

supplemental "Medigap" policies are often prohibitively expensive or limited in their coverage. Furthermore, a 1996 AARP survey indicated that 37% of older Americans do not have insurance coverage for prescription drugs. As a result, many senior citizens—a large portion of whom live on a fixed income—are forced to pay the full, out-of-pocket expense of prescription drugs.

The problem is clear: drug manufacturers are selling drugs to their favored customers at drastically reduced prices while not passing along those same savings to retail pharmacies and senior citizens. HR 4646, the "Prescription Drug Fairness Act", addresses this problem by giving every Medicare-eligible person a prescription drug card that they can take to their pharmacy and use to purchase prescription drugs at the same prices enjoyed by the drug manufacturers' favored customers.

The bill accomplishes this by allowing local pharmacies to purchase drugs used by senior citizens from the General Services Administration (GSA) of the Federal government. Since the GSA is one of the entities able to purchase prescription medication at much lower prices, pharmacists will be able to pass on significant savings to our senior citizens.

This is smart legislation that will save Medicare dollars by allowing seniors to get the medications they need to stay healthy. But more importantly, this is an effective approach to the problem of discriminatory pricing that will improve the quality of life for our senior citizens. I believe this bill will save lives and promote the personal financial stability of older Americans.

I strongly urge my colleagues to support H.R. 4646.

TRIBUTE TO SUSAN DAVIDSON

HON. PHIL ENGLISH

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Friday, October 2, 1998

Mr. ENGLISH of Pennsylvania. Mr. Speaker, it is with great pride I rise today to honor a young woman from Butler, Pennsylvania, who has shown remarkable integrity and determination. She is Miss Susan Davidson, America's 1998 Junior Miss.

The 1998 Butler High School graduate is the first Miss Pennsylvania Junior Miss from Butler, Pennsylvania to win the national title. Susan Davidson is a straight A student as well as an accomplished pianist who practices four hours a day. In fact, she demonstrated her tremendous musical talents by placing in the top four in the creative and performing arts category with her moving performance of "Toccata" by Khachaturian. She also won a scholastic achievement award and took first place in the presence and composure category. Susan's dedication to her goals has become her trademark. She works hard to achieve her dreams.

At Butler High School, Susan was a member of National Honor Society. She also played the French Horn in Butler High School's marching band and participated in the 1996 Governors School for the Arts, the 1997 All-State Chorus, as well as Regional Band and Regional Orchestra. Last year, she was the Butler County 1997 Fair Queen.

Miss Davidson best described her achievements when she said, "(Being a Junior Miss)

doesn't make you something that you aren't. The title rewards you for who you are, for what you have inside." Well Susan, I could not agree with you more. Congratulations on your accomplishments. You are an inspiration to us all.

HEDGE FUND BAILOUT

HON. RON PAUL

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Friday, October 2, 1998

Mr. PAUL. Mr. Speaker, the Federal Reserve orchestrated bailout of the hedge fund Long-Term Capital Management LP raises serious policy questions. At one point, the notional value of the Cayman Island-registered fund's derivatives totalled about \$1.2 trillion. We should look seriously at this issue because of the taxpayer-backed liability concerns raised by the involvement of an agency with the full faith and credit of the U.S. government. The state of Michigan has taken a constructive first step regarding the public policy concerns of derivatives. I urge us to consider the wisdom of the State Representative Greg Kaza as we debate this issue.

STATEMENT OF HON. GREG KAZA, MICHIGAN STATE REPRESENTATIVE, ADJUNCT PROFESSOR OF FINANCE, WALSH COLLEGE

Derivatives are financial instruments broadly defined as any contract or convertible security that changes in value in concert with a related or underlying security, fixed-income instrument, future or other instrument, currency or index; or that obtains much of its value from price movements in a related or underlying instrument; or an option, swap, warrant, or debt instrument with one or more options embedded in or attached to it, the value of which contract or security is determined in whole or in part by the price of one or more underlying instruments or markets.

Although derivatives are a relatively recent development in financial markets, their use by corporations, pension and mutual funds, financial institutions, governments and those involved in money management are clearly ascendant, according to the Federal Reserve and other federal agencies. The issue is not whether the government should ban or in some way restrict the prudent use of derivatives to hedge risk. Rather, the issue is one of disclosure, i.e., how best to provide increased transparency as our complex international financial system enters the 21st Century.

Three years ago I addressed the very same issue in Michigan by authoring state legislation that provided increased transparency by requiring units of government to disclose their derivative holdings to the public. Government units have to make investment decisions regarding the money they receive or retain; unfortunately, investment practices and decisions can sometimes lead to significant losses when taxdollars are unwisely invested in derivatives. Orange County in California and Independence Township in Oakland County, Michigan are both examples of government units that experienced significant losses as a result of the imprudent use of derivatives.

Initially, some of my colleagues wondered whether a ban or restriction on the use of derivatives would be preferable. But committee testimony soon convinced them that derivatives, although complex, are used by many institutions, including government pension

funds, to prudently hedge risk. Our five-bill package required public disclosure of derivative holdings by government units. The legislation garnered bi-partisan sponsorship and support, and ultimately became state law.

A related issue that we discussed privately at the time was whether the potential for moral hazard created by federal deposit insurance means private financial institutions should be required to disclose their derivative holdings in the interest of transparency. You are now likely to contemplate this issue yourselves given events surrounding the hedge fund in question, Long-Term Capital Management; and the potential for systemic risk posed by any future episode that might involve the imprudent use of derivatives and excessive amounts of leverage.

10TH ANNIVERSARY OF WCVE-FM

HON. TOM BLILEY

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Friday, October 2, 1998

Mr. BLILEY. Mr. Speaker, it is my pleasure to honor WCVE-FM (88.9 FM), a public radio station in my home town of Richmond. The station celebrated its ten year anniversary this year. I was glad to be a part of the WCVE-FM's opening ten years ago and I am proud to honor the station today.

WCVE attracts 96,000 listeners per week. There's nothing else like it on the radio dial in central Virginia. Listeners can tune into a diverse selection of unique music and unduplicated programming including classical music, jazz, National Public Radio (NPR), news magazines, and specialty programming.

One of WCVE's unique programs is *Gallery*, a local production that highlights the wealth of fine arts and humanities activities in Richmond. Each week, *Gallery* features interviews with members of the museum, performing arts and literary communities. WCVE's broadcasts of the Virginia Opera and the Richmond Symphony performances provide Richmonders with a wonderful cultural opportunity. The performances are enhanced with in-depth interviews with symphony and opera personnel—adding context and a better understanding to the performances for all the listeners.

In addition to cultural offerings, the station provides a variety of public affairs programs. Every winter WCVE-FM airs daily state legislature reports from the State capital. Throughout the year the station records and broadcasts speeches delivered to the World Affairs Council of Greater Richmond. These programs feature comments from foreign policy decision makers from all over the world on current international policy issues.

Mr. Speaker, I recognize the valuable service WCVE has provided to the citizens of my community in the past 10 years. In the past decade it has established itself as central Virginia's fine arts radio station. I appreciate WCVE's thoughtful discussion on a wide range of serious issues affecting the city of Richmond, the state and the world. I congratulate Charlie Sydnor, President of Central Virginia Educational Telecommunications Corporation, and station manager Bill Miller. I wish WCVE continued success.