

There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Utah to table the Reed amendment No. 3610. The yeas and nays have been ordered. The clerk will call the roll.

The legislative clerk called the roll.

Mr. FORD. I announce that the Senator from Ohio (Mr. GLENN) is necessarily absent.

The result was announced—yeas 63, nays 36, as follows:

[Rollcall Vote No. 281 Leg.]

YEAS—63

Abraham	Frist	Mack
Allard	Gorton	McCain
Ashcroft	Graham	McConnell
Bennett	Gramm	Murkowski
Biden	Grass	Nickles
Bond	Grassley	Reid
Breaux	Gregg	Robb
Brownback	Hagel	Roberts
Burns	Hatch	Roth
Campbell	Helms	Santorum
Chafee	Hutchinson	Sessions
Coats	Hutchison	Shelby
Cochran	Inhofe	Smith (NH)
Collins	Johnson	Smith (OR)
Coverdell	Kempthorne	Snowe
Craig	Kohl	Specter
D'Amato	Kyl	Stevens
DeWine	Landrieu	Thomas
Domenici	Lieberman	Thompson
Enzi	Lott	Thurmond
Faircloth	Lugar	Warner

NAYS—36

Akaka	Durbin	Leahy
Baucus	Feingold	Levin
Bingaman	Feinstein	Mikulski
Boxer	Ford	Moseley-Braun
Bryan	Harkin	Moynihan
Bumpers	Hollings	Murray
Byrd	Inouye	Reed
Cleland	Jeffords	Rockefeller
Conrad	Kennedy	Sarbanes
Daschle	Kerrey	Torricelli
Dodd	Kerry	Wellstone
Dorgan	Lautenberg	Wyden

NOT VOTING—1

Glenn

The motion to lay on the table the amendment (No. 3610) was agreed to.

Mr. HATCH. Mr. President, I move to reconsider the vote by which the motion was agreed to.

Mr. ABRAHAM. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. HATCH addressed the Chair.

The PRESIDING OFFICER. The Senator from Utah.

CHILD CUSTODY PROTECTION ACT

UNANIMOUS CONSENT REQUEST—S. 1645

Mr. HATCH. Mr. President, I ask unanimous consent that the only amendments in order to S. 1645, the child custody bill, other than the substitute, be the previously filed amendments which are at the desk and limited to the following:

Senator FEINSTEIN: to exempt adult family members of a minor from prosecution;

Senator BOXER: to allow consent of a parent after a minor's abortion;

Senator KENNEDY: to require deference to State authorities;

Senator KENNEDY: to provide an exception for State laws that have been

enjoined or held unconstitutional or that State enforcement authorities have declined to enforce;

Senator HARKIN: to provide an exception in the case of rape or incest;

Senator LEAHY: to provide a complete substitute, which makes the offense the use of force or threats of force to transport a minor;

And a relevant amendment by Senator ABRAHAM.

I further ask unanimous consent that there be no other amendments in order, including second degrees; that following the disposition of the above-listed amendments, the bill be read a third time and the Senate proceed to vote on passage of the bill, with no intervening action or debate.

The PRESIDING OFFICER. Is there objection?

Mr. TORRICELLI. Reserving the right to object.

Mr. LEAHY. Mr. President, I am advised there is an objection, so I, therefore, object.

The PRESIDING OFFICER. Objection is heard.

Ms. COLLINS. Mr. President, I rise today to engage my colleague from Michigan, the sponsor of the Child Custody Protection Act, in a colloquy to clarify the legislation's intent with regard to existing State parental notification laws.

The State of Maine has a carefully constructed adult consent requirement. In my state, a minor under 18 may obtain an abortion with the informed consent of either one parent, a guardian or an adult family member. Absent that consent, she may obtain an abortion if she receives counseling from a physician, psychiatrist, ordained member of the clergy, nurse, physician's assistant or qualified counselor. She may also obtain an abortion without parental or adult family member consent by securing a court order.

Will the legislation we are considering today in any way override or supersede Maine State law?

Mr. ABRAHAM. I want to thank my colleague from Maine for this opportunity to answer important questions on the Child Custody Protection Act. The intent of this legislation is to protect state-passed parental involvement laws. Residents of the states have supported and passed parental involvement laws and they deserve to have their will protected. The Child Custody Protection Act would have no effect on Maine's parental consent law as it applies to minors who reside in Maine. It would in no way override or supersede that law with respect to Maine minors, families, or others. The only effect of legislation would be to restrict a non-parent, non-guardian from transporting a minor from another state where the minor resides to Maine in order for the out-of-state minor to obtain an abortion in Maine and avoid the minor's home state parental involvement law.

Ms. COLLINS. Opponents of this bill contend that health care providers in

states like Maine that do not have a law requiring parental involvement could still be liable for conspiracy or as accomplices under this legislation. The liability would presumably apply when they perform or participate in performing an abortion on a minor brought into Maine in violation of the proposed statute. Is this analysis correct? Are there any circumstances under which Maine's health care providers performing or participating in the performance of what, under Maine state law, would be legal abortion on a minor, could be held liable under your bill? Would these providers have any new legal responsibilities as a consequence of the enactment of this legislation?

Mr. ABRAHAM. This is an important point to clarify. The violation of this act is not the performance of an abortion. The violation of this act is the transportation of a minor across state lines to obtain an abortion without involving that minor's parent as required by the law of her home state. The abortion provider would only be in violation of this act if the provider actually conspired to transport or assisted in transporting the minor across state lines to obtain an abortion without the parental involvement that the minor's home state required. Providers who had not engaged in any such activities related to the transport of a minor would not incur any criminal liability or face any new legal responsibilities under this legislation.

Mr. DEWINE. Mr. President, I rise today to offer my strong support for the Child Custody Protection Act of 1998, which would make it a crime to transport a child across state lines to circumvent a state law requiring parental involvement or a judicial waiver for a minor to obtain an abortion.

Twenty-two states have laws saying a parent or guardian has to be notified or their consent given if a child is trying to get an abortion. What's happening now—far too often—is that people who aren't parents or guardians are taking the children across state lines, secretly, to get abortions in another state where parental notification isn't required.

It is my hope that this bill will achieve two important goals—to protect the health of children and to protect the rights of parents. In fact, Mr. President, I believe that empowering parents is the single biggest investment we can make in ensuring the health of our children.

Parents have the right and duty to be involved in the moral and medical decisions that affect their children's welfare.

When it comes to parental notification on abortion, the American people have reached a clear consensus. By a huge majority—80 percent—they favor parental notification. And 74 percent favor not just parental notification, but parental consent. This is a clear expression of the national wisdom. This legislation is an effort to make that kind of informed decision possible.

Earlier this year, we worked on another bill, one that is now law. In that bill, the Administration and the Congress mandated that the flight of a parent to another state to avoid paying child support is a Federal crime. I worked with Senator KOHL to champion the Deadbeat Parents Punishment Act in order to protect the interests of America's children. We have to pursue zealously those who would harm our children, either by omission or by commission.

Mr. President, the very same principle is embodied in the Child Custody Protection Act. There are those living among us who would place our children in harm's way by transporting them across state lines to achieve dangerous goals, both physically and emotionally. One such goal is abortion. The right of citizens to pass and enforce laws regarding the rights of parents is completely violated by the ability of others to transport children to another state to obtain an abortion. As a nation, we must use all the resources available to us in order to protect our children, and our families, from this conduct.

That is our purpose here today. I thank Senator ABRAHAM for his strong leadership in bringing this legislation forward.

I am sorry that my colleagues on the other side of the aisle have rejected our unanimous consent agreement. It was a fair agreement that provided unlimited debate on germane amendments to this bill. Unfortunately, the vote that we will take shortly to invoke cloture to end debate on the bill, may really be a vote to kill the bill if it fails. Let's be frank those voting to continue debate are really voting against the health of our children and the rights of parents. I would implore my colleagues on the other side to vote for cloture—for our kids.

Mr. HELMS. Mr. President, Mark Twain was right on target with his comment that everybody was talking about the weather but nobody was doing anything about it.

Well, in our time almost everybody is indeed talking about family values but, thank goodness, many voices are being lifted in a concerted effort to do whatever is necessary to reverse a dangerous trend in America.

It's a trend that has been leading America down the slippery slope to self destruction.

The remedy? The preservation and restoration of the moral and spiritual principles and priorities laid down by our Founding Fathers a couple of centuries ago.

Given the time, I could identify hundreds of souls across this land who are hard at work in this massive restoration project—Bill and Elaine Bennett, for example. And in this Senate there are many who speak out with some regularity on the subject.

I am proud of them, and in today's special frame of reference, I am specially proud of the distinguished Senator from Michigan, SPENCE ABRAHAM,

and all the cosponsors of S. 1645, The Child Custody Protection Act which is the pending business.

Mr. President, like, I pray, the majority of Americans, I was outraged by news reports that a 13-year old Pennsylvania girl was taken by a non-relative to another state to have an abortion without her parents' knowledge. Not knowing the whereabouts of a child, is surely a parent's worst nightmare. But, Mr. President, how much more frightening would it be for parents, if federal law permitted a stranger to perform an abortion on their child. Abortion is a medical procedure, potentially, which may cause psychological and physical complications. But this frightening scenario happened, and it will continue to happen if Congress does not pass the "Child Custody Protection Act". This pending legislation ensures that state laws requiring parental notification before an abortion can be performed on a minor will not be circumvented by crossing a state line. In other words, the parents in Pennsylvania will have their rights protected, so that, in turn, they can protect their 13-year old daughters from this traumatic experience.

Of course, if we were talking today about a medical procedure, other than abortion, there would be no need to defend a parent's right to be informed. But, this major money-making industry is worrying its pocketbook will be affected if parents are able to discourage their daughters from having an abortion. Abortion advocates are once more pulling out their deceitful tricks and desperately trying to defeat this bill.

Even Senators who disagree on the legality of abortion should feel comfortable with this legislation, because the vast majority of Americans agree that parental notification laws need to be protected. A recent poll conducted by Baseline & Assoc. shows that 78% of Americans strongly believe that it should be unlawful to take a minor across state lines to obtain an abortion without her parents' knowledge.

It comes down to this: Congress has an obligation to protect parental rights. Congress needs to protect states, like Pennsylvania, that have decided that parents have a right to be notified about their daughters' intent to destroy an unborn child—a decision, by the way, that even the Supreme Court has deemed constitutional in *Planned Parenthood vs. Casey*.

The parents in Pennsylvania are courageous, and they have not minced their words. They state unequivocally that they will not be pushed aside when it comes to being involved with their daughters' well-being. It is up to those of us in Congress to stand by the parents in Pennsylvania and the other states which have passed laws protecting parental authority.

To be precise, twenty-two other states have passed laws similar to Pennsylvania's—North Carolina being one of them. The parents of North

Carolina have exercised their rights as voters and have also said that no abortion shall be performed on their daughter without their knowledge.

The question Congress needs to ask itself is this: Whose rights are we going to protect, those of abortionists—or parents? Are we going to tolerate that abortionists, who desire nothing more than to make a pretty penny off of young girls who are in a vulnerable state of mind, have more rights than the parents who love and care for their daughters more than anyone else in the world. Congress needs to be unmistakably clear that the job of deciding what is best for a teenager belongs to parents, not abortionists.

Simply put, America cannot afford to allow parental authority to be undermined. With the breakdown of so many families, it is absolutely critical that nothing further be done to weaken the relationship between parents and their children. While there are numerous contributory factors to society's ills today—the disintegration of the American family is, in my judgement, the primary culprit.

By passing the "Child Custody Protection Act," we are saying that the custody of children both rightfully and fundamentally belongs to responsible parents.

I pray that the Senate will follow the overwhelming decision of the House of Representatives and protect a parent's right to decide what is best for their daughter.

Mr. KOHL. Mr. President, I rise today to urge my colleagues to vote against the cloture motion on S. 1645, the Child Custody Protection Act. I do so as a supporter of the bill and as one who supported cloture on the motion to proceed to S. 1645.

Let me be very clear. I support a family's involvement in a minor's very grave decision to have an abortion. I also support the rights of States to protect minors in their borders by passing constitutional consent measures. In my State of Wisconsin, there is a law that requires minors seeking an abortion to get the permission of a parent, a grandparent, an adult sibling, or a judge in cases where family support is unlikely.

The reports of adults driving unrelated minors across state lines to avoid state consent laws are very disturbing. It is bad enough that a minor would make such a large decision and have such a serious procedure without the support of a family member. It is worse that the procedure might be performed far from home and away from the child's family doctor. It is because of these concerns that I supported S. 1645.

However, S. 1645 as written is very narrow, and currently would cover only those few states that have strict parental consent laws. It would not cover Wisconsin where the law allows other family members to grant the required consent. In voting in Judiciary Committee to send S. 1645 to the floor, I had assumed that we would be able to

address this shortcoming, as well as other technical difficulties with the bill.

Unfortunately, the Majority decided to file cloture immediately on the bill before any perfecting amendments could be offered. Under the strict rules of cloture, virtually no amendments to S. 1645 would be in order. Of most concern to me, it would have been out of order to consider an amendment protecting from criminal prosecution a grandparent who drove a minor across state lines for an abortion. I supported such an amendment in Committee and think it is a necessary, wise, and humane addition to this legislation.

I am sorry that final consideration of this important measure will be pushed aside by partisan procedural wrangling. Consent laws may be one aspect of the highly charged abortion debate on which a majority of the Congress and a majority of the American people can agree. Sadly, we won't have a chance to find out as the rush to the campaign shoves consensus and sound policy off the agenda.

Mr. LEVIN. Mr. President, I am opposed to S. 1645, the so-called Child Custody Protection Act. This legislation would prohibit and set penalties for transporting an individual under the age of 18 across a state line to obtain an abortion even though the abortion is legal in the state that individual is taken to. It would subject close relatives such as grandmothers, aunts, and siblings to criminal prosecution for an action totally legal where taken. In fact, an amendment that would have excluded grandmothers and other close adult relatives from federal prosecution was defeated in Committee by proponents of this bill. Invoking cloture at this time would preclude this amendment on the Senate floor.

When faced with difficult choices regarding abortion and reproductive health, young women should be encouraged to seek counsel from their parents or other trusted adults. In many cases, even in states without mandatory parental consent laws, young women involve one or both parents. However, if a young woman feels that she cannot involve her parents for whatever reason, such as her fear it would put her in danger of abuse or if the pregnancy is the result of incest, she should not be discouraged from seeking the counsel of a trusted adult. I support adult involvement in this very difficult decision, but we must recognize that in some cases it is not always possible for the adult to be a parent. This bill would make it a federal misdemeanor for a grandmother to take her granddaughter to another state for an abortion even if the mother is dead and the father is in jail for incest.

Without question, we should encourage parents, educators and counselors to help prevent teenage pregnancy within their state and communities. Teenagers need to be informed of the responsibility that comes with sexuality and parenthood. But making it

more difficult for young women to turn to a trusted adult, be it an older sister, aunt, or grandmother, is clearly not the way to do this.

This legislation also raises some unusual federalism questions that concern me. Under this bill, state laws would follow the people who live in those states when they travel to other states. The legislation would require the federal government to prosecute people for an activity that is lawful in the states in which the activity takes place (if that activity is not lawful in the state in which they reside). The Federal government does not impose this same restriction on crossing state lines in any other case that I can think of such as to gamble or buy liquor, cigarettes or guns. For the first time since slavery this legislation would make it criminal to go to a state to act in a way that is legal in that state. This is a terrible precedent.

This legislation would impose federal penalties in states that have opted not to implement parental involvement requirements. I believe such decisions should be made by the citizens of each state, not by the residents of a neighboring state.

People who act legally in Michigan should not be prosecuted because acts are illegal in another state and Michigan citizens should not be prosecuted for acts which are legal in the state in which they are performed.

Mr. JOHNSON. Mr. President, I rise today to reiterate my support for S. 1645, the Child Custody Protection Act. I have long supported the right of states to enact and enforce parental notification laws with respect to a minor's access to abortion services, and I believe steps should be taken to prevent individuals from circumventing such laws. However, I voted against cloture on this bill today because such a vote would have had the effect of denying my Senate colleagues on both sides of the aisle an opportunity to offer amendments. While I do not necessarily support all of the amendments which might have been offered, I cannot in good conscience vote to circumvent what should be an open and fair debate on this important issue. The White House has threatened to veto this bill in its current form and I believe a vote for cloture today would have sealed the fate of this bill without consideration of compromise language toward the shared goal of preventing abortions.

Every parent has the right to be involved in their minor's decision to terminate a pregnancy. The Child Custody Protection Act would promote parental participation in what must be the most difficult decision a young girl might face. The federal government can play a role in protecting states rights in this regard, and should support minor and adult women in alternatives to abortion. I always have supported efforts to promote adoption to ensure that children grow up in a loving environment with a supportive family. I believe the

federal government should promote adoption assistance and should encourage moving children from foster care into adoptive homes. I remain hopeful that my colleagues in both political parties and I can work together to create a system that reduces unwanted pregnancies and abortions, encourages adoption, and results in strong families.

Mr. President, I will continue to work with the Senate leadership in an effort to move the Child Custody Protection Act forward so that the rights of parents are protected in the face of this most difficult decision, and that minor and adult women continue to be provided with alternatives to terminating a pregnancy.

CLOTURE MOTION

The PRESIDING OFFICER. Under the previous order, pursuant to rule XXII, the Chair lays before the Senate the pending cloture motion, which the clerk will state.

The assistant legislative clerk read as follows:

CLOTURE MOTION

We, the undersigned Senators, in accordance with the provision of Rule XXII of the Standing Rules of the Senate, do hereby move to bring to a close debate on the committee amendment to S. 1645, the Child Custody Protection Act:

Trent Lott, Orrin G. Hatch, Spencer Abraham, Charles Grassley, Slade Gorton, Judd Gregg, Wayne Allard, Pat Roberts, Bob Smith, Paul Coverdell, Craig Thomas, James Jeffords, Jeff Sessions, Rick Santorum, Mitch McConnell, and Chuck Hagel.

CALL OF THE ROLL

The PRESIDING OFFICER. By unanimous consent, the mandatory quorum call has been waived.

VOTE

The PRESIDING OFFICER. The question is, Is it the sense of the Senate that debate on the committee substitute amendment to S. 1645, a bill to amend title 18, United States Code, to prohibit taking minors across State lines to avoid laws requiring the involvement of parents in abortive decisions, shall be brought to a close? The yeas and nays are required under the rules. The clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. FORD. I announce that the Senator from Ohio (Mr. GLENN) is necessarily absent.

The yeas and nays resulted—yeas 54, nays 45, as follows:

[Rollcall Vote No. 282 Leg.]

YEAS—54

Abraham	DeWine	Hutchinson
Allard	Domenici	Hutchison
Ashcroft	Enzi	Inhofe
Bennett	Faircloth	Kempthorne
Bond	Frist	Kyl
Brownback	Gorton	Lott
Burns	Gramm	Lugar
Campbell	Grams	Mack
Coats	Grassley	McCain
Cochran	Gregg	McConnell
Collins	Hagel	Murkowski
Coverdell	Hatch	Nickles
Craig	Helms	Reid
D'Amato	Hollings	Roberts

Roth
Santorum
Sessions
Shelby

Smith (NH)
Smith (OR)
Snowe
Stevens

Thomas
Thompson
Thurmond
Warner

NAYS—45

Akaka
Baucus
Biden
Bingaman
Boxer
Breaux
Bryan
Bumpers
Byrd
Chafee
Cleland
Conrad
Daschle
Dodd
Dorgan

Durbin
Feingold
Feinstein
Ford
Graham
Harkin
Inouye
Jeffords
Johnson
Kennedy
Kerrey
Kerry
Kohl
Landrieu
Lautenberg

Leahy
Levin
Lieberman
Mikulski
Moseley-Braun
Moynihan
Murray
Reed
Robb
Rockefeller
Sarbanes
Specter
Torricelli
Wellstone
Wyden

NOT VOTING—1

Glenn

The PRESIDING OFFICER. On this vote, the yeas are 54, the nays are 45. Three-fifths of the Senators not having voted in the affirmative, the motion is rejected.

Mr. ABRAHAM. Mr. President, I ask unanimous consent to speak for up to 5 minutes with respect to the vote which just transpired.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ABRAHAM. Mr. President, I rise to comment on the vote which has just occurred on the effort to bring cloture on the Child Custody Protection Act. Obviously, as the sponsor of the legislation, I am disappointed we will not be moving forward at this time.

As I think the Presiding Officer is aware, as our fellow Members are aware, we have been trying to work with the interested parties on both sides since the bill came out of committee to try to limit the number of amendments so we might have a piece of legislation that could move through here in a reasonable period of time. Unfortunately, we could not get to that point. Our hope had been to limit, through the unanimous consent offer that was made earlier today, the amendments to those that have been filed that were germane. That was not agreed to.

Unfortunately, as is certainly every Member's prerogative here, there was the desire for people to bring amendments that were wholly unconnected to the child custody protection issue.

Obviously, given the calendar of the Senate as we look forward to the next few weeks, much business remains for us to complete, so the likelihood we will be able to continue with respect to this legislation during this Senate session seems very unlikely.

I certainly remain receptive to any counteroffers from the minority with regard to the possibility of limiting amendments and time. Realistically, that does not seem like it is potentially going to occur this year.

I think this is very important legislation. Across this country, every day families who live in States that have enacted parental consent laws are finding that those laws mean nothing because minor children are being transported across State lines without pa-

rental involvement or consent for the purpose of abortions being committed. This is wrong. People in my State, where we have enacted such legislation, have the right to rely on this legislation, to believe that their children will be safe and protected, and that they will participate in the important decisions of their children's lives.

I hope if we can't resolve this issue and bring this bill back to the floor this year that our colleagues will work together with me next year so that we might be able, early in the session, to move ahead. The House passed this legislation overwhelmingly. I believe if it came to a final vote of passage in the Senate it would likewise pass overwhelmingly. I believe it would move legislatively in a direction that is good not only for the young children affected by this legislation, but for our families, as well.

I want to thank the people who voted for cloture today. I want to encourage those who wish to bring amendments that are not germane to this legislation to consider other vehicles to possibly include those amendments so that we might still have a chance this year to move ahead on this legislation and do so in an expeditious timeframe.

If not, I certainly want to send out a welcome to anybody who wants to work with me because I do not intend to end this effort this year. I intend to continue until we pass the legislation. I yield the floor.

CONSUMER BANKRUPTCY REFORM
ACT OF 1998

The Senate continued with consideration of the bill.

The PRESIDING OFFICER. The pending business is the bankruptcy bill.

The Senator from Iowa.

Mr. GRASSLEY. Mr. President, I ask unanimous consent there be 2½ hours of debate equally divided on the Harkin amendment regarding interest rates. I further ask that all debate time on the amendment be consumed this evening and the amendment then be temporarily set aside.

The PRESIDING OFFICER. Is there objection?

Mr. HARKIN. I object.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. HARKIN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. SMITH of Oregon). Without objection, it is so ordered.

Mr. HARKIN. Mr. President, tomorrow I will be laying down a Sense of the Congress amendment calling on the Federal Reserve to lower interest rates as a preemptive strike against a recession in 1999. This is a very crucial issue coming at this point in time. I am

going to take some time to speak about it and lay out why it is necessary for us, I believe, to take this kind of action and to express ourselves.

The amendment I will be offering on behalf of myself and Senators DORGAN, CONRAD, WELLSTONE, KERREY, and BRYAN will urge the Federal Open Market Committee to promptly reduce short-term interest rates as a preemptive strike against a recession in 1999. One week from today, the Federal Open Market Committee will meet to vote on interest rate policy. That is why it is crucial that the Senate send a clear message to the Fed: "Lower interest rates now."

Mr. President, if we want to significantly decrease the number of bankruptcies in this country, one of the best ways to accomplish this important goal is to reduce the risk of people losing their jobs.

With the chance of deflation and a recession rising, we need to lower interest rates.

Over 2 years ago, against the conventional wisdom of the time, I took to the floor of the Senate to speak and to openly put a hold on Chairman Alan Greenspan's renomination to the Federal Reserve Board until we had a debate on U.S. monetary policy.

One of the reasons I did this was to ensure that we had a significant debate on the Fed's focus only on inflation to the exclusion of other factors. I believed then, and I believe now, that it is wrong for the Fed to maintain high real interest rates without any significant signs of inflation threatening our country.

I believed at the time, and I continue to believe, that we should lower interest rates, allow the economy to grow, and to provide a maximum level of employment. Specifically, I said at the time that I thought our economy could grow at least at a rate of 3.5 percent a year for a number of consecutive years, with an expansion of the labor force and improved productivity. I also argued that we could at the same time have an unemployment rate of 4.5 percent a year without triggering a significant level of inflation.

That is what I said 2 years ago. At the time, many economists and economic writers took me to task on this, openly questioning my views. Many of these economists believed in a theory—an economic theory—which called NAIRU, which stands for the "non-accelerating inflationary rate of unemployment." I will get to that and what it means in just a moment.

But a couple of years ago, advocates of NAIRU, believed that if the unemployment rate fell below a certain rate—at that time it was somewhere between 5.5 and 6 percent—if the unemployment rate went below that level, employers would have to significantly raise wages and salaries igniting a 1970s style of inflation. And these economic theorists believed that the Fed should raise interest rates as a preemptive strike against inflation.