

gives time for adjustment. Some of the money raised by taxes on energy and pollutants will be returned to the regions of the country that are primary producers or users of energy and nonrenewables, so that those communities will have extra money to transition to new forms of cleaner production or more energy efficient homes and workplaces. Those on fixed retirement income will be kept whole by special attention to ensuring that price increases in energy related items are fully compensated through cost-of-living adjustments.

To repeat, under this proposal, there will be no net increase in taxes. There will be a shift in taxes off of things we value—labor—and onto things we want to discourage—wasteful use of energy and nonrenewable resources. People will see the price of gasoline increase—at the same time they see the tax on their income decline.

This proposal is a 3-fer: it lowers the payroll tax; it discourages pollution and helps the United States in its international negotiations on global warming; it increases our national security by reducing our dependence on the Middle East and other unstable regions.

I hope that my Republican colleagues who support sales taxes and/or value added type taxes will take a look at this proposal. Their proposals would increase the taxes on energy and nonrenewables along with all the other things sold or manufactured in our society. But rather than set up elaborate new sales tax or VAT collection systems on millions of businesses and production centers, with all the potentials for evasion and abuse, this proposal would concentrate tax collection on just a few thousand sources of production, freeing millions of others from paperwork and IRS hassels.

Republican leaders from Texas, who have been proposing various tax reforms, may at first object to concentrating the new system of taxation on energy, because Texas is such a major producer of energy. But I urge them to work with me to return extra amounts of the revenue raised by this proposal to their region to help it transition to a cleaner and higher-paying form of production.

I hope to introduce this bill before the recess, and I invite comments and ideas on how to make it a smooth transition for America.

To repeat: this is a chance to ensure a cleaner environment for future generations, increase America's security, reduce taxes on employment, and encourage the production of a new generation of products.

This is not a tax increase. It is a tax shift from things we don't want to tax onto things we should want to discourage.

PERSONAL EXPLANATION

HON. CAROLYN C. KILPATRICK

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 21, 1997

Ms. KILPATRICK. Mr. Speaker, during earlier debate on the floor of the House on October 9, 1997, I stated that my oldest son, Kwame Kilpatrick, was an attorney. While he will soon be an attorney, he is a third year law student. I would like to use this opportunity to correct that fact in the CONGRESSIONAL RECORD, and I thank the House for this opportunity.

ROGER DESROSIER'S AIDS DEMOCRACY AND FREE ELECTIONS IN BOSNIA AND HERZEGOVINA

HON. RICHARD E. NEAL

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 21, 1997

Mr. NEAL of Massachusetts. Mr. Speaker, I rise today to recognize an outstanding teacher in Massachusetts' Second Congressional District, Roger Desrosiers.

As a teacher at Millbury Jr./Sr. High School, Mr. Desrosiers challenges young minds in his classroom. This past summer, Mr. Desrosiers challenged teachers in Bosnia and Herzegovina to prepare their students for life in a democratic system. Mr. Desrosiers was part of a team of 20 American educators who traveled to Bosnia and Herzegovina as part of the CIVITAS Program, developed by the center for civic education.

During the intensive 17 day program, Mr. Desrosiers provided teachers in Bosnia and Herzegovina with the tools to prepare their students and communities for competent and responsible citizenship in a democracy. He showed his Bosnian counterparts how to engage their students in elections and the political life of their communities. Mr. Desrosiers' effort and energy with teachers this summer will inaugurate a sense of community, co-operation, tolerance, and support for democracy and human rights in this war torn area.

In this age when American children will grow up to lead on a global level, their education is of paramount importance. Quality teachers and schools ensure they will be prepared. Mr. Desrosiers meets this responsibility thoroughly. For him, teaching does not end at the last bell of the day. Teaching continues after school, on class trips to Washington, and even with other teachers in foreign countries. I am proud to introduce him to this House today, and ask you to join me in recognizing his accomplishment.

INTRODUCTION OF LEGISLATION
TO DECLARE A NATIONAL EMERGENCY MEDICAL SERVICES MEMORIAL SERVICE

HON. BOB GOODLATTE

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 21, 1997

Mr. GOODLATTE. Mr. Speaker, I rise today to introduce legislation, along with my colleague from Virginia, Congressman GOODE, declaring that the memorial service held each year in Roanoke, VA to honor emergency medical services personnel be designated as the National Emergency Medical Services Memorial Service.

In 1928, an aptly named gentleman from Roanoke, VA, Julian Stanley Wise, founded the first volunteer rescue squad, the Roanoke Life Saving and First Aid Crew. This organization was the forerunner of today's emergency medical services, or EMS, programs. Today, thousands of dedicated citizens give their time and energy to community rescue squads across the country as EMS personnel, and many have made the ultimate sacrifice by giving their lives for the safety and welfare of their fellow citizens.

To further recognize the contributions of both Julian Wise and countless EMS personnel nationwide, a museum was established in Roanoke to pay tribute to both volunteer and career EMS personnel. This museum, called "To the Rescue," includes a memorial "Tree of Life," which includes a bronze oak leaf that has inscribed on it the names of all those who have been recognized. A National EMS Memorial Book, located beside the "Tree of Life," contains a picture and brief biography of each person recognized.

In 1993, to honor EMS personnel from across the country who have died in the line of duty, the Virginia Association of Volunteer Rescue Squads, Inc., and the Julian Stanley Wise Foundation, in conjunction with To The Rescue, organized the first annual National Emergency Medical Services Memorial Service in Roanoke. Since then, the National EMS Memorial Service has captured national attention by honoring 119 providers of emergency medical services from 35 States.

The life of every American will be affected, directly or indirectly, by the uniquely skilled and dedicated efforts of the EMS personnel who work bravely and tirelessly to preserve America's greatest resource—her people. Because the memorial service held in Roanoke is a fitting reminder of that bravery and sacrifice, it is only appropriate that Congress recognize it as the National Emergency Medical Service Memorial Service. Similar legislation is being introduced in the Senate by Senator GREGG of New Hampshire, as well as Senators WARNER and ROBB of Virginia. I join Congressman GOODE in urging that the House act swiftly to pass this important resolution and recognize the important role that EMS personnel play in the life of every American citizen.

RECOMMENDED READING ON THE
CHANGING NATO AND THE EFFECT OF GLOBALIZATION ON
THE TRANSATLANTIC RELATIONSHIP

HON. DOUG BEREUTER

OF NEBRASKA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 21, 1997

Mr. BEREUTER. Mr. Speaker, as chairman of the House delegation to the North Atlantic Assembly [NAA], it is my distinct pleasure to call to the attention of the House and the American people the outstanding paper delivered by the gentleman from Virginia [Mr. BLILEY] as chairman of the NAA Economic Committee at the fall meeting of the NAA in Bucharest, Romania, on October 9–13, 1997. Members of the House should find this truly exceptional, incisive, and very timely presentation by our colleague to be of great value and worth their reading time. This is particularly the case because it focuses on two very important subjects: First, the reasons for the continuing importance of the alliance we know as the North Atlantic Treaty Organization [NATO] as it expands to incorporate three additional member countries and reexamines its mission, and second, the diverse set of changes affecting our planet which we term globalization and specifically their impact on the transatlantic relationship. The paper by our distinguished colleague, the gentleman from Virginia [Mr. BLILEY] follows:

NATO IN THE 21ST CENTURY: ECONOMIC
COMMITTEE CHAIRMAN'S CONTRIBUTIONS

There are two kinds of economic issues that this committee should discuss as we try to envision challenges and opportunities to the Alliance over the next decade: those that will directly affect what we might call the business of NATO and those that will have an impact on the broader transatlantic relationship. Let us first look at the direct issues beginning with burden-sharing.

The end of the Cold War was quickly followed by large cuts in defense outlays as NATO members sought to reap dividends from the decline in threat. These reductions made perfect fiscal and military sense, but also fueled a debate about NATO's ongoing relevance. Some Americans for example began again to ask why precious resources should be used to defend the rich countries of Europe, particularly given the unrelenting financial pressures arising out of America's budget deficit, the declining threat and the need for new domestic infrastructure investment. The Balkan war and NATO's decisive role in quelling that disturbance amply demonstrates the ongoing need for a transatlantic alliance. Yet, the old burden-sharing debate will not go away. Indeed, NATO enlargement will only fuel that debate, although most of the additional cost burdens associated with enlargement will fall on new members themselves. European initiatives to improve mobility and lift become all the more important in an enlarged NATO and insofar as enlargement encourages NATO's European members to move in this direction; it could ultimately ease rather than exacerbate the burden-sharing debate. Finally, as Harry Cohen—member of the British House of Commons—points out in his draft report on the Costs of NATO Enlargement, properly administered alliances generally are cost effective insofar as they provide greater security at lower cost than purely national defence. This fiscal reality does not show up in national accounting sheets, but it will continue to hold true. We parliamentarians must help ensure that the burden-sharing debate reflects this central reality. If national leaders fail to do this, this vital Alliance could come under unwelcome political stress.

The growing gap in the defence-industrial bases of Europe and the United States represents another economic issue with direct consequences for NATO. Here the problems may be more serious. Norbert Wiczorek's report to—the Economic Committee of the North Atlantic Assembly—on changing defence markets discussed the important consolidation of U.S. defence industries. Profound restructuring and rapid integration of information technology have resulted in a growing U.S. competitive edge over European defence firms, which remain more heavily regulated, smaller and higher cost producers. This gap makes a genuine two-way street in defence trade increasingly difficult and is adding yet another barrier to transatlantic project teaming. The divergence is growing so apparent that it could eventually have spill-over effects on military tactics and the overall transatlantic relationship. The recent Administration-EU Commission dispute over the Boeing-McDonnell Douglas merger was indicative of this issue's great sensitivity.

Until Europe creates a more unified market for defence goods which fosters the creation of pan-European defence firms, there will be few European firms to rival their American counterparts in scale and scope. The result will be higher procurement costs in Europe and perhaps even greater protectionism which will further shorten the scope for transatlantic defence industrial exchange and could lead to trade tension. Trans-

atlantic defence co-operation and trade foster interoperability, reduce overall defence costs, and ensure the existence of competitors which will help spark innovation and cost reductions. Europe is moving too slowly in consolidating the defence business, and unless the effort is galvanized, the current gap may become wider by the next century.

Internal market reforms in transition economies has also become an issue directly related to NATO's future, insofar as the introduction of liberal market structures is a precondition for an invitation to join the Alliance. The financial capacity of prospective states to underwrite force modernization, retrain their officers and meet minimal standards of interoperability represents another economic consideration of considerable importance. These factors were crucial to NATO's decision to invite Poland, Hungary, and the Czech Republic to accession negotiations. The pace of reform has certainly quickened in Romania and was one reason why its candidacy was considered with a great deal of seriousness—something which was not anticipated even two years ago. Slovenia has already registered one of the more impressive transitions to a market-based economy. As the region's economies become more integrated with those of Western Europe, whether or not they are formally invited to join the EU, it seems likely that the economic preconditions for NATO accession will be met by several other states over the next ten years provided the reform path is not abandoned.

Accession is not without economic consequences, NATO, of course, has no direct responsibility over transatlantic economic management, but it certainly can provide a secure foundation which business and investment need to flourish. This is taken for granted among current members, but not by aspiring members. Disappointed Romanian and Slovenian officials lamented that their being left out of NATO would penalize them economically. Those admitted, on the other hand, might enjoy a comparative advantage in attracting foreign investors who would be marginally more reassured by the commitment of the West to the security of new members. It should be recalled that such considerations can even have an impact on interest rates, and thus all things being equal, membership could thus reduce the cost of capital in new member states. So much for the issues of direct consequence to NATO.

The second category of economic issues that are likely to affect the Alliance will not be specifically tied to NATO, but will nevertheless be influential in shaping the overall relationship between North America and Europe. It should go without saying that the end of the Cold War has profoundly altered the transatlantic relationship. The dramatic reduction of military tension has perhaps loosened the discipline that kept the Atlantic partners from allowing trade, monetary or other economic disputes to weaken the partnership. There are some signs that each side is now turning away from the other despite real interests in not doing so. The key question is whether or not mutual economic dependencies as well as shared strategic interests are sufficient to hold together the Alliance. I think they should be, but we must recognize the potential for difficulties in an Alliance no longer overwhelmingly bound together by an overarching Soviet threat but rather united by a more complex set of strategic, political and economic ties.

A second consequence of the Cold War's passing is that economic issues have become a more prominent force in the overall transatlantic relationship. On the face of it, this is a good thing; Europe and America broadly share a common appreciation of the value of

a liberal international economic regime and are important trade and investment partners. One writer recently described the relationship in terms of a shared economic culture, writing that, "When America and Europe advocate free trade, they are less likely to talk past each other than are America and Asia." Although economic relations between the two continents have generated great material prosperity, they have also long been a source of generally healthy, if often fiercely contested, competition. That rivalry is never as heated as it is when two conflicting visions of the legitimate role of the state in economic matters come into play. In recent years we have seen the American officials claim that foreign policy imperatives give it the right to exercise extraterritorial authority over non-American firms. The European Commission did the same when it claimed anti-trust review authority with regard to the Boeing-McDonnell Douglas merger.

Since the end of the Cold War, the frequency and seriousness of transatlantic economic disputes seems to be growing. This is hardly a welcome harbinger for future transatlantic relations; but it could just as well reflect difficulties associated with transition to a new international security and economic order.

The shape that Europe takes is another critical factor in the transatlantic relationship. We can now presume that EMU will go ahead, and that by January 1999, the Euro and a European Central Bank will be in place. This will constitute the greatest change to the international monetary system since the collapse of Bretton Woods. The accompanying commitment to price stability will bring down interest rates in Europe and may provide an additional impetus to loosen overly burdensome labour market regulation which has been the primary source of high unemployment on the continent. This coupled with the elimination of burdensome transaction costs will more deeply unify European money and commercial markets and will prove a dynamic boost to European growth. Moreover, the Euro will ultimately rival the dollar internationally. It is possible however that the absence of fluctuation in intra-European rates could result in even greater dollar-Euro rates fluctuation with negative effects on transatlantic trade and investment. Thus in monetary matters, Europe and the United States will have to consult even more deeply than they do today. In this respect, perhaps the creation of a Euro could be a force for greater transatlantic integration. This, of course, hinges on a number of additional economic and political factors.

The likely accession of new members to Europe in the early years of the next century could have different effects on transatlantic relationship. The Americans will broadly welcome EU enlargement as a critical contribution to regional stabilization and prosperity and thus a natural complement to NATO enlargement. Moreover, EU enlargement is likely to compel Europe finally to revamp those institutions and programs which many officials acknowledge have grown outdated or unwieldy. Agricultural reform here may be the key question, and insofar as it leads to greater market access for American producers and general liberalization of agriculture markets, it could have a very positive impact on the transatlantic relationship.

On the other hand, a geographically larger, more diverse Europe implies perhaps a more inward-looking EU, at least over the medium term. The process of consolidation is likely to create certain tension with the United States, particularly if American officials and the US Congress gather the impression that the EU is artificially diverting trade away

from the US. The Americans will thus be watching both monetary integration and EU enlargement with a keen eye and will not hesitate to express their views on matters that effect its interests—just as Europeans will scrutinize American economic policies including its sanctions initiatives designed to tie security and trade issues and which are likely to directly impinge directly on European commercial and monetary interests.

Another problem is that globalization itself has partly eclipsed the transatlantic economic relationship, even if globalization itself can be seen as a natural and successful consequence of the transatlantic partnership. The emerging global economic order is increasingly characterized by the unhindered trade of goods and services, the rapid diffusion of technology, the ever greater mobility of financial capital and the far more prominent role being played by private financial institutions. In this new global economy, there will be an ever greater premium attached to stringent monetary and fiscal management. This is increasingly leading to macro-economic convergence. Yet, our societies are naturally not always willing to cede everything to economic logic. And it is for this reason that states will remain critical actors in the world economy.

Globalization is a force affecting all our countries, and I would argue that it is pushing North America and Europe in the same general direction but at varying speeds. This could potentially lead to further drift in the relationship. In the United States, key sectors have been deregulated, while strategic corporate mergers have created a number of large coherent industrial and service companies poised to flourish in the international economy. Responding to new challengers like Japan, American civilian firms in recent years have restructured their operations, introduced new organizational principles and slashed work forces and production costs. American firms like Microsoft and Intel have established nearly hegemonic positions in new computing industries. California's Silicon Valley rides on the crest of the information revolution and is reaping huge profits as a result. American industry has very rapidly incorporated the computer into the workplace and this seems to have contributed to America's current economic boom. Average GNP growth in the United States over the last seven years is 2.5%, the current unemployment rate stands at only 4.8%, and inflation has fallen to 2.8%, while a rocketing stock market index continues to astonish observers.¹ Some economists including Fed Chairman Alan Greenspan have hinted that a kind of sea change has transpired in the United States that has permanently changed the inflation-growth-unemployment relationship.

Europe's firms have begun to respond to global pressure through restructuring and consolidation although markets there are generally more regulated and tax rates remain higher. Moreover, with a GNP the size of America's, in 1994 Europe produced only a fifth as much software. It has only 7 percent of the export market for computers and office equipment. This suggests that despite unambiguous signs of an economic recovery, Europe needs to make great advances in the industries that are likely to dominate world markets in the future. If globalization is seen in Europe as rewarding only those industries in which Europe feels less competitive, the result could be a more inward-looking Europe, resistant to deregulation and determined to defend a quality of life that cannot be sustained without undertaking impor-

tant changes. An inward-looking Europe's relationship with the United States would be tense. The United States clearly needs Europe as a partner to advance the liberal, free trading vision. Therefore, a significant fall-out would gravely weaken America's capacity to promote greater international liberalization and integration.

At the Denver summit earlier this year, the contrast between the American and European economic cultures were starkly on parade. While President Bill Clinton extolled American achievements, somewhat offended European leaders and numerous writers subtly pointed to what many see as the down sides of the US model, including the wider income gap in the United States and the tragic state of American inner cities. Again this is indicative of how domestic political economies are increasingly becoming a subject of international discussion. This is partly because distinctions between domestic and international economic issues are artificial and increasingly recognized as such. How states organize their domestic political economy will have important effects on their relations with other states. The New Transatlantic Agenda, however, suggests that this phenomenon need not be viewed with trepidation. It can have a mutually advantageous impact provided that our countries' leaders manage it properly. That will not be easy as the Helms-Burton dispute revealed.

Finally it is often assumed that the greatest investment opportunities lie in developing or transition economies. But in the coming decade, growth opportunities will be great in much of the OECD as well, due to de-regulation, restructuring trade in services and the emergence of new information industries like those related to the internet. The most developed countries are undergoing an industrial revolution which will create countless new opportunities for trade and investment between Europe and the United States. We are already seeing this revolution in the development of transatlantic telecommunications and airline alliances. The intricate interweaving of corporate interests could have the effect of bringing Europe and the United States into an even closer relationship partly by making it more difficult for states to claim companies as their own and to act on that basis.

The Russian economy's evolution will also shape the transatlantic agenda. Were the Russian economy to spiral downward, the resultant instability would pose a serious set of problems to Central and Eastern European states—ranging from new refugee pressures to even greater mafia activity. The proliferation of the know-how and material necessary to construct weapons of mass destruction is not unrelated to the health of the Russian economy as well as the Russian state's capacity to control the export of weaponry and material and to keep scientists and engineers gainfully employed. The Allies will have to encourage further liberal market reform and commercial integration with the West and assist Russian leaders in controlling armaments exports insofar as each of these is possible. Responsibility ultimately lies with the Russians themselves, and the current government appears committed to reform. But strong political and social resistance to reform will not fade away and mafia activities seem to be growing in scale and scope. The most likely scenario for Russia is fitful reform with uneven results. The West must therefore be prepared both to extend a hand to its Russian partners while preparing for a relationship that will not always be easy.

Russia will continue to be a key player in energy markets. For example we can anticipate a rivalry in the Caspian Sea for influence and access to the huge potential oil and

gas reserves of the Caspian region. Energy issues have long been a source of division within the Alliance (Total's recent investment plans on Iran being the latest example), and forging a united Western approach to the Caspian region may prove enormously difficult given the different kind of interests involved. The Caspian region will emerge as one of the crucial out-of-area considerations shaping the strategic calculations of the NATO partners as well as the Russians, and it may well divide more than unite North America, Europe and Russia.

Let me conclude with a brief remark about my own country. Like Europe, America confronts long-term structural problems that will continue to absorb the energy of legislators and government officials. Some of these problems, like the growing income gap, may have been exacerbated by globalization, while others, like educational weaknesses, compromise America's long-term prospects in that economy. Finding solutions to such problems lie at the core of contemporary American politics. Despite these problems, there is a growing perception that globalization has proven beneficial to most Americans. President Clinton, for example, will probably be granted authority to negotiate a new round of free trade pacts despite resistance from his own party's left wing. The public and its representatives have come to recognize the value of the world economy. Many new members of the U.S. Congress arrive with little international experience, but economic globalization and America's central role in that process means they cannot or at least should not ignore developments beyond its borders. The Senate NATO enlargement ratification debate will again focus attention on the profound ties between the U.S. and Europe.

One of the hallmarks of democracy is that when push comes to shove, rationality generally prevails. The reasons for maintaining close transatlantic economic co-operation far outweigh the inconveniences and petty disputes. Both Europe and America are subject to global economic pressures and its leaders and companies are responding in ways consistent with their distinct political and economic cultures and traditions. The great challenge lies in accommodating these differences in order to revivify a partnership of politically stable and economically vital nations that together will help steer the world economy into the next century.

90TH ANNIVERSARY OF THE VILLAGE OF SOUTH CHICAGO HEIGHTS

HON. JERRY WELLER

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 21, 1997

Mr. WELLER. Mr. Speaker, I rise today to honor the 90th anniversary of the village of South Chicago Heights, a community rich in heritage. First settled in 1833 at the corner of the Old Sauk Trail and the Chicago-Vincennes Road, South Chicago Heights has become a strong community many families are proud to call home.

The village of South Chicago Heights has been growing rapidly since it was incorporated 90 years ago. In the first election in 1908 there were a mere 82 votes cast. Today, the village boasts a population of over 3,700 residents.

In 1910 the police department was established, in 1926 the first village hall was erected, and in 1959 the first fire station was built. South Chicago Heights grew as America grew

¹ The Economist, June 21st, 1997: p. 12.