

CALLING FOR UNITED STATES INITIATIVE SEEKING JUST AND PEACEFUL RESOLUTION OF SITUATION ON CYPRUS

SPEECH OF

HON. ROD R. BLAGOJEVICH

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 22, 1997

Mr. BLAGOJEVICH. Mr. Speaker, I rise today to reflect on Cyprus' troubled history. For years, the people of Cyprus have suffered under the yoke of Turkish aggression. But I also rise to look for hope toward the future. For recent events have left the people of Cyprus with the best hopes for peace they have had in decades.

Cyprus is a unique nation, one which has always served as a bridge between the cultures of East and West. The mix of cultures of the Cypriot people was for generations a blessing rather than a curse. Almost four decades ago, when Cyprus was granted independence from Britain, it appeared that for the first time in the centuries the Cypriot people would be able to determine their destiny. But that opportunity was torn from their grasp by the threat of outside aggression. In 1974, that threat was realized when the Turkish military invaded Cyprus, dividing the island and causing immeasurable pain and suffering. While the idea of ethnic cleansing was not invented on Cyprus, it was carried out with brutal efficiency. Thousands were forced out of their homes, never to return. Families were torn apart, separated only by an artificial line drawn by aggression. Cyprus' natural beauty was forever scarred by outside invaders.

As Americans, it is vital that we support the peace process in Cyprus while the opportunity remains. The United States is uniquely situated to play an important and constructive role in the effort to build peace in Cyprus. The President's recent appointment of Richard Holbrooke as his special representative to Cyprus is especially welcome. Ambassador Holbrooke has ably demonstrated his skill as a peacemaker and a diplomat. His role in the process only serves to reassure optimists that the opportunity for peace is real, and that the United States is deeply committed to the effort for peace in Cyprus. We cannot let this opportunity slip out of our grasp. We must stand with the people of Cyprus as they work to throw off the yoke of Turkish oppression.

CALLING FOR UNITED STATES INITIATIVE SEEKING JUST AND PEACEFUL RESOLUTION OF SITUATION ON CYPRUS

SPEECH OF

HON. DAN BURTON

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 22, 1997

Mr. BURTON of Indiana. Mr. Speaker, I rise in support of peace and stability on the Island of Cyprus. However, Mr. Speaker, if there is to be a resolution of the Cyprus issue, then there must be a balanced approach giving both Greeks and Turks equal voice both in the process and in the government. If this resolution intends to bestow sole rule of Cyprus to

the Greek community, then I rise in strong opposition.

We have been down that blood-soaked road before when in the 1960's and 1970's, Archbishop Makarios adopted a policy of Enosis, in an attempt to unite Cyprus with Greece. Fighting broke out, many Turkish Cypriots were killed, in some cases, slaughtered, and the Turkish Government, as one of the legal guarantors of the Republic of Cyprus, felt, in order to protect the lives and safeguard the property of the Turkish Cypriots, that military intervention was in order.

Since 1974, there has been a de facto military balance on the island which has prevented additional bloodshed. An upset in this balance could result in future hostilities. The international community cannot make the problem go away between the Greeks and Turks on the island of Cyprus, only those two parties can.

Having said that Mr. Speaker, I am very concerned with some of the language in House Concurrent Resolution 81. The language of the resolution states, "Whereas the prospect of the accession by Cyprus to the European Union, which the United States has actively supported, could serve as a catalyst for a solution to the Cyprus problem."

This language does not give any incentive to the Greek Cypriots to settle with the Turkish Cypriots. Moreover, on February 24, 1997, Greece alone objected to a draft common EU position demanding that "all Cypriots be able to participate in the accession process" because, according to Athens, its reference to Turkish Cypriots contradicts U.N. and EU policies that one internationally recognized Cyprus Government is competent to negotiate for the state.

The resolved clauses are especially troubling. The second resolved clause states, "The Congress considers lasting peace and stability on Cyprus could best be secured by a process of complete demilitarization leading to the withdrawal of all foreign occupation forces, * * *, and providing for alternative internationally acceptable and effective security arrangements as negotiated by the parties."

Mr. Speaker, this to me suggests that Turkey is directed to withdrawal from the island of Cyprus without direct input from the Turkish Cypriot community. This is not possible without the creation of a security apparatus which is found acceptable to the Turkish Cypriot community. The Congress needs a careful reminder into the history of Cyprus before such a suggestion is considered.

I want to remind my colleagues that in 1960, when Great Britain relinquished control of the island, a bicomunal government was established with shared leadership by Turkish Cypriots and Greek Cypriots as political equals. Neither community was to dominate the new government. Tragically, right after Britain's departure, the new President of Cyprus, a Greek Cypriot, Archbishop Makarios, began to carry out his plan for union with Greece. By December 1963, Greek Cypriots had destroyed the bicomunal character of the republic physically ousting Turkish Cypriot leaders from their elected positions and destroying over 100 Turkish Cypriot villages.

For the next 11 years, Turkish Cypriots, heavily outnumbered by the Greek Cypriots, suffered great losses—human and material—in clashes initiated by Greek Cypriots and fully

supported by the Greek Army. One out of every one hundred twenty Turkish Cypriots, including women, children, and the elderly, was killed during this period even with U.N. peace-keeping troops present on the island. Thousands of Turkish Cypriots were forced to flee from their homes to live in enclaves throughout the island and were, held hostage in their own land without representation in government which was stipulated in the 1960 constitution.

United States Secretary of State George Ball visited Cyprus in February 1964 and concluded that Greek Cypriots "just wanted to be left alone to kill Turkish Cypriots." Turkey waited for 11 years for help from the world community. None came. By 1974, Turkey could no longer stand by and watch innocent Turkish Cypriots be slaughtered by Greek Cypriots.

So Turkey intervened militarily on the island which was completely legal under the 1960 Treaty of Guarantee signed by the Turkish Cypriots, Turkey, Britain, Greece, and the Greek Cypriots. It clearly stated that any of the signatories had the right to intervene on Cyprus should the sovereignty of the island be threatened. These troops have posed no threat to the southern part of the island. Since the Turkish military intervention concluded in 1974, these troops have never attacked or threatened to attack the south. They are simply to ensure the security of the Turkish Cypriot community.

Due to domestic considerations, we are not doing what is right and necessary on the Cyprus issue. The Cyprus conflict is an international issue relating to Turks and Greeks and, if we want to help settle the issue, we must be totally even-handed in all facets of our approach. They both must learn to live in cohabitation. Perhaps, separate sovereignty of the communities, as in the proposal of bizonal and bicomunal governance, is in the best interest of security both for the region and for the United States. That could be determined in meetings between Turkish Cypriot President Rauf Denkash and Greek Cypriot leader Glafko Clerides.

Mr. Speaker, in closing I want to thank my chairman, the honorable and kind-hearted gentleman from New York, BEN GILMAN, for bringing this issue to the attention of the Congress. Cyprus is a vital issue for the security of the eastern Mediterranean. The proper encouragement by the United States Congress could help both Greeks and Turks to understand that they must work together to resolve their differences.

TRIBUTE TO PHEBE WARD BOSTWICK

HON. ANNA G. ESHOO

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 23, 1997

Ms. ESHOO. Mr. Speaker, I rise today to honor Phebe Ward Bostwick, an outstanding citizen and dedicated community leader of the 14th Congressional District who passed away on July 6, 1997. She was the devoted wife of Alan Bostwick and the stepmother of three children, the proud grandmother of eight, and great grandmother of seven. She was married to Alan Bostwick for a remarkable 36 years.

Phebe Bostwick was a trailblazer. At the young age of 15, she was admitted to Stanford University as one of only 500 women permitted to study on the campus at any one

time. She pursued education as her course of studies and earned her teaching credential at the university.

She began her 45 years as a northern California educator in Calistoga, Piedmont, and Redwood City High Schools before becoming an English instructor at San Francisco City College. She earned a reputation at the college as an administrator who could easily adapt to any assignment. She later spent 25 years as principal of Galileo Adult School which eventually became a part of the San Francisco Community College district. She was also loaned out for several other projects; as a counselor with the U.S. Department of Employment for women trainees for aircraft jobs, and to Contra Costa County to set up new community colleges. She also served as a member of the United Nations Educational, Scientific and Cultural Organization Commission. She enriched the lives of countless young people as their teacher with her intelligence, common sense, warmth, and wisdom and contributed greatly to the improvement of the administration in all the institutions she served.

Upon her retirement from education, Phebe Bostwick committed herself to volunteering in a number of organizations including the Little House Senior Center where she was program director and president of its council, volunteering at the Center for 20 years. She was a forceful advocate for seniors as a member of the California Senior Legislature where she represented 103,000 older adults of San Mateo County. She chaired the Legislative Committee, often testified at hearings, and was a featured speaker at conferences on legislative advocacy training. Phebe Bostwick also served with great distinction on the San Mateo County Commission on Aging and its Advisory Committee, and was a member of Soroptimist International of San Francisco.

Mr. Speaker, Phebe Bostwick was a shining light among us, inspiring all who knew her. She was a high achiever and made remarkable contributions to our community and our country. She lives on through her stepchildren, grandchildren, and great grandchildren, through her devoted husband Alan, and through all of us who were blessed to be part of her life, work with her and call her friend.

Mr. Speaker, I ask my colleagues to join me in paying tribute to a noble woman who lived a life of purpose and to extend our deepest sympathy to Alan Bostwick and the entire Bostwick family.

Phebe Bostwick's legacy is that she made each one of us better, and because of her, our community and our country have been immeasurably bettered as well.

CLARIFICATION OF THE TREATMENT OF INVESTMENT MANAGERS

HON. HARRIS W. FAWELL

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 23, 1997

Mr. FAWELL. Mr. Speaker, I am pleased to today introduce legislation which amends title I of the Employee Retirement Income Security Act of 1974 [ERISA] to permit investment advisers registered with State securities regulators to continue to serve as investment managers to ERISA plans.

At the end of last Congress, landmark bipartisan legislation was enacted which adopted a new approach for regulating investment advisers: the Investment Advisers Supervision Coordination Act (title III of P.L. 104-290). Under the act, beginning July 8, 1997, States are assigned primary responsibility for regulating smaller investment advisers and the Securities and Exchange Commission [SEC] is assigned primary responsibility for regulating larger investment advisers. Under this framework, however, smaller investment advisers registered only with the States, and prohibited by the new law from registering with the SEC, would no longer meet the definition of "investment manager" under ERISA, since the current Federal law definition only recognizes advisers registered with the SEC.

As a temporary measure, a 2-year sunset provision was included in the securities reform law extending for 2 years the qualification of State registered investment advisers as investment managers under ERISA. This provision was intended to address the problem on an interim basis while the congressional committees with jurisdiction over ERISA reviewed the issue. We have reviewed this issue and have developed the legislation that I am introducing today to permanently correct this oversight.

Without the legislation I am introducing, State licensed investment advisers who, because of the securities reform law, no longer are permitted to register with the SEC would be unable to continue to be qualified to serve as investment managers to pension and welfare plans covered by ERISA. Without this legislation, the practices of thousands of small investment advisers and investment advisory firms would be seriously disrupted after October 10, 1998—as would the 401(k) and other pension plans of their clients.

It is necessary for an investment adviser seeking to advise and manage the assets of employee benefit plans subject to ERISA to meet ERISA's definition of "investment manager." It is also important, for business reasons, for small investment advisers to eliminate the uncertainty about their status as investment managers under ERISA. This uncertainty makes it difficult for such advisers to acquire new ERISA-plan clients and could well cause the loss of existing clients.

The bill will amend title I of ERISA to permit an investment adviser to serve as an investment manager to ERISA plans if it is registered with either the SEC or the State in which it maintains its principal office and place of business, if it could no longer register with the SEC as a result of the requirements of the 1996 securities reform law. In addition, at the request of the Department of Labor, the bill requires that whatever filing is made by the investment adviser with the State be filed with the Secretary of Labor as well.

Arthur Levitt, Chairman of the Securities and Exchange Commission, has written a letter expressing the need for this legislation and his support for this effort to correct this problem. I ask that a copy of Chairman Levitt's letter be inserted in the RECORD.

This legislation also has the support of the Department of Labor. In addition, this bill is supported by the International Association for Financial Planning, the Institute of Certified Financial Planners, the National Association of Personal Financial Advisors, the American Institute of Certified Public Accountants, and the North American Securities Administrators As-

sociation, Inc. Identical legislation is being introduced on the other side of the Hill by Senator JEFFORDS, the chairman of the Senate Labor Committee.

Congress must act quickly to correct this oversight, to protect small advisers from unintended ruin and to bring stability to the capital management marketplace.

U.S. SECURITIES AND
EXCHANGE COMMISSION,
Washington, DC, April 7, 1997.

Hon. WILLIAM F. GOODLING,
Chairman, Committee on Education and the
Work Force, U.S. House of Representatives,
Rayburn House Office Building, Wash-
ington, DC.

DEAR CHAIRMAN GOODLING: I am writing to urge that the House Committee on Education and the Work Force consider enacting legislation to amend the Employee Retirement Income Security Act of 1974 ("ERISA;") in a small but terribly important way. Unless the Congress acts quickly, thousands of small investment adviser firms, and their employees, risk having their businesses and their livelihoods inadvertently disrupted by changes to federal securities laws that were enacted during the last Congress.

At the very end of its last session, Congress passed the Investment Advisers Supervision Coordination Act. This was landmark bipartisan legislation that replaced an overlapping and duplicative state and federal regulatory scheme with a new approach that divided responsibility for investment adviser supervision; states were assigned primary responsibility for regulating smaller investment advisers, and the Securities and Exchange Commission was assigned primarily responsibility for regulating larger investment advisers. We supported this approach.

Until the Coordination Act takes effect in the next few months, most of the nation's 23,500 investment adviser firms—regardless of their size—will continue to be registered with the SEC, as they have for many decades. Once the Act becomes effective, however, we estimate that as many as 16,000 firms will be required to withdraw their federal registration. Indeed, this requirement is crucial if the Act's overall intent of reducing overlapping and duplicative regulation is to be realized. But the withdrawal of federal registration is also what causes the problem for these firms under ERISA.

As a practical business matter, it is a virtual necessity for a professional money manager (such as an investment adviser) seeking to serve employee benefit plans subject to ERISA to meet ERISA's definition of "investment manager." The term is defined in ERISA to include only investment advisers registered with the SEC, and certain banks and insurance companies. Once the Coordination Act becomes effective, large advisers registered with the SEC will of course continue to meet the definition. But small advisory firms will not be able to meet the definition of investment manager because they will be registered with the states rather than with the SEC. Thus they may well be precluded from providing advisory services to employee benefit plans subject to ERISA, even if they have been doing so successfully for many years.

The sponsors of the Coordination Act were aware that the interplay between the Act and ERISA could have substantial detrimental consequences for small advisors, and thus added an amendment to ERISA during the House-Senate Conference on the Act. The ERISA amendment provided that investment advisers registered with a state can serve as "investment managers" for two years, or through October 12, 1998. My staff has been told that this "sunset" provision was included in the ERISA amendment so that the