

those in Essex highlighted another characteristic which makes this community special—the volunteer spirit of its residents. Until recently, virtually every local official served without pay and many continue to do so today. Fires are fought by volunteers, school playgrounds are built by parents, and elections are monitored by civic-minded citizens who never receive a penny for their dedication to their community. Mr. Richard Gamble summed up the contribution of Essex's residents by saying "we're unusually blessed by people who are not only capable, but willing to spend the time."

Mr. Speaker, I am proud to joint residents from Essex in celebrating this much deserved honor. Parochially, I believe every small town across the Second Congressional District could qualify for the No. 1 spot. However, today we celebrate the achievements of this community and welcome people from across the country to come join us in America's No. 1 Small Town—Essex.

#### TRIBUTE TO THE NORTHWESTERN WILDCATS

HON. SIDNEY R. YATES

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, December 5, 1995*

Mr. YATES. Mr. Speaker, our long, long wait is over. The Northwestern Wildcats are going to the Rose Bowl.

The last time Northwestern went to the Rose Bowl was in 1949, my first year in Congress. Back then we all thought there was a dynasty in the making; we felt sure the Wildcats would play in the Rose Bowl for years to come. I never dreamed that I'd have to wait 46 years to see this moment again. But I am a patient man and this victory is well worth the wait. And knowing both the 1949 team and our current champions, I feel safe in saying that the Wildcats, like Congressmen, improve with age.

Thanks to a dedicated and talented Wildcat team, the leadership and patience of its coach, Gary Barnett, and the continuing insistence of Northwestern President Henry S. Bienen and Chancellor Arnold R. Weber that a university could simultaneously have academic and athletic excellence, the Big Ten Champion Wildcats will be playing in Pasadena on New Year's Day. These are accomplishments which should be celebrated in an era of athlete factories and degree mill universities. The Wildcats have the second highest team average SAT score in all of NCAA Division I. Newsweek notes that every one of Gary Barnett's players who didn't transfer to another school has continued on to graduation. The Wildcats, with grace and spirit, demonstrated that winning and learning are not inconsistent.

It is out of this incredible pride that I feel for Northwestern that I am today introducing a resolution which recognizes the amazing accomplishments of the Wildcats and congratulates them on winning the 1995 Big Ten Championship and on receiving the coveted invitation to compete in the 1996 Rose Bowl.

As an old alum from the University of Chicago, I long considered the Wildcats to be bitter rivals. But today, we are all Northwestern fans.

And regardless of the final outcome of the game, the Wildcats and all of Northwestern are winners.

#### REAL TALK ABOUT MEDICARE

HON. FORTNEY PETE STARK

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, December 5, 1995*

Mr. STARK. Mr. Speaker, I commend to my colleagues an opinion piece in today's Washington Post. Professors Jerry Mashaw and Theodore Marmor provide a straight to the point analysis of what maintaining the best health insurance program in the world, Medicare, requires.

#### REAL TALK ABOUT MEDICARE

Although Medicare reform has been at the very center of the budget negotiations between Congress and the administration, much of the political discussion on this issue has been about as thoughtful as a food fight.

Republicans have made the claim that Medicare faces bankruptcy and offered their "Medicare Preservation Act," cutting \$270 billion in projected spending on the program in order to "preserve, protect and strengthen" the program. Democrats respond that this would mean Medicare's destruction and that big cuts are unnecessary—except to facilitate tax cuts for the rich while keeping the Republican promise to eliminate the deficit.

Behind this unilluminating, alarmist debate there are some hard facts that need to be considered:

Medicare does need fiscal adjustment. A 10 percent annual growth rate in program costs is simply not sustainable in the long run. Changes in longevity, medical technology, cultural conceptions of adequate medical care, national fiscal capacity and a host of other factors demand that any long-term program of medical insurance accept periodic adjustments. Rigid defense of the status quo is silly. But so is the demand for "preservation" by complete overhaul. Reformers should attend to the many small adjustments that really will preserve a highly valued program. They should not search for some untried one big thing that will "fix" the system for all time.

Talk of the projected "bankruptcy" of the "trust fund" is an unhelpful way to think about the urgency of Medicare's financial problems. The trust fund is an accounting convention signaling that Medicare's hospital insurance (Part A) is financed by earmarked taxes. If time is needed to make sensible, gradual adjustments in Medicare, the "fund" for Part A can be increased by extremely modest new taxes or by temporary transfers from the surpluses in the Social Security retirement accounts. In any event, no one is going to wake up some Saturday morning to find that his hospital coverage has suddenly ceased because Medicare is "broke."

Costs are not the only problem. For example, major elements in the treatment of chronic disease are not covered by Medicare, nor are pharmaceutical therapies and long-term care. These gaps not only ensure that the program fails to meet important needs of the elderly and the disabled, they also promote costly gaming of the system. To get Medicare payments for nursing home care, patients must be cycled through hospital stays, whether needed or not. Personal assistance must be provided by highly paid nurses, even if the "medical" content of the care is minimal.

Reform should concentrate on helping Medicare meet the genuine needs of beneficiaries and avoid artificial boundaries that cannot, in any case, be policed effectively. Broadened coverage need not necessarily be the enemy of cost control and in some instances may be its ally.

Let this proposal for expanded coverage suggest we have lost touch with fiscal reality, we must emphasize that the costs of care may be reduced in many ways. Less expensive forms of care can substitute for more heroic interventions. Unnecessary and marginally necessary care can be lessened. The amounts paid for particular interventions can be restrained.

But reformers should remember that Medicare administrators have been quite successful at constraining costs when given the tools and political support to do so. They can be even more effective in the current context, in which private insurers are doing similar things. Providers now have nowhere to hide from system-wide demands for cost control.

Taxes can be raised. So can premiums. Anyone who thinks that an earmarked tax for a popular program can't be increased marginally in the current political climate simply has not been paying attention to what we have been doing over the past decade—or to what opinion polls say Americans will support. On the other hand, there is no reason that a program originally designed to prevent financial catastrophe for the elderly and disabled should use general revenues to subsidize 80 percent of all their expenditures for physician services (Part B). Some of these costs can and should be distributed differently. In other words, reform should (and almost surely will) require some adjustments in current payment arrangements: who pays, how much and through what types of levies, charges or deductibles.

Finally, those who are old or disabled—and also sick—deserve a more patient-friendly system of health insurance. Offering them a smorgasbord of private insurance alternatives may appeal to those for whom "privatization" is the presumptive answer to all questions of public policy. The political and economic realities, however, are very different.

This type of "freedom of choice," not of doctors but of "plans," would increase the administrative costs and complexity of Medicare while driving most of the old and the sick to distraction. How it would save federal dollars remains a mystery. Moreover, responsible privatization would actually require massive federal regulation of the insurance industry to try to prevent "cherry picking" of the better risks and cost shifting between the Medicare and non-Medicare patients by insurers covering both.

The earlier proposal for mandatory HMOs for all generated effective political resistance—and for good reason. Most HMOs have catered to a quite different and much healthier slice of the population. Whether HMOs can serve the elderly and disabled well, and at reduced costs, is unknown.

Reforming Medicare will be neither simple nor painless, and wise solutions are unlikely to emerge from political processes that distort the real issues and the real alternatives. President Clinton should veto virtually any Medicare "reform" that emerges from the current, overheated, political context. The president should then remind Sen. Bob Dole and his congressional colleagues of the senator's earlier suggestion for a presidential commission on Medicare that would not report until after the 1996 elections. Handing off to a commission really is the right thing to do now just as it was in achieving sensible tension reforms in the early 1980s.

## NATO ENLARGEMENT AND RUSSIA

HON. LEE H. HAMILTON

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 5, 1995

Mr. HAMILTON. Mr. Speaker, on October 10, 1995, I wrote to Secretary of State Christopher concerning a study on NATO enlargement, issued by NATO in September 1995. I asked a number of questions about the study and the Russia factor in NATO policy. On November 28, 1995, I received a detailed reply from the State Department. I would like to bring the correspondence to the attention of my colleagues. The text follows:

COMMITTEE ON INTERNATIONAL  
RELATIONS,

Washington, DC, October 10, 1995.

Hon. WARREN CHRISTOPHER,  
Secretary, Department of State,  
Washington, DC.

DEAR MR. SECRETARY: I write with respect to the recent study on NATO enlargement, issued by NATO on September 20, 1995. I would like to ask a number of questions about the study and about the Russia factor in NATO policy.

1. The North Atlantic Council communique of May 30, 1995 states: "When the members of the Alliance decide to invite new members, their objective will be to enhance security for all countries in Europe, without creating dividing lines."

How will NATO enlargement enhance the security of those European states that are not invited to join NATO?

How will NATO enlargement enhance security in Europe if key European powers—Russia, and perhaps states not invited to join NATO—oppose that enlargement?

How can NATO enlargement avoid creating new dividing lines in Europe?

2. The study of September 20th states: "Russia has raised concerns with respect to the enlargement process of the Alliance."

Does Russia have concerns about enlargement, or does Russia oppose NATO enlargement?

What is the impact of recent NATO airstrikes in Bosnia on Russia's perspective on NATO enlargement?

Does any political figure in Russia today support enlargement of NATO?

How do you respond to the stated views of leading Russian reformers that NATO enlargement undercuts political and economic reform and reformers, and enhances reactionary forces in Russia?

3. President Yeltsin stated last month that NATO's expansion to the "borders of Russia" would "light the fires of war all over Europe."

How do you respond to Russian statements that NATO enlargement will re-create new and hostile blocs in Europe?

4. How do you expect Russia to respond to NATO enlargement?

Would you expect increased pressure by Russia on neighboring states?

Would you expect Russia to repudiate arms control agreements, or try to re-create military alliances?

How would military confrontation between NATO and a non-communist Russia serve the interests of the United States?

5. What is your strategy for convincing Russia, Ukraine, Belarus and other states that NATO enlargement enhances their security?

What precise relationship do you envisage between an enlarged NATO and Russia?

6. The NATO study of September 20th mentions that NATO aims to achieve a "political

framework for NATO-Russia relations" by the end of the year.

What is the content of that proposed NATO-Russia framework?

When the study mentions "elaborating basic principles for security cooperation," what does that mean? What are those basic principles?

When the study mentions "the development of mutual political consultations," what does that mean? How would that differ from current consultation?

7. The NATO study makes the following statements:

(Paragraph 23) "We have agreed that constructive, cooperative relations of mutual respect, benefit and friendship between the Alliance and Russia are a key element for security and stability in Europe."

(Paragraph 27) "NATO decisions, however, cannot be subject to any veto or droit de regard by a non-member state . . ."

How do you reconcile these statements?

If NATO decides to admit new members over the objections of Russia, how would this create constructive, cooperative relations between NATO and Russia?

How would enlargement of NATO over Russia's objections enhance security and stability in Europe?

I appreciate that these questions are difficult, but I believe your answers are important in enhancing articulation and public understanding of U.S. and NATO policy.

I look forward to your early reply.

With best regards.

Sincerely,

LEE H. HAMILTON,  
Ranking Democratic Member.

U.S. DEPARTMENT OF STATE,  
Washington, DC, November 28, 1995.

DEAR MR. HAMILTON: You have asked a thoughtful series of questions on NATO enlargement and NATO-Russia relations in your October 10 letter to Secretary Christopher. Agreement on a new framework for security cooperation in Europe is a task of historic proportions. Your voice has been one of the most consistent in support of a strong, decisive U.S. role in the world. We have especially appreciated your support for our comprehensive approach to European security, of which NATO enlargement is a very important component.

In preparing this reply, we welcomed the opportunity to review and sharpen our own thinking on these key issues. Because the security situation in Europe is continuously evolving, we and our NATO allies have sought to be flexible in responding to the fundamental changes that have taken place since 1989. However, we have been firm and absolute in our commitment that Alliance policies be inclusive rather than exclusive. This has been especially true in regard to Russia and NATO-Russian relations.

Your letter begins by asking how NATO's eventual enlargement will enhance the security of non-members and avoid the creation of new divisions in Europe. Before turning directly to that question, I want to make two important points. First, the Alliance's failure to expand would not be consistent with the evolutionary changes taking place in Europe. A number of European states have made tremendous political and economic progress in recent years and will soon be ready for full membership in various Western institutions. To exclude the possibility of their eventual NATO membership would condemn these countries to a security "grey zone," which would itself be a source of instability. Moreover, it would freeze the Alliance within artificial boundaries—set by the historical anomaly of the Cold War—at the same time other institutions are adapting to meet new political, economic and security

realities. Instead, as Secretary Christopher has said, "Europe's institutional arrangements should be determined by the objective demands of the present, not the tragedies of Europe's past."

Second, NATO's eventual enlargement will not take place in a vacuum. It represents but one aspect of our approach to the broader evolution of Europe's security architecture. European affairs can no longer be defined within the old "zero-sum" framework; the security of one state is indivisible from the security of all. Bodies such as the European Union (EU), the Western European Union (WEU), the Council of Europe (COE) and especially the Organization for Security and Cooperation in Europe (OSCE) will each play important roles as economic, political and security institutions continue to adapt and develop over the coming years. Each of these bodies contributes to European integration and stability. While NATO remains the key link between the U.S. and Europe, we should avoid lending credence to the false notion that NATO is the only organization with a direct impact on the European security equation.

It is within this overall framework that NATO can expand without creating new divisions in Europe. Because those states which do not join the Alliance—either early or at all—will continue to participate in European bodies like the OSCE, they will not be excluded from key decision-making institutions. While we reject any suggestion that the OSCE should assume the role of NATO's overseer, we nonetheless recognize that as the only all-European institution the OSCE plays a unique role in setting the European political and security agenda. For that reason, we are supporting the OSCE's ongoing work on a European security model for the next century and have consistently pushed for practical steps to enhance the organization's effectiveness.

Moreover, we do not accept the view that integration can only be achieved through membership in a particular institution. In some cases, membership is appropriate; NATO's expansion process will determine which states should join the Alliance. But in many other cases, active diplomatic engagement with an organization can be almost as useful as membership. A good example of this is the U.S. relationship with the European Union; we may not have a vote in EU councils, but through an active program of consultation and policy coordination we can often influence EU decisions. The two key elements in NATO's evolution and program of outreach have thus been the creation of the North Atlantic Cooperation Council (NACC) and the Partnership for Peace (PFP), which provides fora for non-member states to engage directly and consult closely with NATO.

The NACC and PFP ensure that non-members are able to cooperate with the Alliance on key European security issues. Russia and other states have taken full advantage of the opportunities thus provided to make their views known on a host of issues. Moreover, states which do not eventually join the Alliance can remain active members of the NACC and PFP. The post-expansion Alliance will not shut itself off from the rest of Europe; an enlarged NATO will have the same need for interaction and close relationships with non-members that currently exists. By expanding its membership and by maintaining these important and productive relationships, NATO will avoid either the reality or the appearance of creating new divisions or new blocs in Europe.

Turning to your questions regarding Russian concerns about NATO enlargement and the future of NATO-Russia relations, the Alliance and Russia have a complex, still

evolving relationship, which we hope will become a crucial element of the emerging European security architecture. This is not to suggest that NATO-Russia relations are without strain. As you note, Russian officials have objected to NATO actions in the former Yugoslavia, asserting that the Alliance acted without properly consulting other interested states. While we reject such contentions—NATO acted under a clear UN Security Council mandate—the fact remains that many Russians perceive themselves and their country as having been marginalized. Similarly, President Yeltsin and other senior Russian officials have voiced serious concerns about NATO's enlargement, often in quite stark terms.

Although Moscow's opposition to NATO enlargement is often based on misperceptions, we nevertheless recognize that these arguments must be addressed. Similarly, Russian concerns about their stature in European affairs are real, but our bilateral discussions—most recently at Hyde Park—have made clear that both sides remain committed to promoting Russia's integration into key Western structures. The Russian leadership understands that altering or otherwise slowing this course would only isolate Russia and hinder reform at home. While we must be careful neither to underestimate nor exaggerate the importance of European security matters in Russian domestic politics, Russian views will continue to evolve and we must be prepared for a lengthy—and sometimes heated—dialogue with the Russian government.

To put the broader issue of NATO-Russia relations in context, you should recall that the Alliance has engaged in a concerted effort to develop a close, cooperative partnership with the new Russia. Even before the break-up of the Soviet Union, NATO had sought to establish productive, non-adversarial relations with Moscow. With the dissolution of both the Warsaw Pact and the USSR, NATO created the North Atlantic Cooperation Council and the Russian Federation became one of its first members. This consultative arrangement set the stage for the establishment early last year of the Partnership for Peace, which Russia joined in June 1994. Within PFP, Russia has had the opportunity to engage directly with the Alliance to develop the capability of working with NATO in support of common interests and goals in Europe.

Moreover, under the "Beyond PFP" arrangement approved this past May, NATO and Russia have agreed to take their relationship a step further in terms of consultations and active cooperation. Finally, as you note in your letter, the Alliance has offered to develop a "political framework" for future NATO-Russia relations. As we envision it, in the near term NATO and Russia would agree on the basic principles which would guide the relationship well into the 21st century; NATO has already tabled a draft—which draws heavily on existing documents and agreements—for Russia's consideration. Once the final principles are hammered out, we would work together to turn them into a more formal, long-term understanding that would facilitate NATO-Russian cooperation.

Russia, therefore, already has a quite significant relationship with NATO. The key determinant in how our relations develop will be Russia's implementation of the various partnership mechanisms now available. This is an ongoing, evolutionary process, which will certainly be affected to some degree by the domestic political climate in Russia. We remain convinced, however, that Russian government will recognize that it is to Moscow's advantage to develop and maintain a close relationship with the Alliance as part of Russia's overall policy toward Eu-

rope. While no Russian leader has publicly endorsed NATO's enlargement, senior officials—including President Yeltsin—have repeatedly acknowledged the importance of partnership with NATO and the West.

Thus, in policy-level discussions with the Russians we will continue to state clearly that NATO is willing to go the extra mile in developing an effective partnership with Russia, that the Alliance's eventual enlargement is not aimed against Russia or any other state, and that Moscow's interests would not be served by repudiating the still-evolving NATO-Russian relationship (or any arms control agreements) because of NATO expansion. We will also continue to monitor carefully reports of undue Russian pressure on neighboring states to create new military blocs, as well as reports of Russian plans for military responses to NATO's enlargement. As necessary, we will make clear that such moves would only isolate Russia, impeding its further integration into the European mainstream.

Our demonstrated commitment to partnership and cooperation has already alleviated some of the fears and concerns expressed by Russian officials. For example, our active effort to involve the Russians in the implementation of a Bosnian peace settlement has demonstrated we do not want to go it alone. Instead, we have engaged in an intensive, ongoing dialogue with the Russians on this sensitive issue, most recently between President Clinton and president Yeltsin on October 23 and between Secretary of Defense Perry and Minister of Defense Grachev on November 8. While we will not compromise on the absolute need for an effective, NATO-led operation, if we are ultimately able to settle on a workable arrangement for Russian engagement we will have helped assuage Russian concerns that NATO is only interested in marginalizing Moscow.

In your final question you ask how the statements "We have agreed that constructive, cooperative relations of mutual respect, benefit and friendship between the Alliance and Russia are a key element for security and stability in Europe" and "NATO decisions, however, cannot be subject to any veto or droit de regard by a non-member state . . ." can be reconciled. But these statements are not, in fact, contradictory. Notwithstanding NATO's approach to enlargement, the Alliance has a strategic interest in seeking constructive, cooperative relations with Russia. The fact that we are actively planning to expand simply means that the enhanced Russian-NATO relationship will be with a larger NATO. We will listen to Russia's concerns about enlargement just as we listen to the thoughts of our other partners; their views will be taken into consideration and will certainly influence our thinking. But influence and a veto are two quite different things; neither Russia nor any other non-member will have a veto over Alliance membership (or any other) decisions.

Thank you for the opportunity to respond to your thoughtful questions. We look forward to continuing our exchange as the Alliance moves closer to enlargement and as NATO-Russian relations continue to develop.

Sincerely,

WENDY R. SHERMAN,  
Assistant Secretary for  
Legislative Affairs.

## THE ADMINISTRATION NEEDS TO SUPPORT TAIWAN

HON. BENJAMIN A. GILMAN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 5, 1995

Mr. GILMAN. Mr. Speaker, recently A.M. Rosenthal of the New York Times wrote two thought provoking articles regarding Taiwan. He points out how the administration's apparent weakness in supporting our democratic friends there plays into the hands of the dictators in Beijing.

There are a number of territorial disputes in Asia. One of the most contentious is the ownership and future of the island of Taiwan. Regretably, short of an early collapse of the dictatorship in Beijing, the 45-year-old stalemate over the issue shows no signs of an immediate resolution.

Taiwan is a free democracy. A nation where people can express their thoughts and practice their religious beliefs. Through the long years it has remained a loyal friend and steadfast ally of the United States. The Republic of China is one of Asia's economic miracles featuring a strong and growing economy with less than 1-percent unemployment. From our perspective this is the type of free and democratic society we need to support in the region and around the world. On the other hand we have the People's Republic of China. The Beijing leadership has repeatedly proven itself over the years to be an oppressive dictatorship with little regard for human and religious rights, much less political freedom. Its military fought against ours in Korea, supported the Communists in North Vietnam, and currently ships weapons of mass destruction to terrorist nations in the Middle East.

For the past 10 years whenever an effort was attempted by the Congress to respond to Beijing's egregious behavior we were told, that there is a political transition period underway in China and if we took any substantive action we would be strengthening the hands of the hardliners.

And so for the last decade, whenever the Congress attempted to respond to China's export of products made by slave labor, we were told by the State Department to back off.

When we raised the issue of the Communist's repression of religious and political thought, the State Department told us that economic liberalization will bring about political pluralism.

Accordingly, Beijing has never paid a price for its unfair trade practices, arms proliferation, repression in occupied Tibet, massive military buildup, the recent aggression in the Spratly Islands, its disregard for intellectual property rights, its illegal detention of Harry Wu, an American citizen, and its threatening military exercise off the coast of Taiwan. On the contrary, the State Department believes that we need to further soften our approach to Beijing.

I am all for working peacefully and negotiating quietly with the Chinese. But time and time again, the State Department has failed to bring home the bacon. Constructive engagement cannot be just a one way endeavor. The State Department needs to recognize this and adjust its course.

Considering all these facts, the Congress is compelled to ask if Taiwan's time has come to be recognized by the world's community of nations. And if so, what can this body do to help