

the GAO report, and said the present cap does not meet the needs for our communities.

Presently, the cap has not been adjusted for 10 years and inflation has muted the effectiveness of this tool for investments into communities. 45% of its purchasing power has been reduced. The present cap has created a situation where low-income needs are not being met.

According to Tim Kenny, Executive Director of the Nebraska Investment Finance Authority, which distributes the tax credit throughout the state, applications for the LIHTC far outnumber our state's supply. The need is overwhelming.

Because of this situation, I strongly support Senate Bill 1252 which would increase the cap per person under the LIHTC from \$1.25 to \$1.75. This would allow affordable housing projects that are pending in Nebraska to go through and be utilized in areas that need housing the most.

A second federal tool that can be extremely helpful in Nebraska are private activity tax-exempt bonds. State and local governments can sell tax-exempt bonds and then pass on the savings to lower income first-time homebuyers and for the construction of low cost rental apartments.

Presently, the cap on private activity tax-exempt bonds, set in 1986, is at \$150 million, or \$50 per capita. The cap applies to issuers of tax-exempt bonds for housing, economic development and other needed investments in communities. Cap growth is limited to State population increases, but not inflation.

Similar to the Low-Income Housing Tax Credit, the cap has not been adjusted for ten years and inflation has muted some of the effectiveness of this tool for investments into communities. The present cap has created a situation where demand for capped bonds has far exceeded supply. An example is the large demand for mortgage revenue bonds which can be used to finance first-time homes for lower income families. An increase in the cap could lead to housing construction in areas of Nebraska which need it most.

Senate Bill 1251 would increase the private activity tax-exempt bond cap to \$250 million, or \$75 per capita, and index it to inflation. I strongly support this bill as it could bring the dream of owning a home or renting a decent apartment closer to many Nebraskans. We have many qualified projects pending in Nebraska. They need to go forward.

The other federal tool that Congress needs to enact into law this year is to increase the FHA loan limit and simplify the down payment calculations for these loans.

Presently, 250 different loan limits exist throughout the country. This provision would establish one limit by raising all existing limits to \$227,150.

The FHA mortgage program helps meet home financing needs for people who are not served by the private mar-

ket. Many times, the down payment is the biggest barrier to home ownership and the FHA loan guarantee helps overcome this obstacle.

In the rural communities of Nebraska the FHA loan limit is \$81,548. In non-metro areas only 14 percent of all new homes sell for less than existing rural FHA loan limits. With a loan limit of \$81,548, the FHA loan, an effective tool for providing affordable housing, can not be implemented in a useful manner. The costs, as mentioned before, of building new quality housing, not tin huts, in most of our Nebraska communities are beyond the present FHA loan limit. We have to raise the limit if we are to utilize this tool.

Each year, FHA operates at no cost to the taxpayer. Price Waterhouse reported that FHA insurance premiums and loan loss recovery proceeds more than cover the cost of claims and operations. This proposal will increase new home ownership in Nebraska and I strongly support it.

Passing these legislative proposals is important to getting tools to Nebraskans to create more affordable housing and home ownership opportunities in our communities. I will work hard to seek enactment of these bills into law and I appreciate the support and help of Nebraskans who are also working hard on making affordable housing and home ownership a reality in our state. Home ownership does not have to be a dream, it can be a reality. These tools bring that reality closer to more Nebraskans.

I also would like to mention an extremely important tool that does not require a federal law and can work just as well. That tool is communication. In Nebraska, we have many hard working people within excellent organizations who toil long hours to bring affordable housing and homeownership opportunities to people throughout the State. They understand the importance of home ownership and know what a dream like owning your own home can do for a family that finally reaches that goal.

I ask the communities of Nebraska to communicate with each other. What works great in one community might work just as great in the community one county over, but they might not be aware of such success. Communities can talk together, ask questions, meet and discuss how each other are getting along. Indeed, communication can be the best tool in creating affordable housing and home ownership. Learning from each other can only make us better and more aware, and we should always encourage more participation and more exchange of ideas.

As I have already talked about exciting new projects occurring in my state, I would also like to point out there are many organizations with housing specialists throughout the state who are instrumental in getting resources to our communities. People working at these places have ideas, they have know how and are experts in finding

the means to get affordable housing to where it is needed. Along with these dedicated professionals, we have, throughout Nebraska, active non-profits with missions that make the quality of life for their neighborhoods the highest priority. Couple that fact with an army of dedicated volunteers means that home ownership and affordable housing is a realistic goal for each of our towns. Nebraska is lucky to have such resources.

We need to give these local groups the tools they need to improve the availability of affordable, quality housing. The three tools that I have mentioned can help people in these communities achieve the American Dream and should be enacted sooner rather than later.

#### GEORGIAN CONFLICT

• Mr. KOHL. Mr. President, disturbing events taking place around the world pose grave challenges to our U.S. strategic interests. In Pakistan and India, nuclear weapons are being developed, assembled and tested, escalating an arms race in the region. In Indonesia, the collapse of the rupiah has caused an economic and political crisis that has reverberated throughout the international financial markets. In China, missile proliferation looms ominously as evidence suggest that China conspired to sell entire missiles to other nations. And, in the former Yugoslavia province of Kosovo, NATO defense ministers have launched air exercises in an effort to convince Serbian dictator Slobodan Milosevic to halt his crack-down on the separatist ethnic Albanians in what has become Europe's most threatening security crisis since the 1992-95 Bosnian war.

These are just some of the more widely known international crises—requiring U.S. vigilance to protect its strategic interests. But there are lesser known struggles in remote and distant lands that have significant implications for U.S. foreign policy. One of these that deserves our attention is the conflict in the Republic of Georgia and its small break-away region of Abkhazia. In the wake of the recent armed insurrection in Abkhazia, U.S. efforts to ensure Georgia achieves and sustains political independence and economic stability must be enhanced.

Of all the newly independent states to emerge from the breakup of the former Soviet Union, Georgia is considered the most pro-western nascent democracy. Since its independence in 1991, Georgia has faced and begun to surmount formidable problems of economic collapse, civil war, separatist conflict, rampant crime, political infighting, and human rights abuses. Much to Russia's chagrin, Georgian President Eduard Shevardnadze has exerted strong leadership by moving Georgia away from Russia's sphere of influence. He has pursued an independent foreign policy, ushered in democratic and market reforms, and

achieved annual growth rates of 10 percent.

Moreover, Georgia is a NATO borderland and at the entry point to the emerging new "Silk Road" that traverses Central Europe to China. This commercial route will eventually encompass oil and gas pipelines, roads, railroads, bridges, airports and communications networks. It will completely alter the region's economic and political landscape. Because Georgia is situated at a critical juncture in the corridor, stability in this state, and its neighbors, is essential. There are signs of a Russian strategy to keep the region frozen in instability, thereby discouraging commercial investment, and ultimately forcing nascent democracies and their resources back into Russia's tacit control.

The small, breakaway region of Abkhazia has been Russia's best available instrument to diminish Georgia's accomplishments and to imperil its remarkable gains. Numerous and compelling reports, including eye-witness accounts by Georgian refugees, suggest active Russian involvement in arming, training and sustaining Abkhazia's so-called freedom fighters against Georgian nationals.

In this context, I am very concerned by indications of Russian activities and covert aggression aimed at eroding public support for President Shevardnadze and his administration. I regard Georgian independence from Russian hegemony as a critical first step toward stability in the region.

I strongly encourage the administration to end its neglect of this situation and become actively engaged. The administration should state unequivocally that it stands behind the leadership of Georgian President Eduard Shevardnadze; that the stability and survival of an independent, democratic Georgia is in our national interest; and that the U.S. will consider all appropriate measures necessary to help build closer economic and political ties between Georgia and the United States. Finally, the administration should call the Russians to task for engaging in activities that would re-subordinate Georgia to Moscow's rule.

Moreover, Congress should move expeditiously to secure enactment of the "Silk Road Strategy Act of 1997." This legislation is designed to promote sovereign and independent democratic governments; assist in the development of infrastructure necessary for communications, transportation, energy and trade on an East-West axis; and promote market-oriented principles and practices among Central Asian and South Caucasus countries. Passage would help curb Russian hegemony in the region and contain the spread northward of anti-western Islamic extremism. The legislation is designed to assist all the nations of the region—Armenia, Azerbaijan, Georgia, Kazakhstan, Kyrgyzstan, Turkmenistan, Tajikistan and Uzbekistan.

Russia is again increasing its grip on the region and working to keep these countries from maintaining their independence. Iran continues to exert influence to foster anti-western attitudes. It is critical that we help these countries look westward to contain extremist forces hostile to U.S. interests—and this is a good place to start.●

#### TRIBUTE TO MRS. ROSEMARIE PECILLO KNOWLTON

● Mr. SANTORUM. Mr. President, I rise today to recognize Mrs. Rosemarie Pecillo Knowlton. For almost 50 years, Rosemarie has dedicated her life to education. She will be sincerely missed after her retirement from Sacred Heart Parish School.

At the age of four, Rosemarie asked to attend school with some of her older friends. The principal allowed her to begin, believing it was probably just a "phase." This phase turned into a teaching career. Such was her desire to teach, that immediately after graduating high school, Rosemarie took a teaching position which required her to travel on four modes of public transportation just to commute back and forth.

When Rosemarie transferred to a position closer to home, she decided to continue her own formal education by taking night classes at Villanova University. There, she met her future husband, Arthur L. Knowlton. They were married in 1956. As her son, Arthur, Jr., graduated from high school in 1975, Rosemarie also received her degree from Villanova.

Rosemarie never saw teaching as a job that began and ended with morning and afternoon bells. She enriched her students through forensics, the annual Science Fair, and CCD classes. She also directed the school's music shows, the Parish Living Stations of the Cross, and the Living Rosary.

Mr. President, the lives Rosemarie has touched are too numerous to count. She is leaving a legacy of dedication and accomplishment, and her son, Richard, carries on the family's teaching tradition. I ask my colleagues to join me both in congratulating Rosemarie for 46 years of dedication to the children of southeastern Pennsylvania and in extending the Senate's best wishes to the Knowltons as Rosemarie retires to devote all of her time to her husband, children, and seven grandchildren.●

#### AMERICA-ISRAEL FRIENDSHIP LEAGUE CELEBRATES ISRAEL'S 50TH ANNIVERSARY

● Mr. MOYNIHAN. Mr. President, I rise to inform the Senate of a celebration being held later this evening in New York's historic Gracie Mansion. New York City's Mayor Rudolph Giuliani and his wife Donna Hanover will be joining the America-Israel Friendship League and the Jewish Community Relations Council of New York in hosting

a gala dinner celebrating the State of Israel's Golden Jubilee. It is most appropriate that the city with the largest Jewish population in the world is hosting this official celebration of Israel's fiftieth anniversary.

The members of the Senate are familiar with the important work of the America-Israel Friendship League (AIFL), a national, non-sectarian organization committed to maintaining and strengthening the historic, mutually supportive relationship between the peoples of the United States and Israel. Founded in 1971, the AIFL's activities generate bi-partisan support in reaching out to our citizens of all faiths and ethnic backgrounds in an effort to educate Americans and Israelis about the common interests they share. With a membership and leadership comprised of political, religious, labor, business, and community activists of all faiths, the diversity of the AIFL's membership makes its efforts even more extraordinary. The distinguished publisher Mortimer Zuckerman currently serves as the League's president, one of New York's leading attorneys Kenneth Bialkin serves as chairman of the board, and the talented Ilana Artman is the League's executive vice president.

As a non-sectarian, people-to-people organization, the AIFL is devoted to fostering cultural and economic ties between the United States and Israel and to strengthening the unique friendship between our country and the only democracy in the entire history of the Middle East. Throughout Israel's first half century, the people of Israel have struggled to survive in a hostile region. Enduring five wars, they have most recently embarked on an historic journey in search of peace.

The United States' support for Israel is grounded in an appreciation of the shared values and principles that are at the foundation of American and Israeli societies. Israel is the only country in the Middle East that, like the United States, is founded on the rights and privileges that guarantee a free society: elected government; freedom of speech; freedom of the press; an independent judiciary; and the rule of law. There have been just fourteen free elections in the entire history of the Middle East: all fourteen have been held in the State of Israel since 1948.

To promote the unique friendship between these two great democracies, the AIFL has successfully mobilized a coalition of Americans of all ages and backgrounds to participate in a broad range of cultural and educational programs. Three of our most revered former members—Frank Church, Hubert Humphrey, and Jacob Javits—played major roles in creating the League in 1971, and I can testify to how strongly they believed in the League's mission and responsibilities.

I ask that a report on tonight's dinner be printed in the RECORD.