wage will hurt the people most in need: low-skilled workers, women, and inner-city residents.

Historically, we can see how raising the minimum wage affects the economy and unemployment.

In the past 20 years, the minimum wage has been increased nine times, each time phased in over 2 years. During every 2-year period the wage was increased since 1973, unemployment also increased. This happened regardless of whether the economy was growing or shrinking.

The only exception was in 1977–79, when the economy grew at a rate of 5.6 percent. We are looking at a 21-percent increase in the minimum wage over 2 years now. The economy's annual rate of growth was 2.8 percent in the first quarter of 1996, and 2 percent for all of 1995.

That kind of growth doesn't appear strong enough to support such a high wage increase without causing more unemployment.

On the surface, raising the minimum wage might look like a nice thing to do for those workers at the bottom of the pay scale. But only on the surface. The potential effects on the economy overall, not to mention on the people we are purporting to help, could be devastating.

Instead of trying to score easy political points, we should institute policies that will have a lasting, positive effect on everyone in the economy. Balancing the budget would have the most profound lasting effect, by lowering interest rates on homes, cars, and credit cards.

Furthermore, we can also approve the $500 per child tax credit, marriage penalty relief, adoption tax credits, and reduce the Federal gas tax.

That's the kind of relief we need, and the kind of relief President Clinton has vetoed.

INDIAN ELECTION-RIGGING

HON. DAN BURTON

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 14, 1996

Mr. BURTON of Indiana. Mr. Speaker, I recently had the opportunity to meet with several prominent Kashmiri leaders to discuss the Indian Government's intentions to force elections upon the people of Indian-occupied Kashmir on May 23 and May 30, 1996. While I was not surprised to hear that Indian security forces are continuing to commit numerous human rights abuses against innocent Kashmiris, I was astonished to learn of how far the Indian Government is going to deceive the outside world into believing that Kashmiris actually support the upcoming elections.

I have been informed that the Indian Army is going door to door telling Kashmiris that they were legally bound to participate in the election and threatening physical retaliation against Kashmiris who fail to vote. Buses are being diverted from their normal routes to transport people to rallies supposedly in favor of elections. I have also been told that the Indian Government has organized 50,000 people to pose as Kashmiris and to travel throughout Kashmir on election day casting votes at every stop all under the watchful eyes and cameras of a select few reporters chosen by India to paint the elections as a great success.

Mr. Speaker, it is quite well known by everyone who follows the Kashmir issue that the only vote people of Indian-occupied Kashmir desire is a vote which includes the option of independence from India. This option, while promised on numerous occasions by the United Nations, has been continually denied by the brutal Government of India. Why is self-determination deemed an inalienable right for so many peoples of the world, yet so taboo when talk turns to Kashmir? Are the peoples of Estonia, Latvia, Lithuania, Ukraine, Turkmenistan, Tajikistan, Armenia, and Azerbaijan more capable or worthy of self-government than the people of Kashmir? Historically, Kashmir has been ruled as a princely state far longer than it has been part of India—a country which has existed less than 50 years. Its claims to independence are just as strong as those of the former Republics of the Soviet Union.

Mr. Speaker, I have heard some political theorists argue that granting the Kashmiris their independence would prove destabilizing to South Asia and could facilitate the breakup of India. Hogwash! What could be more stabilizing for India than to give the Kashmiris, who clearly do not want Indian rule, their freedom. No longer would India have to devote hundreds of thousands of troops and huge amounts of money to suppressing the Kashmiris. Even if the transition to independence proved turbulent, would it be any more turbulent than the transition of the former Soviet Republics to New Independent States? Is avoiding potential instability a higher goal than freeing people from an oppressive ruler?

Mr. Speaker, I hope everyone in the United States will be watching the upcoming elections in Kashmir very carefully. It is obvious that the Indian Government wants the world to stop asking these tough questions and wants the world's eyes to turn away from this troubled part of the world. That is why the Indian Government is going to such extremes to stage these elections. However, this should not come as a surprise to anyone who has had an opportunity to see what India is willing to do here in the United States to shield itself from United States congressional scrutiny. I encourage all my colleagues in the Congress to read the Thursday, May 9, 1996, Baltimore Sun article which documents how the Indian Embassy recently funneled $46,000 in illegal campaign contributions to United States congressional candidates whom it perceived to be sympathetic to India. Such tampering in United States electoral politics by the Indian Embassy cannot be tolerated.

[From the Baltimore Sun, May 9, 1996]

CAMPAIGN FUND-RAISER ADMITS GUILT

(By Jim Hanker and Mark Matthews)

A prominent fund-raiser for Maryland Democrats pleaded guilty yesterday to election fraud in a scheme to launder at least $46,000 in illegal campaign contributions he received from an official at the embassy of India in 1994.

Lalit H. Gadhia—a 57-year-old immigration lawyer and former campaign treasurer to Gov. Parris N. Glendening—confessed in U.S. District Court in Baltimore to his role in the scheme to influence congressional lawmakers involved in foreign-policy decisions affecting India.

An immigrant from Bombay, India, who was active in Baltimore's early civil rights movement, Gadhia now faces up to five years in prison and $250,000 in fines. Sentencing is scheduled for this summer.

Prosecutors say the case against Gadhia is one of only a handful of cases in which foreign citizens or governments have been linked to illegal campaign contributions in a U.S. political race, and may be the first time an official of a foreign embassy has been implicated.

''The fact that the money came from the Indian Embassy and that so many people were manipulated into participating in the scheme takes this case to a higher level than we normally see in these kind of investigations,'' said U.S. Attorney Lynn A. Battaglia. ''Obviously, we have not seen a case like this in Baltimore before.''

Among those who received the illegal funds were four members of the Maryland delegation and congressmen in Pennsylvania, New York and Ohio. According to documents filed in the case, federal authorities could find no evidence that any of the recipients was aware of the true source of the contributions.

''The campaign assumed that these were appropriate contributions,'' said Jesse Jacobs, press secretary for Sen. Paul S. Sarbanes, the Marylander who is the third-ranking Democrat on the Foreign Relations Committee. Mr. Sarbanes received $4,500 of the questionable contributions.

Other Maryland Democrats who received $3,000 contributions each were Reps. Benjamin L. Cardin and Steny H. Hoyer and former Rep. Kweisi Mfume.

In all, 19 Democratic candidates nationwide got the money shortly before the 1994 elections through a network of prominent Indian-American businessmen in Maryland, their families and employees of their companies. The donors then were reimbursed by Gadhia, who admitted yesterday that he used money from a minister at the Embassy of India in Washington.

Under Foreign Election Commission rules, it is illegal for noncitizens to make political contributions or for anyone to make donations in another person's name. But Gadhia never informed donors that the money was coming from India—or told them that it was a crime to accept reimbursement for a donation.

''The vast majority of people in the Indian-American community nationally are going to be appalled by this,'' said Subodh Chandra, 28, a Los Angeles lawyer who heads a political action committee that unwittingly received at least $31,400 of the illegal contributions from Gadhia.

''We can only hope at this point that these were the acts of a lone bumbler or group of bumblers and not some sort of international intrigue involving the Indian government. Whatever the case may be, it has harmed an immigrant community in this country that has worked hard for political recognition,'' Chandra said.

The scheme first came to light last year after a two-month investigation by The Sun into Chandra's PAC, the Indian-American Leadership Investment Fund. Federal campaign finance records showed that almost all of the group's money came from Baltimore donors with ties to Gadhia, who then was Glendening's campaign treasurer.

Donating mostly in $1,000 and $500 increments, contributors ranged from prominent Indian-American engineers and doctors to cooks, busboys, students and secretaries who never before had made a political donation.

A half-dozen contributors interviewed said they were paid by Gadhia or his nephew to write the checks, but had no idea the practice was illegal.

Satish Bahl, a part owner of the Akbar Restaurant on Charles Street—where kitchen employees made $13,500 in bogus contributions—echoed other Baltimore donors in saying he now feels badly used by his former friend.

''I had no idea—absolutely no idea,'' he said yesterday. ''We were not aware of the consequences. We were only involved third-hand. We never thought about how far this could go.''

Gadhia denied the allegations at the time of The Sun's investigation. But the case against him continued to build last summer as FBI agents issued subpoenas to those who gave to the PAC or who attended fund-raisers held by Gadhia for Maryland congressional candidates, Baltimore Mayor Kurt L. Schmoke and presidential aspirants Bill Clinton and Michael S. Dukakis.

FORMER MD OFFICIAL

Gadhia was at the height of his political influence, having been rewarded by Glendening with an $80,000-a-year post as his deputy secretary of international economic development. Within days, the governor demanded his resignation.

The allegations of wrongdoing stunned Baltimore's close-knit Indian-American community because Gadhia was its de facto political leader—the man with the golden Rolodex who could produce thousands of dollars in contributions with a round of telephone calls.

Then, on May 8, 1995, FBI agents seized documents from Gadhia's Charles Street office that quickly expanded the investigation beyond the PAC contributions.

According to records released yesterday by the U.S. attorney's office in Baltimore, the courier bill was addressed to a minister named Devendra Singh at the ''Embassy of India'' and it contained checks not only to the PAC but to 12 Democratic lawmakers.

The records enabled the FBI to trace some $46,000 in illegal contributions back to Singh at the embassy, Battaglia said.

Singh, who now is a high-ranking police official in Rajasthan state in India, was minister for personnel and community affairs at the embassy at the time. Among his duties was to reach out to prominent Americans who had immigrated from India and seek their support for the government.

NO SUCH CONTRIBUTION

The current minister for community affairs, Wajahat Habibullah, denied that the embassy is involved in trying to influence U.S. foreign policy through campaign contributions.

''I have not made any such contribution,'' he said, adding that diplomats at the embassy have a budget for entertaining dignitaries but not for political donations. ''Certainly it is not part of our work.''

But it is not the first time the issue has come up.

India's current ambassador has been in Washington only since April. But his predecessor, Siddhartha Ray, who is now running for Parliament in India, drew harsh criticism from Indiana Republican Rep. Dan Burton for his statements backing certain members of Congress who were known to be strong supporters of India.

''We are very concerned about political activities at the Indian Embassy,'' Burton's chief of staff, Kevin Binger, said of the Gadhia guilty plea. ''We feel very strongly that it should stay out of political races. Any allegation that this is going on should be investigated and made an issue with the Indian government.''

Said embassy spokesman Shiv Mukherjee: ''The Indian Embassy operates fully within the bounds of diplomatic propriety.''

Officially, the State Department had no comment. Privately, however, officials chalked up the illegal contributions that were funneled through Gadhia's Maryland political network to a lack of sophistication in how to influence the American political system.

One official said the Indians had made a fumbling start in their attempt to copy the formidable clout wielded on Capitol Hill by such countries as Greece and Israel, which are aligned with powerful and well-financed Washington lobbies.

India and its supporters in Washington have been extremely vocal in trying to limit U.S. military assistance to India's longtime adversary, Pakistan—most recently, the sale of 38 F–16 fighters.

As the Clinton administration has tried to improve trade and political ties with India while not damaging relations with Pakistan, much of this debate has played itself out before the Senate Foreign Relations Committee and House International Relations Committee.

Federal Election Commission records show that the committee members have become magnets for campaign contributions from Pakistani and Indian immigrants living in the United States—and for Gadhia's laundered contributions.

In addition to Sarbanes, other Democratic committee members targeted were Sen. Charles S. Robb of Virginia, $2,000; Rep. Gary L. Ackerman of New York, $3,000; Rep. Sherrod Brown of Ohio, $3,000; Rep. Lee H. Hamilton of Indiana, $3,000; Rep Eliot L. Engel of New York, $3,000; Robert E. Andrews of New Jersey, $3,000; and Rep. Howard L. Berman of California, $2,800.

State Department officials said yesterday's revelations were unlikely to do serious damage to U.S.-Indian relations. Nor does the Gadhia case appear to rise to the level of other campaign financing scandals involving foreign nationals.

The Justice Department is investigating the campaign finances of Rep. Kim, a California Republican and the first Korean-American member of Congress.

Since December, four Korean companies—Hyundai Motor America, Korean Air Lines, Daewoo International (America) Corp. and Samsung America—have paid a total of $1.2 million in fines in connection with illegal campaign contributions to Kim that were laundered through company employees.

In 1994, a number of Japanese citizens and corporations paid a $162,225 civil penalty to the FEC for making more than $300,000 in illegal contributions in Hawaii during the 1980s.

Perhaps the most famous episode of foreign intervention in recent history was the Korean scandal of the 1970s, in which a wealthy South Korean businessman funneled hundreds of thousands of dollars in bribes and contributions to U.S. politicians.

Among those caught in the scandal, which implicated more than 30 members of Congress, was Hancho C. Kim, a Maryland businessman. He was sentenced to six years in prison in 1978 for accepting $600,000 in funds from the Korean government to influence members of Congress.

HOW THE MONEY MOVED

Aug. 16, 1993. Indian American Leadership Investment Fund registers as a political action committee (PAC) with the Federal Election Commission. In first 13 months, it raises $700.

October 1994. Lalit H. Gadhia sends 41 checks totaling $34,900 written by various individuals to the PAC. Between Oct. 30 and Nov. 3 the PAC sends $34,800 to 14 congressional candidates and to the Massachusetts. Democratic Party's Victory '94 fund. Federal prosecutors say that Gadhia selected the candidates to receive contributions and that he reimbursed the authors of most of the checks, using money obtained from an official at the Indian Embassy in Washington.

October–November 1994. Another $16,000 in contributions from individuals is made directly to 12 candidates, including eight who also received money from the PAC. The contributors are reimbursed by Gadhia, using money from the Indian Embassy official.

Dec. 1, 1994: Gadhia sends a report on the use of the campaign funds to the embassy official, Devendra Singh.

May 3, 1995. Gadhia resigns as Gov. Parris N. Glendening's campaign treasurer following a report in The Sun describing his fund-raising activities. He also takes leave of absence from his $80,000 post as assistant secretary of international economical development in the Maryland Department of Economic and Employment Development.

May 8, 1995: FBI searches Gadhia's law office and finds evidence of the scheme to launder illegal campaign contributions.

June 30, 1995: Gadhia resigns his state job.

Yesterday: Gadhia appears in federal court and admits his role in the scheme.

MEDICAL SAVINGS ACCOUNTS: DELTA DENTAL EXPLAINS WHY THEY ARE ABOUT AS GOOD FOR HEALTH CARE AS AN ABSCESSED TOOTH

HON. FORTNEY PETE STARK

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 14, 1996

Mr. STARK. Mr. Speaker, following is a letter in opposition to medical savings plans from Delta Dental, the large dental health care plan that serves about 27 million Americans.

MAY 3, 1996.

Hon. FORTNEY PETE STARK,
U.S. House of Representatives, Cannon Building, Washington, DC.

DEAR REPRESENTATIVE STARK: I am writing to urge you to oppose the inclusion of Medical Savings Accounts (MSAs) in healthcare reform legislation currently pending in Congress (HR3103).

As you know, Delta Dental Plan of California is the state's oldest and largest dental health plan, covering almost 12 million people in our commercial and government programs throughout California and the nation. We are a member of the nationwide Delta Dental Plans Association, which serves more than 27 million Americans and includes participation of 67 percent of the nation's dentists.

Delta Dental Plan of California supports the primary objectives of the current incremental healthcare reform legislation to provide portability and limit preexisting medical exclusions. It is important to note that dental coverage plays an essential role in our nation's healthcare system. In fact, dental benefits embody the qualities being sought in healthcare reform by emphasizing primary care and preventive services, holding patients responsible for a portion of the services they receive and controlling costs. According to the Institute of Medicine, regular dental care dramatically reduces dental disease, saving $4 billion annually. As a share of national health expenditures, dental costs have actually declined over the past three decades—from 7.4 percent in 1960 to 5.3 percent in 1990. While medical care costs were skyrocketing, the cost of dental care rose at a rate less than half that of physicians' services and one-third the rate of hospital costs.

While MSAs may help lower healthcare costs for some, they run counter to the principles of a sound dental care program.