

Mayagüez was founded in 1760 by Spaniards. Its first inhabitants, before Christopher Columbus arrived in 1492, were Indians known as the "Tainos", which means good or noble. Today Mayagüez has a population of 200,000 people. The town, which lies in the southwestern part of Puerto Rico, is also known as "Sultana del Oeste".

This year's parade honored the life of Luis Muñoz Marín, the first Governor of Puerto Rico elected by the people in 1947. Muñoz Marín is credited with implementing the new economic reforms which resulted in raising the standard of living on the island to one of the highest in Latin America and the Caribbean.

The parade has served as a national landmark in which people from all ethnic groups unite to commemorate our nation's glorious immigrant history. Among many other accomplishments, Puerto Ricans have been instrumental in transforming New York City into a great bilingual city.

Mr. Speaker, it is with great pride that I ask my colleagues to join me in honoring Luis Muñoz Marín and the National Puerto Rican Parade, in its celebration of our Puerto Rican legacy, and the many contributions made by the sons and daughters of Puerto Rico to the greatness of this nation.

HONORARY U.S. CITIZENSHIP FOR  
LEIF ERICSON

**HON. MARTIN OLAV SABO**

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, June 16, 1998*

Mr. SABO. Mr. Speaker, today I rise to introduce a resolution to grant honorary United States citizenship to the Norse navigator and explorer, Leif Ericson.

Leif Ericson played a vital role in the European discovery of our continent. It is a role that, over the years, has not been widely recognized. Within the past 30 years, new historical evidence has surfaced to show that Leif Ericson landed in North America around 1000 A.D., almost 500 years prior to Christopher Columbus' arrival in the New World.

Leif Ericson was born around 970 A.D. in Greenland, son of the famous warrior, explorer, and discoverer of Greenland, "Eric the Red." There are two traditional accounts of Leif Ericson's discovery of America. However, the one that is best upheld by recent evidence states that a contemporary of Leif's, Bjarni Herjolfsson, chanced upon America after drifting off course. Bjarni did not land in the New World, but upon his return to Greenland, he described his course to Leif. Following Herjolfsson's course, Leif later landed in North America. He named the new land "Vinland," after the plentiful supply of grapes he found there. He built a small settlement and spent the winter in Vinland before he returned to Greenland.

At the end of his career, Leif Ericson settled on his father's estate in Brattahlid, Greenland, where he lived until he died. It is rumored that he is buried in an unmarked grave in the Brattahlid cemetery.

I offer this resolution as a tribute to the pioneering spirit of Leif Ericson, and as a symbol of the virtues of courage and perseverance we all must embody in order to accomplish our goals.

I also offer this resolution in recognition of the Leif Ericson Millennium Committee (LEMC), a non-profit organization whose founder and president, Ivar Christensen, has devoted his life to gaining recognition of Leif Ericson's voyage and Viking settlements in North America around 1000 A.D. Since its inception, the LEMC has enlisted several Honorary Members, established a "working" Board of Directors, trademarked a logo, gathered preliminary information on Viking Celebrations throughout North America, and is now planning how to realize the objectives for the Millennium Celebration.

Finally, I also offer this resolution to honor all Americans of Scandinavian descent. For generations, they have proven themselves brave and loyal Americans, carrying on the tradition of courage and exploration started by their Norse ancestors, including Leif Ericson.

It is only appropriate that we recognize the importance of Leif Ericson by making him an honorary citizen of the United States, a small tribute for his contributions to our society.

HONORING THE PONTIAC CENTRAL  
DELPHI FIRST TEAM

**HON. DALE E. KILDEE**

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, June 16, 1998*

Mr. KILDEE. Mr. Speaker, I rise today to bring to your attention the remarkable efforts and achievements of the Pontiac Central/Delphi Interior and Lighting Systems FIRST Robotics Team. This dedicated partnership has resulted in national recognition and a renewed commitment to excellence in science and technology.

For three years now, the fine students from Central High School located in Pontiac, MI, and the staff of Delphi Interior and Lighting of Troy, MI, have been competing in the FIRST (For Inspiration and Recognition of Science and Technology) national competition. As a rookie team in 1996, their efforts resulted in the national competition rookie All Star award. In only their second year of competition they were honored with the competition's highest award, the Chairman's Award for overall excellence. This year they placed first at the Southwest Regional Championship, New England Championship, and Great Lakes Regional Championship.

The Pontiac Central faculty includes: Dr. Willie B. Aldridge, Birta Allen, Michael Martus, Michael McIntyre, Lorene Phillips, Jamie Schutt, and Arthur Williams. The Pontiac Central students include: Tanea Andrews, Ben Arroyo, Stephanie Bonner, Phuong Bui, Danta Cabello, Steven Carpenter, Armand Collins, Lenwood Compton, Jose Diaz, Tabitha Durham, Alia Garrison, Glynn Gooch, Regina Grifin, Janine Harper, Hmong Her, Tawanda Hilliard, Travis Hilliard, Chris Jackson, Yvette Johnson, Albert Lee, Alva Liimatta, Myder Ly, Ilea Lyons, Koua Moua, Ronnitrea Pilgrim, Denneen Russell, Scottie Spencer, Austin St. Peter, Cary Xiong, Bob Yang, Lisa Yang, Mary Yang, Pa Yang, Peter Yang, Yang Yang, John Youngquist, and Timothy Youngquist.

Members of the Delphi Interior and Lighting Systems engineering team include: Dr. Barbara A. Sanders, Hassan Anahid, Mike Aubry, Craig Blanchard, Robert Brooks, Michael

Caivaglia, Joe Cranston, Dan D'Addario, Brian Deplae, Jeremy Husic, Joseph Johnson, Marvin Lewis, Sandra Marion, Jane Maselli, Shannon Moore, Mark Nicholas, Amanda Offer, Joe Otenbaker, Tom Osborne, Chantell Parentea, Joe Picciurro, William Priest, Vijay Srinivas, Mark Steffe, Angelica Tasker, Ronald Wilde, Kimberly Will, Kevin Wright, and Joe Zwolinski.

Mr. Speaker, in order for our nation to remain a leader in the global economy we must recognize the importance of science and technology education. For three years, teachers, volunteers, sponsors and participants of the Pontiac Central/Delphi Interior and Lighting Systems FIRST Robotics team have been committed to ensuring that our nation's future doctors, engineers, and scientists have the skills necessary to succeed in the 21st century.

INTRODUCTION OF BILL ON  
FINANCIAL DERIVATIVE

**HON. JAMES A. LEACH**

OF IOWA

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, June 16, 1998*

Mr. LEACH. Mr. Speaker, over the past several years, financial engineers in our great banks and securities houses have come up with scores of new products that have kept the United States far in the lead as the world's preeminent financial market place.

None of these new-age products has been more successful than derivative financial instruments, which, as the name suggests, derive their value from the worth of an underlying product, such as a precious metal, the interest rate of a government bond or stock index. Derivatives enable banks, corporations, mutual funds, pension funds—indeed, anyone with a substantial portfolio—to mitigate risks from volatility in interest rates, commodity prices and equity values. There is hardly anyone in America today who has physically touched, but who has not been indirectly touched by financial derivative instruments.

Banks pioneered the over-the-counter derivatives markets and, though other important financial institutions have followed suit, banks still account for more than two thirds of the business in swaps and other O-T-C instruments. That market today has a so-called notional value of several trillion dollars, and the American share of it has added to the health of our financial services sector.

Our fragmented and antiquated financial laws and regulations, however, threaten American leadership in that sector of the industry. The fact that new financial products don't easily fit definitions that were written long before these products were invented has produced legal uncertainty in some critical areas like swap contracts and trades in hybrid instruments—uncertainty that some regulators may have exacerbated by a drive to enlarge bureaucratic turf. As a result, some of this home-grown financial business has moved out of our great financial centers—to place like London, where counterparties to a swap agreement can be certain that the sanctity of their contract is secure and not, as it might be here, vulnerable to the whims of a regulator insufficiently apprised that people don't like to do

business in markets where the sanctity of their contracts may be in doubt.

Technology has transformed the financial services industry in the last few years, and the onrush of change continues. If the gaps and ambiguities in our statutes are not corrected, and corrected soon, our financial markets may lose even more business.

There must be consistency, coordination and clarity in our regulations of derivative instruments. Our laws and regulations must be harmonized so that regulatory turf battles can be lessened and regulatory arbitrage eliminated.

I have not been impressed with the activities of our current coordinating bodies, like the President's Working Group of Financial Markets, which are supposed to sort out conflicts among financial regulators and produce decisions balancing public and private interests. In Congressional testimony last week, Chairman Brooksley Born of the CFTC said the President's Working Group simply doesn't do much, and that it's up to each agency to act within its own statutory authority. But I'm not impressed either by the efforts of one agency unilaterally to gain control of over-the-counter markets.

Effective regulation of derivatives markets has profound consequences on consumers and industry alike. The public needs fair and efficient markets, markets in which it can have complete confidence. Financial institutions need sensible regulation that will neither impair its ability to innovate nor burden it with onerous requirements. And both public and industry need regulations and regulators who can keep up with the pace of technological change without driving market participants to less prudential foreign markets.

The bill I am introducing today would create a study group to bring the laws and regulations of over-the-counter markets up to date. The Working Group on Financial Derivatives will be chaired by the Secretary of the Treasury and include the principal banking and financial market overseers. They will be asked to devise changes that will clarify and, I hope, simplify and rationalize our current crazy quilt of regulations and regulators. They will have one year to make their recommendations to Congress.

Mr. Speaker, it isn't only the United States which needs clarity in financial regulation. The financial business is a global business, and it can, and does, shift from one market to another almost on a moment's notice in response to regulatory pressure. If we are to end regulatory arbitrage—the practice in which business moves to the most lightly regulated markets, and regulators compete for business by offering the lightest regulations—we must approach this multinationally.

My bill would ask the Administration to enter into negotiations with the objective of establishing comparable regulation in the world's principal financial centers. Markets here and abroad should be efficient, transparent, and fair to their customers. The safety and soundness of the world financial system depends on it.

Below is the financial derivatives bill:

H.R. —

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

#### SECTION 1. SHORT TITLE.

This Act may be cited as the "Financial Derivatives Supervisory Improvement Act of 1998".

#### SEC. 2. FINDINGS.

The Congress finds as follows:

(1) There should be consistency, coordination, and clarity in the regulation of derivative instruments used by financial institutions.

(2) Banks and their affiliates developed, and remain the principal participants in, the derivatives markets.

(3) Regulation of the derivatives markets directly affects the liquidity, efficiency, capital position, and safety and soundness of the banking industry and the safety and soundness of the Federal deposit insurance fund.

(4) Regulation of the derivatives markets has profound consequences for the continued effectiveness of the bank supervisory process, including the capital provisions of the Federal banking agencies.

(5) Statutes and regulations governing use of financial derivatives by depository institutions in the United States, including over-the-counter and exchange-traded derivatives, should be brought up to date to reflect the rapid evolution of the markets in recent years, framed so as to keep pace with changes in the markets brought on by the onrush of technological advances, and formulated in a manner that enhances the legal certainty of derivatives transactions.

(6) The Congress desires interagency cooperation to harmonize, to the maximum extent possible, United States rules and regulations related to the derivatives markets.

(7) Regulatory arbitrage is a fact of commerce, with market participants having the tendency to move to the weakest regulator.

(8) The stability of the international financial system and the competitive position of United States financial institutions are jeopardized if foreign markets are regulated less prudently than United States markets.

#### SEC. 3. ESTABLISHMENT OF WORKING GROUP ON FINANCIAL DERIVATIVES.

(a) ESTABLISHMENT; COMPOSITION.—There is established the Working Group on Financial Derivatives, which shall consist of—

- (1) the Secretary of the Treasury;
- (2) the Chairman of the Board of Governors of the Federal Reserve System;
- (3) the Chairman of the Securities and Exchange Commission;
- (4) the Chairman of the Commodity Futures Trading Commission;
- (5) the Comptroller of the Currency;
- (6) the Director of the Office of Thrift Supervision;
- (7) the Chairperson of the Board of Directors of the Federal Deposit Insurance Corporation; and
- (8) the President of the Federal Reserve Bank of New York.

(b) CHAIRMANSHIP.—The Chairman of the Working Group on Financial Derivatives shall be the Secretary of the Treasury.

(c) DESIGNATION OF OFFICERS AND EMPLOYEES.—The members of the Working Group on Financial Derivatives may, from time to time, designate other officers or employees of their respective agencies to assist in carrying out the duties on the Working Group on Financial Derivatives.

(d) ESTABLISHMENT OF ADVISORY COMMITTEES.—In the development of recommendations related to derivative products, the Working Group on Financial Derivatives shall consult, to the widest extent possible, with market participants, and may establish advisory committees accordingly.

(e) SUNSET; REPORTS.—The Working Group on Financial Derivatives shall cease to exist upon the enactment of legislation authorizing appropriations for the Commodity Futures Trading Commission for any fiscal year after fiscal year 2000. The Secretary of the Treasury and the Chairman of the Board of Governors of the Federal Reserve System shall submit to the Congress every 6 months,

during the 4-year period beginning on the date of such cessation, a report on the progress of the implementation of the recommendations of the Working Group on Financial Derivatives.

#### SEC. 4. STUDY AND RECOMMENDATIONS ON REGULATION OF DERIVATIVES MARKETS.

(a) STUDY.—The Working Group on Financial Derivatives established under section 2—

(1) shall conduct a study on the regulation of the derivatives markets, including over-the-counter derivatives and exchange-traded derivatives, in which depository institutions, brokers or dealers registered under the Securities and Exchange Act of 1934, foreign banks, or affiliates of a depository institution or a foreign bank, participate; and

(2) shall develop recommendations for modernizing and harmonizing statutes, regulations, and policies—

(A) to reflect changes in the markets described in paragraph (1);

(B) to improve their operations;

(C) to enhance legal certainty for all types of instruments related to such markets, including hybrid instruments and swap agreements; and

(D) to promote the harmonization of regulation of such markets worldwide.

(b) REPORTS.—

(1) INTERIM REPORT.—Not later than 6 months after the date of the enactment of this Act, the Working Group on Financial Derivatives established under section 2 shall submit an interim report to the Congress describing the working group's progress.

(2) FINAL REPORT.—Not later than 1 year after the date of the enactment of this Act, the Working Group on Financial Derivatives established under section 2 shall submit a final report to the Congress describing the study conducted under subsection (a)(1) and containing the recommendations developed under subsection (a)(2).

(3) SEPARATE VIEWS.—The reports under paragraph (1) and (2) may include separately stated views of any member of the working group.

#### SEC. 5. PROTECTION OF INTERNATIONAL BANKING SYSTEM.

To protect customers, stabilize the international financial system, and underpin the safety and soundness of banking institutions in the United States and the banking system around the world, the Government of the United States and the Working Group on Financial Derivatives should make a high priority continual negotiations to ensure that foreign markets and regulatory bodies establish and maintain regulations comparably prudent to those applicable in United States markets.

#### SEC. 6. RESTRICTIONS RELATING TO HYBRID INSTRUMENTS AND SWAP AGREEMENTS.

Notwithstanding any other provision of law—

(1) during the period beginning on the date of the enactment of this Act and ending upon the enactment of legislation authorizing appropriations for the Commodity Futures Trading Commission for any fiscal year after fiscal year 2000, the Commodity Futures Trading Commission may not, without the approval of the Secretary of the Treasury, propose or promulgate any rule, regulation, or order, or issue any interpretive or policy statement, that restricts or regulates activity in a hybrid instrument or swap agreement—

(A) that is eligible for exemption under part 34 or 35 of title 17, Code of Federal Regulations (as in effect on January 1, 1998); and

(B) to which a depository institution, a broker or dealer registered under the Securities and Exchange Act of 1934, a foreign bank, or an affiliate of a depository institution or a foreign bank, is a party; and

(2) a hybrid instrument or swap agreement described in paragraph (1) that is entered into before the period described in such paragraph shall not be subject to section 2(a)(1)(B)(v) of the Commodity Exchange Act (7 U.S.C. 2a(a)(1)(B)(v)).

#### SEC. 7. DEFINITIONS.

For purposes of this Act:

(1) The term "depository institution" has the meaning given such term in section 19(b)(1)(A) of the Federal Reserve Act (12 U.S.C. 461(b)(1)(A)).

(2) The term "foreign bank" has the meaning given such term in section 1(b)(7) of the International Banking Act of 1978 (12 U.S.C. 3101(b)(7)).

### CONGRATULATION TO THE VILLAGE OF ELK RAPIDS, MI

#### HON. BART STUPAK

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, June 16, 1998*

Mr. STUPAK. Mr. Speaker, a small village in my district, the 1st Congressional District of Michigan, is celebrating its sesquicentennial in 1998. In its 150-year history Elk Rapids, like so many small Midwestern cities and villages, has grown from the homestead of a single hardy pioneering family to a community with a rich and unique heritage.

Like other Midwestern communities, Elk Rapids has witnessed the lure of lumber and furs, has seen boom times and times of economic hardship, and has renewed itself through several generations with the same strength and courage demonstrated by its original settlers. Through research and recollection, the village leaders in a resolution marking their sesquicentennial have distilled those 150 years into a brief history, which I will relate to you, Mr. Speaker.

The community's story begins in the mid-1800s, when Abram Wadsworth, a government surveyor from Durham, Conn., came to the region to explore the Grand Traverse Territory in northwestern Lower Michigan. Mr. Wadsworth's task was to explore the Territory in general, and specifically to survey land in the section now known as Elk Rapids.

Mr. Wadsworth, on one of his visits, found a pair of elk horns in the rapids near the mouth of the Elk River and determined that this pristine and picturesque spot would be especially well-suited for the construction of a sawmill for the purpose of processing timber cut from the vast hardwood stands of Antrim County. He erected in 1848 the first permanent dwelling on the shores of Grand Traverse Bay in the general vicinity of the present Elk Rapids Township Hall.

This structure led to the eventual settlement and development of a town around that site, which has grown through the hard work and dedication of its citizens over the last 150 years to become the Village of Elk Rapids.

The village grew to a thriving community which based its livelihood on the lumber industry. The community sent out lumber and drew its local supplies via rail lines on the landward side and through docks on the Grand Traverse Bay side that drew steamers from Milwaukee and Chicago.

The population of the village grew to a bustling 1,800 by the year 1905, fell with the de-

cline of the lumber industry to 530 people by the year 1930, but has grown again to more than 1,600. With the natural attraction of the water and the moderate temperatures caused by its nearness to Lake Michigan, the village now bases its livelihood on fruit farming and tourism. Community leaders are optimistic about the future of Elk Rapids as it prepares for its next 150 years.

I am proud to be a participant in the events of Founder's Day, June 20, 1998, which has been officially designated as the day to spotlight this auspicious occasion.

Mr. Speaker, by proclamation of the Village of Elk Rapids, I encourage my colleagues, and I encourage all residents, business people and visitors to the village to recognize and celebrate this milestone in ways that heighten civic pride and inspire further preservation of the historical, cultural and natural characteristics that make Elk Rapids one of the most enchanting places on the face of the Earth.

#### PERSONAL EXPLANATION

#### HON. TERRY EVERETT

OF ALABAMA

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, June 16, 1998*

Mr. EVERETT. Mr. Speaker, on June 11th, I was unable to cast my vote in support of H.R. 466, condemning the brutal killing of James Byrd, Jr. The measure was not scheduled for the day's legislative business, and I had already committed to travel plans to reach my district that evening. Had I been present, I would have voted "aye."

#### BILL OF RIGHTS AND CAMPAIGN REFORM

#### HON. TOM DeLAY

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, June 16, 1998*

Mr. DELAY. Mr. Speaker, as we begin the debate on so-called campaign reform, my colleagues should take a moment to read the following column from Dennis Byrne of the Chicago Sun Times. He has it exactly right—reformers think the First Amendment is a "loop-hole" that must be closed.

[From the Chicago Sun-Times, June 10, 1998]

#### BILL OF RIGHTS NO OBSTACLE TO 'REFORM'

(By Dennis Byrne)

When the House last week defeated a constitutional amendment to strengthen religious freedom, its opponents argued that we shouldn't be messing around with the Bill of Rights.

House Minority Leader Richard Gephardt of Missouri joined many fellow Democrats in defeating the amendment based on the logic that the First Amendment already protects religious freedoms.

So, guess who has introduced an amendment to change the Bill of Rights? That's right, Gephardt. He would allow Congress to restrict the First Amendment by limiting what Americans can say about political candidates and issues. But as the debate is joined on campaign finance reform, a Gep-

hardt spokeswoman said he would vote "present" on his own amendment. Democrats charge that Republicans are calling for a vote now on the amendment to embarrass the Democrats.

They should be embarrassed.

It was bad enough that many Democrats, along with a few Republicans, were pushing a version of campaign finance "reform" that would fly in the face of Supreme Court rulings limiting how much Congress can restrict Americans' political speech as expressed through their campaign contributions. Now their favorite bill, McCain-Feingold, is being topped by a worse version, Shays-Meehan (HR 3526), backed by President Clinton, Common Cause and the League of Women Voters.

Get a load of some of its proposals, according to an analysis by the National Right to Life Committee:

It would impose year-round restrictions on what incorporated citizens advocacy groups that are not political action committees can say about issue and candidates. They wouldn't be allowed to publish anything that mentions a lawmaker in connection with judgment about his actions or beliefs. For example, a community organization would not be able to note approvingly that Rep. Rod Blagojevich (D-Ill.) opposed the recycling of napalm in East Chicago.

Any group that "coordinated" with a candidate, even to the point of having the same printer, would be banned during the year from even naming a candidate "for the purpose of influencing a federal election," a test that is so vague as to be unconstitutional. Such a group couldn't issue any communication having "value" to the candidate, even if the candidate isn't named.

"Coordination" also would include the common practice among groups of sending a written questionnaire to candidates and then disseminating the results. It also would include "policymaking discussions" with a "candidate's campaign," which could rule out lobbying.

Within 60 days of a congressional primary campaign, such groups couldn't mention the name of a candidate, even in ads that alert citizens to upcoming votes in Congress. Groups could obtain an exception for putting out materials about voting records and positions, but the information must be presented "in an educational manner"—another constitutionally vague test.

There's more, but this is as much as I can take.

The meaning of the First Amendment is clear: In the interest of hearty debate, government can't restrict the people's right to talk about the government. Instead, campaign finance "reformers" would have government decide what people are allowed to say about their elected officials (read: their government).

The answer to campaign finance abuse is to enforce the laws we already have—would that Attorney General Janet Reno ask for an independent counsel to investigate presidential fund-raising shenanigans.

The constitutional answer is to strengthen free speech by removing the arbitrary restrictions now imposed on campaign donations, while requiring complete, clear and immediate disclosure.

But if "reformers" get their way, the rules will become so complex and arcane that Americans first will have to consult their lawyers to find out what government allows them to say about government. The answer will be: Not much.

Dennis Byrne is a member of the Sun-Times editorial board.