

The same with banks. Deregulation has, theoretically at least, made it easier for new banks to compete with established banks. But while thousands of new banks have been created, many of the big established banks have merged, meaning, for many people, less consumer choice, not more. I guess we shouldn't be surprised to find that the "law of unintended consequences" applies to deregulation, just as it applies to everything else.

So, after about a decade of experience, we in the US have learned, I think, to approach deregulation carefully. Rushing headlong into a deregulated economy can, we have found, usher in new problems, even as it solves some of the old ones. The key to measuring the success of deregulation is, and will be, of course, the degree to which regulatory change benefits the public. Again, we come back to the idea of the public good. But how will this benefit be measured? And what should we look out for?

I would suggest that one of the greatest services public utilities can provide in a deregulated marketplace is vision, especially in the context of the public interest. The independently owned, private utilities might say that they are the ones who bring "vision" to the utilities industry but I would challenge that view. In fact, competition—especially in this era of "just in time" delivery—often breeds a corporate vision that sees no further than the next quarterly report, or today's closing share price on the New York Stock Exchange, and this lack of vision, especially in our industry, can have very serious consequences. Public power's vision starts and ends with public responsibility.

Let me give you an example. This summer, if we're unlucky—and let's hope we're not—we could actually find ourselves short of power in one or more major American cities. Just imagine the impact on computers and transit systems if that were to occur.

Now, private utilities also know that the American economy is increasingly dependent on electrical power, but their bottom-line calculations don't allow for the generation of very much excess capacity just because we might, in a heat wave, find ourselves running short. Right now, they would argue, construction of another major generating unit would not produce the return on investment their shareholders demand. Surplus capacity is unsold inventory. It's "inefficient."

At TVA, of course, we don't have shareholders. We have the public. So, while TVA does not build facilities for power production greater than the requirements of our service area, we do operate with a surplus to avoid a power shortage to our customers. We provide this margin for unexpectedly high demand and generation which is sometimes unavailable.

In the past five years, we've seen load growth of about 3.9 percent per year in the Tennessee Valley and 2.7 percent across the US—and the US Department of Energy projects load growth of close to 2 percent nationally every year for the next decade—so, frankly, it is our public responsibility to continue to provide a margin for the Valley as the load continues to grow. Which is not to say that we couldn't actually run short of power in the Tennessee Valley this summer. We could. There's no telling just how high the temperature will rise, and for how long. (Someone else is in charge of the weather.) But at TVA, we think long and hard about these issues. It's our responsibility, because we're a public utility.

Let me offer another example of the vision of the public utility. As far back as 1933, when TVA was created, it was clear that the system of streams and rivers that feed the Tennessee River—and the Tennessee River

itself—could be both friend and foe to the people in the valley. TVA was charged with the responsibility of managing the river first as a natural resource and second as a power resource. In fulfilling this responsibility, our public utility has helped reclaim thousands of acres of farmland and stem the tide of seasonal flooding. Private utilities count on other government agencies to handle land and river management—in the US, that's usually the Army Corps of Engineers—but in the Tennessee Valley, water resource management is the responsibility of TVA, a public utility. Our public utility has also helped industries in the Tennessee Valley grow and prosper.

We've helped arrange loans for small businesses, we've helped locate industrial sites, and we've provided technical expertise to start-up companies and major corporations who have chosen to make the Valley their home. But as the deregulation debate heats up in the months and years ahead, I'm sure that some will question whether TVA or any public utility should continue to manage such a broad portfolio of public service. "That was fine during the 1930s," some will argue, "but we're a long way from the Great Depression. We don't need a TVA for the 21st century." I would argue, in fact, that we will need public utilities more than ever. Even if deregulation succeeds in lowering electricity costs for most Americans (and I think everyone agrees that it's unlikely to reduce electricity costs for all Americans), there are still questions about the overall benefits of deregulation to the public.

But let me be clear here. TVA is pro-deregulation and pro-competition. The US government, in a Comprehensive Electricity Competition Plan published by the Administration last March, calculates that retail choice deregulation will cut electricity costs by about 10 percent, or about \$100 dollars per year for a family of four. That's a significant savings and, again, as a public utility, we're in favor of cutting energy costs for the American people.

Deregulation has the potential to save billions in energy costs for commercial customers, which will make American industries more competitive in the global marketplace. This will benefit the entire American economy and, as a public utility, we support lower energy costs for business and industry, and let me be clear about one more important point. Public responsibilities will not—and should not—absolve public utilities of the requirement to operate efficiently and to compete fairly in the deregulated marketplace.

At TVA, we're proud of the fact that our production costs are second lowest among the nation's top 50 utilities, and we're hard at work, every day, finding new ways to bring those costs down even lower. But lower electricity costs along are not the sole measure of the public good. If energy companies degrade the environment to produce cheaper electricity, is that a net gain, or loss, for the people who use the power, and live on the land?

If a regional power company chooses to neglect its responsibilities to its local customers so as to make a bigger profit wheeling power to a distant market, it that a net benefit, or loss, of the nation as a whole? These are difficult issues now, and they will become even more difficult in the deregulated future. Public utilities, which serve the interests of the people—not just corporate shareholders—will provide a benchmark by which the performance of all power companies will be measured.

They will help to define "the public good" as it applies to energy production and distribution. And for this reason alone, they deserve their place in the deregulated market-

place of the next century. I know that many of you are wrestling with some of the same issues we are dealing with now in the United States. Deregulating electric utilities will lower energy costs for our citizens and our industries and it is our responsibility to work together—public utilities and independent providers, industry executives and political leaders—to achieve this goal. But if our experience is of any value. I would suggest that you approach deregulation thoughtfully, and with careful deliberation. Above all, I would suggest that you measure the success of your efforts in more than just francs, or marks—or euros—saved.

I would suggest that you measure your ultimate success against the higher standard of the public good. A final thought. The political challenges of deregulation may cause some of us, at various points in the process, to question whether it is a course worth pursuing.

I believe that it is, and that we must stay the course, and do it right. I take my inspiration, again, from President Franklin Roosevelt. The day before he died, FDR wrote remarks for a Jefferson Day lecture he was to deliver the following day. He wrote . . . but never said . . . "The only limit to our realization of tomorrow will be our doubts of today. Let us move forward with strong and active faith." And as we move forward, ladies and gentlemen, let us remember to balance our commitments to our various boards and shareholders with a commitment to the constituents who matter most: the publics we serve. Thank you all very much for your kind attention, and thank you to the IEA for inviting me here to Brussels for this excellent and most interesting forum.

PERSONAL EXPLANATION

HON. JOHN EDWARD PORTER

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 16, 1998

Mr. PORTER. Mr. Speaker, during the vote on H.R. 3682, the Child Custody Protection Act, on July 15, 1998, I was not able to vote on final passage. I want to clarify that I oppose H.R. 3682, and that I would have voted "nay" had I been present.

Mr. Speaker, the rule on this bill should have permitted amendments to H.R. 3682 and for that reason I opposed the rule and the previous question on the rule. I voted for the motion to recommit because the bill in its present form is too extreme. The current legislation could punish anyone, including a grandparent or mother in a State with a two parent notice requirement, who accompanies a young family member across State lines for an abortion. If amended to address this type of problem along the lines recommended by the President, this bill could earn my support and be swiftly enacted into law.

OMB CONFIRMS CREDIT UNION BILL HAS NO NET BUDGET IMPACT

HON. PAUL E. KANJORSKI

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 16, 1998

Mr. KANJORSKI. Mr. Speaker, I am pleased to report to the House that the Director of the

Office of Management and Budget, Jacob Lew, has confirmed that enactment of the LaTourette-Kanjorski, Credit Union Membership Access Act (H.R. 1151) would have, "no net budget impact" and "no PAYGO cost."

This finding by OMB, which applies to both the House-passed, and Senate Committee-reported versions of H.R. 1151, verifies what most of us have intuitively known for some time. Expanding access to credit unions will give consumers additional choices but will not negatively affect the federal budget. Nor will it violate the Balanced and Emergency Control Act. Claims to the contrary are merely efforts by opponents of consumer choice to throw obstacles in the way of this important pro-consumer legislation.

The Office of Management and Budget has had an excellent record in recent years for accurately projecting the budget impact of legislation. OMB's analyses are prepared by dedicated professionals who take their responsibilities seriously. We should be thankful for their conclusions and should all work to ensure that a final version of the LaTourette-Kanjorski Credit Union Membership Access Act is presented to the President for his signature as soon as possible.

The full text of OMB Director Lew's letter follows:

EXECUTIVE OFFICE OF THE
PRESIDENT, OFFICE OF MANAGEMENT
AND BUDGET,
Washington, DC, July 15, 1998.

Hon. PAUL E. KANJORSKI,
U.S. House of Representatives, Washington, DC.
DEAR REPRESENTATIVE KANJORSKI: Thank you for your letter inquiring about the budget impact of H.R. 1151, the Credit Union Membership Access Act. OMB estimates that there would be no net budget impact from either the House or Senate versions of H.R. 1151 under section 252 of the Balanced Budget and Emergency Deficit Control Act of 1985's Pay-As-You-Go budget scoring rules (known as "PAYGO").

Sections 101 and 102 of H.R. 1151 (as passed by the House and as reported by the Senate Banking Committee) redefine the circumstances under which a credit union may expand its field of membership. By increasing credit union membership beyond what was permissible after the recent Supreme Court decision, the new field of membership rules may allow consumers to shift funds from tax-paying financial institutions to tax-exempt credit unions, resulting in reduced revenues. By longstanding convention, OMB only scores revenue changes resulting directly from modification of tax law; it does not score indirect changes resulting from modification of consumer behavior. This is consistent with OMB's interpretation of the Budget Enforcement Act requirement to score costs resulting from legislation. Because Sections 101 and 102 do not change tax law, OMB estimates that these sections would have no PAYGO costs.

The new definition also would lead credit unions to acquire more insured shares (deposits), thus increasing deposit insurance assessments received by the National Credit Union Share Insurance Fund (NCUSIF). The Balanced Budget and Emergency Deficit Control Act of 1985, section 252(d)(4)(A), exempts provisions that provide for the full funding and continuation of the government's deposit insurance commitment from the PAYGO scoring rules (known as the "deposit insurance exemption"). The additional deposit insurance assessments that NCUSIF would receive as a result of this provision come under the deposit insurance exemption and are, therefore, PAYGO exempt. OMB es-

timates no PAYGO cost from expansion of the common bond authority.

H.R. 1151 would prevent the National Credit Union Administration (NCUA) from issuing a rebate of NCUSIF funds to insured credit unions until the fund's reserve ratio exceeds 1.5% of insured shares. Currently the NCUA pays rebates whenever the fund reserve ratio exceeds 1.3%. This provision would decrease NCUSIF outlays until the fund reaches 1.5% currently estimated to happen in 2003. As above, this provision contributes to the full funding and continuation of deposit insurance, and is therefore exempt from PAYGO.

Finally, H.R. 1151 increases NCUA's administrative expenses. The NCUA's policy, however, calls for charging member credit unions fees sufficient to offset all administrative costs. Thus, these additional expenses would be PAYGO neutral.

Thank you for your interest in OMB's analysis of H.R. 1151.

Sincerely,

JACOB J. LEW,
Acting Director.

NEW LEAKS OF INFORMATION
FROM KEN STARR'S INVESTIGATION
IMPUGN INTEGRITY OF
DEDICATED SECRET SERVICE
PROFESSIONALS

HON. JOHN CONYERS, JR.

OF MICHIGAN
IN THE HOUSE OF REPRESENTATIVES
Thursday, July 16, 1998

Mr. CONYERS. Mr. Speaker, leaks of confidential information regarding Ken Starr's investigation of the President have become intolerable. Yesterday, the media was filled with reports that were attributed to congressional sources close to Mr. Starr's investigation. According to those sources, Mr. Starr subpoenaed Larry Cockell, the head of the President's Secret Service protection team, in order to learn whether the Secret Service "facilitated" meetings between the President and unnamed women.

The suggestion that the Secret Service would do that kind of thing is an outrage. And to share those sinister and unfounded suspicions with unnamed congressional sources is even worse. Why should the Secret Service have to endure this slander from people who claim to represent the United States of America?

Secret Service agents put their lives on the line day-in and day-out. Whenever, the President is in public, they are in the line of fire. Who can forget the searing image of John Hinckley's cowardly attack on President Reagan. And who can forget the fact that Tim McCarthy, the President's Secret Service agent, took a bullet to save the President's life.

The agents who protect the President are the best of the best. It is an insult to the integrity and professionalism of these dedicated men and women to think that they would participate in these kinds of activities. In fact, Lewis Merletti, the Director of the Secret Service, and the former head of the President security team, said last night that he would have resigned before he would have tolerated improper activity by a person he as assigned to protect.

Mr. Starr denies that he leaked information about the Secret Service matter to Congress.

Unfortunately, he has little credibility on that issue. In the past, Mr. Starr said that he made "the prohibition of leaks a principal priority" of his Office. He also said that he considered leaks "a firing offense."

Only later did we learn that Mr. Starr and his chief deputy routinely talk to reporters off-the-record. When that fact was exposed, Mr. Starr tried to argue that as long as he did not reveal what a witness said in the grand jury room, there was no law or ethical rule that prevented him from talking to reporters. Of course, Mr. Starr's position is contrary to a recent decision by the D.C. Circuit Court of Appeals that makes it illegal to reveal "not only what has occurred and what is occurring, but also what is likely to occur. Encompassed within the rule of secrecy are the identities of witnesses of jurors, the substance of testimony as well as actual transcripts, the strategy or direction of the investigation, the deliberations or questions of the jurors, and the like."

Over and over again, Mr. Starr either pushes or exceeds the limits of propriety. His dealings with the Secret Service are a good example. Although Mr. Starr won the right in the district court and court of appeals to serve his subpoenas, the matter is still under litigation. With the issue heading for a showdown in the Supreme Court, why did Mr. Starr try to get the agents into the grand jury today? One explanation, and one that I hope is not true, is that he wanted to get the testimony before the Supreme Court could rule on the issue.

Mr. Starr's insistence that the agents testify today has thrown the legal process into disarray. Our legal system is built on the orderly movement of a case from the trial court, to appeal, to the Supreme Court.

This process ensures that judges have enough time to consider the arguments for and against each side of a dispute. Here, where the safety and health of the President of the United States are at issue, it is particularly disturbing that Mr. Starr has engaged in legal strong-arm tactics.

WASHINGTON ELEMENTARY
SCHOOL: A MODEL FOR EDUCATIONAL SUCCESS

HON. GEORGE MILLER

OF CALIFORNIA
IN THE HOUSE OF REPRESENTATIVES
Thursday, July 16, 1998

Mr. MILLER of California. Mr. Speaker, over the last several months I have had the distinct pleasure of working with an incredible group of young people on the development of a Congressional "Kids's Page" web site. These aspiring web designers were students from the 4th, 5th and 6th grade classes at Washington Elementary School in Richmond, California.

Washington Elementary is an ethnically diverse neighborhood school situated between an affluent bayshore community and the inner-city streets. The oldest school in the West Contra Costa Unified School District, it was slated for closure in 1991 because of falling enrollment and poor academic achievement. Yet the Washington School of today is a thriving learning environment, full of energy and life. Its enrollment has more than doubled, test scores are quickly rising and it has been recognized by the Bay Area School Reform Collaborative as a Leadership School.