

Arundel counties and in Baltimore. Aides said Glendening had not endorsed any of the recommendations yet.

Touted by state officials as a common-sense approach to the problem of welfare dependency, the pilot program would require participants to get a job or perform community service after three months on welfare. It also is designed to cushion the transition from welfare to work by providing more health and child care benefits for participants.

Even though state officials said the plan ultimately would save money, it would cost about \$6 million to implement over the next three years in the pilot jurisdictions and \$250 million more to put in place statewide.

The Clinton administration approved the pilot plan only two months ago. But the task force concluded that it may not be worth it to spend the money in the wake of welfare spending cuts that will reduce Maryland's federal funds by \$200 million over the next five years. Instead, members said, the state simply should incorporate some of the less costly features of the pilot program statewide, such as the tougher work requirements.

Del. Samuel I. Rosenberg (D-Baltimore), a task force member and one of the authors of the state's welfare reform bill, said the "fiscal reality is that you can't do" the pilot program. "We're being asked to do more with less," he said.

Like many other states, Maryland is engaged in furious last-minute deliberations over how to cope with the prospect of massive change in the federal-state welfare program. Both the House and the Senate have approved bills that would end the traditional federal guarantee of financial support to poor people who meet certain eligibility standards. Instead, the federal government would send federal money to the states in the form of block grants and give governors and state legislatures more discretion over how the money is spent. Both bills would cut millions from the funds states were expecting to receive from Washington.

Virginia officials said yesterday that they are confident that they are in better shape than Maryland. For one thing, Virginia already has implemented its own welfare overhaul that is far broader than Maryland's. State officials have estimated that their plan will pare thousands from the welfare rolls, saving as much as \$130 million over five years, or more than the Clinton administration's estimate of what Virginia stands to lose in the federal welfare overhaul.

150TH ANNIVERSARY OF
BLACKSTONE, MASSACHUSETTS

HON. RICHARD E. NEAL

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 12, 1995

Mr. NEAL of Massachusetts. Mr. Speaker, today I would like to offer my congratulations to the citizens of Blackstone, MA, on their town's 150th anniversary. Blackstone is named after the Blackstone River which flows through the town and is one of the most significant waterways in American history. It was on the banks of this river over 200 years ago that Samuel Slater built the first American factory thus launching the American Industrial Revolution. Blackstone is also located in the center of the Blackstone River Valley National Heritage Corridor Area. This is a town rich in history and tradition and is the embodiment of the New England spirit.

To honor this important milestone, a series of events was held in Blackstone as part of a year-long celebration. Among the events celebrated were a village fair and parade in May, numerous Fourth of July festivities, and most recently on September 24, a parade celebrating the Blackstone Valley heritage homecoming. The parade was a grand affair with 11 neighboring towns participating, featuring Richard T. Moore, Associate Director for Mitigation of F.E.M.A., as the parade's grand marshal. Following the parade a band competition was held at the Blackstone/Millville Regional Junior/Senior High School in Blackstone. The events received rave reviews from the many who attended.

Congratulations to the hardworking members of the Blackstone 150th Anniversary Celebration Committee. The tireless efforts of these citizens over the past year produced several outstanding anniversary events. Their dedication to their town truly epitomizes the kind of citizenry that has made Blackstone an exceptional American town. I am honored to represent such a wonderful community and I join with the citizens of Blackstone in looking ahead, with tremendous optimism, to the next 150 years.

TRIBUTE TO TAIWAN ON HER
NATIONAL DAY

HON. FRANK PALLONE, JR.

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 12, 1995

Mr. PALLONE. Mr. Speaker, on October 10, 1995, the Republic of China on Taiwan celebrated its National Day. This day of celebration marks the occasion of the end of more than 3,000 years of dynastic rule. I salute the great changes that have been undertaken by the people of Taiwan to transform their country into one that respects the right of the individual to participate in democratic self-rule.

While Taiwan's National Day is a happy occasion, we here in the United States must be concerned by the recent heightening of tensions in the region. The People's Republic of China (PRC) has undertaken a program of intimidation toward Taiwan. The PRC has launched missiles less than 100 miles off the coast of Taiwan, staged "Island Landing" military exercises and openly threatened mock naval blockades. All because democratic Taiwan continues to seek greater international recognition.

The United States has an important role to play in this situation. President Clinton will be meeting with PRC President Jiang in New York as part of the celebration of the 50th anniversary of the United Nations. Under the Taiwan Relations Act of 1980, the United States has an interest in promoting a peaceful solution to the Taiwan situation. I do not think the PRC's actions reflect a move toward peace, and our President needs to remind the PRC of our goals.

Taiwan will have open Presidential elections in March 1996. The two primary political parties have nominated their candidates, and even a powerful independent candidate may take the stage. We have promoted the ideal of democracy throughout the world. Now that it is a reality on Taiwan, we must do what we can to maintain it.

Again, I want to congratulate Taiwan on its National Day, and send warm regards to President Lee Teng-hui on his country's amazing success.

PUTTING ETI'S OFF LIMITS TO
PRIVATE PENSION FUNDS

HON. JIM SAXTON

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 12, 1995

Mr. SAXTON. Mr. Speaker, I would like to bring to your attention an excellent article by Stuart Anderson, policy director of the Alexis de Tocqueville Institution. His article in Investor's Business Daily on September 28, 1995, "Beware Politically Correct Investing," explains why the Federal Government should not require or encourage pension funds to make investments based on criteria other than the risk-adjusted rate of return of an investment. This is an important and particularly timely article considering the Clinton administration's current efforts to conscript private pensions assets into so-called economically targeted investments, which are better described as politically targeted investments.

The Alexis de Tocqueville Institution employed data provided by Morningstar, Inc. that compared the annualized returns of 13 "socially conscious" mutual funds that invested in growth funds to the universe of growth funds. The result was that, "Over 3-, 5- and 15-year growth periods, the average growth fund always outperformed the average socially conscious growth fund."

This new report supports the conclusions of a previous report by the Republican staff of the Joint Economic Committee [JEC]. The JEC report, entitled "The Economics of ETIs: Sacrificing Returns for Political Goals," showed how the investment underperformance caused by ETIs would cost an average of \$43,298 per private pension plan participant after 30 years.

These findings highlight the need for Congress to keep overzealous political appointees in check. In this case, the concern is Labor Secretary Reich's vocal advocacy of ETI's, even given their dismal record. If ETI's underperform non-ETI's, as numerous private studies have shown, then what possible rationale is there to support their implementation? One possible conclusion is that ETI advocates are more interested in the politically driven projects financed by ETI's than in protecting the pension savings of millions of Americans.

It is simply not possible to reconcile two fundamentally conflicting goals assigned to pension plans by Secretary Reich. Traditionally, pensions have had but one goal: to maximize risk-adjusted rates of return. Secretary Reich, however, has added a second goal to pension plans: to utilize pension assets to achieve some political benefit for persons other than the pension beneficiaries. The Labor Secretary's desire to push such a risky political investment strategy, however, flies in the face of his duty to serve as a trustworthy guardian of the nation's pension system, safeguarding it from, among other things, unnecessary risk of pension losses.

But ETIs are not the first time that Secretary Rich has required Congressional oversight.

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,