

Earlier this year, Secretary Reich attempted to politicize the long-standing non-partisan status of the Bureau of Labor Statistics as part of his Central Oversight Group [COG]. Despite a public and unambiguous promise to the Congress that no such actions were being taken and that no memos on the subject existed, internal DOL memos surfaced that showed otherwise. At best, Secretary Reich was misleading about his efforts to politicize the Department of Labor in furtherance of a liberal welfare agenda.

In order to strengthen and protect America's pension system, the House of Representatives recently passed a measure that would shut down the Department of Labor's clearinghouse to encourage ETIs. Moreover, it would make ETIs off limits for private pension funds. We want to encourage pension funds to make investments that would earn the greatest returns for pensioners. The government should not be encouraging social experiments, particularly ones that, as this article demonstrates, have already proven to produce a lower return on investment. I include the full text of the article by Stuart Anderson and recommend my colleagues read the analysis in it.

BWARE POLITICALLY CORRECT INVESTING
(By Stuart Anderson)

President Clinton says he wants to protect current and future retirees from Congress' assault on Medicare. But the administration is itself undermining public- and private-sector retirement plans. It is encouraging pension funds to undertake socially conscious investing—a proven loser for the workers such funds are meant to benefit.

In the past, the concept has been criticized even by Clinton Treasury official Alicia Munnell, now a nominee to the Council of Economic Advisers.

A 1983 study by Munnell, then with the Federal Reserve Bank of Boston, looked at public-employee pension funds, which are exempt from ERISA requirements.

She found that state "pension fund managers failed to exact appropriate returns on very standardized investments, in the presence of obvious benchmarks, once they focused on social considerations."

She found that annual returns were about two percentage points lower for "social" investments, a number confirmed by at least two more recent studies.

An analysis by the Alexis de Tocqueville Institution shows that private funds also lose on "social investing."

Employing data provided by Morningstar Inc., we compared the annualized returns of 13 "socially conscious" mutual funds that invested in growth stocks to the returns of all other growth mutuals. Over three-, five- and 15-year periods, the average growth fund always outperformed the average socially conscious growth fund.

Socially conscious funds typically do not invest in defense contractors, tobacco companies or industries at odds with environmental groups.

Of the 13 funds, only Dreyfus Third Century possessed a 15-year track record, and it performed far lower than the average growth fund that did not set social criteria. A \$10,000 investment in Dreyfus Third Century would have resulted in \$48,759 after 15 years. Meanwhile, the same \$10,000 invested in the average "non-social" growth fund would have produced \$74,934, or \$22,000 more for the investor.

Despite its obvious failings, the Clinton administration has encouraged socially conscious investing.

In June 1994, the California Public Employees' Retirement System added how a com-

pany treats its employees to its list of criteria for choosing which companies to invest in. Labor Secretary Robert Reich said: "That is a big deal. It's really the first time an institutional investor has explicitly pointed to employer practices as important to its analysis of company performance."

Public pension funds are often defined benefit plans—ones that provide a fixed guaranteed rate. Any shortfall in return forces state and municipal taxpayers to make up the difference. Reich's support for CalPERS' policy could hurt taxpayers around the nation.

Reich is not a lone wolf on this issue. Arkansas Gov. Bill Clinton supported a requirement that pension funds direct 5% to 10% of assets to Economically Targeted Investments.

And Reich hasn't stopped at cheerleading. Federal law—the Employee Retirement Income Security Act—requires a private pension fund manager to "discharge his duties with respect to a plan solely in the interest of the participants and beneficiaries." ERISA names the Labor Department to police this requirement.

But last year, Reich issued an interpretive bulletin that would allow private pension funds to pick investments "selected for their economic benefits apart from their investment return to the employee benefit plan."

In other words, private funds could engage in what are called Economically Targeted Investments—ones in public housing or local infrastructure that have a social or community aim. The administration also decided to set up a clearinghouse to promote ETIs to private pension funds.

Rep. James Saxton, R-N.J., vice chairman of Congress' Joint Economic Committee, has taken the point against this Clinton policy. He led the House to pass a bill to shut down the clearinghouse and put ETIs off limits to private pension funds.

Instead of encouraging private pension funds to act more like public pension funds, the federal government should consider extending ERISA's reach to public pension funds.

In the words of Nucor Corp. CEO Ken Iverson, "The proper role of institutional investors is to watch out first for their investments not to get involved in social programs."

TRIBUTE TO THE MARIN FAMILY SERVICE AGENCY

HON. LYNN C. WOOLSEY

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 12, 1995

Ms. WOOLSEY. Mr. Speaker, I rise today to pay tribute to an organization that has provided service to the families of Marin County for over 50 years. The Marin Family Service Agency [FSA] has provided critical mental health and social services to Marin County families by functioning as a safety net for families, a lifeline for people in crisis, and a champion of family health.

The Marin FSA began in 1945 with the goal of strengthening families through the teaching of basic skills in parenting, caretaking and self-sufficiency. Through the years, that goal has expanded to include Marin County's first family counseling program, child sexual abuse treatment programs, family alcoholism treatment programs, and support services for elders. Wherever and whenever families need assistance, the caring and dedicated staff of

the Marin FSA are there to help families help themselves.

Perhaps it is because the focus of treatment is the *whole* family, and not just individual family members, that the Marin FSA is such a successful social service provider. Robert Thomas, the current executive director of Marin FSA and a recipient of the United Way's Seaton Manning award for leadership, realized the pervasive and eroding effect that problems like alcoholism, domestic violence and child sexual abuse have on the entire family as a unit. Robert Thomas and the dedicated staff of Marin FSA know that successful resolution to problems that affect families, is treatment that includes the whole family.

Mr. Speaker, Congress would do well to follow the lead of the folks at Marin FSA. By coordinating our social services, we too could achieve the excellence of care that the Marin FSA provides to the families of Marin County.

IN MEMORY OF MRS. BONNIE WOLF

HON. GLENN POSHARD

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 12, 1995

Mr. POSHARD. Mr. Speaker, I rise to pay special tribute to Mrs. Bonnie Wolf of Pana, IL. Bonnie passed away September 12, and it is with sorrow that I speak here today of this fine woman.

Known throughout Christian County as "Mrs. Democrat," Bonnie faithfully served the people of her community. She was a member of the Christian County Zoning Board, was the first woman alderman in Pana, a member of the Democrat Women's Auxiliary, a former Christian County Democrat chairwoman, and a Democratic precinct committeewoman for 32 years. Her lifetime of service to the people of Christian County, and the Democratic Party, strengthened the belief that one person can make a positive difference in the lives of many.

Bonnie's passing is a great loss to all who knew her, and the community she worked hard to improve. Bonnie Wolf dedicated her life to helping the people of Christian County, and her never ending determination to help her neighbors will not be forgotten. Mr. Speaker, Bonnie was a wonderful woman who will always have a special place in the hearts of those who knew her, and it is with great sadness that I offer my condolences to her family.

CREATIVE APPROACH TO INTERNATIONAL MEDICINE

HON. FRANK PALLONE, JR.

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 12, 1995

Mr. PALLONE. Mr. Speaker, I rise today to pay tribute to the visiting doctors from Zhong Shan Hospital and welcome them all to the United States. The visit is being celebrated at a reception and dinner on Tuesday, October 17, 1995.

The visit reciprocates the very successful and beneficial visit that representatives from the Robert Wood Johnson University Hospital,

the University of Medicine and Dentistry of New Jersey, and the Robert Wood Johnson Medical School made to Shanghai last year. These exchange visits are designated to improve the knowledge and understanding of knowledgeable practitioners of our two countries. It is therefore a sincere pleasure to recognize this visit as an important step in what I believe is the right direction for the future. As globalization of the economy and the environment increase in importance these joint efforts to establish good relationships enabling important scientific research to be shared across borders will be of significant importance to us all in the future. We will all benefit from this initiative establishing this highly successful relationship at such an early stage.

I find this effort to correspond perfectly with the needs of tomorrow's world, and I applaud the cooperation of these sister hospitals in making this joint effort such a success. It is my firm belief that this joint effort by these honorable institutions will contribute not only to my constituents but to many other people across both our countries. I would therefore once again like to welcome these distinguished visitors to our country and ask my colleagues to join me in offering these two hospitals the best of luck for their future cooperation.

RECOGNITION OF THE GLENN L. MARTIN PLANT WORKERS

HON. ROBERT L. EHRLICH, JR.

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 12, 1995

Mr. EHRLICH. Mr. Speaker, I rise today to publicly recognize an outstanding group of individuals who worked for victory in Middle River, MD, during World War II.

During the war, tens of thousands of hard-working men and women converged in Middle River to form one of the first planned communities in America. They toiled diligently at the Glenn L. Martin Plant, where their hard work helped give the United States victory in World War II. Many of these same individuals later helped America fight and win the cold war.

The Middle River plant was started by Glenn L. Martin, a brilliant designer and former stunt pilot. Martin brought his company to Middle River to design and build new warplanes when the United States entered World War II. During the 1930's the Martin plant was one of the foremost in the world, contributing the first modern bombing planes to the U.S. Navy and Army Air Corps. During the war, the Martin Plant workers built more than 7,000 bombers. Without the efforts of these workers, peace may have come at a much higher price—if it came at all.

After the war, many of these workers settled in Maryland and continued their efforts at the Martin Plant and its corporate successor, Martin Marietta. They built planes, missiles, and electronics for our Nation's defense in the cold war. Today, the company, now called Lockheed Martin, employs about 1,000 people in Middle River.

Mr. Speaker, on October 15, 1995, these hard-working men and women will be honored for their efforts during the Glenn L. Martin Victory Celebration. They will once again gather together at the historic hangars at the Martin

State Airport to commemorate their 50th anniversary victory in World War II. Americans should take time to remember the role that the Martin workers played in helping to defend their country.

Mr. Speaker, I could not be more proud of the Martin workers and their contributions to democracy and world peace. These diverse men and women came together from all across the Nation with little in common. But together they forged a community and worked side-by-side because of a common purpose. We owe a tremendous debt to this special group of Americans, who sacrificed their time and effort to ensure that this country and the world would have a peaceful future.

THE SCIENCE RESEARCH BILL IS A SHAM

HON. JOHN J. LaFALCE

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 12, 1995

Mr. LaFALCE. Mr. Speaker, I rise to express my deep disappointment with the passage today of H.R. 2405, the so-called Omnibus Civilian Science Research Authorization Act of 1995. This bill unfortunately reflects the new realities in Washington, and it shows how far astray the new majority will go in its efforts to feed the insatiable hunger of the far right.

In the name of science, the GOP juggernaut rejected an amendment that would have deleted a provision in the bill prohibiting the EPA from studying indoor air pollution. This amendment wouldn't have added one cent to the amounts authorized in the bill. But the majority apparently wants to micro-manage to the point that it, not scientists, will decide what scientific endeavors will be undertaken.

Another amendment would have removed a prohibition barring the weather service from carrying out studies of long-term climate and global change. The head in the sands majority opted for ignorance and voted to prohibit crucial future studies.

These are just two examples of the medieval thinking that pervades this legislation, Mr. Speaker. While other nations are increasing their research budgets, we are not only slashing funding for it, but actually prohibiting much of it. This is folly, Mr. Speaker, and I deeply regret this sad instance of narrow Neanderthal thinking on the part of the majority in the House of Representatives.

A CRITICAL FLAW IN H.R. 2405

HON. PATRICK J. KENNEDY

OF RHODE ISLAND

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 12, 1995

Mr. KENNEDY of Rhode Island. Mr. Speaker I rise today in opposition to what I believe is a critical flaw in HR 2405, the Omnibus Civilian Science Research Authorization Bill.

Title IV of HR 2405 relates to the National Oceanic and Atmospheric Administration. In my view this entire section is abusive to our Nation's need for a comprehensive understanding of our oceans, air, and coastal environments. Title IV does not take into account the economic as well as environmental impli-

cations of such massive cuts. In many cases fall well below the funding levels that have already been appropriated for NOAA in 1996. During debate on this section I will be supporting several amendments that seek to restore the integrity of NOAA and many of the programs for which it is responsible. Specifically, I would like to address two issues that have, in my view, fallen prey to the worst of intentions: the Global and Climate Change and Sea Grant Programs.

This bill recommends that the NOAA Climate and Global Change Program be reduced to \$53 million which represents an \$18 million or 27% reduction in spending from the FY 1995 budget.

This cut-back is short sighted. It ignores the potential savings we could realize from being prepared for severe weather. Rarely do we find a clearer illustration of the old saying "an ounce of prevention is worth a pound of cure."

Weather prediction is by no means an exact science. NOAA, however, is working to remove much of the guess work by developing the ability to anticipate short term climate variations. Improving our climate prediction capabilities would enable communities to prepare changing weather conditions. This bill will cripple our ability to see the clouds on the horizon and prepare for the oncoming storm.

The NOAA Climate and Global Change Program is equally important for our long term economic well-being. NOAA has designed a research program to better understand long term changes in weather patterns that will have profound effects on our economy in the 21st century.

NOAA is studying the roles of atmospheric gases in global warming. In this area ignorance will be costly and dangerous. The value of reducing climate-related uncertainty in the implementation of policies stabilizing greenhouse gas emissions is estimated to be \$100 billion for the U.S. between now and 2020.

NOAA is also seeking to understand longer-term climate variations, like those that give rise to persistent drought or recurring flooding over several years. Improving these climate predictions for the long term will enable resource managers in climate sensitive areas such as agriculture, water management, and energy supply to alter strategies and reduce economic vulnerability. Preliminary economic studies estimate potential savings in the U.S. of as much as \$2.7 billion annually in the agriculture sector alone.

In my state of Rhode Island, improved understanding of climate and global change is critical to of our economy. Right now 10% of Rhode Island's Gross Domestic Product is marine related. Much of this business, like commercial fishing, marina and boating activities, oceanographic research, and tourism, is directly effected by atmospheric and oceanographic conditions.

Clearly, as we look to reduce unnecessary federal spending, we should not deny ourselves the opportunity to reduce costs in the long run by taking preventative measures. A perfect example of this in New England was the winter of 1992-93. During that year many municipalities were caught unprepared for an unusually harsh winter and had inadequate supplies of salt or sand for roads, and insufficient fuel and provisions for acquiring additional electricity. The total cost of just one storm in March of that year was over \$1.6 billion for New England because we were unprepared.