

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,