

Second, while we place dollar caps on the credit, any contribution above that level would be tax deductible as it is now. Similarly, contributions to other nonprofits would also retain their present deductibility.

In closing, we believe that if our bill was enacted, we could at once reduce Federal spending and micromanagement, create competition among aid providers, reinvestigate a charitable sector whose tremendous capacity has been subverted by government intrusion, and finally begin to attack poverty in a truly meaningful and effective way.

COMMON SENSE WELFARE
REFORM ACT

HON. JIM KOLBE

OF ARIZONA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, January 31, 1995

Mr. KOLBE. Mr. Speaker, I rise today with my colleague, Congressman KNOLLENBERG, to introduce the Common Sense Welfare Reform Act. We believe it is not only possible, but sensible, to turn the administration of the welfare system over to the State capitals and the city halls. Block granting social programs to the States is a first step in reform of the welfare system. This flexibility is critical to allowing States to test assistance programs best suited to their needs. Common sense tells us that a successful program in rural Arizona may not necessarily work in Detroit, MI.

We believe, however, that the debate should be taken a step further—and that is why we are introducing the Common Sense Welfare Reform Act. If States can better administer welfare programs, shouldn't it follow that citizens know best which programs work in their communities and which are the most cost-effective? That's what our legislation is about—a partnership of State and local entities with individual taxpayers.

The common sense welfare reform bill will give the people that pay the bills and provide the services in the community a role in how poverty relief efforts are structured. The Common Sense Welfare Reform Act consolidates over 60 overlapping, inefficient programs run by the Federal Government and gives the money directly to the States in block grant form. That's a direction in which the House is moving and is a necessary precondition to making our welfare privatization proposal work.

Our proposal allows taxpayers to contribute up to 10 percent—not to exceed \$2,500—of their Federal income taxes to qualified private charities in their State in return for a dollar-for-dollar tax credit. This tax credit is paid for by corresponding reductions in the block grant to the State in which the taxpayer lives.

The Common Sense Welfare Reform Act serves two purposes by empowering taxpayers to participate in the funding decisions for poverty-relief services. First, we give taxpayers a voice in how services are delivered in their communities. We have faith in the ability of individuals who are in the communities to know what is working well. The Federal Government—or State governments, for that matter—should not have a monopoly on where welfare dollars are allocated. Critics of block grants contend that many States do not have a good track record in administering so-

cial programs. Our proposal, however, diffuses the concentration of authority over spending on poverty-relief efforts by leveling the playing field on which private and public charities compete. The Common Sense Welfare Reform Act allows taxpayers to determine where their poverty-relief dollars are spent the most effectively.

Second, we reward private charities for doing what they have traditionally done best, and that is to provide prompt, temporary assistance. Private charities view assistance as a tool by which to change behavior—it is not a right nor a way of life. Because of this philosophy, both in theory and in practice, it is inconceivable that a family would subsist for generations on the local soup kitchen, food bank or shelter. Private charities stress personal responsibility and provide hands-on management for recipients. The humanizing aspect of private charities is missing from the impersonal public welfare bureaucracy which requires nothing from the recipient except eligibility for aid.

Americans need to become personally involved in reforming the welfare system. If I may be so immodest, I would suggest that Congressman KNOLLENBERG and I have a bold and innovative approach in the Common Sense Welfare Reform Act to allow Americans to do just that. We hope the momentum in the welfare debate will take our deliberations a step further. Let's allow taxpayers a role in providing assistance, while giving private charities the opportunity to compete for welfare dollars in a true, competitive atmosphere, instead of making their funding a function of who has the best grant writer or the best connections in Washington—or Lansing or Tallahassee.

THE DEATH OF JAMES P. GRANT

HON. BENJAMIN A. GILMAN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, January 31, 1995

Mr. GILMAN. Mr. Speaker, the world lost a great humanitarian this past weekend with the death of my dear friend, Jim Grant.

For the past 15 years, Jim served with distinction and compassion as the Executive Director of UNICEF. He was a man who loved all of the world's children and a man who made a significant difference. Jim Grant epitomized the dedicated international public servant, but no one ever called him a bureaucrat. Rather, he was a visionary leader who used all the tools available to promote worthy causes.

Jim Grant was a field-oriented person. No project was too remote to escape Jim's interest. Traveling with Jim in Africa meant spending a lot of time in off-road vehicles to see how well health programs were reaching remote villages.

Jim Grant was a promoter in the best sense of the word. Whether he was promoting expanded immunization programs, oral rehydration, or breastfeeding, or whether he was enlisting another celebrity as a UNICEF goodwill ambassador, Jim Grant always used his flair for publicity for good causes.

Jim Grant had the capacity to influence world leaders to focus on the topic he cared most about—the state of the world's children.

Perhaps his most satisfying accomplishment was the 1990 World Summit for Children and one of his greatest disappointments was that he did not see his own Government ratify the Convention on the Rights of the Child during his lifetime.

Probably no tribute to Jim Grant's life is more appropriate than to lay out the following statistics: During his tenure as Executive Director of UNICEF, immunization levels in the developing world have risen from about 20 percent in 1980 to almost 80 percent today. During that same period, the number of polio victims has fallen from 500,000 a year to fewer than 100,000.

Jim Grant was an American hero and a world treasure. His presence will be greatly missed, but his work and the good works of UNICEF will remain a legacy of his persistence and humanity.

PERSONAL EXPLANATION

HON. KWEISI MFUME

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Tuesday, January 31, 1995

Mr. MFUME. Mr. Speaker, I was, unfortunately, detained in my congressional district in Baltimore earlier today and thus forced to miss a record vote. Specifically, I was not present to record my vote on rollcall vote No. 74, on the amendment offered by Mr. HALL of Ohio.

Had I been here I would have voted "yea."

PERSONAL EXPLANATION

HON. HERBERT H. BATEMAN

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, January 31, 1995

Mr. BATEMAN. Mr. Speaker, having been granted a leave of absence after 8 p.m. on Monday, January 30, 1995, I missed rollcall votes 64 through 71. Had I been present, I would have voted "nay" in each instance.

BUDGET BALANCING VIA
CONFLICT CONTAINMENT

HON. ANDREW JACOBS, JR.

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, January 31, 1995

Mr. JACOBS. Mr. Speaker, Professor Janos Horvath is one of Indiana's most distinguished citizens. His Ph.D. in economics was earned at Columbia University. He now teaches courses in advanced macroeconomics, principles of economics, international business and business ethics.

He is known and rightly known as a brilliant theoretician.

Before his immigration to the United States, he was a leader in the Hungarian independence movements in 1956. Earlier he was imprisoned by the Nazi Gestapo. He was elected to the Hungarian Parliament in 1945.

The following is an example of the imaginative writing of Dr. Horvath.

BUDGET BALANCING VIA CONFLICT
CONTAINMENT

(By Janos Horvath)

There exists a workable option for Congress in 1995 to balance the budget by 2001. It is not to push through some of the plans as they stand. The numbers do not add up. Not only conventional economists hold doubts, but conservatives such as Herbert Stein and William Niskanen who advised Presidents Nixon and Reagan are also skeptical.

The road I propose toward budget balancing has three guide posts. They say: (1) hold expenditures constant in inflation adjusted real terms, (2) hold tax rates constant, (3) allow tax revenues to increase from the growing tax base which is the Gross Domestic Product. In essence, halt the deficits that beget debt accumulation, crowding out of investments, confiscatory taxes, debilitating inflation, debt repudiation, and erosion of the social fabric.

Here are the salient figures. Expressed in current dollars the 1994 level of government spending, \$1,485 billion, will amount to \$1,844 billion in year 2001. The higher number reflects inflation—the two amounts are of equal purchasing power. During the same interval from 1994 to 2001, tax revenues rise from \$1,249 billion to \$1,859 billion. The increase results from 2.5% economic growth plus 3.2% inflation. But if the growth rate becomes 3.0%, a sound estimation, then the deficit reduces to zero in six years.

To implement the proposal, I offer a "conflict containment" model. The GOP Contract With America being the seminal document, it would be naive to assume away stress in the bipartisan arena. Occasionally Republicans in the House and in the Senate may differ. Even though certain groups might lack the majority to reach their declared goals, they could block others from reaching their goals. Here conflict minimizing means maximizing the potentials for compromise: the mother milk of legislation.

On the revenue side, the tax mechanism shows the perspectives: (1) Tax revenues will increase, (2) without increasing tax burden, (3) with constant tax rate, (4) because the tax base grows with the growing economy. A family making \$100,000 taxable income with 20% tax rate does pay \$20,000 tax. As taxable income grows to \$110,000 the tax payment rises to \$22,000. The \$2,000 tax increase comes from income growth. The tax burden has not risen.

The expenditure side is more tangled. The key is to hold the sum total of governmental spendings constant. This means no cut and no rise in the bottom line amount. Undoubtedly such a tall order prompts challenges. On one side is the fiscal restraint movement who wants to prune. On the other side are cynics who accept that entitlements rise and by curbing them the society would crumble. In the middle are solution seekers recalling that the USA has survived and prospered with less government spending and even financed and won the cold war. To intone an aphorism: "whatever exists is possible."

Successful budget balancing being a viable pursuit, it is less agonizing to mutually consent to continue spending allocations the way they are rather than to battle over every detail. Therein lies the rational for the maxim: "no-tax-cut-no-tax-raise-no-spending-cut-no-spending-raise." Suspicions of inequity and the pangs of envy get mollified. Nobody's ox gets gored.

The no-cut-no-raise maxim is a self-discipline apparatus for Congress. While the bottom line is untouchable, there is ample room, actually duty, for efficient and compassionate reallocations between and among existing provisions. On the outlay side are two major items: increases in Social Security and health care. On the saving side are:

government streamlining, welfare reform, peace dividend, privatization, etc. Further savings result if bureaucrats were rewarded for cost cutting innovations and if the deceptive practices were discontinued which label reduction in projected increases as spending cut.

Attempts at creative solutions have been tried before. In March, 1994, Rep. Gerald B. Solomon (R-N.Y.) proposed more than 500 specific spending cuts totaling more than \$700 billion, balancing the budget within five years. His bill did not raise taxes, did not cut Social Security, and even increased defense spending by \$60 billion. Among the spending cuts were: eliminating the Interstate Commerce Commission and the Travel and Tourism Administration, restructuring the Interior Department, downsizing the Bureau of Reclamation, privatizing the Government Printing Office, the Government National Mortgage Association, and the Air Traffic Controllers.

A coherent farm policy review is the work of Senator Richard Lugar (R-Ind). Now chairman of the Senate Agriculture Committee, he is determined to substantially reduce the agricultural programs that cost about \$60 billion a year. Nothing escapes scrutiny: bloated bureaucracy, food stamps, subsidies to producers of corn, wheat, cotton, rice, sugar, tobacco. Lugar's two year review has already led to closing of 1,070 underused field offices nationwide.

As the 1995 legislative agenda evolves, the "Lugar Initiative" and the "Solomon Bill" are emulated. Recently President Clinton has joined the thrifty moderates proposing expenditure cuts. Among the targets are: inventory liquidation (petroleum, metals) could recover around \$100 billion and the privatization of assets (power plants, grazing lands, mineral rights) about \$200 billion. Pruning outdated programs and cutting deadwood are on everybody's agenda. However, while bipartisan bargaining promises results, there are ideological and operational aspirations which becloud the horizon.

There is gathering a momentum of conflicts as Congress debates the GOP Contract With America. It is labeled "fairy-tale economics * * * not * * * specific," by Senator Tom Daschle (D-S.D.) and Rep. Richard Gephardt (D-Mo), leading Democrats. House Majority Leader Dick Armey (R-Texas) wants "discipline which comes from the balanced budget amendment * * * [so] once members of Congress know exactly, chapter and verse, the pain that the government must live with in order to get a balanced budget, their knees will buckle." Such early signs divine that the budget debate brings fervent struggles. When the political stratagem—patriotic devotion, party discipline, arm twisting, log rolling, and deal making—does succeed to enact a hard fought budget, the battles might inflict grievous injuries that handicap subsequent legislation.

Hence the need for conflict containment. Less conflicts allow more time for creative work. The crux of the matter is how to shape the budget to everybody's heart's desire. It is beyond the realm of possibilities to pursue four rival goals simultaneously: to cut tax, to raise tax, to cut expenditure, to raise expenditure. Even if the arithmetics worked, still distrust about burden sharing would deadlock the process. It would be like opening a Pandora's box.

Successful conflict containment is logical human behavior. Legislators, representing various constituencies, will be less unwilling to support reform (1) if the cure is believable, and (2) if burden sharing makes no exception. This is the venerable idea of fairness. People who resent special deals may embrace fair deals. Thus people make sacrifices when moved by patriotic, religious,

emergency, or community appeals. Nowadays the threat of a national bankruptcy arouse people.

In conclusion, budget balancing via conflict containment is an operational blueprint ready to use. It saves time, reduces pain, and guarantees cure. Congress, authorized by the Constitution, has all the power to do the job. Efforts to pass a constitutional amendment to balance the budget could be directed to balancing the budget. Anyway, after the symbolic process of constitutional amendment the reallocations in spendings still must come. Congress may choose a symbol before, even though it is a detour. In a dry spell some gardeners do a rain dance before fetching buckets to carry water from the pond.

Finally, let's peek into the future. After following the conflict containment framework through six or seven years, the trend lines of government spending and tax revenue will converge. Thus, 2001 becomes the year of bliss when the deficits reduce to zero and surpluses begin to accumulate. Then we shall have options. How much of the budget surplus should be directed where: tax cut, human capital, competitiveness, social insurance, governmental debt. First, of course, we ought to get there. For which the prospects exist.

C. WAYNE HAWKINS

HON. G.V. (SONNY) MONTGOMERY

OF MISSISSIPPI

IN THE HOUSE OF REPRESENTATIVES

Tuesday, January 31, 1995

Mr. MONTGOMERY. Mr. Speaker, today a very good friend of veterans, Mr. C. Wayne Hawkins, retired from the Department of Veterans Affairs after 37 years of dedicated Federal service. I had planned to attend a reception in his honor yesterday; however, votes in the House prevented me from doing so. I regret I could not join his many friends and colleagues to thank him for his outstanding service to our Nation's veterans. I came to know Wayne through his many appearances before our committee. He established a reputation among our members as both an outstanding administrator and a straight shooter whose commitment to the veteran and the VA system were unshakeable.

Wayne Hawkins' distinguished career as a health care administrator, educator, and veterans' advocate is evidenced by the positive impact he has had on the provision of compassionate, quality health care both within the Department of Veterans Affairs and the health care community.

Prior to his retirement, Wayne was the Deputy Under Secretary for Health for Administration and Operations, the highest position ever held by a nonclinician within the Veterans Health Administration [VHA], the health care arm of the Department of Veterans Affairs. In this position, Wayne served as the chief operating officer for one of the largest corporate health care systems in the country which plays an integral part in educating physicians, nurses, dentists, and allied health care practitioners; providing quality medical care to our Nation's veterans; conducting medical research, and serving as medical backup to the Department of Defense during a time of war or national disaster. He was responsible for the operational management of 171 medical centers, 353 outpatient clinics, 128 nursing