

around the world often with Dr. Pinera at his side. That's why 60 Plus, particularly Roger Zion and I, are so pleased that Mr. Tanner has not only eloquently embraced this new plan Mr. Hart proposes, but has joined us at today's official release of the proposal, along with an equally strong endorsement by today's other featured speaker, Fund for a New Generation's Adam Dubitsky.

Richard A. Hart takes up the challenge to find a solution in an insightful paper showing how Personal Retirement Accounts (PRAs) can assure both dignity and comfort for future generations of senior citizens. This paper, a variation on a theme advanced by others, should continue the dialogue on a system which urgently needs reform.

To those who fear Social Security's ruin, wise seniors know that there is no Social Security Trust Fund. 60 Plus calls it the Social Security Bust Fund as surpluses are used for other government programs. As Democratic Senator Ernest Hollings of South Carolina has said, "There is no trust. There is no fund." We need to alert people to keep at arm's length those politicians who spread fear among seniors, as we stand at a crossroads to which direction Social Security reform should go.

In the 60 Plus Association's opinion, some form of "personalization" remains the best and most feasible option. We must guarantee present retirees their benefits as part of a government promise to them, but we must also safeguard current generations paying into Social Security system so that the benefits will be there when they retire.

On August 14, 1935, President Roosevelt signed into law the Social Security Act. On May 2, 1997, the FDR Memorial was opened here in Washington, D.C. The Social Security system helped seniors escape poverty, but we now know there are major problems facing future generations. What more lasting commemoration to FDR can we embrace than the adoption of a system which will save it for a new age, a new era, and a new population.

## CHINA

### HON. GERALD B.H. SOLOMON

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

*Wednesday, October 29, 1997*

Mr. SOLOMON. Mr. Speaker, for my entire career as a Congressman, I have been extremely concerned about the capabilities and intentions of the People's Republic of China. I see a totalitarian dictatorship with nuclear weapons and the intent to provide weapons of mass destruction to terrorist nations. Of equal concern is the People's Republic of China's actions and desire to wage economic warfare against America by engaging in economic espionage. But even worse is their potential to improperly infiltrate and illegally manipulate capital markets through fraudulent market offerings. We cannot afford to let our guard down and allow them to hold hostage America's future growth and security by jeopardizing American retirement and pension funds.

For that reason, I commend to you the attached article from the Wall Street Journal and announce my intent to introduce legislation that will protect us from this latest form of assault on our national security.

[From the Wall Street Journal, Oct. 29, 1997]

#### HONG KONG'S MARKET STOPS BELIEVING IN 'MIRACLES'

(By Holman W. Jenkins Jr.)

Apocryphal of the turmoil that began in Hong Kong last week and spread through the world's stock markets, we have to admit to missing Zhou Beifang just a little.

Though he happens to be serving a life sentence in a Chinese prison these days, back in the early 1990s he was feted by Hong Kong's business elite as the "king of backdoor listings."

His story had an improbably epic quality: Growing up wild on the streets of Beijing during the Cultural Revolution, when his father, an old military comrade of Deng Xiaoping, was in disgrace; landing with a splash in Hong Kong in his early 40s, as head of the offshore arm of China's giant Shougang steel works, now led by his rehabilitated father.

The younger Zhou embodied all the yuppie striving of a generation robbed of education and privilege by Mao's class war. Soon everything he touched turned to gold for the Hong Kong investors who followed him. His trick was to take over moribund companies on the local stock exchange, and make their shares jump as he loaded them with mainland assets on preferential terms. In a very short time his empire was worth \$1.4 billion.

"We don't know whether these transactions were approved by some authority in Beijing, or what it would mean if they were," an editorial in The Asian Wall Street Journal ruefully wondered at the time. Six months later Mr. Zhou had been recalled to Beijing and arrested.

It shouldn't be surprising that Asia turned out to be the knock that finally set the global bull market on its ear. Those who mistake chronology for explanation have tried to trace the dominoes back to the Thai baht. But the problem goes deeper.

For the Asian "miracle" had two solid pillars—the high savings and low wages of its workers—and a third illusory one: the supposed omni-competence of its elites.

Let us further note that much of the optimism embedded in the global share prices was, on some level, specifically China optimism. It was always obvious that bringing China aboard the global economy was the game at hand. To hear Boeing, Coca-Cola and Procter & Gamble tell it, China underlay their every hope of earnings as far as the eye can see.

In Hong Kong, where Western finance meets Chinese reality, the experts are belatedly now trying to sort out the fundamentals from the Zhou Beifangism in the China story.

Consider the deal Goldman Sachs and a bevy of lesser banks brought to market into the teeth of last week's mayhem. The offering consisted of government-owned cellular operators in two provinces cobbled into a package that gave a mere minority stake to private investors for \$3 billion.

Amid much bickering between the Chinese and their bankers, the price was actually raised half-way through the offering, to a multiple far richer than what other Asian telecom giants are selling for. And then to stir up sagging demand the head of the Chinese telecom ministry hinted at juicy asset injections while talking to the press in Shenzhen. "The listing of China Telecom will be the first course of a big banquet and bigger courses will be served later," he promised.

Those are the kind of Zhouesque expectations that had small investors in Hong Kong lining up around the block this past summer for new offerings by mainland companies

with no track record, little disclosure and managements that operate under an uncertain set of incentives.

That's a strange way to sell stock, because underlying it is an invitation to believe that you're in bed with some Chinese muckety-muck, who's going to use his connections for his own quick enrichment, and therefore yours. Yet small investors aren't the only ones who've fallen for this. Britain's Cable & Wireless earlier in the year sold the Chinese ministry a chunk of Hongkong Telecom at a substantial discount, in return for the promise of special access to the mainland phone market, in the form of C&W getting a piece of the China Telecom flotation.

C&W last week didn't get any of China Telecom. Instead, it was the usual suspects among China's cronies in the Hong Kong tycoon class who got discounted allocations of the new issue.

So many dreams end this way. Morgan Stanley, the most China-exuberant of U.S. banks, put up \$35 million to capitalize Beijing's first joint-venture investment bank. In due course, it found itself squeezed out of a lead role in the China Telecom flotation by its inexperienced creation, and then last month learned that its offspring was coming to Hong Kong to compete with Morgan Stanley there, rather than opening the door so Morgan Stanley could become a player on the mainland, as it had feverently hoped.

Over lunch a few years ago, the local Chinese head of a Western investment firm explained that the mainland deals he was then busily underwriting were destined for fund managers in the U.S. who felt a indiscriminate need for "China exposure."

Asked if he owned any himself, he made a face that said: "Are you on drugs?"

Yet he quickly warmed to a favorite topic, how to make all this actually work for China. His idea: Give Chinese managers stock options that vest only after a time, so they might at least be tempted to use their positions to grow real earnings rather than to launder assets offshore.

In the wake of crashing markets all around the globe, the words "accountability" and "transparency" are suddenly getting a workout by Western analysts in Hong Kong—although earlier in the year several had quietly been dismissed for voicing skepticism about Chinese offerings.

As it happened, the Red Chip bonfire of last summer was accompanied by insider wheeling and dealing and ramping of a type not seen since the Hong Kong market cleaned up its act in the late 1980s, with the formation of an anti-corruption task force. Western bankers, letting their standards drop in their eagerness to cultivate a big new client, have been the quiescent instruments of these shenanigans.

Well, "when in Rome" and all that. But still, these institutions are global brand-names now, with retail investors at home looking to them as guarantors of their retirement security. That ought to be reason enough for bankers to begin drawing more sharply the question of whether these deals are really financing China's development or merely financing capital flight.

Anyhow, now comes the moment when we find out whether all the billions China has been absorbing went to build skyscrapers without tenants and factories without customers.

Hong Kong remains Asia's best-disciplined economy, with its most professional class of managers outside of Tokyo. The current mess will work out for the best only if it leaves everyone in the region with a stronger taste for these qualities.

CONGRATULATIONS TO THE  
FLORIDA MARLINS

**HON. E. CLAY SHAW, JR.**

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

*Wednesday, October 29, 1997*

Mr. SHAW. Mr. Speaker, I rise today to applaud Baseball's 1997 World Series Champions, the Florida Marlins. As a representative of South Florida and a native of Dade County, I am delighted to call the Marlins my "home team".

From the magnificent bald eagle's graceful flight into Pro Player Stadium to open Game One until Edgar Renteria's winning hit in the 11th inning of Game Seven, the World Series highlighted all that is great about the Florida Marlins and their fans. In five short years, this upstart expansion team has done what no other Major League team could do. The Marlins organization combined the talent, dedication, heart and fan support, to win not just the National League pennant, but to achieve the consummate prize in baseball.

This accomplishment was made possible through teamwork. The dream began with owners Wayne and Marti Huizenga and with Carl Barger. Team manager Jim Leyland and the players took on the challenge, and the organization and the fans provided the support and cheered them on. The Marlins are a team of destiny in the greatest sense of the word. Everyone involved since Day One made a crucial contribution to the team, and the result was the World Series Championship.

Mr. Speaker, the Florida Marlins fans are some of the most impressive I have ever seen. Each Series game at Pro Player broke the attendance record for the one before it, and last night's Rally broke all previous attendance records. The Miami Herald said it best: "nearly 70,000 South Florida baseball fans exploded, drunk on the joy that comes with earning baseball's biggest gleaming trophy."

Well done, Florida Marlins. The spirit of Carl Barger lives on, and your fans will never forget the thrill.

MIDDLE EAST PEACE

**HON. BOB SCHAFFER**

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

*Wednesday, October 29, 1997*

Mr. BOB SCHAFFER of Colorado. Mr. Speaker, I rise today to speak about the importance of maintaining peace in Israel. At \$8.2 million per day, America's expenditures in Israel mean United States taxpayers have much at stake in the region. Frankly, I was shocked when I first learned how much our Government sends to Israel in the way of foreign aid. We also maintain a U.S. Embassy there of 200 employees, and provide other relief and assistance.

In August, I went to Israel with five other Members of Congress—all conservatives with lots of questions. The mission was sponsored and paid by a nonprofit education foundation. My 7 days there proved to be among the most fascinating as a new Congressman. I met with several experts in the Israeli-Palestinian peace process, United States-Israel defense co-

operation, Israeli defense, economics, and history. I also met with clergymen, local elected leaders, and Israeli and Palestinian citizens. I visited Jewish settlements, military outposts, and Palestinian territories.

We arrived in Jerusalem just after the suicide bombings in the Mahane Yehuda market killed 13 and wounded 168. I began to understand almost instantly how complicated the peace process is and how culture, geography, history, and religion make the objective a difficult one to achieve. I also deepened my belief that peace in the region is important to the United States and critical in achieving global stability.

Separate meetings with Israeli Prime Minister Benjamin Netanyahu and Senior Palestinian negotiator Dr. Saeb Erekat revealed genuine frustration over recent actions of the other. Both expressed concern about the degree to which progress achieved between Israelis and Palestinians had been eroded due to the recent terrorism.

They knew our delegation wanted to see more progress, but optimism was nowhere to be found that week. Instead, both men did their best to defend their policies. Netanyahu did so credibly.

I reaffirmed America's desire for peace as firm and strong and I assured both sides that the United States partnership with Israel is a lasting one. Clearly, our financial support will, and should, continue—unfortunately the foreign operations appropriations bill is currently mired with other unrelated problems which must be resolved in the Senate.

Regarding Israel's future, I came away with several observations. What extremists and terrorists fear most is a durable desire for peace, certainly on behalf of the United States, but especially on behalf of those Israeli and Palestinian leaders who refuse to give in to terrorism. There is a political center which must work hard to render the extremes irrelevant.

Though aimed at Israel, the most recent episodes of extremist violence, in fact, threaten both societies. Palestinians are sometimes direct targets, and suffer economic hardship and restricted mobility to Israel retaliation. The hatred levied by Hamas and Islamic Jihad toward Israel, also has a devastating impact on ordinary Palestinians and their hopes for space. Successful resolution entails all sides standing firm against terrorism, returning to the bargaining table, and confirming an unyielding commitment to the negotiation process.

Last month, I met with Secretary of State Madeline Albright who, though she expressed frustration with the scarce results of her recent visit, restated the U.S. commitment to do all it can to promote peace. We will help Israel achieve real security addressing external threats and terrorism, by pursuing treaties establishing normal relations between Israel and her neighbors, namely Syria and Lebanon. Moreover, we will always be willing to facilitate, and when appropriate, mediate peaceful accords.

It is undeniable that the recent bombings have severely set back the peace talks that began in Oslo in 1993. The lax approach to suppressing terrorism on the part of the Palestinian Authority and Chairman Arafat's suspension of security cooperation further suppresses optimism, and his repeated calls for a jihad—holy war—belies his stated embrace of the peace process.

The United States must push the Palestinian Authority to fulfill the terms of past agreements in order to allow progress on interim agreements under Oslo with an eye toward accelerated permanent status talks. Other pressure must be put on Arafat to discontinue his inflammatory rhetoric and specifically amend the Palestinian Covenant regarding the destruction of Israel.

However, America must never confuse its role in the Middle East. We are not a party to the Arab-Israeli conflict. The chief responsibility rests in the hands of those who have the most at stake in achieving political and social harmony.

America cannot, nor should not dictate solutions and we must be confident that Arabs and Israelis are fully capable of forging the most durable agreements. Our role is predicated on the desire of both parties to have us work with them to secure peace.

PERSONAL EXPLANATION

**HON. PETER DEUTSCH**

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

*Wednesday, October 29, 1997*

Mr. DEUTSCH. Mr. Speaker, I was unavoidably absent from the Chamber today during rollcall vote No. 540, the vote on H.R. 1479. Had I been present, I would have voted "aye."

UNFUNDED MANDATES REFORM  
ACT

**HON. ROB PORTMAN**

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

*Wednesday, October 29, 1997*

Mr. PORTMAN. Mr. Speaker, today Mr. ENSIGN raised a point of order established by the Unfunded Mandates Reform Act of 1995 in connection with H.R. 1270, the Nuclear Waste Policy Act. I commend him for doing so. This is another example of how we envisioned this unfunded mandates legislation working. The goal of the Unfunded Mandates Act was not to prohibit Congress from ever considering or enacting legislation that contained unfunded mandates, but to do so after having cost information, a separate debate on whether and how to fund the mandate and a recorded vote on imposing such a mandate. Today, we did that. The House agreed to continue to consider this legislation, notwithstanding the mandates that exist in this bill, after having had full information, separate consideration, and accountability with a recorded vote. I believe the procedure worked well today and continues to be an effective mechanism to ensure that Congress is accountable to the American people for mandates this body may impose on State and local governments as well as the private sector.

MEXICO MUST ADHERE TO THE  
WTO ANTIDUMPING CODE

**HON. RICHARD H. BAKER**

OF LOUISIANA

IN THE HOUSE OF REPRESENTATIVES

*Wednesday, October 29, 1997*

Mr. BAKER. Mr. Speaker, I wish to express my serious concern with Mexico's unfair and