

not loan the money; it had no other obligation than to co-sign the note and act as an insurer of the loans. There is no risk to the United States, unless Israel defaults on the loans—something Israel has never done on any previous United States loan. The Israelis receive loans at a substantially lower rate of interest, the United States is able to help our only democratic ally in the Middle East, and the United States receives from Israel a \$90 million fee each year as a form of insurance against default.

Mr. Speaker, the great success of the loan guarantees is detailed in an excellent article by Douglas M. Bloomfield, which appeared in the April 11 issue of the Washington Jewish Week. Mr. Bloomfield is a former Congressional staffer and a distinguished journalist who has written extensively on Israel and the Middle East. Mr. Speaker, I ask that his analysis of the loan guarantees be placed in the RECORD, and I urge my colleagues to give thoughtful consideration to this fine report.

[From the Washington Jewish Week, Apr. 11, 1996]

LOAN GUARANTEES AN ISRAELI SUCCESS STORY (By Douglas M. Bloomfield)

At a time when it is in vogue to trash government in general and foreign aid in particular, there is a dramatic success story about a program that did everything it was supposed to and then some. The recipient country reaped enormous benefit, and American taxpayers may wind up making a \$450 million profit on the deal.

The program is the once-controversial \$10 billion loan guarantees for Israel that played such an important role in U.S. and Israeli elections four years ago.

That was when President Bush withheld approval of the guarantees as leverage to pressure Prime Minister Yitzhak Shamir to alter Israeli settlement policies. In the ensuing confrontation between two leaders who didn't like each other very much, bilateral relations plunged.

Shamir turned unsuccessfully to American Jewish activists to get Congress to force Bush to give in. The president denounced the citizen lobbyists and questioned their loyalty as Americans.

Bush won his battle with Shamir over the loan guarantee and, to his satisfaction, Shamir lost the spring, 1992 Israeli elections. Then, to the satisfaction of the overwhelming majority of American Jewish voters, Bush lost the November, 1992 election.

Shamir's losing and bruising public campaign for the guarantees did cost him economically and politically at home. It was considered a major contributor to his own defeat.

Bush's use of the guarantees as a political weapon sent negative signals to the international money markets, said an Israeli economist. "It was tantamount to a no-confidence vote politically and economically," he said, making borrowing more difficult and more costly for Israel.

In a last attempt to salvage some Jewish support for his own reelection effort, and under pressure from the Congress, Bush invited newly-elected Israeli Prime Minister Yitzhak Rabin to Kennebunkport and bestowed upon him the gift of the loan guarantees. It was too late to help Bush, but it did a lot for Israel.

Here's how the guarantees work: The U.S. Government does not actually loan, much less give, any money to Israel; it co-signs or guarantees repayment of a specified amount of Israel borrowing. In this case, the amount was \$10 billion in five equal, annual installments. The American guarantees assure

lower borrowing rates from international banks for Israel.

Under the deal worked out with the Congress, Israel agreed to pay \$90 million a year 4.5 percent of each \$2 billion installment; the Bush administration had asked for a prohibitive 13.5 percent fee) to the U.S. Treasury as a form of insurance against default. Only if Israel defaulted—something it has never done on any previous U.S. loan—would American taxpayers ever have to pay anything.

The purpose of the guarantees is to help Israel borrow money at the best possible rate to finance economic expansion associated with the influx of nearly 700,000 new immigrants over the past seven years and the opportunities presented by the peace process. The money raised could only be used for investment and infrastructure, not the general government budget.

Although often misrepresented as housing guarantees for new immigrants, there never was any intention to use the money for the government to build houses or directly the newcomers. There is a separate \$80 million annual U.S. refugee aid program for that.

Now in its fourth year, the program is widely considered a major success. American taxpayers are getting their \$90 million annual "insurance premiums," trade between the two countries has increased more than 40 percent, and the program is doing just what it was intended to do. A Washington rarity.

The humanitarian objective of immigrant absorption is being achieved, and it is being done through the private sector, not by government-created jobs and housing projects, as in the past. In addition, the government is fulfilling its 1992 commitment to the U.S. government to accelerate deregulation, privatization of government-owned corporations and economic reforms began in the 1980s with prodding and assistance from the Reagan administration.

The guaranteed loans supply Israel with affordable foreign currency. An expanding economy that is absorbing new immigrants has to increase imports faster than exports, and it needs dollars to pay for that because the shekel is not a convertible currency. With the guarantees the Bank of Israel can borrow enough dollars to exchange for shekels from Israeli businesses making those foreign purchases.

The resultant strength of the economy can be seen in a few statistics:

Unemployment is down from 11 percent four years ago to six percent, the lowest level in more than a decade. For new immigrants, it dropped from about 25 percent to six percent.

Gross Domestic Product grew seven percent last year in real terms, up more than 40 percent since 1990.

Private sector growth is up eight percent for each of the past two years in real terms and 50 percent since 1990.

Inflation has dropped from 18 percent in 1991 to eight percent today.

90 percent of the jobs created in the last several years have been in the private sector.

The loan guarantees gave the Israeli economy an intended boost, and achieved the goals U.S. and Israeli policy makers sought. But will the economy cool off and go into a slump after the five-year program expires in 1997?

Not likely, says Ohad Marani, the minister for financial affairs in the Israeli embassy in Washington. About four months ago the Israeli treasury decided to test the waters by floating a bond issue on Wall Street in dollars without any American government guarantees or involvement.

The \$250-million issue, known as Yankee bonds, was oversubscribed and Israel got a very favorable interest rate, demonstrating

the government can raise money without American guarantees, he said. Marani attributed the success to Israel's strong economy, a favorable standing with Standard & Poors and other rating services and increased regional stability as a result of the peace process. A similar bond sale is planned in Europe next month.

"The guarantees gave Israel the confidence it had enough currency to absorb the new immigrants," said Dan Halperin, the Israeli Treasury's top official in Washington in the 1980's "and the Yankee bonds prove that today Israel can slowly begin raising money on its own credit."

CATHOLICS SUPPORT FOREIGN AID BILL

HON. SONNY CALLAHAN

OF ALABAMA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 24, 1996

Mr. CALLAHAN. Mr. Speaker, I rise to discuss the reasons Catholic Americans should support the Republican approach to foreign assistance funding.

The most obvious Catholic concern on foreign policy relates to U.S. taxpayer funding of abortion overseas. Our foreign operations appropriations bill last year was held up for nearly 6 months because of disagreements on funding for abortion. The Smith-Callahan amendment sought to approach reinstatement of the Mexico City policy that provided not taxpayer dollars would go to any organization that used any funding source to perform abortions.

Our bill also tried to strengthen restrictions against the U.N. Fund for Population Activities [UNFPA]. Specifically, we would prohibit the use of any American tax dollars provided to this organization that would support population programs in China. There is virtually no argument that Chinese policy promotes abortion and even coerced abortion and coerced sterilization as birth control measures. Under Republican foreign policy, this will not be tolerated.

The foreign operations appropriations bill also established child survival as a separate priority and provided \$484 million for child survival and disease programs. Our intent is to protect the most vulnerable in the world society through a variety of programs and to make sure these funds could not be rechanneled to less critical programs. We will continue this initiative in the fiscal year 1997 bill.

Finally, our bill provided funding for the Fund for Ireland to help the peace process succeed through economic development. American Catholics have a special interest in the situation in Northern Ireland and support United States efforts to make the peace process succeed. We were successful in appropriating \$19.5 million for the International Fund for Ireland.

As the national debt makes cuts in foreign aid inevitable, we must strive to ensure that limited dollars are spent wisely. Foremost, we must protect U.S. national security. In addition, we must be humanitarian, we must protect the unborn and the innocent, and we must seek to resolve conflict where possible. I think we did a good job last year on these priorities and I am confident we will continue these efforts.

HONORING THE SHORT MOUNTAIN
VOLUNTEER DEPARTMENT

HON. BART GORDON

OF TENNESSEE

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 24, 1996

Mr. GORDON. Mr. Speaker, I am taking this opportunity to applaud the invaluable services provided by the Short Mountain Volunteer Fire Department. These brave, civic minded people give freely of their time so that we may all feel safer at night.

Few realize the depth of training and hard work that goes into being a volunteer firefighter. To quote one of my local volunteers, "These fireman must have an overwhelming desire to do for others while expecting nothing in return."

Preparation includes twice-monthly training programs in which they have live drills, study the latest videos featuring the latest in fire-fighting tactics, as well as attend seminars where they can obtain the knowledge they need to save lives. Within a year of becoming a volunteer firefighter, most attend the Tennessee Fire Training School in Murfreesboro where they undergo further, intensified training.

When the residents of my district go to bed at night, they know that should disaster strike and their home catch fire, well-trained and qualified volunteer fire departments are ready and willing to give so graciously and generously of themselves. This peace of mind should not be taken for granted.

By selflessly giving of themselves, they ensure a safer future for us all. We owe these volunteer fire departments a debt of gratitude for their service and sacrifice.

DR. FAHMY HONORED

HON. PAUL E. KANJORSKI

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 24, 1996

Mr. KANJORSKI. Mr. Speaker, I rise today to pay tribute to Dr. Mahmoud H. Fahmy, a distinguished educator and community leader in my Congressional District. Tonight, Dr. Fahmy will be honored for his achievements at a testimonial banquet, and I am pleased to have been asked to participate in this event.

Mahmoud Fahmy was born in Alexandria, Egypt and earned a bachelors degree with honors from Alexandria University. He came to United States to complete his graduate work, earning a masters degree at Columbia University and a doctorate from Syracuse University.

Devoting his life to education, Dr. Fahmy instructed and administered programs in various colleges and universities nationwide, including the New School of Social Research of New York City, Syracuse University, Bucknell University, Bloomsburg University and the University of Pittsburgh. He also served as president of the Pennsylvania Association of Graduate Schools. Dr. Fahmy served as Special Assistant to the President for External Affairs at Wilkes University and held the academic rank of full Professor of Education as well as Dean of Graduate Affairs and Continuing Education. He currently serves as President of the Education and Training Center of Northeastern Pennsylvania.

In addition to his role as an educator, Dr. Fahmy has been a leader and an innovator in other areas of the community. He is currently a member of the advisory board of the Luzerne/Wyoming Counties Mental Health/Mental Retardation Association and chairs its legislative task force and public awareness committee. Dr. Fahmy is also a member of the Ethics Institute of Northeastern Pennsylvania and heads its education subcommittee. In addition, he is a member of the Board of the Economic Development Council of Northeastern Pennsylvania, and is in charge of its International Trade Development Council. Dr. Fahmy helped to establish the Luzerne County Youth and Violence Committee. Recently, Dr. Fahmy was selected by the County Commissioners to serve on the Board of Trustees of Luzerne County Community College where he was later elected chairman.

Internationally, Dr. Fahmy has directed several international educational projects for the U.S. Department of Education and other professional organizations. He is an international education consultant who has performed in various capacities in several foreign countries. He was selected as Citizen Ambassador for the "People to People" program, and served as a delegate to Russia and Czechoslovakia in the area of education organization and teacher education. Recently, he headed a Delegation from Northeastern Pennsylvania to Brazil.

Mr. Speaker, I feel very fortunate to have worked with Dr. Mahmoud Fahmy many times during my tenure in Congress and over the years we have become friends. I am extremely proud to join with his colleagues, family and friends in commending Dr. Fahmy on a lifetime of commitment to his profession and to the betterment of his community.

DOMINIC FRINZI RECIPIENT OF
TED MAZZA COMMUNITY SERVICE AWARD, 1996

HON. THOMAS M. BARRETT

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 24, 1996

Mr. BARRETT of Wisconsin. Mr. Speaker, this Saturday evening, April 27, 1996, the Italian Community Center of Milwaukee will honor Attorney Dominic Frinzi with the Ted Mazza Community Service Award. I join the Italian Community Center in congratulating Mr. Frinzi on this well-deserved recognition.

Milwaukeeans will always remember Dominic Frinzi's quick action to defend the honor of Wisconsin baseball fans. In 1965, when the Milwaukee Braves decided to move to Atlanta, the team wanted to change its name to the Atlanta Braves during its last season in Milwaukee. There was just one problem, there was already a corporation named the Atlanta Braves registered in Wisconsin—courtesy of a certain quick-thinking Milwaukee attorney. Dominic Frinzi prevented the Braves' owners from adding insult to Wisconsin's injury, and earned the recognition of legendary New York Times sportswriter and Wisconsin native, Red Smith.

Wisconsinites are also well acquainted with the slogan "Go with Frinzi—he gets things done!" heard throughout our State during Dominic Frinzi's two bids for Wisconsin Gov-

ernor. Candidate Frinzi was known for his straightforward answers, colorful quotes, and innovative policy ideas. Though he never found his way to the Governor's mansion, Dominic Frinzi's engaging style and his open relationship with the press drew many independent voters into the electoral process.

Born the son of an Italian immigrant in 1921, Dominic Frinzi was given the middle name Henry in honor of the renowned opera tenor, Enrico Caruso. He has lived up to that name, compiling a world-class collection of opera recordings, teaching the Italian Community Center's opera series and coordinating the Golden Age of Opera exhibit at Milwaukee's Festa Italiana. He also served as national president of UNICO, a nationwide Italian American civic service organization, and earned its highest honor, the Dr. Anthony P. Vastola Gold Medal Award. Dominic Frinzi is an original member of the Italian Community Center of Milwaukee and serves on its board of directors.

Dominic Frinzi also served as a Milwaukee County Court Commissioner for 40 years and practiced law for 44. His work in the criminal and civil arenas has earned him the respect of the Wisconsin legal community.

Dominic Frinzi's long and distinguished career of public service, his work to expand our community's cultural horizons and his devotion to the Italian-American community exemplify the spirit of the Ted Mazza Community Service Award. I commend the Italian Community Center on an excellent selection, and I congratulate Dominic Frinzi on this well-deserved honor.

IN MEMORY OF GILBERT MURRAY

HON. GEORGE P. RADANOVICH

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 24, 1996

Mr. RADANOVICH. Mr. Speaker, today marks the first anniversary of the death of Gilbert Murray, the former president of the California Forestry Association.

Gil was known by all as someone who cared deeply about the outdoors. More specifically, he committed his personal and private life to maintaining the proper balance between protecting nature and developing the natural resources that are necessary to our civilization. He loved the outdoors and passed his appreciation of nature onto his friends and family.

Tragically, 1 year ago an environmental extremist took the life of Gilbert Murray, depriving his family of a loving husband and father. His death was senseless. While claiming to promote the environment, someone took the life of Gilbert Murray, a person who dedicated his career and life to promoting the sensible use of California's forest. As we continue to debate environmental issues in this country, let us remain wary of the arguments of those who are unwilling to accept a reasonable balance between the needs of nature and humans.

Mr. Speaker, I hope that all of my colleagues will join with me today in honoring Gilbert Murray by learning and promoting the ideals that Gil held so close to his heart.