

EXTENSIONS OF REMARKS

UNITED STATES COMMERCIAL
CLAIMS AGAINST SAUDI ARABIA

HON. LEE H. HAMILTON

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Friday, September 16, 1994

Mr. HAMILTON. Mr. Speaker, the Committee on Foreign Affairs, working with various Members of Congress, has been pursuing the commercial claims of United States firms against Saudi Arabia. Some of these disputes have been running for several years, but most have now been resolved. Only 3 of 17 claims remain unresolved.

For the information of Members and the public, I am printing below a report from the Department of Commerce on the status of the claims. The Commerce Department and the administration are to be commended for helping to move these disputes to settlement.

U.S. DEPARTMENT OF COMMERCE,
INTERNATIONAL TRADE ADMINISTRATION,
Washington, DC, July 27, 1994.

HON. LEE H. HAMILTON,

Chairman, Committee on Foreign Affairs, U.S.
House of Representatives, Washington, DC.

DEAR CONGRESSMAN HAMILTON: Members of your staff recently requested information regarding the status of the outstanding U.S.-Saudi commercial disputes that we identified in our May 27, 1992 letter to you. Only three of the seventeen commercial disputes that we identified in that letter have not been resolved.

In the claim of First Chicago National Bank against the Ministry of Industry and Electricity, First Chicago has received a partial payment of \$3.9 million of the \$6.7 million awarded to it by the Saudi Grievance Board. First Chicago is working with the Saudi government at a senior level to secure the outstanding payment, and has no plans to request any U.S. Government assistance in this matter.

Bill Harbert International Construction, Inc. (Harbert) accepted a \$6.8 million payment in satisfaction of a judgment rendered in the firm's favor by the Saudi Grievance Board against the Ministry of Agriculture and Water. The firm contends that it is owed an additional \$7 million because of a flawed adjudication process. Ambassador Bandar has stated on behalf of the government of Saudi Arabia that the Saudi court judgment was fair, final and binding, and that the government of Saudi Arabia considers the matter closed. Because this case involves allegations about the fairness of the Saudi judicial process, we can no longer consider it a commercial dispute. We have advised Harbert to consider raising this matter with the Department of State so that the issue of the alleged unfair court process may properly be addressed.

The claim of Continental Illinois Bank against King Saud University has been taken over by the Federal Deposit Insurance Corporation (FDIC). Ambassador Bandar believes this claim should be directed to the private Saudi contractor to whom Continen-

tal Illinois provided financing. The FDIC has taken no action to date on this claim.

In addition, five of the eight disputes mentioned in the Department of Defense June 30, 1993 report on U.S.-Saudi Commercial Disputes have been resolved. Of the remaining matters, we do not classify the claims of Science Applications International against the Department of Zakat and Income Tax and BMY Combat Systems against the Ministry of Defense and Aviation as commercial disputes.

Science Application's claim relates to a tax problem arising from conflicting regulations of the Department of Zakat and Income Tax and the Ministry of Defense and Aviation. BMY's claim involves a payment delay on a debt which Ambassador Bandar has acknowledged is owed to the firm. The Saudi Embassy is working to secure final payment to BMY and resolve the Science Applications tax issue.

The claim of Gibbs & Hill, Inc. (G&H) against the Royal Commission for Jubail and Yanbu remains unsettled. Ambassador Bandar stated in a letter to Secretary Brown on April 15, 1994 that the dispute was adjudicated in the appropriate Saudi trial court, and that G&H appealed the judgment rendered by the trial court to the appropriate Saudi appellate body. Saudi courts ruled against G&H in both instances. The Saudi Government, therefore, considers this case closed because G&H has had the opportunity to fully air its claim in accordance with Saudi law. At the request of the Commerce and State Departments, however, Ambassador Bandar has agreed to meet with the CEO of G&H. He also has offered to transmit to the appropriate Saudi court any new evidence that G&H may have in support of its claim.

Although it has taken a considerable length of time, we believe that Ambassador Bandar has worked to resolve all the long-standing disputes between U.S. firms and agencies and instrumentalities of the Saudi Government that may be fairly characterized as commercial in nature. We have worked closely with the U.S. firms, Congress, and the State and Defense Departments throughout the process to promote amicable settlement of these claims. Specifically, we have facilitated communications between the parties, advised claimants on assembling claims documentation, and provided similar process-related support.

We are well aware of Congress' continued interest in the Harbert and G&H claims. Because they involve allegations about the functioning of the Saudi judicial system and the propriety of the legal process in their specific cases, we do not believe they should continue to be viewed as unsettled commercial disputes. Rather, the issues raised by these claimants refer to whether the firms were afforded fair and just treatment in a sovereign state's legal system. Consequently, we consider these claims to be of a political, and not commercial, nature. We have recommended to both Harbert and G&H that they consider raising formally their claims against the Saudi Government with the Department of State, and understand that the firms are currently working with State toward a resolution of their claims.

Thank you for your continued interest in this issue. Should you have further questions concerning this matter, do not hesitate to contact Norma Krayem, Acting Director of the International Trade Administration's Legislative and Intergovernmental Affairs, at 482-3015. I may be reached at 482-1860.

Sincerely,

KARL S. REINER,
Acting Deputy Assistant Secretary
Africa, Near East and South Asia.

Enclosure.

RESOLVED U.S.-SAUDI COMMERCIAL DISPUTES
(MENTIONED IN COMMERCE'S MAY 1992 LETTER)

Case: Blount International vs. King Saud University.

Case: Buheit International vs. Prince Mishaal.

Case: Casey & Glass, Inc. vs. Saudi Arabian National Guard.

Case: Westinghouse vs. Saudi Electricity Corporation.

Case: Leo A. Daly vs. Ministry of Health, Pension Fund Directorate of the Ministry of Finance & National Economy, Ministry of Industry & Electricity, Royal Commission for Jubail & Yanbu, and Ifta's Organization.

Case: RHS International vs. Ministry of Municipal and Rural Affairs, Deputy Minister of Town Planning.

Case: Sanderson & Porter vs. Saline Water Conversion Corporation.

Case: First National Bank of Chicago vs. Ministry of Public Works and Housing.

Case: Aydin Systems Division vs. Royal Saudi Air Force.

Case: National Medical Enterprises vs. Ministry of Interior, Ministry of Defense & Aviation, and Ministry of Health.

Case: Square D Ltd. vs. Ministry of Defense and Aviation.

Case: Texscan Corporation vs. Royal Commission for Jubail & Yanbu.

Case: Ashland Technology vs. Saudi Public Transportation Company.

Case: L. Michael Milbrath & Plaza Hotel vs. HRH Prince Abdullah bin Jalawi.

RESOLVED U.S.-SAUDI COMMERCIAL DISPUTES
(MENTIONED IN JUNE 1993 DEFENSE DEPARTMENT REPORT)

Case: H.B. Zachary International vs. Ministry of Municipal and Rural Affairs.

Case: The Hartford Graduate Center.

Case: Computer Sciences Corporation.

Case: AECOM.

Case: Lockheed Sanders vs. Ministry of Interior.

UNRESOLVED U.S.-SAUDI COMMERCIAL
DISPUTES

Case: Bill Harbert International Construction, Inc. vs. Ministry of Agriculture & Water.

Status: Harbert accepted payment of \$6.8 million in satisfaction of a judgment rendered in the firm's favor by the Saudi Grievance Board, yet still contends that it is owed an additional \$7 million. The Saudi government believes the case is closed. The Commerce Department has indicated to Harbert that it may wish to consider requesting State Department involvement since the matter involves issues relating to the judicial process of Saudi Arabia. New U.S. Ambassador to Saudi Arabia, Raymond Mabus,

● This "bullet" symbol identifies statements or insertions which are not spoken by a Member of the Senate on the floor.

Matter set in this typeface indicates words inserted or appended, rather than spoken, by a Member of the House on the floor.

met with Mr. Bill Harbert on July 14, 1994 to discuss the claim.

Case: Gibbs & Hill, Inc. vs. Royal Commission for Jubail and Yanbu.

Status: Saudi government considers the case closed because Gibbs & Hill had the opportunity to fully air its claim in accordance with Saudi law. The firm plans to meet with Ambassador Bandar. The State Department has agreed to assist in organizing the meeting.

Case: First Chicago National Bank vs. Ministry of Industry & Electricity.

Status: First Chicago is working to secure the remainder of a partial payment made by the Ministry, and has no plans to request U.S. Government assistance.

Case: Continental Illinois Bank vs. King Saud University.

Status: This claim has been taken over by the Federal Deposit Insurance Corporation which has taken no action to date.

Case: Science Applications International vs. Department of Zakat and Income Tax.

Status: Tax problem not a commercial dispute. The Saudi Embassy is working to resolve this tax problem.

Case: BMY Combat Systems vs. Ministry of Defense and Aviation.

Status: Payment problem not a commercial dispute. The Saudi Embassy is working to secure final payment to BMY.

MEDICAL SAVINGS ACCOUNTS: A NEW APPROACH TO A CONSERVATIVE IDEA

HON. NEWT GINGRICH

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Friday, September 16, 1994

Mr. GINGRICH. Mr. Speaker, I rise today to submit into the RECORD an article written by Christina Jeffrey and Lois Kubal. Their paper helps to confirm the advantages of utilizing medical savings accounts and a free market to preserve quality health care for all Americans.

MEDICAL SAVINGS ACCOUNTS: A NEW APPROACH TO A CONSERVATIVE IDEA

(By Christina F. Jeffrey and Lois M. Kubal)

More heat than light is being aimed at the health care issue. Americans are becoming increasingly skeptical that such reform is even needed. The health care system in the United States is the best in the world. That it is not equal for all our citizens is also true. But need it be? Is health care a guaranteed right? "Life, liberty and the pursuit of happiness" does not mean a government guarantee for even more basic needs such as housing, clothing and food much less health care. If these basic needs are met according to the individual citizen's desires, can health care be forced on those with their own ideas of what health care should be. Individuals can place more emphasis on housing than on clothing. So, many factors go into making life decisions. Just as housing and clothing are not equal, neither is health care. Can the government mandate universal health care? Not without destroying the economy of the nation. We have only to look at the existing governmental agencies to realize how true that statement is.

Private enterprise has proven itself better at managing most government functions. From prisons to city government, communities are finding more efficient operation by bidding out the services once provided by government. If an important document needs

delivery, it doesn't go to the Post Office. Children who go to private schools receive a better education. Anyone that has had dealings with the V.A. hospitals will tell you what a difficult if not impossible ordeal they have been through. So allowing our government to become involved in anything as important as health care is putting the fox in the hen house. Taxes will go up. Individual freedoms will suffer.

That the current administration wants to increase its power by controlling our health care doesn't make economic sense. The President's wife with the best intentions has presented the Congress an overwhelming, unreadable document. Experience has shown that establishing another agency would only add to the inefficiency and wastefulness of existing centralized government. Whether you look at the Post Office, the Army, or the Small Business Administration, any agency run by the government would be better run by private industry. This fact is not only true in the United States, but as most industrialized nations are finding out, private enterprise can do a better job anywhere in the world! As nations such as Germany and Britain are scrambling to divest themselves of this overwhelming burden, the President of the United States is determined to have universal health care.¹

If the President or Congress had a real interest in health care reform for our citizens, they would honestly examine what other nations have been doing. All of the socialized nations are having trouble funding health care. Canada is an example. Their health care is not funded properly, Provinces have run out of money before the end of the fiscal year, and the Canadian government is sending its citizens to our country for treatment.² The socialized government of Canada underestimated the cost of "free" health care!

The realization is that the United States may not be perfect, but we are ahead of other industrialized nations in health care. That the system could be improved is not the question. Most of us agree some reform to the system is necessary. But before the reforms are made, we need to look at all aspects of the existing system. Then we can decide what to throw out and what to keep. One cannot examine health care reform with examining prescription drugs, hospital costs, doctors' malpractice insurance, third party payers, lawyers' pay scales, and many other areas. One of the most remarkable features of this list is the inclusion of insurance and legal fees * * * areas that should have nothing to do with health care. Without addressing these issues, no health care reform is possible.

Within the existing health care system in the United States, people may choose Health Maintenance Organizations (H.M.O.'s), private insurance or benefits from the work place. All three are acceptable. It is a matter of which works best for the individual. True, private insurance can exclude people with known medical conditions, but that problem can be solved by giving tax deductions to individuals and families rather than to companies. In addition to this change, insurance companies could be barred from dropping someone with three years of on-time payments; then insurance would truly insure people against becoming ill.

Businesses should not be allowed to deduct the cost of the employee health insurance. If the deduction goes to consumers then consumers will own their policies just as they do

other kinds of insurance such as auto or home. Insurance would then be portable. When one loses his job or changes employers, the benefit goes with the worker. There's no gap in the coverage as so often happens when one changes jobs.

An advantage of incremental reforms, such as the one above, is that it does not require a complete change in either the way we do business or in our health care system. Additionally we should be able to establish medical savings accounts similar to the independent retirement accounts (I.R.A.) of the Reagan era. Just as that would have ensured a retirement fund for individuals, such independent medical funds could ensure medical care for everyone in the United States. Each citizen would be required to save a certain amount of money each year. That tax-free money would be held in an Individual Medical Savings Accounts (I.M.S.A.) similar to the I.R.A.³ The money could accrue interest and grow. When the account has reached its full requirement, no additional money would be paid into the account. If the account becomes larger than the requirement, one could remove the extra cash minus taxes due.

This idea has received considerable attention from conservatives seeking to encourage price shopping and restraint among consumers. But in most proposals, the savings accounts, once spent, act as deductibles for insurance purposes. This lessens the cost-control advantages since the prospect of third-party payment remains a major factor in the system, and it is the disconnection between first parties (providers) and second parties (patients) which has been one of the biggest factors in pushing up the cost of health care. One unfortunate effect of these conservative plans could be for health care providers to raise their prices in order to get more of their patients' I.M.S.A.'s.

In order to get true cost control from the effects of a viable free market, there can not be a huge pot of insurance money waiting to be spent as soon as the patient exhausts his own funds. Once your tax-free savings account is spent, you would have to spend pre-tax dollars, unless you had invested in "medi-gap"⁴ insurance. To cover catastrophic cases, a small percent of money that has been paid as Social Security⁵ would be used to fund catastrophic health care insurance.⁶ Thus each citizen would have minimal medical and catastrophic coverage.

As we still believe in choice, those not interested in an I.M.S.A. could opt for an H.M.O. If the person chooses the H.M.O. route, they would pay their I.M.S.A. money directly to the H.M.O. They could still be covered by the catastrophic insurance policy since that would be funded through Social Security. In the event an H.M.O. patient becomes catastrophically ill, that insurance money would go to the H.M.O.

The program is simple. People would still be able to select their physicians and types of treatment. Without third party payers, consumers would shop of the best price. And in keeping with the American way, the wealthier part of the population could spend additional money on "frills."⁷ Insurance companies would sell additional insurance, medi-gap,⁸ to those who choose to purchase more than the required minimum. This would be a "frill" and not deductible. The only change would be that the insurance company reimburses the patient, not the medical facility. There will be no mandate for business to pay for their employees, thus small business⁹ will not be adversely affected.

Footnotes at end of article.

It is necessary for the free market to dictate the prices paid for medical services. Current prices are grossly inflated. The airline industry may be a good example. With deregulation, competition has become fierce. Entrepreneurs have come up with new ways of doing business. The computer industry is another example of major changes in the market place. Similar changes will occur with medical care once the free market can generate realistic prices.¹⁰

For those people including children on the dole, the government would pay money into their accounts just as if it were their own money. The recipients of that money would be responsible for paying their own medical bills, and the agency giving them the money would be responsible for insuring that the money is spent properly. When the fund is used up, they've had all of their benefits for that fiscal period. If they don't use all of their money, they can withdraw it somewhere down the road. Of course, it would be necessary to deal very severely with fraud in order to protect the system.

Parents will establish an I.M.S.A. for each child,¹¹ thus starting an I.M.S.A. for every citizen. Local charity will play a role in individual cases. A possibility may be to allow families to borrow up to twenty percent of a relative's I.M.S.A. However, when a person runs out of their I.M.S.A., medical treatment can and will be terminated. Life is precious, but there is a time for each of us to die. Families will have financial as well as emotional stakes when they decide to use extraordinary means to prolong life.

As for medical malpractice, the courts could have a policy similar to that which is used in Japan. If a person is injured, the person causing the injury is responsible for maintaining the injured party and their family in their normal manner for life. There is no great gain for the injured person, but money will not make the injured person better. The lawyers will not make large profits because there are no large profits to be made. Accidents happen. In the real world they will continue to happen. That doctors have a responsibility to use their best judgment is without question. Stronger guidelines for the medical profession may be necessary. Removing licensing from the A.M.A. may be needed. Doctors guilty of true malpractice should lose their licenses. Such an important problem needs discussion in another place. However for the health care issue, it is sufficient to say that million dollar law suits will be a thing of the past.

Could such a system work? The retirement I.R.A. could have replaced Social Security, and has done so in some countries such as Chile. Similarly the I.M.S.A. could provide coverage for the citizen of the United States in an affordable, simple manner. Keep in mind this plan does not work as a deductible. The entire medical bill is the responsibility of the person using the service. Health departments and other alternative services may be necessary at the beginning of the program. Some form of charity will always be needed to catch those that fall between the cracks of any system, but most people will become more independent and self-sufficient because of this program. As the needs of the family change, individuals will be able to change their type of coverage. This simple plan will allow for creative entrepreneurs to come up with better ways to provide medical care.

The best feature of this program might be its political downfall, the lack of government control! Without the government owning the plan, most Washington insiders will

not support it. However the people of the United States can send a wake up call to the President and Congress by demanding such a program be established. Within a decade the United States will have affordable health care. The only difference will be that the individuals pay for their own medical treatment with money they have set aside for the purpose.

FOOTNOTES

¹The notion of universal coverage may not be realistic. There are laws that require hospitals to treat all patients that seek treatment regardless of their ability to pay. For the homeless, the social drop outs and non tax payers coverage may not exist. That small percent not covered may have to go to charity clinics or hospitals. Mickey Kaus's dream in The End of Equality to make rich and poor equal in health care treatment is a utopian idea which will never work.

²This is especially true in the northwest where Canadian cancer patients come over to Seattle for treatment. The A.M.A. has done several articles on this, and other authors are finding additional information to substantiate these findings.

³The money in each I.M.S.A. is not a deductible. The account will grow to a sufficient amount to cover all of the medical expenses a person might have including an annual check up, dental bills and eye care. If the person should need an operation the funds will be available in their account as all medical expenses will become more reasonable with the free market controlling the costs. It is through people taking the responsibility for their own health care that costs will become realistic.

⁴Just as many senior citizens buy additional insurance to cover areas not covered by medicare, insurance companies will develop additional policies, "frills", to supplement I.M.S.A.

⁵Medicare will not longer be needed. So eventually that portion of F.I.C.A. taxes can be used to fund catastrophic insurance. In the meantime, there may need to be a slight increase in Social Security payments, although no if current "savings" are discontinued and the system goes back to being a pay as you go system which it logically should do anyway.

⁶Catastrophic insurance does not kick in once an I.M.S.A. has been depleted. Catastrophic is just that . . . catastrophic! Once a person is deemed to have a major condition such as cancer, M.S. or AIDS, they don't have to use their I.M.S.A. The patient has to have at least two physicians to confirm the diagnosis, then their insurance company will take over the medical expenses. Each company can choose to provide services or just reimburse the customer, depending on the policy. Again, there should be choices for the purchasers of an insurance policy.

⁷Frills might include additional insurance policies such as those purchased by Medicare patients referred to as "Medi-gap" as well as out of pocket expenses, i.e., cosmetic surgery.

⁸Refer to Footnote 3.

⁹Some type of worker's compensation will be required to safeguard the I.M.S.A. although that is an area which requires much study and should probably be left up to the individual states. Auto insurance will still cover the medical expenses of person's injured by another.

¹⁰It may take extraordinary measures to eliminate the present disincentives for cost control. A temporary board or other vehicle may be able to quickly get health care prices within the reach of most Americans. But this approach should be viewed with great suspicion by us due to the tendency of such boards to perpetuate themselves. After all, protective tariffs were also supposed to be a temporary measure until the free enterprise system could get on its feet. Alexander Hamilton would be shocked that we still have them.

¹¹Federal and state tax laws will have to be amended to allow families to deduct enough money from their income taxes to establish I.M.S.A. for each child. If the family does not make enough money to fund the account fully, then government assistance may be offered.

JACKSON CITIZENS WORKING TOGETHER TO REDUCE CRIME

HON. JOHN S. TANNER

OF TENNESSEE

IN THE HOUSE OF REPRESENTATIVES

Friday, September 16, 1994

Mr. TANNER. Mr. Speaker, I rise today to pay tribute to the citizens of Jackson, TN for their efforts to curb the rising crime rate in their city. By working together during the past year they have reversed the upward spiral of crime in Jackson and started taking back their city from the few who were making it unpleasant for the many.

In May 1993, the city of Jackson hosted a crime summit of local officials and citizens to gather information as to how the rising tide of criminal activity could be halted in their community by instituting a new concept of community oriented policing. With the induction of this new procedure, police officers changed the way they performed their duties with more emphasis on community service and interaction with the residents.

A leadership council was formed with members of the police department, and statistical reports over the last year have shown that every category of crime has been reduced significantly.

A few weeks after the formation of the leadership council last summer, members of the Boys and Girls Clubs asked if some members of the council would join them in a march through a housing complex where these young people had observed drug dealing in progress. They wanted to protest this activity and bring it to the attention of all the residents in the city of Jackson. A march was organized into the Allentown Heights housing complex. Since that initial march, a crime march has been held every Friday afternoon all through the last year.

The city of Jackson has reaped the benefits of this community wide effort that has resulted in an overall reconstruction of the way in which police and citizens work together. Mayor Charles Farmer and Police Chief Richard Staples have led the way in this blending of community participation with law enforcement agencies that has resulted in making Jackson, TN a safer place to live and raise a family.

Throughout the last year many folks have given of their time on Friday afternoon to participate in these community marches. As the 1 year anniversary of this innovative program is marked on Friday, September 16, 1994, I want to offer it up to others around the country as an example of what people can do when they are determined to improve their neighborhoods and to make their lives better.

TRIBUTE TO DR. RICHARD GIBB

HON. MICHAEL D. CRAPO

OF IDAHO

IN THE HOUSE OF REPRESENTATIVES

Friday, September 16, 1994

Mr. CRAPO. Mr. Speaker, I want to take the opportunity to bring attention to the life of a great Idahoan who has recently passed away. To his family and friends I express my sincere

condolences and offer my prayers. Dr. Richard Gibb, as president of the University of Idaho at Moscow, was a stalwart in the educational arena. His passing is truly a great loss.

Mr. Ralph Smeed, an Idaho businessman and columnist has pointed out the context within which Dr. Gibb fought to make a positive difference. To further ensure that the contributions of Dr. Gibb will not go unrecognized, I request that the following comments of Mr. Smeed be included in the CONGRESSIONAL RECORD.

RICHARD GIBB GETS POSTHUMOUS A+
(Guest opinion by Ralph Smeed)

The recent passing (July 24) of Dr. Richard Gibb, former President of the University of Idaho at Moscow (1977-1989), did get some publicity for which his other friends and I are indeed grateful. However, there was, I thought, a rather lack of some of the more substantive "accomplishments" of the "more or less" significant former leader of the U of I. So, please allow me to relate something that Dr. Gibb did while he was president of the state's senior university.

First a little background so that Gibb's accomplishments and his more or less significance as mentioned above can be understood as to why they're put inside quotation marks above. (1) Given that political correctness (PC) has been around Campus-USA for many years and given that almost anything significant in higher education had been relegated for the most part to euphemisms such as "independence, excellence, opportunity, tax-deductibility, etc., etc., ad nauseam" that one of the significant things this unique education leader did must be seen in, well, an unusually high quality light of accomplishment. And (2) my term "more or less" maybe used to label this educator as significant in less than a spectacular degree due to the fact that capitalism does not exactly enjoy much status among not only educators, but as you will soon see, even among the university alumni—believe it or not.

Well, former U.S. Senator Steve Symms was U of I Alumni Association president back in 1969, and one of that school's most popular leaders. But, he did an unusual thing during his reign, namely, he said education had become a Sacred Cow. Furthermore, he advocated for the U of I a chair of capitalism. The then Alumni Board (remember that was 1969) fired Symms midway during his term. One friend and then board member even said publicly: "I admire your guts, Steve, but you've just taken hold of both ends of the same rope to pull. It's your job (as alumni Prexy) to sell the stuff (curriculum) whether it's worth a damn or not."

Unbelievable (?) you may ask. Well, those were the words of then Boise attorney Iver Longeteig. If memory serves, they were his exact words. He meant no harm to Symms. It was an example of the "tribalism" extant on so many campuses even today. Talk about blind faith in religion! Well, today we have a virtual blind faith in education. Egad! This actually happened—right here in Idaho. So, Steve did indeed resign, if reluctantly, mid-term, as requested. But not until he got to kiss the homecoming queen as was customary then for the alumni president.

CAPITALISM CHAIR—NOT QUITE

Now back to Richard Gibb to whom we should give a higher honor as U of I president. Ten years after Symms somewhat ignominious and/or ideological demise. Gibb, as the school's new leader, did what he saw as almost exactly what Symms tried to do. He (Gibb) installed what he called a Chair of

Business Enterprise. In fact he raised the three or four hundred thousand dollars himself to fund it. That, ladies and gentlemen, took real guts and intelligence, which is not to take away from those who helped Gibb raise the money. True enough, he watered down the name of said chair. But given the "tribal chant" of the then alumni board, and so far as I know the subsequent ones as well, the "Chair of Business Enterprise" name was (is) probably about as far in the direction of capitalism, (i.e., the term Symms wanted) as one would suppose that august institution of higher learning's intellectual "leaders" would tolerate. (The Alumni board has in the ensuing years since then steadfastly refused this writer's many efforts to get them to apologize publicly to their U.S. Senator—for their asinine anti-capitalistic censorship).

In any event, all the obituaries I saw or could get friends in North Idaho to confirm, after Gibb's passing, spoke only of the late president's routine and orthodox "accomplishments" at an institution whose learnings have almost never been any further to the free-market, capitalist right than, say, George McGovern or John Maynard Keynes, e.g., the usually left/liberal thrust of the U of I borah Symposium.

The passing of Richard Gibb should be deeply regretted by all those souls of so called higher education whose capitalist lights haven't been completely turned out by the political correctness (PC). The latter has dominated 95 percent of America's college professors and I'm sad to say, apparently the alumni of schools right here at home. No wonder we lose.

Richard Gibb—R.I.P.

CLINTON'S RUSSIA POLICY: YALTA REDUX

HON. GERALD B.H. SOLOMON

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, September 16, 1994

Mr. SOLOMON. Mr. Speaker, let the record show that the Clinton administration is preparing to sell out Russia's neighbors for the sake of appeasing Russia. I insert for the RECORD a September 6 Washington Times piece which reveals that a policy paper circulating within the administration and the State Department proposes to grant Russia hegemony over the former Soviet states including, possibly, the Baltics.

This is, of course, outrageous. It is morally unthinkable that we would sell these people out again, Mr. Speaker. In 1938, Munich. In 1945, Yalta. In the 1970's détente. Every time we have ceded Russia or Germany hegemony over these areas, disaster has followed.

And now we have President Clinton's Yalta redux. According to the policy paper, today is different because of the "de-ideologization of Russian foreign policy." Further, the paper states that a "Russian foreign policy based on national interest and power politics is acceptable to the U.S. as long as vital U.S. interests are not adversely impacted." While it is true that Russian foreign policy is no longer based on the Soviet ideology of world socialism, the recent Russian policy of power politics can and does impact negatively on our national interests.

For starters, NATO. Russia has been busy lately attempting to subjugate NATO, the cor-

nerstone of our defense for decades, to the useful but ultimately feckless CSCE. Most recently, Russia has declined to take part in joint NATO-PFP peacekeeping maneuvers, with some officials describing the operations as a return to the "bloc mentality." Old thinking still pervades Russian decisionmaking circles Mr. Speaker, and Russia's attitude toward NATO makes it clear that Russia is not, as the paper asserts, a "strategic partner." I ask, does the administration consider NATO a vital interest?

Or how about Ukraine? As Zbigniew Brzezinski has put it, a Russia without Ukraine is just another powerful country; a Russia with Ukraine is an empire. A Russian foreign policy based on power politics can and does seek to bring Ukraine into at least Russia's foreign policy orbit. Now, Ukraine is not so vital to us as to warrant a NATO security guarantee, in my view. But should we really be telling the Russians that they can have Ukraine back, just because it is power politics, not communist ideology, that is driving Russia? Given Ukraine's importance as a buffer state to the West, and as a platform for power projection for Russia, I should think not. Besides, the view that Ukraine is Russian territory is held so fervently by some Russian generals and politicians that it borders on messianism and is thus nearly indistinguishable from ideology. And those who hold this view clearly have an anti-Western ideological bent.

The paper goes on to say that the United States would not object to Russia pursuing its goals "within the confines" of international law and "absent a clear and present danger of resurgent Russian imperialism." Since the administration has not objected to any of Russia's actions in the "near abroad" to date, we can only assume that the administration considers military occupation, divide and rule tactics, subterfuge, and economic warfare against weaker neighbors who have done no harm to Russia to be "within the confines" of international law. I disagree, and so should this Congress. Russia's actions along her periphery are simply not equivalent to our actions in the Western Hemisphere, not legally and especially not morally.

As to resurgent Russian nationalism, by the time we conclude that there is definitely a "clear and present danger," it will be too late. We should be acting now to discourage the emergence of a clear and present danger. The warning signs are all there, Mr. Speaker. The overwhelming majority of Russian leaders today, even the so-called democrats, increasingly pine for the Soviet Union and fail to regard the New Independent States as sovereign entities. The armed forces beg for a return to the past, and polls show that military personnel only view two men in Russia positively: Generals Alexander Lebed and Boris Gromov, both reactionary and both of the opinion that the breakup of the U.S.S.R. was a mistake. Worst of all, polls show that a majority of Russians share this view.

The danger, while perhaps not present, is indeed clear. The re-creation of the Russian empire in any form would be catastrophic for all concerned, including the Russians, who have more important tasks at hand. This administration has done nothing, and obviously intends to do nothing, to let the Russians know that we would view this as unacceptable.

Why? Well, the last paragraph of the article explains that, Mr. Speaker. Listen to this. The Clinton policy paper predicts that American leadership "will be limited by the extent to which others can assume responsible authority without adversely impacting U.S. interests." That is almost as pathetic as the notorious Clinton State Department cable bragging about "taking the lead in passing responsibility to the U.N."

It is obvious that this administration simply doesn't want America to lead. America is indeed limited these days, Mr. Speaker. But not by anything other than the barrenness and flaccidity of the Clinton foreign policy.

[From the Washington Times, Sept. 6, 1994]

YALTA II OR REALPOLITIK

The United States is prepared to accept an expanded Russian sphere of influence, including to some extent the Baltics, as long as it respects international law and Washington's interests "are not adversely affected," according to a State Department policy paper circulating in high diplomatic circles.

Some cynics at State are calling the paper "Yalta II," but others say the Clinton administration is outlining a pragmatic approach to Moscow as the White House prepares for the visit of Russian President Boris Yeltsin later this month.

Peter Tarnoff, undersecretary of state for political affairs, sent the paper to Secretary of State Warren Christopher in July. The paper apparently cleared the White House before reaching diplomatic hands, said one official.

The official said the paper "clearly shows [the administration] knows where we [the United States] are going, but it also shows there is little we can do about it."

Quoting from the paper, the official said, "it is understood that a Russian sphere of influence is being recognized with Europe extending to the eastern border of Poland, leaving the Baltics somewhat up for grabs * * *."

The comment on the three Baltic states, which recently regained independence after 50 years of domination from Moscow, is not explained further, the official said.

The paper goes on to say, "What differentiates this at-first disturbing picture from the Cold War is the de-ideologization of Russian foreign policy," meaning it is no longer committed to communism and world revolution.

The paper explains that a "Russian foreign policy based on national interest and power politics is acceptable to the U.S. as long as vital U.S. interests are not adversely impacted * * *."

The United States would not object to Russia pursuing its foreign policy goals "within the confines" of international law and "absent a clear and present danger of resurgent Russian imperialism," the paper says.

The paper says the United States shares with Russia a goal of maintaining the stability of the more than 180 countries in the world today.

It draws a distinction between supporting "self-determination" and opposing "separatism" but does not attempt to define either term clearly.

The paper refers to a "highly unstable" world and a "strategic partnership" between the United States and Russia. It opposes any further breakup of Russia and favors "preventing further fragmentation of control of Russia's nuclear forces."

It recognizes the decreasing U.S. military ability to police the world and predicts that

American leadership "will be limited by the extent to which others can assume responsible authority without over-long adversely impacting U.S. interests."

AVOIDING A MISSILE RACE IN SOUTH ASIA

HON. LEE H. HAMILTON

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Friday, September 16, 1994

Mr. HAMILTON. Mr. Speaker, there are few regions in the world more volatile than the Indian Subcontinent. Within the subcontinent, there are few threats to peace more worrisome than the prospect of a ballistic missile race between India and Pakistan.

The Indian Government will soon make an important decision. If New Delhi decides to produce and deploy the Prithvi short-range missile, this will mark a watershed in the South Asian strategic environment.

Given its range limitations, the Prithvi would have no military utility against any country other than Pakistan. Accordingly, the leadership in Islamabad would almost certainly respond to a Prithvi deployment by deploying a comparable missile system—leaving both countries less, rather than more, secure. This is one road I hope the people of South Asia don't have to travel.

A few days ago there appeared in the International Herald Tribune an insightful article on this potentially new component of the old South Asian arms race. I would like to draw it to the attention of my colleagues. The text follows:

[From the International Herald Tribune, Sept. 7, 1994]

THE SUBCONTINENT DOESN'T NEED INDIAN BALLISTIC MISSILES

(By Sumit Ganguly and Mitchell Reiss)

WASHINGTON.—India will soon decide whether to start mass-producing and deploying its short-range ballistic missile, the Prithvi, which can carry nuclear weapons. New Delhi should resist such a move. It would damage Indian security, trigger a ballistic-missile arms race with Pakistan, risk destabilizing an already volatile region, and increase the chances of a fourth war between the two major military powers in South Asia.

With a 500-kilogram warhead, the Prithvi missile has a range of 250 kilometers, but its inaccuracy leads many analysts to suspect that it is really designed to carry nuclear weapons.

R. James Woolsey, director of the U.S. Central Intelligence Agency, has stated that India could build nuclear bombs within a short time if it decided to do so, and that South Asia is the "most probable prospect" for a nuclear war. Tensions have been aggravated by a recent assertion of Nawaz Sharif, the former prime minister of Pakistan, that his country has a nuclear weapon.

New Delhi is understandably proud of the scientific and technological prowess that the Prithvi represents. And it has legitimate security concerns on both its western and northern flanks. Relations with Pakistan remain tense, as the two sides continue to joust over Kashmir and quarrel in a host of lesser disputes. Although India signed a series of confidence-building measures with

China in September 1993, New Delhi is wary about Beijing's military buildup, its continued testing of nuclear weapons and its aspirations for Asian leadership.

However, deploying the Prithvi would be contrary to India's strategic interests. The missile cannot deter Beijing because it cannot reach China's main population centers. For that reason, New Delhi is developing a longer-range missile, the Agni, which should be ready in a few years. The Prithvi also would add little to India's military superiority over Pakistan, which it has defeated in three wars. Nor would it stop Pakistan from continuing its support of Kashmiri militants.

Further, Pakistan would be compelled to match India's missile deployments by deploying the M-11 ballistic missiles it has received from China. Currently, these missiles are in storage crates, unassembled. Pakistani officials have privately told the Clinton administration that Pakistan would immediately assemble and deploy the M-11 should India start up the Prithvi production line.

Neither India nor Pakistan could afford the costs of a ballistic-missile arms race. Each would be obliged to devote ever greater resources to missile programs and, as a hedge, to nuclear weapons as well. Major lenders and aid donors, such as Japan and Germany, would take a jaundiced view of scarce financial and scientific resources being used in this way.

Deployment of the Prithvi would aggravate New Delhi's relations with Washington, which launched a major initiative earlier this year to freeze nuclear and ballistic missile programs in the region. The Clinton administration is discussing the transfer of technology to improve the safety and security of the nuclear reactors used by India to generate electricity. It is inconceivable that the U.S. Congress would allow this in the face of ballistic missile deployments.

More worrisome from India's perspective is that the U.S. Congress might react to the Prithvi deployment by rethinking the wisdom of the Pressler amendment, which has prevented Pakistan from receiving U.S. military and economic assistance since 1990 because of Islamabad's nuclear weapons program. The amendment was not intended to give India a free hand to develop its own ballistic-missile and nuclear programs. If the amendment is lifted, India will have achieved for Pakistan what Pakistan has been unable to achieve for itself.

Indian officials and analysts have so far dismissed these points. They have contended that ballistic missiles are not very different from the advanced jet aircraft that are already present in the region and that they will contribute to deterrence. Such arguments overlook the special characteristics of ballistic missiles and the strategic environment in which they would be deployed.

Because they fly very fast and high, they are far less likely than aircraft to be shot down. They cannot be recalled after launching. Hundreds of ballistic missiles in the subcontinent would strain fragile command and control links, increasing the chance of accidental launching.

Psychologically, ballistic missile deployments would make each side feel far more vulnerable and less secure than before. At the very least, they would introduce one more element of uncertainty into an already strained relationship.

To prevent a ruinous preemptive military strike, each side would be sorely tempted to adopt a launch-on-warning strategy. Given

the short distances involved—Lahore, Islamabad, Bombay and New Delhi could all be reached within ten minutes of a launching—missile forces would require instantaneous decisions made under enormous pressure on the basis of inadequate information. This is a recipe for disaster.

A ballistic-missile arms race in South Asia would not necessarily lead to war, but it would undoubtedly increase the level of mistrust and anxiety in an already tense region and exponentially enlarge the degree of devastation should a new war occur between India and Pakistan.

Deploying Prithvi would not enhance India's security vis-à-vis China or provide a meaningful advantage over Pakistan. It would offend international lenders and great

ly irritate relations with the United States. Self-interest alone should persuade Indian decision-makers not to deploy the missile.

ATTENTION TO ARMENIA

HON. NEWT GINGRICH

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Friday, September 16, 1994

Mr. GINGRICH. Mr. Speaker, I would like to encourage all of my colleagues to learn more about the issues facing Armenia and cosponsor House Concurrent Resolution 246, which calls upon the Republic of Azerbaijan and

Nagorno-Karabakh to end hostilities and begin peace negotiations under the framework already established by the Commission on Security and Cooperation in Europe. This resolution also calls upon the President to take an active role in promoting peace and monitoring human rights in the region.

The collapse of the Soviet Union has left the Caucasus region in turmoil. While Armenia has begun the process of making the long and hard transition to democracy and a free market economy, I believe that we should encourage and assist the people of Armenia in creating a better life for themselves as well as actively working to bring peace to this troubled region of the world.

...the short distances involved—Lahore, Islamabad, Bombay and New Delhi could all be reached within ten minutes of a launching—missile forces would require instantaneous decisions made under enormous pressure on the basis of inadequate information. This is a recipe for disaster.

ly irritate relations with the United States. Self-interest alone should persuade Indian decision-makers not to deploy the missile.

Nagorno-Karabakh to end hostilities and begin peace negotiations under the framework already established by the Commission on Security and Cooperation in Europe. This resolution also calls upon the President to take an active role in promoting peace and monitoring human rights in the region.