heed the insights contained in James Grant's Sunday New York Times article entitled ''Sometimes the Economy Needs a Setback.'' Mr. Grant explores the relationship of technology to the business cycle and identifies the real culprit in business cycles, namely ''easy money.'' Grant explains:

Booms not only precede busts; they also cause them. When capital is so cheap that it might as well be free, entrepreneurs make marginal investments. They build and hire expecting the good times to continue to roll. Optimistic bankers and steadily rising stock prices shield new businesses from having to show profits any sooner than ''eventually.''

Those genuinely interested in understanding the most recent economic downturn will do well to read and contemplate Mr. Grant's article.

[From the New York Times, Sept. 9, 2001]

SOMETIMES THE ECONOMY NEEDS A SETBACK

(By James Grant)

The weak economy and the multi-trillion-dollar drop in the value of stocks have raised a rash of recrimination. Never a people to suffer the loss of money in silence, Americans are demanding to know what happened to them. The truth is simple: There was a boom.

A boom is a phase of accelerated prosperity. For ignition, it requires easy money. For inspiration, it draws on new technology. A decade ago, farsighted investors saw a glorious future for the personal computer in the context of the more peaceful world after the cold war. Stock prices began to rise—and rose and rose. The cost of financing new investment fell correspondingly, until by about the middle of the decade the money became too cheap to pass up. Business investment soared, employment rose, reported profits climbed.

Booms begin in reality and rise to fantasy. Stock investors seemed to forget that more capital spending means more competition, not less; that more competition implies lower profit margins, not higher ones; and that lower profit margins do not point to rising stock prices. It seemed to slip their minds that high-technology companies work ceaselessly to make their own products obsolete, not just those of their competitors—that they are inherently self-destructive.

At the 2000 peak of the titanic bull market, as shares in companies with no visible means of support commanded high prices, the value of all stocks as a percentage of the American gross domestic product reached 183 percent, more than twice the level before the crash in 1929. Were investors out of their minds? Wall Street analysts were happy to reassure them on this point: No, they were the privileged financiers of the new economy. Digital communications were like the wheel or gunpowder or the internal combustion engine, only better. The Internet would revolutionize the conveyance of human thought. To quibble about the valuation of companies as potentially transforming as any listed on the Nasdaq stock market was seen almost as an act of ingratitude. The same went for questioning the integrity of the companies' reports of lush profits.

In markets all things are cyclical, even the idea that markets are not cyclical. The notion that the millennial economy was in some way ''new'' was an early portent of confusion. Since the dawn of the industrial age, technology has been lightening the burden of work and industrial age, technology has been lightening the burden of work and driving the pace of economic change. In 1850, as the telegraph was beginning to anticipate the Internet, about 65 percent of the American labor force worked on farms. In 2000, only 2.4 percent did. The prolonged migration of hands and minds from the field to the factor, office and classroom is all productivity growth—the same phenomenon the chairman of the Federal Reserve Board rhapsodizes over. It's true, just as Alan Greenspan says, that technological progress is the bulwark of the modern economy. Then again, it has been true for most of the past 200 years.

In 1932 an eminent German analyst of business cycles, Wilhelm Röpke, looked back from amid the debris of the Depression. Citing a series of inventions and innovations—railroads, steelmaking, electricity, chemical production, the automobile—he wrote: ''The jumpy increases in investment characterizing every boom are usually connected with some technological advance. * * * Our economic system reacts to the stimulus. * * * with the prompt and complete mobilization of all its inner forces in order to carry it out everywhere in the shortest possible time. But this acceleration and concentration has evidently to be bought at the expense of a disturbance of equilibrium which is slowly overcome in time of depression.''

Röpke, wrote before the 1946 Employment Act, which directed the United States government to cut recessions short—using tax breaks, for example, or cuts in interest rates—even if these actions stymie a salutary process of economic adjustment. No one doubts the humanity of this law. Yet equally, no one can doubt the inhumanity of a decade-long string a palliatives in Japan, intended to insulate the Japanese people from the consequences of their bubble economy of the 1980's. Rather than suppressing the bust, the government has only managed to prolong it, for a decade and counting.

Booms not only precede busts; they also cause them. When capital is so cheap that it might as well be free, entrepreneurs make marginal investments. They build and hire expecting the good times to continue to roll. Optimistic bankers and steadily rising stock prices shield new businesses from having to show profits any sooner than ''eventually.'' Then, when the stars change alignment and investors decide to withhold new financing, many companies are cash-poor and must retrench or shut down. It is the work of a bear market to reduce the prices of the white elephants until they are cheap enough to interest a new class of buyers.

The boom-and-bust pattern has characterized the United States economy since before the railroads. Growth has been two steps forward and one step back, cycle by cycle. Headlong building has been followed by necessary tearing down, which has been followed by another lusty round of building. Observing this sequence from across the seas, foreigners just shake their heads.

Less and less, however, are we bold and irrepressible Americans willing to suffer the tearing-down phase of the cycle. After all, it has seemed increasingly unnecessary. With a rising incidence of federal intervention in financial markets, expansions have become longer and contractions shorter. And year in and year out, the United States is allowed to consume more of the world's goods than it produces (the difference being approximately defined as the trade deficit, running in excess of $400 billion a year).

We have listened respectfully as our financial elder statesmen have speculated on the likelihood that digital technology has permanently reduced the level of uncertainty in our commercial life—never mind that last year the information technology industries had no inkling that the demand for their products was beginning to undergo a very old-fashioned collapse.

Even moderate expansions produce their share of misconceived investments, and the 90's boom, the gaudiest on record, was no exception. In the upswing, faith in the American financial leaders bordered on idolatry. Now there is disillusionment. Investors are right to resent Wall Street for its conflicts of interest and to upbraid Alan Greenspan for his wide-eyed embrace of the so-called productivity miracle. But the underlying source of recurring cycles in any economy is the average human being.

The financial historian Max Winkler concluded his tale of the fantastic career of the swindler-financier Ivar Kreguer, the ''Swedish match king,'' with the ancient epigram ''Mundus vult decipi; ergo decipiatur'': The world wants to be deceived; let it therefore be deceived. The Romans might have added, for financial context, that the world is most credulous during bull markets. Prosperity makes it gullible.

James Grant is the editor of Grant's Interest Rate Observer.

SUPER HARD STEEL

HON. MICHAEL K. SIMPSON

OF IDAHO

IN THE HOUSE OF REPRESENTATIVES

Monday, September 10, 2001

Mr. SIMPSON. Mr. Speaker, I rise today to congratulate Daniel Branagan, Elizabeth Taylor, Joseph Burch, James Fincke, David Swank, and DeLon Haggard on their upcoming R&D 100 Award to be presented next month in Chicago. The R&D 100 award celebrates the 100 most significant technological achievements for the year 2001 as recognized by R&D Magazine. This talented group of scientists made this unique contribution to American science and industry as a materials research team for the Idaho National Engineering and Environmental Laboratory (INEEL). The honor that this team has earned is the 27th such award for the INEEL. Specifically, this team is being recognized for their creation of the new material known as Super Hard Steel.

Super Hard Steel, created through an innovative process that transforms steel alloy into a non-crystalline metallic glass, has hardness properties among the highest ever reported for a metallic substance. Once sprayed on, the Super Hard Steel coating cannot be removed—even with a hammer and chisel. This tough, low cost, wear and corrosion resistant coating is expected to replace, and indeed outperform, much more expensive materials in high-stress machine parts. Already, more than 15 companies are evaluating the metal with an eye towards licensing it and the Department of Defense is expected to soon begin tests of the metal in various demanding environments. Also, the story of the R&D Magazine's award, which has appeared in publications such as USA Today, has already added to the list of companies pursuing this new material.

The work of this intrepid group of Idahoan scientists will soon benefit the entire American economy as their metallic coating, with wide-ranging applications in products such as knife blades and mining rock crushers, becomes integrated into products that affect the lives of all Americans. Who knows exactly how many machine parts will someday be made with Super Hard Steel. It is innovation such as this that everyone at the INEEL, and the entire state of Idaho, are proud to be a part of.

Mr. Speaker, there are a series of government-funded national laboratories across this

great country doing important work akin to this remarkable achievement of the INEEL. The Super Hard Steel Project was funded through the Defense Advanced Research Projects Agency and the INEEL's own discretionary research fund. As Secretary of Energy Spencer Abraham recently said, ''. . . this accomplishment demonstrates the value of government-funded research to the Nation.'' Breakthroughs such as Super Hard Steel prove beyond a doubt that the investment of taxpayer money in these priceless institutions is well spent. I urge my colleagues to join me in wishing these unique individuals and the laboratories that employ them continued success in their important endeavors.

HONORING RON ORLOPP

HON. GEORGE RADANOVICH

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, September 10, 2001

Mr. RADANOVICH. Mr. Speaker, I rise today to pay tribute to Ron Orlopp for his contributions to the California poultry industry. After many years of dedicated service, Mr. Orlopp is retiring as Chairman of the California Poultry Federation (CPF).

Ron has served as Chairman of the CPF for the past two years; he has served on the CPF board for the past 10 years. During his tenure, Orlopp has enhanced the legislative and regulatory effectiveness in Sacramento and Washington, D.C., expanded the Nutrient Management Certification efforts of the CPF, and assisted in bringing the National Chicken Contest to California. Under his leadership, the CPF Executive Committee visits Washington, D.C. annually and sponsors a trip for members and associates every year. Orlopp's efforts with the legislators is one reason the California poultry industry in one of the most profitable agricultural businesses today.

Ron started working with turkeys at the age of eight. He earned a degree in Avian Science from the University of California at Davis in 1976. Later, he studied accounting at Fresno State University and has passed the state board exam to become a Certified Public Accountant. In addition to his position with the CPF, Orlopp is the president of Orlopp Turkey Breeding Farms and a partner in Orlopp-Caviglia Farms.

Orlopp has long been active in agricultural and civic organizations in the area. He is the current chairman of the Tulare County Agricultural Advisory Committee. He is also the past-president of the Poultry Forum. He is a former trustee with the Cutler-Orosi School Board and coached Little League for 10 years.

Ron was born on October 21, 1954 in Dinuba, California. He has been married to his wife, Mary Jane, since 1981. They have three sons, Bryan, Jason and Kevin. His favorite pastimes are watching his boys play sports, hunting, playing basketball, walking in the hills, and playing golf.

Mr. Speaker, I invite my colleagues to join me in paying tribute to Ron Orlopp for his years of service to the California Poultry Federation and his contributions to the California poultry industry. I wish Mr. Orlopp many more years of continued success.

TRIBUTE TO MAGGIE WADE

HON. RONNIE SHOWS

OF MISSISSIPPI

IN THE HOUSE OF REPRESENTATIVES

Monday, September 10, 2001

Mr. SHOWS. Mr. Speaker, I rise today to commend Maggie Wade, from the great State of Mississippi, who has been named a Congressional Angel in Adoption.

As you know, each year the Congressional Coalition on Adoption holds a national awards ceremony honoring individuals whose outstanding efforts have strengthened families through adoption. In Mississippi, that person is indisputably Maggie Wade.

In Mississippi, Ms. Wade is as well known for her community activism as she is for being the trusted news anchor at WLBT. She averages over 175 speaking engagements per year, in addition to her work with the Jackson Chamber of Commerce Mentoring Project, Southern Christian Services, the Mississippi Public Education Forum, Unicef, Easter Seals, and the State Health Department. A true leader in our community, Ms. Wade has been honored with over 150 awards from the grateful recipients of her dedication to serving others.

As a journalist, Ms. Wade has not squandered the opportunity to bring attention to the most important issues in our nation—including the promotion of adoption. She does more than just deliver the news, she creates it; Since 1986, almost 500 children have been adopted as a result of her compassionate weekly segment ''Wednesday's Child.'' This is a great accomplishment for the children and families of Mississippi.

Mr. Speaker, it is a privilege today to honor Maggie Wade for this well deserved award. I ask my colleagues to join me in recognizing Maggie Wade as a true angel in adoption.

75TH ANNIVERSARY OF PICO WATER DISTRICT

HON. GRACE F. NAPOLITANO

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, September 10, 2001

Mrs. NAPOLITANO. Mr. Speaker, I am proud today to rise in recognition of the 75th anniversary of Pico Water District in Pico Rivera, California. Currently serving 5,233 households, the Pico Water District is performing important work during this crucial period of addressing California's water shortage.

Just before the Pico Water District was founded, the 243 homes in the area were served by five small water systems. In 1926, the Pico Rivera Chamber of Commerce called together the town's citizens and urged them to create a more modern water system. The citizens of Pico Rivera recognized that their old-fashioned water system was lowering the value of their homes. After much consideration, they agreed to consolidate their small systems into one large system. They voted to form the Pico Water District under the State Water Act of 1913. The newly elected Board of Directors for the Pico Water District held their inaugural meeting on September 20, 1926, and have been in operation ever since.

As in 1926, California is again at a point in time when we are realizing that we must modernize our water system. If we are perceived by others as a region that is water deficient, it will be difficult to sustain the businesses that complement our high-tech and biotech industrial base and our diverse agricultural economy that is so important to our nation and the global marketplace. I applaud the Pico Water District for doing its part by continually modernizing its system while providing the residents of Pico Rivera with low cost, high quality water service.

The Pico Water District currently has nine functional wells available to deliver water. The present energy crunch is being met in Pico Rivera by a water district prepared to provide uninterrupted excellent service. In fact, in the past 75 years, only natural disasters such as earthquakes have interrupted the District's water service.

The Pico Water District provides only the highest quality water to its customers. Every week, numerous bacteriological and chemical tests are performed by the District. As a result of this meticulous work and the high standards maintained by the District, the quality of Pico Rivera's water has never been challenged by the Health Department. This high quality service is provided at very reasonable rates. In fact, the Pico Water District remains the only water district in Los Angeles County that does not tax its customers.

I urge all of my colleagues to join me in recognizing the hard work of the Pico Water District. The high quality of service the District provides should serve as a model for water providers throughout California. Since 1926, the Pico Water District has worked as a cohesive unit to provide water to its customers. Please join me in commending them as they celebrate their 75th Anniversary.

IN RECOGNITION OF THE AEGEAN REGATTA

HON. CAROLYN B. MALONEY

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, September 10, 2001

Mrs. MALONEY of New York. Mr. Speaker, I would like to pay tribute to an event that took place on August 18, 2001. Nikos Sifounakis, Minister of the Aegean, was the sponsor of Aegean Regatta 2001, an international event that highlights the rich culture and history of the Aegean islands.

This event pays tribute to the ancient mariners who first introduced Hellenic culture to other parts of the world and honors today's international mariners. The Aegean Regatta celebrates the incomparable beauty of the area, as well as its remarkable history. The poetry of Sappho and Elylis of Mytilini, Seferis of Smyrna and Homer of Chios, who derived their inspiration from the national beauty of the Aegean, continues to enchant and enthrall modern readers.

The Aegean Regatta stands as a testament to the legacy of sportsmanship community of this great civilization, a tradition also exemplified by the Olympics. Like the Olympics, the Aegean Regatta fosters community bonds among people of different countries and cultural backgrounds.

The ancient mariners of the Aegean were known far and wide for their skill. Their vessels carried both raw materials and new concepts of democracy, vision and hope. Participants in the 2001 Aegean Regatta are heirs to