



CONGRESS OF THE UNITED STATES

CONGRESSMAN JIM SAXTON

PRESS RELEASE

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ADMINISTRATION'S POOR RECORD ON PENSION SECURITY DOOMS SOCIAL SECURITY PROPOSAL

– Criminal Probe of Government Advisor Highlights Dangers –

WASHINGTON, D.C. -- The Administration's proposal for government investment in the stock market will not stand up to scrutiny given its promotion of social investing by pension funds and the related criminal investigation of a key player in that effort, **Congressman Jim Saxton** predicted today. These facts buttress the concerns of those such as Federal Reserve Chairman Alan Greenspan, who fear that political and social factors will influence investment decisions made with social security funds in the stock market.

"The Administration's promotion of social investing by private pension funds substantiates the concern that political and social factors would play a role in the proposed investment of social security funds," Saxton said. "The denials of Administration officials regarding the problems of social investing of public retirement funds would ring less hollow had the Administration not promoted social investment with the private pension funds owned by many millions of working Americans.

"Even a cursory examination of the Administration's long promotion of social investing in private pension funds will raise damaging questions about its social security proposal. For example, the Administration claims that there is no real danger in the proposal since a private advisory firm could be selected by competitive bidding, thereby insulating the decisions from the pressures of special interests.

"In one Administration social investment program, however, a key role was given through competitive bidding to a firm that later fell under federal criminal investigation. Though this firm was later liquidated because of its legal problems, this is not the kind of outfit that we want steering private or public retirement funds. The retirement security of senior citizens is too important to jeopardize with ideas that have a failed track record.

"In the end, the scrutiny of the social security proposal will increase public awareness of a host of issues related to retirement security, and by so doing will undermine public support of this initiative."

Saxton's statements refer to the Administration's earlier social investment promotion involving "economically targeted investments," or ETIs. The Administration attempted to promote these social investments by private pensions through an administrative ruling and by establishing a clearinghouse with information and advice on ETIs. The clearinghouse was started under contract with Hamilton Securities, a firm that later came under federal criminal investigation on another matter involving fraud in financial transactions for the Department of Housing and Urban Development.

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