of the KT/V, it requires only simple mathematics without the need for computer software and can provide a useful verification of treatment effectiveness. It is understood that there are other factors affecting the outcome of patients on dialysis; however, dialysis has become quantifiable and, therefore, should be utilized to effectively realize treatment goals.

Putting this in layman's terms, it is possible to measure the amount of dialysis a patient will receive by knowing the duration of treatment, the amount of waste products in the blood, and the quantity of blood that the dialysis filter will clear of those waste products during treatment. In essence, the longer a patient remains on a dialysis machine, the more likely they are to achieve the 1.2 figure.

It is appalling to think that some facilities would cut the amount of time on the dialysis machine in order to save money. Quality dialysis facilities have shown us that they can make money and still provide adequate time on the machine. Furthermore, statistical studies have demonstrated that increased time translates into less death. I believe there is enough medical consensus on this point that it would be improper for Medicare to continue to pay for facilities that do not provide adequate levels of dialysis as measured by the KT/V value. That is what my bill seeks to do: Force those facilities which are not providing sufficient dialysis to improve their level of care in accordance with a set of industry-wide standards, and ultimately stop the premature death of their patients.

Many studies have shown the correlation between increased treatment time and decreased mortality rates. [7,9–14] However, it has been argued that the combination of falling real-dollar reimbursement rates and increases in the required bundle of services have caused not only a decline in the amount of dialysis being delivered but also a reduction in the ability of dialysis centers to provide adjunct resources such as dietary counseling, social work management, mental health information, and vocational rehabilitation. As Congress considers this legislation, it also needs to examine and address this whole range of issues impacting on the lives of dialysis patients.

Medical science is continually evolving, of course, and future information may provide us with a better measure of dialysis or show us that 1.2 is not the right number to strive for. Therefore, my bill authorizes the Secretary to adjust the KT/V value or substitute a different formula if a report is sent to Congress explaining the wisdom of such a change. My bill also addresses the issue of monitoring dialysis facilities in order to assess their compliance with the above standards.

Once the progression to chronic renal failure has occurred, the main goals of the medical community should be to maintain and improve, if possible, the quality of life of the end-stage renal disease patient. Treatment plans should focus on prescription and delivery of adequate dialysis, attention to the social and psychological factors that influence survival and functional outcome of hemodialysis patients, provision of dietary counseling and management, assessment and reduction of malnutrition, control of hypertension, strict management of diabetes, maintaining vascular access, and provision of vocational rehabilitation.

In closing, Mr. Speaker, I urge the renal community to evaluate the need for reform within the dialysis industry to reduce the untimely deaths of so many patients with kidney failure.

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INTRODUCTION OF DERIVATIVES DEALERS ACT OF 1995

HON. EDWARD J. MARKEY

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Monday, February 27, 1995

Mr. MARKEY. Mr. Speaker, today I am introducing the Derivatives Dealers Act of 1995. This legislation is aimed at providing a framework for improved supervision and regulation of previously unregulated dealers and assuring appropriate protections for their customers.

Today's newspapers report on the disastrous consequences of derivatives losses by Barings PLC—one of Great Britain's oldest merchant banks. According to these reports, Baring's has lost at least $950 million due to unauthorized derivatives trading by a 27-year-old trader in its Singapore office. This sorry episode underscores the risks inherent in failing to assure that regulators have adequate tools on hand to minimize the potential for OTC derivatives to contribute to a major disruption in the financial markets, either through excessive speculation and overleveraging, or due to inadequate internal controls and risk management on the part of major derivatives dealers or end users. Despite the best efforts of the Bank of England to rescue Barings, apparently the scale of the losses is so great that as collapse could not be averted. As a consequence, both European and Asian financial markets are in turmoil today. The bill I am introducing today will help assure that no similar disaster befalls American derivatives dealers or our financial markets.

Derivatives are financial products whose value is dependent on—or derived from—the value of some underlying financial asset such as a stock, bond, foreign currency, commodity, or an index representing the value of such assets. Some derivatives have been around for many years, such as the exchange-traded futures and options used by investors and dealers seeking to hedge positions taken in the stock and bond markets, or to speculate on future market movements.

Within the last few years, however, such exchange-traded futures and options have been supplemented by a vast and dizzying array of over-the-counter [OTC] derivatives. These include forwards, swaps, options, swaptions, caps, floors, and collars that may be linked to the performance of the Japanese stock market, the dollar-deutschemark exchange rate, the S&P 500, or virtually any other asset. Today, the total outstanding value of the principal underlying such over-the-counter derivatives is estimated to be over $12 trillion.

The dynamic growth of the OTC derivatives market is the direct result of developments in computer and telecommunications technology and breakthroughs in modern portfolio management theory that have created a new world of cyber-finance that is reshaping U.S. and global financial markets. These new financial instruments are an important component of modern financial activity and provide useful risk management tools for corporations, financial institutions, and governments around the world seeking to respond to fluctuations in interest rates, foreign currency exchange rates, commodity prices, and movements in stock or other financial markets.

While OTC derivatives are frequently used to hedge foreign currency or interest rate risks or to lower borrowing costs, there has been a proliferation of increasingly exotic, customized financial contracts or instruments that enable dealers and end users to make speculative synthetic side bets on global financial markets. This development has raised concerns over the potential for OTC derivatives to increase, rather than reduce risk of financial loss or contribute to a future financial panic. In addition, the concentration of market-making functions in a small number of large banks and securities firms, the close financial interlinkages OTC derivatives have created between each of these firms, and the sheer complexity of the products being traded raise serious concerns about the potential for derivatives to contribute to serious disruptions in the fabric of our financial system. My bill will help assure that Federal regulators have the ability to effectively monitor the activities of certain heretofore unregulated derivatives dealers.

In addition, my bill will help assure that our financial regulatory structure includes appropriate customer protections in place in the form of full disclosure, accurate financial accounting, appropriate sales practices, and restrictions against fraudulent or manipulative activity.

While the Barings PLC disaster underscores the some of the risks and dangers associated with derivatives, the Subcommittee on Telecommunications and Finance, which I chaired in the last Congress, has been closely monitoring the financial derivatives market for the

last 3 years. In June 1992, I wrote to the General Accounting Office [GAO] to request a comprehensive study of the derivatives market. At that time, the subcommittee noted that the trading of new and complex derivative products by financial institutions and their customers had greatly increased in recent years, creating a corresponding need to assure that knowledge of how to manage and oversee the risks associated with these products was keeping pace.

The GAO derivatives study submitted on May 19, 1994, in response to the subcommittee's request, has identified some serious gaps in the current legal and regulatory structure relating to OTC derivatives.

The GAO made a number of important recommendations for reforms in the regulation of financial derivatives disclosure, financial accounting, and dealer regulation. Of particular concern to me was GAO's finding that serious gaps existed in the current legal and regulatory framework that allows derivatives dealers affiliated with securities firms or insurance companies to largely escape the type of regulations which are already in place for derivatives dealers affiliated with banks. GAO also identified potential gaps in antifraud and antimanipulation enforcement authority, and sales practice regulation. In response, the GAO recommended that this ''black hole'' be plugged by granting a Federal regulator, such as the Securities and Exchange Commission, appropriate authority to conduct examinations and set capital standards for these currently unregulated dealers.

The subcommittee closely examined the derivatives markets and the findings and recommendations of the GAO study in oversight hearings held on May 10, 19, 25, and July 7th of last year. Based on the information gathered in the course of these hearings and other inquiries, I have crafted a piece of legislation which would close the most glaring legal gap affecting the derivatives markets—the presence of virtually unregulated OTC derivatives dealers in the market.

This bill will close the regulatory ''black hole'' that has allowed derivatives dealers affiliated with securities or insurance firms to escape virtually any regulatory scrutiny. It will give the SEC the tools needed to monitor the activities of these firms, assess their impact on the financial markets, and assure appropriate protections are provided to their customers against any fraudulent or abusive activities. It is not a radical restructuring of the derivatives market; it is focused laser-like on the real gaps that exist in the current regulatory framework that need to be closed, and closed now before we have our own Barings PLC disaster right here in America.

I urge my colleagues to cosponsor and support this important legislation.

TO EXTEND A NUTRITION ASSISTANCE PROGRAM TO AMERICAN SAMOA

HON. ENI F.H. FALEOMAVAEGA

OF AMERICAN SAMOA

IN THE HOUSE OF REPRESENTATIVES

Monday, February 27, 1995

Mr. FALEOMAVAEGA. Mr. Speaker, I rise today to introduce a bill to provide permanent funding for a nutrition program in American Samoa.

The American Samoa Nutrition Assistance Program currently in existence is funded on an annual basis out of discretionary funds from the Department of Agriculture. The national Food Stamp Program is not available in American Samoa, and the program in Samoa serves as a modified Food Stamp Program in that only the blind, severely disabled, and poor elderly are eligible for benefits. Benefits are also limited in that they vary between $50 and $125 per month, depending on the income of and the assets owned by the recipient.

Unfortunately, the method of annual appropriations used for American Samoa's Nutrition Assistance Program is unsatisfactory in that the level of funding, or perhaps more appropriately the existence of any funding, is subject to annual appropriations. I can see no reason why funding for the Food Stamp programs for the 50 States, the District of Columbia, and for all but one of the U.S. Territories should come from one source, and the funding for American Samoa's program should come from a different source.

Mr. Speaker, I believe American Samoa's nutrition assistance program is a model to be followed by other U.S. jurisdictions in that no benefits are available for the able-bodied. As I stated earlier, the only recipients are the poor blind, severely disabled, and the elderly. The cost of the program for fiscal year 1995 is $5.5 million, a cost which could easily be absorbed within the multi-billion dollar contingency fund of the national program, and I urge my colleagues to join me in addressing this variance in national policy and support this bill.

Mr. Speaker, I submit the bill to be printed in the RECORD, as follows:

H.R. —

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. EXTENSION OF NUTRITION ASSISTANCE PROGRAM TO AMERICAN SAMOA.

The first sentence of section 601(c) of Public Law 96–597 (48 U.S.C. 1469d(c)) is amended by inserting before the period at the end the following: '', and the Secretary of Agriculture shall extend a nutrition assistance program conducted under the Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.) to American Samoa''.

TERESA McGOVERN

HON. JOHN JOSEPH MOAKLEY

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Monday, February 27, 1995

Mr. MOAKLEY. Mr. Speaker, last December, Senator George McGovern's daughter, Teresa, died in Madison, Wisconsin—losing her long battle with alcoholism. Terry was a remarkable young woman who cared deeply about others and cared passionately for this country. I recall meeting her in Boston back in 1972 when her father ran for the presidency. She was intelligent, articulate and totally dedicated to making our Government reflect the very best in our Nation.

Since her death, the McGovern family has courageously talked publicly about the ravages of Terry's alcoholism and their attempt to deal with it. In an excellent article which recently appeared in Parade magazine, George McGovern eloquently and painfully describes the impact that this disease had on his daughter and his family.

The article follows:

WHAT I LEARNED FROM MY DAUGHTER

(By George McGovern)

On the 10th day of June, 1949, my wife, Eleanor, gave birth to a 6-pound, 14-ounce baby girl, whom we named Teresa. ''She's a beautiful little porcelain doll,'' said an admiring artist friend. We agreed that we had brought forth a creature of remarkable beauty and charm. That was the way I saw her for the next 45 years, through laughs and joys, anxieties and tears.

From the beginning, Teresa blossomed into an engaging, fun-loving, quick-witted child—a special joy in our family. She later developed a notable sense of compassion, insight and sensitivity toward others, communicating easily with people about their concerns and aspirations, disappointments and victories.

The day of Teresa's birth was hot and dry in Mitchell, S.D., the temperature around 90 degrees. Forty-five years later, on Dec. 12, 1994, the ground was covered with snow in Madison, Wis., and the temperature was far below freezing. That night, Teresa died in the snow in a lot, out of sight of passersby. ''Hypothermia due to exposure while in a state of acute alcohol intoxication,'' read the Dane County coroner's report.

We had dreaded such a report for years. Terry's troubles seem to have started as early as high school, when she had the first indications of depression and then experimented with alcohol with teenage friends. She seemed to have been born with a vulnerability to both depression and alcoholism. To whatever extent genes influence these matters, there is a pattern of alcoholism in some of my Irish ancestry, just as there is a pattern of depression in some of Eleanor's English and Norwegian ancestry.

Terry's dependence on alcohol seemed both to enhance and to result from the depression. It was a vicious circle. When she achieved periods of sobriety she sometimes was afflicted with a depression that seemed to trigger a relapse into alcohol consumption. When doctors finally found a medication that was somewhat successful in combating her depression, the medication often would be neutralized by drinking bouts that she seemed powerless to control.

A glass or two of wine or a cocktail can be a pleasant and relaxing experience for most people. But to the 15 million or more Americans like Terry who are alcoholics, there is no such thing as a casual glass of wine. In Terry's case, she drank until she collapsed or blacked out. During her last five years, she was admitted to Madison's Tellurian detoxification center 76 times. Sometimes she checked in voluntarily. More frequently she was taken there after she had collapsed in a bar or on the street or in her home.

Terry couldn't seem to stop drinking, but she fought the addiction with tenacity for most of her life. With pressure from Eleanor and me, as well as her sisters and brother, she agreed to treatment in some of the best centers in the nation. These painstaking, sometimes expensive programs, combined with attendance at AA meetings, brought her sobriety for periods of time—days, weeks or months, and once for seven years, as she gave birth to and lovingly nurtured her daughters, Marian and Colleen, who remained the central passions of her life—except for alcohol, her hated master.

She devoured pamphlets and books on alcoholism. She searched the Bible and other spiritual sources for guidance and insight.