept to privatize the management of the deposit insurance program now administered by the Federal Deposit Insurance Corporation (FDIC). Although cross-guarantees are simple in concept, the bill is complex because it creates many safeguards, it is being fitted into a tangled web of existing banking regulation, and it gives the four federal bank and thrift regulatory agencies as little discretion as possible in implementing this Act.

Cross-guarantees represent a sharp turn away from the increasingly rigid, indiscriminate, and punitive thrust of banking regulation and towards a reliance on voluntary contracts negotiated in a competitive marketplace and enforced by the judicial system. In effect, the bill dramatically shifts power over banks and thrifts from the political process to the marketplace, thus bringing *perestroika* to American banking.

Despite the magnitude of this deposit insurance reform, the bill does not alter current branching rules or restrictions on the activities or ownership of banks and thrifts. The bill also does not alter in any manner the deposit insurance, activities, or taxation of credit unions nor does it affect in any way the activities or insurance status of money market mutual funds, broker-dealers, insurance companies, or other non-depository financial services firms.

After a general introduction to the cross-guarantee concept and the bill itself, this section-by-section description discusses each provision of the bill along with the public policy rationale for that provision. The bill is divided into two titles that follow a short statement of findings and purposes. The 28 sections of Title I contains a new law that implements the 100% cross-guarantee concept. Six sections of Title II amend existing law to exempt guaranteed banks and thrifts from the safety-and-soundness regulations that increasingly hamper the efficient management of sound, well-managed banks. A seventh section of Title II permits guaranteed banks and thrift to be debtors under the U.S. Bankruptcy Code.

SIX MAJOR GOALS OF THE BILL

One, protect taxpayers. Federal deposit insurance is premised on the flawed notion that government regulation of banks and thrift can protect taxpayers from excessive deposit insurance losses. The bankruptcy of the Federal Savings and Loan Insurance Corporation (FSLIC), which will cost the American taxpayer $200 billion, measured in current dollars, demonstrates the folly of that premise.

The bill protects taxpayers from future deposit insurance losses by (1) creating an actuarially sound, market-driven insurance mechanism that will prevent bank and thrift insolvency losses from ever again approaching the magnitude of the FSLIC's losses and (2) constructing a "solvency safety net" under all banks and thrifts to absorb any and all insolvency losses among these institutions. This solvency safety net, which will not be punctured even in economic conditions far worse than the Great Depression, eliminates as a practical matter, all taxpayer risk in deposit insurance.

Two, provide for market-driven risk-sensitive premiums: Risk-sensitive deposit insurance premiums are key to quickly curbing unwise lending and other bad banking practices that eventually lead to insolvency. The FDIC, under congressional mandate, is attempting to implement risk-sensitive premiums. However, because the FDIC is a government monopoly subject to political pressures, it will never be able to properly price deposit insurance, which must be based on leading indicators of banking risk. In effect, risk-sensitive premiums can be properly priced only in a private, competitive marketplace. This bill creates that marketplace. Each cross-guarantee contract will include a negotiated formula for calculating the risk-sensitive premium a guaranteed bank or thrift will pay to its guarantors. Figure 1 contrasts the risk-sensitive premium rates the FDIC will begin charging in 1993 with the likely structure of risk-sensitive premiums that will develop in the cross-guarantee marketplace.

Three, eliminate "one-size-must-fit-all" banking regulation to promote safer and more efficient banking: Bank and thrift regulations, which reflect the "one-size-must-fit-all" mentality common to all regulatory schemes, cannot easily accommodate the different operating styles demanded by complex financial markets. This inflexibility fosters inefficient banking and "herd effect" that has contributed to many bank and thrift failures.

By shifting the safety-and-soundness regulation of banks and thrifts from government regulation to contracts freely negotiated between individual depository institutions and their guarantors, the bill will permit institutions to negotiate contractual restraints tailored to their individual business strategies. These constraints will serve the same purpose as the safety-and-soundness regulations from which guaranteed institutions will be

exempted under Title II. However, this customizing process will eliminate most of the extremely wasteful regulatory burden imposed on healthy, well-managed banks and thrifts in recent years. The marketplace will not force a $25 million bank to accept contractual terms suitable only for a bank with $10 billion or more in assets.

Since guarantors will assume the entire risk of deposit insurance now partially borne by taxpayers, guarantors become the appropriate (and sufficient) overseers of safety-and-soundness in the banking system. Put more bluntly, since guarantors will put up the bucks if they are wrong, they get to control the risk.

Cross-guarantee contracts will promote diversity within banking by moving away from such absurd notions as uniform capital requirements and arbitrary, inflexible closure rules. Not only will individual banks and thrifts be able to pursue unique business strategies, but they will be able to readily alter their strategies as business conditions change.

Because marketplaces can react more quickly to changing conditions than politically constrained regulatory mechanisms, depository institutions will be freed of the regulatory overreaction that often occurs in the aftermath of regulatorily induced crises. Figure 2 contrasts the swings of marketplace forces with the much more extreme, erratic, and unpredictable swings of the regulatory pendulum.

Because the philosophy of cross-guarantees is fundamentally at odds with the risk-based capital standards formulated under the Basle accord and because of the superior protection provided by cross-guarantee contracts, Title II effectively exempts guaranteed banks from the Basle risk-based capital standards.

Four, eliminate the "too-big-to-fail" problem: The current too-big-to-fail policy reflects the fact that in today's industrialized world, large, insolvent depository institutions cannot be liquidated without creating the potential for a systemic financial crisis. The bill prevents any potential for crisis by mandating that cross-guarantee contracts protect against any loss or delay in payment or settlement of *all* deposits, other interest-bearing liabilities, contracts for future performance, and clearing and settlement balances of guaranteed institutions. Since all deposits in all banks and thrifts will be fully protected against loss, large banks will no longer have any advantage in attracting deposits over $100,000. Guaranteeing all deposits effectively shifts all insolvency risk of a bank or thrift to guarantors who have explicitly assumed this risk, in exchange for a risk-sensitive premium. In effect, cross-guarantee contracts completely separate the pure or riskless funding cost of a bank's or thrift's deposits and other borrowings from the cost of insuring its solvency. This separation permits a more accurate pricing of each function.

Five, avoid another deposit insurance crisis and related economic downturn: Franklin Roosevelt warned in 1933 that federal deposit insurance "would put a premium on unsound banking in the future." Unsound banking is fostered in part by federal deposit insurance that misprices banking risks, such as maturity mismatching and overlending in overheated markets. This mispricing not only led to the FSLIC crisis, but it also fueled overbuilding that in turn caused their recent collapse in real estate values. Not only did the subsequent asset deflation, always a killer of highly leveraged lenders such as banks and S&Ls, cause hundreds of banks and S&Ls to fail, but asset deflation has been a major cause of the longest recession since the 1930s. Risk-related deposit insurance premiums will help prevent such deflations by pricing riskier loans at higher interest rates, thus curtailing the flow of credit that feeds the speculative bubbles that inevitably burst, killing depository institutions and depressing economies.

Figure 3 illustrates some speculative bubbles, and their deflationary aftermaths, of the type that cross-guarantees will dampen by discouraging the lending that pumps up such bubbles. Figure 4 shows the dramatic rise in bank insolvency losses during major asset deflations. These losses are far more severe than those that occur during inflationary times because highly leveraged lenders can more easily protect themselves against the consequences of inflation than they can protect themselves against the consequences of deflation, when collateral values plunge. Interestingly, the FDIC forecasts that bank insolvency losses under the present regulatory regime will continue to at least 2006 at a far higher level than would occur in a more stable economic environment fostered by cross-guarantees.

Six, enhance the performance of the American economy: Cross-guarantees will foster a banking system that lends more wisely, and therefore better serves the myriad, diverse markets that comprise the American economy. Because competitive markets provide choices absent in the regulatory process, a market-driven banking system will avoid the extremes of credit laxness and credit crunch that periodically occur under the present regulatory regime. As a result, the cross-guarantee system cannot help but be more efficient and financially safer than the present overregulated system. Better banking will materially enhance the performance of the American economy, raising the standard of living for its citizens.

Now is an ideal time to implement cross-guarantees. The American economy is in the early stages of what should be a long-term recovery from the deflation-driven recession of recent years, notwithstanding the FDIC's loss forecasts reflected in Figure 4. This long recovery period will permit cross-guarantees to take root in time to begin pricing against trends that otherwise could cause future speculative bubbles that will prove costly, not only to the economy, but possibly even to taxpayers.

100 PERCENT CROSS-GUARANTEES—A SIMPLE CONCEPT

The premise that underlies the cross-guarantee system is that private sector equity capital can be used to construct a puncture-proof "solvency safety net" under all banks and thrifts. Under federal deposit insurance, if a bank or thrift fails, most, if not all, of the resulting insolvency loss is borne by a government-administered fund financed by taxes (mistakenly called insurance premiums) levied on surviving institutions. In extreme situations, the general taxpayer pays, as occurred in the FSLIC bankruptcy. The cross-guarantee process privatizes both the management of deposit insurance and all losses it experiences.

The cross-guarantee system focuses on insolvency, the real risk in deposit insurance, rather than just on illiquidity, deposit insurance's "pseudo risk." Bank runs, which lead to illiquidity will be highly unusual events because cross-guarantee contracts will protect *all* deposits against any loss. Indeed, because bank runs destroy franchise value, and therefore equity capital, guarantors will quickly provide emergency liquidity if a bank run does occur in order to minimize damage to the bank's franchise. This damage control will lessen the likelihood that the bank will become insolvent. Figure 5 illustrates the contrast between the liquidity risk and the insolvency risk of deposit insurance.

IMPORTANT FEATURES OF THE BILL

Many safeguards have been built into the bill to construct a puncture-proof solvency safety net under all banks and thrifts:

Every guarantor under a cross-guarantee or stop-loss contract must itself be unconditionally guaranteed as to its cross-guarantee obligations.

Every cross-guarantee and stop-loss contract must have a stop-loss provision to spread a large loss or series of losses widely but thinly over the broad base of capital committed to the cross-guarantee system.

Isolated "closed loop" situations that would short-circuit the stop-loss feature, allowing an insolvency loss to puncture the stop-loss safety net, will be prohibited. If a closed-loop situation emerges, it will be quickly identified and eliminated.

Every cross-guarantee and stop-loss contract and every guarantor must meet statutorily prescribed risk dispersion requirements.

Nondepository guarantors must meet minimum capital and liquidity requirements.

Cross-guarantee contracts cannot be canceled or allowed to expire before a replacement contract has been obtained.

Affiliated banks must be guaranteed under one contract.

Sufficient emergency liquidity will be available if a bank run occurs.

Cross-guarantees have been made as regulator-proof as possible:

Regulator error has been a major cause of the massive deposit insurance losses of the past decade. The most important function assigned to the FDIC by the bill will be to ensure that every cross-guarantee and stop-loss contract the FDIC approves meets the relatively simple and straight-forward statutory requirements for these contracts. Additionally, the bill lessens the chance for regulatory error by largely eliminating the safety-and-soundness regulatory activities of the FDIC, the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), and the Federal Reserve System.

The bill adapts to the existing complex structure of the banking and thrift industries:

The legal structure of the banking and thrift industries is complex, in part because there are two, and in some states three, regulatorily distinct types of depository institutions. In addition, the dual chartering concept permits banks and thrifts to be chartered, and therefore regulated, by either a state or a federal agency, although federal regulation increasingly trumps state regulation. There also is extensive regulation of bank holding companies, which effectively adds to the complexity of the U.S. banking system. Finally, foreign banks operate extensively in the United States through subsidiary banks, agencies, and branches, some of which currently can accept uninsured deposits. Because the bill simply attempts to reform deposit insurance, every effort has been made not to alter the existing banking structure or the powers banks and thrifts can exercise.

The bill provides for a gradual conversion of banks and thrifts to cross-guarantee contracts:

The bill is self-actuating in that it will not become effective until the later of 18 months after enactment or when "critical mass" is reached; that is, at least 200 banks and thrifts with at least $500 billion of assets have voluntarily obtained cross-guarantee contracts. Once critical mass is achieved, the nation's remaining banks and thrifts will have up to eight years to obtain a cross-guarantee contract. This gradual phase-in of cross-guarantees, and the related downsizing of the bank and thrift regulatory agencies, will permit a relatively painless transition to cross-guarantees.

Non-banking firms can participate as guarantors:

The nation's banks and thrifts, with approximately $300 billion of equity capital, have more than enough equity capital to construct the puncture-proof solvency safety net mandated by the bill. However, in order to broaden the base of the guarantors of bank and thrift liabilities, the bill contains provisions permitting finance and insurance companies, manufacturing and service firms, pension and endowment funds, and even very wealthy individuals to easily and efficiently participate in the cross-guarantee process as non-depository guarantors. Potentially, non-depository guarantors could place more than *$7 trillion* of equity capital at risk, more than the total liabilities of the nation's banks and thrifts. While the system will need only a fraction of this capital to sufficiently broaden the capital base of the cross-guarantee system, the ready availability of this vast sum of additional capital ensures that the cross-guarantee marketplace will not "freeze up," causing cross-guarantee premium rates to skyrocket during those times when government policies destabilize the nation's financial system.

ORGANIZATION AND SUMMARY OF TITLE I

The first section of the bill, Sec. 101, defines 46 terms widely used in the bill. Most of these terms are unique to the cross-guarantee concept; the rest are modifications of definitions used elsewhere in the banking statutes (Title 12 of the United States Code). Definitions of other terms have been placed where needed in the text of the statute. Sec. 102 provides some rules of construction in interpreting terms in the bill.

Sec. 111 is the all important operative clause, or ignition switch, of the bill. This section provides that every bank and thrift operating within the United States must become guaranteed under a cross-guarantee contract, subject to a transition schedule set out in Sec. 141 and Sec. 142.

Sec. 112 describes the parties to the cross-guarantee, stop-loss, and group cross-guarantee syndicate contracts authorized by Title I. These parties are the guaranteed financial group, its syndicate of direct guarantors, and the agent for those guarantors, called the syndicate agency. Figure 6 illustrates the parties to a cross-guarantee contract. This section also allows majority controlled subsidiaries to be included under the same contract as a guaranteed bank or thrifts. It also sets out several rules governing the relationship between a syndicate agent and the other parties to these contracts.

Sec. 113, in many ways the heart of the bill, sets out the requirements that all cross-guarantee and stop-loss contracts must meet. Its first subsection, Sec. 113(a), prescribes the all-important stop-loss provision that must be incorporated in every cross-guarantee and stop-loss contract. Although it will rarely be invoked, the stop-loss provision plays an important role in ensuring that a large loss or a concentration of losses in a short period of time will be spread widely but thinly over many guarantors. This loss spreading, coupled with the requirement that every guarantor itself be guaranteed as to its cross-guarantee obligations (Sec. 114(a)(1)(E) and Sec. 115(a)(1)), constructs a puncture-proof solvency safety net that will fully absorb the insolvency loss in any bank or thrift failure, even in economic conditions far worse than the Great Depression.

Other provisions of Sec. 113 address the division of liability among guarantors, the maximum period of any contract (five years), contract cancellations and renewals, substitutions of direct guarantors, modifications of contracts, and rule of construction that provides that any term or condition not expressly prohibited by the Act or by other law may be included in a cross-guarantee or stop-loss contract.

Sec. 114 and Sec. 115 set out additional requirements applicable, respectively, only to cross-guarantee and stop-loss contracts. The most important are the risk-diversification requirements each contract must meet the requirements for and limitations on the types of liabilities that can be guaranteed under a contract. The risk-diversification provisions, by preventing concentrations of insolvency risk, lessen the likelihood that the stop-loss provisions of Sec. 13(a) will ever be invoked. For example, all banks and thrifts with more than $10 billion in assets will have to have at least 100 guarantors, none of which can assume more than 1 percent of that institution's insolvency risk.

Mandating that certain obligations, notably *all* deposits, be guaranteed under cross-guarantee contracts, ensures that those types of banking liabilities that create systemic risk (that is, a domino effect) within the financial system are protected against any loss. This requirement also eliminates too-big-to-fail as a political issue because all deposits will be protected no matter how large or how small an institution. Guarantors will bear all risk of insolvency; large depositors and other guaranteed creditors will bear none of the risk.

Sec. 116 establishes the eligibility of and requirements for direct guarantors under cross-guarantee and stop-loss contracts. While any guaranteed bank or thrift automatically can serve as a direct guarantor (but cannot be forced to serve as a direct guarantor), nondepository guarantors must meet substantial tests of net worth (at least $100 million) and liquidity. Sec. 116 also establishes certain risk spreading requirements for direct guarantors to complement the risk diversification requirements for cross-guarantee and stop-loss contracts. Forcing guarantors to spread or diversify the cross-guarantee risks they assume substantially reduces the likelihood that an individual guarantor will have to utilize the stop-loss provision of Sec. 113(a).

Sec. 117 sets out various provisions governing cross-guarantee and stop-loss syndicates and syndicate agents, including the powers and duties of syndicate agents and the right of a syndicate to fire its agent at any time without cause. Sec. 118 establishes the powers and duties of a cross-guarantee syndicate once it assumes control of a guaranteed bank or thrift under the terms of that institution's cross-guarantee contract. Sec. 119 grants the federal courts exclusive jurisdiction over the enforcement of cross-guarantee and stop-loss contracts.

Sec. 121 establishes the FDIC as the exclusive regulator of the cross-guarantee process. Because of its sharply limited responsibilities, the FDIC will have limited enforcement powers, which will help to restore a reasonable balance between the rights of insurers and insureds that recent banking legislation has badly undermined. Sec. 122 establishes the process by which the FDIC will approve or reject cross-guarantee and stop-loss contracts. Sec. 123 creates the Central Electronic Repository (CER) which shall maintain the official version of all proposed and approved cross-guarantee and stop-loss contracts. The CER, which will be self-funded and directly accessible by all participants in the cross-guarantee process, will be administered by a board of directors elected by depository institutions and syndicate agents and regulated by the FDIC.

Sec. 124 prohibits isolated "closed loop" situations whereby a group of institutions guarantee each other without any of that risk being shared with guarantors outside the group. The FDIC is barred from approving any contract that would create an isolated closed-loop. Should a closed loop develop, the FDIC is empowered to force the participants in the loop to modify their contracts to link them into the one giant closed loop that should encompass all participants in the cross-guarantee system.

Sec. 126 directs syndicate agents to periodically report to the FDIC the marked-down value of assets owned by guaranteed financial groups and the amount of insured deposits if held by those institutions; that is, deposits up to $100,000. Sec. 127 empowers the FDIC to appoint a conservator or receiver for any guaranteed bank or thrift whose asset value is only slightly above the value of its insured deposits or which has not eliminated a closed loop situation when directed to do so by the FDIC. It would be a folly for an institution's direct guarantors to permit an FDIC takeover of that institution, but this power has been provided as a further protection to taxpayers and the cross-guarantee system. The guarantors are required to indemnify the FDIC for any losses in such a situation. Sec. 127 also allows the FDIC to take over an institution that was part of an isolated closed loop and did not obtain a new contract. Any losses that take place due to such a takeover will be recycled back to all depository institutions. Hence, even in the rare case where a crack is found in the cross-guarantee system, holders of guaranteed obligations and the taxpayer are still protected against any loss whatsoever.

Sec. 128 creates the FDIC Back-Up Fund (BUF) to explicitly protect insured depositors against an economic calamity such as a nuclear war that would cause the entire banking system to collapse. Such a system-wide collapse is the only way a loss can reach the BUF. Politically, the BUF also provides a rationale for permitting guaranteed institutions to continue displaying the FDIC logo stating that a government agency protects deposits up to the present $100,000 insurance limit. As a practical matter, the BUF is a political facade because the federal government would begin to default on its obligations before any bank or thrift insolvency losses reach the BUF. Therefore, Sec. 128 could be dropped from the bill without doing any harm to the cross-guarantee concept.

The BUF will be funded initially by transfers from the BIF and SAIF as banks and thrifts become guaranteed for the first time. These transfers will equal .2 percent of just the insured deposits of these institutions. Based on the present quantity of insured deposits, the BUF would have an initial balance of at least $5 billion by the time all banks and thrifts become guaranteed. Inter-

est income on BUF investments not used to fund the FDIC's modest operating expenses will accumulate in the BUF. Figure 7 illustrates the relationship of the BUF to the rest of the cross-guarantee system.

Various miscellaneous provisions regarding cross-guarantees are set out in Sec. 131, Sec. 132, Sec. 133 and Sec. 134. Sec. 131 directs the FDIC to ensure that all deposit-taking institutions, other than credit unions, money market mutual funds, broker-dealers, and currently uninsured branches of foreign banks operating in the United States, become guaranteed under a cross-guarantee contract. Sec. 132 creates the Cross-Guarantee Advisory Committee to advise the FDIC on the regulation of the cross-guarantee system. Sec. 133 empowers Federal Reserve banks to lend to guaranteed institutions without requiring collateral; however, the Fed is not barred from requiring that loans to guaranteed borrowers be collateralized. Sec. 133 also requires the Federal Reserve's Board of Governors to certify annually to the House and Senate banking committees that Federal Reserve banks have not suffered any losses in lending to guaranteed institutions. Sec. 134 empowers guaranteed depository institutions to continue to display the FDIC insurance logo and also to display a second logo stating that all deposits in the institution are protected under a cross-guarantee contract approved by the FDIC.

Sec. 141 and Sec. 142 govern the conversion of banks and thrifts to guaranteed status. Essentially, no bank or thrift can become a guaranteed institution until the later of 18 months after the enactment of the bill or when "critical mass" is reached. Critical mass will occur as soon as the FDIC has approved cross-guarantee contracts for at least 200 banks and thrifts with total assets of at least $500 billion. The first batch of approved contracts actually will become effective forty business days after critical mass is reached, on the "Big Bang" date, referred to in the bill as the "cross-guarantee activation date." Big Bang will kick off an eight-year transition schedule under which all FDIC-insured banks and thrifts must become guaranteed institutions. Banks and thrifts with more than $1 billion of assets will have to obtain a cross-guarantee contract within two years after Big Bang; institutions with less than $25 million of assets will have eight years after Big Bang to obtain a contract. Sec. 143 provides that the FDIC will immediately take over any bank or thrift that does not meet the Sec. 142 timetable.

Sec. 144 provides that upon becoming a guaranteed institution, banks and thrifts will pay an exit fee, if needed, to their respective deposit insurance funds (the BIF or the SAIF). On the eighth anniversary of Big Bang, any unencumbered balances remaining in the BIF and SAIF will be transferred to the BUF. Sec. 145 provides generous severance pay and relocation allowances for the 15,000–20,000 employees of the federal and state bank and thrift regulatory agencies that will no longer be needed by these agencies as banks and thrifts shift to a guaranteed status. These severance benefits will be funded by the BIF or SAIF or, if necessary, indirectly through the exit fees assessed under Sec. 144. The final section of the bill, Sec. 146, provides for the abolition of the Federal Financial Institutions Examination Council on the eighth anniversary of the critical-mass date.

ORGANIZATION AND SUMMARY OF TITLE II

The seven sections of Title II basically divide into major subject areas the substantial exemptions from existing banking law guaranteed banks and thrifts will enjoy. These exemptions are part-and-parcel of the bill. Title I cannot be enacted without its inseparable complement, Title II. The eleven subsections of Sec. 201 exempt guaranteed national banks from various safety-and-soundness provisions of the National Banking Act and related laws dealing with national banks. State-chartered banks presumably will switch to national bank charters if their states do not enact comparable exemptions. The ten subsections of Sec. 202 exempt members of the Federal Reserve System from various safety-and-soundness requirements now applicable to Fed members, both national banks and state member banks.

The thirteen subsections of Sec. 203 amend various provisions of the Home Owners' Loan Act (HOLA) to exempt federally chartered S&Ls and savings banks and federally insured, state-chartered thrifts from the safety-and-soundness provisions of HOLA. The six subsections of Sec. 204 deal with savings and loan holding companies that own guaranteed thrifts. Sec. 205 exempts guaranteed banks and thrifts almost entirely from the provisions of the Federal Deposit Insurance Act. However, this section does empower guaranteed institutions to continue to display the FDIC logo. Sec. 207 exempts guaranteed banks and thrifts from four miscellaneous provisions of the Banking Code.

Sec. 206 amends the Bankruptcy Code (Title 11 of the U.S. Code) to permit a guaranteed depository institution or any subsidiary covered by a cross-guarantee contract to be a debtor under either Chapter 11 (reorganization) or Chapter 7 (liquidation) of the Bankruptcy Code. Involuntary bankruptcies brought by disgruntled creditors can be commenced only under Chapter 11. Voluntary bankruptcies can be brought under either Chapter 7 or 11, but only with the express, written consent of the institution's cross-guarantee syndicate. In a sharp exception to bankruptcy law as it now applies to debtors, the cross-guarantee syndicate, as "debtor-in-possession," can operate the depository institution without judicial interference while the institution is in a bankruptcy proceeding. But by exercising that control, the syndicate assumes a fiduciary responsibility to nonguaranteed creditors of the institution.

SYNOPSIS OF THE TAXPAYERS' PROTECTION AND DEPOSIT INSURANCE REFORM ACT OF 1992

INHERENT AND IRREPARABLE FLAWS IN FEDERAL DEPOSIT INSURANCE

As Roosevelt warned in 1933, it protects bad banks as well as good, it puts a premium on unsound banking, and it has cost taxpayers billions of dollars.

As bank and S&L insolvency losses soared during the 1980s, regulators moved too slowly to deal with failing institutions. This made losses even worse.

Its mispricing caused a substantial misallocation of credit in the 1980s that has greatly aggravated the current recession; now its escalating flat-rate premiums overcharge good banks and thrifts and dampen their willingness to lend. Consequently, today some sound businesses cannot get sufficient credit.

Deposit insurance must be priced to reflect the riskiness of individual banks, but the FDIC cannot properly set risk-sensitive premiums because proper prices can be established only in private, competitive markets.

Federal deposit insurance has become increasing dependent upon extensive regulation that cannot keep up with rapid changes in a financial world driven increasingly by electronic technology. Government regulation has become counterproductive and harmful to good banks and thrifts and to America's international competitiveness.

BASIC PRINCIPLES OF THE 100 PERCENT CROSS-GUARANTEE SOLUTION

End taxpayer risk and bailouts by ensuring that private sector equity capital always protects ALL bank and thrift deposits from loss.

Let private markets set risk-sensitive deposit insurance premiums, based on *leading* indicators of banking risk, that will discourage unwise banking practices.

Shift "safety-and-soundness" regulation for banks and thrifts to those who bear the risk of loss, the owners of the private capital protecting depositors.

Also shift the bank closure decision to those bearing the risk of loss. These guarantors have the strongest incentive to minimize losses and therefore should control the risks they have assumed.

Use a "stop-loss" mechanism to spread the bank insolvency risk widely, and therefore thinly, over the equity capital of the financial world.

Retain federal deposit insurance as backup insurance only for deposits up to $100,000.

SPECIFICS OF THE 100 PERCENT CROSS-GUARANTEE SOLUTION

Each bank and thrift (but NOT credit unions) enters into a contract with a syndicate of banks, thrifts and/or other well capitalized entities that guarantees the original contractual terms of all deposits and most other liabilities of the guarantees the original contractual terms of all deposits and most other liabilities of the guaranteed institution.

Premium rates and other contractual terms are negotiated on a syndicate-by-syndicate basis and are NOT subject to government regulation or approval.

Numerous safeguards protect taxpayers against another deposit insurance bailout. A mandatory "stor-loss" mechanism passes part of any large insolvency loss to the guarantors' guarantors. Risk dispersion rules require a minimum number of guarantors for any one bank or thrift and limit both the aggregate risk assumed by a guarantor and the percent of risk any one guarantor assumes for any one bank or thrift.

Cross-guarantee contracts cannot be canceled unless the guaranteed bank or thrift first obtains a replacement contractor or is acquired by another guaranteed bank or thrift. Once guaranteed, no institution can operate without a cross-guarantee contract in place.

Each syndicate retains an agent to monitor the financial condition of the bank or thrift it has guaranteed to ensure adherence to all contractual terms and to act as a buffer to protect the competitive secrets of the guaranteed institution.

The FDIC regulates the cross-guarantee process and ensures that all guarantors have sufficient capital relative to the risks they have assumed. Safety-and-soundness concerns shift to the syndicates. The bank regulatory establishment is then substantially downsized as banks obtain guarantees.

The FDIC insure deposits up to $100,000, but only on a back-up basis. It should never experience a loss. Guaranteed banks can still post the FDIC insurance logo.

Weaker banks and thrifts have ample time to raise the capital needed to obtain a cross-guarantee contract or to merge with another institution. If necessary, institutions obtaining guarantees pay an exit fee to cover any losses the FDIC incurs in disposing of the

few banks and thrifts that cannot raise sufficient capital or find a merger partner.

Phase-in provisions give smaller banks and thrifts up to ten years to obtain a cross-guarantee contract. The first contracts become effective when 200 banks or thrifts, with total assets of at least $500 billion, have approved contracts in hand.

A competitive market with an ample pool of potential guarantors protects banks from premium overcharges, ends concerns about capital adequacy in the banking system, and permit guarantors to accept or reject individual cross-guarantee risks as they see fit.

Although there should be no bank runs, cross-guarantee contracts protect any loan a Federal Reserve bank makes to a guaranteed institution experiencing liquidity problems.

ARGUMENTS AGAINST CROSS-GUARANTEES AND RESPONSES TO THOSE ARGUMENTS

INTRODUCTION

The "Taxpayer Protection, Deposit Insurance Reform, and Regulatory Relief Act of 1992," a bill introduced by Rep. Thomas Petri (R–WI) creates a new cross-guarantee deposit insurance system unfamiliar to many observers, experts, and industry participants. This document helps alleviate this unfamiliarity by stating various arguments against the cross-guarantee concept and providing a succinct response to each argument.

ARGUMENTS AND RESPONSES

Argument: The cross-guarantee system will not have adequate capital to withstand a severe economic downturn.

Response: Under cross-guarantees, several hundred billion dollars, and potentially trillions of dollars, of private sector equity capital will stand behind the cross-guarantee system. As a result, the cross-guarantee system will have sufficient equity capital to remain solvent through any economic downturn, even one several times worse than the Great Depression. Only a calamity such as a nuclear war or major meteor strike could bankrupt the system. Of course, any such event probably would first bankrupt our increasingly indebted federal government.

Not only could the cross-guarantee system withstand an extremely severe economic shock, such as another depression, its use of risk-sensitive pricing will help avert such economic crises. Should the economic data used by guarantors indicate that a sector of the economy is beginning to experience a "boom" (that will lead to a "bust"), premium rates will likely rise for any bank or thrift that lends heavily into that sector of the economy. For example, premium rates would have risen for farm lending in the late 1970s, when the Farm Credit System expanded its lending to already over indebted farmers. Premium rates also would have risen for loans to the energy sector during its artificial boom in the late 1970s and early 1980s and for commercial real estate development loans during the mid- and late-1980s when lending took place despite rising vacancy rates. By raising premium rates for lending to "overheated" sectors of the economy, cross-guarantees will help eliminate some of the lending that feeds such "bubbles," dampening both the boom and the consequences of the inevitable bust. In effect, cross-guarantees will cause capital to "run" from an overheated sector of the economy before the bubble inflates too much.

In general, risk-sensitive pricing also will serve as a clear signal of the market's disapproval of any destabilizing government policy. If the federal government recklessly subsidizes farm lending to help farmers finance purchases of overpriced farmland, guarantors will react by raising premium rates for farm lending, sending notice of the potential dangers of the government's policy. Hopefully, this marketplace response will help to curb financially destructive government policies.

Argument: The S&L crisis would have bankrupted the cross-guarantee system.

Response: Given the total equity capital of all the guarantors, the cross-guarantee system would have had sufficient equity capital to handle the S&L crisis. But more important, under cross-guarantee, the S&L crisis would never have happened.

If cross-guarantees had been in place by 1960, the system would have forced S&Ls to curtail their severe maturity mismatching, the root cause of the S&L crisis, long before the record-high interest rates of the early 1980s—after all, the dangers of such severe maturity mismatching have long been understood. Specifically, risk-sensitive premiums would have forced S&Ls, certainly in the aftermath of the interest rate spike in 1966, to issue more adjustable-rate mortgages, to fund fixed-rate mortgages with longer-term deposits, and possibly to securitize some mortgages. These changes would have allowed S&Ls to easily survive the high interest rates of the early 1980s, much as commercial banks did.

Moreover, even assuming the S&L crisis would have reached the stage it had in 1983, when more than 500 insolvent S&Ls remained after interest rates fell, guarantors (with their own capital at risk) would never have delayed closing insolvent thrifts. Guarantors also would not have allowed wasteful lending to take place, tolerated crooks looting the institutions they guaranteed, denied that losses existed, or shrunk their monitoring role in the face of a mounting crisis.

Argument: The system will not have adequate capacity to prevent a "freeze up" in the cross-guarantee marketplace.

Response: In recent years, as losses from torts litigation have mounted, many insurance markets have experienced an unwillingness among insurers to underwrite risks except at extremely high rates. Critics claim the same thing will happen in the cross-guarantee marketplace as soon as a glut of losses occurs. Hence, when a bank or thrift seeks to obtain a new cross-guarantee contract, it will have to pay outrageous premium rates to attract any guarantors.

Such a "freeze up" can only occur if profits cannot be earned at reasonably low premium rates or no potential guarantor exists to take advantage of the profit opportunity. Unlike many risks burdened by the torts system, guarantors can underwrite sound banks and thrifts at low premium rates throughout an economic cycle and still make large profits. And unlike other insurance markets, the total amount of equity capital of guarantors available to underwrite cross-guarantee risks dwarfs the amount of risk to be underwritten.

If cross-guarantees were implemented today, about $4.1 trillion in liabilities would be guaranteed under the system. Assuming an average premium rate of three basis points per dollar of liability guaranteed, cross-guarantee contracts would generate $1.2 billion annually in premium income. Since under the cross-guarantee bill, a guarantor's total premium income cannot exceed 3 percent of its equity capital, approximately $40 billion in equity capital, at a minimum would be needed among the direct guarantors to underwrite the system.

The banking and thrift industries alone would have enough capital to adequately handle such risks. The book value of the capital of the banking and thrift industries today is about $300 billion; the market value probably is actually higher. Such amounts mean that almost eight times the needed capital exists within those two industries. That capital alone is more than adequate to underwrite the cross-guarantee system.

The bill, however, also allows "nondepository guarantors," such as manufacturing companies, service firms, insurance companies, other financial services firms, pension funds, endowment funds, and wealthy individuals to be guarantors. Such nondepository guarantors could bring to the table at least $7 trillion in additional equity capital to stand behind the risks of the cross-guarantee system. As a result, plenty of capacity will exist. It is hard to imagine that a market where $7 trillion in equity capital is chasing potential profits would "freeze up" over the prospect of underwriting $1.2 billion in annual premium income.

Finally, note that even if the cross-guarantee marketplace should "freeze up," banks and thrifts can play both sides of the game. If premium rates rise dramatically, banks and thrifts can step up their presence as guarantors in the marketplace, meaning that their premium income as guarantors can rise to offset any increase in their own premium rates. In effect, banks and thrifts will be able to "net down" the cost of their cross-guarantees if premium rates begin to rise. The presence of the industry as both guarantors and guaranteed parties also make it much more unlikely that a mass exodus of guarantors would take place in the first place.

Argument: Taxpayers are still at risk under the cross-guarantee system.

Response: There is a better chance that Elvis is still alive than that taxpayers will suffer a loss under the cross-guarantee system. Although the cross-guarantee system retains federal deposit insurance coverage for deposits up to $100,000 through a new Backup Fund (largely as a transition measure so that depositors can remain protected under the old system while getting used to the new system), the risk of cross-guarantees to taxpayers is nonexistent as a practical matter. Because of the layers and layers of protection provided to taxpayers under this bill, taxpayers simply cannot suffer a loss.

Under the cross-guarantee system, the equity capital of the guarantors in the system ultimately stands behind the system. Therefore, losses in the system would have to basically wipe out the equity capital of *all* of the guarantors before they could reach taxpayers. Such losses could only arise due to a nuclear war or a large meteor strike in which the economy is essentially destroyed. Indeed, in such circumstances, it is questionable whether taxpayers would have any money with which to pay losses anyway; there is, after all, a practical limit on how much the government can tax.

But what happens if a loss passes through some "crack" in the system? This can only occur if the FDIC negligently allows some "isolated closed loop" to arise, in which a small set of institutions guaranteed each other and therefore were not connected with the rest of the system. Such an isolated closed loop is forbidden under the bill and, given the ease with which any participant in the system can spot such a loop, the FDIC would have to reach new heights of incompetence to allow an isolated closed loop to take place.

Nevertheless, since regulatory incompetence can never be totally discounted, the

bill includes protective mechanisms should a closed-loop ever occur. First, and industry financed Cross-Guarantee Backup Fund (BUF) will exist (with a balance equal to 0.2 percent of insured deposits) to underwrite any losses that might take place due to FDIC incompetence. Second, should the BUF somehow prove inadequate, the FDIC can assess depository institutions to cover any shortfall and to replenish the fund.

The bill also gives the FDIC the power to assume control of any insolvent depository institution if the value of the institution's assets falls to the point where its assets are only worth two percent more than BUF-insured deposits. This provision reassures those who believe the taxpayer is still at risk under the cross-guarantee system by providing a mechanism to close a depository institution as soon as it threatens to cause a loss for the BUF. It also allows the government to shut down a "renegade" situation, where a syndicate has for some reason refused to assume control of a deeply insolvent institution. Since such a scenario is extremely unlikely, the FDIC will probably never use these powers to take over a depository institution. But should the FDIC do so, the guarantors of the institution taken over will be obliged to indemnify the FDIC for any losses to the BUF.

Given all these protections, taxpayers simply will never suffer a loss.

Argument: If taxpayers are at risk, even trivially, the FDIC should still perform annual examinations of banks and thrifts and closely monitor depository institutions. Safety-and-soundness regulation needs to be retained for the same reason.

Response: Such examinations, monitoring, and regulation would be costly, duplicative, and serve no function. To start with, guarantors will perform these functions and have a strong economic incentive to do a good job, since their own money is at stake. More to the point, given the only two ways the FDIC could lose money under the system, examinations and regulations would do little good.

Taxpayers are at risk under the cross-guarantee system in two different ways. One is that a major catastrophe could occur such as a nuclear war or a large meteor strike. But if regulatory examinations could not prevent Charlie Keating's shenanigans, they are not going to stop nuclear wars or meteors, the 1991 banking law (The Federal Deposit Insurance Corporation Improvement Act of 1991, or FDICIA) notwithstanding. Hence, examinations and regulations could not prevent losses from occurring in this way.

Losses could also occur if the FDIC negligently allows an isolated closed loop to arise. But to prevent that from happening, the FDIC must simply enforce a prohibition against such a loop. It is difficult to see how giving the FDIC the power to examine institutions would prevent it from negligently allowing a closed loop to arise. All the information it needs to prevent a closed loop will be present in the approved contracts recorded in the Central Electronic Repository. A computer program would quickly spot any problem.

Since FDIC examinations, monitoring, and safety-and-soundness regulation could not prevent losses to the taxpayer under the cross-guarantee system, no reason exists for imposing this duplicative and wasteful cost burden on guaranteed institutions.

Argument: Cross-guarantees would create too much radical change in the banking and thrift industries.

Response: Would cross-guarantees lead to dramatic change in the banking and thrift industries? Yes. Would this change be for the better for the institutions, their customers, and the economy as a whole? Yes. Would the changes be "too radical"? No.

Cross-guarantees are no more radical than recent changes in banking laws, such as FDICIA and FIRREA (The Financial Institutions Reform, Recovery, and Enforcement Act of 1989). These laws have raised deposit insurance premiums and increased regulation of the industry to a level which many observers would view as quite "radical," particularly in their negative impact upon healthy, well-managed institutions. By contrast, cross-guarantees would lead to premium rates, "regulation" of guaranteed institutions, and capital standards more befitting the normal operation of banks and thrifts.

For depositors and borrowers, cross-guarantees would cause little disruption. Indeed, the changes, such as greater protection for depositors, more credit availability for sound borrowers, and fewer disruptive bank and thrift failures, would be for the better. For banks and thrifts, the changes would be more dramatic, but even there it is easy to exaggerate. A guaranteed bank or thrift will no doubt be subject to many of the same restrictions, such as lending limits, limits on loans to directors and officers, and minimum requirements for holding liquid assets and capital to which it has long been subject. The one difference is that such restrictions would be the byproduct of contractual negotiations that would allow banks and thrifts to better tailor these restrictions to fit their own operations.

Closure decisions also will not differ greatly from those of the government regulatory agencies. In other words, as a bank or thrift runs out of capital, it will be closed. The only differences are that banks and thrifts can no longer expect forbearance and they no longer would be subject to the whims of a monopoly regulator in deciding whether they were solvent, since a bank or thrift can always attempt to find a new syndicate to guarantee it.

The cross-guarantee system also will include a lengthy transition period, particularly for the smaller institutions which may have the greatest difficulty adjusting to the new system. This transition period (a minimum of nine and one-half years) ensures that institutions can take their time in adapting to cross-guarantees.

Argument: Depositors will not have much faith in the cross-guarantee system. Consequently, runs will occur on guaranteed institutions.

Response: Partly because of this fear, the federal government will remain as the "ultimate" guarantor, or "guarantor of last resort," of deposits insured by the BUF up to $100,000. This means the FDIC logo will remain on the door. Although the cross-guarantee system will effectively eliminate all taxpayer risk from deposit insurance, the symbolic presence of the FDIC sticker should help in the transition as depositors adjust to the cross-guarantee system. Depositors can accurately be informed that the cross-guarantee system does not replace the coverage provided by the FDIC, but strengthens it.

"Irrational runs may occur. But such runs occur today. Many depositors with less than $100,000 in a failing bank or thrift "run" today despite the government guarantee. Indeed, if anything, under the cross-guarantee system, "irrational" runs may prove less likely, because the system will be allowed to advertise that *all* deposits are protected. Today, because some deposits are not protected under the current system, unsophisticated depositors vaguely hear stories about depositors not getting their money. Such stories make depositors uncertain about whether they are protected, contributing to runs. If instead the message is that all deposits are unconditionally protected, depositors may be less uncertain, and therefore much less likely to run.

In any case, over the course of time depositors will develop at least an intuitive understanding of the scope of the coverage provided by cross-guarantees. As a result, in the future, it may be possible to remove the "symbolic" government guarantee without negatively affecting the faith in the system.

Finally, should depositors run on any guaranteed bank, the guarantors will provide emergency liquidity, in order to keep customers and preserve the franchise value of the institution. Guarantors, after all, have an incentive to do so since they are ultimately liable for any losses that might occur due to the guaranteed bank's illiquidity. Indeed, guarantors have a stronger incentive to provide liquidity than the Federal Reserve, which could lose money when lending in such situations, and therefore has in the past sometimes moved too cautiously (such as during the Great Depression). Although highly unlikely, should Federal Reserve liquidity itself be needed, the Federal Reserve could lend to a guaranteed bank, knowing that its loan was fully guaranteed under the cross guarantee system.

Argument: All private deposit insurance systems have failed in the past, and the same thing would happen to cross-guarantees.

Response: All private deposit insurance systems have *not* failed in the past. Prior to the Civil War, Ohio, Indiana, and Iowa had private deposit insurance systems for commercial banks that were successful and perhaps would have evolved further, except that the National Banking Act effectively drove them out of business. Interestingly, each of these plans was based on the concept of "mutual guarantees," where each bank within the group was responsible for the losses of any other bank. Because their equity capital was at stake, the banks had a strong incentive to monitor each other closely, which virtually eliminated bank failures among insured institutions. More important, no depositor or noteholder in a bank under these plans ever lost any money.

By contrast, the many state deposit insurance systems that failed did not place the equity capital of the insured banks behind each other. Instead, they relied on a central fund that had inadequate resources to handle major losses. Moreover, since the amount an insured bank paid into the system was not directly related to another insured institution's losses, the insured banks had no incentive to monitor each other.

The FSLIC and FDIC largely emulated the state deposit insurance system that *failed*, with insured banks and thrifts paying into a central reserve fund and having little control over the activities of their fellow insured institutions. By contrast, cross-guarantees resemble the state plans that worked. Like "mutual guarantees," the cross guarantee system puts the equity capital of the guarantors behind the risks they underwrite. And, it gives guarantors the power to monitor institutions and close troubled ones.

But cross-guarantees also represents a considerable improvement on those successful state deposit insurance plans. First, the amount of equity capital standing behind guaranteed institutions under the cross-guarantee system, as noted earlier, dwarfs

that of the successful state systems. Second, cross-guarantees will rely more on risk-sensitive premiums to control risk-taking. Third, the cross-guarantee system establishes a much more flexible marketplace that allows guaranteed institutions to tailor their cross-guarantee contracts to their individual situations. Fourth, cross-guarantees have a stop-loss requirement to spread risks and other protections to keep losses from leaking out of the system.

Argument: The cross-guarantee system needs a central reserve fund to cover losses, other than just the Back-Up Fund (BUF).

Response: What stands behind the guarantees under the cross-guarantee system is the equity capital of the guarantors. As long as equity capital exists to pay any guarantee, there is no reason to create a central reserve fund. Creating a segregated fund will not make capital more readily available to pay for a loss, since guarantors already will have a legal duty to pay, will be subject to damages should they not pay, and second-tier guarantors must pay should the direct guarantors not do so. A segregated fund might, however, create the impression (and hence the political reality) that payments into the fund are a *cap* on a guarantor's liability, greatly undercutting the amount of equity capital standing behind the system.

Beyond that, a central reserve fund will create a couple of problems. First, paying losses from a central reserve fund might divorce a guarantor's risk of loss from the institution which it monitors, greatly reducing a guarantor's incentive to monitor. Second, a central fund, even if just for the purpose of having a particular guarantor's capital "ready to go," would greatly, and unnecessarily, increase the costs of administering the system, since it would essentially require guarantors to idle, or at least inefficiently invest, some of their capital. It would also add further administrative costs to the system. Together, these costs would lead to a totally unnecessary increase in premium rates without strengthening the system.

Argument: Lloyd's of London is a poor model on which to base cross-guarantees because it faces financial problems.

Response: While the cross-guarantee system has some common elements with Lloyd's and the experiences at Lloyd's have guided the development of the cross-guarantee bill, the cross-guarantee system is not modeled on Lloyd's framework. What is similar between cross-guarantees and Lloyd's is that risks are underwritten by syndicates which feature several and unlimited liability for the risks. But there also are many differences.

First, under cross-guarantees, the unlimited liability is in the system, not for the individual guarantor, or "Name," to use Lloyd's terminology. All guarantors pass through to their guarantors losses over five times their annual premium income. This "stop-loss provision" of the cross-guarantee bill ensures that catastrophic losses are spread over a large number of guarantors.

Second, the cross-guarantee system avoids the conflicts of interests that have plagued Lloyd's. Under the bill, no syndicate agent can be either a guaranteed party or a guarantor. Similar restrictions do not exist at Lloyd's, leading to conflicts of interest between "external Names" (outside investors) and some of the insiders who were both "Names" themselves also underwrote and managed the affairs of "external Names."

Third, under the cross-guarantee system, each guarantor must itself be a guaranteed party under a separate contract. This requirement ensures that should any guarantor be unable to fulfill its obligations, the next layer of guarantors is then obligated to perform.

With respect to Lloyd's itself, though, one final point must be noted. Although Lloyd's has suffered financial difficulties, they are with respect to losses of the Names, not that Lloyd's has failed to meet any claim that it insured. Lloyd's still provides an insured with the assurance that it will get paid, and, in that sense, Lloyd's is a model to emulate.

Argument: Bank insolvency is not an insurable risk.

Response: Insurance companies have traditionally made this argument when asked why they do not want to become private deposit insurers. Their basic fear is that bank failures are not independent of each other and that a glut of failures would lead to catastrophic losses for the insurer.

Cross-guarantees address these concerns in several ways. First, the system avoids catastrophic losses through its stop-loss limits. Hence, an insurance company or any other guarantor has a cap on its losses as a guarantor. Being a guarantor will not bankrupt a guarantor.

Second, bank failures tend not to be overly cyclical. Viewed historically, bank failures show little correlation with the overall business cycle. What bank failures are correlated with are asset deflations, either in the economy as a whole or in sectors of the economy. (This argument puts aside the case of the thrift industry, whose inherent structural flaws, specifically maturity mismatching, raise different issues that cross-guarantees overcome.) Hence, banks failed during the deflation in the economy during the 1930s, during the deflation in the farm and energy sectors in the early 1980s, and during the recent collapse in commercial real estate prices.

Cross-guarantee premiums can price against the risk of asset deflation. Sectoral deflations in particular tend to follow some boom period, or "bubble," in which prices deviate from long-term historical trends. In essence, risk-based premiums could increase premium rates for any bank or thrift which lends to an industry or locality going through a boom. In so doing, cross-guarantees would not only lower risks to guarantors, but also reduce the injections of credit that feed such booms. The result should be a dampening, if not the elimination, of such sectoral boom-bust cycles.

Argument: The cross-guarantee system is too complicated and will be too expensive to administer.

Response: While cross-guarantees are not simple, one should judge or compare their complexity to the current system. Are cross-guarantees more complicated than current banking laws and regulations or would they be more expensive than the high deposit insurance premiums and regulatory costs currently being paid? Not likely.

No doubt, in the initial years, some growing pains will take place as participants move down the learning curve. But over time the system will quickly become fairly routine. Standard, boilerplate contract language will evolve to handle the majority of cases. Contracts themselves would likely last three to five years, meaning that parties would not necessarily be in a constant process of negotiating contracts.

Cross-guarantees would also provide guaranteed institutions with much greater flexibility than the current system, greatly lowering the cost burdens they now face. By protecting all deposits, cross-guarantees would eliminate liquidity risk, greatly alleviating a historical concern of banks and thrifts. Cross-guarantees also will help institutions better understand their own financial risks.

Argument: The cross-guarantee system is too dependent on the courts to enforce contracts.

Response: The court system is hardly perfect. But there is no reason to believe that its performance would be any worse than the regulators' performance over the past decade. In fact, the courts should do much better.

Indeed, markets analogous to cross-guarantees already operate that depend on courts for contract enforcement, such as surety contracts, letters of credit, and loan syndications. No evidence exists that courts do not reliably enforce contracts in these markets.

What dangers exist? A court might refuse to enforce a guarantor's obligation to pay depositors at a failed bank. That would certainly lead to runs and a general calamity. But why would a court ever refuse to enforce a cross-guarantee contract? Ultimately, this type of argument says that courts are totally unreliable, which if true also undercuts the case for the current regulatory system since it also relies on the courts for its authority to uphold actions. In fact, the reality is that courts will likely bend over backwards to ensure that depositors get their money back.

The real danger is that courts might try to rewrite contracts they do not think are "fair" or to impose additional duties upon guarantors. While this is a legitimate danger, the bill works to alleviate such concerns. Recording all contracts in the Central Electronic Repository and requiring that the recorded contract be the sole evidence of the contract limits the scope of a court's ability to rewrite contracts based on supposed oral modifications or other considerations. In most cases, disputes also will not include the type of "innocent" or "unsophisticated" party that tends to appear in any case where a court makes an irrational ruling. Finally, the bill forbids courts from imposing tort-like legal obligations upon guarantors for the actions of guaranteed banks and thrifts.

Argument: The cross-guarantee system should not mandate that depository institutions obtain a cross-guarantee contract.

Response: This argument has two different branches. Some argue that depository institutions should have the option of retaining FDIC insurance. But if depository institutions can continue to operate under the status quo, taxpayers will continue to be unduly exposed to losses due to the failure of FDIC-insured banks and thrifts. This problem would be exacerbated by an adverse selection problem, as only the weak institutions will seek to remain under government deposit insurance, meaning that the government would continue to directly insure just those types of institutions whose failures have proven so costly. The danger also exists that the government would try to tax guaranteed institutions to pay for the FDIC's inevitable losses, potentially threatening the lower deposit insurance premiums that cross-guarantees offer.

Other argue that depository institutions should be allowed to operate uninsured. However, because the cross-guarantee monitoring process will be faster and more efficient than the marketplace in identifying weak institutions, only weak institutions will opt to go uninsured. Uninsured institutions therefore likely will lead both to losses for depositors and systemic runs. Both types of events

would negatively affect guaranteed institutions and possibly taxpayers. Any losses to depositors will immediately create a wave of sympathy stories that would compel politicians to bail them out. Cross-guaranteed institutions would be the most likely candidates to pay for such a bailout. At the same time, politicians may feel compelled to more closely regulate all depository institutions, even though only guaranteed institutions would have been a fault.

Unsophisticated depositors will also likely have trouble in a time of crisis in distinguishing uninsured institutions from those protected by cross-guarantees. Hence, guaranteed institutions would feel a negative spillover effect from problems among uninsured banks and thrifts.

Argument: Deposits over $100,000 should not be guaranteed, because then cross-guarantees fail to punish depositors who put their money in banks and thrifts that fail.

Response: Cross-guarantees can hardly be faulted for failing to "punish" depositors when they are rarely punished today. While some small banks are liquidated in such a way that an uninsured depositor takes a loss, usually takes place in a discriminatory way. Uninsured depositors should not take a loss at one failed institution when similar uninsured depositors at other failed institutions do not—yet it frequently happens, increasingly at smaller institutions. At the same time, most sophisticated depositors have long since left a failed institution liquidated by the FDIC, leaving the less sophisticated uninsured depositors to suffer a loss.

In any case, it is not clear why we should seek to "punish" depositors. Most depositors are relatively unsophisticated investors not culpable for the failure of an institution. Even a sophisticated depositor is not culpable since it is a creditor of the bank, not a shareholder. To suggest that depositors should become "sophisticated" and undertake a much greater monitoring burden, as some believe they should, is an incredibly inefficient notion, since it makes little sense for thousands of depositors to invest enormous time in largely duplicate efforts to monitor institutions based on the same types of data that even regulators frequently misread. By contrast, cross-guarantees rely on one monitor with access to inside information, the syndicate agent, to perform this function, a much more efficient and effective way to monitor.

Punishing depositors also will lead to costly runs. If depositors are put at risk, they will simply run at the first sign of trouble, real or imagined, leading to costly losses for the institution and the economic system. It is a mystery why advocates of "depositor discipline" seek runs as the optimal method of closing banks and thrifts, when the main purpose of bankruptcy laws for nonbanking firms is to restructure firms in a way that avoids runs.

Argument: Letting bank managers risk the bank's capital as guarantors is too risky.

Response: The risk diversification requirements under the cross-guarantee system protect against banks taking too much risk as guarantors. Under the bill, a guarantor cannot be at risk for more than 12 percent of its capital in any one year in its activities as a guarantor. That is less than a year's earnings for most guarantors, which means a guarantor's annual losses from being a guarantor should be no more than what it otherwise earns during that year.

In any case, any fears about the risks of being a guarantor are exaggerated. A guarantor will face no more risk than a bank does from the many types of loans and investments it makes. In particular, banks already lend to each other in the Federal Funds market, and such lending creates greater risks because a bank can lend more to another bank in the federal funds market than the risk it can assume as a guarantor. Additionally, such lending is probably more risky than being a guarantor in that with cross-guarantees a bank will have a syndicate agent with "inside knowledge" of the health of the guaranteed party.

Banks also present some advantages as guarantors. One of the functions of guarantors will be to provide emergency liquidity should a guaranteed party need it. Banks will be the ideal type of guarantor to fulfill this function. Banks may also have more informed industry knowledge of the risks presented by particular institutions. And, by having banks both as guaranteed parties and guarantors, it is more likely that the contracts that evolve will evenly reflect the interests of both sides to the contract. For all these reasons, having banks as guarantors is desirable.

Argument: It is too dangerous to allow unsophisticated college endowment funds and pension funds to be guarantors.

Response: The cross-guarantee system restricts participation in the system by such funds to those with more than $100 million in net worth. Such endowment and pension funds already are among the more sophisticated players in financial markets. Indeed, they are more like the sharks of the financial system than the fish prepared to be eaten.

In any case, the risks of being a guarantor are no different from many of the risks already taken by such funds. It makes little sense to restrict their risk-taking in this area, when they are not so restricted in comparable areas.

Argument: No one will want to be a guarantor because it is too risky, making it hard for banks and thrifts to obtain contracts.

Response: The authors of this bill have received unsolicited calls from companies who have heard of the concept and are interested in being guarantors. These callers must think they would make money as guarantors. Indeed, trillions of dollars in equity capital exists worldwide among potential guarantors, all of which only needs to underwrite contracts generating about $1.2 billion in annual premium income. The potential supply of guarantors will likely swamp the risks to be underwritten.

Being a guarantor should prove a particularly profitable endeavor, because it allows a company to get "double duty" from its capital, specifically enhancing the yield of its liquid assets. In other words, the capital standing behind a guarantee will not only earn cross-guarantee premium income, but it also will remain on the guarantor's balance sheet earning its normal return.

Some may fear that being a guarantor exposes a company to catastrophic losses. But the stop-loss limit of the cross-guarantee bill addresses such concerns, by limiting a guarantor's annual losses to five times its annual premium income. A guarantor will not be able to "bet the house" when it underwrites a share of the risks under one or more cross-guarantee or stop-loss contracts. In general, the five times limit, by setting a maximum loss, greatly reduces the uncertainty of underwriting cross-guarantee risks.

Argument: Too many companies will want to be guarantors, leading to overcapacity and premium rates that are too low. Underpriced guarantees, in turn, will lead to excessive risk-taking by depository institutions.

Response: Companies will seek to be guarantors only if they can make a profit. If premium rates are too low, or premiums are spread too thinly, guarantors will not make a profit and will begin to exit the industry. One of the features of the cross-guarantee system (unlike most insurance systems) is that it allows guarantors relatively easy entry and exit so that capital can flow in and out of the business to meet the needs of the system. That should prevent something akin to the property and casualty insurance cycle from developing.

As a result, underpricing seems unlikely. But even if underpricing occurs, the guarantors themselves will pay the price by incurring losses, not taxpayers. People will make mistakes and pay for it. That cannot be avoided and, in fact, that is how markets learn. Such losses also serve the useful function of putting more responsibility on those guarantors who can best price risks. Guarantors which take losses may find their own guarantors unwilling to continue to underwrite their decisions as a guarantor. Compare that to federal deposit insurance, where no matter how many mistakes the government makes, it continues as the insurer under the system.

Would premium rates that are "too low," should they occur, encourage risk-taking by guaranteed parties? Not really. The premiums would still use risk-based pricing, which would still discourage risk-taking. What would simply happen is that guarantors as a whole would not charge sufficient premiums to cover the overall risks they take. Guarantors would then suffer a loss, which is as it should be.

Argument: Guarantors will let guaranteed institutions do reckless things, bankrupting the system.

Response: What guarantor would guarantee a reckless guaranteed party? If a guaranteed institution's direct guarantors allow it to be reckless, it will be the guarantors themselves who suffer the loss from such activities. Guarantors will seek profits, not losses.

Even if guarantors do not intend to allow reckless activity theoretically they could allow it unintentionally through sheer incompetence. But two forces will tend to prevent this from happening. First, a guarantor's guarantors would likely restrict the cross-guarantee activity of any company that has not shown an ability to handle the role of guarantor. Second, a syndicate is made up of many guarantors, and therefore any one incompetent guarantor would not control the decision making for the entire syndicate. For incompetence to rule, one must hypothesize many incompetent guarantors joining one syndicate.

Even if such a syndicate arose, any losses that take place would not threaten the system. The stop-loss limit ensures that any large loss will get shared among many participants. No one incompetent syndicate can bankrupt the system; indeed, with the stop-loss limits, the syndicate members could not even bankrupt themselves.

Finally, in the extremely unlikely situation where some "renegade" syndicate allows a guaranteed institution to become deeply insolvent, the FDIC is empowered to appoint a conservator or receiver once the value of the assets of the guaranteed institution shrink to a point at which they only slightly exceed the amount of federally insured deposits in that institution. This power serves as the ultimate brake on overly tolerant guarantors.

Argument: Guaranteed banks and thrifts will be too conservative because they are beholden to their guarantors.

Response: Like any creditor, guarantors are likely to be fairly risk-averse. These instincts should serve the useful functions of forcing guaranteed institutions to commit to wiser lending policies and proper pricing for loans. After a decade that saw much reckless lending, such a change would be for the better.

Nevertheless, some worry that guarantors may force banks to be too conservative. Although this argument is not totally implausible, a few points are worth noting. First, guarantors could hardly be more strict than regulators currently are—in an overreaction to the excesses of the 1980s, regulators have caused a credit crunch by making banks excessively fearful of taking normal banking risks. Guarantors are much more likely to find the proper balance between tolerating risks and moderating excesses than regulators overreacting to past failures.

Second, the cross-guarantee marketplace will be quite competitive. Guarantors must compete to become a party to any particular contract. This competition will prevent syndicates from imposing "take it or leave it" type conditions upon the guaranteed institution.

Third, bank and thrift managers have fiduciary duties to their shareholders, and shareholders have different interests than those of guarantors. As a result, managers will play the same balancing game between maximizing the value of the firm by addressing the needs of creditors and shareholders that they do in any firm. Guarantors' risk averseness will no more control the byproduct of these tensions than do the creditors' risk averseness for any firm.

Fourth, banks and thrifts will play both the role of guaranteed party and guarantor in the cross-guarantee marketplace. This dual role should help ensure that the "boilerplate" language which evolves as part of cross-guarantee contracts reflects a balanced approach.

Argument: Some bankers may not be able to obtain cross-guarantee contracts.

Response: No doubt true. But that is one of the virtures of the cross-guarantee system, not a vice. A bank or thrift which cannot obtain a cross-guarantee contract is an institution which could not find, among all the potential guarantors in the system, a syndicate willing to underwrite its risks. In essence, the marketplace has voted and said that such an institution is in irreparable financial trouble and should be closed.

Attempting to prevent such closures would be the equivalent of practicing the type of forbearance towards thrifts used in the 1980s that proved so costly to taxpayers. If the government allowed institutions which could not obtain a contract to continue to operate with federal deposit insurance, only the "losers" would remain federally insured, potentially costing the taxpayers enormous sums.

The cross-guarantee system provides a considerable transition period for banks and thrifts to obtain a contract, up to nine and one-half years for smaller institutions. Plenty of time will therefore exist for those institutions to obtain a contract whose balance sheet justifies one.

The vast majority of banks and thrifts are strong, health institutions getting healthier by the day. They will experience no difficulty obtaining cross-guarantee contracts. Even those that cannot obtain one have a couple of choices other than an FDIC takeover. They can recapitalize, making themselves attractive to potential guarantors. Or, they can sell the institution to a stronger bank or thrift that is able to obtain a contract. For this reason, the FDIC will likely take over few institutions as transition deadlines pass.

Argument: The cross-guarantee system would favor large banks over small banks, leading to excessive concentration in the banking industry.

Response: In fact, small banks probably will be the biggest winners from the cross-guarantee system. Cross-guarantees would eliminate the "too-big-to-fail" discrepancy by guaranteeing all deposits no matter how large the deposit. That would allow smaller banks to compete on more even terms for large deposits.

Small banks also would in general enjoy a lower cost of funds. Cross-guarantees would make any obligation of such a bank essentially risk-free from the perspective of a creditor, making it easier for creditors that did not know of the bank to put their funds in the institution. In essence, small banks of which little is known and large banks of which a lot is known would compete on equal terms for funding, since each is protected by the cross-guarantee system.

Small banks also would enjoy relatively larger gains from the regulatory relief provided by the cross-guarantee system. Regulations are more costly for small banks because of economies of scale in complying with them.

Cross-guarantees would also make it easier for smaller institutions to specialize. Regulation tends toward a "one size must fit all" mentality, which hampers smaller institutions that seek to follow a more specialized strategy. By tailoring their cross-guarantee contract to fit their unique circumstances, smaller banks will be better positioned to compete for business free of regulatory restraints.

Argument: "Equity market intervention" will not work for small or closely held banks.

Response: Equity market intervention refers to the fact that when premium rates rise as an institution's capital shrinks relative to its risks, strong financial incentives (particularly the prospect of lower premium rates) are created to recapitalize. In essence, shareholders will make money from recapitalizing such institutions. The question is, would the same process work when publicly traded shares do not exist?

Yes. The exact workings of the process may differ, but the incentives are the same. As premium rates rise for the typical small, closely held bank, the small group of owners have an "arbitrage opportunity" to increase the overall value of their ownership claim in the same way that stockholders holding publicly traded shares would.

Of course, options such as hostile takeovers or proxy fights would not exist to force re-capitalization. But, then again, where ownership and control are not separated, the managers will likely react more quickly to the opportunity created for owners. In other words, one does not need hostile takeovers or proxy fights to force managers to do what is in the best interest of the owners, because the managers *are* the owners. The same logic would hold true in a mutually owned thrift, where managers and directors effectively own the institution.

Argument: Bankers will not want other bankers to know their competitive secrets.

Response: This is a legitimate concern, but it is addressed in the cross-guarantee bill. First, only the syndicate agent will have access to the offices, files, and records of a guaranteed bank or thrift. Syndicate agents will have a legal duty to protect the confidentiality of a guaranteed institution. Such agents also face a loss of business due to a bad reputation should they allow leaks of confidential information to take place. Such agents will probably have to take out errors and omissions insurance to protect themselves from suits arising out of their role as syndicate agents.

Second, a guaranteed party can control which companies become its guarantors. Hence, if one bank does not want another bank being one of its guarantors, it can prevent that from happening. Such vetoes should address some of the apprehension that a banker might otherwise fact from having one of its competitors as one of its guarantors.

The fact that cross-guarantee contracts will be "public knowledge" in the Central Electronic Repository presents little danger. The type of information in contracts will contain little, if any, of the information that bankers want to keep from their competitors. The financial information used to calculate premiums is not part of the pricing formula, but rather is the data entered into the formula to determine the premium. Moreover, the concerns of banks and thrifts about competitive secrets focus largely on such things as new marketing strategies and customer lists, which will not be part of any cross-guarantee contract.

Argument: The cross-guarantee system will provide bankers with an opportunity to collude.

Response: Under the cross-guarantee system, the antitrust laws will still apply. Therefore, collusion will be as punishable under the system as it is now.

The syndicates themselves are too large to form the basis of a collusive scheme. The typical large bank (more than $10 billion in assets) would have at least 100 guarantors, far too many to keep the collusion secret or to allow any collusion to prove effective. Moreover, almost all syndications will take place over computer networks, not in face-to-face meetings between bankers. Hence, the cross-guarantee system would actually provide few opportunities for collusion.

In any case, it is not clear how cross-guarantees would give bankers any opportunity to collude that they do not already have. Many current activities provide bankers with more face-to-face meetings than cross-guarantees would. Bankers participate in loan syndications, have correspondent relationships, play golf together, and meet together at banking conventions. If the goal is to prevent bankers from colluding, the cross-guarantee system is hardly the place to start.

Argument: Guaranteed banks and thrifts should be forbidden from lending to any of their guarantors.

Response: It is not clear why any such loans should be forbidden. The only danger that exists is that a guaranteed institution might give some "sweetheart deal" on a loan to a particular guarantor in exchange for some type of favorable treatment. But the syndicate as a whole would not approve of such a transaction. In other words, why would the direct guarantors collectively agree to allow a guaranteed party to make a sweetheart deal to one guarantor that would impair the net worth of the institution they guarantee?

Suppose instead the sweetheart deal is secret. In this situation, how would the guarantor be able to provide the guaranteed party with some advantage? All decisions of the syndicate are made by a vote of the members, and therefore an individual guar-

antor could not force upon the syndicate a decision not in the best interest of the syndicate.

Given that no apparent danger exists, there is no reason to restrict a guarantor's access to borrowing from a guaranteed party. If any problems do arise, the syndicate can restrict such lending in the contract.

Argument: The Federal Reserve should not lend to guaranteed institutions that it does not monitor.

Response: Any Federal Reserve loan to a guaranteed institution is guaranteed under the system. Hence, any Federal Reserve loan is backed by the equity capital standing behind the system, making it essentially a risk-free loan. As a result, the Federal Reserve does not need any collateral nor does it need to assess whether the borrower is creditworthy. Indeed, loans to a guaranteed institution are probably safer than holdings of Treasury bonds which depend on the tax collecting power of our increasingly indebted federal government.

In all likelihood, borrowings from the Federal Reserve should prove rare, as guarantors will have an incentive to provide any emergency liquidity needed. Nevertheless, the Federal Reserve is left as a source of emergency liquidity under the system should for any reason guarantors not be able or are unwilling to provide such liquidity.

Argument: The government will lose power to allocate credit within economy. In particular, the housing industry will be hurt.

Response: Under cross-guarantees, the government will lose some of its power to allocate credit, at least directly through the banking and thrift industries. But that should not form a basis for criticizing cross-guarantees. The government should not decide who gets to borrow and who does not, as political favoritism would then determine who gets funding.

Some may argue, what about the housing finance? Shouldn't the government give preferences, for housing lending? Although cross-guarantees would eliminate preferences, such as those provided under risk-based capital standards, overall cross-guarantees would probably lead to a lower cost of funding for housing. Today, because of deposit insurance premium rates and higher overall capital standards, banks and thrifts find it harder and harder to economically hold mortgage portfolios. That helps explain part of the rush to securitize mortgage debt. Under cross-guarantees, banks and thrifts will find it more economical to hold mortgages, which will increase the demand for mortgages as an investment vehicle, lowering interest rates. Banks and thrifts also will be able to continue to originate mortgages for sale in the secondary markets.

Argument: Cross-guarantees would be unfair to thousands of honest, hard-working bank and thrift examiners.

Response: The cross-guarantee bill provides examiners with an attractive severance package. This package should compensate these government workers for any disruption to their careers. In any case, many will no doubt find employment as syndicate agents seek employees with experience in this area.

In any case, many private sector employees face the prospect of job losses when the industry in which they work becomes obsolete. There is no reason to prevent cross-guarantees from becoming law based on concerns about preserving jobs for bank examiners and supervisors.

Argument: Banks have done a poor job serving the economy and therefore do not deserve to escape from banking regulation.

Response: There are several problems with this argument. First, the purpose of regulation is not to "punish." Either regulation serves a purpose or it does not. Under the cross-guarantee system, since most government regulation would no longer be needed and in fact would be counter-productive, unnecessary regulations should be eliminated. The issue has nothing to do with banks "escaping" regulation.

Second, cross-guarantees should not be evaluated on whether or nor they benefit or punish banks or thrifts. Banks and thrifts would no doubt benefit from the cross-guarantee system. But even more important, depositors, borrowers, taxpayers, and the economy would benefit far more.

Third, to say that "banks have done a poor job of serving the economy" is to overgeneralize. Some banks have done a poor job—and they have failed. But most do a good job. Unfortunately, the good banks are the ones that survive to fact the high premium rates and increasing regulatory burden due to the errors of their incompetent brethren. It makes little sense to charge someone with the sins of another. Yet, that is exactly what happens when people seek to "punish" all banks for the failure of a few banks.

CONCLUSION: CROSS-GUARANTEES AND THE ECONOMY

Perhaps the most important benefit of cross-guarantees, their positive effects for the economy, often gets lost among the other issues revolving around the concept. But the effect of deposit insurance reform on the economy would be substantial. The Congressional Budget Office estimated that the thrift crisis cost the economy $500 billion in lost GNP and that in fact may be a low figure.

Cross-guarantees would avoid the excessive lending that adds fuel to sectoral booms in the economy. The economy's slow growth today reflects the effects of asset deflation in many sectors, a deflation that is a byproduct of previous booms in such areas as real estate lending. These booms were caused, in no small part, by reckless lending from banks, thrifts, and life insurers. Since deflation is a bank killer, guarantors will seek to avoid such lending, to the benefit of themselves, banks and thrifts in general, and the economy.

At the same time, cross-guarantees will avoid overreactions, such as the current credit crunch. The regulators, reacting to a Congress afraid of another thrift crisis, have panicked, preventing many loans from being made that should be made. In the cross-guarantee marketplace, panicky guarantors will lose business to guarantors who maintain a steady vision of the shape of the marketplace. Cross-guarantees will therefore avoid the disruption of lending relationships and the dearth of new loans that we see today.

Cross-guarantees will also lead to greater productivity in the financial services industries. This greater productivity will reflect not only the effects of lower regulation, but also the effects of allowing a greater amount of intermediation to take place through depository institutions. Many financial transactions best intermediated through banks and thrifts are being driven to less efficient providers of financial services, because of the various cost burdens imposed upon depository institutions. Cross-guarantees will allow banks and thrifts to begin to win bank market share. As this process takes place, one also will likely see a greater skepticism among guarantors about allowing the banks and thrifts they guarantee to use fancy, new financial products whose complexity is proven, but whose utility is not.

Finally, cross-guarantees will lead to better credit decisions by banks and thrifts. Bad credit decisions waste this country's inadequate savings on dubious investments, as many unused office buildings so vividly demonstrate. In the 1980s, lending that could have increased productivity and economic growth instead often financed projects of dubious merit. Guarantors will insist that the parties they guarantee do better than that.

H.R. 6069

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the "Taxpayer Protection, Deposit Insurance Reform, and Regulatory Relief Act of 1992."

(b) TABLE OF CONTENTS.—

SEC. 2. FINDINGS AND PURPOSES.

The purposes of this Act are:

(1) To create a competitive and essentially self-regulating private deposit insurance marketplace by requiring each bank and savings association which accepts deposits to protect the full amount of deposits held along with most other nondeposit liabilities by obtaining cross-guarantee contracts from syndicates of guarantors.

(2) To induce depository institutions to lend and invest wisely by authorizing guarantors who issue cross-guarantee contracts to—

(A) charge risk-sensitive premiums for the guarantees provided; and

(B) negotiate with the banks and savings association who enter into such contracts all other terms and conditions, to the extent such terms and conditions are not inconsistent with this Act or other provision of law.

(3) To make the cross-guarantee process as self-regulating as possible by establishing a system which has an inviolable "stop-loss" mechanism and numerous constructive tensions among the participants in the system.

(4) To regulate the cross-guarantee marketplace only to the extent necessary to maintain the safety, soundness, and viability of the entire cross-guarantee process and not the solvency of any individual bank or savings association regardless of its size.

TITLE I—100 PERCENT CROSS-GUARANTEES

SUBTITLE A—DEFINITIONS

SEC. 101. DEFINITIONS

(a) DEFINITIONS RELATING TO DEPOSITORY INSTITUTIONS, NON-DEPOSITORY GUARANTORS, AND AFFILIATES.—For purposes of this title—

(1) COMPANY.—The term "company"

(A) means any corporation, partnership, business trust, association, or similar organization; and

(B) does not include a branch or agency, or a group of branches and agencies, of a foreign bank.

(2) DEPOSITORY INSTITUTION—The term "depository institution" has the meaning given to such term in section 3(c) of the Federal Deposit Insurance Act.

(3) FAILED DEPOSITORY INSTITUTION—The term "failed depository institution" means any depository institution for which a conservator or receiver has been appointed by the Corporation.

(4) FAILED INSURANCE COMPANY—The term "failed insurance company" means any insurance company for which a conservator or receiver has been appointed.

(5) FOREIGN BANK BRANCHES AND AGENCIES—The terms "agency" and "branch", when used in connection with a reference to a foreign bank, and the term "foreign bank" have the meanings given to such terms in section 1(b) of the International Banking Act of 1978.

(6) GUARANTEED BANKING OFFICE—The term "guaranteed banking office" means any branch or agency of a foreign bank which has entered into a cross-guarantee contract with a cross-guarantee syndicate.

(7) GUARANTEED COMPANY.—

(A) IN GENERAL.—The term "guaranteed company" means any company which has entered into a cross-guarantee contract with a cross-guarantee syndicate.

(B) FOREIGN BANKS.—

(i) IN GENERAL.—Notwithstanding subparagraph (A), a foreign bank shall not be a guaranteed company solely because a branch or agency of such bank is a guaranteed banking office under a cross-guarantee contract.

(ii) EXCEPTION FOR FOREIGN BANKS WHICH ARE SUBSIDIARIES.—Notwithstanding clause (i), a foreign bank may be a guaranteed company, if such bank is guaranteed under a cross-guarantee contract under section 112(e)(1).

(8) GUARANTEED DEPOSITORY INSTITUTION.—The term "guaranteed depository institution" means a depository institution which is a guaranteed company.

(9) GUARANTEED FINANCIAL GROUP.—The term "guaranteed financial group" means—

(A) a depository institution which is the sole guaranteed company under a cross-guarantee contract;

(B) 2 or more companies, at least 1 of which is a depository institution and all of which are guaranteed companies under the same cross-guarantee contract; or

(C) any guaranteed banking office which—

(i) is a branch; and

(ii) is the sole guaranteed banking office under a cross-guarantee contract; and

(D) any 2 or more branches and agencies, at least 1 of which is a branch and all of which are guaranteed banking offices under the same cross-guarantee contract.

(10) NONDEPOSITORY GUARANTOR.—The term "nondepository guarantor" means any person which has entered into a stop-loss contract with a stop-loss syndicate.

(11) STATE DEPOSITORY INSTITUTION.—The term "state depository institution" has the meaning given to such term in section 3(c)(5) of the Federal Deposit Insurance Act.

(12) TERMS RELATING TO AFFILIATION AND CONTROL.—

(A) AFFILIATE.—The term "affiliate" means, with respect to any company, any other company that controls, is controlled by, or is under common control with such company.

(B) CONTROL.—The term "control" means, with respect to one company's relationship to another company, one company's ownership or power to, directly or indirectly, vote 5 percent or more of any class of voting securities of another company.

(C) SUBSIDIARY.—The term "subsidiary" means, with respect to any company, any company which such company controls.

(b) DEFINITIONS RELATING TO CROSS-GUARANTEE AND STOP-LOSS CONTRACTS.—For purposes of this title—

(1) CROSS-GUARANTEE CONTRACT.—The term "cross-guarantee contract" means a contract which—

(A) is entered into between—

(i) 1 or more companies, at least 1 of which is a depository institution; and

(ii) a cross-guarantee syndicate; and

(B) is approved by the Corporation under section 122.

(2) CROSS-GUARANTEE OBLIGATION.—The term "cross-guarantee obligation" means an obligation of a direct guarantor arising out of a cross-guarantee or stop-loss contract, and shall include the obligations of such guarantor under section 113(c)(2) and section 127(d)(1)(A).

(3) CROSS-GUARANTEE SYNDICATE.—The term "cross-guarantee syndicate" means any group of direct guarantors which has entered into a cross-guarantee contract with a guaranteed financial group.

(4) DIRECT GUARANTOR.—The term "direct guarantor" means a member of a cross-guarantee or stop-loss syndicate which has entered into a cross-guarantee or stop-loss contract with a guaranteed party.

(5) GROUP CROSS-GUARANTEE SYNDICATE CONTRACT.—The term "group cross-guarantee syndicate contract" means a contract which—

(A) is entered into between 2 or more guaranteed financial groups and a cross-guarantee syndicate; and

(B) is approved by the Corporation under sections 112(c)(2) and 122.

(6) GUARANTEED OBLIGATION.—The term "guaranteed obligation" means an obligation of a guaranteed party on which a cross-guarantee or stop-loss syndicate has unconditionally guaranteed performance, including payment of principal and interest at the promised time of payment.

(7) GUARANTEED PARTY.—The term "guaranteed party" means any guaranteed company, guaranteed banking office, or nondepository guarantor.

(8) PROJECTED ANNUAL PREMIUM.—The term "projected annual premium" means the amount calculated under section 116(d)(2).

(9) PROJECTED ANNUAL PREMIUM CAPACITY.—The term "projected annual premium capacity" means the amount which is equal to—

(A) in the case of a guaranteed company, 3 percent of the equity capital of the guaranteed financial group which is the party guaranteed under the same cross-guarantee contract in which such company is a guaranteed company; or

(B) in the case of a nondepository guarantor, 3 percent of the net worth of the guarantor.

(10) PROJECTED ANNUAL PREMIUM LIMIT.—The term "projected annual premium limit" means the amount which is equal to 3 percent of projected annual premium capacity.

(11) SECOND-TIER GUARANTOR.—The term "second-tier guarantor' means a direct guarantor of one of a guaranteed party's direct guarantors.

(12) STOP-LOSS CONTRACT.—The term "stop-loss contract" means a contract which—

(A) is entered into between a person and a stop-loss syndicate; and

(B) is approved by the Corporation under section 122 of this title.

(13) STOP-LOSS SYNDICATE.—The term "stop-loss syndicate" means any group of direct guarantors which has entered into a stop-loss contract with a nondepository guarantor.

(14) SYNDICATE AGENT.—The term "syndicate agent" means any person who acts as agent for the direct guarantors under any cross-guarantee or stop-loss contract.

(c) DEFINITIONS RELATING TO FINANCIAL TERMS.—For purposes of this title—

(1) EQUITY CAPITAL.—The term "equity capital" means, with respect to any guaranteed financial group, the amount, as valued pursuant to section 114(c), which is equal to—

(A) the consolidated assets of the guaranteed financial group; minus

(B) the consolidated liabilities, including the estimated liquidation value of contingent liabilities, of the guaranteed financial group.

(2) FDIC ASSET VALUE.—The term "FDIC asset value" means the total value, as determined on a consolidated basis and in accordance with section 126(b), of all tangible and intangible property of—

(A) in the case of a guaranteed financial group described in subparagraph (C) or (D) of section 101(a)(9), all guaranteed banking offices guaranteed under the cross-guarantee contract; or

(B) in the case of all other guaranteed financial groups, all guaranteed companies guaranteed under the cross-guarantee contract.

(3) NET WORTH.—The term "net worth"—

(A) means, with respect to a nondepository guarantor, the amount which is equal to the stockholders' equity, the partnership equity, the net worth, or the fund balance of the guarantor, as the case may be, as determined in accordance with generally accepted accounting principles;

(B) does not include any equitable interest or liability which the Corporation determines should not be treated as net worth for purposes of this title; and

(C) in the case of any nondepository guarantor which controls another nondepository guarantor or a guaranteed financial group, does not include the net worth or equity capital of the subsidiary guarantor or group.

(4) PREMIUM INCOME.—The term "premium income" means any income accrued by a direct guarantor under any cross-guarantee or stop-loss contract.

(5) SUBORDINATED DEBT.—

(A) IN GENERAL.—The term "subordinated debt" means any obligation assumed by a guaranteed company or guaranteed banking office which is subordinate in right and payment to any general creditor of the company or office.

(B) GENERAL CREDITORS.—The term "general creditors" includes—

(i) any creditor to which a guaranteed company or guaranteed banking office has an obligation which is a guaranteed obligation under the cross-guarantee contract for such company or office, unless that creditor is otherwise specifically secured by one or more assets of the company or office; and

(ii) any creditor of the guaranteed company or guaranteed banking office who—

(I) is not protected under the contract; and

(II) is not subject to preference or subordination in a receivership or bankruptcy proceeding.

(6) UNENCUMBERED LIQUID ASSETS.—The term "unencumbered liquid assets" means, with respect to any nondepository guarantor, the amount which is equal to the sum of—

(A) the total amount of cash held by the guarantor;

(B) the total amount of deposit for the benefit of the guarantor in any transaction account at any guaranteed financial group or in any Federal Reserve bank, including amounts passed through any Federal home loan bank or depository institution to a Federal Reserve bank pursuant to the Federal Reserve Act;

(C) an amount equal to 95 percent of the total market value of investment-grade debt securities which are held by or for the benefit of the guarantor and which mature in less than 5 years; and

(D) an amount equal to 80 percent of the total market value of equity securities which are held by or for the benefit of the guarantor,

to the extent any such amount is not pledged, restricted, or otherwise encumbered.

(d) DEFINITIONS RELATING TO FUNDS.—For purposes of this title—

(1) CROSS-GUARANTEE BACKUP FUND.—The term "cross-guarantee backup fund" means the fund established pursuant to section 128(a).

(2) DEPOSIT.—The term "deposit" has the meaning given to such term in section 3(l) of the Federal Deposit Insurance Act, except that such term does not include any obligation which, under section 114(a)(2), may not be a guaranteed obligation.

(3) FDIC SEVERANCE FUND.—The term "FDIC severance fund" means the fund established under section 145(d)(1) and administered by the Corporation for the purpose of providing severance pay and related benefits for employees of Federal or State agencies engaged in the regulation of depository institutions as of the date of the enactment of this Act.

(4) INSURED DEPOSIT.—The term "insured deposit" means any deposit of a guaranteed depository institution which is insured against loss by the cross-guarantee backup fund under section 128.

(e) DEFINITIONS OF OTHER TERMS.—For purposes of this title—

(1) BUSINESS DAY.—The term "business day" means any day other than a Saturday, Sunday, or legal holiday for the federal government.

(2) CENTRAL ELECTRONIC REPOSITORY.—The term "central electronic repository" means the repository established pursuant to section 123(a)(1).

(3) CLOSED LOOP.—The term "closed loop" means a set of cross-guarantee and stop-loss contracts in which any person which is a direct guarantor under any contract which is part of such set of contracts, and any person which is directly or indirectly liable for a guaranteed obligation of any such direct guarantor, are persons which are guaranteed under a cross-guarantee or stop-loss contract which is part of such set of contracts.

(4) CORPORATION.—The term "Corporation" means the Federal Deposit Insurance Corporation.

(5) CROSS-GUARANTEE ACTIVATION DATE.—The term "cross-guarantee activation date" means the date on which the first cross-guarantee contracts become effective under section 141(a).

SEC. 102. RULES OF CONSTRUCTION.

In this title—

(1) the terms "guaranteed company," "guaranteed depository institution," "guaranteed party," and "nondepository guarantor" refer to a party in such party's capacity as a party guaranteed under a cross-guarantee or stop-loss contract.

(2) the term "direct guarantor" refers to a party in such party's capacity as a guarantor under a cross-guarantee or stop-loss contract.

(3) the use of the word "control" in such phrases as "assumption of control" or "assumes control" shall not take on the meaning given the word control under section 101(a)12)(B).

SUBTITLE B—CROSS GUARANTEE PROCESS

SEC. 111. DEPOSITORY INSTITUTIONS PROHIBITED FROM OPERATING WITHOUT A CROSS-GUARANTEE CONTRACT.

After the applicable effective date under section 142, a depository institution shall be a guaranteed depository institution or guaranteed banking office unless the depository institution—

(a) is a federal branch that is not an insured branch (as the terms "federal branch" and "insured branch" are defined in sections 3(r) and 3(s) of the Federal Deposit Insurance Act);

(b) is a failed depository institution; or

(c) has not yet had a conservator or receiver appointed by the Corporation under section 143.

SEC. 112. PARTIES TO CROSS-GUARANTEE AND STOP-LOSS CONTRACTS.

(a) CROSS-GUARANTEE CONTRACTS.—

(1) IN GENERAL.—Each cross-guarantee contract shall have at least the following parties:

(A) A guaranteed financial group as the party guaranteed under the contract.

(B) The direct guarantors of the guaranteed financial group.

(C) A syndicate agent acting on behalf of the direct guarantors.

(2) AFFILIATE GUARANTEE.—Any affiliate of a depository institution may guarantee the performance of such institution's guaranteed obligations under a cross-guarantee contract.

(b) STOP-LOSS CONTRACTS.—

(1) IN GENERAL.—Each stop-loss contract shall have at least the following parties:

(A) A nondepository guarantor as the party guaranteed under the contract.

(B) The direct guarantors of the nondepository guarantor.

(C) A syndicate agent acting on behalf of the direct guarantors.

(2) AFFILIATE GUARANTEE.—Any affiliate of a nondepository guarantor may guarantee the performance of the guaranteed obligations of such nondepository guarantor.

(c) GROUP CROSS-GUARANTEE SYNDICATE CONTRACTS.—

(1) IN GENERAL.—

(A) POOLING OF RISK.—Subject to the provisions of this subsection, the cross-guarantee contracts of 2 or more guaranteed financial groups may be pooled for syndication.

(B) SEPARATE CONTRACT FOR A SYNDICATE OF POOLED CONTRACTS.—The direct guarantors comprising the cross-guarantee syndicate for a group of cross-guarantee contracts may enter into a separate contract (hereinafter "group cross-guarantee syndicate contract") under which the cross-guaranteed contracts pooled under such contract shall be incorporated by reference.

(C) PROPORTIONAL RISK.—Each direct guarantor under a group cross-guarantee syndicate contract shall have the same proportional rights, privileges, duties, and obligations in each cross-guarantee contract incorporated by reference in the syndicate contract as such guarantor has in the syndicate contract.

(2) APPROVAL OF GROUP CROSS-GUARANTEE SYNDICATE CONTRACT AND ITS POOL OF CROSS-GUARANTEE CONTRACTS.—The Corporation shall approve or reject, as a group, a proposed group cross-guarantee syndicate contract and the cross-guarantee contracts pooled under that contract.

(3) AGGREGATION OF ASSETS FOR PURPOSES OF RISK DIVERSIFICATION.—The assets of all guaranteed parties pooled under a group cross-guarantee syndicate contract shall be aggregated for purposes of applying the risk

diversification requirement established in section 114(b).

(4) NO CROSS LIABILITY OF GUARANTEED PARTIES.—No guaranteed party under any cross-guaranteed contract shall be liable for any portion of the guaranteed obligations of a guaranteed party under any other cross-guarantee contract which is pooled under the same group cross-guarantee syndicate contract.

(5) INDIVIDUAL TERMS AND RATES.—The terms, conditions, and premium rates under each cross-guarantee contract which is pooled under a group cross-guarantee syndicate may differ from the terms, conditions, and premium rates under any other cross-guarantee contract which is pooled under the syndicate contract.

(6) PARTIES TO INDIVIDUAL CROSS-GUARANTEE CONTRACTS RETAIN SAME RIGHTS AND DUTIES.—No right, privilege, duty, or obligation applicable under this title to any party to a cross-guarantee contract shall be affected by the inclusion of the cross-guarantee contract in a pool of contracts covered under a group cross-guarantee syndicate contract.

(7) ADDITIONAL GUARANTEED PARTIES UNDER A GROUP CROSS-GUARANTEE SYNDICATE CONTRACT.—A group cross-guarantee syndicate contract can be amended under section 122 to add a guaranteed financial group or a depository institution with a proposed cross-guarantee contract to the existing syndicate contract if—

(A) the syndicate contract remains in compliance with all of the provisions of this title after the addition of the institution to the syndicate contract; and

(B) the life of the syndicate contract is not extended beyond the original term of any cross-guarantee contract already pooled under the syndicate contract by the addition of the institution.

(8) LIFE OF A GROUP CROSS-GUARANTEE SYNDICATE CONTRACT.—A group cross-guarantee syndicate contract shall continue in force until each guaranteed party which is guaranteed under the syndicate contract has ceased to be a guaranteed party under a cross-guarantee contract which is pooled under the syndicate contract.

(9) LENGTH OF CROSS-GUARANTEE CONTRACT POOLED UNDER A SYNDICATE CONTRACT.—No cross-guarantee contract pooled under a group cross-guarantee syndicate contract shall have a term longer than the remaining term of the syndicate contract.

(10) RULE OF CONSTRUCTION.—Nothing in this subsection shall be construed as preventing a cross-guarantee or stop-loss syndicate from becoming a syndicate under two or more cross-guarantee or stop-loss contracts without including such contracts under a group cross-guarantee syndicate contract.

(d) AFFILIATES AND OTHER PARTIES RELATED TO A DEPOSITORY INSTITUTION WHICH SHALL BE GUARANTEED UNDER 1 CONTRACT.—

(1) IN GENERAL.—Subject to paragraph (4), a guaranteed depository institution shall be guaranteed under the same cross-guarantee contract under which any other affiliated guaranteed depository institution is guaranteed.

(2) CHAIN BANKS.—Subject to paragraph (4), if more than 2/3 of the shares of any depository institution are under common ownership with more than 2/3 of the shares of any other depository institution, such depository institutions shall be guaranteed depository institutions under the same cross-guarantee contract.

(3) DOMESTIC BRANCHES AND AGENCIES OF FOREIGN BANKS.—If any branch of a foreign bank enters into a cross-guarantee contract with a cross-guarantee syndicate, all branches and agencies of such foreign bank shall be guaranteed banking offices under the same cross-guarantee contract.

(4) REGULATIONS.—With respect to any depository institution controlled by more than 1 unaffiliated company, the Corporation shall prescribe regulations determining under which cross-guarantee contract the institution shall be guaranteed depository institution.

(e) SUBSIDIARIES WHICH MAY BE GUARANTEED UNDER 1 CROSS-GUARANTEE CONTRACT.—

(1) IN GENERAL.—Any company controlled by a guaranteed depository institution may be a guaranteed company under the same cross-guarantee contract under which such depository institution is guaranteed.

(2) DEFINITION OF CONTROL.—For purposes of this subsection, the term "control" means, with respect to a guaranteed depository institution's relationship to another company, the guaranteed depository institution's ownership or power to, directly or indirectly, vote more than 50 percent of any class of voting securities of the other company.

(f) PROVISIONS RELATING TO SYNDICATE AGENTS.—

(1) ANTI-AFFILIATION RULES.—A syndicate agent may not—

(A) be an affiliate of any other person who is a party to any cross-guarantee or stop-loss contract; or

(B) acquire or retain any ownership interest in any such person.

(2) NO DEPOSITORY INSTITUTION, FOREIGN BANK, OR NON-DEPOSITORY GUARANTOR MAY BE A SYNDICATE AGENT.—No depository institution, foreign bank, or non-depository guarantor may be a syndicate agent.

(3) NO SYNDICATE AGENT MAY BE A DIRECT GUARANTOR.—No person who is a syndicate agent under any cross-guarantee or stop-loss contract may be, as long as such contract is in effect, a direct guarantor under any cross-guarantee or stop-loss contract.

(4) PROHIBITION ON INTERLOCKS.—No director, officer, employee, or subcontractor of a syndicate agent under any cross-guarantee or stop-loss contract or any director, officer, or employee of such subcontractor may be a director, officer, or employee of any other party to such contract.

SEC. 113. REQUIREMENTS COMMON TO CROSS-GUARANTEE AND STOP-LOSS CONTRACTS.

(a) STOP LOSS LIMIT FOR LOSSES OF A GUARANTEED PARTY AS A DIRECT GUARANTOR OF OTHER GUARANTEED PARTIES.—

(1) DEFINITIONS.—For purposes of this subsection—

(A) LEVEL 1 PARTY.—The term "Level 1 party" means a guaranteed party under any cross-guarantee or stop-loss contract.

(B) LEVEL 2 PARTY.—The term "Level 2 party" means a direct guarantor of a Level 1 party.

(C) LEVEL 3 PARTY.—The term "Level 3 party" means a direct guarantor of a Level 2 party.

(D) LOSS.—The term "loss" means the present value, as of the date of a loss event, of the cash outlays required to fulfill a Level 2 party's cross-guarantee obligations to a Level 1 party due to the occurrence of such loss event, using as a discount rate the sum of—

(i) 2 percent; and

(ii) the average annual percentage yield on 3-month bills issued by the Secretary of the Treasury under section 3104(a) of title 31, United States Code, as determined by the Corporation as of the most recent issue date preceding the date of the loss event.

(E) LOSS EVENT.—The term "loss event" means any event described in paragraph (3).

(F) STOP-LOSS LIABILITY.—The term "stop-loss liability" means a debt accrued by a Level 3 party under a cross-guarantee or stop-loss contract due to its obligation to a Level 2 party under paragraph (2).

(G) STOP-LOSS RECOVERY.—The term "stop-loss recovery" means the amount accrued in any calendar month by a Level 2 party due to the obligation of a level 3 party under paragraph (2).

(2) STOP-LOSS OBLIGATION OF DIRECT GUARANTORS.—

(A) STOP-LOSS RECOVERY.—For any 12-calendar month period in which a cross-guarantee or stop-loss contract exists between Level 3 parties and a Level 2 party as of the end of the first calendar month of such period, Level 3 parties shall be obligated to pay to a Level 2 party an amount equal to the total amount of losses accrued by the Level 2 party in such party's capacity as a direct guarantor of Level 1 parties during such 12-calendar month period, minus the sum of—

(i) the greater of—

(I) the amount equal to 5 times the total amount of cross-guarantee and stop-loss premium income accruing to a Level 2 party in such party's capacity as a direct guarantor of Level 1 parties during such 12-calendar month period;

(II) the amount equal to 5 times the total amount of cross-guarantee and stop-loss premium income accruing to the Level 2 party in such party's capacity as a direct guarantor of Level 1 parties during the 12-calendar month period preceding such 12-calendar month period; or

(III) in the case of a calendar month which is among the first 11 calendar months that the Level 2 party has ever been a party guaranteed under a cross-guarantee or stop-loss contract, the amount equal to the average monthly cross-guarantee and stop-loss premium income accruing to the Level 2 party in such party's capacity as a direct guarantor of Level 1 parties since first becoming a party guaranteed under a cross-guarantee or stop-loss contract, multiplied by 60; and

(ii) recoveries accrued under this paragraph by the Level 2 party for each 12-calendar month period ending at the end of each of the first 11 calendar months in such 12-calendar month period.

(B) CARRYOVER FROM PREVIOUS CONTRACTS.—The amounts calculated in subparagraph (A) shall include all losses, premium income, and stop-loss recoveries of the Level 2 party under any cross-guarantee or stop-loss contracts under which the Level 2 party was a party guaranteed during such 12-calendar month period.

(C) MERGER OF TWO OR MORE GUARANTEED PARTIES.—In the case of any Level 2 party which merged with any other party which was a Level 2 party guaranteed under another cross-guarantee or stop-loss contract, the amounts calculated in subparagraph (A) shall include all losses, premium income, and stop-loss recoveries of both of the parties prior to the merger.

(D) OTHER GUARANTEED PARTIES UNDER THE CONTRACT WHICH WERE PREVIOUSLY DIRECT GUARANTORS.—The amounts calculated in subparagraph (A) for the Level 2 party shall include all losses, premium income, and stop-loss recoveries of any other party guaranteed under the same cross-guarantee contract as the Level 2 party, which occurred while such other party was a Level 2 party while guaranteed under the same or another cross-guarantee or stop-loss contract.

(E) TIMING OF STOP-LOSS RECOVERY.—A stop-loss recovery shall be accrued as of the last calendar month of the 12-calendar month period under which the stop-loss recovery was calculated.

(F) ADJUSTMENT FOR CATASTROPHIC LOSSES.—

(i) IN GENERAL.—If, for any calendar month, a closed loop exists in which every guaranteed party guaranteed under a contract in the closed loop accrues a stop-loss recovery for such month, then the calculation of stop-loss recovery for the 12-calendar month period ending in such month for all the contracts in the closed loop shall be adjusted as required under clauses (ii) and (iii).

(ii) ADJUSTMENT.—If, for any calendar month, a closed loop meets the conditions of clause (i), the amounts calculated in subparagraph (A) shall, for the 12-calendar month period in which such calendar month is the last month, be adjusted by increasing from 5 to 6, under clauses (i)(I) and (i)(II) of subparagraph (A), the amount multiplied by the premium income accruing to a Level 2 party and by increasing from 60 to 72, under clause (i)(III) of subparagraph (A), the amount multiplied by the average monthly premium accruing to the Level 2 party.

(iii) FURTHER ADJUSTMENT.—If, after making the adjustments to the calculation of stop-loss recovery under clause (ii), every contract in the closed loop under clause (i) still accrues a stop-loss recovery, the amounts under (i)(I) and (i)(II) shall be increased by one and the amount under (i)(III) shall be increased by twelve, until at least one guaranteed party guaranteed under a contract in such closed loop is not accruing a stop-loss recovery for the calendar month in clause (i).

(3) DETERMINATION OF TIME OF LOSS.—A Level 2 party shall accrue a loss as the direct guarantor of a Level 1 party as of—

(A) the last day of the calendar month in which a Level 1 party accrues a stop-loss recovery; or

(B) the date on which, with respect to a Level 1 party which is a guaranteed company, the earliest of the following events occurs:

(i) A written notice is filed with the Corporation under section 118(b)(2)(A) by the cross-guarantee syndicate of which the Level 2 party is a member that the syndicate has assumed control of the Level 1 party, in accordance with the terms of the cross-guarantee contract.

(ii) A transaction which—

(I) involves the acquisition of the Level 1 party or a significant portion of the party's assets, the merger of the Level 1 party with any other party, the liquidation of the Level 1 party, or any other transaction involving a significant portion of the assets or liabilities of the Level 1 party; and

(II) results directly in a loss for which the Level 2 parties are liable under the cross-guarantee contract.

(iii) The Level 1 party becomes a debtor in a case under title 11, United States Code.

(iv) The Corporation appoints a conservator or receiver for the Level 1 party.

(4) PREPARATION OF ORIGINAL LOSS ESTIMATE BY SYNDICATE AGENT.—The syndicate agent for the cross-guarantee contract under which a Level 2 party is a direct guarantor shall, whenever a loss event under subparagraph (3)(B) occurs under such contract—

(A) estimate the loss for such loss event; and

(B) by the 15th day of the calendar month following the calendar month in which such loss event occurs, notify the central electronic repository of the estimate of the loss under subparagraph (A).

(5) REVISION OF LOSS ESTIMATE BY SYNDICATE AGENT.—The syndicate agent for the cross-guarantee contract under which the Level 2 party is a direct guarantor shall, whenever a loss event under subparagraph (3)(B) occurs under such contract—

(A) revise the original estimate of the loss for such loss event and notify the central electronic repository of such revised estimate at least as often as the 15th day of—

(i) the third calendar month following the calendar month in which the loss event took place;

(ii) the twelfth calendar month following the calendar month in which the loss event took place; and

(iii) every twelfth month after the calendar month in clause (ii); and

(B) for each estimate of the loss described in clauses (A)(ii) and (A)(iii), obtain from a third party a confirmation of the reasonableness of the revised estimate of the loss.

(6) COMPLETION OF CASH OUTLAYS BECOMES FINAL AMOUNT.—Notwithstanding paragraph (5), once the Level 2 parties have made the final cash disbursement to fulfill such parties' cross-guarantee obligations due to any loss event under subparagraph (3)(B).—

(A) the syndicate agent for the cross-guarantee contract under which the Level 2 parties are direct guarantors shall calculate the loss from such loss event (subject to the third party confirmation in subparagraph (5)(B)) and notify the central electronic repository of this calculation; and

(B) no further revisions of the loss from such loss event need take place.

(7) DUTIES OF CENTRAL ELECTRONIC DEPOSITORY.—

(A) CALCULATION OF STOP-LOSS LIABILITY.—After notification under paragraphs (4), (5), and (6), the central electronic repository shall calculate the stop-loss recovery for every Level 2 party for every 12-month calendar period affected by the estimate, revised estimates, and final loss amounts of which the repository was notified.

(B) NOTIFICATION OF PARTIES.—Within five business days after receiving notification under paragraphs (4), (5), and (6), the central electronic repository shall notify any Level 2 party or Level 3 party of the results of the calculation under subparagraph (A).

(8) STOP-LOSS PAYMENTS.—

(A) ORIGINAL ESTIMATE.—If a determination under subparagraph (7)(A) is based on the original estimate of loss under paragraph (4) and results in a stop-loss recovery for the Level 2 party, each Level 3 party within three business days after notification under subparagraph (7)(B), shall pay to the Level 2 party the amount of the stop-loss liability for such Level 3 party plus interest on the amount of such liability from the last day of the month in which the loss occurred to the date of payment under this subparagraph.

(B) REVISION OF ESTIMATES.—If a determination under subparagraph (7)(A) results in—

(i) an increase from the previous estimate of the stop-loss recovery for a particular month, then each Level 3 party, upon notification under subparagraph (7)(B), shall within three business days pay to the Level 2 party the amount of the increase in the Level 3 party's stop-loss liability plus interest on the amount of the increase in such liability from the last day of such month until payment is made under this clause; or

(ii) a decrease from the previous estimate of the stop-loss recovery for a particular month, then the Level 2 party, upon notification under subparagraph (7)(B), shall within these business days pay each Level 3 party the amount of the decrease in such Level 3 party's stop-loss liability plus interest on the amount of the decrease in such liability from the last day of such month until payment is made under this clause.

(C) INTEREST RATE.—The parties to any cross-guarantee or stop-loss contract shall agree to the interest rate to be used for the calculation of interest under subparagraph (A) and (B).

(b) DIRECT GUARANTOR'S CROSS-GUARANTEE OBLIGATIONS UNDER THE CONTRACT ARE INDEPENDENT FROM OTHER PARTIES' OBLIGATIONS.—The cross-guarantee obligations of a direct guarantor under any cross-guarantee or stop-loss contract shall be independent of any obligation of any other party under the contract.

(c) EFFECT OF BANKRUPTCY PROCEEDING ON OBLIGATION OF GUARANTOR.—

(1) OBLIGATIONS NOT SUBJECT TO DISCHARGE.—Notwithstnding any provision of title II, United States Code, the Federal Deposit Insurance Act, or any other provision of Federal or State law, the cross-guarantee obligations arising out of any cross-guarantee or stop-loss contract entered into by a direct guarantor prior to such guarantor becoming a failed depository institution or a failed insurance company, may not be stayed, repudiated, or discharged under such title or, in the case of the failed depository institution or failed insurance company, stayed, repudiated, or discharged by any receiver or conservator appointed for such institution or company or by operation of law, to the extent that such guarantor is entitled to accrue premium income under such contracts after becoming a debtor or a failed institution or company.

(2) OBLIGATION OF SECOND-TIER GUARANTORS.—If a cross-guarantee obligation of any direct guarantor described in paragraph (1) is stayed, repudiated, or discharged, or for any other reason such guarantor is not able to meet such obligation, the direct guarantors of such guarantor shall be liable for such obligation.

(3) TREATMENT OF SECOND-TIER GUARANTORS AS GENERAL CREDITORS.—

(A) SECOND-TIER GUARANTORS ARE GENERAL CREDITORS OF A DIRECT GUARANTOR.—Notwithstanding any provision of title II, United States Code, the Federal Deposit Insurance Act, or any other provision of Federal or State law, any direct guarantor which incurs a liability under paragraph (2) with respect to any direct guarantor described in paragraph (1) may file a claim as a general creditor in the case under title II or with the receiver or conservator in the case of a failed depository institution or failed insurance company within the 90-day period beginning on the date the liability is incurred.

(B) WHEN THE CLAIM IS A POST-PETITION CLAIM.—Any claim filed under subparagraph (A) shall be treated as a liability of the direct guarantor described in paragraph (1) which was incurred after such guarantor became a debtor under title II or a failed depository institution or failed insurance company to the extent that such guarantor is entitled to accrue premium income under any cross-guarantee or stop-loss contract after becoming a debtor or a failed institution or company less any losses paid by such guarantor after a debtor or a failed institution or company.

(C) PRE-PETITION CLAIMS.—Any claim filed under this paragraph which does not qualify as a claim to be filed under subparagraph (B) shall be treated as a liability the direct guar-

antor in paragraph (1) incurred before becoming a debtor under title II or failed depository institution or a failed insurance company.

(d) DIRECT GUARANTOR PROHIBITED FROM OBTAINING COLLATERAL FOR CROSS-GUARANTEE OBLIGATIONS.—No direct guarantor under any cross-guarantee or stop-loss contract may obtain or retain a security interest in a guaranteed party under the contract, or in any assets of the guaranteed party, in connection with such guarantor's cross-guarantee obligations under the contract, unless the guaranteed party is a guaranteed banking office.

(e) PROVISIONS OF CONTRACT REGARDING DIVISION OF LIABILITY.—

(1) SEVERAL LIABILITY.—No direct guarantor under any cross-guarantee or stop-loss contract shall be liable for the cross-guarantee obligations of any other direct guarantor under the contract.

(2) DIVISION OF LIABILITY.—Subject to the risk diversification requirements of section 116(d), the terms of a cross-guarantee or stop-loss contract shall establish the division of liability among the direct guarantors under the contract.

(3) LIABILITY OF DIRECT GUARANTOR PROPORTIONATE TO INTEREST IN SYNDICATE.—The rights, privileges, duties, and obligations of a direct guarantor under a cross-guarantee or stop-loss contract shall be proportionate to such guarantor's interest in the syndicate.

(4) SYNDICATES NOT PARTNERSHIPS OR JOINT VENTURES.—Notwithstanding any state law, a cross-guarantee or stop-loss syndicate is not a partnership or joint venture, except for purposes of section 117(c)(1).

(f) PREMIUM REQUIREMENTS.—

(1) IN GENERAL.—Each cross-guarantee and stop-loss contract shall describe the method for calculating and the timing of payment for any premium payable to the direct guarantor under the contract.

(2) RESTRICTION ON REPRICING OF RISK DUE TO STOP-LOSS OBLIGATION.—No method of calculating the premium payable under paragraph (1) shall, directly or indirectly, take into account losses that a guaranteed party accrues while guaranteed under the contract in such party's capacity as a direct guarantor under another cross-guarantee or stop-loss contract.

(g) MAXIMUM EFFECTIVE PERIOD OF CONTRACT.—

(1) LENGTH OF CONTRACT.—A cross-guarantee or stop-loss contract may not have an effective period of more than 5 years.

(2) AMENDMENTS.—The parties to any cross-guarantee or stop-loss contract may agree to extend the length of the contract as long as the contract as amended still ends within 5 years after the original effective date of the contract.

(3) RENEWAL OF CONTRACT MUST BE APPROVED BY THE CORPORATION.—No cross-guarantee or stop-loss contract may be renewed by the parties to the contract, and no successor contract may become effective, without the approval of the Corporation under section 122.

(4) PENALTIES FOR CONTINUING CONTRACT AFTER EXPIATION DATE.—For every day after the 30th day following the expiration of a cross-guarantee contract in which—

(A) the direct guarantors have not assumed control under section 118(a) of all the guaranteed companies guaranteed under the contract;

(B) a guaranteed party under such contract has not become a guaranteed party under another cross-guarantee contract;

(C) a successor contract is not being considered for approval under section 122 or the Corporation has already rejected two successor contracts; or

(D) the guaranteed party is not appealing the rejection by the Corporation, under section 122, of a successor contract or final judgment has been reached on such an appeal.

the Corporation may at its discretion penalize each direct guarantor under such contract up to $100,000.

(h) CANCELLATION OF CONTRACTS BY SYNDICATES.—

(1) MINIMUM NOTICE PERIOD.—A cross-guarantee or stop-loss syndicate under any cross-guarantee or stop-loss contract may cancel such contract in accordance with the terms of the contract, provided that the syndicate agent under the contract gives written notice of such cancellation to the Corporation and the guaranteed party or parties under the contract at least 90 days prior to the effective date of the cancellation.

(2) CANCELLATION OF ONE GUARANTEED FINANCIAL GROUP UNDER A GROUP CONTRACT.—A cross-guarantee syndicate may cancel a cross-guarantee contract with 1 guaranteed financial group under a group cross-guarantee syndicate contract without affecting the rights, privileges, duties, and obligations arising out of the syndicate contract with regard to the other guaranteed financial groups under the syndicate contract.

(3) WRITTEN RESTRICTIONS.—A cross-guarantee syndicate may seek remedies under paragraph (5) to enforce an additional restrictions imposed under the contract upon the activities of any guaranteed party under the contract that take effect after the occurrence of any of the following events:

(A) A request is made by the guaranteed party under section 118(d) to stay the assumption of control:

(B) A notice of cancellation has been given under paragraph (1) or (2); or

(C) The expiration of the contract.

(4) LIMITATION GUARANTEED PARTY.—A guaranteed party under any cross-guarantee or stop-loss contract may not become a direct guarantor under any other cross-guarantee or stop-loss contract during any of the following periods:

(A) The period beginning on the date such party receives a notice of cancellation under paragraph (1) or (2) with respect to such contract and ending on the date the party becomes a guaranteed party under a successor contract.

(B) The period beginning on the date the contract expires and ending on the date the party becomes a guaranteed party under a successor contract.

(C) The period during which a stay of the assumption of control by a cross-guarantee syndicate under section 1189(d) is in effect.

(5) ENFORCEMENT THROUGH INJUNCTIONS.—The United States district court with jurisdiction over a cross-guarantee or stop-loss syndicate seeking to enforce any restrictions or limitation described in paragraph (3) or (4).

(6) CONTINUED EFFECTIVENESS OF CONTRACTS UNTIL OTHER COVERAGE IS OBTAINED.—

(A) IN GENERAL.—The obligations of any party to a cross-guarantee or stop-loss contract shall remain in effect after the effective date of the cancellation of the contract by the direct guarantors or after the expiration of such contract, as the case may be, until—

(i) the guaranteed party becomes a guaranteed party under another cross-guarantee or stop-loss contract; or

(ii) in the case of a guaranteed party which ceases to exist as a legal entity, the guaranteed obligations of the institution are liquidated or become guaranteed obligations covered under another cross-guarantee or stop-loss contract.

(B) CANCELLATION WHEN NONDEPOSITORY GUARANTOR IS NOT A DIRECT GUARANTOR.—Notwithstanding subparagraph (A), a cancellation of a stop-loss contract by a stop-loss syndicate shall take effect immediately if the nondepository guarantor which is the party guaranteed under the contract—

(i) is not at the time of cancellation a direct guarantor under any cross-guarantee or stop-loss contract; and

(ii) has transferred any remaining risk under any cross-guarantee or stop-loss contract under which such guarantor was formerly a direct guarantor to another direct guarantor.

(i) CANCELLATION OF CONTRACTS BY GUARANTEED PARTY.—

(1) IN GENERAL.—The guaranteed financial group or nondepository guarantor which is the party guaranteed under a cross-guarantee or stop-loss contract may notify the direct guarantors under the contract at any time of such party's intention to cancel the contract.

(2) CANCELLATION NOT EFFECTIVE UNTIL SUBSTITUTE COVERAGE IS OBTAINED.—A cancellation of any cross-guarantee or stop-loss contract under paragraph (1) shall not the take effect until the cancelling party becomes a guaranted financial group or a nondepository guarantor under another cross guarantee or stop-loss contract.

(3) ALLOWING NONDEPOSITORY GUARANTORS TO EXIT THE BUSINESS.—Notwithstanding paragraph (2), a cancellation of a stop-loss contract by a nondepository guarantor shall take effect immediately if the nondepository guarantor—

(A) is not at the time of cancellation a direct guarantor under any cross guarantee or stop-loss contract; and

(B) has transferred any remaining risk under any cross-guarantee or stop-loss contract under which such guarantor was formerly a direct guarantor to another direct guarantor

(4) CANCELLATION FEE.—The cross-guarantee or stop-loss syndicate under a cross-guarantee or stop-loss contract which is cancelled pursuant to paragraph (1) may impose a cancellation fee in an amount determined in accordance with the terms of the contract.

(j) CONTINUED EFFECTIVENESS OF CONTRACTS AFTER CONVERSION OF CHARTER OF DEPOSITORY INSTITUTION.—If—

(1) any State depository institution becomes a Federal depository institution;

(2) any Federal depository institution becomes a State depository institution;

(3) any bank becomes a savings association;

(4) or any savings association becomes a bank.

through a conversion of the charter of the depository institution, any cross-guarantee contract under which the institution is a guaranteed depository institution and which is in effect immediately before such conversion shall remain in effect after the conversion.

(k) CONTINUING APPLICABILITY OF OBLIGATIONS UNDER THE CONTRACTS.—

(1) No voiding or Rescinding of Contracts.—No party to a cross-guarantee or stop-loss contract may void or rescind the contract, regardless of any defense to the existence or enforceability of the contract that might exist under Federal or State law.

(2) NO EXCUSES TO PERFORMANCE.—Notwithstanding any provision of Federal or State

law, no excuse for the failure to perform any obligation under a cross-guarantee or stop-loss contract shall be effective.

(3) NONCOMPLIANCE DOES NOT AFFECT OBLIGATIONS.—A party to a cross-guarantee or stop-loss contract shall remain obliged under the contract regardless of whether—

(A) the contract ceases to comply with any requirement under this title; or

(B) one or more parties to the contract fail to comply with this title.

(l) SUBMISSION OF DISPUTES TO ARBITRATION.—The terms of any cross-guarantee or stop-loss contract may provide for resolving disputes under the contract through binding arbitration.

(m) SUBSTITUTION OF DIRECT GUARANTORS.—

(1) IN GENERAL.—Any direct guarantor's rights, privileges, duties and obligations under a cross-guarantee or stop-loss contract, and any portion of any such rights, privileges, duties, and obligations, may be transferred to a successor direct guarantor, subject to the approval of the Corporation (pursuant to section 122 of this title).

(2) PARTIES AUTHORIZED TO RESTRICT SUBSTITUTION OF GUARANTORS IN A CONTRACT.—A guaranteed party or a cross-guarantee or stop-loss syndicate under a cross-guarantee or stop-loss contract may provide in such contract that any transfer under paragraph (1) of any interest of any direct guarantor in such contract shall be subject to the approval of such party or syndicate.

(n) SYNDICATE VOTING RULES.—

(1) PROPORTIONAL VOTING.—Each cross-guarantee and stop-loss contract shall provide that a direct guarantor's voting rights in the cross-guarantee or stop-loss syndicate shall be proportional to such guarantor's interest in the syndicate.

(2) VARIATIONS PERMITTED IN VOTING REQUIREMENTS.—A cross-guarantee or stop-loss contract may provide that the number of votes needed to approve an action by a cross-guarantee or stop-loss syndicate under the contract may differ depending upon the action on which a vote is taken.

(o) GUARANTEED COMPANY CAN BE COVERED ONLY UNDER CONTRACT.—No guaranteed company under any cross guarantee or stop-loss contract may be a guaranteed company under another cross-guarantee or stop-loss contract.

(p) AUTHORITY OF THE FDIC TO DIRECT ASSIGNMENT.—If any merger, acquisition, or other combination of 2 direct guarantors within any cross-guarantee or stop-loss syndicate occurs which causes the contract to materially exceed the limitations set forth in section 114(b)(1) or paragraph (1) or (2) of section 115(b), the Corporation may issue an order directing the merged guarantor to obtain a successor for that part of the guarantor's interest that exceeds the statutory limit.

(q) MERGER OF 2 OR MORE GUARANTEED COMPANIES.—After any merger, acquisition, or other combination of 2 or more guaranteed companies, the successor party's cross-guarantee or stop-loss contract shall meet the same requirements under section 114(b)(1) or paragraph (1) or (2) of section 115(b), that the successor would have to meet if the successor sought to become a guaranteed party under a new cross-guarantee or stop-loss contract.

(r) MODIFICATION OF CONTRACTS.—An agreement amending a cross-guarantee or stop-loss contract needs no consideration to be binding.

(s) GUARANTEED PARTY CANNOT BE A DIRECT GUARANTOR UNDER THE SAME CONTRACT.—No guaranteed party can be a direct guarantor under the cross-guarantee or stop-loss contract under which such party is a guaranteed party.

(t) RULE OR CONSTRUCTION RELATING TO CONTRACT TERMS.—No provision of this title shall be construed as prohibiting any cross-guarantee or stop-loss contract from containing any term or condition other than terms or conditions which are expressly prohibited by this title.

SEC. 114. REQUIREMENTS APPLICABLE TO CROSS-GUARANTEE CONTRACTS.

(a) Obligations Guaranteed Under a Cross-Guarantee Contract—

(1) OBLIGATIONS REQUIRED TO BE GUARANTEED OBLIGATIONS.—The following obligations of any guaranteed company or guaranteed banking office shall be guaranteed obligations under a cross-guarantee contract:

(A) DEPOSITS.—

(i) BANKS AND SAVINGS ASSOCIATION.—In the case of guaranteed depository institution, all deposits (as determined without regard to subparagraph (A) or (B) of section 3(l)(5) of the Federal Deposit Insurance Act), including insured deposits, payable at any office of the guaranteed company located within or without the United States.

(ii) BRANCHES OF FOREIGN DEPOSITORY INSTITUTIONS.—In the case of a guaranteed banking office, all deposits of such office payable at a location within the United States.

(B) LOANS AND ADVANCES FROM A DIRECT GUARANTOR, FEDERAL RESERVE BANK, OR FEDERAL HOME LOAN BANK.—All loans and advances from a direct guarantor, a Federal Reserve bank, or a Federal home loan bank.

(C) INTEREST-BEARING OBLIGATIONS OTHER THAN SUBORDINATED DEBT.—All other interest-bearing obligations other than subordinated debt.

(D) BALANCES DUE CLEARINGHOUSES, THE FEDERAL RESERVE, AND IN SETTLEMENT OF OTHER TRANSACTIONS.—All obligations owed to clearinghouses, to the Federal Reserve for funds transfers, to other funds transfer systems, and to any other person in settlement of financial transactions.

(E) CROSS-GUARANTEE OBLIGATIONS.—Cross-guarantee obligations for which the guaranteed company is liable as a direct guarantor under any other cross-guarantee or stop-loss contract.

(F) OBLIGATIONS INCURRED FOR FEE INCOME.—All other direct and contingent liabilities under any contract or commitment for which the guaranteed company or guaranteed banking office has or may receive any fee or other comparable consideration, including any letter of credit and any securities contract, commodity contract, forward contract, repurchase agreement, or swap agreement (as such terms are defined in section 11(e)(8)(D) of the Federal Deposit Insurance Act).

(G) ASSESSMENTS ON DEPOSITORY INSTITUTIONS FOR COSTS OF CLOSED LOOPS.—All liabilities assessed under section 127(d)(2).

(2) OBLIGATIONS WHICH MAY NOT BE GUARANTEED.—The following obligations of any guaranteed company or guaranteed banking office may not be guaranteed obligations under a cross-guarantee contract:

(A) SUBORDINATED DEBT.—

(i) IN GENERAL.—Subordinated debt issued by the guaranteed company or guaranteed banking office.

(ii) INCLUDES DEBT WHICH MAY BE REDEEMED BY THE DEBTHOLDER BY CHECK OR OTHER MEANS.—For purposes of this subparagraph, the term "subordinated debt" includes subordinated debt which may be withdrawn by or credited to the debtholder by a check, wire transfer, or other order of the debtholder.

(B) EQUITY INTERESTS.—Any equity interest in the guaranteed company or guaranteed banking office.

(3) OBLIGATIONS WHICH MAY BE INCLUDED UNDER A CROSS-GUARANTEE CONTRACT.—Any obligation of any guaranteed company or guaranteed banking office which is not required to be, or not prohibited from being, a guaranteed obligation under paragraphs (1) and (2) may be a guaranteed obligation under a cross-guarantee contract to the extend provided by the terms of the contract.

(4) JUDGMENTS AND SETTLEMENTS.—

(A) IN GENERAL.—Subject to subparagraph (B), a cross-guarantee contract may provide that any judgment against a guaranteed company under the contract, or any obligation of the company under a settlement agreement, in any action against the company in the company's capacity as trustee or custodian with respect to any person, shall be treated as a guaranteed obligation of such company to the extent that the company's duty to act as trustee or custodian with respect to such person, or to a designated 3d-party beneficiary, was expressly established by written agreement of the parties or by operation of law.

(B) RULE OF CONSTRUCTION.—Subparagraph (A) shall not be construed to provide that the amount of any judgment or settlement from any action arising from any alleged tortious conduct, breach of contract, or violation of statutory obligation (other than the agreement establishing the duty of the institution to act as trustee or custodian) is a guaranteed obligation unless the cross-guarantee contract expressly so provides.

(5) VICARIOUS LIABILITY.—

(A) IN GENERAL.—Subject to subparagraph (B), a direct guarantor or syndicate agent under any cross-guarantee contract shall not be vicariously liable for any alleged tortious conduct, breach of contract, or violation of statutory obligation by any guaranteed party under the contract.

(B) EXCEPTION FOR FRAUD RELATED TO SUBORDINATED DEBT.—Notwithstanding subparagraph (A), the liability of any guaranteed party under a cross-guarantee contract for damages due to the fraudulent actions of such party related to marketing subordinated debt shall be a guaranteed obligation under the contract

(b) RISK DIVERSIFICATION.—

(1) MINIMUM NUMBER OF DIRECT AND SECOND-TIER GUARANTORS.—Each cross-guarantee contract shall comply with the requirements relating to the maximum percentage of all guaranteed obligations under the contract which may be guaranteed by any 1 direct guarantor and the minimum number of second-tier guarantors which the guaranteed party or parties shall have in the aggregate, as determined under the following table (as adjusted pursuant to paragraph (2)) on the basis of the total assets of all the guaranteed parties under the contract:

Aggregate amount of assets of all guaranteed parties under the contract	Maximum percentage of cross-guarantee liability assumable by any 1 direct guarantor	Minimum number of second-tier guarantors
$100,000,000 or less	5.0	100
Greater than $100,000,000 but less than or equal to $500,000,000	4.0	125
Greater than $500,000,000 but less than or equal to $1,000,000,000	2.5	150
Greater than $1,000,000,000 but less than or equal to $10,000,000,000	1.5	200
More than $10,000,000,000	1.0	250

(2) ADJUSTMENT OF DOLLAR AMOUNTS FOR INFLATION.—The amounts contained in the

table in paragraph (1) relating to the aggregate assets of guaranteed parties under any cross-guarantee contract shall be adjusted annually by the Corporation on the basis of changes in the deflator for the gross domestic product.

(c) BASIS FOR VALUING ASSETS AND LIABILITIES.—Each cross-guarantee contract shall describe the manner in which the equity capital of the guaranteed financial group shall be calculated for purposes of the contract.

(d) EMERGENCY LIQUIDITY.—Notwithstanding section 113(e)(3), the parties to a cross-guarantee contract may include terms relating to the provision of emergency liquidity to a guaranteed party by any direct guarantor without regard to the relative interest in the contract held by any guarantor providing the liquidity.

(e) INTERNAL GUARANTEES.—A guaranteed company under any cross-guarantee contract shall be jointly and severally liable to the direct guarantors under such contract for any loss incurred by the guarantors in connection with the cross-guarantee obligations of the guarantors to any other guaranteed company under such contract.

SEC. 115. REQUIREMENTS APPLICABLE TO STOP-LOSS CONTRACTS.

(a) GUARANTEED OBLIGATIONS UNDER A STOP-LOSS CONTRACT.—

(1) OBLIGATIONS REQUIRED TO BE GUARANTEED OBLIGATIONS.—A nondepository guarantor's cross-guarantee obligations shall be guaranteed obligations under a stop-loss contract.

(2) NO OTHER GUARANTEED OBLIGATIONS.—Except for the obligations described in paragraph (1), no obligation of a nondepository guarantor may be a guaranteed obligation.

(b) RISK DIVERSIFICATION.—

(1) MINIMUM NUMBERS OF DIRECT GUARANTORS.—A direct guarantor under a stop-loss contract may not guarantee more than 2 percent of the guaranteed obligations under such contract.

(2) SECOND-TIER GUARANTORS.—The direct guarantors under any stop-loss contract shall have, in the aggregate, no fewer than 150 direct guarantors.

SEC. 116. ELIGIBILITY AND REQUIREMENTS FOR DIRECT GUARANTORS.

(a) ELIGIBILITY.—

(1) IN GENERAL.—No person may become a direct guarantor unless such person is a guaranteed company or a nondepository guarantor.

(2) NONDEPOSITORY GUARANTOR.—

(A) IN GENERAL.—Subject to subparagraph (b) and subsection (c) of this section, any person may be a nondepository guarantor.

(B) NONELIGIBILITY OF DEPOSITORY INSTITUTIONS.—

(i) IN GENERAL.—No depository institution, or subsidiary of a depository institution, may be a nondepository guarantor.

(ii) RULE OF CONSTRUCTION FOR FOREIGN BANKS.—Clause (i) shall not be construed as prohibiting a foreign bank which has a branch in the United States from being a nondepository guarantor.

(iii) FOREIGN BANK DEFINED.—For purposes of clause (ii), the term "foreign bank" shall exclude any company organized under the laws of a territory of the United States, Puerto Rico, Guam, American Samoa, or the Virgin Islands.

(3) GUARANTEED DEPOSITORY INSTITUTIONS AUTHORIZED TO BE DIRECT GUARANTORS.—Notwithstanding any other Federal or State law restricting the powers of depository institutions, a guaranteed depository institution may be a direct guarantor under any cross-guarantee or stop-loss contract.

(B) DESIGNATED DIRECT GUARANTOR.—

(1) ONLY ONE GUARANTEED COMPANY WITHIN A GUARANTEED FINANCIAL GROUP MAY BE A DIRECT GUARANTOR.—No guaranteed company shall be a direct guarantor if another guaranteed company under the same cross-guarantee contract is already a direct guarantor under any cross-guarantee or stop-loss contract.

(2) DESIGNATION OF DIRECT GUARANTOR IN CROSS-GUARANTEE CONTRACT.—In the case of a cross-guarantee contract in which 2 or more companies are guaranteed under the contract, the contract shall designate which guaranteed company may, in accordance with paragraph (1), be a direct guarantor.

(c) FINANCIAL RESOURCES REQUIREMENTS FOR NONDEPOSITORY GUARANTORS.—

(i) NET WORTH.—No person may become a nondepository guarantor unless such person has a net worth of not less than $100,000,000 at the time such person would, but for this paragraph, become a party to such a contract.

(2) LIQUIDITY RESOURCES.—Each non-depository guarantor shall maintain unencumbered liquid assets in an amount equal to or greater than the amount which is equal to 5 times the projected annual premium from all cross-guarantee and stop-loss contracts under which the nondepository guarantor is a direct guarantor.

(3) ASSET REQUIREMENTS.—Only assets which are maintained within the United States and subject to the jurisdiction of a United States court may be taken into account for purposes of meeting the requirements of paragraph (1) and (2).

(d) RISK DIVERSIFICATION REQUIREMENTS FOR DIRECT GUARANTORS.—

(1) PROJECTED ANNUAL PREMIUM CAPACITY AND PROJECTED ANNUAL PREMIUM LIMIT.—A person may not become a direct guarantor under a cross-guarantee or stop-loss contract if, at the time the contract (but for this paragraph) would take effect—

(A) the sum of the estimated annual premium which the person would receive as a direct guarantor under the contract and the person's projected annual premium income would exceed such person's projected annual premium capacity as of—

(i) in the case of a contract which would take effect on or before the 15th day of any calendar month, the 2d calendar month preceding such calendar month; or

(ii) in the case of a contract which would take effect after the 15th day of any calendar month, the end of the calendar month preceding such calendar month; or

(B) the estimated annual premium which the person would receive as a direct guarantor under the contract would exceed such person's projected annual premium limit as of—

(i) in the case of a contract which would take effect on or before the 15th day of any calendar month, the 2d calendar month preceding such calendar month; or

(ii) in the case of a contract which would take effect after the 15th day of any calendar month, the end of the calendar month preceding such calendar month.

(2) CALCULATION OF PROJECTED ANNUAL PREMIUM.—

(A) IN GENERAL.—The syndicate agent under any cross-guarantee or stop-loss contract shall determine the projected annual premium due any direct guarantor for any calendar month by calculating the amount of such guarantor's share of the premium accrued by the guaranteed party or parties under the contract during such month and then annualizing such amount.

(B) 1ST TWO MONTHS.—During the 1st 2 calendar months in which any cross-guarantee or stop-loss contract is in effect, the syndicate agent shall determine the projected annual premium under the contract for each of these 2 calendar months by annualizing the premium rate in effect on the date the contract becomes effective.

(3) CALCULATION OF THE ESTIMATED ANNUAL PREMIUM FOR THE APPROVED CONTRACT.—

(A) IN GENERAL.—For purposes of paragraph (1), the term "estimated annual premium" means the annualized premium rate likely to be in effect on the date the contract becomes effective.

(B) SYNDICATE AGENT ESTIMATE.—The proposed syndicate agent for the contract shall make an estimate of the amount in paragraph (1) within five days prior to the date on which the contract is to become effective.

(4) CALCULATION OF PROJECTED ANNUAL PREMIUM INCOME.—For purposes of making any determination under paragraph (1)(A) with respect to a direct guarantor, the term "projected annual premium income" means the total projected annual premiums from all cross-guarantee or stop-loss contracts under which such guarantor is a direct guarantor, other than the contract for which such determination is being made, as of—

(A) in the case of a contract which would become effective on or before the 15th day of any calendar month, the 2d calendar month preceding such calendar month; and

(B) in the case of a contract which would become effective after the 15th day of any calendar month, the calendar month preceding such calendar month.

(e) LIABILITY OF ACQUIRER OF ANY DIRECTER GUARANTOR.—Any person who acquires (as defined in section 13(f)(8)(B) of the Federal Deposit Insurance Act) any direct guarantor shall be obligated for all of the cross-guarantee obligations of such guarantor under any cross-guarantee or stop-loss contract to which such guarantor is a direct guarantor.

SEC. 117. PROVISIONS RELATING TO CROSS-GUARANTEE AND STOP-LOSS SYNDICATES.

(a) POWERS AND DUTIES OF SYNDICATE AGENTS.—

(1) SYNDICATE AGENT IS AGENT OF DIRECT GUARANTORS.—

(A) IN GENERAL.—The syndicate agent under any cross-guarantee or stop-loss contract shall act as an agent of the direct guarantors under such contract.

(B) EXCEPTIONS.—Notwithstanding subparagraph (A), the syndicate agent also shall have—

(i) a duty to protect the confidentiality of any aspect of a guaranteed party's affairs which the contract specifies shall be protected; and

(ii) duties to the Corporation as specified in this title.

(2) POWERS OF SYNDICATE AGENT.—No person under a cross-guarantee or stop-loss contract other than the syndicate agent shall have the following powers:

(A) MONITOR PERFORMANCE.—Monitor the performance, or contract with a third party to monitor the performance, of any party guaranteed under such contract.

(B) COLLECT PREMIUMS.—Collect the premiums due to the direct guarantors under such contract.

(3) SYNDICATE AGENT REPORTS TO THE CORPORATION.—The syndicate agent under any cross-guarantee or stop-loss contract shall notify the Corporation and the central electronic repository by the 15th of each calendar month—

(A) of the equity capital or the net worth, as the case may be, of the guaranteed financial group or nondepository guarantor under the contract as of the end of the prior calendar month;

(B) of the projected annual premium due each direct guarantor, as of the end of the prior calendar month; and

(C) in the case of a stop-loss contract, of the unencumbered liquid assets of the nondepository guarantor as of the end of the prior calendar month.

(4) CONFIRMATION OF GUARANTEE OF SPECIFIC OBLIGATIONS.—

(A) IN GENERAL.—The syndicate agent under any cross-guarantee contract shall—

(i) determine, at the request of any current or prospective creditor of a guaranteed company or guaranteed banking office under such contract, whether—

(I) the company or office has or will have an obligation to the creditor; and

(II) such obligation is or would be a guaranteed obligation under the contract; and

(ii) promptly notify the current or prospective creditor in writing of the agent's determination.

(B) DETERMINATION BINDING ON SYNDICATE.—Any notification of determination under subparagraph (A) with respect to any guaranteed company or guaranteed banking office shall be binding on the cross-guarantee syndicate which is a party to such contract.

(C) FEE.—A syndicate agent may charge a creditor fee for making the determination and notifying the creditor under subparagraph (A).

(5) SIDE CONTRACTS.—

(A) IN GENERAL.—Subject to subparagraph (B), no direct guarantor or group of direct guarantors under a cross-guarantee or stop-loss contract may enter into any other contract or binding agreement pertaining to the contract with the syndicate agent under such cross-guarantee or stop-loss contract.

(B) EXCEPTION FOR CERTAIN LIMITED CONTRACTS.—Notwithstanding subparagraph (A), a syndicate agent and the direct guarantors under a cross-guarantee or stop-loss contract may enter into another contract or binding agreement if—

(i) the terms of such contract or agreement relate solely to rights and obligations of such parties to each other under the cross-guarantee or stop-loss contract, including the compensation of the agent, to the extent such terms are not inconsistent with the cross-guarantee or stop-loss contract; and

(ii) the contract or agreement does not affect any right or obligation of—

(I) any guaranteed party under the cross-guarantee or stop-loss contract; or

(II) any creditor or shareholder of any such guaranteed company.

(b) SYNDICATION OF CROSS-GUARANTEE AND STOP-LOSS RISKS.—Notwithstanding any provision of Federal or State law, interests in any cross-guarantee or stop-loss syndicate are not securities for any purpose and any person or group of persons may organize and market the risk of loss represented by the participation of any person as a party guaranteed under any cross-guarantee or stop-loss contract.

(c) TAXATION OF SYNDICATES.—

(1) TREATED AS PARTNERSHIP.—Any cross-guarantee or stop-loss syndicate shall be treated as a partnership for purposes of the Internal Revenue Code of 1986.

(2) CONSOLIDATED RETURNS BY SYNDICATE AGENT.—A syndicate agent may file an annual information return with respect to all syndicates for which such agent is an agent, and all distributions with respect to such syndicates, on a consolidated basis.

(3) TAX EXEMPT STATUS.—Any syndicate under any cross-guarantee or stop-loss contract, any income or gross receipts (including premiums), and any activity of the syndicate shall be exempt from all taxation imposed by any State, county, municipality, or local taxing authority.

(d) AUDITS OF SYNDICATE AGENTS.—The direct guarantors under any cross-guarantee or stop-loss contract shall have the right to retain a third party to audit the performance of the syndicate agent under the terms of the contract, unless the parties have otherwise explicitly waived such right in the contract.

(e) REPLACEMENT OF SYNDICATE AGENTS.—

(1) IN GENERAL.—The cross-guarantee or stop-loss syndicate under any cross-guarantee or stop-loss contract may at any time and without cause replace the syndicate agent under such contract, subject to the guaranteed financial group or nondepository guarantor's approval of the new syndicate agent, by amending the contract and obtaining the Corporation's approval of the new syndicate agency under section 122.

(2) NO EFFECT ON CONTRACT.—The replacement of a syndicate agent by the direct guarantors in accordance with paragraph (1) shall not affect the continuing existence or enforceability of the contract.

(3) WITHDRAWAL OF SYNDICATE AGENT.—

(A) IMMEDIATE SUBMISSION OF AMENDED CONTRACT WITH NEW SYNDICATE AGENT.—If a syndicate agent should resign or otherwise cease providing required services under a cross-guarantee or stop-loss contract, whether wrongfully, as allowed under such contract, or for any other reason, the cross-guarantee or stop-loss syndicate shall immediately submit an amendment to the contract, with a successor syndicate agency named in the amendment, to the Corporation for approval.

(B) INTERIM FDIC APPOINTMENT.—The Corporation may appoint a successor syndicate agent to serve until a cross-guarantee or stop-loss syndicate has complied with the requirements under subparagraph (A).

SEC. 118. ASSUMPTION OF CONTROL OF A GUARANTEED COMPANY BY A CROSS-GUARANTEE SYNDICATE.

(a) IN GENERAL.—A cross-guarantee syndicate under any cross-guarantee contract may assume control of a guaranteed company under the contract under the following circumstances:

(1) CANCELLATION.—After a cancellation of the contract by the syndicate or the guaranteed financial group has become effective unless a successor cross-guarantee contract has taken effect.

(2) EXPIRATION.—After a expiration of the cross-guarantee contract unless a successor cross-guarantee contract has taken effect.

(3) BREACH OF CONTRACT.—Immediately upon the occurrence of any circumstance established in the cross-guarantee contract as a ground for taking such action.

(b) POWERS AND DUTIES OF A CROSS-GUARANTEE SYNDICATE AFTER ASSUMPTION OF CONTROL.—

(1) GENERAL POWERS.—

(A) OPERATE THE COMPANY.—A cross-guarantee syndicate which assumes control of a guaranteed company under subsection (a) may—

(i) take over the books, records and assets of and operate the guaranteed company with all the powers of the members or shareholders, the directors, and the officers of the company and conduct all business of the company;

(ii) collect all obligations and money due the company;

(iii) perform in the name of the company all functions of the company consistent with the appointment of the syndicate as the successor to the managers and directors of the company and the duties of the syndicate with respect to the company; and

(iv) preserve and conserve the assets and property of such company.

(B) DISPOSITION OF COMPANY.—The cross-guarantee syndicate which assumes control of a guaranteed company under subsection (a) may, as the successor to such company—

(i) merge the guaranteed company with another guaranteed company;

(ii) sell or otherwise dispose of the company; or

(iii) place the company in liquidation and proceed to realize upon the assets of the company.

(2) DUTIES.—

(A) NOTICE OF TAKEOVER TO FDIC.—If a cross-guarantee syndicate assumes control of a guaranteed company under subsection (a), the syndicate agent of such syndicate shall immediately provide written notice of such assumption of control to the Corporation.

(B) PAYMENT OF VALID OBLIGATIONS.—Any cross-guarantee syndicate which assumes control of a guaranteed company in accordance with subsection (a) shall pay all valid obligations of the company in accordance with the original contractual terms of these obligations.

(C) DISTRIBUTION OF ASSETS.—In any case in which funds remain from the liquidation, sale, or other disposition of the assets of any guaranteed company after all depositors, creditors, other claimants, and administrative expenses of the syndicate have been paid or otherwise resolved, the syndicate shall promptly distribute such funds to the company's shareholders or members, as the case may be.

(D) FIDUCIARY DUTY.—Any cross-guarantee syndicate which assumes control of a guaranteed company in accordance with subsection (a) shall succeed to the same fiduciary responsibility to shareholders as the directors and officers of such company had.

(c) NO AUTHORITY FOR ANY FEDERAL BANKING AGENCY OR STATE BANK SUPERVISOR TO PREVENT ASSUMPTION OF CONTROL.—No Federal banking agency or State bank supervisor or any other Federal or State agency may take any action to prevent the assumption of control of a guaranteed company under subsection (a).

(d) EXPEDITED PROCEDURES FOR JUDICIAL REVIEW OF ASSUMPTION OF CONTROL.—

(1) IN GENERAL.—A guaranteed company may file an action in the court designated as having jurisdiction under section 119(a)(3) requesting a stay of any assumption of control of such company by a cross-guarantee syndicate, and the court shall issue a final order on an expedited basis.

(2) BASIS FOR DETERMINATION.—In the case of any action under paragraph (1), the court shall—

(A) decide the case solely on the basis of the provisions in the cross-guarantee contract which relate to the assumption of control of the guaranteed company by the cross-guarantee syndicate; and

(B) uphold the determination of the syndicate unless—

(i) in the case of an assumption of control under paragraph (1) and (2) of subsection (a), the action of the syndicate was arbitrary, capricious, or otherwise not in accordance with law; and

(ii) in the case of an assumption of control under paragraph (3) of subsection (a), the guaranteed company can show by a preponderance of the evidence that the syndicate has no right under the contract to assume control.

(3) EXPEDITED APPEALS.—Any appeal of any final order issued by a court in connection with an action under paragraph (1) shall be heard by the appeals court on an expedited basis.

SEC. 119. ENFORCEMENT OF CONTRACTS.

(a) JURISDICTION OF FEDERAL COURTS.—

(1) IN GENERAL.—For purposes of section 1331 of title 28, United States Code, any action arising under any cross-guarantee or stop-loss contract, or any contract under section 17(a)(5)(B), shall be deemed to arise under Federal law.

(2) EXCLUSIVE JURISDICTION.—No court other than a district court of the United States shall have original jurisdiction of any action referred to in paragraph (1).

(3) DESIGNATION OF COURT IN CONTRACT.—Each cross-guarantee or stop-loss contract shall designate the district court of the United States which shall have the exclusive original jurisdiction of—

(A) any action arising under the contract; and

(B) any proceeding under title 11, United States Code, in which the debtor is a guaranteed company under the contract.

(b) RESTRICTIONS ON THIRD PARTY BENEFICIARY ACTIONS.—Notwithstanding any State law, no creditor of any guaranteed party under any cross-guarantee or stop-loss contract may bring an action against the direct guarantors of such guaranteed party for failure to perform any cross-guarantee obligation under the contract without first having obtained a judgment against the guaranteed party for failure to perform such obligation, unless-

(1) the direct guarantors have assumed control of the guaranteed party under section 118(a);

(2) the guaranteed party is a debtor under any proceeding under Title 11, United States Code; or

(3) the Corporation has appointed a conservator or receiver for the guaranteed party.

(c) SERVICE OF PROCESS—

(1) SERVICE UPON SYNDICATE AGENT.—Service of notice to the syndicate agency under any cross-guarantee or stop-loss contract shall serve as service upon any direct guarantor under the contract for any action arising out of such contract.

(2) SERVICE UPON A DIRECT GUARANTOR.—Service of notice to a direct guarantor under any cross-guarantee or stop-loss contract shall not serve as service upon any other direct guarantor to such contract.

(d) CONSENT OF SYNDICATE REQUIRED FOR COMMENCEMENT OF VOLUNTARY BANKRUPTCY PROCEEDINGS.—Notwithstanding any provision of Title 11, United States Code, no guaranteed company may file a petition under section 301 of such title (relating to voluntary cases) unless—

(1) the company has obtained the express written consent of the cross-guarantee syndicate under the cross-guarantee contract under which the company is a guaranteed company; and

(2) a copy of such consent is included in the petition.

SUBTITLE C—POWERS AND DUTIES OF THE FDIC

CHAPTER 1—CROSS-GUARANTEE PROCESS

SEC. 121. REGULATOR OF THE CROSS-GUARANTEE PROCESS.

(a) FDIC ENFORCEMENT AUTHORITY.—

(1) IN GENERAL.—Subject to section 127(a)(4), the Corporation shall have exclusive authority to enforce compliance with provisions of this title.

(2) ENFORCEMENT.—Subsections (b), (c), (d), (h), (l), and (n) of section 8 of the Federal Deposit Insurance Act and paragraph (1) and each subparagraph, other than subparagraphs (B) and (C), of paragraph (2) of subsection (i) of such section shall apply with respect to any syndicate agent and to any direct guarantor, but only with respect to any violation of any requirements under this title.

(b) LIMITATION OR STATE JURISDICTION.—

(1) IN GENERAL.—Notwithstanding any provision of State law, no State may exercise authority over any party to any cross-guarantee or stop-loss contract with respect to—

(A) whether such party may be a party to a cross-guarantee or stop-loss contract; and

(B) the rights, duties, privileges, or obligations of such party under the contract or pursuant to this title.

(2) RULE OF CONSTRUCTION.—Paragraph (1) shall not be construed as affecting the authority of any State to determine the powers and regulate the activities of State depository institutions.

(c) DEADLINE FOR ISSUING REGULATIONS.—Unless otherwise specified in this title, the Corporation shall issue regulations under this title within one year of the date of enactment of this act.

SEC. 122. APPROVAL PROCESS FOR CROSS-GUARANTEE AND STOP-LOSS CONTRACT.

(a) EXPEDITED APPROVAL OF CONTRACTS AND CONTRACT AMENDMENTS—

(1) NOTICE AND REVIEW REQUIREMENT.—Except as provided in paragraph (3), no cross-guarantee, stop-loss, or group cross-guarantee syndicate contract, and no amendment to any such contract, may take effect unless—

(A) the Corporation has been given 15 business days to review the contract or amendment; and

(B) before the end of the 15-day period described in subparagraph (A), the Corporation has not issued an order—

(i) disapproving the contract or amendment; or

(ii) extending the period within which the Corporation may disapprove the contract or amendment in accordance with paragraph (6).

(2) SUBMISSION OF CONTRACT OR AMENDMENT IN ELECTRONIC FORM.—The Corporation shall prescribe regulations requiring that—

(A) any cross-guarantee, stop-loss, or group cross-guarantee syndicate contract, and any amendment to such contract, being submitted for review under this subsection shall be submitted in electronic form to the central electronic repository; and

(B) the Corporation be notified when a contract has been submitted to the central electronic repository for approval by the Corporation.

(3) NOTICE OF APPROVAL BEFORE END OF DISAPPROVAL PERIOD.—A cross-guarantee, stop-loss, or group cross-guarantee syndicate contract, and any amendment to any such contract, may take effect before the expiration of the period described in paragraph (1)(A) (or extended in accordance with paragraph (6)) for disapproving such contract if the Corporation notifies the parties that the Corporation does not intend to disapprove the contract.

(4) SUBMISSION OF INFORMATION AND CERTIFICATIONS.—

(A) IN GENERAL.—The syndicate agent under any proposed cross-guarantee, stop-loss, or group cross-guarantee syndicate contract, or any amendment to any such contract, submitted to the Corporation for review under paragraph (1), shall also submit to the Corporation with such proposed contract such information and attestations or certifications as the Corporation may require by regulation.

(B) LIMITATION ON SCOPE OF INFORMATION REQUIRED.—The regulations prescribed by the Corporation under subparagraph (A) may not require the submission of any information other than information directly necessary for the Corporation to determine whether any proposed cross-guarantee, stop-loss, or group cross-guarantee syndicate contract, or amendment thereto, submitted to the Corporation for approval is in compliance with the requirements of this title.

(5) ADDITIONAL INFORMATION.—

(A) IN GENERAL.—The Corporation may, by specific request in connection with a particular proposed cross-guarantee, stop-loss, or group cross-guarantee syndicate contract, or amendment to any contract, submitted to the Corporation, require, on one occasion only, that additional information be submitted with respect to such contract or amendment, except that the Corporation may require only such information as may be relevant to—

(i) a determination of the extent to which the proposed contract is in compliance with the requirements of this title; and

(ii) the Corporation's evaluation of the contract in accordance with this section.

(B) WRITTEN NOTICE OF EXPLANATION.—For any request for additional information under subparagraph (A), the Corporation shall provide a detailed explanation of the specific reasons why such additional information is needed.

(6) EXTENSION OF DISAPPROVAL PERIOD.—If, in connection with a particular proposed cross-guarantee, stop-loss, or group cross-guarantee syndicate contract, or any amendment to any such contract, which is submitted to the Corporation, the Corporation requests additional information under paragraph (5), the Corporation may by order provide that the Corporation shall have any additional period (not to exceed 5 business days beginning on the date on which the Corporation receives such information) within which to disapprove the proposed contract.

(b) GROUNDS FOR DISAPPROVAL OF PROPOSED CONTRACT OR AMENDMENT.—The Corporation may disapprove any proposed cross-guarantee, stop-loss, or group cross-guarantee syndicate contract, or any amendment to any such contract, only if—

(1) the contract, including any party under the contract, is not in compliance with this title; or

(2) the information submitted under subsection (a) was insufficient to determine whether the contract and the parties to the contract are in compliance with this title.

(c) WRITTEN NOTICE OF DISAPPROVAL.—

(1) IN GENERAL.—If the Corporation disapproves any cross-guarantee, stop-loss, or group cross-guarantee syndicate contract, or any amendment thereto, the Corporation shall provide immediate written notice to the parties to such contract of any disapproval at the time of disapproval.

(2) STATEMENT OF REASON FOR DISAPPROVAL.—The written notice under paragraph (1) shall contain a detailed explanation of the specific reasons for the disapproval under this section.

(d) CONDITIONAL APPROVALS.—

(1) IN GENERAL.—The Corporation shall prescribe regulations which would allow a cross-guarantee, stop-loss, or group cross-guarantee syndicate contract to be conditionally approved, in a manner otherwise in accordance with this section, before the effective

date of the contract if, at the time such conditional approval is granted, all the information which is required for the Corporation to make a final determination of whether the contract meets the requirements of this title cannot be known or ascertained.

(2) RECONFIRMATION.—The regulations prescribed under paragraph (1) shall allow the Corporation, upon receipt of all the information the Corporation needs to determine whether the contract meets the requirements of this title, 3 business days to give the contract a final approval.

(3) REPLACEMENT OF GUARANTORS.—The regulations prescribed under paragraph (1) shall allow, without restriction the replacement of a direct guarantor with another direct guarantor during the period between the date of conditional approval and final approval.

SEC. 123. CENTRAL ELECTRONIC REPOSITORY.

(a) ESTABLISHMENT.—

(1) STOCK FOR-PROFIT CORPORATION.—Before the end of the 3-month period beginning on the date of the enactment of this Act, the Corporation shall provide for the incorporation, under the law of such State as the Corporation determines to be appropriate, of a stock for-profit corporation to establish and maintain a central electronic repository for cross-guarantee, stop-loss, and group cross-guarantee syndicate contracts.

(2) MAINTENANCE OF ALL PAST AND CURRENT CONTRACTS.—The central electronic repository shall maintain files, in electronic form, of all cross-guarantee and stop-loss contracts which have not been disapproved by the Corporation under section 122, including expired and canceled contracts, all amendments to any such contract which have not been disapproved by the Corporation under such section, and all proposed contracts and contract amendments which have been filed with the Corporation, but not yet acted upon.

(3) DIRECT ACCESS FOR ALL GUARANTORS, GUARANTEED PARTIES AND SYNDICATE AGENTS.—The files in the central electronic repository established under this section shall be directly accessible by electronic means to any direct guarantor, guaranteed party, and syndicate agent, and any other person who qualifies for access under procedures established by the board of directors of the repository.

(4) NO CONTRACT OR AMENDMENT MAY TAKE EFFECT BEFORE FILING IN REPOSITORY.—No cross-guarantee or stop-loss contract, and no amendment to any such contract, may take effect before such contract or amendment, as approved, is on file in the central electronic repository.

(5) LEGAL EVIDENCE OF THE CONTRACT.—The provisions of any cross-guarantee contract or stop-loss contract, including, any amendment to such contract, on file in the central electronic repository shall—

(A) be irrebuttable evidence of the contract; and

(B) trump all other forms or versions of the contract.

(b) AVAILABILITY OF CERTIFIED COPIES.—

(1) IN GENERAL.—The central electronic repository shall make available a copy of any cross-guarantee or stop-loss contract on file in the repository, including any amendment to any such contract and any proposed contract or proposed amendment to any contract, to any person, any government officer, agency, or department, or any court upon request.

(2) CERTIFICATION OF COPIES.—

(A) IN GENERAL.—Each copy of a cross-guarantee or stop-loss contract which is made available in accordance with paragraph (1) shall contain a certification by the central repository facility that such copy is true and correct.

(B) PRIMA FACIE EVIDENCE.—a copy of a cross-guarantee or stop-loss contract which is certified in accordance with subparagraph (A) shall establish prima facie the contract.

(C) MAINTENANCE OF DATA BASE OF GUARANTORS.—The central electronic repository shall maintain a data base containing the names of the direct guarantors under each cross-guarantee or stop-loss contract which has not expired or been canceled and such other information with regard to such contracts that will enable any person to determine whether or not any such contract, proposed contract, or proposed amendment to any contract, is in compliance with this title and regulations prescribed under this title.

(2) MANAGEMENT.—

(1) BOARD OF DIRECTORS.—The management of the central electronic repository shall be vested in a board of directors consisting of 7 members—

(A) 4 of whom shall be elected by direct guarantors from among individuals who are senior executive officers of direct guarantors; and

(B) 3 of whom shall be elected by active syndicate agents from among individuals who are senior executive officers of active syndicate agents.

(2) ELECTION OF BOARD OF DIRECTORS.—The Corporation shall establish by regulation procedures for the election of members of the governing board.

(3) POWERS.—

(A) IN GENERAL.—The board of directors shall have such powers as may be provided in the articles of incorporation of the central electronic repository.

(B) SPECIFIC POWERS.—The powers provided in the articles of incorporation shall include the following:

(i) ISSUE QUALIFYING SHARES OF STOCK.—To issue 7 shares of voting qualifying stock, each share of which shall be of nominal value, held by a director of the repository.

(ii) ISSUE OBLIGATIONS.—To issue debentures, bonds, or other obligations, to borrow and give security for any amount borrowed, and to pay interest on (and any redemption premium with respect to) any such obligation or amount.

(C) BYLAWS.—The board of directors shall prescribe and amend, with the approval of the Corporation under paragraph (4), bylaws not inconsistent with this section or the articles of incorporation regulating the manner in which the central electronic repository shall be governed.

(4) APPROVAL OF BYLAWS .—The Corporation may disapprove the bylaws of the central electronic repository, and any amendment to the bylaws or articles of incorporation, only if the Corporation determines that the bylaws or the amendment would permit the central electronic repository to operate in an unbusinesslike manner or in a manner that would imperil the integrity of the contracts on file with the repository.

(e) FUNDING.—

(1) IN GENERAL.—The central electronic repository may assess filing, access, and certification fees and other appropriate charges to the extent necessary to meet operating expenses and capital costs of the repository.

(2) INITIAL FUNDING AND CAPITALIZATION.—

(A) BORROWING.—As of the date on which the interim board of directors appointed under subsection (f)(1) first meets with a quorum present, the central electronic repository may borrow from the Bank Insurance Fund or Savings Association Insurance Fund, with the amount borrowed from each fund proportional to the share of insured deposits held by members of such fund as of the date of enactment of this Act, an amount not to exceed $10,000,000 at an interest rate not to exceed the sum of 4 percent plus the average annual percentage yield on 3-month bills issued by the Secretary of the Treasury under section 3104(a) of title 31, United States Code, as determined by the Corporation as of the most recent issue date preceding the date on which the loan is made by such fund.

(B) USE OF PROCEEDS.—The proceeds of any loan from the Bank Insurance Fund or Savings Association Insurance Fund to the central electronic repository under subparagraph (A) shall be used to pay for the following costs incurred by the repository:

(i) Administrative expenses, including employees salaries and benefits.

(ii) Cost incurred in connection with the development of software for use by the repository.

(iii) Acquisition by purchase or lease of property, including computer hardware, necessary for the operation of the repository.

(C) REPAYMENT DEADLINE.—The total amount of principal and interest due on any amount borrowed from the Bank Insurance Fund or Savings Association Insurance Fund by the central electronic repository pursuant to this paragraph shall be repaid before the end of the 5-year period beginning on the cross-guarantee activation date.

(f) INTERIM BOARD OF DIRECTORS.—

(1) APPOINTMENT.—The 1st board of directors of the central electronic repository shall be appointed by the Corporation as follows:

(A) 4 members appointed from among senior executive officers of depository institutions which are likely to be among the 1st depository institutions to become guaranteed companies.

(B) 3 members appointed from among individuals likely to be associated with active syndicate agents.

(2) TERMS.—Members appointed under paragraph (1) shall serve until the earlier of—

(A) the end of the 1-year period beginning on the cross-guarantee activation date; or

(B) the date a board of directors elected in accordance with a subsection (d)(1) first meets with quorum present.

(3) VACANCY.—Any vacancy on the board appointed under paragraph (1) shall be filled in the manner in which the original appointment was made.

(g) STANDARD CONTRACT LANGUAGE.—The board of directors of the central electronic repository is hereby authorized to maintain and update as needed standard language for various provisions of cross-guarantee, stop-loss, and group cross-guarantee syndicate contracts that parties to these contracts may, at their sole discretion, incorporate by reference in contracts and contract amendments they submit to the Corporation for approval.

SEC. 124. RESTRCTIONS ON CLOSED LOOPS.

(a) PROHIBITION OF MORE THAN ONE UNRELATED CLOSED LOOP.—At no time shall two or more closed loops exist unless at least one cross-guarantee or stop-loss contract is a contract in each closed loop.

(b) FDIC Call-Back.—If, at any time, the requirements of subsection (a) are violated—

(1) the Corporation shall notify each guaranteed party under each cross-guarantee and stop-loss contract which is part of the closed loop which has the fewest number of contracts that it must obtain a successor cross-guarantee or stop-loss contract; and

(2) each guaranteed party under paragraph (1) shall have 10 business days upon notification to submit a successor contract to the Corporation for approval.

CHAPTER 2—PROTECTION OF INSURED DEPOSITS

SEC. 126. SYNDICATE AGENT REPORTS ON GUARANTEED DEPOSITORY INSTITUTIONS.

(a) SEMIANNUAL REPORTS.—

(1) IN GENERAL.—The syndicate agent under any cross-guarantee contract shall submit a report to the Corporation within 30 days after the end of each semiannual period containing the following information:

(A) The total amount of insured deposits held by any guaranteed depository institution under the contract as of the end of the semiannual period.

(B) The FDIC asset value for the guaranteed financial group as of the end of the semiannual period.

(2) MORE FREQUENT REPORTS FOR INSTITUTIONS WHICH POSE SIGNIFICANT RISK.—If any guaranteed financial group has a qualified asset-to-insured deposit ratio of less than 1.04, the Corporation may require the syndicate agent for the cross-guarantee contract which guarantees such financial group to submit reports more frequently than required under paragraph (1), but not more frequently than monthly.

(b) DETERMINATION OF FDIC ASSET VALUE.—

(1) REASONABLE CASH VALUE.—For purposes of this section, the FDIC asset value of any guaranteed financial group shall be determined on the basis of—

(A) the fair market value of an asset, or of property which is comparable to such asset, in connection with a cash sale under conditions which are customary and reasonable for marketing such asset in the ordinary course of business; or

(B) in the case of an asset without a regular market, the amount that a willing buyer would pay in cash for the asset, and a willing seller would accept, if the buyer and the seller were not under any immediate need for a sale or purchase.

(2) USE OF FDIC ASSET VALUE.—The information provided in reports under this section with respect to the FDIC asset value of any guaranteed financial group may be taken into account by the corporation only for the purpose of making a determination under section 126(a)(2) to require more frequent information or under section 127 to appoint a conservator or receiver for such institution.

(c) VERIFICATION OF REPORTED INFORMATION.—

(1) IN GENERAL.—Upon the request of a direct guarantor under a cross-guarantee contract, the Corporation may authorize a third-party auditor to verify the accuracy of any information reported under subsection (a) by the syndicate agent for such contract, so long as such third-party is not a competitor of any depository institution guaranteed under the contract for which information is being verified.

(2) USE OF THIRD-PARTY AUDIT.—The Corporation shall use any information provided by a third-party under paragraph (1) in making any determination under section 127(a)(1)(A).

(d) SEMIANNUAL PERIOD DEFINED.—For purposes of this chapter, the term "semiannual period" means, with respect to any calendar year, the following two periods:

(1) The period beginning on January 1 of such year and ending on June 30 of such year.

(2) The period beginning on July 1 of such year and ending on December 31 of such year.

(e) QUALIFIED ASSET-TO-INSURED DEPOSIT RATIO DEFINED.—For purposes of this chapter, the term "qualified asset-to-insured deposit ratio" means, with respect to any guaranteed financial group, the amount determined by dividing the FDIC asset value of such group by the amount of the insured deposits of all the depository institutions under the contract.

SEC. 127. FDIC APPOINTMENT OF CONSERVATOR OR RECEIVER.

(1) IN GENERAL.—Notwithstanding any Federal or State law, the Corporation shall appoint itself conservator or receiver for a depositor institution guaranteed under a cross-guarantee contract if and only if—

(A) the qualified asset-to-insured deposit ratio is less than 1.02 for the guaranteed financial group guaranteed under such contract; or

(B) the institution has not met the deadline to submit a contract for approval under section 124(b)(2) or the Corporation has rejected a contract submitted under such section.

(2) POWERS OF THE CORPORATION AS CONSERVATOR OR RECEIVER.—The provisions of section 11 of the Federal Deposit Insurance Act shall apply with respect to the conservator or receiver appointed under this section in the same manner as section 11 applies to a conservator or receiver appointed under or in accordance with such section 11.

(3) APPOINTMENT AS BAR TO SUBSEQUENT PROCEEDING UNDER TITLE 11.—Notwithstanding any provision of title 11, United States Code, no depository institution for which a conservator or receiver has been appointed under this subsection may be a debtor in a case under such title.

(4) ACTION TO FORCE FDIC TAKEOVER.—Any party to any cross-guarantee or stop-loss contract can bring a mandamus action in federal court to force the Corporation to appoint itself conservator or receiver for any depository institution as required under paragraph (1).

(b) STAY OF APPOINTMENT UPON ACTION OF DIRECT GUARANTORS.—The district court of the United States designated under a cross-guarantee contract to have jurisdiction over all actions arising under the contract may, upon application by the cross-guarantee syndicate under the contract, stay the appointment by the Corporation under paragraph (1)(A) of subsection (a) of a conservator or receiver for a guaranteed depository institution if the syndicate demonstrates to the satisfaction of the court that each depository institution guaranteed under the contract is solvent.

(c) PROTECTION FOR ALL GUARANTEED OBLIGATIONS.—A conservator or receiver appointed for a depository institution under subsection (a) shall perform fully on all guaranteed obligations of the depository institution.

(d) RECOVERY FOR FDIC LOSSES.—

(1) Recovery from direct guarantors for FDIC takeovers of institutions with an FDIC asset value below 1.02.—

(a) IN GENERAL.—A direct guarantor under any cross-guarantee contract shall be liable to the Corporation, in proportion to such guarantor's share of the total cross-guarantee obligations of all direct guarantors which are members of the cross-guarantee syndicate under the contract, for the amount of loss incurred by the Corporation in connection with the appointment of a conservator or receiver under paragraph (1)(A) of subsection (a) for any depository institution guaranteed under such contract.

(B) CORPORATION CANNOT OVERRIDE SEVERAL LIABILITY.—No direct guarantor which is a member of any cross-guarantee or stop-loss syndicate shall be liable to the Corporation under subparagraph (A) due to a default by any other member of such cross-guarantee or stop-loss snydicate.

(2) RECOVERY FROM ALL DEPOSITORY INSTITUTIONS FOR LOSSES DUE TO CLOSED LOOPS.—

(A) IN GENERAL.—All depository institutions guaranteed under any cross-guarantee contract shall be liable to the Corporation for the amount of loss incurred by the Corporation in connection with the appointment of a conservator or receiver under subsection (a)(1)(B).

(B) LIABILITY PROPORTIONAL TO AN INSTITUTION'S SHARE OF OVERALL GUARANTEED OBLIGATIONS.—A guaranteed depository institution or guaranteed banking office shall be liable under subparagraph (A) in proportion to such institution's or office share of the deposits of all depository institutions at the time of the appointment of the conservator or receiver.

(C) FDIC AUTHORIZATION.—The Corporation is authorized to assess depository institutions for any amounts under this paragraph.

(e) WORKING CAPITAL FINANCING FOR THE FDIC.—

(1) IN GENERAL.—The Corporation shall have the authority to borrow, from any source other than the U.S. Treasury, the Federal Financing Bank, any Federal Reserve bank, or any other department or agency of the federal government, any funds needed as working capital in connection with the appointment of a conservator or receiver under subsection (a).

(2) REPAYMENT.—The repayment of any borrowing under paragraph (1) shall be funded solely from recoveries under subsection (d) and the assets of the depository institution for which a conservator or receiver has been appointed.

(3) NO FEDERAL GUARANTEE FOR BORROWING.—The federal government shall not guarantee repayment of any loan under paragraph (1).

SEC. 128. BACKUP INSURANCE ON DEPOSITS AT GUARANTEED DEPOSITORY INSTITUTIONS.

(a) ESTABLISHMENT OF CROSS-GUARANTEE BACKUP FUND.—

(1) IN GENERAL.—There is hereby established the cross-guarantee backup fund consisting of amounts deposited pursuant to section 144 and subsection (c) of this section.

(2) ADMINISTRATION OF FUND.—The cross-guarantee backup fund shall be administered by the Corporation.

(b) BACKUP DEPOSIT INSURANCE.—

(1) FUND LIABILITY.—Deposits in any guaranteed depository institution shall be insured against loss, to the same extent as deposits are insured against loss by the Corporation under section 11(a) of the Federal Deposit Insurance Act (as in effect on the day before the enactment of this Act), in the event that the Corporation cannot recover under section 127(d) adequate funds to pay for any loss due to the appointment of a conservator or receiver under section 127(a).

(2) SUBORDINATED DEBT NOT TREATED AS DEPOSIT.—No subordinated debt of any guaranteed depository institution or any guaranteed banking office may be treated as a deposit for purposes of paragraph (1).

(c) USE AND DISPOSITION OF FUND.—

(1) IN GENERAL.—Except as otherwise provided in this subsection, amounts in the cross-guarantee backup fund may be used only to pay—

(A) the administrative expenses incurred by the Corporation in regulating the cross-

guarantee system under this subtitle and providing deposit insurance under this section, including the expense of the Cross-Guarantee Advisory Committee; and

(B) any loss incurred by any depositor in connection with an insured deposit at a depository institution.

(2) INVESTMENTS.—Amounts on deposit in the cross-guarantee backup fund in excess of the amount which the Corporation determines to be necessary to meet anticipated expenses shall be invested in direct obligations of the United States and interest thereon shall accumulate in the fund.

SUBTITLE D—MISCELLANEOUS PROVISIONS

SEC. 131. INSTITUTIONS OFFERING UNINSURED DEPOSITS.

The Corporation shall ensure that any company other than—

(a) a depository institution;

(b) a branch which is not an insured branch (as the term "insured branch" is defined in section 3(s) of the Federal Deposit Insurance Act);

(c) an insured credit union or noninsured credit union (as such terms are defined in section 101(7) of the Federal Credit Union Act);

(d) a broker or dealer registered under the Securities and Exchange Act of 1934; or

(e) an investment company registered under the Investment Company Act of 1940,

which accepts deposits or assumes obligations which would be deposits if the institution were a bank or savings association (as defined in section 3 of the Federal Deposit Insurance Act) is accepting such deposits and assuming such obligations in accordance with all applicable Federal and State laws which relate to the licensing and regulation of institutions which accept deposits or assume such obligations.

SEC. 132. CROSS-GUARANTEE ADVISORY COMMITTEE.

(a) ESTABLISHMENT REQUIRED.—The Corporation shall establish, within three months of the date of enactment, an advisory committee designated as the Cross-Guarantee Advisory Committee (hereafter in this section referred to as the "advisory committee") consisting of 9 members.

(b) MEMBERSHIP.—

(1) ELECTION AND TERMS.—The guaranteed financial groups in each of the advisory committee districts established by the Corporation pursuant to subsection (d) shall elect 1 of the members of the advisory committee for a 3-year term.

(2) VACANCY.—Any vacancy occurring on the advisory committee before the expiration of the term of any member shall be filled in the same manner as such member's original election and any member elected to fill a vacancy shall serve only for the remainder of such term.

(3) STAGGERED TERMS.—Of the members first elected to the advisory committee—

(A) 3 shall serve 3-year terms;

(B) 3 shall serve 2-year terms; and

(C) 3 shall serve 1-year terms,

as designated by the Corporation at the time of election.

(4) NO COMPENSATION.—No member of the advisory committee shall receive any compensation from the Corporation by reason of service on the advisory committee.

(5) TRAVEL EXPENSES.—A member of the advisory committee shall be allowed travel or transportation expenses while away from such member's home or regular place of business and at the place of service with the advisory committee.

(c) QUARTERLY MEETING TO ADVISE THE CORPORATION.—The advisory committee shall meet at least once during each calendar quarter to advise the Board of Directors of the Corporation on matters affecting the operation and regulation of the cross-guarantee process.

(d) ADVISORY COMMITTEE DISTRICTS.—

(1) IN GENERAL.—The Corporation shall establish 9 advisory committee districts.

(2) COMPOSITION OF DISTRICTS.—The districts established under this subsection shall—

(A) include those guaranteed financial groups the main office of which is located in such district; and

(B) be established in such manner that the total assets of the guaranteed financial groups in each of the 9 districts are substantially equivalent.

(3) DECENNIAL REAPPORTIONMENT.—

(A) IN GENERAL.—The Corporation shall establish the 9 districts every 10 years.

(B) NOT APPLICABLE TO SITTING MEMBERS.—Each individual who is a member of the advisory committee on the effective date of any reestablishing of the districts pursuant to paragraph (1) shall continue as a member and shall represent the successor district to the district from which such member was elected until the end of the member's term of office.

(e) INAPPLICABILITY OF THE FEDERAL ADVISORY COMMITTEE ACT.—The Federal Advisory Committee Act shall not apply with respect to the Cross-Guarantee Advisory Committee.

SEC. 133. FEDERAL RESERVE LENDING.

(a) NO COLLATERAL REQUIRED FOR LENDING TO GUARANTEED COMPANY.—The cross-guarantee contract shall be sufficient collateral for any loan to a guaranteed company by any Federal Reserve bank for purposes of any provision of Federal law, any regulation prescribed by the Board of Governors of the Federal Reserve System, or any requirement of any such bank.

(b) CERTIFICATION OF NO LOSS.—Before February 1 of each calendar year beginning after the cross-guarantee activation date, the Board of Governors of the Federal Reserve System shall submit a report to the Committee on Banking, Finance and Urban Affairs of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate containing—

(1) a certification that—

(A) no loss was incurred by such Board or any Federal Reserve Bank during the preceding calendar year on any loan or other advance to any guaranteed company during such year; and

(B) no loss is anticipated on any such loan or advance which remains outstanding at the end of such year; or

(2) the amount of any such loss or anticipated loss.

SEC. 134. ADVERTISING OF GUARANTEED FINANCIAL GROUPS.

(a) ADVERTISING DEPOSIT GUARANTEES.—

(1) IN GENERAL.—A guaranteed company or guaranteed banking office may advertise that deposits and certain other liabilities are fully guaranteed against any loss under a cross-guarantee contract approved by the Corporation.

(2) CROSS-GUARANTEE LOGO.—Before the end of the 1-year period beginning on the date of the enactment of this Act, the Corporation shall—

(A) design, after consultation with depository institutions, a logotype for use by a guaranteed company or guaranteed banking office to indicate that such a company or office is guaranteed under a cross-guarantee contract; and

(B) authorize guaranteed companies and guaranteed banking offices to use such logotype.

(b) ADVERTISING BACKUP INSURANCE.—A depository institution which is guaranteed under a cross-guarantee contract shall—

(1) display at each place of business of the institution any sign described in section 18(a) of the Federal Deposit Insurance Act; and

(2) advertise that deposits at the institution are insured by the Corporation to $100,000.

SUBTITLE E—TRANSITION TO 100% CROSS-GUARANTEE PROCESS

SEC. 141. EFFECTIVE DATE OF SYSTEM BASED ON MINIMUM NUMBER OF GUARANTEED DEPOSITORY INSTITUTIONS AND AMOUNT OF TOTAL ASSETS.

(a) IN GENERAL.—No cross-guarantee or stop-loss contract shall take effect before the later of—

(1) the end of the 18-month period beginning on the date of the enactment of this Act; or

(2) 40 business days after the date on which the Corporation has approved, under subsection (b), a minimum of 200 cross-guarantee contracts under which depository institutions which, in the aggregate, have total assets of not less than $500,000,000,000 are guaranteed companies or guaranteed banking offices.

(b) CONTINGENT EFFECT OF CONTRACTS UNTIL EFFECTIVE DATE.—

(1) IN GENERAL.—The Corporation may conditionally approve a cross-guarantee or stop-loss contract to become effective on the date to be determined under subsection (a) even though not all direct guarantors under the contract meet the requirements under section 116(a)(1).

(2) MINIMUM REQUIREMENTS.—No cross-guarantee or stop-loss contract conditionally approved under paragraph (1) shall receive final approval from the Corporation for purposes of subsection (a)(2) unless—

(A) the cross-guarantee or stop-loss contract is 1 of a set of contracts in which each contract—

(i) is a contract in the same closed loop; and

(ii) becomes effective at the same time every other contract within the set of contracts takes effect; and

(B) at the time such contract becomes effective, the requirements of section 124(a) are met.

(c) PUBLICATION OF SUBSECTION (A) DATE.—The Corporation shall publish a notice in the Federal Register of the day by which contracts may take effect in accordance with subsection (a).

(d) ONE-TIME CONVERSION TO GUARANTEED PARTY STATUS.—Notwithstanding any provision of section 142, section 111 shall apply with respect to any depository institution as of the date—

(1) on which such institution first becomes a guaranteed depository institution or guaranteed banking office;

(2) on which any depository institution which is affiliated to such depository institution becomes a guaranteed depository institution; or

(3) on which any depository institution which is under common ownership with such depository institution under section 112(d)(2) becomes a guaranteed depository institution.

SEC. 142. MANDATORY PHASE-IN OF CROSS-GUARANTEES AFTER EFFECTIVE DATE OF SYSTEM.

(a) DEPOSITORY INSTITUTIONS WITH ASSETS OF $1,000,000,000 OR MORE.—Section 111 shall apply as of the end of the 2-year period beginning on the cross-guarantee activation date with respect to any depository institu-

tion which has consolidated assets at book value which are equal to or greater than $1,000,000,000 as of the end of such 2-year period.

(b) DEPOSITORY INSTITUTIONS WITH ASSETS OF $500,000,000 OR MORE.—Section 111 shall apply as of the end of the 3-year period beginning on the cross-guarantee activation date with respect to any depository institution which has consolidated assets at book value which are equal to or greater than $500,000,000 as of the end of such 3-year period.

(c) DEPOSITORY INSTITUTIONS WITH ASSETS OF $250,000,000 OR MORE.—Section 111 shall apply as of the end of the 4-year period beginning on the cross-guarantee activation date with respect to any depository institution which has consolidated assets at book value which are equal to or greater than $250,000,000 as of the end of such 4-year period.

(d) DEPOSITORY INSTITUTIONS WITH ASSETS OF $100,000,000 OR MORE.—Section 111 shall apply as of the end of the 5-year period beginning on the cross-guarantee activation date with respect to any depository institution which has consolidated assets at book value which are equal to or greater than $100,000,000 as of the end of such 5-year period.

(e) DEPOSITORY INSTITUTIONS WITH ASSETS OF $50,000,000 OR MORE.—Section 111 shall apply as of the end of the 6-year period beginning on the cross-guarantee activation date with respect to any depository institution which has consolidated assets at book value which are equal to or greater than $50,000,000 as of the end of such 6-year period.

(f) DEPOSITORY INSTITUTIONS WITH ASSETS OF $25,000,000 OR MORE.—Section 111 shall apply as of the end of the 7-year period beginning on the cross-guarantee activation date with respect to any depository institution which has consolidated assets at book value which are equal to or greater than $25,000,000 as of the end of such 7-year period.

(g) ALL OTHER DEPOSITORY INSTITUTIONS.—Section 111 shall apply as of the end of the 8-year period beginning on the cross-guarantee activation date with respect to any depository institution which is not described in subsection (a), (b), (c), (d), (e), or (f).

(h) CONSOLIDATED ASSETS AT BOOK VALUE DEFINED.—The term "consolidated assets at book value" means the total value, as determined on a consolidated basis and in accordance with generally accepted accounting principles, of all tangible and intangible property of any depository institution and all affiliates of the institution.

SEC. 143. APPOINTMENT OF CONSERVATOR OR RECEIVER FOR INSTITUTIONS WHICH FAIL TO COMPLY WITH TRANSITION REQUIREMENT.

The Corporation shall immediately appoint a conservator or receiver for any depository institution which is not a guaranteed depository institution or guaranteed banking office under any cross-guarantee contract as of the date by which such institution is required to be a guaranteed depository institution or guaranteed banking office under section 142.

SEC. 144. EXIT FEES.

(a) CONTINGENT PAYMENT OF EXIT FEE UPON CONVERSION OF DEPOSITORY INSTITUTION TO NEW SYSTEM.—

(1) PAYMENT OF EXIT FEE.—Any insurance fund member which becomes a guaranteed depository institution or guaranteed banking office may be assessed an exit fee in an amount to be determined and assessed under paragraph (2), and such fee shall be deposited in the insurance fund of which the guaranteed depository institution or guaranteed banking office was a member on the cross-guarantee activation date.

(2) DETERMINATION OF AMOUNT OF FEE.—

(A) TOTAL AMOUNT OF EXIT FEE TO COLLECT FROM MEMBERS OF AN INSURANCE FUND.—The Corporation shall calculate for each insurance fund, as of the cross-guarantee activation date, the total amount of exit fees it would collect as of that date if all members of the insurance fund, except those members the Corporation projects will have to be liquidated, did become a guaranteed depository institution or guaranteed banking office on such date.

(B) CALCULATION OF TOTAL AMOUNT OF EXIT FEES.—For the purpose of subparagraph (A), the total amount of exit fees to be collected for each insurance fund shall be the greater of zero or the present value of—

(i) the sum of—

(I) total insured deposits of the members of an insurance fund on the cross-guarantee activation date (minus the insured deposits, on such date, held by insurance fund members which the Corporation estimates will be liquidated) multiplied by 0.2 percent;

(II) losses incurred by an insurance fund for depository institutions placed into conservatorship or receivership after the cross-guarantee activation date;

(III) administrative expenses of an insurance fund incurred after the cross-guarantee activation date; and

(IV) transfers from an insurance fund to the FDIC serverance fund; minus—

(ii) the sum of—

(I) the balance in an insurance fund, as of the cross-guarantee activation date, after adding back any reserve for future losses as of such date, provided that the balance in the Savings Association Insurance Fund on that date shall be the greater of zero or, for the period between October 1, 1993 and the cross-guarantee activation date, the sum of all amounts assessed against Savings Association Insurance Fund members and interest earned during such period by such fund, minus the sum of losses paid or accrued for members of such fund placed into conservatorship or receivership and administrative expenses such fund incurs during such period; and

(II) premiums earned by an insurance fund after the cross-guarantee activation fund.

(C) AMOUNT OF EXIT FEE PAID BY MEMBERS OF AN INSURANCE FUND.—Each insurance fund member, on the date such member becomes a guaranteed depository insitution or guaranteed banking office, shall pay to the insurance fund of which such member was a member on the cross-guarantee activation date an amount equal to the amount calculated in paragraph (B) multiplied by—

(i) The insured deposits of such member on the cross-guarantee activation date; divided by

(ii) The total amount of insured deposits of the members of such insurance fund on the cross-guarantee activation date, minus the insured deposits, as of such date, held by insurance fund members which the Corporation estimates as of that date will be liquidated.

(D) INTEREST RATE PAID ON EXIT FEES FOR CONTRACTS THAT BECOME EFFECTIVE AFTER THE CROSS-GUARANTEE ACTIVATION DATE.—Any insurance fund members which pays an exit fee shall also pay on the same day interest on the exit feel for the period between the cross-guarantee activation date and the date on which the exit fee is paid.

(3) LIABILITY FOR EXIT FEE.—Any acquirer of an insurance fund member shall be liable for any exit fee due when such acquirer becomes a guaranteed depository institution or guaranteed banking office or, if the acquirer already is a guaranteed depository institution or guaranteed banking office, on the day the acquisition transaction officially is consummated.

(b) ORIGINAL FUNDING OF CROSS-GUARANTEE BACKUP FUND.—Upon payment of any exit fee due under paragraph (a)(1), the Corporation shall transfer from the insurance fund of which the depository institution was a member, as of the cross-guarantee activation date, to the cross-guarantee backup fund an amount equal to 0.2 percent of the insured deposits of such institution as of the cross-guarantee activation date plus interest on the amount transferred.

(c) FUNDING FOR FDIC SEVERANCE FUND.—When necessary, the Corporation shall transfer cash from each insurance fund to cover disbursements the Corporation makes from the FDIC severance fund, with the amount transferred from the each fund bearing the same proportion as the insurance deposits of such funds, as of the cross-guarantee activation date, bear to the total insurance deposits of both funds as of that date.

(d) LOANS TO THE CENTRAL ELECTRONIC REPOSITORY.—The Corporation shall extend loans from each of the insurance funds to the central electronic repository, as authorized under section 123(e)(2), with the amount loaned by each fund bearing the same proportion as the insured deposits of such fund, as of the enactment date of this bill, bear to the total insured deposits of both funds as of that date.

(e) ADDITIONAL ASSESSMENTS IN CASE OF SHORTFALL IN INSURANCE FUNDS.—

(1) ANNUAL REESTIMATE.—As of the first eight anniversaries of the cross-guarantee activation date, the Corporation shall reestimate for each insurance fund the amounts calculated under subsection (a)(2)(B).

(2) PUBLIC COMMENTS AND HEARING.—The Corporation shall seek public comments and hold at least one public hearing before issuing its final judgment on any reestimate made under paragraph (1).

(3) DETERMINATION OF ADDITIONAL ASSESSMENT.—Within 60 days after a reestimate of (a)(2)(B), the Corporation shall determine under (a)(2)(C) for each member of an insurance fund as of the cross-guarantee activation date which still exists an amount equal to such member's percentage-share of the total insured deposits of all members of that insurance fund as of such date which have not ceased to exist, multiplied by the amount determined by the reestimate of (a)(2)(B) for the insurance fund of which such member was a member.

(4) NO ADDITIONAL ASSESSMENTS WHEN A FUND IS SOLVENT.—If any amount calculated under paragraph (3) is less than zero, then the assessment under such paragraph shall be zero.

(5) COLLECTION OF ADDITIONAL ASSESSMENT.—If an insurance fund member liable for an additional assessment under paragraph (3) has become, as of the effective date of the reestimate, a guaranteed depository institution or guaranteed banking office, then such member shall pay the additional assessment to the insurance fund to which it belongs on the cross-guarantee activation date within 20 business days after being notified of the additional assessment.

(f) ASSESSMENT PROCEDURE.—The Corporation shall prescribe, by regulation, procedures for assessing an exit fee under subsections (a) and (e).

(g) EXCESS AMOUNT IN INSURANCE FUNDS SHALL BE TRANSFERRED TO THE CROSS-GUAR-

ANTEE BACKUP FUND.—On the eighth anniversary of the cross-guarantee activation date and after first fully accruing for the present value of all losses and expenses associated with depository institutions to be placed in conservatorship or receivership after the eighth anniversary date, any balance remaining in each insurance fund shall be transferred to the cross-guarantee backup fund.

(h) CALCULATION OF INTEREST OR DISCOUNT RATE.—For the purpose of this section, the rate of interest or the discount rate to be used in a calculation for any insurance fund shall be the average daily percentage yield earned on the investments of each insurance fund for the period of time for which interest or a discounted value is being calculated.

(i) DEFINITIONS.—For purposes of this section—

(1) The term "insurance fund" means the Bank Insurance Fund or the Savings Association Insurance Fund; and

(2) The term "insurance fund member" means a depository institution, the deposits of which were insured by an insurance fund on the cross-guarantee activation date.

SEC. 145. SEVERANCE PAY AND RELATED BENEFITS FOR FORMER STATE AND FEDERAL BANKING AGENCY EMPLOYEES.

(a) DEFINITIONS.—For purposes of this section—

(1) ELIGIBLE EMPLOYEE.—The term "eligible employee" means any individual—

(A) who is employed by a Federal banking agency, a State bank supervisor, or the Federal Financial Institutions Examination Council (FFIEC) as of the date of the enactment of this Act, including employees of the Corporation on detail to the Resolution Trust Corporation; and

(B) whose employment is terminated by the agency or supervisor after such date other than for cause.

(2) FEDERAL BANKING AGENCY.—The term "Federal banking agency" has the meaning given to such term in section 3 of the Federal Deposit Insurance Act.

(3) STATE BANKING SUPERVISOR.—The term "State banking supervisor" means any officer, agency, or other entity of any State (as defined in section 3 of the Federal Deposit Insurance Act) which has primary regulatory authority over State banks or State savings associations (as such terms are defined in section 3 of such Act) in such State.

(b) SEVERANCE PAY.—

(1) IN GENERAL.—Subject to paragraph (2), any eligible employee shall be entitled to receive in a lump sum, from the FDIC severance fund at the time such employee's employment by a Federal banking agency, State bank supervisor, or the FFIEC, is terminated, severance pay in the amount which is equal to the sum of—

(A) the amount equal to 2 months of compensation at the employee's average annual rate of base pay for the last 12 calendar months of the employee's employment by any Federal banking agency or State bank supervisor; plus

(B) the product of—

(i) the amount equal to 3 weeks of compensation at the employee's annual rate of base pay (as determined under subparagraph (A)); and

(ii) the number of years (including any fraction of a year) of full-time service of such employee with any Federal banking agency, State bank supervisor, or the FFIEC (or any predecessor of any such agency or supervisor).

(2) EXCEPTION FOR EMPLOYEES REEMPLOYED BY ANOTHER FEDERAL OR STATE AGENCY.—Paragraph (1) shall not apply with respect to any eligible employee who—

(A) in the case of an individual who is an eligible employee by virtue of being separated from service with any Federal agency, transfers to or becomes employed by another Federal department, agency, or Government corporation; or

(B) in the case of an individual who is an eligible employee by virtue of being separated from service with a State bank supervisor, transfers to or becomes employed by another department, agency, or instrumentality of such State.

(3) PROHIBITION ON CERTAIN GOVERNMENT SERVICE AFTER ACCEPTING SEVERANCE PAY.—

(A) FEDERAL EMPLOYEE.—No individual who receives severance pay under this subsection by virtue of being separated from service with a Federal agency or State bank supervisor may be employed by any Federal officer, department, agency, or Government corporation during the 5-year period beginning on the date such severance pay is received by such individual.

(b) STATE EMPLOYEE.—No individual who is, but for this subparagraph, entitled to receive severance pay under this subsection by virtue of being separated from service with a State bank supervisor may receive such pay unless such individual has entered into a contract with the Corporation under which such individual, in consideration of the payment of such severance pay, is obligated to return such amount in full, plus interest, to the Corporation if such employee is employed by any officer, department, or agency of that State during the 5-year period beginning on the date such severance pay is received by such individual.

(4) PURCHASE OF ADDITIONAL RETIREMENT BENEFITS.—An eligible employee may use any portion of the severance pay to which the employee is entitled under this subsection to purchase additional benefits or make additional investments in any Federal retirement plan in which the employee is or was entitled to participate as an employee before becoming an eligible employee.

(c) RELOCATION EXPENSES.—An eligible employee who obtains employment away from the place such employee was employed by an appropriate Federal agency or State banking supervisor shall be entitled to receive travel, relocation, and moving expenses from the FDIC severance fund to the same extent Federal employees who are transferred or reemployed are authorized to receive such expenses under subchapter II of chapter 57 of title 5, United States Code.

(d) FUNDING BENEFITS FOR ELIGIBLE EMPLOYEES.—

(1) ESTABLISHMENT OF FDIC SEVERANCE FUND.—There is hereby established the FDIC severance fund which shall be administered by the Corporation.

(2) RELATED EXPENSES.—Expenses incurred by the Corporation in administering the FDIC severance fund shall be paid from the fund.

SEC. 146. ABOLITION OF FEDERAL FINANCIAL INSTITUTIONS EXAMINATION COUNCIL.

The Federal Financial Institutions Examination Council is hereby abolished, effective on the date on which section 142(g) shall first become effective.

TITLE II—AMENDMENTS TO OTHER LAWS

SEC. 201. AMENDMENTS RELATING TO NATIONAL BANKS.

(a) EXEMPTIONS FROM MINIMUM CAPITAL, STOCK, AND OTHER REQUIREMENTS COVERED BY CROSS-GUARANTEE CONTRACTS.—

(1) CAPITAL OF NATIONAL BANKS.—Section 5138 of the Revised Statutes of the United States (12 U.S.C. 51) is amended by adding at the end the following new sentence: "This section shall not apply with respect to any national bank which is a guaranteed depository institution (as defined in section 101(a)(8) of the Taxpayer Protection, Deposit Insurance Reform, and Regulatory Relief Act of 1992).".

(2) PREFERRED STOCK IN MEMBER BANKS.—Section 345 of the Banking Act of 1935 (12 U.S.C. 51B–1) is amended by adding at the end the following new sentence: "This section shall not apply with respect to any bank which is a guaranteed depository institution (as defined in section 101(a)(8) of the Taxpayer Protection, Deposit Insurance Reform, and Regulatory Relief Act of 1992).".

(3) DEFICIENT CAPITAL PROVISION FOR NATIONAL BANKS.—Section 5205 of the Revised Statutes of the United States (12 U.S.C. 55) is amended by adding at the end the following new sentence: "This section shall not apply with respect to any national bank which is a guaranteed depository institution (as defined in section 101(a)(8) of the Taxpayer Protection, Deposit Insurance Reform, and Regulatory Relief Act of 1992).".

(4) WITHDRAWAL OF CAPITAL PROVISION FOR NATIONAL BANKS.—Section 5204 of the Revised Statutes of the United States (12 U.S.C. 56) is amended by adding at the end the following new sentence: "This section shall not apply with respect to any national bank which is a guaranteed depository institution (as defined in section 101(a)(8) of the Taxpayer Protection, Deposit Insurance Reform, and Regulatory Relief Act of 1992).".

(5) INCREASE IN CAPITAL PROVISION FOR NATIONAL BANKS.—Section 5142 of the Revised Statutes of the United States (12 U.S.C. 57) is amended by adding at the end the following new sentence: "This section shall not apply with respect to any national bank which is a guaranteed depository institution (as defined in section 101(a)(8) of the Taxpayer Protection, Deposit Insurance Reform, and Regulatory Relief Act of 1992).".

(6) DECREASE AND DISTRIBUTION OF CAPITAL PROVISION FOR NATIONAL BANKS.—Section 5143 of the Revised Statutes of the United States (12 U.S.C. 59) is amended by adding at the end the following new sentence: "Notwithstanding the preceding sentence, the approval of the Comptroller of the Currency shall not be required for any reduction of capital stock, or any distribution to shareholders by reason of any such reduction, under such sentence by any national bank which is a guaranteed depository institution (as defined in section 101(a)(8) of the Taxpayer Protection, Deposit Insurance Reform, and Regulatory Relief Act of 1992).".

(7) DIVIDEND PROVISIONS.—

(A) IN GENERAL.—Section 5199(a) of the Revised Statutes of the United States (12 U.S.C. 60(a)) is amended—

(i) by striking "(a) The Directors" and inserting "(a) DECLARATION OF DIVIDEND.—

"(1) IN GENERAL.—Subject to paragraph (2), the directors";

(ii) by striking "expedient; expect that until the surplus fund of such association" and inserting "expedient.

"(2) EXCEPTION FOR CERTAIN UNDERCAPITALIZED ASSOCIATIONS.—Until the surplus fund of a national bank"; and

(iii) by adding at the end of paragraph (2) (as so redesignated by clause (ii) of this subparagraph) the following: "This paragraph shall not apply with respect to any national bank which is a guaranteed depository institution (as defined in section 101(a)(8) of the

Taxpayer Protection, Deposit Insurance Reform, and Regulatory Relief Act of 1992).".

(B) TECHNICAL AND CONFORMING AMENDMENT.—Section 5199(b) of the Revised Statutes of the United States (12 U.S.C. 60(b)) is amended—

(i) by striking "(b) The approval of the Comptroller" and inserting "(b) APPROVAL OF THE COMPTROLLER.—Except in the case of a national bank which is a guaranteed depository institution (as defined in section 101(a)(8) of the Taxpayer Protection, Deposit Insurance Reform, and Regulatory Relief Act of 1992), the approval of the Comptroller"; and

(ii) by striking "such association" and inserting "a national bank".

(b) EXEMPTIONS FROM REQUIREMENTS RELATING TO DIRECTORS OF BANKS.—

(1) QUALIFICATIONS OF NATIONAL BANK DIRECTORS.—Section 5146 of the Revised Statutes of the United States (12 U.S.C. 72) is amended by adding at the end the following new sentence: "This section shall not apply with respect to any national bank which is a guaranteed depository institution (as defined in section 101(a)(8) of the Taxpayer Protection, Deposit Insurance Reform, and Regulatory Relief Act of 1992).".

(2) SERVICE OF PRESIDENT OF NATIONAL BANK AS CHAIRMAN OF THE BANK'S BOARD OF DIRECTORS.—Section 5150 of the Revised Statutes of the United States (12 U.S.C. 76) is amended by adding at the end the following new sentence: "This section shall not apply with respect to any national bank which is a guaranteed depository institution (as defined in section 101(a)(8) of the Taxpayer Protection, Deposit Insurance Reform, and Regulatory Relief Act of 1992).".

(3) MEMBER BANK DIRECTOR INTERLOCKS WITH SECURITIES FIRMS.—Section 32 of the Banking Act of 1933 (12 U.S.C. 78) is amended by adding at the end the following new sentence: "This section shall not apply with respect to any member bank which is a guaranteed depository institution (as defined in section 101(a)(8) of the Taxpayer Protection, Deposit Insurance Reform, and Regulatory Relief Act of 1992).".

(4) LOANS ON OR PURCHASE OF NATIONAL BANK'S OWN STOCK.—Section 5201 of the Revised Statutes of the United States (12 U.S.C. 83) is amended by adding at the end the following new sentence: "This section shall not apply with respect to any national bank which is a guaranteed depository institution (as defined in section 101(a)(8) of the Taxpayer Protection, Deposit Insurance Reform, and Regulatory Relief Act of 1992).".

(c) EXEMPTION FROM REQUIREMENT RELATING TO LOANS TO 1 BORROWER.—Section 5200 of the Revised Statutes of the United States (12 U.S.C. 84) is amended by adding at the end the following new subsection:

"(e) EXEMPTION OF GUARANTEED COMPANIES.—This section shall not apply with respect to any national bank which is a guaranteed depository institution (as defined in section 101(a)(8) of the Taxpayer Protection, Deposit Insurance Reform, and Regulatory Relief Act of 1992).".

(d) EXEMPTION FROM REQUIREMENTS RELATING TO SECURITY FOR DEPOSITS OF GOVERNMENT AGENCIES AT NATIONAL BANKS.—Section 5153 of the Revised Statutes of the United States (12 U.S.C. 90) is amended—

(1) in the 1st undesignated paragraph, by striking "All national banking associations" and inserting "(a) IN GENERAL.— All national banks";

(2) in the 2nd undesignated paragraph, by striking "Any national banking association" and inserting "(b) DEPOSITORY FOR STATE AND LOCAL GOVERNMENTS.—Any national bank";

(3) in the 3rd undesignated paragraph, by striking "Any national banking association" and inserting "(c) DEPOSITORY FOR INDIAN TRIBES.—Any national bank"; and

(4) by adding at the end the following new subsection:

"(d) EXEMPTION FROM SECURITY AND COLLATERAL REQUIREMENTS.—A national bank which is a guaranteed depository institution (as defined in section 101(a)(8) of the Taxpayer Protection, Deposit Insurance Reform, and Regulatory Relief Act of 1992) shall not be required to give any security which is otherwise required under subsection (a), (b), or (c) for deposits with the bank under this section or for the performance of the bank as financial agent.".

(e) EXEMPTION FROM PROVISION RELATING TO TRANSFERS BY NATIONAL BANKS IN CONTEMPLATION OF INSOLVENCY.—Section 5242 of the Revised Statutes of the United States (12 U.S.C. 91) is amended by adding at the end the following new sentence: "This section shall not apply with respect to any national bank which is a guaranteed depository institution (as defined in section 101(a)(8) of the Taxpayer Protection, Deposit Insurance Reform, and Regulatory Relief Act of 1992.".

(f) EXEMPTION FROM REQUIREMENTS RELATING TO REPORTS OF CONDITION.—Section 5211 of the Revised Statutes of the United States (12 U.S.C. 161) is amended by adding at the end the following new subsection:

"(d) EXEMPTION OF GUARANTEED COMPANIES.—This section shall not apply with respect to any national bank which is a guaranteed depository institution (as defined in section 101(a)(8) of the Taxpayer Protection, Deposit Insurance Reform, and Regulatory Relief Act of 1992.".

(g) CONSENT OF GUARANTORS REQUIRED FOR VOLUNTARY DISSOLUTION.

(1) IN GENERAL.—Section 5220 of the Revised Statutes of the United States (12 U.S.C. 181) is amended—

(A) in the 1st undesignated paragraph, by striking "Any association" and inserting "(a) IN GENERAL.—Any national bank";

(B) in the 2nd undesignated paragraph, by striking "The shareholders shall designate" and inserting "(b) LIQUIDATING AGENT OR COMMITTEE.—The shareholders shall designate"; and

(C) by adding at the end the following new subsection:

"(c) CONSENT OF GUARANTORS REQUIRED FOR GUARANTEED COMPANIES.—In the case of any national bank which is a guaranteed depository institution (as defined in section 101(a)(8) of the Taxpayer Protection, Deposit Insurance Reform, and Regulatory Relief Act of 1992), the national bank may go into liquidation and be closed in accordance with subsection (a) only with the consent of the direct guarantors of such bank.".

(2) NOTICE TO SYNDICATE AGENT.—Section 5221 of the Revised Statutes of the United States (12 U.S.C. 182) is amended by inserting "and, in the case of a national bank which is a guaranteed depository institution (as defined in section 101(a)(8) of the Taxpayer Protection, Depository Insurance Reform, and Regulatory Relief Act of 1992), to the syndicate agent of such bank" after "Comptroller of the Currency".

(h) COMPTROLLER OF THE CURRENCY NOT AUTHORIZED TO APPOINT RECEIVER.—

(1) IN GENERAL.—The Act entitled "An Act authorizing the appointment of receivers of national banking associations, and for other purposes." and approved June 30, 1876, is amended by inserting after the 1st section (12 U.S.C. 191) the following new section:

"SEC. 2. EXEMPTION OF GUARANTEED NATIONAL BANKS.

"This Act shall not apply with respect to any national bank which is a guaranteed depository institution (as defined in section 101(a)(8) of the Taxpayer Protection, Deposit Insurance Reform, and Regulatory Relief Act of 1992).".

(2) EXEMPTION FROM ADDITIONAL GROUND FOR THE APPOINTMENT OF RECEIVERS.—Section 5234 of the Revised Statutes (12 U.S.C. 192) is amended by adding at the end the following new sentence: "This sentence shall not apply with respect to any national bank which is a guaranteed depository institution (as defined in section 101(a)(8) of the Taxpayer Protection, Deposit Insurance Reform, and Regulatory Relief Act of 1992).".

(i) COMPTROLLER OF THE CURRENCY NOT AUTHORIZED TO APPOINT CONSERVATOR.—The Bank Conservation Act is amended by inserting after section 206 the following new section:

"SEC. 207. EXEMPTION OF GUARANTEED NATIONAL BANKS.

"This subchapter shall not apply with respect to any national bank which is a guaranteed depository institution (as defined in section 101(a)(8) of the Taxpayer Protection, Deposit Insurance Reform, and Regulatory Relief Act of 1992).".

(j) COMPTROLLER OF THE CURRENCY NOT AUTHORIZED TO EXAMINE GUARANTEED BANKS.—Section 5240 of the Revised Statutes of the United States (12 U.S.C. 481–485) is amended by adding at the end of the 1st paragraph of such section the following new sentence: "Nothwithstanding any other provision of this section, the authority of the Comptroller of the Currency to examine any national bank or any affiliate of a national bank shall not apply with respect to any national bank which is a guaranteed depository institution (as defined in seciton 101(a)(8) of the Taxpayer Protection, Deposit Insurance Reform, and Regulatory Relief Act of 1992) or any affiliate of such bank.".

(k) EXEMPTION FROM LIMITATION OR CONDITIONS ON REAL ESTATE LENDING AUTHORITY.—Section 24(a) of the Federal Reserve Act (12 U.S.C. 371(a)) is amended by adding at the end the following new sentence: "Notwithstanding the preceding sentence, a national bank which is a guaranteed depository institution (as defined in section 101(a)(8) of the Taxpayer Protection, Deposit Insurance Reform, and Regulatory Relief Act of 1992) shall not be subject to section 18(o) of the Federal Deposit Insurance Act or any restriction or requirement prescribed by the Comptroller of the Currency under the preceding sentence.".

SEC. 202. AMENDMENTS RELATING TO MEMBER BANKS.

(a) FEDERAL RESERVE BOARD AND FEDERAL RESERVE BANKS NOT AUTHORIZED TO EXAMINE GUARANTEED MEMBER BANKS.—

(1) IN GENERAL.—Section 11(a)(1) of the Federal Reserve Act (12 U.S.C. 248(a)(1)) is amended by adding at the end the following new sentence: "Notwithstanding any other provision of this section, the authority of the Board or any Federal reserve bank to examine any member bank shall not apply with respect to any member bank which is a guaranteed depository institution (as defined in section 101(a)(8) of the Taxpayer Protection, Deposit Insurance Reform, and Regulatory Relief Act of 1992).".

(2) SPECIAL EXAMINATIONS.—The 1st sentence of the 5th undesignated paragraph of section 5240 of the Revised Statutes of the United States (12 U.S.C. 483) is amended by inserting "which are not guaranteed depository institutions (as defined in section 101(a)(8) of the Taxpayer Protection, Deposit Insurance Reform, and Regulatory Relief Act of 1992)" after "member banks within its district".

(3) FOREIGN OPERATION OF STATE MEMBER BANKS.—The last sentence of the 6th undesignated paragraph of section 5240 of the Revised Statutes of the United States (12 U.S.C. 481) is amended by inserting "and are not guaranteed depository institutions (as defined in section 101(a)(8) of the Taxpayer Protection, Deposit Insurance Reform, and Regulatory Relief Act of 1992)" before the period.

(4) EXAMINATIONS IN CONNECTION WITH ADVANCES OR DISCOUNTS.—Section 11(n) of the Federal Reserve Act (12 U.S.C. 248(n)) is amended by striking "depository institution," and inserting "depository institution (other than a guaranteed depository institution (as defined in section 101(a)(8) of the Taxpayer Protection, Deposit Insurance Reform, and Regulatory Relief Act of 1992)),".

(b) EXEMPTION FROM MEMBER BANK LOAN LIMITATIONS.—Section 11(m) of the Federal Reserve Act (12 U.S.C. 248(m)) is amended by adding at the end the following new sentence: "This paragraph shall not apply with respect to any member bank which is a guaranteed depository institution (as defined in section 101(a)(8) of the Taxpayer Protection, Deposit Insurance Reform, and Regulatory Relief Act of 1992).".

(c) EXEMPTION FROM LIMITATION ON ACCESS TO FED WIRE.—Section 11 of the Federal Reserve Act (12 U.S.C. 248) is amended by inserting after paragraph (n) the following new paragraph:

"(o) PROHIBITION ON LIMITS ON ACCESS TO PAYMENT AND CLEARING SYSTEMS BY GUARANTEED MEMBER BANKS.—Nothwithstanding any other provision of law, the Board may not limit or deny access by any member bank which is a guaranteed depository institution (as defined in section 101(a)(8) of the Taxpayer Protection, Deposit Insurance Reform, and Regulatory Relief Act of 1992) to the payment system or any system in effect for clearing transactions in securities for the purpose of protecting any such system from any risk.".

(d) FEDERAL RESERVE BOARD NOT AUTHORIZED TO APPOINT CONSERVATOR OR RECEIVER.—Section 11(p) of the Federal Reserve Act (12 U.S.C. 248(p)) (as added by section 133(f) of the Federal Deposit Insurance Corporation Act of 1991) is amended to read as follows:

"(p) AUTHORITY TO APPOINT CONSERVATOR OR RECEIVER.—

"(A) IN GENERAL.—Except as provided in subparagraph (B), the Board may appoint the Federal Deposit Insurance Corporation as conservator or receiver for a State member bank under section 11(c)(8) of the Federal Deposit Insurance Act.

"(B) EXCEPTION FOR GUARANTEED DEPOSITORY INSTITUTIONS.—This paragraph shall not apply with respect to any member bank which is a guaranteed depository institution (as defined in section 101(a)(8) of the Taxpayer Protection, Deposit Insurance Reform, and Regulatory Relief Act of 1992).".

(e) QUALIFICATION OF GUARANTEED STATE BANKS FOR MEMBER BANK STATUS WITHOUT APPLICATION.—

(1) IN GENERAL.—The 1st undesignated paragraph of section 9 of the Federal Reserve Act (12 U.S.C. 321) is amended by adding at the end the following new sentence "Notwithstanding the application requirement contained in the 1st sentence of this paragraph, any State bank which is a guaranteed depository institution (as defined in section 101(a)(8) of the Taxpayer Protection, Deposit Insurance Reform, and Regulatory Relief Act of 1992) may become a member of the Federal Reserve System without application by agreeing to be subject to all applicable provisions of this Act and by subscribing to stock in the same manner and amount as a national bank under section 2.".

(2) EXEMPTION FROM CAPITAL, RESERVE, AND REPORTING REQUIREMENTS.—The 1st sentence of the 6th undesignated paragraph of section 9 of the Federal Reserve Act (12 U.S.C. 324) is amended by inserting ", other than a bank which is a guaranteed depository institution (as defined in 101(a)(8) of the Taxpayer Protection, Deposit Insurance Reform, and Regulatory Relief Act of 1992)," after "banks admitted to membership under authority of this section".

(3) EXEMPTION FROM EXAMINATION.—The 1st undesignated paragraph of section 9 of the Federal Reserve Act (12 U.S.C. 325) is amended by striking "such banks" and inserting ", any bank admitted to membership under this section, other than a bank which is a guaranteed depository institution (as defined in section 101(a)(8) of the Taxpayer Protection, Deposit Insurance Reform, and Regulatory Relief Act of 1992),".

(4) EXEMPTION FROM SPECIAL EXAMINATIONS.—The 8th undesignated paragraph of section 9 of the Federal Reserve Act (12 U.S.C. 326) is amended by adding at the end the following new sentence: "Notwithstanding any other provision of this paragraph, the authority of the Board to examine any member bank shall not apply with respect to any member bank which is a guaranteed depository institution (as defined in section 101(a)(8) of the Taxpayer Protection, Deposit Insurance Reform, and Regulatory Relief Act of 1992),".

(5) EXEMPTION FROM CERTAIN FORFEITURE PROVISION.—The 9th undesignated paragraph of section 9 of the Federal Reserve Act (12 U.S.C. 327) is amended by inserting ", other than a bank which is a guaranteed depository institution (as defined in 101(a)(8) of the Taxpayer Protection, Deposit Insurance Reform, and Regulatory Relief Act of 1992)," after "a member bank".

(6) EXEMPTION FROM ADDITIONAL CAPITAL REQUIREMENT.—The 11th undesignated paragraph of section 9 of the Federal Reserve Act (12 U.S.C. 329) is amended by adding at the end the following sentence: "This paragraph shall not apply with respect to any member bank which is a guaranteed depository institution (as defined in 101(a)(8) of the Taxpayer Protection, Deposit Insurance Reform, and Regulatory Relief Act of 1992).".

(7) EXEMPTION FROM SECURITY AND COLLATERAL REQUIREMENT.—The last sentence of the 15th undesignated paragraph of section 9 of the Federal Reserve Act (12 U.S.C. 332) is amended by inserting ", other than a bank which is a guaranteed depository institution (as defined in 101(a)(8) of the Taxpayer Protection, Deposit Insurance Reform, and Regulatory Relief Act of 1992)," after "the banks and trust companies thus designated".

(8) MEMBERSHIP QUALIFICATION IN THE CASE OF STATE MUTUAL SAVINGS BANKS.—The 16th undesignated paragraph of section 9 of the Federal Reserve Act (12 U.S.C. 333) is amended by inserting "Notwithstanding the application requirement contained in the preceding sentence, any State mutual savings bank which is a guaranteed depository institution (as defined in 101(a)(8) of the Taxpayer Protection, Deposit Insurance Reform, and Regulatory Relief Act of 1992) may become a member of the Federal Reserve System without application by agreeing to be subject to all applicable provisions of this Act and by subscribing to stock in the same manner and amount as provided in this paragraph for State mutual savings banks applying for membership."

(9) EXEMPTION FROM AFFILIATE REPORTING REQUIREMENTS.—

(A) IN GENERAL.—The 1st sentence of the 17th undesignated paragraph of section 9 of the Federal Reserve Act (12 U.S.C. 334) is amended by inserting ", other than a bank which is a guaranteed depository institution (as defined in section 101(a)(8) of the Taxpayer Protection, Deposit Insurance Reform, and Regulatory Relief Act of 1992)," after "bank admitted to membership under this section".

(B) EXAMPTION FROM ADDITIONAL AFFILIATE REPORTING REQUIREMENTS.—The 18th undesignated paragraph of section 9 of the Federal Reserve Act (12 U.S.C. 334) is amended by inserting ", other than a bank which is a guaranteed depository institution (as defined in 101(a)(8) of the Taxpayer Protection, Deposit Insurance Reform, and Regulatory Relief Act of 1992)," after "affiliated member bank".

(10) EXEMPTION FROM EXAMINATION REQUIREMENTS.—The 22d undesignated paragraph of section 9 of the Federal Reserve Act (12 U.S.C. 338) is amended by inserting ", other than a bank which is a guaranteed depository institution (as defined in section 101(a)(8) of the Taxpayer Protection, Deposit Insurance Reform, and Regulatory Relief Act of 1992)," after "State member banks" the 1st place such term appears.

(f) EXEMPTION FROM INTEREST REQUIREMENTS.—Section 19(i) of the Federal Reserve Act (12 U.S.C. 371a) is amended by adding at the end the following new sentence: "No provision of this subsection shall apply with respect to a member bank which is a guaranteed depository institution (as defined in section 101(a)(8) of the Taxpayer Protection, Deposit Insurance Reform, and Regulatory Relief Act of 1992).".

(g) EXEMPTION FROM REQUIREMENTS RELATING TO INTERBANK LIABILITIES AND TRANSACTIONS WITH AFFILIATES.—

(1) INTERBANK LIABILITIES.—Section 23 of the Federal Reserve Act (12 U.S.C. 371(b–2)) is amended by adding at the end the following new subsection:

"(f) EXEMPTION FOR GUARANTEED DEPOSITORY INSTITUTIONS.—A guaranteed depository institution (as defined in section 101(a)(8) of the Taxpayer Protection, Deposit Insurance Reform, and Regulatory Relief Act of 1992) shall not be subject to any regulation or order issued under this section.".

(2) EXEMPTION FROM RESTRICTIONS ON TRANSACTIONS WITH AFFILIATES.—Sections 23A and 23B of the Federal Reserve Act (12 U.S.C. 371c, 371c–1) are each amended by adding at the end of each such section the following new subsection:

"(f) EXEMPTION FOR GUARANTEED DEPOSITORY INSTITUTIONS.—This section shall not apply to any guaranteed depository institution (as defined in section 101(a)(8) of the Taxpayer Protection, Deposit Insurance Reform, and Regulatory Relief Act of 1992) or any affiliate of any such institution.".

(h) EXEMPTION FROM LIMITATION ON INVESTMENTS IN, OR LOANS ON, BANK PREMISES.—Section 24A of the Federal Reserve Act (12 U.S.C. 371d) is amended by adding at the end the following new sentence: "This section shall not apply to any guaranteed depository institution (as defined in section 101(a)(8) of the Taxpayer Protection, Deposit Insurance Reform, and Regulatory Relief Act of 1992).".

(i) EXEMPTION FROM LIMITATIONS ON BANKERS' ACCEPTANCES.—Section 13(7) of the Federal Reserve Act (12 U.S.C. 372) is amended by adding at the end the following new subparagraph:

"(I) EXEMPTION FROM LIMITATIONS FOR GUARANTEED DEPOSITORY INSTITUTIONS.—Sub-

paragraphs (B), (C), (D), (E), (F), and (H) shall not apply to any guaranteed depository institution (as defined in section 101(a)(8) of the Taxpayer Protection, Deposit Insurance Reform, and Regulatory Relief Act of 1992).".

(j) EXEMPTION FROM PURCHASING AND LENDING LIMITS RELATING TO DIRECTORS AND OFFICERS—Section 22 of the Federal Reserve Act (12 U.S.C. 375, 376, 503, 375a, and 375b) is amended by inserting before subsection (d) the following new subsection:

"(c) EXEMPTION FOR GUARANTEED DEPOSITORY INSTITUTIONS.—Subsections (d), (e), (g), and (h) shall not apply to any guaranteed depository institution (as defined in section 101(a)(8) of the Taxpayer Protection, Deposit Insurance Reform, and Regulatory Relief Act of 1992) or any affiliate of any such institution.".

SEC. 203. AMENDMENTS RELATING TO SAVINGS ASSOCIATIONS.

(a) GUARANTEED SAVINGS ASSOCIATION DEFINED.—Section 2 of the Home Owners' Loan Act (12 U.S.C. 1462) is amended by adding at the end the following new paragraphs:

"(10) GUARANTEED SAVINGS ASSOCIATION.—The term 'guaranteed savings association' means a savings association which is a guaranteed depository institution (as defined in section 101(a)(8) of the Taxpayer Protection, Deposit Insurance Reform, and Regulatory Relief Act of 1992).

"(11) GUARANTEED FEDERAL SAVINGS ASSOCIATION.—The term 'guaranteed Federal savings association' means a Federal savings association which is a guaranteed depository institution (as defined in section 101(a)(8) of the Taxpayer Protection, Deposit Insurance Reform, and Regulatory Relief Act of 1992).".

(b) EXEMPTION FROM EXAMINATION AND REGULATION BY DIRECTOR OF THE OFFICE OF THRIFT SUPERVISION.—

(1) IN GENERAL.—Section 4(a) of the Home Owners' Loan Act (12 U.S.C. 1463(a)) is amended by adding at the end the following new paragraph:

"(4) EXEMPTION FOR GUARANTEED SAVINGS ASSOCIATIONS.—The authority of the Director under this subsection or subsection (b) or (c) to examine any savings association or prescribe regulations applicable to savings associations shall not apply with respect to any guaranteed savings association.".

(2) FEDERAL SAVINGS ASSOCIATIONS.—Section 5(a) of the Home Owners' Loan Act (12 U.S.C. 1464(a)) is amended by adding at the end the following new sentence: "The authority of the Director under the preceding sentence to prescribe regulations to provide for the examination and regulation of Federal savings associations shall not apply with respect to the examination or regulation of any guaranteed Federal savings association.".

(3) EXEMPTION FROM EXAMINATION FEE PROVISIONS.—Section 9 of the Home Owners' Loan Act (12 U.S.C. 1467) is amended by adding at the end the following new subsection:

"(n) EXEMPTION FOR GUARANTEED SAVINGS ASSOCIATIONS.—This section and the authority of the Director under this section shall not apply with respect to any guaranteed savings association.".

(c) EXCEPTIONS TO LIMITATIONS ON DEPOSIT AND RELATED POWERS.—

(1) DEPOSIT POWERS.—Section 5(b)(1) of the Home Owners' Loan Act (12 U.S.C. 1464(b)(1)) is amended by adding at the end the following new subparagraph:

"(G) SPECIAL RULES APPLICABLE TO GUARANTEED SAVINGS ASSOCIATIONS.—

"(i) STATUTORY AUTHORITY.—A guaranteed Federal savings association shall have the powers described in subparagraphs (C), (E), and (F) without regard to the condition or limitation contained in each such subparagraph relating to regulations of the Director.

"(ii) LIMITATION ON REGULATORY AUTHORITY.—The exercise by a guaranteed Federal savings association of powers established under subparagraph (A) or (D) or the last sentence of subparagraph (B) shall not be subject to any regulations prescribed by the Director under such provision.

"(iii) EXEMPTION.—A guaranteed Federal savings association shall not be subject to the 1st sentence of subparagraph (B).".

(d) EXCEPTIONS TO LIMITATIONS ON LOAN AND INVESTMENT POWERS.—Section 5(c) of the Home Owners' Loan Act (12 U.S.C. 1464(c)) is amended by adding at the end the following new paragraph:

"(7) EXCEPTIONS FOR GUARANTEED SAVINGS ASSOCIATIONS.—

"(A) LIMITATIONS ON REGULATORY AUTHORITY.—The exercise by a guaranteed Federal savings association of powers established under any provision of this subsection shall not be subject to any regulations prescribed by the Director under this subsection.

"(B) EXEMPTION FROM MAXIMUM AMOUNT LIMITATIONS.—A guaranteed Federal savings association shall not be subject to any limitation in this subsection on the outstanding amount of loans or investments by the association under any provision of this subsection, without regard to whether such maximum amount is expressed as a fixed dollar amount or as a percentage of such association's assets or capital.".

(e) EXEMPTION FROM ENFORCEMENT AND CONSERVATORSHIP AND RECEIVERSHIP PROVISIONS.—Section 5(d) of the Home Owners' Loan Act (12 U.S.C. 1464(d)) is amended by adding at the end the following new paragraph:

"(7) EXEMPTION FOR GUARANTEED SAVINGS ASSOCIATIONS.—This subsection and the authority of the Director under this subsection shall not apply with respect to any guaranteed savings association.".

(f) EXEMPTION FROM FITNESS STANDARDS.—Section 5(e) of the Home Owners' Loan Act (12 U.S.C. 1464(e)) is amended by adding at the end the following new sentence:

"The preceding sentence shall not apply with respect to any savings association which, at the time the charter is granted, is a guaranteed depository institution (as defined in section 101(a)(8) of the Taxpayer Protection, Deposit Insurance Reform, and Regulatory Relief Act of 1992) or is required to be a guaranteed depository institution before such association accepts any deposit.".

(g) EXEMPTION FROM REQUIREMENTS RELATING TO SECURITY FOR DEPOSITS OF GOVERNMENT AGENCIES.—Section 5(k) of the Home Owners' Loan Act (12 U.S.C. 1464(k)) is amended by adding at the end the following new sentence: "A guaranteed savings association shall not be required to give any security for deposits with the savings association under this section or for the performance of the association as fiscal agent.".

(h) EXEMPTION FROM MINIMUM CAPITAL REQUIREMENTS.—Section 5(s) of the Home Owners' Loan Act (12 U.S.C. 1464(s)) is amended by adding at the end the following new paragraph:

"(6) EXEMPTION FOR GUARANTEED SAVINGS ASSOCIATIONS.—This subsection and the authority of the Director under this subsection shall not apply with respect to any guaranteed savings association.".

(i) EXEMPTION FROM CAPITAL STANDARDS.—Section 5(t)(1) of the Home Owners' Loan Act (12 U.S.C. 1464(t)(1)) is amended by adding at the end the following new subparagraph:

"(E) EXEMPTION FOR GUARANTEED SAVINGS ASSOCIATIONS.—This subsection and the authority of the Director under this subsection shall not apply with respect to any guaranteed savings association.".

(j) EXEMPTION FROM REQUIREMENT RELATING TO LOANS TO 1 BORROWER.—Section 5(u) of the Home Owners' Loan Act (12 U.S.C. 1464(u)) is amended by adding at the end the following new paragraph:

"(4) EXEMPTION FOR GUARANTEED SAVINGS ASSOCIATIONS.—This subsection shall not apply with respect to any guaranteed savings association.".

(k) EXEMPTION FROM REQUIREMENT RELATING TO REPORTS OF CONDITION.—Section 5(v) of the Home Owners' Loan Act (12 U.S.C. 1464(v)) is amended by adding at the end the following new paragraph:

"(9) EXEMPTION FOR GUARANTEED SAVINGS ASSOCIATIONS.—This subsection shall not apply with respect to any guaranteed savings association.".

(l) EXEMPTION FROM REQUIREMENT RELATING TO LIQUID ASSETS.—Section 6 of the Home Owners' Loan Act (12 U.S.C. 1465) is amended by adding at the end the following new subsection:

"(g) EXEMPTION FOR GUARANTEED SAVINGS ASSOCIATIONS.—This section shall not apply with respect to any guaranteed savings associations.".

(m) EXEMPTION FROM AFFILIATE TRANSACTION AND LENDING LIMITS RELATING TO DIRECTORS AND OFFICERS.—Section 11 of the Home Owners' Loan Act (12 U.S.C. 1468) is amended by adding at the end the following new subsection:

"(d) EXEMPTION FOR GUARANTEED SAVINGS ASSOCIATIONS.—This section shall not apply with respect to any guaranteed savings association.

SEC. 204. AMENDMENTS RELATING TO SAVINGS AND LOAN HOLDING COMPANIES.

(a) GUARANTEED SAVINGS ASSOCIATION DEFINED.—Section 10(a)(1) of the Home Owners' Loan Act (12 U.S.C. 1467a(a)(1)) is amended by adding at the end the following new subparagraph:

"(K) GUARANTEED SAVINGS ASSOCIATION.—The term 'guaranteed savings association' includes any savings association referred to in subparagraph (A) which is a guaranteed depository institution (as defined in section 101(a)(8) of the Taxpayer Protection, Deposit Insurance Reform, and Regulatory Relief Act of 1992).".

(b) EXEMPTION FROM EXAMINATION AND REPORTING REQUIREMENT.—Section 10(b) of the Home Owners' Loan Act (12 U.S.C. 1467a(b)) is amended by adding at the end the following new paragraph:

"(7) EXEMPTION FOR S&L HOLDING COMPANY WHICH CONTROLS A GUARANTEED SAVINGS ASSOCIATION.—Paragraphs (2), (3), and (4) and the authority of the Director under any such paragraph shall not apply with respect to any savings and loan holding company which controls a guaranteed savings association and any subsidiary of such company.".

(c) COORDINATION WITH SECTION 11.—Section 10(d) of the Home Owners' Loan Act (12 U.S.C. 1467a(d)) is amended by striking "Transaction" and inserting "Subject to section 11(d), transactions".

(d) EXEMPTION FROM REQUIREMENTS RELATING TO DECLARATION OF DIVIDEND.—Section 10(f) of the Home Owners' Loan Act (12 U.S.C. 1467a(f)) is amended by adding at the end the following new sentence: "This subsection shall not apply with respect to any savings and loan company which controls a guaranteed savings association.".

(e) EXEMPTION FROM RESTRICTIONS ON HIGH-RISK ACTIVITIES.—Section 10(p) of the Home

Owners' Loan Act (12 U.S.C. 1467a(p)) is amended by adding at the end the following new paragraph:

"(3) EXEMPTION FOR PARENT OF GUARANTEED SAVINGS ASSOCIATION.—This subsection shall not apply with respect to any savings and loan company which controls a guaranteed savings association.".

(f) NONAPPLICABILITY OF QUALIFIED STOCK ISSUANCE PROVISIONS.—Section 10(q)(1)(A) of the Home Owners' Loan Act (12 U.S.C. 1467a(q)(1)(A)) is amended—

(1) in clause (i), by inserting "which is not a guaranteed savings association" after "undercapitalized savings association"; and

(2) in clause (ii), by inserting "and does not control a guaranteed savings association" after "controls an undercapitalized savings association".

SEC. 205. AMENDMENTS RELATING TO THE FEDERAL DEPOSIT INSURANCE CORPORATION.

(a) AMENDMENTS TO DEFINITIONS.—

(1) DEFINITIONS RELATING TO DEPOSITORY INSTITUTIONS.—Section 3(c) of the Federal Deposit Insurance Act (12 U.S.C. 1813(c)) is amended by adding at the end the following new paragraphs:

"(6) GUARANTEED DEPOSITORY INSTITUTION NOT INCLUDED.—Except as otherwise specifically provided in any provision of this Act, the terms depository institution' and 'insured depository institution' do not include any guaranteed depository institution.

"(7) GUARANTEED DEPOSITORY INSTITUTION.—The term 'guaranteed depository institution' has the meaning given to such term in section 101(a)(8) of the Taxpayer Protection, Deposit Insurance Reform, and Regulatory Relief Act of 1992.".

(2) DEFINITIONS RELATING TO BANKS.—Section 3(a) of the Federal Deposit Insurance Act (12 U.S.C. 1813(a)) is amended by adding at the end the following new paragraph:

"(5) GUARANTEED DEPOSITORY INSTITUTIONS NOT INCLUDED.—Except as otherwise specifically provided in any provision of this Act, the terms 'bank', 'national bank', 'State bank', 'District bank', 'branch', and 'Federal branch', whether or not any such term appears in conjunction with the term 'insured', 'member', or 'nonmember', do not include any guaranteed depository institution.".

(3) DEFINITIONS RELATING TO SAVINGS ASSOCIATIONS.—Section 3(b) of the Federal Deposit Insurance Act (12 U.S.C. 1813(b)) is amended by adding at the end the following paragraph:

"(4) GUARANTEED DEPOSITORY INSTITUTIONS NOT INCLUDED.—Except as otherwise specifically provided in any provision of this Act, the terms 'savings association', 'Federal savings association', and 'State savings association', whether or not any such term appears in conjunction with the term 'insured', do not include any guaranteed depository institution.".

(b) PROHIBITION ON NEW INSURED DEPOSITORY INSTITUTIONS, BY CHARTER OR CONVERSION, AFTER EFFECTIVE DATE OF CROSS-GUARANTEE SYSTEM.—

(1) NO CONTINUATION OF INSURANCE IN CONNECTION WITH CONVERSIONS.—Section 4 of the Federal Deposit Insurance Act (12 U.S.C. 1814) is amended by adding at the end the following new subsection:

"(e) INAPPLICABILITY OF SUBSECTIONS (B), (C), AND (D) AFTER EFFECTIVE DATE OF CROSS-GUARANTEE SYSTEM.—Subsections (b), (c), and (d) shall not apply as of the effective date of the cross-guarantee system under subsection (a) of section 141 of the Taxpayer Protection, Deposit Insurance Reform, and Regulatory Relief Act of 1992, as published by the Corporation in the Federal Register pursuant to subsection (c) of such section.".

(2) NO NEW INSURANCE UNDER THE FEDERAL DEPOSIT INSURANCE ACT.—Section 5 of the Federal Deposit Insurance Act (12 U.S.C. 1815) is amended by adding at the end the following new subsection:

"(f) PROHIBITION ON APPROVAL OF INSURANCE AFTER EFFECTIVE DATE OF CROSS-GUARANTEE SYSTEM.—No application for insurance under this section may be approved by the Corporation on or after the date by which the Corporation has approved, under subsection (b) of section 141 of the Taxpayer Protection, Deposit Insurance Reform, and Regulatory Relief Act of 1992, 200 cross-guarantee contracts described in subsection (a)(2) of such section.".

(c) TERMINATION OF DEPOSIT INSURANCE OF GUARANTEED DEPOSITORY INSTITUTION.—Section 8(a) of the Federal Deposit Insurance Act (12 U.S.C. is amended—

(1) by redesignating paragraph (10) as paragraph (11); and

(2) by inserting after paragraph (9), the following new paragraph:

"(10) TERMINATION OF INSURANCE OF GUARANTEED DEPOSITORY INSTITUTION.—The status of any insured depository institution as an insured depository institution shall cease as of the date the institution becomes a guaranteed depository institution.".

(d) INELIGIBILITY OF GUARANTEED DEPOSITORY INSTITUTION FOR DEPOSIT INSURANCE UNDER THE FEDERAL DEPOSIT INSURANCE ACT.—Section 5(a)(1) of the Federal Deposit Insurance Act (12 U.S.C. 1815(a)(1)) is amended by striking "trust funds (as defined in section 3(p))," and inserting "trust funds (as defined in section 3(p)) and is not a guaranteed depository institution,".

(e) SPECIAL RULE RELATING TO POWERS OF FDIC AS CONSERVATOR OR RECEIVER OF GUARANTEED DEPOSITORY INSTITUTION.—Section 11(d) of the Federal Deposit Insurance Act (12 U.S.C. 1821(d)) is amended by adding at the end the following new paragraph:

"(20) SPECIAL RULE IN THE CASE OF GUARANTEED DEPOSITORY INSTITUTION.—If the Corporation appoints itself conservator or receiver for any guaranteed depository institution in accordance with section 127(a)(1) of the Taxpayer Protection, Deposit Insurance Reform, and Regulatory Relief Act of 1992—

"(A) each subsection of this section other than subsections (a), (b), (c), (m), and (n) shall be applied, for purposes of section 127(a)(2) of such Act, by substituting 'guaranteed depository institution' for 'insured depository institution' each place such term appears in any such subsection;

"(B) the term 'insured deposits', as such term is used in subsection (f), shall be deemed, for purposes of subparagraph (A), to refer to deposits insured under section 128(b) of such Act; and

"(C) the payment of any deposits referred to in subparagraph (B) by the Corporation under subsection (f), as applicable pursuant to subparagraph (A) of this paragraph and section 127(a)(2) of such Act, shall be made from the cross-guarantee backup fund established under section 128(a)(1) of such Act.".

(f) APPLICABILITY OF INSURANCE LOGO PROVISIONS.—Section 18(a) of the Federal Deposit Insurance Act (12 U.S.C. 1828(a)) is amended by adding at the end the following new paragraph:

"(4) APPLICABILITY TO GUARANTEED INSTITUTIONS.—For purposes of this subsection, the terms 'insured bank' and 'insured savings association' shall be deemed to include any bank (as defined in section 3(a) without regard to paragraph (5) of such section) and any savings association (as defined in section 3(b) without regard to paragraph (4) of such section) which is a guaranteed depository institution.".

(g) GUARANTEED DEPOSITORY INSTITUTIONS NOT EXEMPT FROM LIMITATION ON INSURANCE UNDERWRITING.—Section 24(b) of the Federal Deposit Insurance Act (12 U.S.C. 1831(b)) is amended by adding at the end the following new paragraph:

"(3) APPLICABILITY TO GUARANTEED DEPOSITORY INSTITUTIONS.—Notwithstanding section 3(a)(5), the term 'insured State bank' includes, for purposes of this subsection, a State bank which is a guaranteed depository institution.".

SEC. 206. AMENDMENTS TO TITLE 11, UNITED STATES CODE.

(a) DEFINITION OF DEBTOR INCLUDES GUARANTEED COMPANY.—Section 109 of title 11, United States Code, is amended by adding at the end the following new subsection:

"(h) GUARANTEED COMPANIES.—Notwithstanding subsections (b) and (d), a guaranteed company (as defined in section 101(a)(7) of the Taxpayer Protection, Deposit Insurance Reform, and Regulatory Relief Act of 1992) may be a debtor under chapter 7 or 11.".

(b) INVOLUNTARY CASE INVOLVING A GUARANTEED COMPANY MAY BE BROUGHT ONLY UNDER CHAPTER 11.—Section 303 of title 11, United States Code, is amended by adding at the end the following new subsection:

"(1) INVOLUNTARY CASES UNDER CHAPTER 11 ONLY.—An involuntary case against a guaranteed company (as defined in section 101(a)(7) of the Taxpayer Protection, Deposit Insurance Reform, and Regulatory Relief Act of 1992) may be commenced only under chapter 11.".

(c) SPECIAL RULES APPLICABLE TO REORGANIZATION OF GUARANTEED COMPANY.—

(1) IN GENERAL.—Subchapter I of chapter 11 of title 11, United States Code, is amended by adding at the end the following new section:

"§ 1115. Guaranteed company reorganization.

"(a) CROSS-GUARANTEE SYNDICATE TREATED AS DEBTOR IN POSSESSION.—The cross-guarantee syndicate of a guaranteed company—

"(1) may assume control of a guaranteed company under section 118 of the Taxpayer Protection, Deposit Insurance Reform, and Regulatory Relief Act of 1992 at any time after a case is commenced against such company under this chapter; and

"(2) shall be treated as the debtor in possession for purposes of this chapter upon assuming such control.

"(b) OPERATION OF COMPANY BY DEBTOR IN POSSESSION.—Notwithstanding any other provision of this subchapter, the court may not appoint a trustee for, or otherwise intervene in the operations of, a guaranteed company which is a debtor in a case under this chapter, including a guaranteed company the cross-guarantee syndicate of which has assumed control of the company under section 118 of the Taxpayer Protection, Deposit Insurance Reform, and Regulatory Relief Act of 1992.

"(c) CONTINUED FULL APPLICABILITY OF CROSS-GUARANTEE CONTRACT.—No action may be taken by the court or any person under this chapter in connection with a case against a guaranteed company which would alter or affect the applicability or effectiveness of any provision of the cross-guarantee contract in effect with respect to such company.

"(d) LIABILITY OF DIRECT GUARANTORS FOR DAMAGES CAUSED BY MISMANAGEMENT OR MALFEASANCE BY THE GUARANTEED COMPANY.—The direct guarantors of any guaranteed company which is a debtor in a case

under this chapter shall be liable for any damages suffered by any creditor of the company after the commencement of such case other than for damages or losses incurred in the normal course of business.

"(e) DEFINITIONS.—The terms 'cross-guarantee syndicate', 'direct guarantor', and 'guaranteed company' have the meanings given to such terms in section 101 of the Taxpayer Protection, Deposit Insurance Reform, and Regulatory Relief Act of 1992."

(2) CLERICAL AMENDMENT.—The table of sections for subchapter I of chapter 11, of title 11, United States Code, is amended by inserting after the item relating to section 114 the following new item:

"1115. Guaranteed company reorganization.".

SEC. 207. AMENDMENTS TO OTHER BANKING LAWS.

(a) EXEMPTION FROM DEPOSITORY INSTITUTION MANAGEMENT INTERLOCKS ACT.—Section 205 of the Depository Institution Management Interlocks Act (12 U.S.C. 3204) is amended by adding at the end the following new paragraph:

"(10) GUARANTEED DEPOSITORY INSTITUTION.—Any guaranteed depository institution and any affiliate of such institution.".

(b) EXEMPTION FROM REAL ESTATE APPRAISAL REQUIREMENTS.—Section 1121(4) of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (12 U.S.C. 3350(4)) is amended to read as follows:

"(4) FEDERALLY RELATED TRANSACTION.—The term Federally related transaction—

"(A) means any real estate-related financial transaction which—

"(i) a Federal financial institutions regulatory agency or the Resolution Trust Corporation engages in, contracts for, or regulates;

"(ii) requires the services of an appraiser; and

"(B) does not include any real estate-related financial transaction which is regulated by a Federal financial institutions regulatory agency solely by reason of the involvement of a guaranteed depository institution (as defined in section 101(a)(8) of the Taxpayer Protection, Deposit Insurance Reform, and Regulatory Relief Act of 1992) in such transaction.".

(c) EXEMPTION FROM PAYMENT SYSTEM REQUIREMENTS.—Subtitle A of title IV of the Federal Deposit Insurance Corporation Improvement Act of 1991 (12 U.S.C. 4401 et seq.) is amended by adding at the end the following new section:

"SEC. 408. EXEMPTION FOR GUARANTEED DEPOSITORY INSTITUTIONS.

"This subtitle shall not apply with respect to a depository institution which is a guaranteed depository institution (as defined in section 101(a)(8) of the Taxpayer Protection, Deposit Insurance Reform, and Regulatory Relief Act of 1992).".

(d) EXEMPTION FROM THE INTERNATIONAL LENDING SUPERVISION ACT OF 1983.—The last sentence of section 903(2) of the International Lending Supervision Act of 1983 (12 U.S.C. 3902(2)) is amended by inserting "or a guaranteed depository institution (as defined in section 101(a)(8) of the Taxpayer Protection, Deposit Insurance Reform, and Regulatory Relief Act of 1992)" before the period.