Private investment and export orientation are the only realistic path to economic development. Unfortunately, Egypt's environment for the private sector is not sufficiently alluring to attract an adequate amount of investment funds from the international financial markets. The task for the Government of Egypt (GOE) is to prepare the private sector business environment so that Egypt can harness the energy of the private sector, direct it down the path of sustainable development, create jobs, and make it easier for Egypt to enhance its role as a model of stability, democracy and prosperity in the region.

Vice President Gore and Egyptian President Mubarak developed an Economic Growth Partnership that focuses precisely on this issue. The Gore-Mubarak Partnership is intended to spur equitable economic growth and job creation in Egypt, especially in the private sector. It is intended to strengthen links between the U.S. and Egyptian private sector, and increase trade and investment. The Partnership reflects a personal effort by the U.S. leadership to help Egypt improve the welfare of the Egyptian people. It reflects the special relationship which exists between the U.S. and Egypt.

STATE DEPARTMENT'S FISCAL YEAR 1994 REPORT TO CONGRESS ON THE LOAN GUARANTEES TO ISRAEL PROGRAM AND ECONOMIC CONDITIONS IN ISRAEL

OVERVIEW

The Loan Guarantees to Israel Program was established to assist Israel in its humanitarian effort to resettle and absorb immigrants into Israel from the republics of the former Soviet Union, Ethiopia, and elsewhere. The guarantees were authorized in recognition that the effective absorption of these immigrants within the private sector requires large investment and economic restructuring to promote market efficiency and thereby contribute to productive employment and sustainable growth. The legislation anticipates that the effect of U.S. loan guarantees will be bolstered by an Israeli economic strategy involving prudent macroeconomic policies, structural reforms designed to reduce direct government involvement in the Israeli economy and measures to promote private investment. Israel presently enjoys the basic preconditions for sustainable medium-term economic growth. These include a skilled and rapidly growing labor force, an environment of macroeconomic stability, and an improved geopolitical situation. A series of economic reforms begun in the late 1980s and early 1990s has continued under the Rabin Government, including measures discussed below to liberalize capital markets, relax restrictions on foreign currency transactions, lower trade barriers and reduce the budget deficit.

Nevertheless, much remains to be done: trade barriers—especially in the agricultural sector—continue to limit international competitiveness; progress has been very slow in privatizing 165 state-owned firms; and fiscal police must fall into step with tighter monetary policy in order to tame inflation. Inflation, an overvalued shekel, and a growing balance of payments gap present serious challenges for the government as it heads into the new year.

UNITED STATES-ISRAEL JOINT ECONOMIC DEVELOPMENT GROUP

Since the mid-1980s, the United States and Israel have engaged in periodic economic consultations under the auspices of the Joint Economic Development Group [JEDG]. This group has a mandate to examine and discuss Israeli economic policy. It played a key role in shaping the successful 1984 economic stabilization program for Israel. The Group is led on the U.S. side by the Under Secretary of State for Economic Affairs and on the Israeli side by the Director General of the Ministry of Finance.

In keeping with the intent of the Loan Guarantees to Israel legislation, the U.S. and Israel revived the JEDG in September 1993 to focus specifically on areas identified in the legislation: economic and financial measures, including structural and other reforms, that Israel should undertake during the duration of the loan guarantee program to enable its economy to absorb and resettle immigrants and to accommodate the increased debt burden that results from the program. The JEDG convened in 1994 on May 26 in Washington and again on October 3 in Madrid. Participants included senior officials of USAID, Commerce, the Council of Economic Advisors, Treasury, and in May, Stanley Fischer from the Massachusetts Institute of Technology. The group discussed in both sessions progress and plans in the areas of fiscal and monetary policy, privatization, trade liberalization, financial and capital markets, and labor markets.

MACROECONOMIC DEVELOPMENTS

Israel, with a population of 5.3 million and a GDP of $72.2 billion in 1993, has a per capita GNP of $13,471. The Government of Israel (GOI) has been relatively successful in stabilizing the economy in the face of a massive inflow of immigrants which has increased the population by over 12 percent since the end of 1989. The general economic picture is relatively good, despite the appreciation of the shekel, rising inflation and a growing trade deficit.

PROSPECTS FOR ECONOMIC GROWTH

The country is in the midst of a four-year economic expansion, with GDP growth expected at 6.5 percent by year-end 1994, and a growth rate of 4.9 percent predicted for 1995. Growth rates of 4–6 percent are projected for the remainder of the decade, relying as in previous years on the productivity of new immigrants (with 70,000 expected to arrive in 1994), structural reforms in the economy, and an opening of new export markets, mostly in Eastern Europe and Asia. In 1994–95, the government faces economic challenges associated with immigrant absorption, the peace process, and unique sectoral requirements. In dealing with the inflow of immigrants, the GOI has appropriately adopted a strategy of abstaining from direct intervention in the labor market and has instead focused on providing the immigrants with housing, subsistence grants and training while encouraging a more favorable environment for private sector investment and expansion.

EMPLOYMENT

Over the past four years, Israel's labor force grew rapidly with the addition of these immigrants and a baby boom generation. Although the rapid economic expansion and a moderation in wages resulted in an average 4 percent overall employment growth rate between 1990 and 1992, the unemployment rate nonetheless increased from 8.9 percent in 1989 to a peak of 11.2 percent in 1992. During 1993, however, despite the relative slowing in the economy, employment growth picked up to 6 percent and unemployment declined to 10 percent. Unemployment has further declined to 7.8 percent in 1994. Immigrant unemployment has fallen even more dramatically, from 38 percent in 1991, 29 percent in 1992, and 19 percent in 1993, to 12 percent in 1994.

BUDGETARY PRESSURES

In meeting the economic demands of the peace process and sectoral shortcomings, the government has met with less success. Indeed, a 5.6 billion New Israeli Shekel (NIS) supplemental budget ($1.87 billion) for 1994 was passed in November to cover public sector wage hikes and unanticipated expenses for implementation of the Declaration of Principles (DOP). The 1995 budget proposal is in keeping with recent fiscal policy, emphasizing investment in infrastructure and education. The GOI proposes $460 million to help cover defense industry losses, the labor federation Histadrut's health insurance fund, and kibbutzim debt rescheduling. The 1995 budget proposal projects a deficit of 2.75 percent of projected GDP, down from 1994's target of 3 percent.

INFLATION

Israel's track record on inflation is mixed. On the one hand, it succeeded in bringing inflation down from 420 percent in 1984 to 9.4 percent in 1992. On the other hand, the rapid increase in the money supply which took place at the end of 1993 marked the onset of an inflationary surge that reached 15.5 percent for 1994, and the Government has not coordinated its fiscal and monetary policies to control this problem. An annual increase of 25 percent in housing costs, and over 35 percent in fruit and vegetable prices, combined with higher than anticipated levels of private consumption and public sector wage raises, have thwarted the government's 8 percent target inflation rate. Furthermore, there is some fear that a new capital gains tax may cause a shift from stocks to real estate, with new demand again pushing housing costs higher.

Some question the need for expansionary policies when annual GDP growth rates averages 4–6 percent. Longstanding structural rigidities in the economy also contribute to inflationary pressures, which could be eased by steps to open the agricultural sector to international competition, deregulate the housing sector and increase the labor market's responsiveness and market forces.

EXCLUSIONARY RULE REFORM ACT OF 1995

SPEECH OF

HON. VIC FAZIO

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, February 7, 1995

The House in Committee of the Whole House on the State of the Union had under consideration the bill (H.R. 666) to control crime by exclusionary rule reform.

Mr. FAZIO. Mr. Speaker, the fourth amendment to our Constitution prohibits unreasonable search and seizure by the government. It protects all Americans from arbitrary and unfounded government invasions into their homes.

The Supreme Court has held—in its ruling establishing what is known as the exclusionary rule—that any evidence seized in violation of the fourth amendment cannot be used as evidence at trial. In 1984, however, the Court created the good faith exception to the exclusionary rule, specifying that, if law enforcement officers in ''objective good faith'' believe they are conducting a constitutional search or seizure, then the evidence can be used at trial. The Court limited this exception to apply only to searches with warrants.

If H.R. 666, the Exclusionary Rule Reform Act, is enacted, the good faith exception to the exclusionary rule would be broadened to apply to searches both with and without warrants. As a result, evidence obtained in a search or seizure that violated constitutional protections would not be excluded if the search or seizure were carried under an objectively reasonable belief that it was in conformity with the fourth amendment. In other words, the bill permits the use of evidence obtained without a search warrant in Federal proceedings, if law enforcement officers believe they were acting in good faith compliance with the fourth amendment.

The good faith exception to the exclusionary rule has been in effect since 1984. At that time, the Supreme Court ruled that, so long as evidence is seized in reasonable good faith reliance on a search warrant, that evidence is admissible, even if the warrant is subsequently found to be defective, so long as the officer's reliance is objectively reasonable. As a result, officers were given the leeway to discharge their duties in good faith, without having to check with a judge or magistrate. This good faith exception perseveres today.

I supported the amendment offered by my colleague from Michigan, Mr. CONYERS, which would enact into law the Court's ruling regarding the good faith exception for searches with warrants. It would also enact into law the Court's later ruling that extends the exception to evidence that is obtained in an officer's good faith reliance on a statute, even if that statute is later held to be unconstitutional.

Because the exclusionary rule protects all of our citizens against unreasonable searches and seizures and the invasion of privacy by law enforcement officers, I am concerned with attempts to erode its protections. Broadening the limited good faith by exception to include searches without warrants, as H.R. 666 does, would eviscerate the rule itself and leave Americans open to the very violations of our constitutional rights that the rule is designed to prevent. For this reason, I cannot support H.R. 666, as written.

The roots of the exclusionary rule were planted during the British occupation of the American colonies—when illegal search and seizure were commonplace. Our Founding Fathers enacted the fourth amendment to protect us from arbitrary and unjust searches of our homes and private property. Tampering with this fundamental American right is dangerous. Without the perfecting amendment which I support, H.R. 666 leaves average American citizens wide open to abuses of authority by overly zealous law enforcement officers who, in their eagerness to uphold the law, may find themselves violating the most basic rights of American citizens. I hope my colleagues will carefully weigh the far-reaching effects of creating such a broad loophole in the fourth amendment. If we seriously consider the intent of the Framers of our Constitution, we must ultimately decide to leave this basic, constitutional protection intact.

INTRODUCTION OF THE WOUNDED KNEE NATIONAL TRIBAL PARK ESTABLISHMENT ACT OF 1995

HON. TIM JOHNSON

OF SOUTH DAKOTA

IN THE HOUSE OF REPRESENTATIVES

Thursday, February 9, 1995

Mr. JOHNSON of South Dakota. Mr. Speaker, today I am introducing legislation to establish a Wounded Knee National Tribal Park in the State of South Dakota. The purpose of this memorial is to acknowledge the historic significance of the sites of the 1890 Wounded Knee tragedy.

In December of 1890, Chief Big Foot and his band of Minneconjou Sioux journeyed from the Cheyenne River Indian Reservation to the Pine Ridge Indian Reservation. A tragic incident ensued which claimed the lives of over 300 Lakota—Sioux—Indian men, women, and children, and 31 U.S. soldiers, marking the last military encounter of the Indian Wars period.

During the 101st Congress, the House adopted House Concurrent Resolution 386, which recognized the 100th anniversary of the Wounded Knee tragedy. This resolution also expressed support for the establishment of a suitable and appropriate memorial to those who were so tragically slain. This legislation will bring reality to those words of support.

The Wounded Knee National Tribal Park Establishment Act of 1995 will recognize the sites relating to the 1890 Wounded Knee tragedy and Ghost Dance Religion located on the Pine Ridge Indian Reservation and the Cheyenne River Indian Reservation. The act will establish appropriate national monuments at both units of the Wounded Knee National Tribal Park. In addition, the act will authorize feasibility studies to establish as a national historic trail the route of Chief Big Foot from the Cheyenne River Indian Reservation to Wounded Knee, and a visitor information and orientation center on the Cheyenne River Indian Reservation.

It is my hope that enhancing a national awareness of the Wounded Knee tragedy will promote a greater understanding between Indian and non-Indian cultures and people. This legislation is the culmination of years of study and input from the many interested parties, including the tribes and other supporters of this long-overdue recognition. I appreciate the fact that Congress has shown support for recognizing the historical importance of the Wounded Knee site over the past few years, and I look forward to the continued support of my colleagues and the Congress.

TRIBUTE TO MR. JOHN J. SULLIVAN

HON. BARBARA B. KENNELLY

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Thursday, February 9, 1995

Mrs. KENNELLY Mr. Speaker, I rise today to recognize an outstanding citizen, constituent, and friend, John J. Sullivan, upon his selection as the 1995 Irishman of the Year for the central Connecticut, Greater Hartford area.

It has often been said that there are two kinds of people in the world—the Irish and those who want to be Irish. On Saturday, March 11, 1995, when John J. Sullivan leads the annual St. Patrick's Day parade down Main Street in my hometown of Hartford, we can all enjoy what it means to be Irish. It will be another reminder of the many blessings derived from the great Emerald Isle.

Over the years, John has served the Greater Hartford region as both community servant and friend to many. We have all witnessed his commitment and dedication to civic duty and community responsibility from his memberships on the Irish-American Home Society and the Manchester St. Patrick's Parade Committee; to his dedication to the Connecticut Special Olympics, and Leukemia Society; and to his service as a deputy sheriff.

He has been a member of the Democratic State Central Committee of Connecticut for more than 22 years, and the Manchester Democratic Town Committee for 37 years. John has dedicated himself to all these activities, and received the support of his wife Ada and their daughter Maureen.

Mr. Speaker, I, and all who know him, hold John in the highest regard. He gives tirelessly of himself and is a great citizen. It is only fitting that he lead the annual St. Patrick's Day parade in Hartford, since he has already led so many of us through his example.

MANAGED CARE: DOLLARS FOR MANAGERS

HON. FORTNEY PETE STARK

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, February 9, 1995

Mr. STARK. Mr. Speaker, managed care can be defined as a system that spends money on managers.

That's OK, if the managed care plans also deliver quality health care to the plan's enrollees. The problem is that we don't have enough consumer safeguards, protections, and information available to the consumer to help the public buy into a good plan. During the 104th Congress, we should enact managed care consumer protections and require disclosure of managed care plan information. Such legislation will help the industry in its dealings with the public and weed out those who are managing people to death through the denial of services.

Health care in America is in a state of tension. Fee-for-service medicine is subject to gross overutilization, abusive unnecessary testing and surgery, and runaway charges. Managed care medicine is subject to gross underutilization, denial of needed, life-essential services, and health care dollars drained away to pay managers, ad-men, and posh corporate overhead. What we need in America is moderation and a good middle ground in both fee-for-service and managed care. We need a system where fee-for-service cannot overutilize and where managed care can't deny necessary services. Achieving this balance will always be a tension and a difficult path to find.

The newest hot solution to the Nation's unacceptable health care inflation, of course, is managed care. Managed care firms have been growing like weeds. Following is a staff review of 15 managed care company financial reports, generally for calendar 1993, that shows the percent they spend on health for their patients, the percent they take for general and administrative expenses, and their profit levels. Roughly 20 percent of every health care dollar in these firms is going for overhead, managers, and profit.

I think the consumer should know how much of his health care dollar is spent on providing health care for himself, and how much is spent making sure he doesn't get unnecessary care—managing or controlling his or her access to doctors, nurses, and hospitals. Each consumer needs to decide for himself where the fine line is between medical efficiency and