story of Frank Barnett's struggle against tyranny and repression around the world, as well as his efforts in creating the Standing Committee on Law and National Security. I urge my colleagues to read this fitting tribute.

[From the American Bar Association National Security Law Report, January 1995]

DAN MCMICHAEL SALUTES FRANK BARNETT AT CONFERENCE DINNER

Simply put, Frank Rockwell Barnett hated tyranny. As unusually modest and low key as he was about himself and in his work with other people, whenever the subject of brutality came up, his voice would take a steely edge and his eyes would grow cold with a controlled kind of fury.

This was the dynamic that drove him through most of his professional life, that gave him the tireless energy and unfaltering will to help shape and build in this country new institutions and new cadres of young people who understood and were able to articulate the emerging role of the United States in a troubled and turbulent world.

He did not come by this naturally. Such awareness of tyranny and all that it stands for doesn't come naturally to an of us (would that it did). We have to learn it either directly or vicariously, and Frank learned it in a fairly direct manner.

As an Elizabethan scholar and teacher-turned-machine-gunner for the 69th Infantry Division that swept through Europe in 1945, Frank saw the dying embers—the legacy, if you will—of fascism, a pretty good lesson in itself as regards tyranny. But when his unit became the first to link up with the Red Army at the Elbe River—where Frank served as the interpreter between the forces and became involved in subsequent logistical matters—an even more stark lesson in tyranny emerged.

To quote The London Daily Telegraph of August 23 of last year [1993]:

''There [at the Elba River, Barnett] witnessed the negotiations over the repatriation of Red Army POWs captured by the Nazis, and was shocked to see weeping Russians hug the ground and beg to remain with the Americans. Barnett's worse fears were confirmed when the repatriated men were immediately placed before a firing squad. The experience marked him for life.''

Indeed it did. Shakespeare became a hobby—beloved, but hobby all the same. Following the war there was, first, serving on the staff of General Lucius Clay in the Military Government of Berlin, and then off to Oxford as a Rhodes Scholar to read philosophy, politics, geopolitics and economics. Then back to Wabash College for a brief time—and with the specter of weeping Russian soldiers still hovering over him, Frank Barnett joined forces with former OSS Director ''Wild Bill'' Donovan and William J. Casey in a committee to assist anti-communist Russian escapees from Berlin and Vienna.

It was also then that Mr. Smith Richardson, Sr., found Frank and asked him to direct the programs of the then Richardson Foundation, which enabled Frank to begin the process of institutionalizing means to help raise the literacy rate of lay, political and intellectual leaders of the nation to understand better not only the issues of the Cold War, but to become more familiar with the imperatives for strong, consistent and rational leadership that had fallen upon the United States in the aftermath of World War II.

This was not an easy task, I can tell you, during the 1950's especially—given the McCarthy hearings and other too-shrill voices that overreached in their zeal to ''protect America.'' Not that they weren't—most of them—sincere. They were for the most part. But they didn't have the hang of things, and more harm was being done than good. Polarization was occurring when consensus should have been taking place between Democrats, Republicans, liberals and conservatives about the realities of tyranny and oppression and how the United States should handle itself globally with its vital interests.

Nobody understood this dilemma better than Frank. By now it is late 1956—and the two of us had met and had had long talks in Chicago about these matters. By this time, Frank was well along in trying to find ways to build the kind of consensus the Nation needed if it was to upgrade the literacy of its leaders—lay and professional alike—in understanding more clearly the dynamics of geostrategic affairs in an increasingly more complex and dangerous world (a factor which still plagues us today in this post-Cold War era and for which this conference is particularly well tailored).

By the early 1960s, Frank had established an impressive, informed, ad hoc group of talented leaders—of respectable diversity, especially for those days—who shared the same concerns as did he. Among them; a patrician Richmond lawyer, name of Lewis F. Powell, Jr., an up-and-coming Northern Virginia lawyer, name of John O. Marsh, a brusque Navy JAG, name of William Mott, and an indescribably gifted Chicago lawyer, name of Morris I. Leibman.

There were, of course, quite a few others. But for tonight's purpose, I'll just stick with these extraordinary individuals, because they are the genesis of this Standing Committee.

It was Justice-to-be Powell's idea, you see, in answer to the critical question all of us had raised. How can we begin to institutionalize the increasing of geopolitical literacy in the United States in ways that are credible and have high leverage?

The law.

An understanding of the rule of law has to be the cornerstone if we are trying to frame geopolitical issues that delineate tyranny and political freedom.

So—supplied by Frank Barnett's conceptual guidance—Lewis Powell, with Morry at his side, took the matter to the ABA's House of Delegates in 1963, as I remember. And after a bit of spilled blood, what is now known as the ABA Standing Committee on Law and National Security was founded, with Frank as its first director. Frank subsequently founded the National Strategy Information Center, but he remained active with the Standing Committee until his death last year.

Those of you who follow the Committee's activities are well aware of this continuing impact of its work across the land, from high school classrooms and college campuses to boardrooms and the halls of government—and on distant battlefields. The Committee's leadership and composition have been consistently high in integrity and sense of mission, with people like John Norton, Moore, John Shenefield. Bob Turner and really all members of the Committee.

Frank Barnett was a man of extraordinary courage and vision, so that he was naturally attracted to others of courage and vision and they to him—which is what has given this Committee a life and vitality seldom seen elsewhere in volunteer activities.

And courage and vision are here tonight, not just a reference in paying tribute to Frank Barnett, but in the very people you have selected and the issues they are addressing. You have a tough, no fooling program. You have courageous and highly talented people to lay it out.

It is the kind of fare that Frank Barnett would have relished!

ENSURE TAX FAIRNESS, HELP SMALL BUSINESS AND REDUCE THE DEFICIT

HON. BOB FILNER

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Friday, April 7, 1995

Mr. FILNER. Mr. Speaker, I am joined today by my colleague, Congresswoman HELEN CHENOWETH of Idaho, in introducing the Insurance Tax Fairness and Small Insurance Company Economic Growth Act that will amend the Internal Revenue Code of 1986 to close a glaring tax loophole. When passed, this bill will assure fiscal responsibility in our debt management and help ensure tax fairness.

It is an honor to be joined by my colleague in this bipartisan effort and I am certain that, as more Members become familiar with this issue following the upcoming recess, we will have additional cosponsors.

The 104th Congress has seen numerous proposals for tax cuts, budget cuts, rescissions, and deficit reduction. Everyone has his or her own idea about what should be spared and what should be eliminated—and at whose expense. And despite our efforts at deficit reduction, the national debt continues to threaten our economic stability.

Today, we present a proposal to reduce the deficit, help pay for these budget-cutting proposals and, at the same time, help small business. Our proposal requests no new funding, attacks no one's programs, does not increase the Federal deficit and raises no new taxes.

This legislation is designed to do away with section 809 of the Tax Code that both the U.S. Treasury and the General Accounting Office [GAO] have termed as flawed and unworkable, and contrary to what Congress intended.

Our bill would close a $2 billion dollar loophole—that is $2 billion per year. Currently, a few giant mutual life insurance companies benefit from this loophole and do not pay their fair share of taxes. Closing this loophole would only require that these companies pay their full share of taxes. All that is required is a technical correction to existing tax laws affecting life insurance companies. At the same time, the Nation's small insurance companies would be helped by our efforts and would receive significant tax relief.

Under the terms of section 809 of the Federal Tax Code, the few giant mutual life insurance companies are able to increase or decrease taxes on their business activities by manipulating the sale of assets. That legislation would repeal section 809 of the Tax Code and place a cap on the amount of dividends that are tax deductible. This action would help achieve the revenue which Congress and the treasury intended for the mutual life insurance industry.

This $2 billion annual windfall dates back to 1984 when Congress attempted to correct the taxation of mutual life insurance companies. That corrective action was intended to provide income to the U.S. Treasury based on equity among life insurance companies—both stock and mutual. After a short-term increase in taxes received, the revenue actually began

decreasing. Four years later, the Treasury and the General Accounting Office [GAO] admitted something was wrong. The intended revenues were not being generated.

In fact, certain large mutual insurance companies have been paying no tax on earnings from business activity since approximately 1986. Obviously, this was contrary to congressional intent. Congress asked the insurance industry 5 years ago to come up with a solution to the shortfall. Our request is still valid, Mr. Speaker, and we can no longer wait for a response.

We must get to the bottom of this matter by having a congressional hearing that lays all of the facts on the table and presents all sides of the issue. This legislation will lead to full disclosure of all relevant material—and settle what the U.S. Treasury and other tax experts agree is the fundamental fairness involved.

There has been considerable interest in our legislation, including national columns supporting the goals of the bill. There is bipartisan support across the political spectrum. The national Coalition to Close the Loophole and Put Our Kids First brings 173 grass-roots groups to this effort.

Mr. Speaker, the state of the current budget deficit threatens our Nation's fiscal security and requires immediate and decisive action. Of all the difficult choices Congress faces, none are more agonizing than those involving taxpayer dollars. The loss of $2 billion in annual revenue makes the choices between military spending, middle class tax cuts, welfare reform, veterans' programs, and social services even more difficult than need be. Our legislation is about the ability of this Nation to tax all citizens equally, and making sure that Federal dollars are spent on programs that are truly in the national interest.

Closing the section 809 loophole makes a lot of sense—and it would be a courageous decision. It would show the Nation that Congress has its priorities back in order.

I urge the bill's careful consideration through the congressional process.

I ask that an information sheet entitled "What is Section 809 and Why Is It an Issue?" and a recent editorial from the San Diego Union-Tribune be included in the RECORD.

[From the San Diego (CA) Union-Tribune, Mar. 26, 1995]

CORPORATE WELFARE—MUTUAL INSURANCE AVOIDS FEDERAL TAXES

Historian Richard Hofstadter pointed out in his Pulitzer Prize-winning book ''The Age of Reform'' that special interests are especially adept at evading the spirit and intent of government reforms directed at them.

That certainly seems to be the case with the mutual insurance industry, which has managed for the last 11 years to evade paying its fair share of federal taxes.

In 1984, Congress rewrote the tax code to ensure that mutual insurance companies were taxed at the same level as stock insurance firms. Both companies sell the same type of policies. The difference between them is that mutuals are owned by policyholders, while stock companies are owned by stockholders.

But a funny thing happened on the way to implementing this equitable change in the tax code: The mutuals figured out a way around the revision.

By simply altering the way they accounted for their assets, the mutual firms discovered they could pay much less in taxes than the reform intended. Some mutuals, moreover, have been able to avoid paying any federal taxes on their earnings.

Not long after arriving in Washington in 1993, Rep. Bob Filner, D-San Diego, introduced a bill to remedy the situation. His measure was intended to close the tax loophole that enables mutual companies to avoid coughing up what Congress intended them to pay.

As a former history professor, Filner should have known from the beginning what he was up against. Even so, he was shocked at the ease with which his bill was stonewalled in committee and ultimately buried by the politically powerful insurance lobby.

In 1989, the mutual insurance lobby blocked House Ways and Means Committee Chairman Dan Rostenkowski from trying to close the same loophole. Instead, the industry assured lawmakers that it would come up with a tax proposal to solve the problem.

Nearly six years have passed, and still there is no plan from the industry. Nor is one likely soon, because the mutuals are content with the status quo.

Not so for Filner. He intends to reintroduce his measure, and with bipartisan support this time.

Problem is, there is little enthusiasm on Capitol Hill these days for any tax increase. What's more, the Republican majority in the House is preoccupied with passing the ''Contract With America.'' And many lawmakers on both sides of the aisle are loath to take on the insurance lobby.

But the insurance industry's evasion of the clear intent of Congress should not go unchallenged. Filner's reform would recoup nearly $2 billion in taxes that the mutual companies avoid paying each year.

Republicans have taken a great deal of flak for their efforts to pare runaway welfare benefits. Here's an opportunity for them to go after one of the many abuses in ''corporate welfare'' that also are a drain on the federal treasury.

WHAT IS SECTION 809 AND WHY IT IS AN ISSUE?

Section 809 is a provision of the Federal Tax Code authorized by Congress in 1984 to limit the deduction of dividends paid by mutual life insurance companies.

While both mutual and stock companies sell identical products (life insurance), mutual companies are owned by their policyholders and stock companies are owned by their shareholders. Congress recognized a separate provision of tax code was needed to account for this difference in ownership that distinguishes these two corporate structures. Congress intended that Section 809 would make the tax treatment of mutual life insurance companies equal to that of stock life insurance companies.

Mutual life insurance companies are among the largest financial services corporations in the United States. Like the rest of corporate America, shareholder owned life insurance companies pay dividends to their owners after federal income tax. Section 809 was enacted to treat part of the dividends that mutual life insurers pay to their owners in the same way.

Insurance companies gather income from two sources. One is income from current operations (wages and salary) and the other is from capital gains, or the appreciation in value of property held by the taxpayer that occurs from general economic conditions.

Since 1984, large mutual life insurance companies have been able to manipulate their treatment of capital gains income in an unintended way. Section 809 allows large mutual life insurers to drive their tax on operating income to zero by claiming enough income from capital gains to offset the operating income. Any other corporation or individual tax payer, however, would have to pay federal income taxes on both sources of income. This result was not anticipated by Congress in 1984, as mutual life insurance historically recognized very little capital gains income before 1984.

This unique provision allows large mutual life insurance companies to escape an estimated $2 billion in income taxes on corporate earnings annually, a unique form of corporate entitlement and a gross example of corporate welfarism.

The American public will be outraged if they learn of this loophole before Congress has the courage to stand up and close it. This is particularly understandable since Congress is cutting the benefits and programs of millions of ordinary American citizens. Closing this loophole—this gross example of corporate welfare—would mean $10 billion dollars toward deficit reduction over the next five years.

HELSINKI COMMISSION HEARINGS MARK THIRD YEAR OF WAR IN BOSNIA

HON. CHRISTOPHER H. SMITH

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Friday, April 7, 1995

Mr. SMITH of New Jersey. Mr. Speaker, this week marked the third anniversary of the war in Bosnia-Herzegovina. At this time, in 1992, Serb militants in the hills surrounding Sarajevo began their shelling of the people of the cosmopolitan and culturally rich Bosnian capital.

On the one hand, it seems like this war—with the constant, almost daily reports of the senseless slaughter of innocent people—has been going on forever. On the other hand, when the war began, no one would have imagined that it would get as bad as it subsequently did, or that we would allow it to continue that way for so long.

This week, the Helsinki Commission, of which I am chairman, held two hearings to note Bosnia's 3-year agony. At the first hearing, we heard witnesses explain that this may not even be classified as a war. Yes, there are opposing sides, but, instead of direct, military engagements, most of the violence can be characterized as a heavily armed group of Serb thugs committing genocide against those in Bosnia, and particularly the Moslem population.

Yes, Mr. Speaker, genocide. Our hearing on Tuesday focused on the extent to which ethnic cleansing, the destruction of cultural sites, and associated war crimes and crimes against humanity constitute genocide in Bosnia and other parts of former Yugoslavia. Our witnesses included Cherif Bassiouni, a law professor at DePaul University who chaired the U.N. War Crimes Commission, who discussed the ethnic cleansing that has taken place in the former Yugoslavia, and Bosnia-Herzegovina in particular. Andras Riedlmayer, a bibliographer at Harvard University, followed with a fascinating slide presentation of how the reminders of Bosnian Moslem culture—mosques, libraries, and historic sites—have been targeted for destruction in an attempt to deny the earlier existence of those who were