

[From the London Times, May 29, 2002]

US GOVERNMENT LOSES \$17BN IN ACCOUNTING ERROR

(By Chris Ayres in New York)

As accounting errors go, it is a whopper. The US Treasury has admitted that it has "lost" \$17.3 billion (Pounds 11.7 billion) because of shoddy book-keeping—enough to buy a fleet of eight B-2 stealth bombers and still have change for jet fuel.

The admission, contained in the 2001 Financial Report of the United States Government, is likely to infuriate firms that have been targeted by the Bush Administration for sloppy accounting.

The misplaced cash is nearly 30 times greater than the \$600 million error in Enron's reported profits that led to the Texas energy company's spectacular bankruptcy last December.

It is thought that the accounting error led to a dispute between the US Treasury and the General Accounting Office, which was reluctant to sign off on the report.

Paul O'Neill, the US Treasury Secretary, writes in the introduction to the Financial Report: "I believe that the American people deserve the highest standards of accountability and professionalism from their Government and I will not rest until we achieve them." However, on page 110 of the Financial Report is a note that explains that the Treasury's books did not balance because of a missing \$17.3 billion.

The note says that "three primary factors" were responsible: the failure of government agencies to keep accurate books; errors in reporting various contracts between government agencies; and problems with the timing of certain costs and revenues.

It is not the first time that the US Treasury has been embarrassed by the kind of accounting problems that have spooked stock market investors. Because of new corporate-style accounting rules for the Government, the US Treasury's \$127 billion federal surplus, reported last autumn, turned into a deficit of \$515 billion, mainly as a result of the Government incorporating the cost of health benefits for those retiring from the US military.

America's finances have also been strained by last year's tax cut, the recession and increased spending after the September 11 attacks.

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, DC, June 6, 2002.

Hon. PAUL H. O'NEILL,
Secretary of the Treasury,
Washington, DC.

DEAR MR. SECRETARY: I write to you to bring to your attention a serious situation regarding 2001 Financial Report of the United States Government.

In March 2002, the Department of the Treasury released this report to the public and included are some shocking revelations about Federal government expenditures. As a member of Congress and, more importantly, as a taxpayer, I am frankly offended by these facts. Specifically, on page 110 of the report, it is revealed the Federal government has "unreconciled transactions" totalling \$17.3 billion from FY2001. Put simply, the Federal government has "unreconciled transactions" totalling \$17.3 billion from FY2001. Put simply, the Federal government cannot account for billions of taxpayer dollars that Americans paid in one fiscal year.

The report provides minimal data and information regarding these "unreconciled transactions". Not only is the Federal government missing \$17.3 billion, but there is no reason given for this loss. While I appreciate the Department of the Treasury's statement

"... the identification and accurate reporting of these unreconciled transactions a priority..." the fact remains the public nor the Congress has the requisite information on how this loss occurred.

What agencies were responsible for these "unreconciled transactions"? Will these transactions eventually be reconciled? If so, what is the timeline for the reconciliation? What agency or agencies will be responsible for the reconciliation? Will this reconciliation be available to the public when complete?

The Clinton Administration provided for an enormous erosion of Americans' confidence in their government. My hope is that these "unreconciled transactions" are nothing more than a bygone relic of the previous Administration. However, members of Congress and employees of the Executive Branch must be accountable to the American taxpayer and my constituents are demanding answers to these important questions.

Mr. Secretary, I believe someone must answer to the American people for this loss of tax dollars. I look forward to your answers regarding these "unreconciled transactions". Thank you for your prompt attention to this matter. Should you have any questions or concerns, please do not hesitate to contact me.

Sincerely,

WALTER B. JONES,
Member of Congress.

CALIFORNIANS, LIKE FLORIDIANS, WANT TO PROTECT THE ENVIRONMENT FROM OFFSHORE DRILLING

The SPEAKER pro tempore. Under a previous order of the House, the gentlewoman from California (Mrs. CAPPS) is recognized for 5 minutes.

Mrs. CAPPS. Mr. Speaker, a couple of weeks ago, President Bush proposed to buy back undeveloped oil drilling leases off the coast of Florida and in parts of the Everglades. The President cited considerable local opposition to new drilling in Florida as a prime reason for this decision. I fully support this bold step to protect the environment and the economy of Florida. And while the vast majority of Californians were very pleased with this action, we were left asking, what about California? Why can the Federal Government not take similar action on the 36 undeveloped leases off Ventura, Santa Barbara, and San Luis Obispo Counties that we have been trying to terminate for years?

Last week, Interior Secretary Gale Norton supplied the answer. According to the Secretary, a major difference between Florida and California is that Florida opposes coastal drilling and California does not. As the U.S. representative for Santa Barbara and San Luis Obispo Counties, and a nearly 40-year resident of the area, I was dumbfounded by this assertion.

My local paper, the Santa Barbara Newspress, editorialized today about what it calls Secretary Norton's "jaw-dropping" remarks asking, "What alternative universe is Ms. Norton living in?"

Mr. Speaker, I lived in Santa Barbara in 1969 when a huge blow-out on Union Oil's Platform A put 4 million gallons

of oil into the sea. The oil spill killed thousands of seabirds, seals, dolphin, fish and other sea life. It damaged for years a huge swath of the beautiful coast of Central California. The devastation was so great it galvanized Central Coast residents; indeed, it galvanized virtually the whole State against offshore drilling.

Clearly we were outraged by the damage to the environment and the wildlife. But we also realized that another blow-out could wreak havoc on our economy as well, especially tourism, fishing, and the many industries that rely on them. And Californians have become committed to ensuring it will not happen again.

As the Newspress noted, this "catastrophe helped spark an environmental movement that spread beyond Santa Barbara."

Since that time, some 24 city and county governments, including both Santa Barbara and San Luis Obispo Counties, have passed anti-oil measures. These laws usually either require voter approval before any new onshore facilities that support offshore drilling could be built or they ban them outright.

In 1994, the California legislature passed, and Republican Governor Pete Wilson signed into law, a permanent ban on new offshore oil leasing in State waters. In 1999, the State Assembly adopted a resolution requesting that the Federal Government enact a permanent ban on offshore oil drilling off the coast of California. I had introduced legislation to enact such a ban in 1998, and I have been joined by a majority of my California colleagues in supporting this legislation.

Most recently, Governor Davis and the California Coastal Commission have been in litigation with the Federal Government about new offshore oil drilling. The State is trying to ensure that Californians have a say in any new development of these 36 leases off the coast, a position with which a Federal court has agreed. Thirty-one Members of the California delegation signed my amicus brief on behalf of the State's position, and even the Federal Government has demonstrated its sensitivity to California's opposition to new drilling. After all, it was President George H.W. Bush who signed an executive memorandum placing a 10-year moratorium on new leasing in Federal waters off the California coast. President Clinton renewed and extended the moratorium until the year 2012. And Secretary Norton even restated this administration's commitment to abiding by this moratorium, an odd stance to take if she believes there is no real opposition to new offshore drilling in California.

Mr. Speaker, I have been leading a bipartisan delegation of California representatives in asking the President to work with us to terminate the leases off our coast. We wrote to him last week about this issue. Given the misimpression under which Secretary

Norton is clearly operating, a number of us are asking to meet personally with the President to explain the situation in California. If he is following the counsel of Secretary Norton, he is getting bad advice that needs to be countered.

The President was right to take his action in Florida. It is our hope to convince him to help all of us out on the West Coast who want to protect our environment as well, and to control our economic destiny, just like they want to do in Florida.

FAREWELL TO ULYSSES S. GRANT SHARP, A GREAT AMERICAN

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California (Mr. HUNTER) is recognized for 5 minutes.

Mr. HUNTER. Mr. Speaker, for the first time in 20 years, I find myself going back to San Diego with my friend and seatmate, the gentleman from California (Mr. CUNNINGHAM), who is very much interested in national security, as I am, and missing one of our most trusted advisors at the table. That has occurred because we have lost Ulysses S. Grant Sharp, one of our great admirals and one of our great military leaders.

Mr. Speaker, his story is largely the military's story of this last century. He graduated from the United States Naval Academy in 1927. He served before World War II on the battleship *USS New Mexico*, the transport the *USS Sumner*, the destroyers the *USS Buchanan* and the *USS Winslow*, the carrier the *USS Saratoga* and the cruiser the *USS Richmond*. After that, and during World War II, he was awarded two Silver Stars while commanding the *USS Boyd* for action at Wake Island in the Marianas, the Philippine Islands, Okinawa, Formosa and the Gilbert Islands. Admiral Sharp finished the war on the staff of Commander, Destroyer Force Pacific.

He was a great warrior, Mr. Speaker. After he left his battlefield command after World War II, he could see Korea on the horizon and in that war he commanded the Destroyer Squadron FIVE. He served with the staff of Commander, Seventh Fleet as Fleet Planning Officer for the Inchon invasion. In 1951 he was assigned as Chief of Staff of Commander, Second Fleet.

In 1953 he assumed command of the cruiser *USS Macon*, and following the command, he served as deputy for Commander in Chief Pacific Fleet.

But it was during Vietnam, Mr. Speaker, in 1964, in which he was appointed by the President to become Commander in Chief Pacific; that is CINCPAC, a unified command of nearly 1 million Army, Navy, Marine and Air Force personnel in an 85-million-square-mile area and, at that point, the entire Vietnam theater that he really became a very major leader of American military forces in a very critical conflict.

Uly Sharp was responsible at that point to the Secretary of Defense and the Joint Chiefs of Staff for the overall supervision of the United States combat operations in Vietnam and throughout the Pacific during the 4 years that followed. After that, Mr. Speaker, he came home and retired in San Diego and was a great member of our community.

He wrote a book called "Strategy for Defeat", which I would commend to those who follow military affairs and who need to be reminded that the way we achieve peace in this world and the way we have achieved peace in this world is through military strength. Uly Sharp was really a model citizen, a model soldier citizen in the sense that he thought that when a military person retires, their next duty is to become involved in civic and political affairs, and Uly did that. He was one of my first advisors.

Twenty years ago, when I was running for office and had no chance to win, and when my friend, the gentleman from California (Mr. CUNNINGHAM) came along in 1990 and similarly had a very difficult race, Uly Sharp showed up and worked hard and tried to drag us across the finish line, and did so successfully. He was a wonderful guy who always had time for the community, was a leader of our military community in San Diego, as a 4-star admiral, a guy who brought everybody together and imparted advice to all of those who were willing to listen about military affairs.

One of my best memories of Uly is going over on a Sunday afternoon with my dad to his house at Point Loma and listening to him as he laid out the wisdom of almost a full century of service in the United States military.

Uly Sharp was a model, I think, for all Americans, not just people that wear the uniform, but especially for people that wear the uniform, because he believed that every citizen had a double obligation, and that was an obligation to serve the country in uniform, and he carried that out very proudly and very well, but also the obligation to be involved in civic and political affairs. He also carried that burden and that mantle very well.

So, Mr. Speaker, it is a sad thing for me personally that I will never see Uly again, going back to San Diego and sitting down with folks who give me great advice on national security. I know the gentleman from California (Mr. CUNNINGHAM) would say the same thing. Uly Sharp was a great American and really served our country well. God bless him.

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OPPRESSION OF FREEDOM OF THE PRESS IN CUBA

The SPEAKER pro tempore (Mr. DAN MILLER of Florida). Under a previous order of the House, the gentleman from New Jersey (Mr. PALLONE) is recognized for 5 minutes.

Mr. PALLONE. Mr. Speaker, I rise this evening to draw attention to the struggle of journalists and their work toward freedom of information and freedom of the press in Cuba. Cuba was recently ranked by the Committee to Protect Journalists as one of the 10 worst places for journalists to work. For the past 7 years, the committee has also listed Fidel Castro as one of the top 10 enemies of the press.

Cuba is the only Latin American nation where the press is completely gagged. The Cuban constitution includes a ban on all non-governmental media outlets, giving Castro complete control over all media outlets. After 43 years of power, Castro shows no sign of lessening his stranglehold on the press.

Mr. Speaker, last week the New York Times published an article on the work and struggles of Omar Rodriguez Saludes, one of only 100 independent journalists working in Cuba. Independent journalists like Omar who would choose to work outside the government-controlled media outlets are denounced by Castro as counterrevolutionaries and are barred from covering official events. Independent reporters face repeated interrogation and detainment by Cuban authorities, monitoring and interruption of their telephone calls, restrictions on their travel; and they are often placed under house arrest to prevent coverage of certain events.

A new tactic of intimidation involves arresting journalists and releasing them hundreds of miles from their homes.

To report the news, Omar travels around Havana on a battered child-size bicycle, knowing that he can make his deadline as long as he does not have a flat tire, or if a corner policeman does not confiscate his notes, tape recorder, and camera. Omar writes his articles in longhand, or basically on a 20-year-old typewriter that he and a group of reporters share. He gathers every 2 weeks or so with other journalists in a cramped apartment in Havana's Chinatown, which is the makeshift headquarters of one news agency. He and others await their turn to place a phone call and dictate their stories to several Web sites on Cuban affairs in the United States. And even then, the state-owned telephone monopoly frequently refuses to connect their international calls.

Mr. Speaker, Cuba is the only country in the Western Hemisphere where a journalist is currently jailed for his work. In 1997, journalist Bernardo Arevalo Padron was jailed for "disrespecting" Castro and another Cuban state council member, Carlos Lage. The charges stem from a series of interviews that Arevalo gave to a Miami-based radio station in which he alleged that while farmers starved, helicopters were taking fresh meat from the countryside to the dinner tables of Castro and Lage.

Despite being eligible for parole and in declining health, Arevalo continues to be held in a labor camp.