

Yesterday President Bush, the United States, and others in the so-called "quartet" presented a roadmap for Middle East peace. There has been a lot of talk about the roadmap, a lot of euphoria about a new Palestinian leadership with Abu Mazen; but I wanted to take some time just to backstep a little bit and, in this rush to euphoria, talk about some very, very serious things.

Everyone wants peace in the Middle East, and everyone knows that ultimately the key to peace is having two states side by side, Israel as a Jewish state and a Palestinian state side by side with security. The question is how do we get there? Oslo, which many of us supported, ultimately was a failure; and in my opinion it was a failure because Yasser Arafat's feet were never held to the fire. There were promises. There was empty rhetoric. There was saying one thing in English that sounded good and quite another thing in Arabic to the Palestinians that did not talk about peace; and we looked the other way because we so much wanted peace between Israelis and Palestinians that we never made Arafat's actions live up to his speech.

We should not make the same mistake again. Yes, there is a new Palestinian prime minister named Abu Mazen; and, yes, there is a modicum of hope that Abu Mazen will be a moderate. But the fact of the matter is as long as there is terrorism in the Middle East, as long as there is no Palestinian crackdown on suicide bombers or on terrorism, as long as terrorism is still attempted to be used as a negotiating tool by the Palestinian side, there can never really be peace.

At the end of the Oslo process, there was a proposal put forth. The proposal was two states side by side and the Palestinians were offered 100 percent of Gaza, 97 percent of the West Bank, a state of their own, billions of dollars of international aid; and Yasser Arafat turned down the deal. Not only did he turn it down and not offer a counterproposal, but he unleashed the Intifada and thought he could use terrorism as a negotiating tool. If that happens again, the roadmap will go the way of Oslo, which is nowhere.

So what needs to happen here is there needs to be a crackdown on terror. There needs to be a real visible, sustained antiterrorism effort on the part of Abu Mazen and the Palestinians. It is no coincidence that three hours after the roadmap was announced there was another suicide bombing in Tel Aviv, which killed three innocent people and injured 40-some-odd other innocents. This cannot be left to stand. We have to judge Abu Mazen by seeing if he really cracks down on terrorism. That has to be first.

I believe that the roadmap should be performance based, not time based. A Palestinian state projection is in 2004 and then in 2005 the final status. That should happen only if the Palestinians live up to their agreements, which they

had not done previously under Oslo. Once terrorism is stopped, then the Israelis can make the concessions that are also necessary in order to have a just and viable peace. But let me make it clear, there cannot be negotiations or Israeli concessions while terrorism is still being used as a negotiating tool.

Let me also talk a little bit about Syria. I am the author of the Syria Accountability and Lebanese Sovereignty Restoration Act of 2003, and we call to the Syrians to stop their support for international terror. Hezbollah, which is in Lebanon's south/Israel's northern border, is used as a proxy by Syria to continue its support of terrorism. Hezbollah is the group which bombed U.S. Marines in 1983 and killed more than 200 of our Marines in Beirut. Syria must stop its support for international terrorism. Syria is on the list of countries of our State Department which supports international terrorism. Syria has been on that State Department list since the inception of the list in 1979, and yet it is the only country with which we have normal diplomatic relations on that list. That makes no sense. So the Syria Accountability and Lebanese Sovereignty Restoration Act of 2003 calls on Syria to stop its support for terrorism, to end its occupation of Lebanon, and to end the continuation of its production of weapons of mass destruction.

We also know that Syria is harboring some of the Saddam Hussein crowd which has fled Iraq and is in Syria, and we also know that during the war in Iraq the Syrians allowed all kinds of armaments and weapons and night goggles and other things to pass through Syria into Iraq to be used against U.S. forces.

President Bush has gotten tough with Syria. Colin Powell is visiting Syria. We hope he tells the Syrians to stop their support of terrorism.

WALL STREET ROBBER BARONS

The SPEAKER pro tempore. Under a previous order of the House, the gentlewoman from Ohio (Ms. KAPTUR) is recognized for 5 minutes.

Ms. KAPTUR. Mr. Speaker, I have never met New York's Attorney General Eliot Spitzer, but on behalf of the citizens of Ohio, I want to thank him. The people of New York should be very proud of their Attorney General, Mr. Spitzer, for he is bringing to justice the robber barons of Wall Street who stole the money in our 401(k)s, who lied to our shareholders about the worth of various investments, who issued fraudulent reports about the value of stocks, and frankly destroyed a great deal of the confidence of our people in our so-called free markets. In fact, some might say they have been a free-for-all market. Some might say what these Wall Street fellows have done is a big heist, a big heist right out of people's pocketbooks and a big heist right out of people's dividends. Because of work that he did, and our Securities and Ex-

change Commission following behind, the regulators found fault with every single investment banking firm on Wall Street.

I want to include in the RECORD much of what they said: "Analysts wittingly duped investors to curry favor with certain corporate clients. Investment houses received secret payments from companies they gave strong recommendations to buy. And for top executives whose companies were clients, stock underwriters offered special access to hot initial public offerings."

It really is staggering, when we think about the recession that we are in, about the malfunctioning of our own stock markets which lie at the heart of this free enterprise system that has been hijacked time and again.

□ 1630

It started with Enron. Then we saw WorldCom. Then it was Tyco. Now it is every single money manager on Wall Street that has your money.

So far, they have been fined as follows: \$400 million is to be paid by Citigroup; \$200 million each by Credit Suisse and Merrill Lynch, which included an earlier Merrill settlement of \$100 million in fines; \$100 million in fines by Goldman Sachs; \$80 million in fines by Bear Stearns; \$80 million by JP Morgan; and fines of the same amount to Lehman and to UBS Warburg; \$32.5 million in fines by Piper Jaffray. These are names we see advertised in our newspapers. They have got enough money to buy ads all over the country, yet they take your hard-earned money and they gamble it away.

I have to ask myself as a Member of Congress, I am not going to trust those folks with the Social Security funds of this country. Do not tell me to put our people's hard-earned dollars in that stock market that you cannot trust from one day to the next, and do not ask this Member of Congress to vote for a Bush administration tax scheme that rewards some of the same fellows that just ran away with our money in our own equity market. Why was not anybody watching? Why did it take so long?

Now, they tell you anything to get your money. That is what Mr. Spitzer found. And they did tell you anything to get your money. The news articles really say everything. What jumps off the page in the documents is the Wall Street firms' utter, utter disregard for the individual investor in pursuit of their own personal benefit. These are institutions that are supposed to be working for us, and they all, not one, not two, all, the major firms on Wall Street failed the American people.

One investor told a colleague he was trying to make the company look good with his questions. A few moments later he said, "We got paid for it, and I am going to Cancun tomorrow because of what I did." That is someone that took your money.

Here is somebody, Sanford Weill, Citigroup's chairman. He persuaded an analyst to change a rating. This is not some guy in the back closet. This is the head of the largest investment banking firm in this country.

What are they doing up there? What is the matter with them? You know how many people in my district have lost their retirement savings in the 401(k) plans alone? These are the highest paid people in our country that the Bush administration is about to open up the Treasury for. They do not deserve a dime. They ought to pay more of it back to us for what they have done.

Mr. Speaker, I congratulate Attorney General Elliott Spitzer of New York. He is a hero in my book.

Mr. Speaker, I include the three newspaper articles for the RECORD.

[From the New York Times, Apr. 29, 2003]

TEN WALL ST. FIRMS SETTLE WITH U.S. IN ANALYST INQUIRY: AGREE TO PAY \$1.4 BILLION
(By Stephen Labaton)

WASHINGTON, APR. 28.—Prosecutors announced a settlement today with the nation's biggest investment firms that bars the heads of the largest bank from talking to his analysts, details a far greater range of conflicts of interest than previously disclosed, and leaves the industry exposed both to further regulation and costly litigation.

The \$1.4 billion settlement by 10 firms and 2 well-known stock analysts reached tentatively last December but completed in the last few days, resolved accusations that the firms lured millions of investors to buy billions of dollars worth of shares in companies they knew were troubled and which ultimately either collapsed or sharply declined.

The Securities and Exchange Commission, state prosecutors and market regulators accused three firms in particular—Citigroup's Salomon Smith Barney, Merrill Lynch, and Credit Suisse First Boston—of fraud. But the thousands of pages of internal e-mail messages and other evidence that regulators made public today painted a picture up and down Wall Street of an industry rife with conflicts of interest during the height of the Internet and telecommunications bubble that burst three years ago.

At firm after firm, according to prosecutors, analysts wittingly duped investors to curry favor who corporate clients. Investment houses received secret payments from companies they gave strong recommendations to buy. And for top executives whose companies were clients, stock underwriters offered special access to hot initial public offerings.

"These cases reflect a sad chapter in the history of American business—a chapter in which those who reaped enormous benefits based on the trust of investors profoundly betrayed that trust," said William H. Donaldson, the new chairman of the Securities and Exchange Commission. "The cases also represent an important new chapter in our ongoing efforts to restore investors' faith and confidence in the fairness and integrity of our markets."

In a reflection of regulators' concerns about the prospect for conflicts of interest at Citigroup, Wall Street's biggest bank, the settlement bars its chairman and chief executive, Sanford I. Weill, from communicating with his firm's stock analysts about the companies they cover, unless a lawyer is present.

But the regulators found fault with every major bank on Wall Street.

In addition to the three firms accused of fraud, five others—Bear Stearns, Goldman, Sachs, Lehman Brothers, Piper Jaffray and UBS Warburg—were accused of making unwarranted or exaggerated claims about the companies they analyzed. UBS Warburg and Piper Jaffray, were accused of receiving payments for research without disclosing such payments.

And Salomon Smith Barney and First Boston were accused of currying favor with their corporate clients by selling hot stock offerings to senior executives, who then could turn around and sell the shares for virtually guaranteed profits.

The two banks agreed to end that practice, known as spinning.

In settling the cases, the firms neither admitted nor denied the allegations, following the standard practice in resolving such disputes with the commission.

In monetary terms, the \$1.4 billion in fines, restitution and other payments equals nearly 7 percent of the industry's profits last year, which was Wall Street's worst year since 1995. Of that sum, \$387.5 million will go to repaying investors who file claims with the government. But armed with the regulators' findings, lawyers are sure to seek many times that total in private litigation.

The firms also agreed to abide by what officials said were significant new ethics rules and to build barriers between investment bankers and stock analysts in hopes of relieving analysts from the business pressures that many succumbed to during the 1990's. For example, the compensation of analysts is to be based on the quality of their research, not their contribution to the firm's investment banking business.

As part of the agreement, two analysts whose fortunes rose with the markets, Jack B. Grubman of Salomon Smith Barney and Henry Blodget of Merrill Lynch, agreed to lifetime bans from the industry, along with significant fines.

The singling out of Mr. Weill stemmed in part from his efforts to try to influence Mr. Grubman to change his view of AT&T—a Citigroup client that had Mr. Weill on its board—to positive from negative. He and Citigroup's other senior officers—whose contacts with the banks' research analysts are also restricted under the settlement—were the only Wall Street executives to agree specifically to such a prohibition. Any top Wall Street executive directly involved in investment banking, however, would be barred from discussions with his company's analysts under the terms of the agreements.

For all the anticipation of today's announcement, the voluminous record of complaints and damaging evidence left many unresolved questions for both investors and the securities industry.

Foremost among those was what long-term impact the settlement will have on the culture of Wall Street, the integrity of stock analysis and the confidence of investors. Concerned that the settlement might not be far reaching enough—and might also have unintended consequences—officials at the S.E.C. are considering the adoption of a new set of regulations governing stock analysts.

"It's critically important that we now step back and thoroughly examine the issues," said Harvey Goldschmid, one of the commissioners. Wondering whether the settlement might discourage research for smaller markets, he added, "No research is certainly better than skewed research, but honest research would be even better."

Critics who fear that the settlement falls short of protecting investors said that they welcomed further efforts by regulators.

"What they have imposed is a solution where they will try to regulate behavior, ethics and business practices," said Scott

Cleland, the chief executive of Precursor Group and a member of a coalition of small research firms without ties to investment banks that have been seeking broader changes. "What they didn't do is address the conflict at its source—the commingling of trading, research and banking commissions."

"The analogy is that if this were an operating room, they disinfected everything but the scalpel," Mr. Cleland said. "The scalpel is left dirty."

While providing \$375.5 million in restitution that can be sought by investors, the cases leave unresolved how much investors might ultimately recoup after relying on the analysts to make what turned out to have been calamitous investments. Federal and state officials said today that one aim of the settlement was to shake out enough strong evidence to assist shareholders in private lawsuits and arbitration efforts.

"This is very much the beginning," said New York Attorney General Eliot Spitzer, whose early inquiry into conflicts on Wall Street prompted federal and market regulators to begin focusing on the issue—and who supporters say might try to ride his success in the case to the governor's office in Albany. "One of our objectives was to put information into the marketplace to permit investors on their own to seek relief."

Wall Street executives acknowledged that the findings of the regulators would probably draw more lawsuits against their firms.

"It's sort of like throwing a party and inviting a lot of people in, isn't it?" E. Stanley O'Neal, Merrill's chief executive, said at the firm's annual shareholders meeting in Plainsboro, N.J.

Government officials also emphasized today that the settlements did not preclude them from further investigation—pointedly noting, for example, that they were examining whether any top executives at the investment firms had failed to adequately supervise the analysts.

"Just wait," said Stephen M. Cutler, the head of enforcement at the commission and a leading architect of the agreement.

In addition to the restitution, the firms also agreed to pay \$487.5 million in penalties, \$432.5 million to fund independent research, and \$80 million for investor education. Mr. Blodget agreed to pay \$4 million and Mr. Grubman \$15 million to settle the charges against them.

The fines, restitution and other penalties were divided as follows: \$400 million will be paid by Citigroup; \$200 million each by Credit Suisse and Merrill Lynch (which includes an earlier Merrill settlement of \$100 million); \$125 million by Morgan Stanley; \$110 million by Goldman Sachs; \$80 million each by Bear Stearns, J.P. Morgan, Lehman and UBS Warburg; and \$32.5 million by Piper Jaffray.

One of the final issues that had been negotiated involved which companies would bear the brunt of the penalties and how much might be covered by insurance policies and deductible from the firms' taxes.

Under tax law, none of the \$487.5 million in penalties is deductible, and the firms agreed not to seek reimbursement under their insurance policies.

Prosecutors also inserted a clause in the settlement that might make it harder for the firms to try to deduct any of the \$512.5 million in independent research and investor education.

[From the New York Times, Apr. 29, 2003]
IN A WALL ST. HIERARCHY, SHORT SHIFT TO
LITTLE GUY

(By Gretchen Morgenson)

Documents disclosed as part of yesterday's settlement show how Wall Street firms, in pursuit of investment banking fees, put the

interests of their individual clients dead last.

As an analyst at Lehman Brothers told an institutional investor in an e-mail message, "well, ratings and price targets are fairly meaningless anyway," later adding, "but, yes, the 'little guy' who isn't smart about the nuances may get misled, such is the nature of my business."

In a newly disclosed tactic, Morgan Stanley and four other brokerage firms paid rivals that had agreed to publish positive reports on companies whose shares Morgan and others issued to the public. This practice made it appear that a throng of believers were recommending these companies' shares.

From 1999 through 2001, for example, Morgan Stanley paid about \$2.7 million to approximately 25 other investment banks for these so-called research guarantees, regulators said. Nevertheless, the firm boasted in its annual report to shareholders that it had come through investigations of analyst conflicts of interest with its "reputation for integrity" maintained.

Among the firms receiving payments for their bullish research on companies whose offerings they did not manage were UBS Warburg and U.S. Bancorp Piper Jaffray. UBS received \$213,000 and Piper Jaffray, more than \$1.8 million.

What jumps off the page in these documents is the Wall Street firms' disregard for the individual investor in pursuit of personal benefit.

One comment made by a Bear, Stearns analyst is telling. While participating in a conference call by SonicWall, an Internet company whose shares Bear, Stearns had sold to the public, the analyst told a colleague that he was trying to make the company look good with his questions. A few moments later, he said, "we got paid for this," adding, "and I am going to Cancun tomorrow b/c of them."

But because greed is a part of human nature and human nature seldom seems to change, Alan Bromberg, professor of securities law at Southern Methodist University, remains skeptical that the terms of the settlement will bring substantive change to Wall Street.

"I don't see this as a great reformation," Mr. Bromberg said. "I don't see this as a new world we are moving into. The pressures are still going to be there. Brokerage firms don't make money other than by selling securities so they're going to inevitably be encouraging people to buy and will always have pressures to hype what they think is good or what they're otherwise involved in."

The heaviest penalties in the settlement went to Salomon Smith Barney, Credit Suisse First Boston and Merrill Lynch. Regulators contended that analysts at these firms committed securities fraud by recommending stocks to the public they had expressed misgivings about privately.

But securities regulators also found that all the firms failed to supervise adequately the research analysts and investment banking professionals they employed. They failed, therefore, to protect clients who were basing investment decisions on research that had been written to attract or maintain investment banking clients.

While the symbiotic relationship between Wall Street research analysts and investment bankers harmed investors, it was beneficial to the firms. Lehman Brothers and Goldman, Sachs, according to regulators, encouraged analysts to work closely with investment bankers to generate deals.

Goldman, Sachs aligned its research, equities and investment banking divisions to work collaboratively and fully leverage its limited research resources. In 2000, Goldman noted happily that "research analysts, on 429

different occasions, solicited 328 transactions in the first 5 months" and that "research was involved in 82 percent of all won business solicitations."

Crucial to the firms' failure to supervise themselves was the tendency by their analysts to publish research that was not based on sound analysis or principles of fair dealing or good faith, the regulators said. Eight of the 10 firms that settled—Bear, Stearns; Credit Suisse First Boston; Goldman, Sachs; Lehman Brothers; Merrill Lynch; Piper Jaffray; Salomon Smith Barney; and UBS Warburg—issued such reports. The firms' research also contained exaggerated or unwarranted assertions about companies, or opinions for which there were no reasonable bases.

For example, at Credit Suisse, regulators contend that its analyst covering Winstar, a small telecommunications concern that never turned a profit and that filed for bankruptcy two years ago, failed to disclose the risks inherent in the company. The firm had initiated equity research coverage of Winstar in May 2000, with a "strong buy" rating and a 12-month target price of \$79. Credit Suisse retained the \$79 target from Jan. 5 to April 3, 2001, even as the stock plummeted to 31 cents a share from approximately \$17 and the company's market capitalization fell to \$30 million from \$1.6 billion.

Some of the most entertaining reading in the masses of evidence that regulators have made public for use by aggrieved investors in their own lawsuits is the commentary by Salomon Smith Barney brokers about Jack B. Grubman's performance as the firm's top telecommunications analyst.

As far back as 2000, brokers were expressing outrage and betrayal over Mr. Grubman's woeful stock picking, which many noted was related to his dual roles as investment banker and analyst. Yet even as the brokers howled about Mr. Grubman's tendency to keep recommending stocks as they collapsed in price, the analyst retained his job at Salomon until last August.

Here are some outtakes from Salomon brokers late in 2000. Mr. Grubman "should be publicly flogged," one said. "Under the category, Bonus for Creating Tax Loss Carry Forwards for Retail Clients, Grubman should be recognized accordingly as our best analyst."

Many said the analyst should be fired, while another broker said, "If Jack Grubman is a top 'research analyst' then I have a bridge to sell."

Another remarked: "Boo Hiss. Banking showed its ugly head."

During the year these comments were made, Mr. Grubman was paid \$14.2 million in salary and bonus.

As a result, Salomon's brokers emerge as yet another group victimized by Mr. Grubman's conflicted status. As one broker, or financial consultant, put it: "Grubman has zero credibility with me or my clients. He is collecting from two masters" at financial consultant expense.

Then referring to investment banking functions, he continued: "He brings IB business to the firm and loses his objectivity. I am sure that nothing will come of my comments. The spin-masters will say that everyone else does it. Is there an honest person left?"

FINDING FRAUD ON WALL ST. MAY BE A STEP TO HIGHER POST

(By Raymond Hernandez)

WASHINGTON, APR. 28.—The question was about tax loopholes and whether the 10 securities firms that agreed to pay \$1.4 billion to resolve charges of wrongdoing by their re-

search analysts would be able to squirm out of their plight by writing off their fines. It put the men behind the lectern at the Securities and Exchange Commission's headquarters on the spot.

But not Eliot Spitzer. "Maybe I can be a little less discreet," Mr. Spitzer, the attorney general from New York, chimed in. "I always try to be."

With that, he shifted the focus to Congress, urging lawmakers to act to close the loopholes, and insisting his office and the S.E.C. had done their jobs.

"Spoken like a man whose Hill is in Albany and not in Washington," said William H. Donaldson, the chairman of the S.E.C., to laughter.

Mr. Spitzer's hill, some say, is just about anywhere he wants it to be these days, having been indiscreet enough to take on the biggest names on Wall Street during a relentless investigation of securities fraud. For more than a year, he has plunged forward, making cases and headlines along the way, and some say paving his future with stepping stones bearing the names of Henry Blodget, Jack B. Grubman and the like.

At the news conference here today announcing the settlement of the case against the 10 firms, Mr. Spitzer was just one player of many. Nonetheless, it was a defining moment for Mr. Spitzer, who just five years ago took a gamble and used his family's vast wealth to oust Dennis C. Vacco, the Republican attorney general at the time.

As attorney general, Mr. Spitzer revived the long-dormant Martin Act, a 1921 state law giving the attorney general of New York, jurisdiction over securities trading.

Mr. Spitzer uncovered, among other things, damaging e-mail messages among stock analysts at Merrill Lynch & Company, the nation's biggest brokerage firm and a main-stay of New York's financial community. He accused the analysts of urging customers to buy stocks that the analysts believed were losing bets just so that Merrill could curry favor with companies it wanted as clients.

In doing the job, Mr. Spitzer, 43, has followed in the tradition of activist and consumer-oriented attorneys general, like Louis J. Lefkowitz, who set the standard, and Robert Abrams.

But in his prepared remarks, he likened the pursuit of Wall Street evildoers to another crusader, Theodore Roosevelt, the populist Republican president who dubbed himself a Trust Buster and crusaded against unchecked corporate wealth and power.

"We are at a rare moment," he said. "It is akin to the moment we were at 100 years ago."

Before he was president, Mr. Roosevelt was New York's governor, and many say that is the real goal of Mr. Spitzer.

Indeed, many of those who make their living from Wall Street are seething over Mr. Spitzer, blaming him for pursuing scandal at the expense of their livelihoods and New York's economy. Many complain, quietly, of course, that Mr. Spitzer has relentlessly undermined the public's trust in the stock market while boosting his own political fortunes.

Many of Mr. Spitzer's fellow Democrats, however, feel otherwise.

"New York Democrats need someone who can galvanize them," said Hank Sheinkopf, a Democratic consultant in New York who was one of Mr. Spitzer's campaign advisers in 1988. "Eliot Spitzer appears to be that person right now."

"This is not without its perils," Mr. Sheinkopf added. "The danger is that he has angered a large portion of New York's traditional fund-raising base, Wall Street."

Mr. Spitzer, in an interview after the news conference, acknowledged the potential difficulties. "This case has left me without some friends I had before," he said.

But, he said, it might have made him friends elsewhere. "I've got a job to do and I'm going to do it," he said. "I hate to sound overly moralistic, but it's the only way to do this job."

Mr. Spitzer also said it was premature for him to talk about a possible campaign for governor, though people in both parties say he is the man to beat should be chosen to run for governor in 2006. "All I can tell you is that I have made no decision about that," he said.

ILLEGAL NARCOTICS PROBLEM IN THE UNITED STATES AND THE WORLD

The SPEAKER pro tempore. Under the Speaker's announced policy of January 7, 2003, the gentleman from Indiana (Mr. SOUDER) is recognized for 60 minutes as the designee of the majority leader.

Mr. SOUDER. Mr. Speaker, tonight I would like to focus on the illegal narcotics problem in the United States, as well as a little bit around the world.

We have several legislative initiatives that are about to come in front of this Congress, including one moving through my subcommittee, the Subcommittee on Criminal Justice, Drug Policy and Human Resources of the Committee on Government Reform, which is the Office of National Drug Control Policy reauthorization bill. The ONDC Director, commonly known as the Drug Czar of the United States, is John Walters. This bill will reauthorize for 5 years the entire oversight of the narcotics programs of the United States.

In addition, in our emergency terrorism bill, we had money for Colombia. We will have in a number of appropriations bills in front of us money for the Andean region and other international narcotics control programs.

So I thought tonight would be a good time to start with my colleagues and staff and others who are watching this discussion, laying out a little bit of the big picture on what we are tackling, mostly focusing tonight on the international drug problem, some on our domestic and some oversight, and then as we move into the markup in the next few weeks in subcommittee and full committee on this House floor, we will be spending a lot more time discussing the millions, and, in fact, billions of dollars that we spend fighting illegal narcotics.

First, it is very important to understand that while tonight we are going to be talking about a lot of international concerns, this is directly a concern that hits every Congressional district. In every city and town, no matter how small or large, drug and alcohol problems in America account for, depending on the judge or prosecutor, 70 to 85 percent of all crime in America. Not just drug crime, this counts robberies, this counts rapes. This even counts child support payment prob-

lems, because often the people not making their child support payments, the people declaring bankruptcy, are having problems with drug and alcohol addiction.

The use of illegal narcotics have gone up and down in our country. We will never eliminate them. It is a false goal to say we will eliminate the use of illegal drugs in the United States. There will always be, every day, new kids exposed in junior high, elementary school and high school. Somebody will lose a job. Somebody will have a problem in their marriage, and they will look for a way out. Rather than confronting their problem directly, they will look for a way out. So every day hundreds of thousands of people are exposed for the first time to the temptations of illegal narcotics.

Furthermore, where there is a market, there will be a demand meeting that market, and we will never completely stop this. We have some people in this body and others who say well, if we cannot eliminate it, why are we spending all this money on it?

I would ask the same question about child abuse. I would ask the same question about spouse abuse. I would ask the same question about rape. I would ask the same question about breast cancer and about other types of disease, heart disease and others.

We do it because we need to keep tackling it. We need to make as much progress as we can. Particularly for those things that are controllable by individuals, such as rape, spouse abuse, child abuse, narcotics abuse and other things, we need to stay on top of it so the problems do not get bigger.

It may be that that all we can do is hold it even, and sometimes we will make progress. There has been a lot of misinformation in the United States that we have not made progress on drug abuse. In fact, drug abuse in the United States is way down compared to at the peak point when former President Ronald Reagan and First Lady Nancy Reagan said "just say no." We constantly hear "just say no" being mocked, but "just say no" was the centerpiece of an aggressive program in interdiction, enforcement, treatment and prevention, that in the 1980s had a dramatic reduction.

After the late sixties, where I went to college and early seventies, where you saw an overwhelming majority of kids on the college campuses using marijuana, at least, and Ecstasy and LSD and all these psychedelic drugs, by Timothy Leary and all the romancing of it in the '70s.

In the '80s we made tremendous progress. In the '90s we were making some progress, and it started to level off. From 1992 to 1994 we saw a surge in drug use in the United States that would now, in those 2 years, require us to have a 50 percent reduction to get back to where we were when the former President took office.

Now, that was still a lower point than when the Reagans took over in

1980 and made 10 years of steady progress. The bottom line is it is wrong to say we have not made progress, it is wrong to say that you cannot make progress, and there are points in our American history where relaxed government policies, of joking about inhaling, cutting back drug interdiction, you see it soar, and we have to recover again.

But the trend line over a long period has actually been down, and you would never guess that from all the people who say that there is no hope in this battle. There is hope, but we will never completely win.

Right now, we have a goal annually, according to President Bush, to reduce this by 5 percent a year. To do that, we have to stay aggressive in all fronts and be vigilant in all parts of the war on narcotics, because even that said, we have tens of thousands of people killed every year by the abuse of drug and alcohol.

To give an example of proportion, the World Trade Center disaster, which was absolutely terrible, was around 3,000. In illegal narcotics, it is somewhere between 20,000 and 30,000 a year, depending on how you want to count it.

In my hometown, we see it on a weekly basis practically of a murder, or an accident, or some type of drug-related death, either through murder or through somebody in the highways. Often they get attributed to alcohol. It is usually poly-drug use, marijuana, LSD. Most police departments do not test for Ecstasy or LSD after an accident, and often the people involved have done that. We have had cases of young kids high on multiple different drugs hitting a car. One killed a senior, rolled through the interstate, killed another person. The person high on drugs actually lived through it.

We have had a really visible case in my hometown of Fort Wayne, Indiana, where the conflict got so great that one of the kids, one of the little gang groups, basically took another young person to a field in a rural area and burned them, in effect, at the stake. As one of the other kids at school threatened to bring that up, they took her up and burned her as well. One defended themselves by saying they had a gun at their head and they had to light the match.

This is what people who are whacked out on narcotics will start to do to each other. We see this corruption in every community in America, big or small, and we have to stay vigilant and aggressive.

Now, let me lay out a little bit of the challenge we are facing. The number one entry level, if you are an underage person, it is a combination usually of tobacco, alcohol and marijuana. You start hanging around with kids who abuse those drugs. They are all illegal, and you get in an illegal cluster, and sooner or later somebody is going to expose you to marijuana. The gateway to all other narcotics is marijuana.