moved to the Washington metro area as a result of workforce reductions at the Defense Logistics Agency in Battle Creek and plans to return to Michigan as soon as possible.

Henry has been described by his colleagues as, ''an outstanding employee with the highest moral and ethical standards who represents his agency with a focus always riveted on what is best for the taxpayer.'' He will be missed.

Henry Dawson, ''Hank'' to his friends, graduated in June of 1960 from Western Michigan University with a Bachelor of Business Administration. He then began work on his Masters. Henry is a past President of the Battle Creek Big Brothers and Big Sisters and has held officer positions in both the Battle Creek Goodwill industries and the Exchange Club. His civic involvement includes working in an advisory capacity for Collage Community College and the Calhoun Area Vocational Center. I understand he plans on continuing his civi involvement upon returning to Michigan.

I personally admire Henry Dawson for his years of dedicated federal service and his involvement in many civic activities. I am grateful he plans on returning to Battle Creek. This dedication to his hometown is an element of strength and character to be appreciated.

PRICE STABILITY AND INFLATION TARGETING REFORM

HON. JIM SAXTON

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Tuesday, February 9, 1999

Mr. SAXTON. Mr. Speaker, I rise today to introduce the Price Stability Act of 1999 and to outline the reasons it is needed. More detailed information on inflation targeting is available in several studies I released on this topic as JEC Chairman in the 105th Congress.

This legislation would institutionalize the successful informal inflation targeting policy used by the Federal Reserve in the last several years. This bill establishes that the primary and overriding goal of monetary policy is price stability. Price stability means that Federal Reserve policy is geared to preclude significant inflation or deflation.

In the last several years the Federal Reserve has squeezed inflation out of the economic system, reducing inflation, interest rates, and unemployment together. By fostering and sustaining the economic expansion, this policy has led to a strong economy that has flooded the Treasury with tax revenue, erasing the deficit and creating large and growing budget surpluses.

This policy has been an outstanding success, but its basis has not yet been fully explained. Fed Chairman Alan Greenspan confirmed to me in a JEC hearing last year that the Federal Reserve has carried out an informal inflation targeting approach to price stability. Chairman Greenspan also endorsed the idea of institutionalizing this inflation targeting approach in law. However, although inflation targeting is the norm in many countries, its significance in recent Federal Reserve policy often is not completely appreciated. The discussion of this legislation may serve to improve understanding of monetary policy and lock in the hard-won economic gains of the last several years.

This legislation mandates that the Federal Reserve establish an explicit numerical definition of price stability using a broad measure or index of general inflation in the form of inflation targets that is available and accessible to the public. It also mandates that the Federal Reserve disclose any adjustment to inflation targets and specify the time frame for achieving price stability. The Federal Reserve would be required to specify in advance what actions it will take if its goals are not met within the specified time frame.

Chairman Alan Greenspan's monetary policy has successfully reduced inflation and unemployment together, a feat that many economists regarded as unattainable. These successes of inflation targeting should be locked-in so that they are not dependent on the presence of one particular individual as Chairman of the Federal Reserve. This enactment of inflation targeting legislation would be a fitting tribute to Chairman Greenspan and his successful conduct of monetary policy.

TRIBUTE TO JOHN NEWMAN

HON. GEORGE RADANOVICH

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, February 9, 1999

Mr. RADANOVICH. Mr. Speaker, I rise today to place into the record a eulogy for my friend John Newman, who's life will be celebrated today in my home town of Mariposa, California.

I cannot be there today to celebrate the life, nor mourn the passing, of my friend John Newman. John was a husband and father, a grape grower, a hard worker, a citizen of the community, and a friend. He was a leader with the Boy Scouts—Troop 94—and in his veterans organizations.

I will never forget the time several years ago when John showed me how to build a Christmas Bon-fire—to stack the wood just so, to build a pyramid, to make it loose enough in the center so that it would burn, but with enough fuel; and how to light it so it burnt evenly. Even more important than the wonderful fire he built was the family spirit as he gathered his family together to lead us in Christmas song.

John was a good man from this community, and those lucky enough to have known him are better off for it. That, Mr. Speaker, is the highest praise one can give.

THE OMAHA WORLD-HERALD ON THE INVESTMENT OF SOCIAL SECURITY FUNDS

HON. DOUG BEREUTER

OF NEBRASKA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, February 9, 1999

Mr. BEREUTER. Mr. Speaker, this Member commends to his colleagues an excellent editorial questioning the President's proposal to invest Social Security funds in the stock market which appeared in the Omaha World-Herald, on January 29, 1999.

I'll go further than the World-Herald. Even without detailed study of the issue, it should be clear to most thoughtful Americans that this proposal by President Clinton should be considered ''dead on arrival.'' Chairman Alan Greenspan's opposition is highly appropriate.

[From the Omaha World-Herald, Jan. 29, 1999]

THE GOVERNMENT AS AN INVESTOR: QUESTIONS NEED TO BE ADDRESSED

President Clinton's proposal to invest billions of dollars in Social Security funds in the stock market is the target of a barrage of criticism. Clinton and others who support the idea may have a fight ahead if they are to prove its worth.

The president would allocate 62 percent of the government's budget surpluses over the next 15 years to Social Security to ensure that it can pay promised benefits until 2055. That amounts to about $2.7 trillion.

He has suggested investing more than $40 billion of those Social Security funds a year—nearly $700 billion over 15 years—in the stock market. Another $500 billion would be used to set up individual universal savings accounts for many Americans to bolster the retirement nest-eggs of lower-income people.

The surplus not put into the stock market or individual retirement accounts would be invested just as money collected for Social Security has always been: It would be used to buy Treasury bonds, which are interest-paying federal IOUs.

In the past, Congress and the president have taken the money from Social Security, replaced it with bonds and used the cash like other borrowed income, spending it on programs and services. Clinton, to his credit, has proposed that lawmakers be barred from using future proceeds from those bonds for any purpose other than reducing the national debt.

Alan Greenspan, chairman of the Federal Reserve, has said he highly approves of the national debt provision. Congressional Republicans, on the other hand, criticized the president for failing to earmark any of the surplus for tax cuts.

In addition, many people have specific concerns that will need to be addressed in detail if the plan is to warrant serious bipartisan consideration. Greenspan, in particular, has raised thoughtful questions, most recently on Thursday in front of the Senate Budget Committee.

''I do not believe it is politically feasible to insulate such huge funds,'' he said. With so much money on the table, he said, Congress or the president might be tempted to influence the selection of companies and industries to benefit from government investments.

There is reason for his concern. Congress routinely passes bills that benefit businesses. Members try to direct spending to their districts. Often they try to take care of specific individuals or companies. How much more could they do if the government became a much larger investor in private securities?

Another issue is the matter of political correctness and the pressure that would materialize to use the money for a social statement. Should the government own stock in companies that make cigarettes? That distribute liquor? That offer abortions? That have operations in repressive nations? That have a bad environmental record? Some members of Congress might try to influence investments on the basis of social conscience instead of market savvy.

Clinton supporters have argued that the problem is solvable, perhaps with an independent board of long-term appointees, similar to the Federal Reserve Board. The board would direct investments, perhaps from a limited list of broad, mutual-fund type stocks.

Other opponents have wondered at the propriety of government ownership of shares in