

EXTENSIONS OF REMARKS

INTRODUCING THE PENSION PROTECTION ACT OF 1995

HON. JIM SAXTON

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 9, 1995

Mr. SAXTON. Mr. Speaker, I am here to speak to you this morning because \$3.5 trillion in private pension funds are at risk. Why? Because the Clinton administration has targeted private pension funds as a new way to finance their liberal social spending agenda.

Faced with an angry revolt of voters, fed up with an oversized and overintrusive Federal Government, Clinton's advisers devised a behind the scenes, incremental strategy to achieve Clinton's pension grab.

The overall strategy came from a campaign document called, A National Economic Strategy calling for an \$80 billion investment in an array of social projects that will be leveraged with public and private pensions.

President Clinton and his Department of Labor are trying to use private pensions to fund social investments. These social investments include: Public housing, infrastructure, and pork-barrel projects. The administration has dubbed these social projects economically targeted investments or ETI's, but I prefer to call them PTI's or politically targeted investments.

Stage 2 in Clinton's great pension grab came in June 1994, when Labor Secretary Robert Reich issued an interpretive bulletin which defined ETI's in a way that makes them seem consistent with the Employee Retirement Income Security Act, or ERISA. This law was specifically designed to ensure the safety of America's private pension funds. The strength and force of this law has now been undermined.

Stage 3 in Clinton's pension-fund grab was the establishment of a clearinghouse intended to showcase ETI investments and give them the Federal Government's seal of approval. The Clinton Labor Department, without congressional authorization I note, has already contracted to spend \$1.2 million to get the clearinghouse up and running.

Stage 4 is now in the process of unfolding. As members of the press know, it has been widely reported that the President will likely nominate Assistant Treasury Secretary Alicia Munnell to be the next Governor of the Federal Reserve Board. Not long ago, Munnell proposed a 15-percent Federal tax on private pension funds to help finance the Federal Government's liberal spending habits. Once planted at the Fed, not only will Munnell be completely outside of the reach of Congress, she will also be strategically situated to help the administration execute its grab for private pensions.

Let me emphasize that targeting private pension fund investments is a radical and dangerous idea. ETI's violate the clear mandate of ERISA that a pension fund manager must give complete and undivided loyalty to the pension

beneficiaries. Let me quote directly from ERISA: a pension fund manager must "discharge his duties with respect to a plan solely in the interest of the participants and beneficiaries and for the exclusive purpose of (i) providing benefits to participants and their beneficiaries; and (ii) defraying reasonable expenses of administering the plan."

Besides ETI's obvious conflict with ERISA, the best economic research indicates that pension funds that target social investments produce yields well below market averages. For instance, a 1983 study by none other than Alicia Munnell found that public pension funds that targeted social investments had assets that were significantly riskier, less liquid, and earned lower yields. Also, a 1993 study by Roberta Romano of Yale Law School concluded that the greater the political influence on the investment decision, the lower the corresponding return. And, a 1994 University of Pennsylvania study by Olivia Mitchell determined that public pension funds required to make a certain portion of in-State investments generated lower investment returns.

In light of the empirical research on ETI's and given their dubious legal standing, stage five and beyond in the great pension fund grab becomes easy to predict. The President and his administration will seek ways for the Federal Government to offer subsidies, guarantees, and other imaginative techniques to shield pension trustees from blame when ETI investing pension funds get into trouble.

Richard Ferlauto of the Center for Policy Alternatives gives us a clue to their plans: "ETI programs must be enhanced through the development and use of appropriate risk reduction mechanisms. Examples include state-funded loan guarantee programs, state or private insurance pools, and insurance premiums . . ."

This means taxpayers will be put at risk as well.

The ultimate objective would be to implement a social-responsibility requirement for private pension funds similar to the one now being imposed on banks—an ETI quota for every private pension fund. One need only refer to the ETI quota bill introduced on February 24, 1995, in California to realize the potential damage to the pension community.

What would a 5-percent quota mean if enforced at the national level? In 1993, total private pension fund assets in the United States amounted to \$3.5 trillion. A 5-percent ETI quota would mean that the Government would suddenly have at its command a whopping \$175 billion with which to enact the liberal social agenda. More insidiously still, a quota of even this magnitude would mean that politicians had succeeded in conscripting private pension funds into the compulsory economic service of the U.S. Government.

What Secretary Reich would make permissible today, will become compulsory tomorrow.

Today, I am introducing a bill that will protect the 36 million private pension participants from President Clinton's pension fund grab. My bill, the Pension Protection Act of 1995,

will not alter the fiduciary duties laid out in ERISA. Instead, my bill will simply reiterate that the act means what it says, no more, or less.

ERISA couldn't be clearer. Trustees may not invest in ETI's because by definition ETI's seek to benefit someone other than solely the participants and beneficiaries of the pension plan; and ETI's pursue an objective other than exclusively the interest of the plan's participants and beneficiaries.

My bill removes any uncertainty by making it unambiguously clear that solely means solely not primarily or even overwhelmingly; and my bill makes it unambiguously clear that exclusively means exclusively not almost only or even just about completely. Exactly what parts of solely and exclusively doesn't the Clinton Labor Department understand?

My bill also will prohibit the Federal Government from guaranteeing, subsidizing, or encouraging social investments. And, it will put an end to the clearinghouse.

The security of our pension funds is no small issue. Every American who plans on retiring someday should be very concerned about what the Clinton administration is up to. I believe that if we act quickly, we can ensure that everyone working today can rest easier if my bill to protect their pensions is passed.

FUNDING FOR THE INTERNATIONAL MILITARY EDUCATION AND TRAINING [IMET] PROGRAM

HON. LEE H. HAMILTON

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 9, 1995

Mr. HAMILTON. Mr. Speaker, the Committee on International Relations will be considering the American Overseas Interests Act of 1995, authorizing foreign assistance programs for fiscal years 1996 and 1997, this week.

The International Military Education and Training [IMET] Program will be among those authorized in this legislation. The administration considers IMET a cost-effective and critically important program in advancing the U.S. interest in enhancing allies' defense professionalism and promoting professional militaries under civilian control. Accordingly, Under Secretary of Defense Slocumbe has written to me, urging full funding of the administration's \$39.8 million request for IMET for each fiscal year. The letter follows:

THE UNDER SECRETARY OF DEFENSE,
Washington, DC, May 5, 1995.

Hon. LEE HAMILTON,
Ranking Democratic Member, Committee on International Relations, House of Representatives, Washington, DC.

DEAR MR. HAMILTON: I ask your support for full funding of the Administration's FY96 budget request for the critically important International Military Education and Training (IMET) program.

• This "bullet" symbol identifies statements or insertions which are not spoken by a Member of the Senate on the floor.

Matter set in this typeface indicates words inserted or appended, rather than spoken, by a Member of the House on the floor.

I am sensitive to the austere budget environment, but believe that less than full funding will make it virtually impossible to conduct a viable worldwide IMET program responsive to the changing international situation. Our modest, but essential, \$39.8M request will request will reach more than 3,500 personnel from over 100 countries. It will enhance friends and allies' defense professionalism, strengthen their own training capabilities, and give us access and influence. The IMET program directly supports the United States' National Security and National Military Strategies. Our regional Commanders in Chief forcefully and repeatedly emphasize the program's centrality to the success of their regional security strategies.

While the FY96 request may appear to be a significant expansion of the program, in reality it would simply return IMET closer to traditional funding levels. From FY88 through FY93, annual IMET appropriations ranged from \$47.4M to \$42.5M. Then, in FY94, funding was precipitously cut in half, to \$21.25M, with only a modest recovery to \$25.5M in FY95.

Implementing the IMET program within dramatically lower funding levels of the past two years has been very difficult. Since FY91, our overriding national interest in the promotion and expansion of democracy around the world has required us to initiate IMET programs with 28 new and emerging democracies, primarily in Central Europe and the Newly Independent States. FY94-95 funding levels compelled us to curtail these new programs' growth, eliminate some traditional programs, and slash many more, particularly in Latin America, Asia, and Africa. Moreover, inflation and a smaller pool of U.S. students have significantly increased training costs for foreign students, reducing each IMET dollar's purchasing power. For example, the Army War College now costs \$14,498 per student, vice \$11,429 in FY93.

While we seek to return close to, though still below, the FY93 funding level, it is important to understand we are not simply returning to the earlier program. Important, positive changes have been made to the program's content and focus over the past two years. IMET has been tightly focused on professional military education and Expanded IMET (E-IMET). High cost education, such as pilot training, has been eliminated. The technical training that is still supported is focused on "training the trainer" so that countries can assume more responsibility for their own equipment-oriented instruction. Proposed FY96 funding for new democracies is 160 percent higher than in FY93, while funding for traditional programs is 25 percent less.

If we are to build upon our investments in the new and emerging democracies, maintain support for countries important to Middle East peace, and restore some of the funding for other traditional programs important to our regional strategies, the FY96 IMET request needs to be fully funded. For the Defense Department, IMET is critically important. I would be pleased to discuss these issues with you, and greatly appreciate your support for this important program.

Sincerely yours,

Walter B. Slocombe.

HONORING DR. ED WAYBURN

HON. NANCY PELOSI

OF CALIFORNIA
IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 9, 1995

Ms. PELOSI. Mr. Speaker, I rise today to recognize the achievements of Dr. Edgar Wayburn and to congratulate him on receiving the 1995 Albert Schweitzer Prize for Humanitarianism. In his illustrious career, Ed has achieved distinction as a physician, environmentalist, and humanitarian. He is a worthy recipient of this award and I join his friends and colleagues in congratulating him.

Many people have described Ed as the present day incarnation of John Muir. This is not only an accurate description, but one which complements the legacy of Mr. Muir himself. During his 50 years of service with the Sierra Club, Ed was responsible for over 103 million acres of public lands in the United States being designated as protected areas. These lands included portions of the Redwood National Park, the Golden Gate/Point Reyes region, and vast tracts in Alaska. Their protected status is a tribute to Ed's tireless energy and his lifetime commitment to the preservation of our Nation's wild lands.

On behalf of the millions of Americans who seek respite in these natural sanctuaries, I salute you Ed and wish you and Peggy the best in the years to come.

TRIBUTE TO MEDICAL GROUP
MISSIONS

HON. BILL BAKER

OF CALIFORNIA
IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 9, 1995

Mr. BAKER of California. Mr. Speaker, recently a physician from my district, Dr. Neil Wilson of Orinda, traveled to Ecuador for 2 weeks to help Indians in three Andean villages. He went with a group called Medical Group Missions, a nondenominational association designed to provide assistance to needy people worldwide.

The trip was put together by nurse Diana Bennett, with whom Dr. Wilson had served on the staff of Mt. Diablo Hospital.

As related by Dorothy Bowen in an article in "The Contra Costa Sun," Dr. Wilson in 1993 journeyed to Zimbabwe, treating AIDS patients, living in cement block houses and working with serious ill patients.

This year he traveled to South America. In describing his trip to Ecuador, Dr. Wilson said:

We represent Jesus and His teaching and also our country * * *. The greatest gift was from them to us. They are beautiful people who have the courage to carry on day after day. It's hard to complain about my life after I get home.

It's an honor for me to recognize Dr. Wilson, Diana Bennett and the team that traveled to Ecuador. The work of these outstanding Californians reminds each of us the value of selfless service. I am pleased to recognize them today in the CONGRESSIONAL RECORD.

KILDEE HONORS VFW POST NO.
4087

HON. DALE E. KILDEE

OF MICHIGAN
IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 9, 1995

Mr. KILDEE. Mr. Speaker, it is an honor for me to rise before you today to pay tribute to the Veterans of Foreign Wars Post No. 4087. VFW Post No. 4087 celebrated its 50th anniversary on April 29, 1995 at their beautiful facility that is located in my district in Davison, MI.

VFW Post No. 4087 boasts one of the largest memberships in the State of Michigan, with over 1300 members. The officers and members of VFW Post No. 4087 are known throughout the community for their charitable work on behalf of children. VFW Post No. 4087 is a major supporter of the VFW National Home, which has provided care to the children and grandchildren of America's veterans since 1925. VFW Post No. 4087 has also been an active supporter of Little League Baseball in our community, helping to provide equipment and uniforms so that young people will have the opportunity to play baseball. VFW Post No. 4087 has also been an energetic supporter of the Boy Scouts of America, playing host to a local Boy Scout troop.

VFW Post No. 4087 has played a key role in providing much needed medical equipment to residents of the community. The generosity of the members of Post No. 4087 has assured wheelchairs and hospital beds for those who might have otherwise gone without these essential items. Members of VFW Post No. 4087 frequently contribute their time, and travel many miles, to the nearest Veterans Hospital. The visits have helped to cheer and comfort these veterans who are sick and infirm. Many times through the years the Color Guards and the Firing Squad of Post No. 4087 have participated in events honoring our country. Their reputation precedes them. This has resulted in many invitations to attend parades and various functions in other communities, adding a touch of class and dignity to whatever event they might attend.

Mr. Speaker, VFW Post No. 4087 has provided a dignified home to the bronze plaques that honor those in our area who served in World War II. The plaques were formerly housed in the Industrial Mutual Association Auditorium but needed new home when that auditorium was discontinued. I am particularly pleased to read on these plaques the name of my brother, Kenneth Kildee, who served our country in both World War II and the Korean War.

Mr. Speaker, it is with great pride that I stand before you today, asking you and my fellow Members of Congress to honor the Veterans of Foreign Wars Post No. 4087. For 50 years they have stood firmly to their commitment to this Nation. Their dedication to protecting and promoting the enhancement of the human dignity of all Americans serves as inspiration to the entire community.