WEAK STATE INSTITUTIONS

As the rise of criminal networks in the former Soviet Union has shown, weak state institutions and judiciaries create a climate for crime to flourish—and Africa is no exception. West Africa is noted as a hub for passport forgery; counterfeit money is produced in various African urban centers, and criminal networks smuggle diamonds and ivory across the continent's porous borders and overseas.

In some parts of the continent, soldiers and political officials use their formal occupations as an entry point to high-stakes criminal activity, taking control of resources to finance crime and appropriating entire localities to serve as a base of operations. Diamonds, drugs, and arms are flowing to and from these individual fiefdoms, because no strong, capable financial or legal institutions exist to differentiate the legitimate from the illegitimate. Let me give a few examples:

Warlords in Liberia use diamonds stolen from Sierra Leone to finance their contribution to Liberia's bloody conflict.

Not long ago, Angolan rebels were selling poached elephant ivory and smuggled diamonds on international markets to raise funds for their cause.

The rise of mercenary movements on the continent is a testament to this trend—mercenaries are often paid by allowing them access to resource-rich territories, further turning Africa into a free-for-all for criminals seeking profit, while legitimate governments and businesses are increasingly marginalized.

Criminal networks in Nigeria defraud American citizens of millions of dollars each year. Yet, the Nigerian military government—itself infected with corruption—does little to stop these acts.

And even in Africa's most developed economy—South Africa—the lack of effective and legitimate law enforcement has led to the growth of crime and narcotics trafficking. Nearly 500 criminal networks are thought to operate in Johannesburg, dealing in cocaine, heroin, Mandrax, diamonds, and ivory.

NARCOTICS FLOWS

Not only does such activity threaten to destabilize one of the most inspiring success stories of this century, but it also threatens Americans right here at home. Only one-tenth of the contraband in South Africa is for local consumption—the rest finds its way to Europe and the United States. In fact, approximately 30 to 40 percent of all hard narcotics that enter the United States come via African drug cartels. The drug world is becoming increasingly cosmopolitan: South American drug lords are buying African banks to launder their illegal profits.

For years, the United States has thrown money at supply-side solutions in South America that simply do not work. In Africa, we should apply the lessons learned from that experience and address the institutional weaknesses that permit the drug trade to flourish. Stronger and more transparent political and judicial systems must be developed to stop the flow of narcotics from Africa.

TERRORISM ALSO A THREAT

Mr. President, international terrorists are no strangers to Africa. Sudanese nationals were at the heart of the New York City bomb plots. The Libyan Government still refuses to extradite the men believed to be responsible for the bombing of PanAm flight 103. In 1995, a fraud scheme uncovered in South Africa revealed an international crime network with close links to the Irish Republican Army.

In this era of instantaneous communications and world travel, all nations must join in the battle against international terrorism. Even one rogue state presents a threat to American interests both here and abroad.

CONCLUSION

Mr. President, these images are bleak, but writing off Africa in frustration is an unacceptable solution. International crime rings, drug lords, and terrorist groups have not forgotten about Africa, and neither can we. In the interest of global stability and our national security, the United States must keep Africa on the foreign policy agenda, and work with the African people to strengthen the institutions that bring shadowy international crimes to light.●

S. 1880, THE STOP TAX-EXEMPT ARENA DEBT ISSUANCE ACT

● Mr. MOYNIHAN. Mr. President, a decade ago, I was much involved in the drafting of the Tax Reform Act of 1986. A major objective of that legislation was to simplify the Tax Code by eliminating a large number of loopholes that had come to be viewed as unfair because they primarily benefitted small groups of taxpayers. One of the loopholes we sought to close in 1986 was one that permitted builders of professional sports facilities to use tax-exempt bonds. We had nothing against new stadium construction, but we made the judgment that scarce Federal resources could surely be used in ways that would better serve the general public good.

The 1986 Act accordingly prohibited the use of private activity bonds—that is, bonds for non-governmental purposes—for professional sports facilities. Yet, despite Congress' action, sports team owners, with help from clever tax counsel, soon found a way around the new law: they persuaded local governments to issue tax-exempt public bonds to finance new stadiums. As the columnist Neal R. Pierce wrote recently, team owners ''were soon exhibiting the gall to ask mayors to finance their stadiums with general purpose bonds.'' We did not anticipate this. It was—and still is—perfectly legal.

The result has been a boom unlike anything we have ever seen in construction of new tax-subsidized professional sports stadiums. In the last 6 years alone, over $4 billion has been spent to build 30 new professional sports stadiums. According to Prof. Robert Baade, an economist at Lake Forest College in Illinois and an expert in stadium financing, that amount could ''completely refurbish the physical plants of the Nation's public elementary and secondary schools.'' An additional $7 billion of stadiums are in the planning stages, and there is no end in sight. This is why I recently introduced S. 1880—the Stop Tax-exempt Arena Debt Issuance Act—or STADIA for short—to end the Federal tax subsidy for these stadium deals. Only the team owners and players profit, while taxpayers and fans pick up the tab.

I introduced S. 1880 with an immediate effective date of June 14, 1996 for a number of reasons, which I have previously explained for the RECORD. However, I also recognized, and requested comment on, ''the need for equitable relief for stadiums already in the planning stages.'' On June 27, 1996, based upon initial comments I had received, I made a statement on the floor that projects that had binding contracts or final bond resolutions in place on the date the bill was introduced would not be affected by the bill. Since that time, several other localities with stadiums already in the planning stages have requested equitable relief.

Given the Senate's imminent adjournment, it is now certain —as I predicted earlier—that S. 1880 will not be enacted into law this year. Accordingly, in order to provide needed certainty to those remaining localities that have expended significant time and funds in planning and financing professional sports facilities, I wish to indicate that when I reintroduce this legislation in the 105th Congress, its effective date will be the date of the first committee action. As practitioners in this field know, the date of first committee action is a common effective date for this type of legislation. In addition, I will include the transition relief provision contained in my June 27 floor statement.

This, I believe, strikes the proper balance between closing the loophole in present law—a loophole that benefits only team owners and their players—and addressing the concerns of those localities that have been planning new stadiums.

Mr. President, I ask that four recent articles regarding this legislation be printed in the RECORD.

The articles follow:

[From the National Journal, July 20, 1996]

CALLING TIME ON SPORTS TAX BREAKS

(By Neal R. Peirce)

WASHINGTON.—Sen. Daniel Patrick Moynihan. D-N.Y., stirred up a virtual hornet's nest last month with a bill to forbid use of federal tax-exempt bonds to finance sports stadiums for private teams.

It turns out that from Nashville to Cleveland, Seattle to Denver, New Orleans to New York and multiple points in between, mayors and councils are readying bond issues to finance close to $7 billion worth of baseball, basketball, football and hockey facilities.

The first deal imperiled was a $60 million bond sale by the city of Nashville, just one part of the tax-free bonding package that the city is assembling to pay for a $292 million state-of-the-art stadium to lure the Oilers football team from Houston.

So when Moynihan suggested barring tax-free financing for such deals, retroactive to June 14, the day he introduced his legislation, the buzz of angry protest was almost instant.

Moynihan's proposal was ''abrupt,'' it ''jeopardized' local planning, city leaders said. It was a ''dangerous precedent,'' the Public Securities Association asserted.

The political signals, for the Republican-controlled Congress, seemed all wrong. ''No bill will go through the House in terms of NFL [National Football League] that doesn't include the Oilers being in Nashville,'' said House Speaker Newt Gingrich, R-Ga. A spokesman for Senate Majority Whip Don Nickles of Oklahoma said the Moynihan bill was not even ''on the radar screen'' of the Republican leadership.

Within a few days Moynihan beat a tactical retreat, saying that he would consider ''the need for equitable relief for stadiums already in the planning stages.''

But Moynihan, the ranking Democrat on the Finance Committee, is not backing away from his bill. And rather than being pilloried, he should be hailed as a hero of the times—an invaluable whistle-blower and friend to all U.S. taxpayers.

Let's get it straight. Unless current federal law is changed, interest payments from the billions of dollars of forthcoming stadium bonds will be totally tax-free to the affluent investors who buy them. These are general-purpose bonds—which Congress intended for financing such truly public purposes as roads, sewers, schools, libraries and other public buildings.

And who will benefit from this largesse? Joe Six-Pack, who often can't afford the seats in these opulent new stadiums and who'll surely never darken the door of one of their ritzy skyboxes? Of course not.

The real winners are the owners and professional sports teams, who are utterly proficient in blackmailing local officials: ''Buy me my stadium, rent it to me for a pittance or nothing, channel the ticket and concession revenue to me, and if you don't like my deal, I'll skip town and leave you, Mr. Mayor, with egg all over your face for having lost a team.''

Moynihan, to his credit, has been at this struggle for years. In the mid-1980s, many stadiums were financed by low-interest, tax-exempt private revenue bonds. Owners paid off the cost over 30 or 40 years. But the federal taxpayer was clipped, because no taxes were collected. Moynihan's answer was to write conditions into the 1986 tax reform law that virtually choked off such revenue bonds.

The owners were checkmated—but not for long. They were soon exhibiting the gall to ask mayors to finance their stadiums with general-purpose bonds.

And what a deal this was for them! At concessionary prices, they rent (but are not ultimately responsible for) their stadiums. And they are relieved of repaying the bonds: The local taxpayers get to take care of that for them.

As for the tax-free interest payments—well, Uncle Sam can take it on the chin as lost revenue. Moynihan notes that one result is ''forcing the taxpayers in the team's current hometown to pay for the team's new stadium in a new city.''

But mayors found it tough to say no. Federal and state aid was shrinking. If not another city, nearby rapacious suburbs would bid for their sports teams. So many said yes. They'd keep (or sometimes gain) a team. But at a price—adding municipal indebtedness, a possible threat to the city's credit standing and thus higher borrowing costs for schools, colleges, and other public investments, even while stadium investors escaped taxes.

This is the cavernous tax loophole Moynihan wants to close. In time, he's likely to win. As the federal budget vise tightens—forcing program after program to constrict—mega-subsidies to fat-cat sports owners will become even more reprehensible.

The sooner Congress acts, the better for us all. And the quicker cities wise up and resist the team owners' threats and demands, the better.

Without question, the cost of sports subsidies have begun to reach stratospheric levels. The Congressional Research Service (CRS), in a May report, calculated that Baltimore's football stadium subsidies to attract the former Cleveland Browns will be $127,000 for each job created—almost 21 times more than the $6,250 it cost to create jobs through Maryland's economic development fund.

Does the national economy benefit? No. CRS reported: ''Almost all stadium spending is spending that would have been made on other activities within the United States.'' Net benefits, therefore, are ''near zero.''

A hero on this score, maybe a pioneer, is Houston Mayor Bob Lanier, who has focused city funds on bolstering police, rebuilding neighborhoods, cleaning out sewers and sprucing up parks.

When Oilers owner Bud Adams applied pressure for incentives to stay in Houston, Lanier just said no. All that Nashville will get for a total incentive pool of $650 million, Lanier noted, is 10 home games a year. The same cash, he told a reporter, would almost finish the job of cleaning up Houston's depressed neighborhoods.

If a few more mayors got their priorities as straight as Lanier's, the team owners would have fewer cities to prey on.

[From the U.S.A. Today, June 28, 1996]

SOCKED FOR STADIUMS

Hey, sports fans, here's some good news, at least if you're a federal taxpayer, too:

Nashville, Tenn., has put a $60 million stadium bond sale on hold for a couple of weeks. The reason: Sen. Daniel Patrick Moynihan, D.-N.Y., introduced legislation this month that would take away federal tax exemptions on bonds used to build sports facilities.

The tax break has helped fund a bidding war for sports teams, leading teams such as the Oilers to leave Houston for Nashville and the Browns to move from Cleveland to Baltimore and become the Ravens.

And for no legitimate national purpose.

Wealthy owners get almost all the stadium revenues while local, state and federal taxpayers pick up the bill.

Local jobs? The nonpartisan Congressional Research Service (CRS) last month reported that Baltimore's football stadium subsidies will cost $127,000 for each job created. That's 21 times more than the $6,250 it costs to create jobs through Maryland's economic development fund.

And the nation's economy? The CRS report notes: ''Almost all stadium spending is spending that would have been made on other activities within the United States.'' Thus, benefits are ''near zero.''

If that. Communities that spend their own money on stadiums often need federal aid for other programs. So federal taxpayers get hit twice: first with tax exemptions that reduce federal revenues, then with aid that increases spending. Bad all around.

Moynihan's right. Get rid of the exemption. And then, cut other federal aid, too. If local communities want to waste their own money, that's up to them. But federal taxpayers should be taken out of the arena.

[From the New York Post, Aug. 29, 1996]

LET THE OWNERS PAY

(By Irwin M. Stelzer)

Whether Pat Moynihan was right in opposing the welfare-reform bill that his party's President finally signed, only time will tell. But that he is right in introducing a bill that would stop cities from using tax-exempt bonds to finance new arenas and stadiums for millionaire sports moguls, there is no question.

If George Steinbrenner or some other team owner wants a new stadium, and decides to finance it by selling bonds to private investors, the interest he pays those lenders is subject to federal income tax. But if a city sells bonds and uses the proceeds to build a stadium for the Yankees, the bond buyers—generally the most affluent members of society—receive interest that is exempt from federal taxes.

Naturally, the city has to pay borrowers a lower interest rate than would Steinbrenner or any other team owner. Experts estimate that the cost of new facilities would rise by 15–20 percent if teams were denied tax-exempt financing. This would add $30–40 million to the cost of a typical football stadium—enough to make several now on the drawing boards unfeasible.

When a city does finance a stadium, it raises, the money and then leases the facility to a team at some nominal rent—leaving the owner free to rake in revenues from ticket sales, television rights, parking, hot dogs and beer and, most important, luxury boxes.

With Nashville, Cleveland, Denver, Seattle, New Orleans and New York among the cities now in various stages of considering such deals, Wall Street's bond machine is preparing to issue about $7 billion in these bonds in the next five to seven years, according to Fitch Investor Services.

Of course, the federal treasury will have to make up the lost revenue—something it can do only by collecting more in taxes from ordinary citizens. Unfortunately, ordinary citizens are no match for the huge lobbying effort that has been launched against Moynihan's bill, and so Washington insiders are giving it little chance of passing, either this year or next.

But Moynihan, the ranking Democrat on the Senate Finance Committee, is a persistent cuss—as his success in wringing money out of the feds for the refurbishment of Penn Station shows—and he is right. So right that the usually bland National Journal says ''he should be hailed as a hero of the times—an invaluable whistleblower and friend of all U.S. taxpayers.''

The nation's mayors don't think so. They say it's none of the feds' business which local projects they choose to finance with their tax-exempt bonds. And they argue that the construction of stadiums created jobs.

Finally, they speak of civic pride, of that certain *je ne sais quoi* that goes out of a city when it loses a team to a rival, and the boost it gets when it lures a new team or retains an old one by offering its owner a cornucopia of goodies.

They're wrong—on all three counts. Since tax-exempt city bonds deprive the federal government of revenue, a U.S. senator has every right to try to stop this practice.

As for jobs, a study by the Congressional Research Service shows that the cost per job created by Baltimore's new subsidized football stadium came to $127,000—compared with $6,250 for jobs created by the state's economic development fund.

Which brings us to civic pride, the toughest of all the arguments to appraise. There can be no doubt that sports fans like having a home team to root for. And that merchants in the area of the stadium benefit from its presence.

But there is no free lunch—at least not for people unlucky enough not to own a franchise in the NBA, NFL or Major League Baseball. Tax money that the federal government does not collect is not available for other things—education, health care or tax cuts.

When a city gives a team the gift of rent below market rates, or a special property tax deal, it deprives itself of revenues it would otherwise have to repair its streets, hire more cops, or spruce up its parks.

Which would boost New Yorkers' morale more: a stadium athwart the West Side railroad tracks or streets that don't break car axles and school buildings that don't leak?

Not an easy question, but one to which Houston mayor Bob Lanier thinks he has the answer. When the Oilers tried to roll his city for a new stadium he turned them down, telling the press that with the money it would cost him to keep the Oilers he could just about get the job of cleaning up Houston's slum neighborhoods done.

Steinbrenner does have a real problem. Until lately, the Yankees had been having a spectacular season, thanks in part to The Boss' willingness to engage in the Daryl Strawberry and Dwight Gooden rehabilitation projects.

But attendance has not responded proportionately: The number of fans going to the Stadium is not as high as the Yankees' won-lost record would warrant, according to a quick comparison I have made with the league-wide relationship between success on the field and success at the box office.

So Steinbrenner, who should not be expected to keep his team in a place in which he cannot maximize his profits, has every reason to shop around for a new site to which to take his athletes when his lease is up in The Bronx. Just as the Mets have every right to want a new field on which to display their somewhat more problematic wares.

Moynihan has no objection to new sports emporia. ''Building new professional sports facilities is fine with me,'' he says. ''But, please, do not ask the American taxpayers to pay for them.''

Whether or not the Senator gets his bill passed over the kicking and screaming objections of the nation's politically potent mayors, its bond-issuing investment bankers and its itinerant team-owners, Mayor Giuliani would do well to take Moynihan's advice.

Perhaps Donald Trump and Steinbrenner can strike a deal for a privately financed stadium. Or perhaps New York has enough reasons to be proud of its national and international position to follow Houston's lead, and wave goodbye to its sports mogul and his millionaire athletes.

[From the Buffalo News, Aug. 11, 1996]

CLOSE LOOPHOLE THAT HAS THE PUBLIC SUBSIDIZING EVER GLITZIER STADIUMS

If the public really is fed up with subsidizing wealthy team owners and athletes, it will cheer a proposal to eliminate the tax exemptions routinely granted bonds sold for stadium projects.

The proposal comes from Sen. Daniel Patrick Moynihan, D–N.Y. It should be especially cheered in places like Western New York, whose sports teams will be constant targets for raids by other cities as long as those cities lure them with facilities built with the help of tax exempts.

Take away these indirect subsidies, and those cities will not be able to dangle such enticing packages before team owners.

In fact, take away the public subsidy and force teams to build their own facilities, and maybe they won't be able to spend a zillion dollars on second-string players. Instead, the money now going into exorbitant salaries would have to be used to build or fix up stadiums.

That could start a downward spiral—or at least a leveling off—in player salaries that might even have a spillover effect on ticket prices before they become totally out of reach of the average family.

Moynihan's bill is not without its critics. County Executive Gorski worries that eliminating the tax-exemption on stadium bonds will make it harder for Erie County to finance the $2.1 million needed to upgrade Rich Stadium. The improvements are aimed at enticing the Buffalo Bills to sign a new lease and stay in Western New York.

Gorski's view is understandable for a public official interested only in the current negotiations.

But leases can be broken, as the former Cleveland Browns illustrated. That team moved to Baltimore after being offered a $200 million new stadium and financial enticements ranging from free rent to all luxury-box, parking and stadium-ad revenue.

Could Erie County really compete with that kind of civic insanity—and does it really want it—if another community eyes the Bills in a few years?

Eliminating the tax exemption for stadium bonds will make it that much harder for another city to make that kind of offer.

Granted, it might mean Erie County would pay a little more for its bonds now. But it also would help assure the long-term presence of sports teams in small markets like Buffalo.

And from a broader perspective, the measure would mean taxpayers would no longer subsidize private sports enterprises by funding what one congressional critic calls ''a public-housing program for millionaires.

A Congressional Research Service study estimates the public is losing nearly $100 million a year on sports facilities now under construction. During one five-year period in the '80s, those tax breaks cost taxpayers $18.2 billion.

Moynihan says that was never meant to be. The 1986 Tax Reform Bill eliminated industrial development bonds, the original vehicle for tax-exempt bond financing for stadiums. But he says Congress didn't prohibit using governmental bonds for stadiums because the ''possibility was too remote to have occurred to us.''

But that loophole wasn't too remote for wide-eyed local officials and profiteering team owners to uncover. Moynihan's bill would close the loophole, saving taxpayers millions.

Those savings could be put to far better uses than helping wealthy team owners play one city against another in the stadium sweepstakes.●

NATIONAL POW/MIA RECOGNITION DAY

● Mr. CRAIG. Mr. President, today is National POW/MIA Recognition Day and I rise to honor those brave Americans whose fate remains uncertain. As we reflect not only on those courageous servicemembers who so valiantly went off in defense of their country, we should also pause and remember the families and loved ones of those who never returned. The family who received definite notice that a loved one was positively killed in action could mourn and grieve and learn to cope with life alone; but those American families whose loved ones were missing, prisoners, or unaccounted for, bear an additional burden—the burden of uncertainty. They cannot bury their loved ones and work through the grief that comes with loss. They live with doubt, denial, and hope that somehow their son, husband, brother, or father will some day come home.

There are 90,769 American servicemembers unaccounted for from wars in the 20th century; 1,648 from World War I, 78,794 from World War II, 8,177 from Korea, and 2,150 from Southeast Asia. We have made extensive efforts to gain full accounting for all these servicemembers. We aggressively continue our talks with the Governments of Vietnam, Cambodia, and Laos to gain information about the servicemen who went there but did not return. Those efforts continue and have resulted in information about a few of our unaccounted-for servicemen and the recovery of 20 sets of remains between October 1995 and March 1996. Recent efforts with North Korea have also provided long overdue information about missing Americans. Additionally, we recovered the remains of a World War II hero this year, allowing his family finally to say their last farewells. However, we must not allow these small successes to make us complacent. We must continue our efforts and view the successes of today not as an end, but as a beginning in our efforts to gain more information in the upcoming years.

Today, as we stop to look at the POW/MIA flag which flies not only in the rotunda of our Nation's Capitol but all around this great country, I hope all Americans will pause and remember with pride, sadness, and hope for the future, the valiant efforts of these brave soldiers, sailors, airmen, and marines who answered the call.●

CONCERNING A HOLD ON S. 555, A BILL TO AMEND THE PUBLIC HEALTH SERVICE ACT

● Mr. WYDEN. Mr. President, I want to inform the Senate that I have put a hold on S. 555 so that I may have time to negotiate my request that the Senate take up S. 697, the Domestic Violence Identification and Referral Act, in conjunction with S. 555. I believe that if we take up a bill dealing with the education of health professionals, we should insure that doctors, nurses and other health professionals are trained to identify, refer, and treat victims of domestic violence. Domestic violence is the leading cause of injury to women between 15 and 44. It seems to me that if the Federal Government is going to invest money in educating medical students, they should at least be trained in how to identify and refer cases of domestic violence. This is why I have requested that the Senate and the Committee on Labor and Human Resources consider my and Senator BOXER's legislation in conjunction with S. 555.●