church school, with close to 500 members, outgrew the basement classrooms and the public library located next door was bought from the township for church use.

In 1970, Dr. George J.W. Pennington was appointed as an associate minister, and in 1972, upon the retirement of Dr. Fletcher, who had become minister emeritus, Dr. Pennington became a full minister. With a second profession as a clinical psychologist, Dr. Pennington managed to increase the amount of counseling work done and also lent a psychological tone to many of his sermons. As with the times, the church became less formal, and in March 1982, Dr. Pennington resigned.

The Rev. Lee Barker was called to the ministry of the church in 1983 and had been with the church until June 1994. His ministry was distinguished by a growth of membership and a continuing commitment to community outreach.

Called to the pulpit in April 1995, the Reverend Charles Blustein Ortman became the seventh minister of the church on November 4, 1995. Reverend Ortman continues to serve as minister and, along with the church's congregation, is looking forward to the centennial anniversary of the Unitarian Church of Montclair.

Mr. Speaker, I ask that you join me, our colleagues, Reverend Ortman, members of the congregation, and the township of Montclair, in recognizing the outstanding and invaluable service to the community and the 100th anniversary of the Unitarian Church of Montclair.

THE FEDERAL RESERVE IS WRONG

HON. BARNEY FRANK

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 15, 1997

Mr. FRANK of Massachusetts. Mr. Speaker, I have voiced my strong disagreement with the recent decision by the Federal Reserve to raise interest rates on the floor of the House. Recently I saw an article in the April 21 issue of The New Republic which makes the case in a cogent way that Mr. Greenspan was mistaken, and that his mistake will be damaging to our economy. Similarly, the Economic Scene column by Peter Passell in the April 10 issue of the New York Times does a good job describing the downside of the Fed's decision to clamp down on economic growth. I am inserting both articles here:

[From the New Republic, Apr. 21, 1997]

FED ACCOMPLI

Last week the Federal Reserve ended a five-year experiment: How many people can the nation put to work without triggering inflation? The results are fiercely contested, their ramifications enormous. Everybody wants unemployment to be as low as possible, but nobody knows for sure how low that is. Growth optimists believe unemployment can fall much lower than the current 5.3 percent without fueling inflation. Inflation hawks, led by Fed Chairman Alan Greenspan, don't.

But the debate is academic, because monetary policy isn't set by public debates and majority votes, it's set by Alan Greenspan. And Greenspan is sure that the current high levels of economic growth and employment will soon cause a spiral of higher prices. So he raised interest rates last week and appears likely to do so again, effectively ensuring that unemployment will not drop any lower than it is today. Given the data of the last two years, data that, despite endless scrutiny, shows not the slightest hint of creeping inflation, we wish the chairman were a little less certain.

Both Greenspan and his critics agree that prices hinge upon a balance of power between employers and employees. When joblessness drops, the value of labor rises. Employers raise salaries and pass the cost on to consumers. These higher prices cause other workers to demand raises. Such an inflationary spiral can only be stopped if the Federal Reserve slows the economy, making everybody worse off. The big question is how low unemployment can drop before an inflationary spiral begins. Conventional economists have long held that inflation would start to mount if unemployment fell below 6 percent. But the current economic expansion, which began in 1992, has brought unemployment down to 5.3 percent without a trace of rising inflation. For inflation hawks like Greenspan, this state of affairs can't go on.

The growth optimists, with varying levels of plausibility, suggest another story. They believe the economy has entered a new era, capable of sustaining lower unemployment than before. Why have the rules changed? There are several reasons:

Globalization. International competition makes it harder for American companies to raise the cost of their goods, lest foreign firms undercut them. It has also made workers less secure about their future and hence more timid in demanding raises. (Polls of employee confidence support this notion.)

Computers have increased productivity. This is the pivotal point. Productivity ultimately determines wages. If wages are rising just because employees have more leverage, then the boss has to raise prices. But if workers are producing more, then employers can pay for a wage increase out of profits instead of passing the cost on to consumers. The latter scenario seems to be the case. Productivity rose 1.5 percent last year, while real wages rose by just 0.6 percent. The share of the economy going to corporate profits is up a full percentage point from the peak of the last business cycle. This suggests that firms can pay their employees more without hiking prices.

Bad statistics. Most (though not all) economists believe the government has been overestimating inflation for years. That means we have less to worry about than Greenspan thinks. (Greenspan, interestingly, adheres to this theory himself, although he has of yet failed to reconcile it with his inflationary paranoia.)

Hard data to support the new era hypotheses remains sketchy. So far, however, the story checks out. And, even if it's wrong, failure entails nothing more than slightly higher prices and a future interest rate hike. At its current level, inflation appears unlikely to spiral out of control. A little inflation hurts, of course, but it doesn't really start to bite until it hits the mid-to-upper single digits. As MIT economist Paul Krugman wrote recently in The Economist, "3 percent inflation does much less than one-third as much harm as 9 percent.

One other recent even has strengthened the case for experimentation: welfare reform. If the government demands that all citizens who can work do work, it cannot simultaneously enforce Greenspan's explicitly anti-employment program. Or, at least, it should not do so without first attempting an alternative. The alternative—an effort to see whether we can successfully push unemployment below 5 percent, and perhaps improve the lives of millions in the American underclass in the process—may prove a pipe dream. But the benefits of success outweigh the costs of failure. And we'll never know unless the Federal Reserve chairman opens himself to the possibility that he is wrong.

[From the New York Times, Apr. 10, 1997]

(By Peter Passell)

The latest labor market numbers have been widely greeted as fresh evidence that the Federal Reserve chairman, Alan Greenspan, has a direct line to the Oracle of Delphi. With data suggesting that the demand for workers is growing more rapidly than the working-age population, the Fed's preemptive strike against inflation last month seems to be one more sign that the Fed remains ahead of the game.

But not quite everyone is convinced that Mr. Greenspan's latest prognostication—or for that matter, the unbroken economic expansion since 1991—proves that he has all the answers. For while a recession-free six years may have marginalized his critics, it has not really established that the Fed has found a golden mean between stable prices and economic growth.

For that exquisite balance, if it exists at all, depends as much on value judgments as technocratic insight. "Where was it written," asks Robert M. Solow of M.I.T., a Nobel laureate in economics, "that absolute security against inflation is worth sacrificing unknown quantities of national income?"

Moreover, this seems a particularly unfortunate moment to choose to err on the side of fighting inflation at the expense of higher unemployment—and without even a whimper of debate. To make welfare reform work, there have to be jobs for those pushed off the rolls. Yet without tight labor markets, business will have little incentive to invest in the training needed to bring marginally competent workers into the mainstream.

No one disputes that Admiral Greenspan has kept the economy on an even keel since the recession of 1990–91. His performance seems all the more impressive when compared with that of German, French and Japanese policy makers, who have not been able to spring their economies from the doldrums. Today, unemployment is at 5.2 percent and the economy is growing at an annual rate well above 3 percent.

Indeed, even his critics are quick to praise Mr. Greenspan for flexibility in recent years, keeping interest rates steady as unemployment dipped below the level experience suggested would fuel wage-led inflation. "He deserves a lot of credit" for holding the line long after traditional conservatives were calling for a tougher stance, argues James Tobin of Yale, another Nobel laureate.

By the same token, most economists see the quarter-point interest rate increase last month as a sign of Mr. Greenspan's enlightened pragmatism and the best way to avoid a future recession brought on by painfully high interest rates. "By tightening a little now," suggests William Dudley of Goldman, Sachs, "he makes it less likely he'll have to tighten a lot later."

So what's left to argue about? Plenty. Mr. Tobin says that inflation is simply not a clear and present danger. A close reading of other bellwether statistics—notably the proportion of the newly unemployed who were dismissed and the index of labor demand based on help-wanted ads—is surprisingly benign. "The risks of inflation seem no greater today," he concludes, "than when unemployment was up at 6 percent."

For his part, Mr. Solow is unconvinced by the conventional wisdom that gradualism works best. Small increases in interest rates early on—the pre-emptive strike—may seem less traumatic. But by Mr. Solow's reading of the evidence, larger increases once signs of inflation are unambiguous are no more likely to generate overcorrections.

Economists are comfortable staying within the confines of this purely technical debate. A Greenspan-worshiping majority believes that unemployment is already below the rate that can be sustained without bringing on inflation, or that the economy's momentum will soon bring the rate into the inflationary range. An embattled minority suspects that fundamental changes in the economy—globalization, de-unionization, downsizing—have sharply lowered the level of unemployment that is compatible with stable prices.

But the debate can be confined only to the technical by ignoring its social dimension. No one really knows whether the magic "nonaccelerating inflation rate of unemployment" is 5.5 percent or 4.5 percent. So decisions about the target implicitly have as much to do with how one weighs the consequences of erring on the side of slow growth against the costs of inflation.

Fear of inflation has been an easy sell since the trauma of the oil shocks in the 1970's. Uncertainty about prices leads to economic inefficiency—and, horror of horrors, lower stock prices. Besides, inflation breeds recessions because it eventually brings down the wrath of the monetary gods. But not to belabor the obvious, living with 5.2 percent unemployment if the economy is able to sustain 4.5 percent also has costs: every tenth of a percentage point represents at least 130,000 jobs.

It may be tidier to leave monetary policy in the hands of a benign despot. But it's also a little sad: if the 5 percent unemployment barrier cannot be tested when inflation is beyond the horizon and a Democrat is in the White House, when can it?

HOOSIER HEROS—SPECIAL OLYMPICS COACH JERRY KNOOP

HON. DAVID M. McINTOSH

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 15, 1997

Mr. McINTOSH. Mr. Speaker, I rise today to give my report from Indiana.

During the recess break I had the opportunity to meet with and listen to the stories of the people all throughout the great State of Indiana. These stories of hope, dedication, and family are truly inspirational. Hoosiers who have dedicated their time and compassion to make a difference in the lives of others in communities. These people are truly heroes, Hoosier heroes. I would like to share with you a story of a father who goes above and beyond the responsibilities of a parent. Jerry Knoop, of Fairland, IN, has always been involved in the community. Whether it would be coaching his children's athletic teams, or supporting the local athletes, Jerry has helped unselfishly to better the lives of others.

After an accident left his son, Eddie Knoop, mildly mentally handicap at the age of 8, Jerry discovered that the local athletic programs could no longer accommodate the needs of his son. He then took it upon himself to make sure his son and others like him received the attention they deserve. By working with the local school's special education programs as well as the Special Olympics, Jerry made himself known throughout the community as the man who can't say no to volunteering. When his son became old enough to attend Shares Inc., a local shelter for the handicap, Jerry quickly involved himself by coaching several of the athletic teams. His wife, MarySue, commented that it takes a unique person to coach people with disabilities. Jerry approaches the athletes with a lot of patience and caring.

He takes the time to break down things to the athletes so that they can understand the fundamentals of the sport. He often ends up repeating himself to try and help them as much as they can. It is this type of patience and commitment which won him the 1997 U.S.A. Weekend Most Caring Coach Award.

Nominated by his son, Jerry's commitment to helping others has invoked his family and friends to also involve themselves with the Special Olympics. His daughter and son-in-law, Kileen and Jack Clay, have also coached Special Olympic teams. Kevin Pagent and Don Wright, two coworkers of Jerry have followed Jerry's example by coaching and supporting Special Olympic athletes, often traveling as far away as 2 hours to get to a game. Jerry's influence has also reached to the young people in the community. Kurt Benshimer, a junior at Trinton central High School, got involved with the Special Olympics after learning of Jerry Knoop's dedication through his church, where Jerry also volunteers putting together the weekly bulletin.

Jerry Knoop wholeheartedly puts others in front of himself. We should all follow the example that Jerry sets. Mr. Speaker, I would like to salute Jerry's efforts in the State of Indiana and recognize the positive impact that he has had on the community.

Jerry Knoop is truly a Hoosier hero. That concludes my report from the Second District of Indiana.

THERE THEY GO AGAIN; THE BIG LABOR BOSSES VERSUS AMERICAN TAXPAYERS, EMPLOYERS, AND JOBS

HON. RANDY "DUKE" CUNNINGHAM

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 15, 1997

Mr. CUNNINGHAM. Mr. Speaker, there they go again. In 1996, the big labor bosses in Washington attempted to buy a political party and the elections, using $35 million in union dues from honest working men and women—40 percent of whom opposed the union bosses' endorsed Presidential candidate. Now they are coordinating with the Clinton administration an expansive, expensive, and bureaucratic new Federal contracting regulation to shake down everybody else—American taxpayers, employers, and the 90 percent of workers who are not union members—for the self-serving interests of the labor bosses in Washington.

It should go without saying that the President's proposed Executive order on project labor agreements is in addition to existing Federal contract and labor law, which includes but is not limited to the Service Contract Act, the Davis-Bacon Act, the Fair Labor Standards Act and the minimum wage, the Equal Pay Act, the Family and Medical Leave Act, the Employee Retirement Income Security Act, the Civil Rights Act, the Americans With Disabilities Act, and the Occupational Health and Safety Act, among others, plus the laws of the States.

I enter into the RECORD a memorandum from AFL–CIO President John Sweeney that outlines the labor bosses' plan, so that Members may read it and draw their own conclusions.

AMERICAN FEDERATION OF LABOR AND CONGRESS OF INDUSTRIAL ORGANIZATIONS

Memo to: National and International Union Presidents.

From: John J. Sweeney.

Subject: Support for Pro-Worker Federal Procurement Reforms.

Date: March 25, 1997.

The purpose of this memo is to alert you to an exciting initiative that requires the immediate attention of affiliated unions, and to request your assistance in building the case for these much-needed reforms.

As you may recall, the Clinton Administration recently announced its intention to undertake several initiatives that will protect worker rights and workplace standards while improving federal government procurement and contracting practices. If properly implemented, these initiatives will affect the expenditure of hundreds of billions of dollars every year. In any given year federal contracts total as much as $200 billion, and federal contractors and subcontractors employ approximately one-fifth of the labor force. At any given time perhaps 3% of the labor force is directly employed in the performance of a federal government contract.

In order for these initiatives to take effect and withstand Republican and business community opposition in Congress and the courts, we need the assistance and active involvement of AFL–CIO unions. We are asking affiliates to undertake the efforts described in the attached memorandum, and to designate one person from each organization who will work with us in coordinating these efforts.

Our short term goal is to develop material to buttress our case for these reforms from a hostile attack from the Republican Congress. The long term goal is to build and sustain a body of information to help us make the most of these initiatives and have a positive, pro-worker impact on the world of federal contracting.

The government will be issuing proposed procurement regulations that will accomplish three reforms.

First, the government will evaluate whether a bidder for a government contract has a satisfactory record of labor relations and other employment practices in determining whether or not the bidder is a "responsible contractor" eligible to receive a particular government contract.

Second, the government will not reimburse federal contractors for costs they incur in unsuccessfully defending against or settling unfair labor practice complaints brought against them by the National Labor Relations Board.

Third, the government will not reimburse contractors for the money they spend to fight unionization of their employees.

These proposed amendments to the Federal Acquisition Regulations will be published in the Federal Register for a 60-day notice and comment period by the public, and then issued in final and binding form following consideration of those comments.

President Clinton will also issue an executive order directing all federal departments to consider using a project labor agreement when they undertake government-funded construction projects. This order is not subject to notice-and-comment or other administrative steps.

Republicans in Congress and the business community attacked these plans as soon as the Administration announced them. Republican leaders have said they may try to override them and are also threatening litigation. Both groups assert that the initiatives