

Mr. Speaker, I would just like to say in response to the gentleman from New York [Mr. LAFALCE] that I have appreciated very much the cooperation of the minority on this bill, and particularly of the gentleman from New York [Mr. LAFALCE] and the gentleman from Illinois [Mr. POSHARD].

Mr. Speaker, I philosophically do not think the Government should guarantee small business loans as high as 90 percent, but I did not want to make that determination in committee. We did have a hearing on this, with two of our subcommittees meeting together, and there was not a consensus in there that we should depart from the 80 percent and 75 percent that we have in the bill. So I am very, very pleased. I am sorry about the concern the gentleman expressed, but I am very pleased for his support for the bill.

GENERAL LEAVE

Mrs. MEYERS of Kansas. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks on H.R. 2150, as amended.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Kansas?

There was no objection.

Mr. POSHARD. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

Mrs. MEYERS of Kansas. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

The SPEAKER pro tempore (Mr. SHAYS). The question is on the motion offered by the gentleman from Kansas [Mrs. MEYERS] that the House suspend the rules and pass the bill, H.R. 2150, as amended.

The question was taken.

Mr. POSHARD. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Pursuant to clause 5, rule I, and the Chair's prior announcement, further proceedings on this motion will be postponed.

The point of no quorum is considered withdrawn.

PROVIDING FOR CONSIDERATION OF H.R. 1594, RESTRICTIONS ON PROMOTION BY GOVERNMENT OF USE OF EMPLOYEE BENEFIT PLANS OF ECONOMICALLY TARGETED INVESTMENTS

Mr. LINDER. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 215 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 215

Resolved, That at any time after the adoption of this resolution the Speaker may, pursuant to clause 1(b) of rule XXIII, declare the House resolved into the Committee of the Whole House on the State of the Union for consideration of the bill (H.R. 1594) to place restrictions on the promotion by the Department of Labor and other Federal agencies and instrumentalities of economically targeted investments in connection with employee benefit plans. The first reading of the bill shall be dispensed with. General debate shall be confined to the bill and shall not exceed two hours equally divided and controlled by the chairman and ranking minority member of the Committee on Economic and Educational Opportunities. After general debate the bill shall be considered for amendment under the five-minute rule. It shall be in order to consider as an original bill for the purpose of amendment under the five-minute rule the amendment in the nature of a substitute recommended by the Committee on Economic and Educational Opportunities now printed in the bill. Each section of the committee amendment in the nature of a substitute shall be considered as read. At the conclusion of consideration of the bill for amendment the Committee shall rise and report the bill to the House with such amendments as may have been adopted. Any Member may demand a separate vote in the House on any amendment adopted in the Committee of the Whole to the bill or to the committee amendment in the nature of a substitute. The previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommend with or without instructions.

The SPEAKER pro tempore. The gentleman from Georgia [Mr. LINDER] is recognized for 1 hour.

(Mr. LINDER asked and was given permission to include extraneous material.)

Mr. LINDER. Mr. Speaker, for the purpose of debate only, I yield the customary 30 minutes to the gentleman from Ohio [Mr. HALL], pending which I yield myself such time as I may consume. During consideration of this resolution, all time yielded is for the purpose of debate only.

Mr. Speaker, House Resolution 215 is a completely open rule providing for the consideration of H.R. 1594, the Pension Protection Act. This rule provides for 2 hours of general debate divided equally between the chairman and ranking minority member of the Committee on Economic and Educational Opportunities, after which any Member will have the opportunity to offer an amendment to the bill under the 5-minute rule.

It shall be in order to consider as an original bill for amendment under the 5-minute rule the amendment in the

nature of a substitute recommended by the Committee on Economic and Educational Opportunities, and each section shall be considered as read. The rule also provides one motion to recommit, with or without instructions, as is the right of the minority.

I am pleased this bill will be considered under an open rule, and I believe that 2 hours of general debate and an open amending process will assure that the legislation in question undergoes thorough deliberation in the House. The rule makes every effort to engender open debate and assures all Members the opportunity to modify this legislation on the House floor.

House Resolution 215 allows for the consideration of H.R. 1594, legislation that will prohibit Federal agencies from encouraging private pension plans to invest in economically targeted investments. This bill also benefits the American taxpayers by saving over \$½ million by appropriately abolishing the clearinghouse hired by the Labor Department to encourage investments in ETI ventures.

While ERISA requirements state that a fiduciary must manage funds solely for the benefit of the plan's participants, Interpretive Bulletin 94-1 sanctions the administration's gambling of trillions of dollars in pension assets in exchange for incidental social welfare benefits. The promotion of these political investments is truly government irresponsibility at its worst.

As a cosponsor of this legislation, I have long believed that the ETI plan is among the worst ideas to come out of the Clinton administration. Studies done on targeted social investments demonstrate that they are extremely risky and yield much lower returns than conventional pension investments. We guarded seniors from socialized health care last year; we will work to save Medicare in the coming months; and I look forward today to safeguarding their pensions with the passage of H.R. 1594.

Mr. Speaker, this legislation will assure that the pensions of millions of Americans will be managed solely for the exclusive purpose of providing benefits to pension participants. H.R. 1594 was favorably reported out of the Committee on Economic and Educational Opportunities, as was the open rule by the Rules Committee. I urge my colleagues to support this open rule, so that we may proceed with consideration of this important legislation.

Mr. Speaker, for the RECORD I include the following material:

THE AMENDMENT PROCESS UNDER SPECIAL RULES REPORTED BY THE RULES COMMITTEE,¹ 103D CONGRESS V. 104TH CONGRESS

[As of September 8, 1995]

Rule type	103d Congress		104th Congress	
	Number of rules	Percent of total	Number of rules	Percent of total
Open/Modified-open ²	46	44	43	73
Modified Closed ³	49	47	14	24
Closed ⁴	9	9	2	3

THE AMENDMENT PROCESS UNDER SPECIAL RULES REPORTED BY THE RULES COMMITTEE,¹ 103D CONGRESS V. 104TH CONGRESS—Continued
[As of September 8, 1995]

Rule type	103d Congress		104th Congress	
	Number of rules	Percent of total	Number of rules	Percent of total
Totals:	104	100	59	100

¹ This table applies only to rules which provide for the original consideration of bills, joint resolutions or budget resolutions and which provide for an amendment process. It does not apply to special rules which only waive points of order against appropriations bills which are already privileged and are considered under an open amendment process under House rules.
² An open rule is one under which any Member may offer a germane amendment under the five-minute rule. A modified open rule is one under which any Member may offer a germane amendment under the five-minute rule subject only to an overall time limit on the amendment process and/or a requirement that the amendment be preprinted in the Congressional Record.
³ A modified closed rule is one under which the Rules Committee limits the amendments that may be offered only to those amendments designated in the special rule or the Rules Committee report to accompany it, or which preclude amendments to a particular portion of a bill, even though the rest of the bill may be completely open to amendment.
⁴ A closed rule is one under which no amendments may be offered (other than amendments recommended by the committee in reporting the bill).

SPECIAL RULES REPORTED BY THE RULES COMMITTEE, 104TH CONGRESS
[As of September 8, 1995]

H. Res. No. (Date rept.)	Rule type	Bill No.	Subject	Disposition of rule
H. Res. 38 (1/18/95)	O	H.R. 5	Unfunded Mandate Reform	A: 350–71 (1/19/95)
H. Res. 44 (1/24/95)	MC	H. Con. Res. 17	Social Security	A: 255–172 (1/25/95)
		H.J. Res. 1	Balanced Budget Amdt	
H. Res. 51 (1/31/95)	O	H.R. 101	Land Transfer, Taos Pueblo Indians	A: voice vote (2/1/95)
H. Res. 52 (1/31/95)	O	H.R. 400	Land Exchange, Arctic Nat'l. Park and Preserve	A: voice vote (2/1/95)
H. Res. 53 (1/31/95)	O	H.R. 440	Land Conveyance, Butte County, Calif	A: voice vote (2/1/95)
H. Res. 55 (2/1/95)	O	H.R. 2	Line Item Veto	A: voice vote (2/2/95)
H. Res. 60 (2/6/95)	O	H.R. 665	Victim Restitution	A: voice vote (2/7/95)
H. Res. 61 (2/6/95)	O	H.R. 666	Exclusionary Rule Reform	A: voice vote (2/7/95)
H. Res. 63 (2/8/95)	MO	H.R. 667	Violent Criminal Incarceration	A: voice vote (2/9/95)
H. Res. 69 (2/9/95)	O	H.R. 668	Criminal Alien Deportation	A: voice vote (2/10/95)
H. Res. 79 (2/10/95)	MO	H.R. 728	Law Enforcement Block Grants	A: voice vote (2/13/95)
H. Res. 83 (2/13/95)	O	H.R. 7	National Security Revitalization	PO: 229–100; A: 227–127 (2/15/95)
H. Res. 88 (2/16/95)	MC	H.R. 831	Health Insurance Deductibility	PO: 230–191; A: 229–188 (2/21/95)
H. Res. 91 (2/21/95)	O	H.R. 830	Paperwork Reduction Act	A: voice vote (2/22/95)
H. Res. 92 (2/21/95)	MC	H.R. 889	Defense Supplemental	A: 282–144 (2/22/95)
H. Res. 93 (2/22/95)	MO	H.R. 450	Regulatory Transition Act	A: 252–175 (2/23/95)
H. Res. 96 (2/24/95)	O	H.R. 1022	Risk Assessment	A: 253–165 (2/27/95)
H. Res. 100 (2/27/95)	MO	H.R. 926	Regulatory Reform and Relief Act	A: voice vote (2/28/95)
H. Res. 101 (2/28/95)	MO	H.R. 925	Private Property Protection Act	A: 271–151 (3/2/95)
H. Res. 103 (3/3/95)	MO	H.R. 1058	Securities Litigation Reform	
H. Res. 104 (3/3/95)	MO	H.R. 988	Attorney Accountability Act	A: voice vote (3/6/95)
H. Res. 105 (3/6/95)	MO			A: 257–155 (3/7/95)
H. Res. 108 (3/7/95)	Debate	H.R. 956	Product Liability Reform	A: voice vote (3/8/95)
H. Res. 109 (3/8/95)	MC			PO: 234–191; A: 247–181 (3/9/95)
H. Res. 115 (3/14/95)	MC	H.R. 1159	Making Emergency Supp. Approps.	A: 242–190 (3/15/95)
H. Res. 116 (3/15/95)	MO	H.J. Res. 73	Term Limits Const. Amdt	A: voice vote (3/28/95)
H. Res. 117 (3/16/95)	Debate	H.R. 4	Personal Responsibility Act of 1995	A: voice vote (3/21/95)
H. Res. 119 (3/21/95)	MC			A: 217–211 (3/22/95)
H. Res. 125 (4/3/95)	O	H.R. 1271	Family Privacy Protection Act	A: 423–1 (4/4/95)
H. Res. 126 (4/3/95)	O	H.R. 660	Older Persons Housing Act	A: voice vote (4/6/95)
H. Res. 128 (4/4/95)	MC	H.R. 1215	Contract With America Tax Relief Act of 1995	A: 228–204 (4/5/95)
H. Res. 130 (4/5/95)	MO	H.R. 483	Medicare Select Expansion	A: 253–172 (4/6/95)
H. Res. 136 (5/1/95)	O	H.R. 655	Hydrogen Future Act of 1995	A: voice vote (5/2/95)
H. Res. 139 (5/3/95)	O	H.R. 1361	Coast Guard Auth. FY 1996	A: voice vote (5/9/95)
H. Res. 140 (5/9/95)	O	H.R. 961	Clean Water Amendments	A: 414–4 (5/10/95)
H. Res. 144 (5/11/95)	O	H.R. 535	Fish Hatchery—Arkansas	A: voice vote (5/15/95)
H. Res. 145 (5/11/95)	O	H.R. 584	Fish Hatchery—Iowa	A: voice vote (5/15/95)
H. Res. 146 (5/11/95)	O	H.R. 614	Fish Hatchery—Minnesota	A: voice vote (5/15/95)
H. Res. 149 (5/16/95)	MC	H. Con. Res. 67	Budget Resolution FY 1996	PO: 252–170; A: 255–168 (5/17/95)
H. Res. 155 (5/22/95)	MO	H.R. 1561	American Overseas Interests Act	A: 233–176 (5/23/95)
H. Res. 164 (6/8/95)	MC	H.R. 1530	Nat. Defense Auth. FY 1996	PO: 225–191; A: 233–183 (6/13/95)
H. Res. 167 (6/15/95)	O	H.R. 1817	MilCon Appropriations FY 1996	PO: 223–180; A: 245–155 (6/16/95)
H. Res. 169 (6/19/95)	MC	H.R. 1854	Leg. Branch Approps. FY 1996	PO: 232–196; A: 236–191 (6/20/95)
H. Res. 170 (6/20/95)	O	H.R. 1868	For. Ops. Approps. FY 1996	PO: 221–178; A: 217–175 (6/22/95)
H. Res. 171 (6/22/95)	O	H.R. 1905	Energy & Water Approps. FY 1996	A: voice vote (7/12/95)
H. Res. 173 (6/27/95)	C	H.J. Res. 79	Flag Constitutional Amendment	PO: 258–170; A: 271–152 (6/28/95)
H. Res. 176 (6/28/95)	MC	H.R. 1944	Emer. Supp. Approps.	PO: 236–194; A: 234–192 (6/29/95)
H. Res. 185 (7/11/95)	O	H.R. 1977	Interior Approps. FY 1996	PO: 235–193; D: 192–238 (7/12/95)
H. Res. 187 (7/12/95)	O	H.R. 1977	Interior Approps. FY 1996 #2	PO: 230–194; A: 229–195 (7/13/95)
H. Res. 188 (7/12/95)	O	H.R. 1976	Agriculture Approps. FY 1996	PO: 242–185; A: voice vote (7/18/95)
H. Res. 190 (7/17/95)	O	H.R. 2020	Treasury/Postal Approps. FY 1996	PO: 232–192; A: voice vote (7/18/95)
H. Res. 193 (7/19/95)	C	H.J. Res. 96	Disapproval of MFN to China	A: voice vote (7/20/95)
H. Res. 194 (7/19/95)	O	H.R. 2002	Transportation Approps. FY 1996	PO: 217–202 (7/21/95)
H. Res. 197 (7/21/95)	O	H.R. 70	Exports of Alaskan Crude Oil	A: voice vote (7/24/95)
H. Res. 198 (7/21/95)	O	H.R. 2076	Commerce, State Approps. FY 1996	A: voice vote (7/25/95)
H. Res. 201 (7/25/95)	O	H.R. 2099	VA/HUD Approps. FY 1996	A: 230–189 (7/25/95)
H. Res. 204 (7/28/95)	MC	S. 21	Terminating U.S. Arms Embargo on Bosnia	A: voice vote (8/1/95)
H. Res. 205 (7/28/95)	O	H.R. 2126	Defense Approps. FY 1996	A: 409–1 (7/31/95)
H. Res. 207 (8/1/95)	MC	H.R. 1555	Communications Act of 1995	A: 225–156 (8/2/95)
H. Res. 208 (8/1/95)	O	H.R. 2127	Labor, HHS Approps. FY 1996	A: 323–104 (8/2/95)
H. Res. 215 (9/7/95)	O	H.R. 1594	Economically Targeted Investments	
H. Res. 216 (9/7/95)	MO	H.R. 1655	Intelligence Authorization FY 1996	

Codes: O-open rule; MO-modified open rule; MC-modified closed rule; C-closed rule; A-adoption vote; D-defeated; PQ-previous question vote. Source: Notices of Action Taken, Committee on Rules, 104th Congress.

Mr. LINDER. Mr. Speaker, I reserve the balance of my time.

Mr. HALL of Ohio. Mr. Speaker, I yield myself such time as I may consume.

(Mr. HALL of Ohio asked and was given permission to revise and extend his remarks.)

Mr. HALL of Ohio. Mr. Speaker, I would like to commend my colleague from Georgia, Mr. LINDER, as well as my colleagues on the other side of the aisle for bringing this resolution to the floor.

House Resolution 215 is an open rule which will allow full and fair debate on H.R. 1594, a resolution placing restric-

tions on economically targeted investments in connection with employee benefit plans.

As my colleague from Georgia has ably described, this rule provides 2 hours of general debate, equally divided and controlled by the chairman and ranking minority member of the Committee on Economic and Educational Opportunities.

Under this rule, germane amendments will be allowed under the 5-minute rule, the normal amending process in the House. All Members, on both sides of the aisle, will have the opportunity to offer amendments. I am pleased that the Rules Committee was

able to report this rule without opposition in a voice vote and I plan to support it.

Though I support the rule, I want to express opposition to the bill.

This bill is a solution to a problem which does not exist.

This bill overturns the Labor Department's Interpretive Bulletin 94-1, which restates laws and policies regarding economically targeted investments for private pension plans. These kinds of investments might result in creating jobs, increasing housing, or encouraging small businesses.

The policies contained in this bulletin were developed under the previous Republican administrations and were continued by the current Democratic administration.

This bulletin does not in any way affect existing legal requirements for placing priority on an investment's risk and rate of return. It does, however, say, that given comparable investments, pension managers can consider other benefits. I think that is common sense.

In testimony on this bill before the Economic and Educational Opportunities Committee in June, a witness representing the pension community stated this legislation is not necessary.

This legislation could make pension managers overly cautious about investments that produce collateral benefits. If this happens, we will undoubtedly see fewer pension investments creating American jobs. Some fear this could make worse the dangerous trend of pension funds being invested overseas instead of creating benefits here in the United States.

A number of Democratic amendments were offered in committee to improve this bill but they were defeated.

Mr. Speaker, I urge adoption of this open rule which will permit full debate on this bill and allow Members to make additional attempts to amend it.

Mr. Speaker, I yield 3 minutes to the gentleman from California [Mr. MARTINEZ].

Mr. MARTINEZ. Mr. Speaker, I rise in support of this open rule, although I will argue against the bill. I certainly appreciate that fact that this rule allows for a more extensive debate of the issues which have been brought out as this bill has progress through this House over the past several months. I believe the debate is important to those who feel that there is an inherent danger in economically targeted investments, and will put forth arguments to prove that with information that I believe is skewed. Their arguments seem to be based on assumptions that are questionable at best. Mr. SAXTON declared that investments in ETIs would cost each American pensioner \$43,298 over 30 years.

Well, I have had those numbers analyzed and found that they are based on economic assumptions that would mean that every pensioner in the country would amass \$2,075,000 in their pension plan under such an assumption, that a loss of \$43,298 would represent a loss of 2 percent over that time, or less than the amount those same pensioners will be charged for their Medicare premiums under some of the current Republican proposals being floated.

Of course, I also learned that the rate of return on regular, approved investments would have to be 12 percent over the same 30 years—which is the rosier forecast I have ever seen from an economist. One of the economists cited in the JEC report has written to Mr. SAXTON and stated, and I quote

I applaud your focusing of attention on U.S. pension plan management—we simply cannot afford to do otherwise, as a Nation of rapidly aging Americans. But I disagree with your proposal to prohibit the U.S. Labor Department pension experts from thinking about or discussing so-called economically targeted investments.

Mr. Speaker, I enter into the RECORD the letter from economist Olivia S. Mitchell, of the Wharton School of the University of Pennsylvania, as well as a response to the JEC report.

THE WARTON SCHOOL OF THE
UNIVERSITY OF PENNSYLVANIA,
Philadelphia, PA, September 11, 1995.

Congressman JIM SAXTON,
House of Representatives, Washington, DC.

DEAR CONGRESSMAN SAXTON: I am the author of one of the three studies cited in a Joint Economic Committee discussion regarding your bill before the U.S. House tomorrow, in which you propose to curtail discussion and analysis of so-called "economically targeted investments" by the U.S. Department of Labor.

I applaud your focusing of attention on U.S. pension plan management—we simply cannot afford to do otherwise, as a nation of rapidly aging Americans. But I disagree with your proposal to prohibit the U.S. Labor Department pension experts from thinking about or discussing so-called economically targeted investments.

If two investment options are equivalent in terms of risk and return, and a manager must select one, a variety of other assessments will necessarily enter the decision. As researchers and policymakers, we need more analysis of how these other factors influence decision-making, and what their downstream implications are. In order to remain competitive domestically and internationally, we simply cannot prohibit discussion of, and research on, a vitally important question in the pension arena.

Thank you for your kind consideration.

Sincerely yours,

OLIVIA S. MITCHELL.

RESPONSE TO THE "SUBSTANTIVE REPORT" OF
THE JEC ON ECONOMICALLY TARGETED INVESTMENTS

("Through the Looking Glass with
Representative Saxton")

In an irresponsible attempt to unnecessarily frighten current and future pensioners, the "economists" at the Joint Economic Committee have concocted an incredible scenario about the potential impact of pension fund investment in Economically Targeted Investments (ETIs). The JEC report concludes that a hypothetical, across the board, investment by pension funds of 5% of their assets in ETIs, would sacrifice nearly \$45,000 per participant over 30 years, and would leave the pension system \$2.3 trillion underfunded. The assumptions underlying these conclusions are severely flawed.

If pension funds did what the JEC assumes, that is, year after year select investments that did not produce competitive, market rates of return, they would be violating the fiduciary requirements of ERISA, as delineated in the Interpretive Bulletin on ETIs that is at issue.

Even if one assumes that pension funds ignored the Interpretive Bulletin and the law and did as Representative Saxton suggests, the JEC report demonstrates how radically inflated the numbers have to get to show any "harm." According to Representative Saxton's arithmetic, the total asset pool of pension funds in 30 years will be \$107.7 trillion. Approximately 50 million participants holding assets of \$107.7 trillion works out to

approximately \$2,075,000 per participant for retirement. And the 2% shortfall he predicts for funds invested in ETIs will result in the average pensioner having to scrape by on a mere \$2,031,000.

The analysis assumes that pension funds will, on average, earn 12.1% on their investments over the next thirty years and that ETI investments will, on a risk adjusted basis, underperform these by about 2%, or earn about 10%. There are many problems with these assumptions:

A 12% return annually for 30 years on all of the assets of pension funds is not only beyond the wildest fantasies of any investment manager, but any investment manager claiming such returns, or even the 10% suggested for ETIs, over 30 years, would be laughed out of the business. Assuming such returns for funding purposes, in fact, would be in violation of the recently passed Retirement Protection Act of 1993.

It is possible that we could see sustained yields of up to 12% in the capital markets for thirty years. However, at the real rates of investment returns of the last thirty years, this implies about 8% inflation over the same period. If this occurs, a few dollars in ETIs will be the least of pensioners' worries. Perhaps Mr. Saxton knows something we don't about the consequences of the Republican Party's economic policies.

In the absence of such inflation, if pension funds' assets were to grow by 12% annually over 30 years, they would own virtually all financial assets in the economy. This may come as a surprise to investors like Warren Buffett.

The assumed 200 basis point underperformances of funds invested in ETIs (a 10% return as versus a 12% return on investments) is based on studies that are either misapplied or have severe flaws, such as inadequate controls and time frames, marginal results, and obsolete or limited data.

Mr. HALL of Ohio. Mr. Speaker, I yield back the balance of my time.

Mr. LINDER. Mr. Speaker, I yield back the balance of my time, and I move the previous question on the resolution.

The previous question was ordered.

The resolution was agreed to.

A motion to reconsider was laid on the table.

□ 1315

POSTPONING VOTES ON AMENDMENTS DURING CONSIDERATION OF H.R. 1594, RESTRICTIONS ON PROMOTION BY GOVERNMENT OF USE OF EMPLOYEE BENEFIT PLANS OF ECONOMICALLY TARGETED INVESTMENTS

Mr. FAWELL. Mr. Speaker, I ask unanimous consent that during consideration of H.R. 1594 pursuant to House Resolution 215 the Chairman of the Committee of the Whole may postpone until a time during further consideration in the Committee of the Whole a request for a recorded vote on any amendment, and that the Chairman of the Committee of the Whole may reduce to not less than 5 minutes the time for voting by electronic device on any postponed question that immediately follows another vote by electronic device without intervening business, provided that the time for voting by electronic device on the first in any