

I ask you to consider the quiet heroes like Don Wacks and the many thousands like him deserving of our respect and gratitude for making this country great. After all, where would we be without America's many quiet heroes?

HONORING THE DISTINGUISHED
CAREER OF DR. GORDON PETTY

HON. BART GORDON

OF TENNESSEE

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 4, 2002

Mr. GORDON. Mr. Speaker, I rise today to recognize the outstanding career of Dr. Gordon Petty, who has served his community of Smith County, Tennessee, with dedicated passion. Dr. Petty opened the first licensed hospital in Smith County in 1951 and practiced as a physician in his hometown for 50 years before retiring.

Dr. Petty's life is a perfect example of what it means to give back to your community. He graduated from Smith County High School in 1938 and received a degree from Cumberland College in 1941. He then served in the United States Navy as a communications officer on-board a destroyer during World War II. He continued to serve in the Naval Reserve for a number of years after World War II and also received a medical degree from Vanderbilt University in 1950.

During Dr. Petty's professional career, he served on a number of medical boards and associations, including the American Medical Association, the Tennessee Medical Association and the Board of Trustees of Smith County Memorial Hospital. He also participated in a variety of civic organizations, which included the Carthage Lion's Club, the Carthage Town Council and the Board of Directors of Citizen's Bank.

Dr. Petty's grit and determination to serve his country, his patients and his community are admirable and a testament to his exemplary life. I cordially congratulate Dr. Petty for serving each with dignity, honor and compassion. I also wish him the very best in his well-deserved retirement.

ANDREW S. GROVE URGES RESPONSIBLE CORPORATE REFORMS BUT AVOID STIGMATIZING BUSINESS

HON. TOM LANTOS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 4, 2002

Mr. LANTOS. Mr. Speaker, during the past few months our nation has watched in shock and dismay as a growing number of corporations have fallen into disrepute and many have been thrown into bankruptcy because of corporate financial fraud or unethical practices. The scandal has rightfully provoked public outrage, and Congress has taken up new legislation to stem the further erosion of public trust in our capital markets. As Members of Congress prepare to enter into negotiations over a conference report on corporate governance and accounting reform legislation, I call to the attention of my colleagues a particularly in-

sightful article by Andrew Grove, Chairman of Intel Corporation.

Mr. Grove—a former Time Magazine “Man of the Year”—grew up in communist Hungary, where he experienced stigmatization and prejudice as the son of a businessman. After completing his Ph.D. at the University of California, Berkeley, Mr. Grove joined the Research and Development Laboratory of Fairchild Semiconductor. In 1968 he became one of the founders of Intel Corporation. Since then he has continued to play a key role in the growth and success of the company, serving as President and CEO and today as Chairman of the Board.

In an article published in the Washington Post (July 17, 2002) entitled “Stigmatizing Businesses,” Mr. Grove points out that the current rush to judge and condemn all corporate executives without discrimination in our country has made him feel like he was back in communist Hungary, where businessmen were distrusted and stigmatized.

Mr. Speaker, I urge my colleagues—and all Americans—to give heed to Mr. Grove's thoughtful insight. We must understand that while there has been corruption among far too many companies, this does not justify the vilification of the entire private sector or of every business executive. As Mr. Grove indicates in his article, the best way to tackle this issue is through corporate reform and ensuring a separation of powers between the chairmen, the board of directors, the CEO, the CFO, and accountants, and all street analysts. Once these positions are free to operate without constraint—and are not occupied by the same person—corporations will be able to monitor themselves much more effectively and can hopefully prevent future scenarios similar to the one our country is currently facing.

Mr. Speaker, it is important that in our rush to repair the serious flaws in our system of corporate governance, that we not create other problems that could be equally damaging to our national economy. I ask that Mr. Grove's article be placed in the RECORD and I urge all of my colleagues to give attention to his thoughtful views.

STIGMATIZING BUSINESS

(By Andrew Grove)

I grew up in Communist Hungary. Even though I graduated from high school with excellent grades, I had no chance of being admitted to college because I was labeled a “class alien.” What earned me this classification was the mere fact that my father had been a businessman. It's hard to describe the feelings of an 18-year-old as he grasps the nature of a social stigma directed at him. But never did I think that, nearly 50 years later and in a different country, I would feel some of the same emotions and face a similar stigma.

Over the past few weeks, in reaction to a series of corporate scandals, the pendulum of public feeling has swung from celebrating business executives as the architects of economic growth to condemning them as a group of untrustworthy, venal individuals. I have been with Intel since its inception 34 years ago. During that time we have become the world's largest chip manufacturer and have grown to employ 50,000 workers in the United States, whose average pay is around \$70,000 a year. Thousands of our employees have bought houses and put their children through college using money from stock options. A thousand dollars invested in the company when it went public in 1971 would be worth about \$1 million today, so we have made many investors rich as well.

I am proud of what our company has achieved. I should also feel energized to deal with the challenges of today, since we are in one of the deepest technology recessions ever. Instead, I'm having a hard time keeping my mind on our business. I feel hunted, suspect—a “class alien” again.

I know I'm not alone in feeling this way. Other honest, hard-working and capable business leaders feel similarly demoralized by a political climate that has declared open season on corporate executives and has let the faults, however egregious, of a few taint the public perception of all. This just at a time when their combined energy and concentration are what's needed to reinvigorate our economy. Moreover, I wonder if the reflexive reaction of focusing all energies on punishing executives will address the problems that have emerged over the past year.

Today's situation reminds me of an equally serious attack on American business, one that required an equally serious response. In the 1980s American manufacturers in industries ranging from automobiles to semiconductors to photocopiers were threatened by a flood of high-quality Japanese goods produced at lower cost. Competing with these products exposed the inherent weakness in the quality of our own products. It was a serious threat. At first, American manufacturers responded by inspecting their products more rigorously, putting ever-increasing pressure on their quality assurance organizations. I know this firsthand because this is what we did at Intel.

Eventually, however, we and other manufacturers realized that if the products were of inherently poor quality, no amount of inspection would turn them into high-quality goods. After much struggle—hand-wringing, finger-pointing, rationalizing and attempts at damage control—we finally concluded that the entire system of designing and manufacturing goods, as well as monitoring the production process, had to be changed. Quality could only be fixed by addressing the entire cycle, from design to shipment to the customer. This rebuilding from top to bottom led to the resurgence of U.S. manufacturing.

Corporate misdeeds, like poor quality, are a result of a systemic problem, and a systemic problem requires a systemic solution. I believe the solutions that are needed all fit under the banner of “separation of powers.”

Let's start with the position of chairman of the board of directors. I think it is universally agreed that the principal function of the board is to supervise and, if need be, replace the CEO. Yet, in most American corporations, the board chairman is the CEO. This poses a built-in conflict. Reform should start with separating these two functions. (At various times in Intel's history we have combined the functions, but no longer.) Furthermore, stock exchanges should require that boards of directors be predominantly made up of independent members having no financial relationship with the company. Separation of the offices of chairman and CEO, and a board with something like a two-thirds majority of independent directors, should be a condition for listing on stock exchanges.

In addition, auditors should provide only one service: auditing. Many auditing firms rely on auxiliary services to make money, but if the major stock exchanges made auditing by “pure” firms a condition for listing, auditing would go from being a loss leader for these companies to a profitable undertaking. Would this drive the cost of auditing up? Beyond a doubt. That's a cost of reform.

Taking the principle a step further, financial analysts should be independent of the investment banks that do business with corporations, a condition that could and should

be required and monitored by the Securities and Exchange Commission.

The point is this: The chairman, board of directors, CEO, CFO, accountants and analysts could each stop a debacle from developing. A systemic approach to ensuring the separation of powers would put them in a position where they would be free and motivated to take action.

I am not against prosecuting individuals responsible for financial chicanery and other bad behavior. In fact, this must be done. But tarring and feathering CEOs and CFOs as a class will not solve the underlying problem. Restructuring and strengthening the entire system of checks and balances of the institutions that make up and monitor the U.S. capital markets would serve us far better.

Reworking design, engineering and manufacturing processes to meet the quality challenge from the Japanese in the 1980s took five to 10 years. It was motivated by tremendous losses in market share and employment. Similarly, the tremendous loss of market value from the recent scandals provides a strong motivation for reform. But let us not kid ourselves. Effective reform will take years of painstaking reconstruction.

Our society faces huge problems. Many of our citizens have no access to health care; some of our essential infrastructure is deteriorating; the war on terror and our domestic security require additional resources. Attacking these problems requires a vital economy. Shouldn't we take time to think through how we can address the very real problems in our corporations without demonizing and demoralizing the managers whose entrepreneurial energy is needed to drive our economy?

HONORING THE 25TH ANNIVERSARY OF FALLON COMMUNITY HEALTH PLAN

HON. JAMES P. McGOVERN

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 4, 2002

Mr. McGOVERN. Mr. Speaker, I rise today to honor Fallon Community Health Plan and to congratulate the men and women of that organization on the occasion of its twenty-fifth anniversary.

Fallon Community Health Plan was created in 1977 in Worcester, Massachusetts, largely through the work of the physicians of Fallon Clinic. The Clinic itself, the first group practice in central Massachusetts, was founded in 1929, the vision of John Fallon, M.D. The doctors of that group have provided high quality and compassionate medical care to several generations of area residents, and have a uniquely cooperative relationship with the Health Plan.

While mergers and consolidations have generally ruled the health care world in the last few years, Fallon Community Health Plan has continued as a locally-controlled, not-for-profit plan, one that truly lives up to the word "community" in its name. In 1988, the Fallon Clinic and Health Plan partnered to establish the Fallon Foundation. With the help of community members, local businesses, and public officials, Fallon Foundation promotes a healthy community through grants and other resources dedicated to direct services, education, and research. Fallon Community Health Plan is a valued civic partner in Worcester and other cities and towns of central Massachusetts.

Fallon Community Health Plan has four times been rated the number one health maintenance organization in the entire country. It has long been looked to as a model of innovative and affordable health coverage. It consistently scores highly in measures of quality of medical outcomes. Fallon Community Health Plan was also one of the five original health plans to enroll Medicare beneficiaries, demonstrating how more comprehensive care than Medicare alone provides could be delivered to Medicare eligibles at an affordable cost. The Health Plan continues to participate in the Medicare+Choice program and its Fallon Senior Plan has an accreditation status of "excellent" from the National Committee for Quality Assurance. It is also a partner with the Federal Government in PACE, a program of all-inclusive care for the elderly, and is in fact the only health maintenance organization in the country with such a program.

Fallon Community Health Plan is a relatively small health care organization whose national influence far exceeds its size. We in Worcester are proud of its success and the contributions it makes to our community. Mr. Speaker, I am proud to congratulate the people of Fallon Community Health Plan for twenty-five years of service.

PAYING TRIBUTE TO CLAIRE TRAYLOR

HON. SCOTT McINNIS

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 4, 2002

Mr. McINNIS. Mr. Speaker, it is with great sadness that I speak here to recognize the life and passing of Mrs. Claire Traylor of Wheat Ridge, Colorado. Mrs. Traylor was a state legislator who worked diligently on behalf of Colorado to promote fair and effective legislation throughout the state.

Mrs. Claire Traylor served in the Colorado General Assembly from 1982 to 1994, first in the House and then in the Senate. One of her most renowned accomplishments as a legislator was her strong commitment to education. Mrs. Traylor was a member of the Joint Budget Committee and Chairwoman of the Senate Appropriations Committee, she used her Position to approve funding for the repair and reconstruction of buildings on college campuses. It was for these efforts that the Colorado School of Mines just recently announced plans to recognize Mrs. Traylor by naming a building in her honor. Mrs. Traylor also fought hard for healthcare legislation that would benefit all citizens of Colorado, including the poor and uninsured.

Mrs. Traylor was a proud Republican who understood the necessities of sound fiscal responsibility. However, on any given issue she didn't hesitate to follow her own principles and convictions. But no matter how difficult the opposition or how controversial the issue, it was her integrity and reputation for fair dealing that won her the bipartisan esteem of her colleagues. For all the legislative achievements that can be accredited to Mrs. Claire Traylor, it will be her amiable personality, her gracious demeanor, and her impeccable character that we will remember the most.

Mr. Speaker, it is with genuine gratitude that I recognize the life of Mrs. Claire Traylor be-

fore this House of Representatives and before this Nation today; she lived life to the fullest, a public servant who worked diligently for her constituents and the State of Colorado. Claire Traylor will be missed, but her presence will continue to be felt in the thousands of lives which she touched.

HONORING ARMANDO DE LEON, RECIPIENT OF THE 13TH ANNUAL PROFILES OF SUCCESS HISPANIC LEADERSHIP AWARD

HON. ED PASTOR

OF ARIZONA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 4, 2002

Mr. PASTOR. Mr. Speaker, I rise before you today to recognize an outstanding citizen who has been honored for his life-long dedication to Latino issues through which he has impacted the lives of many in our community. On September 6th, the Honorable Armando de León was honored by his peers at the annual Profiles of Success Hispanic Leadership Awards presentation in Phoenix, Arizona. This event, coordinated by Valle del Sol, a local non-profit community based organization, kicks off National Hispanic Heritage Month in Arizona and is now in its thirteenth year of honoring worthy individuals.

Judge de León began a 32-year career in the U.S. Air Force Reserve as a judge advocate. After being admitted to practice in Arizona, he worked briefly as a law clerk/bailiff. In 1965, Armando entered private practice in Phoenix, specializing in international law and serving as general counsel and volunteer pro bono attorney for twenty non-profit organizations.

Armando served four years on the Phoenix City Council. He served on the Arizona-Mexico Commission and on Federal Advisory Committees to the U.S. Attorney General and INS Commissioner as well. He was appointed to the Arizona Superior Court bench in 1983 with rotations on civil litigation, criminal, domestic relations, and special assignment calendars. He chaired the Court Interpreter Policy & Bilingual Forms Committee, and the Unified Extern Program Liaison Committee of the Superior Court and the Arizona State University College of Law. Upon retirement from the bench, he returned to his hometown of Tucson, where he served as an adjunct professor at the University of Arizona College of Law.

Armando's extensive community involvement includes serving as general counsel and board member to the National Council of La Raza, referral attorney for the Mexican American Legal Defense and Education Fund, board member of the Southwest Voter Registration Education Project, memberships in the Hispanic National Bar Association, Los Abogados Hispanic Bar Association, the Phoenix Hispanic-Jewish Coalition, and the League of United Latin American Citizens.

He served as a General Officer and was awarded the Legion of Merit upon retirement in 1991, as well as the Distinguished Service Medal.

Mr. Speaker, please join me in recognizing this outstanding citizen for his fine work and dedication. Throughout his life Judge de León has been a long time advocate for the Latino community and he has been a great role model for many.