balanced budget amendment which would establish the kind of capital budget which States and cities now have. This enables them to balance their budgets, while also providing enough dollars to preserve the safety net, keep programs to further economic growth and maintain infrastructure. This kind of borrowing is both responsible and manageable; it could better ensure a decent standard of living for all Americans, regardless of income.

We need to achieve fiscal responsibility. But more importantly, we cannot destroy the security of millions of vulnerable and disadvantaged Americans that rely upon the safety net to keep their families alive.

SETTING THE RECORD STRAIGHT ON THE PROTECTION OF AMERICA'S SENIOR CITIZENS

HON. ANDREA H. SEASTRAND

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Friday, January 27, 1995

Mrs. SEASTRAND. Mr. Speaker, I suppose I should be honored that the Democrats' chief attack dog, Mr. BONIOR, chose to use me as an example in promulgating one of his party's favorite factual errors—the Republican position on Social Security.

Just in case Mr. BONIOR and the Democrat campaign committees have misunderstood, let me be clear. As long as I am a Member of the U.S. House of Representatives, I will fight any effort to touch Social Security.

Unfortunately, the Democrats are continuing with vigor their failed campaign message that Republicans were out to hurt senior citizens and destroy Social Security.

If the American people did not fall for these absurd scare tactics during the recent midterm elections, what makes the Democrats think they will fall for it now? You would think that the new minority party in Congress would have gotten the message.

The facts are quite clear. The Republican Contract With America specifically states that Social Security is off the table. Republican leaders and Republican Members have stated repeatedly that the budget can be balanced by the year 2002—without touching Social Security—simply by restraining the growth in Federal spending to 3 percent annually as opposed to the scheduled 5.4 percent increase.

The basic and unspoken problem that Mr. BONIOR and his liberal colleagues have with the Republican contract is its commitment to rein in out-of-control Federal spending. What this clearly illustrates to even the most casual observers is the Democrats' total unwillingness to reduce Government spending.

Mr. Speaker, in 1993 the Clinton Democrats passed the largest tax increase in history, and one of the things they conveniently forget about this tax increase is how much it hurt America's seniors. The 1993 tax bill cut Medicare by $85 billion and slapped $25 billion in higher taxes on Social Security beneficiaries. Had the Clinton-Gephardt health care bill passed the Congress, it would have slashed Medicare by more than $400 billion over 10 years and limited the program to zero growth.

By contrast the Republican contract's Senior Citizens Equity Act, which I have cosponsored, helps senior citizens. This bill, H.R. 8, includes provisions to raise the Social Security earnings limit to $30,000 over 5 years; repeal the Clinton tax increases on Social Security retirees; and provide tax incentives for the purchase of private long-term care insurance.

Mr. Speaker, the reality is that the Republican proposals outlined in the Contract With America are designed to help older Americans and undo the damage created by the Clinton Democrats. I am afraid that the Democrats' best efforts to scare older Americans into thinking otherwise will fail just as miserably as it did during the 1994 elections.

INTERNATIONAL CUSTOMS DAY, JANUARY 26, 1953

HON. BENJAMIN A. GILMAN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, January 27, 1995

Mr. GILMAN. Mr. Speaker, 42 years ago on January 26, 1953, the World Customs Organization formally known as the Customs Cooperation Council, held its first meeting in Brussels, Belgium. In recognition of this occasion, the council observes January 26 as International Customs Day. Additionally, this occasion is also being used to give recognition to customs services around the world in view of the significant role they play in producing national revenue and in protecting national borders from economically and physically harmful importations.

Mr. Speaker, I am particularly proud of our U.S. Customs Service for its invaluable contributions to the Nation over the past 206 years of its existence. U.S. Customs was once the sole revenue producer for the young United States and its role in revenue collection continues: in fiscal year 1994 Customs collected a record $22.9 billion in revenue. In Addition, Customs has taken on other important responsibilities such as interdicting narcotics at our borders, preventing the exportation of critical technology, and enforcing the regulations of more than 40 Government agencies.

The U.S. Customs Service represents the United States at the Customs Cooperation Council [CCC], a 136–member international organization founded to facilitate international trade and promote cooperation between governments on customs matters. The CCC works to simplify and standardize legal instruments and rules of international customs. The CCC also renders technical assistance in areas such as customs tariffs, valuation, nomenclature, and law enforcement. Its objective is to obtain, in the interest of international trade, the best possible degree of uniformity among the customs systems of member nations. The United States became a member on November 5, 1970. All America benefits when both exporters and importers operate in an atmosphere of simple unambiguous customs operations around the world.

Accordingly, Mr. Speaker, I want to take this opportunity to congratulate the Customs Cooperation Council with regard to its past accomplishments and for its ambitious goals of further harmonizing and simplifying those customs rules which affect international commerce. In addition, I congratulate our U.S. Customs Service for its outstanding work both nationally and internationally.

PROPOSING A BALANCED BUDGET AMENDMENT TO THE CONSTITUTION

SPEECH OF

HON. MIKE WARD

OF KENTUCKY

IN THE HOUSE OF REPRESENTATIVES

Wednesday, January 25, 1995

The House in Committee of the Whole House on the State of the Union had under consideration the bill (H.J. Res. 1) proposing a balanced budget amendment to the Constitution of the United States.

Mr. WARD. Mr. Chairman, one of the most important votes of my career will be cast during my third week as Kentucky's Third District Representative. That vote, Mr. Speaker, will be my vote on the proposed balanced budget constitutional amendment.

It would be easy to follow the advice of the pollsters and political consultants—the easy, politically smart vote is probably to vote for this amendment.

But, the people of the Third District expect me to study the issues carefully and to vote for the long-term best interest of our community and our Nation. Sometimes, this will require me to cast a politically difficult vote.

The balanced budget amendment appears to be such a vote.

Anyone who reads Wall Street Journal editorials knows that you will rarely find a more conservative viewpoint, nor one more devoted to reducing the size of government and reducing taxes. But, on November 18, 1994—a few days after the Republican's election landslide—the Wall Street Journal carried an important editorial headlined ''Balance By Amendment?''

Here is what the Wall Street Journal editorial had to say about the proposed balanced budget amendment:

> While we yield to none in wanting a smaller government and have been big backers of the line-item veto and the like, we've always had our doubts about the budget amendment idea. While politically appealing, it makes no particular sense economically. We fret that it will prove the Republican equivalent of the Democratic health care proposal—playing well in polls and focus groups but falling apart when you try to write a law.
>
> To understand the economics, start here: If all American households were required to balance their budgets every year, no one could ever buy a house * * *
>
> * * * Ultimately, the pertinent question about government borrowing is the same as it is for households or corporations. How large is the debt compared to available resources, and for what purpose are the proceeds spent?
>
> While no single statistic can capture the reality, one of the best measures is the trend of outstanding debt as a proportion of yearly output * * * Debt was more than 100 percent of GDP (gross domestic product) at the end of World War II, declined to around a quarter in 1974, and then grew to more than half today. We would certainly argue that winning the World War was worth borrowing 100% of GDP, and winning the Cold War was worth borrowing 50 percent * * *
>
> * * * crude goals (such as outright budget balance) tend to impose large short-run costs, in political pain and economic dislocation. * * * Perhaps in their current euphoria Republicans feel confident about this question (that a balanced budget amendment will be sustainable), but our advice is that they should look before they leap.

''* * * they should look before they leap.''

Mr. Chairman, that is the most important phrase of this editorial. It's exactly what I ask that we do before we vote for this amendment.

The supporters of this amendment should tell me and tell the American people what cuts will be required to achieve this budget balance. Tell us how we will get there.

None of us think we can go on running 1980's-style deficits. That decade saw the national debt increase from approximately $1 trillion to almost $4 trillion. Those deficits left a terrible legacy of debt and interest obligations for our grandchildren. We must never repeat that borrowing binge.

Yet, we should ''look before we leap.'' We are being asked to vote for a balanced budget amendment without being told where the cuts will be made.

Mr. Chairman, that is like being wheeled into the operating room without knowing whether the surgeon plans to repair an ingrown toenail or do brain surgery.

I support tough choices to keep our deficit on a downward track, so that our economy can outgrow the debt burden of the 1980's. We must do that while fulfilling our Nation's commitment to a strong national defense, to Social Security and Medicare, to job training, to Head Start, to education and school lunches.

But, Mr. Chairman, I fear that the rigid, inflexible, and arbitrary requirements of this balanced budget amendment will only be achieved by doing exactly what we are promising the American people that we will not do: cutting Social Security and Medicare, cutting national defense, cutting Head Start, cutting job training, and cutting education and school lunch programs.

Show me how to meet the balanced budget amendment without gutting these programs, Mr. Chairman, and I will support that goal. But 5 years from now, if this amendment is adopted, these very programs will likely bear the brunt of an unnecessary, economically unwise, budget straight jacket.

Why else, Mr. Chairman, would the House Republican majority leader have stated on Meet the Press on January 8, 1995: ''The fact of the matter is once Members of Congress know exactly, chapter and verse, the pain that the Government must live with in order to get a balanced government (sic), their knees will buckle.''

Mr. Chairman, we have economic problems for sure. But, we also have the greatest Nation and the strongest economy in the world. This economy must grow so that we can provide good incomes and educations to young families, and income security and good health care to our growing population of older Americans.

The amendment proposed today will impose economic pain on every American, and will work against the economic growth and expanding opportunity which we should seek for the next Century.

Let's not make that mistake, Mr. Chairman. Let's ''look before we leap.'' Let's reject this unwise amendment to our Constitution.

PROPOSING A BALANCED BUDGET AMENDMENT TO THE CONSTITUTION

SPEECH OF

HON. JOHN ELIAS BALDACCI

OF MAINE

IN THE HOUSE OF REPRESENTATIVES

Wednesday, January 25, 1995

The House in Committee of the Whole House on the State of the Union had under consideration the bill (H.J. Res. 1) proposing a balanced budget amendment to the Constitution of the United States.

Mr. BALDACCI. Mr. Chairman, we have heard much discussion over the past days and weeks and even months about the need for an amendment to our Nation's Constitution to require a balanced Federal budget. Many would have us believe that this amendment is the only solution to our Nation's rising deficit and debt.

I disagree. The only true solution to this problem is the resolve of the President and Members of Congress to make the difficult and painful choices necessary to pay down our Nation's debt and to pass budgets that balance. Passing a constitutional amendment is not going to change that reality. It will not make the painful decisions go away.

As a former city councilor, State legislator and, most importantly, as a small business person, I know the importance of balancing budgets. As an American, I recognize the urgency in reducing our Nation's debilitating Federal deficit and debt. I strongly support the principle of a balanced budget, and I again pledge to take the inevitably painful steps required to meet this goal. However, I do not believe that the balanced budget amendment proposed in the Contract With America is the right course.

The proponents claim that passage of a constitutional amendment will give Members of Congress a strong incentive to make these unpalatable decisions. Perhaps that is true. At the same time, the American people demand—and rightly so—that the Federal Government put its fiscal house in order. I think that should be incentive enough for us to act.

With that said, I recognize that I am in the minority. It seems clear that an amendment to the Constitution will pass the House. It will then go to the Senate and, perhaps, to the States for ratification. Before that happens, however, I want to spell out exactly why I am opposed to the balanced budget amendment proposed in the Contract With America.

As proposed by the majority leadership, the balanced budget amendment is nothing more than a hoax. It is not an accurate reflection of how States and families balance their budgets. It writes into the Constitution requirements for supermajority votes that put small States at a disadvantage. It doesn't exclude Social Security. And it doesn't address the critical issue of judicial review.

I want to outline these concerns in more detail.

The contract's balanced budget amendment is disingenuous. It would not, as the proponents have claimed, make the Federal Government balance its books just as any State or family balances its books. I know. I served on the Maine State Senate for 12 years. I am a member of an average American family. In both cases, I've worked hard to achieve annual balanced budgets year after year, but not in the sense that the proponents of this amendment would require.

The contract's balanced budget amendment makes no distinction between capital and operating expenses. This is, in my opinion, a fatal flaw. States and American families do. Distinguishing between capital and operating expenses recognizes that these two types of expenses are very different. Operating expenses are the day-to-day expenses that each of us pays. Families pay their light bill, their phone bill, their oil bill. The Government also pays for its heat and its lights, and for its employees' salaries. Capital expenses, however, are long-term investments. These are purchases whose value is expected to last, and so we make payments on them over time. Families make monthly payments on their homes, their cars, their children's educations. The Government pays over time for our roads, our bridges, our sewage treatment plants.

In our homes and in our States, we balance our operating budgets and we finance over a longer time our capital expenses. Very few people are able to purchase their homes in full, paying cash up front. Very few States are able to purchase their bridges in full, paying cash up front. It is unrealistic to expect States or families to make capital purchases all at once. It is also unrealistic to ask the Federal Government to do so.

I cannot stress enough the crippling effect this amendment would have on our country if it does not separate capital and operating expenses. Investments in our national infrastructure either will have to be made up front in one lump sum and offset by substantial reductions, or they will have to be postponed. Do we really want to create a situation which forces us to watch our infrastructure crumble before our eyes? Where are the considerations of how this will affect our national economy, when our Nation's roads deteriorate so that our factories can't get their products to market? The costs are astronomical.

This amendment also writes into the Constitution a requirement that Congress not enact measures which would increase tax revenues or raise the public debt ceiling without a supermajority vote. I don't believe that this Congress should tie the hands of future Congresses in terms of responding to changing economic situations which cannot be predicted. Supermajority requirements have dangers associated with them. I come from a small State. We have only two Representatives in the Congress. A State like California, on the other hand, has 54 Representatives. I don't want to see the rights of my State steamrolled because a few large States join forces to thwart the will of the majority. Some have called it the tyranny of the minority. It's not a good way to run a democracy, and it doesn't result in good public policy.

Our colleagues in the other body have a supermajority requirement in their rules. The Senate requires a three-fifths vote in order to end a filibuster. This has resulted in the ability of a minority of Members being able to endlessly tie up legislation that a large majority supports. I can't think of anybody who believes the Senate's filibuster procedure is so good that it ought to be enshrined in the Constitution. The contract's amendment would do just that.

The amendment proposed in the contract also fails to recognize that Social Security is