

threatens their monopoly on education. In part it reflects a secular discomfort with religious institutions.

I myself have felt this discomfort over the years, walking past Catholic schools like St. Gregory the Great, near my Manhattan home. Every morning, as I took my sons to public school, I couldn't help noticing the well-behaved black and Hispanic children in their neat uniforms entering the drab parish building. But my curiosity never led me past the imposing crucifix looking down from the roof, which evoked childhood images of Catholic anti-Semitism and clerical obscurantism.

Finally, earlier this year, I ventured in, and I was impressed. I sat in, for example, as fourth-grade teacher Susan Viti conducted a review lesson on the geography of the Western United States. All the children were completely engaged and had obviously done their homework. They were able to answer each of her questions about the principal cities and capitals of the Western states—some of which I couldn't name—and the topography and natural resources of the region. "Which minerals would be found in the Rocky Mountains?" Miss Viti asked. Eager hands shot up. Miss Viti used the lesson to expand the students' vocabulary; when the children wrote things down, she insisted on proper grammar and spelling.

I found myself wishing that my own son's fourth-grade teachers at nearby Public School 87, reputedly one of the best public schools in the city, were anywhere near as productive and as focused on basic skills as Miss Viti. Both my boys' teachers have wasted an enormous amount of time with empty verbiage about the evils of racism and sexism. By contrast, in Miss Viti's class and in all the other Catholic-school classes I visited, it was taken for granted that a real education is the best antidote to prejudice.

Miss Viti earns \$21,000 a year, \$8,000 less than a first-year public-school teacher. "I've taught in an all-white, affluent suburban school, where I made over \$40,000," she says. "This time I wanted to do something good for society, and I am lucky enough to be able to afford to do it. I am trying to instill in my students that whatever their life situation is now, they can succeed if they work hard and study."

You might expect liberals, self-styled champions of disadvantaged children, to applaud the commitment and sacrifice of educators like Susan Viti. You might even expect them to look for ways of getting government money to these underfunded schools. Instead, they've done their best to make sure the wall of separation between church and state remains impenetrable. Liberal child-advocacy groups tout an endless array of "prevention" programs that are supposed to stave off delinquency, dropping out of school and teen pregnancy—yet they consistently ignore Catholic schools, which nearly always succeed in preventing these pathologies.

Read the chapter on education in Hillary Clinton's "It Takes a Village." Mrs. Clinton advocates an alphabet soup of education programs for poor kids, but says not a word about Catholic schools. Similarly, in his books on education and inner-city ghettos, Jonathan Kozol offers vivid tours of decrepit public schools in places like the South Bronx, but he never stops at the many Catholic schools that are succeeding a few blocks away.

Why are Catholic schools taboo among those who talk loudest about compassion for the downtrodden? It's hard to escape the conclusion that one of the most powerful reasons is liberals' alliance with the teachers' unions, which have poured hundreds of millions of dollars into the campaign coffers

of liberal candidates around the country. Two weeks ago I attended the National Education Association convention in Washington, a week-long pep rally for Bill Clinton punctuated by ritual denunciations of privatization.

Before the teachers' unions rise to political power, it was not unusual to see urban Democrats like former New York Gov. Mario Cuomo support government aid to Catholic schools. Mr. Cuomo's flip-flop on this issue is especially revealing. In 1974, when he first ran for public office, Mr. Cuomo wrote a letter to potential supporters: "I've spent more than 15 years . . . arguing for aid to private schools," he wrote. "If you believe aid is a good thing, then you are the good people. If you believe it, then it's your moral obligation, as it is my own, to do something about it. . . . Let's try tax-credit plans and anything else that offers any help."

Mr. Cuomo soon learned his lesson. In his published diaries he wrote: "Teachers are perhaps the most effective of all the state's unions. If they go all-out, it will mean telephones and vigorous statewide support. It will also mean some money." In his 1982 campaign for governor, Mr. Cuomo gave a speech trumpeting the primacy of public education and the rights of teachers. He won the union's enthusiastic endorsement against Ed Koch in the Democratic primary. Over the next 12 years, in private meetings with Catholic leaders, Gov. Cuomo would declare that he still supported tax relief for parochial school parents. Then he would take a completely different position in public. For example, in 1984 he acknowledged that giving tax credits for parochial-school tuition was "clearly constitutional" under a recent Supreme Court decision—but he refused to support such a plan.

Politically controlled schools are unlikely to improve much without strong pressure from outside. Thus, the case for government aid to Catholic schools is now more compelling than ever, if only to provide the competitive pressure to force state schools to change. And the conventional wisdom that government is constitutionally prohibited from aiding Catholic schools has been undermined by several recent U.S. Supreme Court decisions.

#### SUCKER'S TRAP

Since the powerful teachers' unions vehemently oppose any form of government aid to Catholic schools, reformers are often skittish about advocating vouchers or tuition tax credits, fearing that will end the public-school reform conversation before it begins. But to abandon aid to Catholic schools in the name of public-school reform is a sucker's trap. We have ended up with no aid to Catholic schools and no real public-school reform either.

Catholic schools are a valuable public resource not just because they profoundly benefit the children who enroll in them. They also challenge the public school monopoly, constantly reminding us that the neediest kids are educable and that spending extravagant sums of money isn't the answer. No one who cares about reviving our failing public schools can afford to ignore this inspiring laboratory of reform.

#### PERSONAL EXPLANATION

HON. MICHAEL P. FORBES

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, July 22, 1996

Mr. FORBES. Mr. Speaker, on July 18, 1996, I was absent from the House of Rep-

resentatives due to the tragic explosion on TWA Flight 800 over the First Congressional District of New York. I felt it was appropriate to return to my district to support and comfort my constituents impacted by this disaster as well as to help coordinate local, State, and Federal search and rescue efforts.

Had I been present I would have voted "yes" on roll No. 327, "yes" on roll No. 328, "no" on roll No. 329, "no" on roll No. 330, and "yes" on roll No. 331.

#### PROVIDING FOR CONSIDERATION OF H.R. 3734, WELFARE AND MEDICAID REFORM ACT OF 1996

SPEECH OF

HON. LOUIS STOKES

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 17, 1996

Mr. STOKES. Mr. Chairman, I rise in opposition to H.R. 3734, the Balanced Budget Welfare Reform Act, a bill designed to overhaul our Nation's welfare system. Fifteen months ago, many of my colleagues and I stood before this body and showed our staunch disagreement with the House-passed welfare reform bill which made disastrous cuts in our Nation's welfare programs. I wish I could say that, since then, some compassion and reason had been interjected into this debate and produced a more favorable bill for consideration.

Unfortunately, H.R. 3734, the bill being deliberated today, targets the poorest in this country, in order to meet Republican budget priorities. When we examine the provisions of this legislation, it is abundantly clear that our colleagues have reneged on their commitment to ensure a "family friendly" Congress and to protect our Nation's children.

H.R. 3734 slashes more than \$61 billion over 6 years in welfare programs. This bill guts funding for the Food Stamp Program, cuts into the SSI protections for disabled children, drastically cuts child nutrition programs, and slashes benefits for legal immigrants. Mr. Speaker, I find these reductions in quality of life programs appalling.

How can my Republican colleagues praise this bill's work requirements when H.R. 3734 provides inadequate funding for education, training, and employment—essential components in contributing to longevity in the workforce? How can they stand by a bill that slashes more than \$3 billion in funding for meals to children in child care centers and homes? As if that were not devastating enough, this bill would cut nearly \$23 billion over 6 years from the Food Stamp Program and an additional \$23 billion in the SSI Program.

H.R. 3734 sends a signal to the Nation that our Government leaders place a very low priority on those individuals who have very little. In Cuyahoga County, we have a 20 percent poverty rate in a county of 1.4 million people. In the city of Cleveland, it is an alarming 42 percent. Throughout Cuyahoga County, more than 228,000 people receive food stamps. Many of these individuals constitute America's working poor. This punitive welfare measure will undoubtedly endanger their health and well-being.

Mr. Chairman, I can understand and support a balanced and rational approach to addressing the reform of our Nation's welfare system.

But I cannot and will not support this legislation which would shatter the lives of millions of our Nation's poor. In order to move people to self-sufficiency, we must provide adequate education, training, child care, and jobs that pay a livable wage. Anything short of that does great disservice to our national sense of compassion and our moral responsibility to help the poor help themselves.

On behalf of America's children and the poor, I urge my colleagues to vote against H.R. 3734.

### IT'S THE REAL ECONOMY THAT COUNTS

HON. BARNEY FRANK

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Monday, July 22, 1996

Mr. FRANK of Massachusetts. Mr. Speaker, one of the most infuriating aspects of our economic affairs to many people is the extent to which the bond market treats good news as bad news. This was of course most recently displayed when the best employment news we have had in years triggered serious financial downtrends. People who trade bonds have of course a right to do whatever they wish. But we as policymakers must make it very clear that we will not be driven by their short term gyrations and in particular that we will continue to pursue policies that expand employment opportunities and real incomes for working people without being deterred by the negative short term impact this may have on the bond business. James K. Galbraith, formerly of the staff of the Joint Economic Committee in better days, and now a teacher of economics at the Johnson School of Public Affairs at the University of Texas, recently wrote on this subject in a very instructive fashion. It is essential that we listen to Mr. Galbraith and not allow financial speculation to perform the reverse alchemy which has from time to time characterized their efforts.

#### WHAT INFLATION?

(By James K. Galbraith)

AUSTIN, TX.—The economic news on Friday was so good it was a disaster. Unemployment has fallen to 5.3 percent, the lowest it has been in six years. June payrolls increased by 239,000 jobs. And the average hourly wage rose by nine cents, the biggest one-month jump ever recorded, a level "noticeably above the inflation rate," as The New York Times reported.

Pandemonium on Wall Street! The yield on the 30-year Treasury bond leaped a quarter of a point, finishing at 7.18 percent. And stocks plummeted: the Dow Jones industrial average dived 114 points.

Amid the commotion, one could hear the bond bears roaring their message that, with inflation sure to surge, the Federal Reserve must raise short-term interest rates. Many of the bears said that had the Fed's Open Market Committee known at its meeting last Wednesday what the secretive Bureau of Labor Statistics would announce two days later, it would surely have raised them. Some urged the Fed to correct this "error" immediately without waiting until the next regular meeting in August.

Nonsense. There is no cause for alarm. The evidence does not portend surging inflation. To begin with, the annual rate remains low: 2.9 percent in the year that ended in May. Inflation is not accelerating. Instead, produc-

tivity growth appears to be picking up. If this pattern continues, it will permit wages to grow for some time, with little effect on price inflation.

The decline in unemployment also means little. Some economists still hold to the notion of a "natural rate of unemployment" at 6 percent or a slightly lower figure, below which they believe inflation spirals out of control. But joblessness has been less than 6 percent without raising inflation since September 1994.

Recent economic studies confirm their is little reason to fear that prices will rise simply because of low unemployment—or for that matter, rapid growth. Most inflation of past decades had different causes, like oil shocks and war.

Some say to forget the facts. An official of a regional Federal Reserve bank recently told Business Week (anonymously, of course) that "you have to move on anecdotal data." In other words, monetary policy should be based on gossip. Mercifully, it is likely that the Federal Reserve Board's governors do not share this view.

The bears in the bond market must also know that their inflation warnings are unfounded. So what are they up to? The answer seems clear. We have a speculation problem, not an inflation problem.

The bears make their living by betting on the Fed's next decision, not by calling the economy. The bears predict when short-term rates will be raised and when they will decline. By selling and buying long-term bonds in advance, they can make a lot of money—if their predictions are right. So it is natural that they try to affect the Fed's decisions.

This game has been in full cry since at least October 1993, when bond-market insiders correctly anticipated (and may have provoked) the Fed's rate increase of February 1994. All through that year, each time the Fed raised interest rates, the stock and bond markets churned.

If short-term rates are pushed up tomorrow, many ordinary investors will panic and dump their bonds and stocks. Then the speculators can buy cheap and "shear the sheep"—the small investors, in the speculators' lingo.

Sell bonds, create gossip, influence policy—what a game! But maybe the game has changed. News reports preceding the Fed's inactivity last week suggested that the chairman, Alan Greenspan, may have given up the "pre-emptive strike" anti-inflation strategy of 1994. Good. The idea that the economic evidence counts for something is central to proper monetary policy.

But Mr. Greenspan's possible credibility as a pragmatist, only a week old and none too sturdy, will depend on facing down the bears.

It would be an extremely good thing if the Federal Reserve held the line through the summer and fall—at least as long as core inflation (calculated without volatile food and energy prices), measured over six months or so, remains reasonable.

In that event, the interest rates on long-term bonds will finally begin to decline, and maybe short-term rates will follow. Traders committed to a strategy of creating panic will lose money. So what?

The Fed did the right thing. Now it should stand firm and show the speculators who is in charge.

### FREE PRESS IN HONG KONG UNDER ATTACK

HON. JOHN EDWARD PORTER

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Monday, July 22, 1996

Mr. PORTER. Mr. Speaker, I recently read a New York Times article outlining Chinese threats to restrict Hong Kong's press once the British colony comes under Chinese rule. This information, while extremely upsetting, is hardly shocking. Although the Chinese Government professes to be committed to ensuring a smooth, peaceful transition for Hong Kong, actions by the Chinese Government tell a very different, very disturbing story. As the saying goes, "actions speak louder than words."

In 1984, to help ensure the smooth transition of Hong Kong from British to Chinese control, Britain and China both signed the Joint Declaration providing for the peaceful return of Hong Kong to Chinese rule. This document, registered at the United Nations, specifies that Hong Kong will enjoy a high degree of autonomy except in foreign and defense affairs, and that the legislature will be elected. China has repeatedly violated the commitments made in this binding document, leading to increasing tensions between Hong Kong and China as the July 1, 1997, date fast approaches.

Mr. Speaker, just one example will suffice to demonstrate how the Chinese have chosen to ignore commitments made in the Joint Declaration. Recently, Chinese authorities threatened to abolish the first ever democratically elected legislative council and replace it with an appointed legislature. This action would not only be in clear violation of the Joint Declaration, but also in violation of the Universal Declaration of Human Rights and the International Covenant on Civil and Political Rights.

With China now threatening to restrict freedom of the press in Hong Kong, it becomes clear that Chinese officials do not intend to grant Hong Kong the degree of autonomy previously promised. This should leave us all deeply concerned about the future of Hong Kong. Mr. Speaker, Hong Kong has close to 60 papers and 675 periodicals. These papers and periodicals provide Hong Kong citizens and those throughout the world with the truth about what is happening in Hong Kong, and throughout all of Asia. Restricting free press in Hong Kong will severely limit the world's ability to follow events in Tibet, China, and Taiwan.

Mr. Speaker, Hong Kong is the world's best example of the prosperity that results from a strong and vibrant free enterprise system existing under the rule of law. China's threats to dismantle the legislature and restrict freedom of speech are not idle threats. I have no doubt that if we let Chinese threats go unchallenged, each and every threat will indeed be carried out. Tyranny thrives on the weakness of others, and the United States has been weak in its response to Chinese behavior. Mr. Speaker, we must do everything possible to ensure that democratic advances in Hong Kong are not reversed by oppressive Chinese policies. As 1997 approaches, the United States must stand with those in Hong Kong, such as journalists opposing illegal restrictions on their free speech, who are rightly unwilling to capitulate to Beijing's efforts to strip the citizens of Hong Kong of their democratic rights and freedoms.