

The Western military analyst agreed that the armed forces control the militias, and are using them as surrogates. "There's a big disconnect between what the leadership in Jakarta is saying and what's going on on the ground," he said. "If [Defense Minister Wiranto] was unhappy with what's going on in East Timor, he would have fired some people."

There are now at least 13 militia groups in East Timor, one for each of the territory's 13 districts, with names like Red and White Iron and Aitarak. The Western military analyst said the number now could be as high as 20. The Dili police commander, Col. Timbul, said each militia has about 5,000 members.

One tactic of the militia groups is intimidation of independence supporters. Militia posts have been set up just yards from the homes of human rights activists and other independence sympathizers.

Last Wednesday night, the Portuguese consul general in Jakarta, Ana Gomes, telephoned journalists in Dili to tell them that the Aitarak militia had surrounded the home of a prominent human rights lawyer, Aniceto Gutierrez Lopes, director of the Legal Aid, Human Rights and Justice Foundation. The journalists, arriving in taxis just before midnight, found about two dozen militiamen outside Gutierrez' empty home.

Gutierrez and his family were discovered hiding in his back yard. He whispered to the reporters to stay and make sure he was not found, and to try to persuade the militia that he was not at home. He escaped, and has gone into hiding.

That episode was not unique; dozens of independence supporters, human rights workers and others have been threatened, have fled East Timor or have gone into hiding. Those who remain say they sleep in different houses each night.

Relief workers and foreign military analysts in Jakarta say the militias have a death list, with the names of prominent independence sympathizers to be killed between now and the vote, to guarantee the result the military brass prefers.

Matins, of Caritas relief agency, said he knows his name is on the list. "It's all the key persons they say have to be killed," he said, cowering in his office after receiving an early morning warning of an imminent attack.

"They believe if they kill them all, they can win the elections." He said four priests are on the list, including the Rev. Francisco Barreto who heads the Caritas office. A man stands in front of bullet holes that riddled his home during an attack by a militia group in the East Timor town of Lliquica. The militias, who are believed to have the support of the Indonesian armed forces, also rounded up an estimated 20,000 villagers who are being detained in the town. Members of this family are among thousands of East Timorese being held in tents and abandoned buildings in Lliquica. It is believed that they will be pressured to vote against independence.

TAX FREEDOM DAY

Mr. MACK. Mr. President, I am here today because finally, Tax Freedom Day has arrived—the day the average American has earned enough income to cover his or her Federal, State and local taxes for the year. Only today—after one-third of the year has already passed—have our working men and women earned enough money to pay their taxes for the year! This is truly amazing, and it is also truly wrong.

Tax Freedom Day has moved successively later into the year for the past 7

years, as the Federal Government seeks to claim a larger and larger portion of the American family income. Since 1993, Federal tax revenues have grown 52 percent faster than personal income growth. And last year alone, Federal revenues grew 80 percent faster than personal income.

Florida's Tax Freedom Day is even later—Floridians will not finish earning enough to pay their taxes for the year until Friday, May 14. They also shoulder the 5th heaviest total tax burden in the country.

In 1999, Federal, State and local governments are projected to collect an average of \$10,298 in tax revenue for every person in the country. This year, the Federal Government will collect more tax revenue as a share of GDP—that is 20.7 percent—than at any time since 1944. This is the highest level in peacetime history.

If that isn't enough to put the high Federal tax take into perspective, let me share with you a few examples of just how much taxes impede our freedom every day of the year.

I brought with me a daily tax clock to illustrate just how many different times we are taxed in ways we may not even realize. Think about the different things you do in the course of your average day. Planning your family's summer vacation? Forty percent of the cost of an airline ticket is taxes! When you drive to and from work today, 54 percent of the price of a gallon of gasoline is taxes. Did you call your mother on Mother's Day? Fifty percent of the cost of your phone bill is due to taxes.

Taxes infringe on our freedom—our freedom to work, our freedom to invest and our freedom to provide for our families. It is more apparent than ever that the mammoth Federal Government we have created will never be satisfied—if there is money to be had, the Federal Government will take it.

That is why it is more important than ever to provide tax relief to our families. We have a balanced budget, and soon we will be working with a Federal surplus. If the Federal Government has its way, this overpayment of taxes by the American people will be spent in Washington on new Federal programs. We need to give the American people their money back. I have proposed a tax plan which will do just that by, No. 1, providing tax relief for all American income taxpayers, No. 2, encouraging economic growth and, No. 3, ensuring U.S. technological leadership in the 21st century.

We need to ensure the United States keeps its status as an economic powerhouse in the next millennium. The Federal Government's role in ensuring this happens is to cut taxes and get out of the way to give the American people the freedom to pursue their own dream—not Washington's.

SOCIAL SECURITY LOCK BOX

Mr. FITZGERALD. Mr. President, twice, the Senate has failed to invoke

cloture on the Social Security Lock Box. I am a cosponsor of this important amendment and I encourage all of my colleagues to join me in support for a Social Security lock box.

For several years, Congress has taken all the money out of the Social Security Trust Fund and spent it on other programs. In fact, through the end of last year, Congress has taken over \$730 billion out of the trust fund and spent it all on other programs.

I believe that it is wrong to spend Social Security Trust Fund money on other programs. If a private corporation were to take money out of an employees' pension plan and spend it on something else, the executives of that corporation would, under Congress' own laws, be subject to prosecution and imprisonment. Why do we allow Congress to raid Social Security, the pension fund for all Americans?

Each time our government takes money out of the Social Security Trust Funds, it incurs a debt to these funds. To date, the government has incurred total debts of over \$730 billion to the Social Security Trust Funds. The debts owed to these funds are included in the calculation of our total national debt which now stands at roughly \$5.5 trillion. This debt, along with the program's massive unfunded liabilities, will ultimately have to be paid by future taxpayers.

The lock box proposal would ban Congress from spending Social Security Trust Fund monies on other programs (unless there is a super-majority vote to do so). Those who oppose the lockbox proposal want to continue spending Social Security Trust Funds on other new and unrelated programs.

While I believe that we need to take other steps to protect Social Security, I nevertheless believe that this lockbox provision is an important first step in ensuring the long-term fiscal health of our nation. By making it more difficult to spend Social Security Trust Funds on other programs, we will make it easier for ourselves to meet our obligation to Social Security in the future.

FINANCIAL SERVICES MODERNIZATION ACT

Mr. ENZI. Mr. President, I rise to speak briefly about the historic legislation passed in the Senate last week, S.900, Financial Services Modernization Act. I want to again commend Chairman PHIL GRAMM, the Senator from Texas for the outstanding work that he did leading us through the process of passing that landmark piece of banking reform legislation. Senator GRAMM is perhaps the most knowledgeable person on U.S. banking law. He was diligent in seeing that the action began last year in the Banking Committee came to fruition this year. He also took to heart the admonition we've given to the entire banking community to keep things in plain English. He simplified last year's bill, reduced it from 308 pages to 150 pages. Before we

began the debate on the Senate floor, he even had to undergo a massive demonstration at his house that was aimed not only at him, but at his wife. Which brings me to the subject I wanted to discuss—the Community Reinvestment Act.

Mr. President, I ask unanimous consent that the May 11, 1999, article in the Wall Street Journal by former Federal Reserve Governor Lawrence B. Lindsey be printed in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See Exhibit 1.)

Mr. ENZI. Mr. Lindsey points out quite correctly that the CRA provisions in S.900 are very modest. In spite of this, I continue to be amazed that the Administration and its supporters have demonized the bill because of the minor changes it makes to the Community Reinvestment Act, CRA. Yes, included in the bill are changes to the CRA. However, it does not dismantle, destroy or otherwise diminish the CRA. In fact, the amendments included in the bill should only strengthen the legitimacy of CRA.

You wouldn't suspect this, though, from the comments of the Administration. They claim that these provisions would utterly destroy the CRA. Since the Administration does not support the bill's structure that favors the Federal Reserve over the Treasury Department, they have instead garnered opposition to the bill over the CRA issue. They have gotten the community development industry to oppose a bill that the Administration opposes primarily because it does not expand the banking policy authority of the executive branch.

What I have become concerned about is a government policy that encourages a bank, as Lawrence Lindsay stated, "to simply pay for a problem to go away." S.900 attempts to correct the abuse of the CRA by declaring a bank in compliance with the law if it has earned a "satisfactory" rating for three consecutive years. It would require individuals or groups to present some form of evidence to the contrary in order to prevent a merger or acquisition. This will help eliminate extortion, which only amounts to lining the pockets of a few select individuals. It should help ensure that the CRA is preserved for helping the communities instead of funding the extortionists.

I urge all to read the whole Wall Street Journal editorial.

EXHIBIT 1

[From the Wall Street Journal, May 11, 1999]

CLINTON'S CYNICAL WAR ON BANKING REFORM (By Lawrence B. Lindsey)

Last week the Senate passed a bill overhauling the regulation of banks, including a provision sponsored by Sen. Phil Gramm (R., Texas), chairman of the Banking Committee, to reform the Community Reinvestment Act. Mr. Gramm's provision has stirred controversy, to say the least. Last month hundreds of "community activists" descended on his house, where they pounded on the win-

dows, trampled the landscaping and left the yard covered with garbage.

The 20-year-old CRA requires banks to serve their entire community. Regulators take banks' CRA compliance into account when deciding whether to approve applications for mergers or expanded services. In the recent wave of bank consolidation, banks have made billions of dollars of loan commitments and signed agreements with numerous community organizations in order to be seen as complying with CRA.

HEAVY-HANDED TACTICS

Sen. Gramm has complained that many of these payments amount to little more than extortion sanctioned by federal bank regulators, a claim bolstered by the protesters' behavior at the senator's house. While the great majority of CRA activity is legitimate, some banks and their executives have been subjected to similar personalized and heavy-handed tactics with a demand that they sign agreements that, in effect, fund the protesters. Other banks find their mergers held up by legalistic protests until they pay up.

I helped write the current CRA regulations when I was a governor of the Federal Reserve, and I part company with Mr. Gramm on the degree to which the CRA encourages extortion. In fact, those regulations, implemented in 1996, were designed to reduce the potential rewards for such behavior. Most bankers and community development professionals agree that the regulations have been successful in that regard. Yet I think Mr. Gramm is getting a bum rap.

Mr. Gramm's proposed reforms are quite modest. You wouldn't know it, though, from listening to the Clinton administration and its supporters. President Clinton himself attacked the Gramm proposal in a February meeting with the nation's mayors. Treasury Secretary Robert Rubin, the Rev. Jesse Jackson and Ralph Nader all joined the chorus. The attack strategy worked. Regulators with whom I spoke said they believed Mr. Gramm was out to destroy CRA, although when pressed, they admitted they didn't know the details of his proposal.

When I spoke to a group of community-development professionals, there was stunned silence when I described how mild Mr. Gramm's proposals actually are. First, he proposes that a bank that has earned "satisfactory" ratings from the regulators for three years running be presumed in compliance with the law, unless evidence is presented to the contrary.

Second, he proposes that small rural banks be exempt from CRA. The banks that would be excluded under this plan have a total of 2.8% of all U.S. bank assets; the banks with the remaining 97.2% would remain subject to CRA. When we wrote the current CRA regulations, we recognized the burden they placed on small banks and carved out a streamlined examination procedure for them. Mr. Gramm takes this principle only a little further.

Why, then, is the administration demonizing Mr. Gramm? As with similar disinformation campaigns in the past, the attack is meant to draw attention away from an issue on which the administration is vulnerable. What is really at stake here is a separate provision of the banking-reform bill, concerning the question of which agency should regulate most banks—the Fed, which is independent of the administration, or the comptroller of the currency, who reports to the Treasury secretary. Mr. Gramm's bill, which passed on a near-party-line vote, favors the Fed.

Such a bureaucratic turf struggle is not the stuff over which nonbureaucrats go to the barricades. So the administration has instead rallied the troops with a campaign of

exaggeration about the CRA. In short, the community-development industry is being used as a pawn by the administration in a power struggle with the Fed.

The worst part of this is that the community-development industry is finally coming of age. All around the country, community-development professionals are engaged in exciting partnership with for-profit organizations to rebuild the physical and social infrastructure of some of America's blighted areas. The best of these are run in a very professional and businesslike fashion; their management teams could compete with any in corporate America.

Unfortunately, much of the industry is still quite insecure, with deep memories of being caught between widespread private-sector indifference and an unresponsive federal bureaucracy led by the Department of Housing and Urban Development. And some of the more flamboyant leaders in community development, who cut their teeth in the radicalism of the 1960s, are quick to lead protest marches and demonstrate their feelings. They have been coopted as unwitting foot soldiers in bigger wars, such as the Comptroller-Fed battle and the feud between the mortgage-insurance industry and the secondary mortgage market.

In the long run, there is no alternative to a zero-tolerance policy with regard to extortion in CRA or the type of protest that occurred at Sen. Gramm's house. Such behavior poisons the well of goodwill that makes community reinvestment possible. The time has come for those responsible for the success of CRA to break their silence and make clear whether they want community development to be a business success story or just some politician's sound bite.

What is needed is a clear way to demarcate those who deliver real community development from those who deliver a mob outside a bank branch or senator's house. The best people to do this are the leaders of community groups themselves. In private, some of the most accomplished practitioners have told me how embarrassed they are about the events at Mr. Gramm's house. They have not shied away from using the term "extortion" to describe activity that clearly fits the definition. These people know that their good efforts are made more difficult by the extortionists; who misuse resources and give community development a bad name.

PET CAUSES

Banks themselves must also make clear that they will not pay for political favors or meet extortionists' demands. The intent of CRA is to ensure that an adequate number of loans are made in low- and moderate-income neighborhoods and that those areas have access to bank branches and other banking services. There is no requirement that civic or community leaders must say nice things about the bank or that the bank must contribute to those leaders' pet causes or even their own organizations.

It is often too easy for bank management to simply pay for a problem to go away. Regulators should make sure that this doesn't happen, by insisting that CRA-type payments made by bank management go for services rendered—such as loan referrals—and are not de facto political contributions or extortion payments. Regulators would not tolerate a bank management that violated the Foreign Corrupt Practice Act by bribing foreign officials. Nor should they allow bribes to community groups in the U.S. The administration, meanwhile, should stop using America's developing communities as pawns in its own bureaucratic battles.

MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to