

EXTENSIONS OF REMARKS

FUNDING FOR THE COMMUNITY DEVELOPMENT AND REGULATORY IMPROVEMENT ACT OF 1994

HON. BILL RICHARDSON

OF NEW MEXICO

IN THE HOUSE OF REPRESENTATIVES

Friday, July 28, 1995

Mr. RICHARDSON. Mr. Speaker, it is of great concern to me and other colleagues of mine who represent poor, rural, or undeveloped communities that, H.R. 2099, the fiscal year 1996 VA, HUD appropriation bill contains zero funding for the community development financial institutions fund. The CDFI fund was established after President Clinton signed into law the Community Development Banking and Regulatory Improvement Act of 1994—Public Law 103-325. The Congress enacted this landmark, bipartisan initiative by unanimous vote in the Senate and a lopsided 410-to-12 vote in the House last year. The CDFI fund is designed to combine innovative approaches to community lending, advocated by both Democratic and Republican Members of Congress, into a comprehensive strategy to empower local communities and increase their access to credit and investment capital. No other Federal program provides the capital support that is so critically needed to increase the leverage and capacity of community development financial institutions, or to provide incentives for traditional banks and thrifts to enhance community lending and investment activities.

Yet, the House Appropriations Committee recommends eliminating fiscal year 1996 funding for the CDFI fund. That recommendation is particularly appalling after the Congress and the Clinton administration worked out a compromise on the fiscal year 1995 rescission package that provides \$50 million for the CDFI fund and consolidates the fund into the Treasury Department to streamline and reduce administrative costs of the program.

It is incredible to me that partisan politics re-emerges suddenly to eliminate fiscal year 1996 funding for what is really a Republican-type initiative—a program with limited Federal funding that leverages private funds to galvanize self-help efforts at community and economic development.

What is particularly sad to me is that, by eliminating funding for the CDFI fund, the House would dash the hopes of hundreds of native American communities across the country which looked to the CDFI fund as a way to stimulate public and private investment in native American communities for the first time ever. The CDFI fund is the underpinnings for another landmark and very innovative proposal which I introduced last year as H.R. 5277, the Native American Financial Services Organization Act of 1994. What we call the NAFSO proposal emanated from recommendations for the congressionally char-

tered Commission on American Indian, Alaska Native, and Native Hawaiian Housing to create a national native American financing organization to address the urgent housing and infrastructure needs of native communities across the community. Through a broad-based national and tribal effort, the proposal evolved into a broader plan addressing housing, infrastructure and economic development needs in native communities.

The NAFSO proposal is a two-tier approach designed to dovetail into the CDFI fund. At the national level, the NAFSO would serve primarily as a technical assistance provider and conduit for CDFI fund assistance to a second tier of primary lender institutions called Native American Financial Institutions, NAFI's. With the infusion of Federal funding through the CDFI fund, NAFI's could develop in native communities around the country to make loans for home mortgages, infrastructure construction and/or improvements, small business development, and consumer loans. A NAFI would simply be a native American community development financial institution which first, demonstrates a special interest and expertise in serving the primary development and mortgage lending needs of the native American community it serves; and second, demonstrates it has the endorsement of that native American community. As long as the NAFI has that specific focus, it may be any type of financial institution, including a community bank, a savings bank, a mortgage company, or a credit union.

Without any funding for the CDFI fund for fiscal year 1996, native American financial institutions cannot receive infusion of Federal funding to be matched dollar for dollar by local funds raised by the NAFI. Native American communities desperately need this type of Federal-local partnership effort to generate capital in their communities for housing, infrastructure, and economic development purposes.

Native American people endure substandard conditions unmatched by any other population group in the United States: 56 percent of native families live in substandard housing, compared to the national average of 3 percent for non-native families; 28 percent of native households are overcrowded or lack plumbing or kitchen facilities, compared to the average of all U.S. households which is 5.4 percent; 51.4 percent of native Americans on reservations, trust land, or allotted lands own their own home without a mortgage.

The unemployment rate for native Americans generally is 14 percent versus the national average of 6 percent, and in many remote reservations, the unemployment rate is double or triple those rates; 31 percent of native Americans live below the poverty level as opposed to the national poverty rate of about 13 percent. A staggering 51 percent of native Americans living on reservations have incomes below the poverty level.

Only a handful of financial institutions are native-owned, and very few non-native lenders invest in native communities.

It is my fervent hope that the Senate Appropriations Committee will act more wisely and appropriate urgently needed dollars to the CDFI fund for fiscal year 1996. Even with a limited Federal financial contribution to the fund, so many more investment dollars will be generated to help communities across the country, particularly native communities that currently have little or no access to financing for housing, infrastructure or economic development activities. The Senate should make a healthy deposit into the CDFI fund for fiscal year 1996 and I will work to persuade the House Appropriators to accept such a Senate recommendation in conference.

DR. GEORGE WASHINGTON CRANE
III

HON. PHILIP M. CRANE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Friday, July 28, 1995

Mr. CRANE. Mr. Speaker, last week my father, who celebrated his 94th birthday last April, passed away in his sleep. Mercifully, he did not undergo the pain and suffering at the end that so many go through before shuffling off this mortal coil.

I missed 2 days of legislative business to attend his funeral which filled me with mixed emotions. The first, of course, was sadness over losing my father, who was an idol to all of us kids in the family. But I take comfort in the conviction that we will all be reunited in time and that a lifetime is but a wink of the eye in eternity.

The second emotion I experienced was joy over the opportunity to visit with family, relatives, and friends, many of whom I had not seen personally in years. It was a touching family reunion. And I'm convinced my father was experiencing joy in heaven through a family reunion there with all who preceded him.

The eulogy for my father was delivered by Dr. E. Duane Hulse, who married a close cousin of mine when I was in high school. Dr. Hulse is a retired Methodist pastor. Ironically, he delivered the eulogy 39 years ago for my older brother, George IV, a marine pilot who was killed in a mid-air at Glenview, IL.

I would like to share with colleagues and friends the eulogy Dr. Hulse delivered. And I would like to express to colleagues and friends deep appreciation for their thoughtful words of condolence.

MEMORIAL SERVICE FOR DR. GEORGE W.
CRANE

(By Dr. E. Duane Hulse)

Today we honor a faithful husband, a loving father, a doting grandfather, and an exceptionally talented applied psychologist

● 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.

and physician, and one of the finest exponents of the basic tenets of Christianity I have ever known.

He was adviser to millions of Americans, who eagerly grabbed their newspapers with their morning coffee to dote on his every word. He was called by Reader's Digest, "the maker of happy marriages."

Pearl and I share with the other members of the Crane family, this great personal loss. For this dear man had more influence on our lives than any other single individual in this world.

The scriptural words which seem appropriate today are those of another Christian veteran, who came to the close of his life and said, "The time of my departure has come, I have fought the fight * * *, I have finished the race, I have kept the faith." (II Timothy 4:6-8)

Yes, this modern Sunday School teacher, who rarely missed church in his life time, kept the faith admirably like the Apostle Paul, who travelled hither and yon about the Mediterranean world.

People today are like Paul. They are on the move. We are a mobile population. The Crane family used to move almost every weekend and all summer from 7457 Coles Ave., Chicago (the relative's Motel) to the Coach in Hillsboro. We are still a mobile society.

Also, we change physically with these moves, with every cell in our body changing every 7 years. This arm I have here is not the same one I had 7 years ago. I know it's not as good on the tennis court as it was 7 years ago.

We change socially and spiritually as well. So, we might well ask, "What are you keeping?" Like the Apostle Paul, Dr. George Crane was exemplary in Keeping and Promulgating the Christian gospel.

I

First, he was brought up in the faith

He went to church and Sunday School every Sunday, whether he wanted to or not. His mother, Jen, saw to that. It was not a debatable issue. He read his Bible repeatedly, learned it well, and applied it's teachings all his life.

He kept faith with his wife, Cora. They met at Epworth League meetings. It was their common faith that first drew them together.

Dr. George never made a major decision in his adult life without consulting Cora first. Sometimes it was just a glance. Other times it was a long conversation late at night, on the way back from making a speech in another state. Cora was his constant companion on his speaking tours. They loved each other, they counselled each other. It was indeed a marriage made in heaven.

Dr. George and Cora were our earliest role models. We idolized them and tried to pattern our lives after them. We often sought their advice around the long table with the checkered table cloth, as we shared a "little caffeine stimulation".

II

Secondly, he kept faith with his children

When parents bring children into the world, that too, is a venture of faith. They cannot know whether they will bring honor or shame to the family. The parents venture on faith.

On the other hand, the children cannot know whether the parents will keep the faith with them. They may disappoint them or forsake them.

The poet Gillilan said of this father: He was my own until I fully knew

And never could forget how deep and true
A father's love for his own son may be.

It drew me nearer God Himself, for He
Has loved His son. These are but grateful
tears

That he was with me all those happy years.

Dr. George's faith in his progeny never wavered and they never failed him. They never forsook his teachings. He taught them the virtues of life by precept and example. He taught them fortitude by taking moving pictures of them when he gave them their shots, so they would look brave when they were shown at the next family gathering. Then these inventive young rascals turned the tables on their father by insisting they give him a shot with the needle, so he could show his bravery on camera. And these dear children have been honoring him with their lives ever since.

III

Thirdly, he kept faith with his country

He volunteered to serve his country in the armed services in World War II, but he was advised he could do more good as an editorial writer. That he did.

In my humble opinion, he was the greatest single psychological motivator in this century. All over the United States, Americans looked to his newspaper columns for advice on how to solve the problems of every day living.

He was praised highly, but sometimes he was disbelieved, for he was 50 years ahead of his time in his thinking. Consider this, thirty years ago he actually advocated running Clark Gable as a candidate for Vice President. First: he claimed the party would get a million dollars worth of free publicity. Secondly: the party would get a majority of the female votes. But, who ever heard of running a movie star for a national office? I rest his case.

I know, those of us who loved him sometimes called him affectionately "old sea salt", but today in Florida, I often run my boat out into the gulf to satisfy my friends requests for sea water so they get their daily trace minerals.

IV

Fourthly, he kept faith with his Lord and the United Methodist Church

Methodist born and Methodist bred, he stayed a Methodist all his life. He spent over 30 years teaching the Arthur Dixon Bible Class at the Chicago Methodist Temple. He filled pulpits all across America.

He was ever the minister's friend. To a minister who was disheartened and disappointed in his career, he brought new hope. "If you will follow my anecdotal formula, following the example of Jesus, and use three illustrations, name three parishioners in each sermon, I will guarantee that you will be asked to return and get a salary raise next year." To the surprise of the neophyte theologs, it happened just that way.

His charity was mostly unknown, but believe me, not unappreciated. Every Christmas, while Pearl and I were struggling to get through Seminary, that familiar envelope arrived and was pinned on our Christmas tree—the tuition money for the next semester, a check signed by George and Cora. We couldn't have made it otherwise.

Okan Esset reads a Crane column in Africa on a piece of newspaper used for packing, writes to Dr. Crane for help, and then comes to the U.S.A. to complete his Medical Training—those checks kept coming.

For years it was well known that any money raised for the church Youth Camp Scholarships would be matched by the Cranes.

This man also had a way with the English language. He had a way with words. His vocabulary was fabulous. We all enjoyed his table talk. Listening was like taking a course in elocution. He had many memorable phrases: "It takes a live wire in the pulpit to electrify a congregation. A physician should explain his medicine. I want to feel important." Remember: "A person's interest in anything is in inverse proportion to its distance from his own epidermis."

He could look at any complex interpersonal situation, analyze it, and come up with a diagnosis that would turn your thinking 180 degrees.

I remember visiting Sun City, Florida with Dr. George, when he was campaigning for Phil. At that time, I had envisioned Sun City as the ideal retirement situation, with swimming pools, golf courses, wood working shops, art courses, etc. Dr. George spent a short time with these retired executives and their wives. On the way back, he said to me, "What a waste of trained brains." "What did you say, George?" I asked. "What a waste of trained brains."

He was right! Why should a retired executive spend his later years building wind mills and bird feeders, when he could be helping some young business person by sharing his expertise with SCORE, or some similar organization.

Retirement was one word missing from his vocabulary. It was not psychologically acceptable to him.

George started life with a God fearing mother and he followed her example religiously. When he returned from Church and Sunday School, he was quizzed by his Biblically literate mother on the day's lesson. His interest in Scriptural characters was fired up early in life, and he continued in that bent all his life.

Yes, he kept the faith until the end. It was a realization that a greater power was behind his life that gave him courage, that kept a song in his heart, a light in his eyes, and made him expendable for the kingdom of God.

That was the great conviction that kept him going for 94 years, but his great humanitarian life is not over. His influence will last for many years to come, through his writing and those lives he has touched.

Dr. George loved family reunions. He gloried in them. He loved socializing, verbalizing compliments, eating home cooked food, and telling anecdotes. So, let me tell you something which I firmly believe.

There is a great reunion taking place today in heaven. Cora Ellen and George IV are waiting at heaven's gate to welcome home the great applied psychologist.

Aunt Bess has been cooking for hours in anticipation of his arrival. I can smell the fried chicken in the old black cast iron skillet. In the oven is her famous, made from scratch, chocolate cake with carmel icing. No one has been able to match it since she died. I can still taste it.

Jamie is dancing with joy, Uncle George has been out all morning gathering sponge mushrooms on cloud nine, Uncle Vick is laboring over the treasurer's book wondering if they are spending too much of the Lord's money on this homecoming and Aunt Jen is orchestrating the whole affair.

I almost wish I were there, but I can wait my turn. I can wait, because there is something I know for sure. I want to share it with you today:

The Christian never says "good bye" for the last time. I believe this is the most meaningful and heart warming thought I can leave with you today.

I know it is a sad day for all of us.

Yes, I remember when we said, "So Long George IV".

So today, we say "So Long Dr. George". But, my Christian friends, "The chariot's a'comm'n".

So, no last "good byes", not for Christians. As Lowell Thomas used to say, "So long until tomorrow."

TRIBUTE TO DOUG BANKS AND
WGCI-AM/FM RADIO FOR ILLI-
NOIS' FIRST CONGRESSIONAL
DISTRICT

HON. BOBBY L. RUSH

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Friday, July 28, 1995

Mr. RUSH. Mr. Speaker, I rise today to applaud the efforts of Chicago radio personality Doug Banks and WGCI AM and FM radio for their efforts in conducting the "Beat the Heat" program on July 22 to aid those residents in need of relief from the scorching summer heat.

As many of you know, much of our country has been gripped in record breaking heat for the past 2 weeks. The Chicago area was hit the hardest two weekend's ago with the heat claiming at least 529 lives. Most of those who died as a result of the heat were the young and the elderly, many of whom could not afford to purchase fans or air-conditioners or who had no electricity.

Last Saturday Doug Banks and WGCI radio in Chicago held a "Beat the Heat" campaign at Operation PUSH headquarters in my district to encourage businesses and citizens to donate fans and air-conditioners to be distributed to those residents who needed them most. Mr. Banks' efforts were of tremendous success in helping those who needed relief the most.

I ask my colleagues to join me in thanking Mr. Banks, WGCI radio, Operation PUSH, and all the businesses and volunteers who made the selfless effort to help others beat the heat and in the process save lives.

I am pleased to enter these words of commendation into the RECORD.

A GOOD DEAL FOR UNITED
STATES MEAT SALES TO KOREA

HON. E de la GARZA

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Friday, July 28, 1995

Mr. DE LA GARZA. Mr. Speaker, it was a pleasure to welcome President Kim Yong-Sam of Korea to this Chamber, particularly as we observe the 50th anniversary of the end to the war in Korea.

I am also very pleased that Korea, our good friend and ally, has just agreed to significant trade liberalization that will benefit both of our countries.

On July 20, our two governments announced new import policies that will allow for the added sale of millions of dollars of United States meats and other food products to Korea. This improved trading relationship is

appropriate to the strong friendship between our two countries.

I wish to commend the negotiators of this new agreement—the U.S. Trade Representative, the U.S. Department of Agriculture, and President Kim's team. The documents were signed in a formal ceremony in Ambassador Kantor's office last Thursday. Two long-standing trade issues regarding Korea's shelf-life policies are now resolved.

This is an important breakthrough. Through long and sometimes frustrating trade negotiations between our governments, Korea has grown to a \$2.5 billion market for United States agriculture.

Korea is now the United States' fourth largest agricultural market, after Japan, Canada, and Mexico. Feedgrains, cotton, and cattle hides are our major exports, and U.S. red meats are growing in importance. American value-added, consumer-oriented food exports to Korea increased by 36 percent in the first half of 1995. Total United States agricultural sales to Korea are headed for a new record.

Korea is now our No. 3 market for American red meat with purchases of \$254 million last year. The U.S. meat industry estimates that this agreement will add \$240 million in sales in the first year, and add \$1 billion annually by the year 1999. The agreement will also benefit many other types of food products and allow growth to accelerate.

This agreement resolves both the section 301 investigation and the standards case brought to the World Trade Organization against Korea's shelf-life policy. Korea will now accept manufacturers' "Use by . . . date" for labels and will allow an adequate shelf-life to enable the United States to ship and market products profitably. The agreement includes chilled beef and pork, as well as all frozen foods including processed meat and poultry products.

Our trade dispute resolution mechanisms are working. This was the first standards case brought by the United States to the new World Trade Organization [WTO] dispute settlement panel. Korea also has agreed to work to resolve a second WTO case against its unscientific residue testing and import inspection procedures affecting grapefruit and other food products.

Beef and pork are currently sold in Korea under quotas negotiated in previous United States-Korea beef agreements and scheduled for phase-out in the Uruguay Round Agreement. The last year of quotas will be the year 2000. The United States is very competitive in the Korean market with Australia and New Zealand for beef and with Europe for pork. United States market share in Korea is now 58 percent for beef and 50 percent for pork.

USDA export promotion funding through the Foreign Market Development Program—co-operator program—and the Market Promotion Program [MPP] have been critical to developing the Korean market for United States meat. The supermarket taste tests, restaurant promotions, and industry trade teams sponsored through partnership with USDA serve to introduce American beef, pork, and poultry to Korean consumers and wholesalers. These programs will be critical in the months ahead to helping U.S. companies to capitalize on the new trade opportunities and compete with foreign competition.

IN MEMORY OF DEPUTY SHERIFF
JEFFERY ALLAN HILL

HON. GEORGE E. BROWN

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Friday, July 28, 1995

Mr. BROWN of California. Mr. Speaker, I rise today to pay tribute to the memory of Deputy Sheriff Jeffery Allan Hill who founded the SELF Youth Center [Self-Education Law Enforcement Family].

On December 18, 1994, while driving to work, Jeff Hill's 32 years on this Earth ended. He was the victim of a head-on collision with a drunk driver.

Deputy Hill understood that crime prevention starts by addressing social and economic problems, and developing the moral character of youth. He developed a unique program to help African-American boys become important contributors and role models in their communities. Subsequently, he created the nonprofit SELF organization.

The SELF program is a rite of passage for African-American boys that focuses on prevention, intervention, and redirection of unacceptable behaviors. The goal is to prepare African-American boys to become responsible men.

The rite of passage is a 22-week program conducted by African-American law enforcement officers. The program theory is based on Dr. Maulana Karenga's Kawaidea theory utilizing the seven principles of the Nguzo Saba.

First, Umoja (Unity).

Second, Kujichagulia (Self determination).

Third, Ujima (Collective work and responsibility).

Fourth, Ujamaa (Cooperative economics).

Fifth, Kuumba (Creativity).

Seventh, Imani (Faith).

SELF is nationally recognized and adopted by the National Black Police Association—western region. Jeff developed the idea of the SELF program in 1990, and the first SELF class began in January 1993. Since then 150 African-American male youths aged 8 to 14 have completed the program that now exists throughout California and Arizona.

Although he is no longer with us physically, Deputy Hill's fervor and dedication to youth continues. His legacy of the SELF program will serve youth for many years to come.

CELEBRATION OF THE PERUVIAN
INDEPENDENCE DAY

HON. WILLIAM J. MARTINI

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Friday, July 28, 1995

Mr. MARTINI. Mr. Speaker, I rise today in celebration of the Peruvian Independence Day Parade. As the grandson of immigrants, I am honored to be the International Godfather of this illustrious parade.

The Peruvian community has every reason to celebrate their notable accomplishments. Their citizens are some of the most productive and valued members of the Eighth Congressional District of New Jersey. In fact, they

boast the most educated second generation Peruvian-Americans ever in the United States. In colleges and universities across America, Peruvian-Americans graduate every year with degrees in law, medicine, engineering, and accounting.

The Peruvian-Americans have been so successful in their educational endeavors because they believe in hard work, sometimes attending classes at night while working full time during the day. In fact, the number of Peruvians on the rolls of social services is almost nonexistent. They have demonstrated that a fair chance to prove their value coupled with the dedication to hard work are the ingredients to a prosperous life.

Furthermore, the Peruvians believe dedication to the family is the essential element in building strong community relationships where parents can care for their children and ensure that they have the best opportunities available to advance in life. For instance, when faced with financial difficulties Peruvian-Americans have displayed their self reliance. Instead of turning to the Federal Government, the Peruvians have established a network of community organizations including volunteers, civic associations, and churches which offer medical care and other forms of assistance to the residents. They provide the strength, reassurance, and tangible advantages that are necessary to succeed. In short, it is the community where Peruvians go when in need of assistance.

Finally, Mr. Speaker, the success of the Peruvian community has had a positive impact on the lives of the people of my congressional district. They provide brilliant examples of the same values that propelled my parents—and millions of other immigrants—to succeed in America. I believe it is all of these qualities that make the Peruvian community such an asset to the people I represent. I am proud to join them on this day of celebration.

THE REAL ESTATE INVESTMENT
TRUST SIMPLIFICATION ACT OF
1995

HON. E. CLAY SHAW, JR.

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Friday, July 28, 1995

Mr. SHAW. Mr. Speaker, I rise today to draw my colleagues' attention to an important piece of legislation, H.R. 2121, the Real Estate Investment Trust Simplification Act of 1995 [REITSA], a bill to amend portions of the Internal Revenue Code dealing with real estate investment trusts, or REIT's. The legislation responds to the need for simplification in the regulation of the day-to-day operation of REIT's. REITSA is cosponsored by Mr. MATSUI, Mr. CRANE, Mr. THOMAS, Mrs. JOHNSON, of Connecticut, Mr. ZIMMER, Mr. PORTMAN, Mr. STARK, Mr. JACOBS, Mr. LEVIN, Mr. CARDIN, Mr. DUNN, and Mr. SAM JOHNSON of Texas.

In 1960, Congress created REIT's to function as the real estate equivalent of the regulated investment company, or mutual fund. As such, they permit small investors to participate in real estate projects that the investors could not undertake individually and with the assist-

ance of experienced management. Over time, the REIT industry has matured into its intended role with the greatest stride made in this decade.

This development of the REIT industry is a result of a number of factors. As important as any other were the changes Congress enacted in 1986 to the REIT rules themselves and the tax landscape in general. With respect to the general provisions, throughout the 1980's limited partnerships used the offer of multiple dollars of tax paper losses for each invested dollar to attract investors away from solid investments like REITs, which seek to provide investors with consistent distributions from economically feasible real estate investments but provide no opportunity to receive a pass-through of tax motivated losses. Accordingly, the elimination of those tax loss loopholes led investors to look for income-producing investment opportunities.

Also included in the 1986 tax legislation were important modifications to the REIT provisions of the Code. Among the changes made as part of that modernization of the REIT tax laws, the first in a decade and most recent comprehensive revision of the REIT laws, the most significant was the change allowing REIT's to directly provide to tenants those services customary in the leasing of real estate as had been permitted to pension plans and other tax-exempt entities engaged in the leasing of real property. Prior to that change, a REIT was required to use an independent contractor to provide those services.

These legislative changes and the lack of credit to recapitalize America's real estate produced a suitable environment for the substantial growth in the REIT industry and the fulfillment of Congress' original hopes for the REIT vehicle.

From 1990 to present, the industry has grown from a market capitalization of approximately \$9 billion to nearly \$50 billion. Fueling that growth has been the introduction of some of America's leading real estate companies to the family of long existing, viable REIT's. As a result, the majority of today's REIT's are owners of quality, income-producing real estate. Thus, hundreds of thousands of individuals that own REIT shares through direct investment, plus the many more who are interest holders in the growing number of mutual funds or pension funds investing in REIT's, have become participants in the recapitalization of tens of billions of dollars of America's best real estate investments. Likewise, investors in mortgage REIT's have the opportunity to participate in the ever growing market for securitized mortgages, further contributing to the recapitalization of quality real estate.

The benefits of the growth in the REIT industry were addressed in a recent Urban Land Institute White Paper titled "The REIT Renaissance." That white paper concluded that "[f]rom an overall economic standpoint, the real estate industry and the economy should be well served by the expansion of the REIT industry—the broadening of participation in real estate ownership, the investment in market information and research that the public market will bring, and the more timely responsiveness to market signals that will result from better information and market analysis."

To assist the continued growth of this important industry, was developed to address areas

in the existing tax regime that present significant, yet unnecessary, barriers to the use of the REIT vehicle. The proposals represent a modernization of the most complex parts of the regulatory structure under which REIT's operate, while leaving intact the basic underlying ownership, income, asset, and distribution tests introduced in the original REIT legislation.

SUMMARY OF KEY PROVISIONS

A. Title I contains three proposals to remove unnecessary "traps for the unwary." These proposals would address current requirements that are not necessary to satisfy Congressional objectives, that carry a disproportionate penalty for even unintentional oversights, or that are impracticable in today's environment. Title I's overriding intention is not to penalize a REIT's many small investors by stripping the REIT of its tax status as a result of an act that does not violate Congress' underlying intent in creating the REIT vehicle.

Section 101. Shareholder Demand Letter. The potential disqualification for a REIT's failure to send shareholder demand letters should be replaced with a reporting penalty. Under present law, regulations require that a REIT send letters to certain shareholders within 30 days of the close of the REIT's taxable year. The letters demand from its shareholders of record, a written statement identifying the "actual owner" of the stock. A REIT's failure to comply with the notification requirement may result in a loss of REIT status.

The failure to send-so-called demand letters may result in the disqualification of a REIT with thousands of shareholders that easily satisfies the substantive test because of a purely technical violation. As a result of disqualification, a REIT would be compelled to pay taxes for all open years, thereby depriving their shareholders of income generated in compliance with all of the REIT rules. Fortunately, the Internal Revenue Service has not enforced any such technical disqualifications and instead has entered into closing agreements with several REIT's. The proposal would alleviate the need to enter into such closing agreements on a prospective basis.

H.R. 2121 provides that a REIT's failure to comply with the demand letter regulations would not, by itself, disqualify a REIT if it otherwise establishes that it satisfies the substantive ownership rules. But under these circumstances, a \$25,000 penalty (\$50,000 for intentional violations) would be imposed for any year in which the REIT did not comply with the shareholder demand regulations and the REIT would be required, when requested by the IRS, to send curative demand letters or face an additional penalty equal to the amounts related above. In addition, to protect a REIT that meets the regulations, but is otherwise unable to discover the actual ownership of its shares, the bill provides that a REIT would be deemed to satisfy the share ownership rules if it complies with the demand letter regulations and does not know, or have reason to know, of an actual violation of the ownership rules.

Section 102. De Minimis Rule for Tenant Services Income. The uncertainty related to qualifying services for a REIT should be addressed by a reasonable de minimis test. In 1986, Congress modernized the REIT's independent contractor rules to allow them to directly furnish to tenants those services customary in the management of rental property. However, certain problems persist. Under existing law, a REIT's receipt of any

amount of revenue as a result of providing an impermissible service to tenants with respect to a property may disqualify all rents received with respect to that property. For example, if a REIT's employee assists a tenant in moving in or out of an apartment complex (a potentially impermissible service), technically the IRS could contend that all the income from the apartment complex is disqualified, even though the REIT received no direct revenue for the provided service. Similar concerns might arise if a REIT provided wheelchairs at a mall on a no-cost basis. The disqualifications of a large property's rent could seriously threaten, or even terminate, the REIT's qualified status.

Interestingly, at the same time a REIT could be severely punished for providing services to tenants or their visitors, the REIT rules properly provide that up to 5 percent of a REIT's gross income may come from providing services to non-tenants. Thus, under present law a REIT is better off providing services to nontenants than providing the same services to tenants.

In addition to the potential disqualification of rents, the absence of a de minimus rule requires the REIT to spend significant time and energy in monitoring every action of its employees, and significant dollars in attorney fees to determine whether each potential action is an impermissible service. The uncertainty regarding the permissibility of services also requires that the IRS to expend considerable resources in responding to private ruling requests.

To lessen the burden of monitoring each REIT employee's every action and to eliminate unnecessary disqualification of tenant rents, this bill provides for a de minimus exception. The exception would treat small amounts of revenue resulting from an impermissible service in a manner similar to revenue received from providing services to nontenants, and protect the classification of rents from the affected property as qualifying REIT income. The de minimus exception is equal to 1 percent of the gross income from the affected property. The de minimus exception is based on gross income to be consistent with the REIT's income tests, and is set at 1 percent to reflect an amount large enough to provide the requisite safe harbor (note that it is 1 percent of the income from an affected property, regardless how small, and not all properties owned by the REIT), yet small enough not to encourage disregard of the independent contractor rule. Because many of the services in question will not result in a direct receipt of gross income, the bill provides a mechanism for establishing the gross income received relative to an impermissible service. The gross income is deemed at least equal to the direct costs of the service (i.e. labor, cost of goods) multiplied by 150 percent.

For example, in the case of a REIT providing wheelchairs at a mall, the cost of the wheelchairs would be multiplied by 150 percent to achieve the gross income realized from the impermissible service. If that and any other gross income related to impermissible services provided to tenants of that mall does not exceed 1 percent of the mall's gross income for the year, the impermissible service income would be classified as non-qualifying income. However, rents received from tenants of the mall would not be disqualified.

A REIT's actions are still policed under this change. First, if a REIT's gross income from impermissible services exceed 1 percent of the gross income from the affected property, that income and the rents from that

property would be disqualified as under current law. Second, as previously noted, a REIT's gross income from non-qualifying sources is limited to 5 percent of total gross income. Accordingly, gross income from impermissible sources that does not exceed the 1 percent threshold would be included in that small basket, thereby placing a second check on the REIT's activities.

Section 103. Attribution Rules Applicable To Tenant Ownership. Unintended double attribution under section 318 should be minimized, while preserving the intended purpose of the attribution rule. The attribution rules of section 318 are interjected to ensure that a REIT does not receive rents from a 10 percent or more related party, in which case the rents are deemed disqualified income for the REIT gross income tests. While the intention of that rule is proper, a quirk in the application of section 318 to REITs as called for under section 856(d)(2) may result in the disqualification of a REIT's rent when no actual direct or indirect relationship exists between the REIT and tenant.

Under section 318(a)(3)(A), stock owned directly or indirectly, by a partner is considered owned by the partnership. In addition, under section 318(a)(3)(C), a corporation is considered as owning stock that is owned, directly or indirectly, by or for a person who also owns more than 10 percent (in the case of REITs) of the stock in such corporation. Those attribution rules may create an unintended result when several persons who collectively own 10 percent of a REIT's tenant, also own collectively 10 percent of the REIT. So long as those persons are unrelated, because their individual interests in both the REIT and tenant do not equal 10 percent the REIT is not deemed to own 10 percent of the tenant. However, if those persons obtain interests, regardless of how small, in the same partnership the REIT will be deemed to own 10 percent of the tenant. This results from the partnership's deemed ownership of the partners' stock in both tenant and the REIT. Further, because the partnership becomes a deemed 10 percent owner of the REIT under section 318(a)(3)(A), REIT is deemed the 10 percent owner of tenant under section 318(a)(3)(C).

In essence, the REIT becomes the deemed 10 percent owner of its tenant as a result of a variation of the partner-to-partner attribution that section 318(a)(5)(C) specifically was enacted to prevent. It is only through the combination of the partners' various interests in the REIT and tenant that a disqualification of the rents occurs. This is true regardless of the purpose for the partnership's existence. The partners may have no knowledge of the other's existence and may be partners in a huge limited partnership completely unrelated to the REIT.

H.R. 2121 addresses this problem by modifying the application of section 318(a)(3)(A) (attribution to the partnership) only for purposes of section 856(d)(2), so that attribution would occur only when a partner holds a 25 percent or greater interest in the partnership. This threshold presumes that such a partner will have knowledge of the other persons holding interest in the partnership, and will have an opportunity to determine if those persons hold an interest in the REIT. By not suspending the double attribution entirely, the bill prevents the potentially abusive practice of placing a "dummy" partnership between the REIT and those persons holding interests in the tenant.

B. Title II of REITSA contains two proposals that would assist in carrying out Congress' original intent to create a real estate

vehicle analogous to regulated investment companies.

Section 201. Credit For Tax Paid by REIT On Retained Capital Gains. Current law taxes a REIT that retains capital gains, and imposes a second level of tax on the REIT shareholders when later they receive the capital gain distribution. REITSA reform provides for the REIT rules to be modified to correspond with the mutual fund rules governing the taxation of retained capital gains by passing through a credit to shareholders for capital gains taxes paid at the corporate (REIT) level. This modification is necessary to prevent the unintended depletion of a REIT's capital base when it sells property at a taxable gain. Accordingly, the REIT could acquire a replacement property without incurring costly charges associated with a stock offering or debt.

Section 202. Repeal of the 30 Percent Gross Income Requirement. H.R. 2121 calls for the repeal of the 30 percent gross income test because the effective management of a REIT's portfolio and is not needed to ensure that a REIT remains a long-term investor in real property. RICs have a similar anti-churning provision known as the "short-short" rule. The Tax Simplification and Technical Corrections Act of 1994 (H.R. 3419), as passed by the House of Representatives on May 17, 1994, would have repealed that rule for RICs.

Unlike RICs, REITs also face the imposition of a 100 percent tax on property held for sale in the ordinary course of business (dealer property). Thus, repeal of the REIT 30 percent test would not open the playing field for REITs to become speculators in real property. Instead, the repeal helps to ensure that a REIT will not lose its status if a REIT sells non-dealer property when market conditions are most favorable.

C. Title III of REITSA would simplify several technical problems that REITs face in their organization and day-to-day operations. Many of these proposals would build on simplifications that Congress has adopted over the years.

Section 301. Modification Of Earnings And Profits Rules For Determining Whether REIT Has Earnings And Profits From Non-REIT Year. Only for purposes of the requirement that a REIT distribute all pre-REIT earnings and profits ("E&P") within its first taxable year as a REIT, a REIT's distributions should be deemed to carry out all pre-REIT earnings before shareholders are considered to be receiving REIT E&P. Under existing law, a REIT must not only distribute 95 percent of its REIT taxable income to shareholders but it must in its first year distribute all pre-REIT year E&P. If the company mistakenly underestimates the amount of E&P generated while operating as a REIT it may fail to satisfy those requirements because the ordering rules controlling the distribution of E&P currently provide that distributions first carry out the most recently accumulated E&P. Thus, if a REIT distributes the pre-REIT E&P and the expected REIT E&P in its first REIT taxable year, the year-end receipt of any unanticipated income would result in the reclassification of a portion of the distribution intended to pass out the pre-REIT E&P.

While REITs have methods available to make distributions after the close of their taxable year that relate back to assure satisfaction of the 95 percent income distribution requirement, those methods can not be used to cure a failure to distribute pre-REIT E&P after the close of the REIT's taxable year. Accordingly, by allowing the REIT's distributions to first carry out the pre-REIT

E&P, the REIT could satisfy both distribution requirements by using one of the deferred distribution methods to distributed the unanticipated income discussed in the example.

Section 302. Treatment Of Foreclosure Property. Rules related to foreclosure property should be modernized. For property acquired through foreclosure on a loan or default on a lease, under present law a REIT can elect foreclosure property treatment. That election provides the REIT with 3 special conditions to assist it in taking over the property and seeking its re-leasing or sale. First, a REIT is permitted to conduct a trade or business using property acquired through foreclosure for 90 days after it acquires such property, provided the REIT makes a foreclosure property election. After the 90-day period, the REIT must use an independent contractor to conduct the trade or business (a party from whom the REIT does not receive income). Second, a REIT may hold foreclosure property for resale to customers without being subject to the 100 percent prohibited transaction tax (although subject to the highest corporate taxes). Third, non-qualifying income from foreclosure property (from activities conducted by the REIT or independent contractor after 90 days) is not considered for purposes of the REIT gross income tests, but generally is subject to the highest corporate tax rate. The foreclosure property election is valid for 2 years, but may be extended for 2 additional terms (a total of 6 years) with IRS consent.

Under H.R. 2121, the election procedure would be modified in the following ways: (1) the initial election and one renewal period would last for 3 years; (2) the initial election would remain effective until the last day of the third taxable year following the election (instead of exactly two years from the date of election; and (3) a one-time election out of foreclosure property status would be made available to accommodate situations when a REIT desires to discontinue foreclosure property status.

In addition, the independent contractor rule under the election would be modernized so that it worked in the same manner as the general independent contractor rule. Currently a REIT may provide to tenants of non-foreclosure property services customary in the leasing of real property. However, this previous modernization of the independent contractor rule was not made to the rules governing the required use of independent contractors for foreclosure property.

Section 303. Special Foreclosure Rules For Health Care Properties. In the case of health care REITs, H.R. 2121 provides that a REIT would not violate the independent contractor requirement if the REIT receives rents from a lease to that independent contractor as a tenant at a second health care facility. This change recognizes the limited number of health care providers available to serve as an independent contractor on a property acquired by the REIT in foreclosure, and the REIT's likely inability to simply close the facility due to the nature of the facilities inhabitants. In addition, the health care rules would extend the foreclosure property rules to expirations or terminations of health care REIT leases, since similar issues arise in those circumstances.

Section 304. Payments Under Hedging Instruments. H.R. 2121 would extend the REIT variable interest hedging rule to permit a REIT to treat as qualifying any income from the hedge of any REIT liability secured by real property or used to acquire or improve real property. This provision would apply to

hedging a REIT's unsecured corporate debt.

Section 305. Excess Noncash Income. H.R. 2121 would expand the use of the excess noncash income exclusion currently provided under the REIT distribution rules. The bill would (1) extend the exclusion to include most forms of phantom income and (2) make the exclusion available accrual basis REITs. Under the exclusion, listed forms of phantom income would be excluded from the REIT 95 percent distribution requirement. However, the income would be taxed at the REIT level if the REIT did not make sufficient distributions.

Section 306. Prohibited Transaction Safe Harbor. H.R. 2121 would correct a problem in the wording of Congress' past liberalization of the safe harbor from the 100 percent excise tax on prohibited transactions, i.e., sales of property in the ordinary course of business. The adverse effect of accumulated depreciation on the availability of the safe harbor, which punishes REITs that hold their properties for longer terms, would be mitigated. In addition, involuntary conversions of property no longer would count against the permitted 7 sales of property under the safe harbor.

Section 307. Shared Appreciation Mortgages ("SAM"). In general, section 856(j) provides that a REIT may receive income based on a borrower's sale of the underlying property. However, the character of that income is determined by the borrower's actions. The SAM provision would be modified and clarified so that a REIT lender would not be penalized by a borrower's bankruptcy (an event beyond its control) and would clarify that a SAM could be based on appreciation in value as well as gain.

Section 308. Wholly Owned Subsidiaries. In 1986, Congress realized the usefulness of a REIT holding properties in subsidiaries to limit its liability exposure. H.R. 2121 would codify a recent IRS private letter ruling position providing that a REIT may treat a wholly-owned subsidiary as a qualified REIT subsidiary even if the subsidiary previously had been owned by a non-REIT entity. For example, this bill would allow a REIT to treat a corporation as a qualified REIT subsidiary when it purchases for cash and/or stock all the stock of a non-REIT C corporation.

TRIBUTE TO MABLE WATKINS-CASS

HON. BOBBY L. RUSH

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Friday, July 28, 1995

Mr. RUSH. Mr. Speaker, I rise today to pay tribute to Mrs. Mable Watkins-Cass, who on Sunday, June 30, 1995, will celebrate the occasion of her 60th birthday.

Mrs. Cass is a longtime resident of the city of Chicago. Born in Holly Springs, MS to the union of Mr. Windom Jones and the late Mrs. Ann Speights-Anderson, she came to Chicago in her formative years with her parents. Mrs. Cass is the proud mother of four children and the grandmother of five.

Mrs. Cass attended the Chicago public schools where she graduated from the Lucy Flowers Vocational High School. Additionally, she worked dutifully as an employee of the public school system, until her retirement in 1982.

A deeply devoted Christian woman, Mrs. Cass has served faithfully for the past 25 years as a member of the Gospel Temple Missionary Baptist Church on the southside of Chicago, under the leadership of the late Rev. Dr. Jethro Gayles and the Rev. Bishop Smith. She has also been an active member of the National Baptist Convention and the Illinois Baptist State Convention.

Over the years, Mrs. Cass has been very active in civic and community affairs. Many of these activities include work with her block club organizations and the local electoral process.

Mr. Speaker, Mrs. Mable Watkins-Cass has dedicated her life to helping others. Her commitment and contributions to people have made her both, admired and respected. I am privileged that in my lifetime our paths have crossed. I am honored to call her a friend and I am proud to enter these words into the RECORD.

MY VISION FOR AMERICA

HON. WILLIAM M. "MAC" THORNBERRY

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Friday, July 28, 1995

Mr. THORNBERRY. Mr. Speaker, Each year the Veterans of Foreign Wars of the United States and its Ladies Auxiliary conduct the Voice of Democracy broadcast scriptwriting contest. This past year more than 126,000 secondary school students participated in the contest competing for the 54 national scholarships totaling more than \$109,000, which was distributed among the winners. The contest theme this year was "My Vision For America."

Ms. Erin Kenyon of my district was the State winner for Texas. The following is her winning script:

MY VISION FOR AMERICA

We all have a vision of America. Thomas Jefferson saw independence. Abraham Lincoln envisioned unity. Susan B. Anthony pictured women voting. Martin Luther King, Jr. foresaw a land of equality for all races. My vision for American isn't too different from theirs—I see a diverse nation, unified by a people with a generous spirit, who are willing to be a beacon of hope and democracy to the whole world.

Throughout history, Americans have faced and met the demands of life in the frontier with a patriotic zeal. Early in America, pioneers were faced with the challenge of building their homes and barns quickly to avoid the ravages of winter. Instead of each man taking on this incredible task by himself, people decided that by working together more could be accomplished. In much the same way, my vision of America has citizens working together for the betterment of our country.

The rallying cry of the American revolution, "United we stand, divided we fall," can be a guide for us in solving the problems which now plague American society. A man in California who was tired of the gang graffiti sprawled on walls across his neighborhood formed a group to paint over it. Volunteers help with youth programs such as boy's and girl's clubs and scouting which provide interests to keep kids off the streets. Volunteers across the country devote their time to

teaching the illiterate how to read. These are just a few examples of how ordinary Americans can make an extraordinary difference in the lives of their fellow countrymen. In my vision, every person would see citizenship as a shared responsibility. We must not only be a United States, but a United people.

Webster's dictionary defines patriotism as love, support, and defense of one's country. It seems sometimes as if Americans become so torn with their difference that they lose sight of what really matters. That diversity doesn't have to divide us; it can be the glue that binds us to our goals and dreams.

The same is true for our government. Our representatives should realize that the national interest comes before political partisanship. Political campaigns should be based on constructive ideas, not destructive mudslinging.

In my vision racial and political differences aren't inevitable obstacles, but solvable problems. Conquering them will lead us to a more perfect union.

Finally, my vision is for America to be a world leader. Now is not the time to be isolationists. We must maintain our military superiority in order not to use it. For with that very strength, we have the power to promote world peace—economically and diplomatically. Like President Woodrow Wilson said, "America cannot be an ostrich with its head in the sand." Shrinking from our responsibility leaves the rest of the world with nowhere to turn. We should be a role model for countries throughout the world to follow.

In my vision of America, hope and opportunity exist for each and every one of us. We owe much to those whose visions of America have changed our lives—Thomas Jefferson, Abraham Lincoln, Susan B. Anthony, Martin Luther King, Jr. and many other patriots. My vision is for America to be a country of patriotic people, united in being a model of democracy and hope to the world with the courage to look unafraid towards the future.

MEDICARE CUTS

HON. BOBBY L. RUSH

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Friday, July 28, 1995

Mr. RUSH. Mr. Speaker, I rise today as the voice of hundreds of senior citizens in the First Congressional District of Illinois and none of them wants cuts of any kind in their Medicare Program.

These older Americans were angry. They were scared. And they are not going to stand for these draconian cuts.

They know that the Republicans have committed themselves to squeezing \$270 billion out of the Medicare budget over the next 7 years.

The budget resolution sets out a gradual path of Medicare reductions, and most of the impact will not be felt until after November 1996, safely clearing the way for many Republicans up for reelection.

So make no mistake about it. This is not about policy making.

This is about politics—plain and simple.

The seniors want a clear mandate delivered to the Republican Party. They want them to know that seniors are not old or forgetful. Seniors are not "very pack-oriented and very sus-

ceptible to being led," as a leaked GOP strategy memo indicates. On the contrary, they will remember, a year from this November, who it was that slashed their Medicare Program and left them out in the cold to fend for themselves.

CELEBRATING MEDICARE'S 30TH BIRTHDAY

HON. BILL RICHARDSON

OF NEW MEXICO

IN THE HOUSE OF REPRESENTATIVES

Friday, July 28, 1995

Mr. RICHARDSON. Mr. Speaker, this week marks the 30th anniversary of Medicare, one of the Nation's most successful undertakings. Because of Medicare, America's seniors no longer choose between medicine and food or rent, and consequently their health has improved dramatically. Ironically, one of the reasons we are currently considering Medicare reform is due in large measure to its profound success. Americans are living longer, and many more reach an age where greater health problems emerge. This is a fortunate turn of events, and we must not use it to ransack a system that has served the Nation well.

Medicare is a remarkable testament to the good that can come from deliberative, open, bipartisan efforts to solve an oncoming health crisis. The Medicare concept was debated in Washington for 13 years before finally being signed into law in 1965. Many skeptics predicted that it would bankrupt the United States, that the contributions seniors made prior to retirement would evaporate, and that our health care system would become substandard. In fact, none of these events occurred. Medicare has been overwhelmingly successful.

Currently, there are 37 million Americans enrolled in Medicare, and 205,000 of them are New Mexicans. Today, 99.1 percent of all Americans over the age of 65 have health insurance coverage, primarily due to Medicare. The poverty rate for aged Americans has fallen by nearly 50 percent since Medicare's inception, and this is largely attributable to the fact that seniors receive effective preventive and acute health care at reasonable costs.

We must accomplish the difficult task of extending the life of Medicare, and it should not interfere with our commitment to balance the budget. But we also must examine the effects of current proposals carefully. In our rush to achieve ambitious goals, we cannot overlook the economic and social importance of adequate health care for seniors and the continued viability of local hospitals.

I comment to you the following article, written by Dr. Lyle Hagan of my district, which outlines the serious impacts current proposals will bring about.

STORM LOOMING FOR MEDICARE

(By Dr. R. Lyle Hagan)

On July 28, 1995 Medicare will celebrate its 30th birthday. As we all know, Medicare is a U.S. Government program that provides medical care for the nation's elderly. In addition Medicaid—a government administered program, provides medical services to the poor; financed jointly by Federal and State governments.

During the past several weeks, Congress has been deeply involved in cutting costs in all areas of government administration. Congress has established a Budget resolution for the fiscal year 1996 (FY 96).

The American Association of Retired Persons (AARP) fully supports deficit reduction, but it also believes that deficit reduction should be fair and balanced. The (FY 96) Budget Resolution proposes to take nearly half of the deficit reduction in the next seven years out of Medicare and Medicaid. In both programs these are the largest cuts ever proposed.

In 1995, the average older beneficiary will spend about \$2,750 out-of-pocket to cover the cost of medicare premiums, deductibles, coinsurance and the cost of services not covered by Medicare.

Under the Budget Resolution (FY 96), an average beneficiary would end up spending a total of about \$29,000 over seven years—an increase of about \$3,400. To achieve the medicare spending reductions in these proposals, costs that are currently paid by the Medicare program would probably be shifted to Medicare beneficiaries in the form of higher premiums, deductibles and coinsurance.

These could include: a higher medicare Part B premium; an increase in the annual Part B deductible to \$150, indexed to program growth; a new 20 percent home health insurance; a new 20 percent coinsurance for skilled nursing facility care; a new 20 percent lab coinsurance and a new income-related premium for higher-income beneficiaries.

All of these options have been under review in the Congress this year. Currently, the Part B premium intended to approximate 25 percent of Part B costs. In 1995, the premium is \$46.10 per month, \$553.20 annually. It is estimated to grow to \$60.80 per month, \$729.60 annually by 2002. The premium is deducted from most beneficiaries' social security checks. The remaining 75 percent of Part B costs are paid from general revenues.

Under the proposal by FY 96, the Budget resolution could substantially increase the Part B premium paid by medicare beneficiaries thereby shifting higher health care costs to medicare beneficiaries. Under the proposal, the premium is estimated to jump to \$97.70 per month, or \$1,172.40 annually by 2002. That is \$442.80 more than the beneficiary would pay under current law. Over the next seven years, most medicare beneficiaries would pay an estimated additional \$1,590 for the Part B premium alone.

The FY Budget resolution includes the largest Medicaid reductions in the history of the program—\$182 billion in savings over the next seven years. In the year 2002 alone, the budget proposal would reduce projected federal Medicaid spending by \$54 billion, a reduction of about 30 percent below what the government estimates it will cost to run the program delivering the same services and benefits that it does today.

Medicaid is the health and long-term care safety net for vulnerable children, older and disabled Americans. More than four million older Americans depend on Medicaid for coverage of preventive care, prescription drugs, nursing home and home community-based long-term care. In addition, more than 15 million low-income children are covered by Medicaid.

How individual states would respond to the proposed cuts would vary by state, but some things are clear. It is unlikely that states would raise taxes or shift money to make up for the federal reductions. According to estimates by the urban institute, in the year 2002, more than eight million Americans

could lose their medicaid coverage as a result of these proposed reductions.

Senior citizens may ask their Senator or Representative in Congress about Medicare and Medicaid cuts and how they will affect their future health and medical care.

INTRODUCTION OF THE ERISA CHILD ABUSE ACCOUNTABILITY ACT

HON. PATRICIA SCHROEDER

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

Friday, July 28, 1995

Mrs. SCHROEDER. Mr. Speaker, I am introducing the ERISA Child Abuse Accountability Act. This bill is a natural extension of legislation that I introduced last session, the Child Abuse Accountability Act, which Congress passed and President Clinton signed into law, Public Law 103-358.

The ERISA Child Abuse Accountability Act amends the Employment Retirement Income Security Act [ERISA] to allow victims to collect monetary awards from their abuser's pension. As a result of last year's legislation, victims of child abuse can now collect from an abuser's pension if it is a Federal pension. The ERISA Child Abuse Accountability Act allows victims to collect from private sector pensions as well.

It is vital that we, as a nation, dedicate ourselves to protect the welfare of our children and guarantee that anyone who commits a crime against them is held accountable. That is what The ERISA Child Abuse Accountability Act does.

The children who survive abuse face a lifetime of scars, both physical and mental. Some of these survivors turn to our court system to hold their abusers civilly accountable for their crimes. They endure traumatic trials, reliving the years of torment in order to hold their abusers responsible. Tragically, vindication by a court is only the beginning of the struggle for countless victims. Even after a court finds the abuser guilty and awards the survivor compensation, our laws prevent satisfying a court order with money from a pension.

This bill ends this injustice by creating a right to payment to satisfy a child abuse judgment. Under current law, private pensions are already accessible for child support and for spousal payments. This bill adds child abuse compensation as an obligation that must be met.

We hear a lot of talk in this body about protecting children and victims. But the fact is, there are laws that Congress has passed that protect abusers and prevent justice for victims. If we do not change those laws, our words ring hollow. I urge Members to support this bill.

TRIBUTE TO REV. W.L.
PATTERSON

HON. VERNON J. EHLERS

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Friday, July 28, 1995

Mr. EHLERS. Mr. Speaker, it is with great pleasure that I take this opportunity to recog-

nize the efforts and achievements of an outstanding man from my hometown of Grand Rapids, MI. Rev. W.L. Patterson of the True Light Baptist Church has given 41 years of unselfish civic and spiritual service to the residents of our community.

Reverend Patterson was born and raised in Arkansas, and in 1954 was called to the pastorate of the True Light Baptist Church. He is known throughout our community as a man of great integrity, ambition, and leadership. His work and dedication have helped improve the quality of life for a countless number of people.

Since being ordained 56 years ago, Reverend Patterson has continually served as a church pastor, and dedicated the last 41 years to the True Light Baptist Church. He has accomplished many outstanding services for the church such as building a new church, purchasing two parsonages, and purchasing property for the church, in addition to serving the spiritual needs of his parishioners.

Reverend Patterson has conducted daily commentaries and has appealed to those in need of prayer and counseling over the airwaves of WKWM radio. Reverend Patterson has used the power of the radio medium to deliver prayers and worship for those who are unable to attend services in person. His radio worship services have given him the distinction of being one of the first pastors to use this form of communication to deliver his message.

His involvement with the community extends beyond the pulpit of the church. He was instrumental in forming the Ambassadors Club, an organized Bible study class that later became a community service group. He also founded the Kennedy Day Care Center which served the youth of our community for more than 20 years. People with substance abuse problems have also benefited from Patterson's caring ways. His Operation Faith program was established to help those with substance abuse problems deal with their dilemmas through alternatives other than drugs and alcohol.

His skills and leadership have also been tapped by numerous organizations in the community. He has served as a member of the Kent Skills Committee on Relocation and he has also been involved as a board member of the Salvation Army's Genesis House. He has also held membership in the Grand Rapids chapters of the Urban League and the NAACP.

Not only has Reverend Patterson blessed the lives of many during his years of service, he has also been blessed himself by a wonderful family. Providing loving support for this dedicated man have been his wife, Ruth White Patterson, and his children Willie Patterson, Jr., Allena Ruth Cross, Rev. Irma Jean Jones, Ralph Patterson, Rev. H. Calvin Patterson, Barbara Brazil, Thedosa Baker, and his deceased son, Walter Patterson.

Mr. Speaker, I have summed up just a sampling of the many accomplishments and achievements of this remarkable and dedicated man. It is with great pleasure and privilege that I take this time to honor Reverend Patterson for all of his work in helping provide a better way of life for those he has come in contact with.

THE 1996 COMMERCE, JUSTICE, STATE AND THE JUDICIARY APPROPRIATIONS ACT

HON. RON PACKARD

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Friday, July 28, 1995

Mr. PACKARD. Mr. Speaker, President Clinton has declared his intention to veto the 1996 Commerce, Justice, State, and the Judiciary Appropriations Act. May I say how saddened I am that the President has chosen to act in this way. By vetoing this bill President Clinton is putting the interests of his party above the interests of the Nation.

Such an action, while not out of character, is nevertheless surprising considering the overwhelming benefits of this bill. The bill gives more money toward law enforcement, including the INS, who receive a 20-percent increase in desperately needed funds, than any bill ever passed in Congress. How can the President be willing to jeopardize the safety of every American citizen just because his own anti crime program has been scraped in favor of new initiatives that allow States and local Communities greater flexibility in tackling crime on their streets? Stalling over Medicare and thus endangering the health of our senior citizens is bad enough, but now, by threatening to veto the Commerce, Justice, State, and Judiciary appropriations bill, President Clinton is risking the lives of all Americans. What we the Republicans have always feared is true; the President is more concerned with his own agenda than the fate of the American people.

The 1996 Commerce, Justice, State, and Judiciary Appropriations Act represents a major new initiative in fighting crime. It rejects the old tried and failed attempts to impose solutions from above, solutions that do not, and cannot, take the specific needs and difficulties of local communities into account. By providing States with Block grants, States can still use the money to hire more police if they want, but they can also choose to buy equipment, start prevention programs, improve training—whatever they think will be most effective. This bill takes money out of the hands of Government bureaucrats and puts it into the hands of those who are fighting the war against crime on the frontlines. It recognizes that the Federal Government does not always know best. When will President Clinton realize the same and how many more will have to suffer until he does?

FREDDIE MAC'S 25TH ANNIVERSARY—JULY 24, 1970—JULY 24, 1995

HON. THOMAS M. DAVIS

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Friday, July 28, 1995

Mr. DAVIS. Mr. Speaker, 25 years ago this week, Congress created the Federal Home Loan Mortgage Corporation in an effort to relieve an ailing mortgage finance system. By utilizing what works best in the private and public sectors, Congress established Freddie Mac and revolutionized the home finance industry. Since then, Americans across the Nation have shared in the success, as housing

funds have become more affordable and more available. Freddie Mac has continuously expanded into new and diverse markets, financing one in every six homes nationwide. They have housed over 16 million families since their inception in 1970. In my own Commonwealth of Virginia, Freddie Mac has purchased over 444,000 loans worth more than \$36 billion in its 25 years.

As my colleagues are well aware, Freddie Mac keeps the supply of low cost money for housing widely available by linking mortgage lenders with security investors. It accomplishes its task by purchasing investment quality loans from primary lenders, packaging these loans as mortgage backed securities, and selling these securities to investors. Money is then available to purchase more loans from the lenders, and the cycle continues. It is important to point out that Freddie Mac accomplishes this without any Federal funding. In fact, it has been a major Federal taxpayer. In the past 5 years alone, it has paid over \$2 billion in Federal taxes.

Today, I would like to commend Freddie Mac for another role it plays. As a corporate citizen, Freddie Mac strives to give even more to the communities it serves through its Freddie Mac Foundation. The Freddie Mac Foundation is dedicated to brightening the future of children, youth, and families at risk. Created with an endowment from Freddie Mac in 1990, the Foundation has invested more than \$8 million in nonprofit organizations serving the Washington, DC, area.

Healthy families help foster healthy communities. Freddie Mac understands this and we in Congress should recognize and commend them for not only fulfilling their mission, but for taking this mission a step further. As their Chairman and CEO, Leland Brendsel, likes to say, while Freddie Mac's mission is to make the American dream of decent, accessible housing a reality, its foundation and its employees work to turn houses into healthy homes for children. They do this throughout the country, but we in Virginia, Maryland, and the District of Columbia have been particularly blessed by their presence.

In Virginia, one example of particular note is their longstanding partnership with Hunters Woods Elementary School in Reston where the Foundation has committed almost \$200,000 and the employees have committed thousands of hours of time working with the kids on their special needs. The entire area will benefit from a recent Freddie Mac commitment of \$1 million to help establish a Child Protection Center for area battered and abused children and their families at Children's Hospital. Finally, Freddie Mac's commitment to support our communities is probably best exemplified by a Washington Post article, which I submit for the RECORD, highlighting their work to help the District's foster care program. This is the kind of public/private partnership Freddie Mac brings not only to the community but to its public mission.

I believe Freddie Mac deserves not only congratulations on its 25th anniversary and thanks for doing a good job in meeting its mission, but also for its support for children, youth, and families at risk in communities throughout the country.

TRIBUTE TO CHRIS GROSS

HON. ANDREA H. SEASTRAND

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Friday, July 28, 1995

Mrs. SEASTRAND. Mr. Speaker, I am pleased to rise to share the inspiring story of an ordinary citizen who is accomplishing extraordinary things. From the moment we mounted the stage of America, the family of Americans who called this continent home have come together in adverse and tragic times and demonstrated the best elements of free man. From the first winters at Jamestown there have been countless demonstrations of what Lincoln called the better angels of our nature. Some of these stories will be preserved in our history books, films, and folklore. It is my wish that one such example of an American helping those in need and inspiring others to do the same be recorded in the CONGRESSIONAL RECORD.

Like most Americans, Mr. Chris Gross watched in horror the tragic scenes that followed the Oklahoma City bombing. Not content to just sit and watch, he committed himself to an ambitious goal—help the 137 children who lost a parent in the Oklahoma City bombing by raising \$1 million for a college fund. He began by donating 1 year of his own salary. This extraordinary display of generosity by this 26-year-old from Fremont, CA, has inspired others from all over the country to give to this admirable cause. As Mr. Gross holds a fundraiser in the 22d Congressional District of California on August 9, he will have already raised more than \$500,000.

When Mr. Gross reaches his goal, he will have done more than help financially provide for 137 children's education. He will have also inspired all those who have heard of his commitment and remind us that Americans are the most generous and charitable people on Earth.

TRIBUTE TO COL. WALTER L. MAYO, JR. (USA-RET.) KOREAN WAR VETERAN

HON. JAMES P. MORAN

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Friday, July 28, 1995

Mr. MORAN. Mr. Speaker, this week we gather as a nation to honor the soldiers and sailors, marines, and airmen, and all those who served, fought, and died in our Armed Forces in the Korean war. The Korean War Veterans Memorial, which we dedicate 42 years after the signing of the armistice of July 27, 1953, occupies a place of prominence and remembrance on the Washington Mall. This location among the grand monuments of our country is a fitting tribute to the veterans of a forgotten war that for too long has dwelt in the shadows of our history.

Among the ranks of those who served in the Korean war, one group has received scant attention and recognition even to this day—the more than 7,000 prisoners of war and 8,000 still listed as missing in action. I would like to

tell the story of one man, Col. Walter L. Mayo, Jr. (USA-Ret.) of McLean, VA, and Centerville, MA, who fought from the Pusan perimeter to the banks of the Yalu River and who spent 3 years as a prisoner of war. His story stands as testimony to the thousands of others whose heroism and sacrifice went unrecognized for too long.

Walt Mayo was no stranger to combat when he arrived in Korea in 1950. A World War II veteran, he had served as a rifleman during the Battle of the Bulge and was captured by the Germans. After his release, he went to Boston College on the GI Bill, joined the ROTC program, and received a Regular Army commission on January 1, 1950. He landed in Korea on August 10 as a field artillery forward observer in the 99th Field Artillery, attached to the 3d Battalion, 8th Cavalry Regiment, 1st Cavalry Division, just weeks after the June 25, North Korean invasion of the Republic of Korea [ROK]. There he joined the thin line of American and ROK forces that held the Pusan perimeter against 14 North Korean divisions and several tank regiments. The toll was high. By the end of his first week in combat, Lieutenant Mayo was the only survivor among the three original forward observers in his unit.

By mid-September, MacArthur's landing at Inchon had combined with a breakout from the Pusan perimeter led by the 1st Cavalry to shift the tide of the war. The 8th Army pushed north to the Yalu River, crushing the remnants of the North Korean army. On Halloween, the 8th Cavalry Regiment was at the leading edge of the American forces, at the town of Unsan only miles from the Chinese border. The men did not know it, but they had reached the high-water mark of the American advance for the entire war.

The Chinese Communist forces struck American units in force for the first time of the war on November 1. Lieutenant Mayo's unit, the 3d Battalion, had established a perimeter near an odd-shaped bend of the Nammyon and Kuryong rivers. The unit had received orders to withdraw, but in the morning darkness of November 2 the Chinese attacked on three sides. Scores of Chinese poured into the American position near the battalion command post, and the fighting quickly became hand-to-hand. The men regrouped around three tanks and held off enemy attacks until daylight. They dug in during the day of November 2, protected by fighter-bomber strikes. Six officers, including Lieutenant Mayo, and 200 men were left to fight. Some 170 wounded were brought inside the small perimeter.

The fate of the 3d Battalion was sealed when the rest of the 1st Cavalry Division was ordered to withdraw on the evening of November 2. Completely cut off, the 3d Battalion had no further hope of rescue. But the men continued to fight, fending off wave after wave of Chinese attacks—at least six separate attacks each during the nights of November 2–3 and 3–4. As the American soldiers exhausted their ammunition, they crept out at night to collect weapons and ammunition from the dead Chinese soldiers that littered the ground around them. One soldier described Lt. Mayo during this time as "the finest combat officer I have ever seen."

The situation on the morning of November 4 was grim. More than 250 men lay wounded.

They had almost no ammunition and the tanks had long since been destroyed. The officers decided to attempt a break-out. The battalion surgeon, Captain Anderson, and the chaplain, Father Emil Kapaun, volunteered to stay behind with the wounded.

That afternoon, Lt. Mayo and three others crawled across the bodies of the dead Chinese to scout a way out of the encirclement. He found a hole in the lines and sent word back for the rest of the group to follow. The survivors broke out just as the Chinese fired a massive artillery barrage in preparation for a final attack on the perimeter. The official Army history records the 3rd Battalion's fight as the "Ordeal Nuclear Camel's Head Bend."

The group evaded the Chinese for 2 days. The official account states simply that,

The next day, within sight of bursting American artillery shells, Chinese forces surrounded them and the battalion group, on the decision of the officers, broke up into small parties in the hope that some of them would escape. At approximately 1600 on the afternoon of 6 November the action of the 3rd Battalion, 8th Cavalry, as an organized force came to an end. Most of these men were either killed or captured that day . . .

The entire 8th Cavalry Regiment had lost some 600 men—a 45-percent casualty rate that meant the unit effectively ceased to exist.

Walt Mayo was captured by the Chinese on November 7 and marched north for 2 weeks to Pyoktong near the Chinese border. By the end of the march, the column of American POW's had grown to almost 600 men. Walt Mayo's parents were told he was missing in action.

Camp 5 at Pyoktong consisted initially of these 600 men housed 15 or 20 to a room in partially destroyed sheds and houses. The men had no way to clean themselves, little fuel, and no blankets to ward off the sub-zero temperatures. They had not received winter issue clothes before they were captured, so they only had light field jackets. The men were filthy and soon became covered with lice. Wounds became infected and sores began to break out and fester. The meager diet of cracked corn and millet took its toll, as limbs began to swell from beri-beri, night blindness struck and the men felt the effects of pellagra and other nutritional diseases. Pneumonia, hepatitis, and dysentery afflicted the weakened soldiers. The men began to die.

In February, 1951, 800 more POW's, including members of the Turkish Brigade, joined the original group at Pyoktong. Members of the Royal Ulster Rifles followed in April. But the death toll among the weakened men who had been in the camp through the freezing winter of 1950-51 continued to climb. By the late spring, more than two dozen men a day were dying. The death toll did not begin to drop until August, 1951.

The period from November 1950 until October 1951 was the darkest and deadliest chapter for American POW's. The Chinese did not feel they would have to account for the men, so they gave them almost nothing and sought to do little more than exploit and punish them. Some Americans gave up under the pressure of disease, deprivation, and despair. The vast majority of the 2,700 American POW deaths took place in these first 11 months, with almost 1,500 dying in Camp 2 alone.

Most men held on to their dignity and a few even reached deep inside themselves to find reservoirs of great courage and strength. Father Emil Kapaun was one such man. Walt had known Father Kapaun since the Pusan perimeter, when Father Kapaun had his pipe shot out of his mouth by a sniper. He had shown incredible bravery during the "Ordeal Near Camel's Bend," constantly risking his life to tend to the wounded.

Father Kapaun served as constant source of cheer and inspiration in Camp 5. He ministered to the sick and dying, and emulated St. Dismas, the good thief, in stealing food from the Chinese for the men. The Chinese feared Father Kapaun and the strength of his faith. When he developed a blood clot in his leg in April, 1951, the Chinese took him away to die. Walt joined with others after the Korean war ended to dedicate a high school in Wichita, KS, in honor of Father Kapaun. They gave the school a crucifix, with a crown of barbed wire, that a Jewish officer, Jerry Fink, had painstakingly carved in the camp in honor of Father Kapaun.

After Father Kapaun's death, Walt tried secretly to document the horror of the camp with a movie camera that he had received from an intermediary, Corporal Buckley of the Royal Ulster Rifles, from a Private First Class Magelski. But an informant turned all three of them in to the Chinese. Their refusal to break under interrogation kept the punishment relatively light—just over 2 months in solitary confinement. Walt was thrown into a hole in the ground so small he could neither stand up nor lie down. He kept his sanity by scratching out the lessons of the Jesuits in the dirt and on scraps of paper—math equations, Latin conjugations, and anything else to resist the isolation.

In November 1991, Walt and the other officers were moved to Pingchong-ni some 8 miles northeast of Pyoktong. The conditions improved slightly and the resolve, discipline, and camaraderie rose. The British officers in the camp felt a particular kinship with Walt because of his broad New England accent and dubbed him the "boy Lieutenant." The men became more imaginative in their resistance to the Chinese. They had a "crazy week" complete with operations from an aircraft carrier sketched in the dirt. Helicopter pilot Johnny "Roterhead" Thornton rode an imaginary motorcycle everywhere he went. Another shaved his head, wore a feather, and told the Chinese he was a blood brother of the Mohawk Indian tribe celebrating national tom-tom week. The bonds forged there with Hank Pedicone, Bart DeLashmet, Harry Hedlund, Sid Esensten, and others have lasted to this day. Most of all, the men helped each other to survive for almost 2 more years.

Under the terms of the Armistice signed on July 27, 1953, the Chinese had 60 days to return POW's. They used that as the last opportunity to punish the resisters. The ones who had caused the most problems were held to the last. Walt Mayo crossed Freedom Bridge on September 5, 1953, on the 58th day of the prisoner exchange.

Of the 7,140 American POW's in the Korean war, more than 3,000 died or were never heard from again. The total number who died as prisoners was probably much higher, given

that many of the 8,000 missing in action were certainly taken by the Chinese. But we know that at least two out of every five men died in captivity, a toll matched only by the POW's held by the Japanese in World War II.

Walt Mayo said that he lived because of three weapons his captors could never take from him: faith in God, faith in his country, and faith in himself. He, like so many other Americans who fought in Korea, used these common values to achieve uncommon courage, strength, and discipline. The memorial's stark, moving depictions of weary fighting men seem to somehow capture this inner quality. It is right and proper that we at long last give this due honor to Walt Mayo and the POW's who survived; to Father Kapaun and those thousands of Americans who lie buried along the banks of the Yalu; and to all of the veterans of the Korean war.

THE SPIRIT OF VERMONT AND THE NEW KOREAN WAR MEMORIAL

HON. BERNARD SANDERS

OF VERMONT

IN THE HOUSE OF REPRESENTATIVES

Friday, July 28, 1995

Mr. SANDERS. Mr. Speaker, this week the new memorial on The Mall to the brave Americans who fought in the Korean war was dedicated. It is long overdue that we have lasting tribute in our Nation's Capital to the near 1.5 million Americans from Vermont and all across our Nation who answered the call to stop North Korean aggression in the 1950's.

I hope there will be many occasions when Vermonters will be able to visit this powerful work of art and to honor those who fought and those who died in the Korean conflict.

I also want to call to the attention of my colleagues that Frank Gaylord of Barre, VT, who saw extensive combat action in World War II as a member of the 17th Airborne Division, 513th Parachute Infantry Regiment, is the sculptor of the column of 19 poncho-swathed soldiers featured in the Korean War Memorial.

Frank Gaylord has been a professional sculptor for 44 years, having received his bachelor of fine arts degree from Temple University in 1950. He returned to Vermont where he has worked in his own sculpture studio in Barre, VT for 38 years.

He has been chosen to create sculpture for municipalities, States, and educational institutions throughout the United States and Canada, including statues of Pope John Paul II, U.S. President Calvin Coolidge from Vermont, and Martin Luther King, Jr. He is equally comfortable designing sculpture using granite, marble, resin, or metal as a medium.

Frank Gaylord's latest composition at the Korean War Memorial is a moving reminder to all of us of the power of art. The Washington Post, in applauding his work, affirms that Gaylord's soldiers stand unpretentiously for the common soldiers of all wars.

I am proud that one of Vermont's native sons has bestowed this gift upon all of us, especially our Nation's deserving Korean war veterans.

I also ask that the text of a feature article about the Korean War Memorial

that appeared on July 22, 1995, in the Washington Post be reprinted in the CONGRESSIONAL RECORD following this statement.

[From the Washington Post, July 22, 1995]

A MARCH TO REMEMBER—MOVING MONUMENT TO KOREAN VETERANS SURPASSES THE TORTURED HISTORY OF ITS DESIGN

(By Benjamin Forgey)

When the Korean War Veterans Memorial is dedicated next Thursday—the 42nd anniversary of the armistice ending the war—veterans and their families will be celebrating an honor long overdue.

They can also celebrate a work of beauty and power. Given the tortured history of the memorial's design, this seems almost a miracle. But there it is. Situated on proud symbolic turf southeast of the monument to Lincoln, in equipoise with the Vietnam Veterans Memorial to Lincoln's north, the Korean memorial is a worthy addition to the national Mall.

Despite some big flaws, our newest memorial is incredibly moving. And what could have been its most glaring weakness—a column of realistically sculpted soldiers in combat formation—turned out to be its major strength. Unheralded sculptor Frank Gaylord of Barre, Vt., created 19 figures that are convincing individually and as a group.

It is a case of art rendering argument superfluous. There were obvious dangers in the concept of a memorial featuring a column of battle-ready soldiers. If excessively realistic, they could be off-putting. If strung out in too orderly a row, they could be deadeningly static. And yet, if inordinately animated, they could be seen as glorifying war. Indeed, in one of Gaylord's early versions, they came perilously close to doing just that.

But in the end, none of this happened. Placed dynamically on a triangular field of low juniper shrubs and cast in stainless steel at a scale slightly larger than life, these gray, wary troopers unself-consciously invite the empathy of all viewers, veteran and non-veteran alike.

The sculptures and triangular "field of service" are one of three major elements in the memorial. With an American flag at its point, the field gently ascends to a shallow, circular "pool of remembrance" framed by a double row of braided linden trees. There also is a memorial wall. Made of huge slabs of polished black granite, each etched with shadowy faces of support troops—nurses, chaplains, supply clerks, truck drivers and so on—the 164-foot wall forms a subtly dramatic background for the statues. High on the eastern end of the wall, where it juts into the pool of water, is a terse inscription. Freedom is not free.

The memorial was designed by Cooper Lecky Architects of Washington—although, in an important sense, the firm acted like the leader of a collaborative team. Important contributions were made by Gaylord and Louis Nelson, the New York graphic designer of the memorial wall, and also by the Korean War Veterans Memorial Advisory Board and the reviewing agencies, especially the Commission of Fine Arts.

Not to be forgotten are the four architects from Pennsylvania State University who

won the design competition back in the spring of 1989—John Paul Lucas, Veronica Burns Lucas, Don Alvaro Leon and Eliza Pennypacker Oberholtzer. This team dropped out after it became apparent that its original design would have to be altered significantly to pass muster with the advisory board, reviewing agencies and others. The team sued, and lost, in federal court.

Key elements of the competition design remain in the final product—particularly the central idea of a column of soldiers moving toward a goal. But the finished product is a big improvement over the initial scheme. It's smaller and more accommodating—not only was the number of soldiers cut in half (the original called for 38 figures), but also a vast open plaza was eliminated in favor of the contemplative, shaded pool. It's easier to get into and out of—the clarity of its circulation pattern is outstanding. Its landscaping is more natural—among other things, the original called for a grove of plane trees to be clipped "torturously," as a symbol of war. The symbolism of the memorial is now simple and clear.

Still, Cooper-Lecky and the advisory board went through many versions, and many heartbreaks, on the way to getting a design approved—and the finished memorial shows the strain of the long, contentious process. It cannot be said that this memorial possesses the artistic grandeur and solemnity of the Lincoln Memorial. It does not have the aesthetic unity of Maya Lin's Vietnam Veterans wall. It is not quite so compelling a combination of the noble and the everyday as Henry Merwin Shady's Grant Memorial at the other end of the Mall. But this is to put the new memorial in elevated company—together with the Washington Monument, these are our finest expressions of memorial art. To say that the Korean War memorial even comes close is a tribute.

Without question, its worst feature is a sequence of parallel strips of polished black granite in the "field of service." Unattractive and unneeded, they threaten to reduce the soldiers' advance to the metaphorical level of a football game. And on one side of the field, they end in obtrusive, triangular blocks of granite, put there to discourage visitors from walking onto the granite ribbons. The junipers may in time cover the strips—at least, one can hope—but these bumps, unfortunately, will remain bumps.

The wall gets a mixed review. A clever if somewhat shameless adaptation of Maya Lin's idea—with faces rather than names etched in—it honors support troops, who always outnumber those on the front lines. It is beautifully made. The heads are real ones from photographs in Korean War archives, digitally altered so that the light source is always coming from the direction of the flag. The etching is wonderfully subtle: The faces seem to float in a reflective gray mist. The wall tugs the heartstrings, for sure, but it's also a bit obvious, a bit much. It has the feel of a superfluous theatrical trick.

Fortunately, the wall does not interfere too much with the sculpture, which from the beginning has been the primary focus of this memorial. It was an extraordinary challenge, one of the great figurative commissions of the late 20th century, and Gaylord came

through. To walk down from the Lincoln Memorial and catch a first, apparitional glimpse of the soldiers, as they stalk from under the tree cover, is quite a thrill. Even from a distance and from the back, the gray figures are compelling.

And, as choreographed on that field, they become more compelling the closer you get until, with a certain shock, you find yourself standing almost within touching distance of the first figure: a soldier who involves you in the movement of the patrol by turning his head sharply and signaling—Beware!—with the palm of his left hand. He is a startling, daring figure and, with his taut face and that universal gesture of caution, he announces the beginning of a tense drama.

It is an old device, familiar in baroque painting and sculpture, to involve the viewer directly in the action by posture, gesture, facial expression. Gaylord adapted it masterfully here: The figures look through you or over your shoulders, enveloping the space beyond the memorial with their eyes. The air fairly crackles with the vitality of danger. The soldiers communicate tersely among themselves, too—in shouted commands or gestures and glances.

The most critical contact, though, may be that first one, between the visitor and that initial soldier. His mouth is open—you can almost hear him hissing an urgent command. You slow down, and then you behold the field before you. There is fatigue and alertness everywhere you look. Each figure and each face is as charged as the next. Appropriately, the gray metal surfaces are not polished and shined. Gaylord's rough treatment of the matte surfaces adds to the nervous intensity of the piece.

It is quite a feat to give such figures such a feeling of movement—they're only walking, after all, and they're carrying heavy burdens. But Gaylord performed that feat, 19 times—he proved himself a master of contrapposto, another time-honored sculptural technique. Underneath the gray ponchos and the weight of the stuff on their backs, these figures twist from hip to shoulder and neck. Some shift dramatically, some just enough, so that the ensemble takes on an extraordinary animation. Every gesture seems perfectly calculated to reinforce the irony. These ghostly soldiers in their wind-blown ponchos seem intensely real.

Dedicated to the concepts of service, duty and patriotism, the new memorial stands in sharp contrast to its companion across the Reflecting Pool. But the Korean and Vietnam memorials make a complementary, not a contradictory, pair. In honoring the sacrifices of soldiers in Vietnam, Lin's great V-shaped wall invokes a cycle of life and death, and physically reaches out to the Mall's symbols of union and democracy.

The Korean War Veterans Memorial is more straightforward, and speaks directly of a specific time and place. Yet it attains an unmistakable universality of its own. Gaylord's soldiers (and Marines and airmen) served in Korea, yes. But they also stand unpretentiously for the common soldiers of all wars.