Award and received that organization's prestigious Robert H. Schaffer Award in 1998. Dr. Reardon has been honored with citations from individual international fraternities such as Kappa Alpha Order, Sigma Alpha Epsilon, and Phi Gamma Delta, as well as from other colleges and universities throughout the country.

Dr. Reardon has also continued to be actively involved in the affairs of his own fraternity, Phi Delta Theta. His contributions and wise counsel as a devoted alumnus have earned the respect and admiration of these young men over the years.

A native of Clarksdale, Mississippi, Dr. Reardon is also a devoted member and leader at St. John's Catholic Church in Oxford.

I have known Sparky Reardon for more than 33 years. He is the personification of the excellence, achievements, and traditions that are the University of Mississippi. He has been a friend and mentor to thousands of students and colleagues during his remarkable career. I am proud to call him my friend and honored to join this tribute to his 25 years of service to Ole Miss and the state of Mississippi.

SIMPLIFY THE HOME OFFICE DEDUCTION HOME OFFICE TAX SIMPLIFICATION ACT

HON. MAC COLLINS

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 25, 2002

Mr. COLLINS. Mr. Speaker, I rise today, Joined by my colleague the Majority Whip of the House, to introduce the Home Office Simplification Act. This legislation will provide much-need simplification for home-based small business owners which will total 11 million this year.

Today's tax code allows an individual who operates a small business in their home to deduct certain expenses associated with running that home-based business. But not surprisingly, this provision of the tax code is incredibly complex. Since the vast majority of home business operators cannot afford an accountant or tax attorney to decipher all the requirements and avoid potential tax traps, they simply decline to file for the deductions that they are actually eligible for.

STANDARD DEDUCTION

First, the legislation creates a standard deduction of $2500. Taxpayers who meet eligibility requirements could avoid the administrative and calculations nightmare required by itemizing by simply claiming a standard deduction. The $2500 benefit is the equivalent of the average tax home office benefits claimed by those who filed in recent tax years. This amount would be indexed to annual inflation.

REPEAL OF DEPRECIATION RECAPTURE PROVISIONS

This legislation also addresses one of the key deterrents that prevent small business owners from claiming the tax benefits for a home-based business—depreciation recapture provisions. Under changes to the law made in 1997, a home-based business owner, like any other business, can depreciate or ''write off'' over time, capital asset investments they make in their business. However, if at some point they sell the home, then that depreciation must be ''recaptured.'' The effect of that requirement is that homeowners do not get the full benefit of the capital gains tax exclusion which exempts S250,000 ($500,000 for married) on the gain on the sale of a primary residence. The recapture provision put in place in 1997, should be repealed.

This legislation is an important step in the right direction—addressing the need to simplify the tax code for a growing sector of small businesses, the leading Job creators in our economy. The Home Office Simplification Act is a beginning effort to make the tax code more user-friendly for those entrepreneurs creating opportunities for themselves and then-families at home.

ANNIVERSARY OF THE AMERICANS WITH DISABILITIES ACT

HON. JERRY F. COSTELLO

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 25, 2002

Mr. COSTELLO. Mr. Speaker, I rise today to celebrate the 12th anniversary of the Americans with Disabilities Act (ADA). As a cosponsor of this monumental legislation in 1990, I know how significant this legislation is to people with disabilities in my district and throughout the United States.

Before the ADA was enacted in 1990, most people with disabilities were shut out of mainstream American life because of the arbitrary, unjust, and outmoded societal attitudes and practices. When President Bush signed the ADA, the world's first comprehensive civil rights law for people with disabilities, into law in front of 3000 people on the White House lawn on July 26, 1990, the event represented an historical benchmark and a milestone in America's commitment to full and equal opportunity for all of its citizens. The emphatic directive presented in the legislation is that 43 million Americans with disabilities are full-fledged citizens and as such are entitled to legal protections that ensure them equal opportunity and access to the mainstream of American life.

The ADA recognizes that the surest way to America's continued vitality and strength is through the contributions of all its citizens. The achievements and accomplishments of individuals with disabilities are a milestone for this country as a whole and it is important to support the goals and ideas of the ADA. Mr. Speaker, I know my colleagues join me in honoring the 12th anniversary of the ADA and in strong support for strong protections of the rights of those with disabilities.

CONDEMNING ANTI-SEMITISM

HON. BARBARA LEE

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 25, 2002

Ms. LEE. Mr. Speaker, I rise today to condemn the terrible acts of anti-Semitism that have taken place in the last year in the United States and abroad. We cannot stand by in silence and fail to speak out against violence and intimidation.

Recently, Congress passed H. Res. 393, a measure I was proud to cosponsor and support. H. Res. 393 decries the rising tide of anti-Semitism in Europe and cites an alarming list of examples that stretch across the continent. Synagogues have been attacked; Jewish cemeteries have been defaced; Jewish students have been assaulted.

This resolution condemns anti-Semitism in Europe, as we should. We must also condemn it closer to home.

In my own district, in Oakland, California, federal agents are investigating suspicious fires at Beth Jacob Congregation. These acts of arson scarred a century-old building, but did not dim the spirit of this synagogue. Nor did they diminish the bonds of community: instead these acts of violence inspired gestures of friendship and support. Students at the Zion Lutheran School donated toys to replace playthings lost in the fires. These children have a lot to teach us about the power of friendship.

Sadly, we have much to learn. In addition to the fires at Beth Jacob, there have been other disturbing cases of intimidation and hatred against Jews.

In the Bay Area, on college campuses where traditions of tolerance and freedom of expression run deep, Jewish student centers have been vandalized. In the birthplace of the Free Speech movement, people have been harassed on the basis of their beliefs.

Diversity is one of our great strengths. Tolerance is one of our finest virtues. Hatred must not cloud these fundamental principles. We must strive to plant the seeds of peace and renew our commitment to these basic freedoms.

Burning a house of worship, a synagogue, is an act of terror. It is designed to instill fear and inspire hatred. And, yes, we must condemn such acts in Europe. And in California.

Violence and intimidation are utterly wrong. We must all condemn anti-Semitism, in all its forms.

Such acts are hate crimes. Just as I supported H. Res. 393, I strongly support other legislation to recognize hate crimes and to express the sense of Congress condemning violence and prejudice.

STATEMENT UPON INTRODUCTION OF THE WEB—BASED ENROLLMENT ACT OF 2002

HON. ADAM B. SCHIFF

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 25, 2002

Mr. SCHIFF. Mr. Speaker, I rise today to announce the introduction of a piece of legislation that will provide an e-govemment solution to the complicated process of signing kids up for health insurance, the SCHIP Web-Based Enrollment Act of 2002. This bill provides a simple, targeted method for expanding access to children's health care by giving states the flexibility they need to implement web-based enrollment programs for SCHIP.

The Balanced Budget Act of 1997 established the State Children's Health Insurance Program (SCHIP), a program that allows states to cover uninsured children in families with incomes that are above Medicaid eligibility levels. Like Medicaid, SCHIP is a federal-state matching program, but spending has fallen well below allotment levels for a variety of reasons. One of the most striking reasons is that states have had difficulty enrolling enough children to meet the allotment standards. Enrollment in SCHIP has involved lots of redtape, and the complexity of the application has discouraged families from signing up.

To address this problem, states are beginning to utilize new technology and the Internet to streamline enrollment in SCHIP and Medicaid. This new technology has enabled states to reduce program enrollment time, improve accuracy, increase access for applicants, and centralize social service applications in state government. States that have launched or are planning to launch web-based enrollment in SCHIP include: California, Arizona, Florida, Michigan, Georgia, Pennsylvania, Texas, and Washington.

While web-based enrollment is promising, many states are challenged by high start-up costs. This bill would provide states with more flexibility to use their federal SCHIP funds for this kind of activity, and would create a grant program to help States promote web-based enrollment.

The SCHIP Web-Based Enrollment Act of 2002 meets these objectives in the following ways: First, it would allow states to use unused, "retained" (redistributed from the federal government back to the state) SCHIP money for this effort. Under current law, a state may use up to 10 percent of retained 1998 allotments for outreach activities approved by the Secretary. The bill adds an additional provision under that section that allows states to use ANY AMOUNT of their retained funds for web-based enrollment outreach.

Second, the bill establishes a separate grant program, allowing states to apply for additional funds (separate from SCHIP money) for this purpose. The grant program would make $50 million available over 5 years, and grants would be subject to a match rate. The match rate would be tied to their SCHIP match rate, but states would be eligible for up to 20 percent more than their rate, not to exceed 90 percent.

Finally, this legislation provides assistance to states from HHS for development and implementation of the web-based enrollment system by providing information and technical assistance.

There are nine million uninsured children in the United States. In fact, a child is born without health insurance every minute in this country. We must do everything we can to make it easier for families to enroll children in the health insurance programs available to them. I believe that this bill will provide the necessary means to help states expand enrollment in SCHIP. I urge my Colleagues to support this important legislation. Thank you.

MONETARY PRACTICES

HON. RON PAUL

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 25, 2002

Mr. PAUL. Mr. Speaker, as the attached article ("A Classic Hayekian Hangover") by economists Roger Garrison and Gene Callahan makes clear, much of the cause for our current economic uneasiness is to be found in the monetary expansion over most of the past decade. In short, expansion of the money supply as made possible by the policy of fiat currency, leads directly and inexorably to the kind of problems we have seen in the financial markets of late. Moreover, if we do not make the necessary policy changes, we will eventually see similar problems throughout the entire economy.

As the authors point out, our ability to understand the linkage between inflated money supplies and subsequent economic downturns is owing to the ground breaking work of the legendary economists of the Austrian school. This Austrian Business Cycle (or "ABC") theory has long explained the inevitable downside that attends to a busting of the artificial bubble created by inflationary fiat monetary practices.

In the current instance, the fact that there has been nearly a decade of significant increases in the seasonally adjusted money supply, as measured by MZM (as shown by the chart included with the article), serves as a direct explanation for the over capitalization and excess confidence which we have seen recently leaving financial markets. In short, as this article shows, the Austrian theory alone understands the causes for what has been termed "irrational exuberance" in the financial markets.

Mr. Speaker, I wish to commend the authors of this fine article as well as to call it to the attention of my colleagues in hopes that we will not merely understand its implications but also that we find the courage to change monetary policy so that we will not see a repeat performance of this year's market volatility.

A CLASSIC HAYEKIAN HANGOVER

(By Roger Garrison and Gene Callahan)

Are investment booms followed by busts like drinking binges are followed by hangovers? Dubbing the idea "The Hangover Theory" (Slate, 12/3/98), Paul Krugman has attempted to denigrate the business-cycle theory introduced early last century by Austrian economist Ludwig von Mises and developed most notably by Nobelist F. A. Hayek.

Yet, proponents of the Austrian theory have themselves embraced this apt metaphor. And if investment is the intoxicant, then the interest rate is the minimum drinking age. Set the interest rate too low, and there is bound to be trouble ahead.

The metaphorical drinking age is set by—and periodically changed by—the Federal Reserve. In our Fed-centric mixed economy, the understanding that "the Fed sets interest rates" has become widely accepted as a simple institutional fact. But unlike an actual drinking age, which has an inherent degree of arbitrariness about it, the interest rate cannot simply be "set" by some extra-market authority. With market forces in play, it has a life of its own.

The interest rate is a price. It's the price that brings into balance our eagerness to consume now and our willingness to save and invest for the future. The more we save, the lower the market rate. Our increased saving makes more investment possible; the lower rate makes investments more future oriented. In this way, the market balances current consumption and economic growth.

Price fixing foils the market. Government mandated ceilings on apartment rental rates, for instance, create housing shortages, as is well known by anyone who has gone apartment hunting in New York City. Similarly, a legislated interest-rate ceiling would cause a credit shortage: The volume of investment funds demanded would exceed people's actual willingness to save.

But the Fed can do more than simply impose a ceiling on credit markets. Setting the interest rate below where the market would have it is accomplished not by decree but by increasing the money supply, temporarily masking the discrepancy between supply and demand. This papering over of the credit shortage hides a problem that would otherwise be obvious, allowing it to fester beneath a binge of investment spending.

An artificially low rate of interest, then, sets the economy off on an unsustainable growth path. During the boom, investment spending is excessively long-term and overly optimistic. Further, high levels of consumer spending draw real resources away from the investment sector, increasing the gap between the resources actually available and the resources needed to see the long-term and speculative investments through to completion.

Save more, and we get a market process that plays itself out as economic growth. Pump new money through credit markets, and we get a market process of a very different kind: It doesn't play itself out; it does itself in. The investment binge is followed by a hangover. This is the Austrian theory in a nutshell. (Ironically, it is the theory that Alan Greenspan presented forty years ago when he lectured for the Nathaniel Branden Institute.) We believe that there is strong evidence that the United States is now in the hangover phase of a classic Mises-Hayek business cycle.

In recent years money-supply figures have become clouded by institutional and technological change. But in our view, a tale-telling pattern is traced out by the MZM data reported by the Federal Reserve Bank of St. Louis. ZM standing for "zero maturity," this monetary aggregate is a better indicator of credit conditions than are the more narrowly defined M's.

After increasing at a rate of less than 2.5% during the first three years of the Clinton administration, MZM increased over the next three years of the Clinton administration, MZM increased over the next three years (1996–1998) at an annualized rate of over 10%, rising during the last half of 1998 at a binge rate of almost 15%.

Sean Corrigan, a principal in Capital Insight, a UK-based financial consultancy, has recently detailed the consequences of the expansion that came in ". . . autumn 1998, when the world economy, still racked by the problems of the Asian credit bust over the preceding year, then had to cope with the Russian default and the implosion of the mighty Long-Term Capital Management." Corrigan goes on: "Over the next eighteen months, the Fed added $55 billion to its portfolio of Treasuries and swelled repos held from $6.5 billion to $22 billion . . . [T]his translated into a combined money market mutual fund and commercial bank asset increase of $870 billion to the market peak, of $1.2 trillion to the industrial production peak, and of $1.8 trillion to date—twice the level of real GDP added in the same interval" (http://www.mises.org/fullarticle.asp?control=754).

The party was in full swing, and the Fed kept the good times rolling by cutting the fed funds rate a whole basis point between June 1998 and January 1999. The rate on 30-year Treasuries dropped from a high of over 7% to a low of 5%. Stock markets soared. The NASDAQ composite went from just over 1000 to over 5000 during the period, rising over 80% in 1999 alone. With abundant credit being freely served to Internet start-ups, hordes of corporate managers, who had seemed married to their stodgy blue-chip companies, suddenly were romancing some sexy dot-com that had just joined the party.

Meanwhile consumer spending stayed strong—with very low (sometimes negative) savings rates. Growth was not being fueled by real investment, which would require forgoing current consumption to save for the future, but by the monetary printing press.

As so often happens at bacchanalia, when the party entered the wee hours, it became