What has this country come to?

Twelve years of past policies supporting failed financial institutions and failed military hardware systems and failed trickle-down economic theories has led us from the wealthiest nation in the world to become potentially one of the poorest—with no prospect for recovery unless we stop some of the crazy changes that are taking place.

So, are we going to finally get our fiscal house in order? Balance the budget? Without touching Social Security? And without cutting a dime from defense spending?

Sound familiar?

It should. It is the 1982 Economic Reform Act of 1995.

A massive tax cut for our wealthiest campaign contributors paid for by eliminating the one tax break for the poor working stiff that even George Bush thought was a fantastic idea.

To sacrifice the earned income tax credit—the only possible reason the father of two could even consider taking a job at minimum wage rather than going on welfare—is absolutely ludicrous.

As my friend from Ohio keeps saying—beam me up.

GENERAL LEAVE

Mr. CLAY. Mr. Speaker, I ask unanimous consent that all Members have 5 legislative days within which to revise and extend their remarks on the subject of this special order.

The SPEAKER pro tempore (Mr. CAMP). Is there objection to the request of the gentleman from Missouri?

There was no objection.

THE BUDGET AND THE CONTRACT WITH AMERICA

The SPEAKER pro tempore. Under the Speaker's announced policy of May 12, 1995, the gentleman from California [Mr. CUNNINGHAM] is recognized for 60 minutes as the designee of the majority leader.

Mr. CUNNINGHAM. Mr. Speaker, I should be at a dinner tonight, but I thought it more important to set the record straight. First of all I heard tonight that Social Security was going to be touched. Social Security is not touched, neither in the budget nor in the appropriation or the reconciliation package.

We have heard the rhetoric about the contract and how bad it was. But yet, the American people have embraced the Contract With America. And I have also heard tonight that the tax cuts are only for the wealthy.

Let me state the only way that we can beat rhetoric and/or basic lies is with facts, and I would like to present some of those facts, Mr. Speaker. And I will let you decide what is the truth and what is not.

In our package we gave the family tax credit for each child of $500. Is that for the rich? We have families from all walks of life with children. And the basic argument is do you want those dollars to go to the American people or do you want those dollars to be spent by the Government?

I would also ask you if an IRA for $2,000, that each family can save for their future, tax free, is for the rich? No, it is not.

I would also ask you in our contract we provide an IRA for a spouse, either a mother or a father at home who was not even working. You would be able to set aside $4,000 each year for a child. You can provide for a lot of education after 17 or 18 years on an interest-free loan.

□ 1930

In our contract, we did away with the marriage penalty, to encourage families to come together, that if you filed jointly, that you have a tax incentive. We encourage that. For too many years we have penalized for people becoming families and filing that way.

In the Clinton tax-and-spend package in the early 1990's, he increased the Social Security tax on senior citizens. We have done away with that Social Security tax.

Capital gains reduction, Jack Kemp in the Wall Street Journal and the Union Tribune talks about retirement accounts, and that each American, whether you have a car or sell a home or what, that is real income and that is called capital gains. We took the fees and the items in which someone retires, $60,000 to $750,000, and everything that you own that you can pass on to your children, and yet the Clinton Democrats wanted to take that from 600 to 200,000 and then tax you at a very high rate. That is a redistribution of the wealth, Mr. Speaker.

The leadership's reply, the liberal leadership's reply, is an attempt to ignite an ugly class warfare system, and I repeat the facts, a $500 child break an IRA in which you can save for the future tax free, an IRA for a spouse at home tax free, savings, marriage penalty, reduction of Social Security tax. Those are not taxes for the rich.

Seventy-eight percent of the Contract With America's tax package goes to those that earn $75,000 or less. That is not the rich, Mr. Speaker.

Mr. Speaker, only 33 House Republicans voted for the George Bush tax increase. Not a single Republican, voted for the Clinton tax-and-spend package. As a matter of fact, it was so bad that they had to twist arms for 45 minutes and pass it by one vote when they were in the majority, and we only had 218 Members.

I look at what they have left us. Look at where each child today will owe $187,000 in tax liability. That is not a future that I want to leave to my children. We used to build a farm and pass it on to our children. Today, we are selling that farm and giving our children a mortgage.

I look at what the President said when he was going to have a $500 billion deficit reduction package. It was rhetoric. If you read in the recent Wall Street Journal, there was none, and President Clinton and the promise that he would reduce the deficit each year, in the budget that he just gave us before Congress, that budget increases the deficit by $300 billion a year. That is wrong, and that is for each of the next 5 years.

We take a look at the status of this country, Medicare is starting to go bankrupt this year. His own trustees' report of the Medicare account, Alice Rivlin, special adviser in the budget to the President, has started that Medicare will go bankrupt, and yet the other side of the aisle and the President are not engaging that issue, because there is a 1996 election.

The American people, Mr. Speaker, expect leadership. They want the President to take on and save Medicare. They want him to balance the budget, and they want welfare reform. But yet because of the 1996 election, there is no leadership. America is looking for that leadership, Mr. Speaker.

Look at each child born in 1995 again; $187,000? Do you want to leave that? We are spending nearly $1 billion a day on just the interest of the debt. What could we do in this country with $365 billion a year? Think about the other side of the aisle when they said we are hurting children. We can do a lot in education and law enforcement and the real things that we need to do with $365 billion a year. That again is just the interest, just the interest, and that interest is not going into U.S. banks, Mr. Speaker. It is going into foreign countries that hold those notes and receive American interest. That is wrong Mr. Speaker.

I look in just a few years ago, take a person that earns $20,000 a year. Let us say during the year they intend $25,000, and they have only made $20,000. Well, if they do not pay off the $5,000, they will have to pay the interest on that $5,000, and if they do not pay it the following year and they also increase sending to maybe $30,000 or $35,000 or $40,000, then they have to pay the interest on that. In just a few short years, they will owe $100,000, and they only make $25,000. That is the status of our Government, and that is the status quo of the liberal leadership and class warfare, and that is why our contract and the tax package is important, Mr. Speaker.

They talk about cruelty to education. Today because of the Federal Washington Bureaucracy, we only get 23 cents out of every dollar into the classroom. We had the superintendent of schools for DC schools clamoring because he has got 40-year-old classrooms. They want fiber-optics. They want computers in the classrooms. But where are the dollars going? What is cruel is this organization, this bureaucracy, is eating up all of the dollars. We want to block grant it and focus the money down to where we need it in the classroom. We need fiber-optics in classrooms. We need those televisions. But they are going to the Washington bureaucrats.

Mr. Speaker, the American people told me first when I was elected reduce

Government spending. In 93 days we reduced spending by $277 billion. They said give the taxes back, and again, only 33 Republicans voted for the George Bush package; zero voted for Clinton's tax package. But yet we gave $189 billion back to the American people instead of letting the Government have it and keep it. We think the people can spend it better than the Government and less wasteful.

And at the same time, the third thing, Mr. Speaker, they said to do, was we want to reduce the deficit. We reduced the deficit by $91 billion, and that was only in 93 days. It is our Contract With America that the figure that we will arrive at in 2002 is a zero budget, balanced budget, and that is important.

The fourth thing they asked us to do, Mr. Speaker, is work together. I have heard the President and AL GORE and Panetta and even Members on the other side of the aisle say this was a mean contract. It was ill-spirited. If you look again, the only way to defeat rhetoric is with actual facts. I would like to submit for the RECORD the actual votes day by day, day by day on every item in the contract. The average vote on each item was 300 votes, Mr. Speaker, the most bipartisan Congress in the history of over 200 years of Congress. Let me read just a couple: Balanced budget, January 26, passed 300 to 132 votes, 72 Democrats; unfunded mandates passed 360 to 74, 130 Democrats voted with us; line-item veto passed 294 to 134, 74 Democrats; victims restitution, 201 Democrats voted with us; criminal alien deportation, 163; regulatory reform and relief, 186 Democrats voted with the contract.

And here is an item; I will read just those few. I would like to submit it, Mr. Speaker, for the RECORD, the most bipartisan Congress in over 200 years, and that is important, I think, to the American people. Mr. Speaker, I would like to also submit for the RECORD, I have an article here written by former Member, former Secretary of HUD, Jack Kemp, and the ex-Secretary wrote,

> More than 100 million Americans are investing often through mutual funds and pension and retirement accounts. Every time you hear the phrase ''institutional investor'' on the news, think of the pension fund of the Detroit or Buffalo auto worker of the retirement account of an older couple in Florida and a member of the American Association of Retired Persons, or the Fidelity Mutual Fund holding a young Californian in entrepreneur savings, managing the hopes and dreams and savings of pensions of America's huge middle class.

It is entitled ''Capital Gains Fable and Fact.'' It goes through step by step, and Alan Greenspan in his testimony stated that capital gains would be one of the most significant indicators and founders of jobs in this country, and that is important.

Mr. Speaker, I include the article for the RECORD at this point.

CAPITAL GAINS FABLE AND FACT

(By Jack Kemp)

Forget the rich for a moment (I'll return to them later), a capital gains tax cut is the best thing Congress could do right now to help the middle class, the poor, and indeed, our nation's economy. Let's examine the ways:

The Financial Markets aren't a ''playground of the rich.'' In the last 20 to 25 years the financial markets have become strong middle-class institutions. Well more than 100 million Americans are invested, most often through mutual funds and pension and retirement accounts. Every time you hear the phrase ''institutional investor'' on the news, think of the pension fund of a Detroit or Buffalo autoworker, the retirement account of an older couple in Florida and a member of the American Association of Retired Persons or the Fidelity mutual fund holding of a young California entrepreneur.

These ''institutional investors'' that so dominate the markets these days are managing the hopes, dreams, savings and pensions of America's huge middle class. They may not be directly subject to capital gains taxes, but the value of their assets is determined by the health of the markets. A cut in capital gains taxes would be a boon for our financial markets and for the middle class institutional funds, not to mention for the family or retiree cashing in a retirement account to purchase a home, pay for college or for family retirement needs.

Jobs. We live, as we are so often told, in a competitive world economy. American workers can only compete with low-wage foreign workers by being more productive, making it beneficial for employers to hire them, even at a higher wage. As any economist will tell you, the most important element in increasing worker productivity is capital investment (economists call it the capital-to-labor ratio). It was America's huge investment in new plant and equipment—and particularly new technologies—during the 1980s that gave American workers the productivity edge still held over both Asian and European workers. Yes, American workers are today the most productive in the world, but the world keeps changing, and our international competitors, particularly in East Asia, have zero or very low capital gains taxes. A capital gains tax cut would enable huge new investments in American capital formation and ensure the productivity edge of the American work force for decades to come.

Jobs. Through the 1980s, the American economy added almost 20 million net new jobs (since the tax increases of the early 1990s that rate has slowed significantly). Almost all that job increase came from small and medium-size companies. In other words, the Fortune 500 haven't added one net new job to the economy in the last 15 years. Often these small, growing employers were start-ups, perhaps a new high tech operation in Silicon Valley, but even more likely a ''Mom and Pop'' operation providing a service to a local or regional market. Where did these new, small companies get the capital to open? Not from bank loans, but, often, from the realization of capital gains—by selling a house, or a previous small business, or mutual fund shares, and reinvesting it. Reinvesting, I would say in America's economic future.

Jobs. You only create new jobs in a growing economy, and perhaps the most vital elements to growth, the kind of quantum growth America saw in the 1980s, is entrepreneurial enterprise and development of technologies in the productive economy. Unless you believe government invents and applies technology better than the private sector (if you do, I suggest a trip to the former Soviet Union), what sense does it make for governments to be confiscating as much as 30 percent to 40 percent of an entrepreneur's capital, which he or she could otherwise reinvest in a business? (That's the 28 percent federal level plus the high local capital gains tax in states such as New York and California. If you count you inflation, as we must, capital gains taxes can often exceed 100 percent of net profits.) How many businesses have not been started, or have foundered, because they couldn't clear that capital gains hurdle? How many jobs have not been created?

Better jobs. According to the Herman Cain of the National Restaurant Association, 60 percent of all restaurant owners and managers today started as entry-level waiters and ''hamburger flippers.'' At some point, they needed capital to invest in that new restaurant, or to buy that new franchise. Upward mobility is what America is all about, and the ability to access and accumulate capital—an ability undermined by the capital gains tax—is the stairway by which people move up.

This brings us to beyond the issue of the middle class and to the concerns of the low-income people of our nation. Everything said about jobs here goes more than double for them. To escape the trap of poverty, the poor need many things—better education and a resurrection of family structures among them. But essential to the mix are jobs, lots of well-paying jobs in a growing economy that provides opportunity up and down the scale, particularly in urban America, for minority men and women to get access to capital and entrepreneurial opportunity.

A dramatic capital gains tax cut has now passed the House and will come before the Senate, and the rhetoric of class warfare has never been so heated. But what may appear as good politics for the ''soak the rich'' crowd, is bad economics for America. As a nation, we must reject the notion of a divided America, with mutually antagonistic classes in a zero-sum game, and see our nation as a whole, rising together and leaving no one behind. Will a capital gains tax cut be good for the rich. Of course. But a capital gains cut is even more important for the middle class and for the poor. To the U.S. Senate, I say: Put aside the rhetoric of class warfare, pass the capital gains tax cut now, and give all of America a well-deserved boost. Soon after, we can look forward to a debate about a real flat, fair and simple postcard tax system for our nation as we prepare to enter the exciting world of the 21st century.

I also heard the rhetoric that we will be taking away the money from education. Mr. Speaker, when I went through college, I grew up in a little town of 2,113 people back in Shelbina, MO. We went to the Shelbina Bank. It was not a big bank, and my parents cosigned a loan for me to go to college, and they both worked, Mr. Speaker. We paid back, my parents paid back most of it so I could go to school. You know something, the Government did not pay the interest on that. It was a loan between the bank and myself so that I could go to college. I had to work. I had to work in restaurants, and my parents both worked to pay it off.

Today, the Government subsidizes the students' interest while they are going to school, either 1, 2, 3, 4, or however many years. They pay that interest; they did not mind, but they are doing it now. What we are asking students to do is we will provide a loan for

a student who qualifies to go to college. That interest, you do not have to pay it while you are a student. But when you get a job, you will pay off that loan. The most that it will cost is about a buck, the size, the price, of a Big Gulp amount at 7-Eleven. All of those 1 dollars per day extra that a person would have to save and spend amounts to $12.5 billion, Mr. Speaker, $12.5 billion, and all we are asking the student to do is take the responsibility, a world that you do not hear much around this place, and pay off their loan.

Let us look at a case, very high borrowing, 9-year graduate student, worst case, student with 9 years of graduation, that borrowed a maximum amount of loan for all 4 years of undergraduate enrollment. The above loan shows that there is a savings to the Government of $16,015. That will be about $194 extra per month that that student will pay. That is at a rate of 2 percent.

Alan Greenspan has also said that if we balance the budget, interest rates will go down as low as 2 to 4 percent. Now, take 2 percent on a home, take 2 percent on a farm, I think, and I cannot remember the exact figures. I have got it in my notes. But a $75,000 mortgage, I believe, at an 8½ percent over a 30-year period, you will save about $56,000 with a 2-percent reduction, and Alan Greenspan said it could be even more. $56,000 will go a long way to pay for college students, for a house, for a car, and whatever.

And so the myth about that we are destroying college loans is just not true, Mr. Speaker.

We spent in this Government over the last 7 years $9.5 trillion. In balancing the budget, the Republicans are going to spend $11.5 trillion. Let me repeat that, 9.5 to 11.5, but what we are going to do is reduce the rate of growth of Federal spending, because if we do not, Mr. Speaker, America will become a second-class economic country.

The soundness of the dollar abroad will keep going down. Medicare will fail. We will not balance the budget. It will go out of control, and welfare reform and all the other reforms that we have put together will go down the tubes.

The coming debate is not just about the budget. It is about the American future, Mr. Speaker. It is about doing the right thing. It is about an opportunity to create the potential for prosperity, for safety, for a better life for virtually every American. It will take hard, systematic work, and real change. But it can be done, and it will improve the lives of our children, of our senior citizens, and every American.

What does it mean? People say, well, that is just rhetoric. How do you do the right thing? Mr. Speaker, let me go through what those items are. First, you have got to be truly compassionate by replacing the welfare state with an opportunity society. The Republican Governors came to us and said there are 366 welfare programs. They all have people that work in them. They all have facilities that have to be paid for. They all have overhead. They have rules and they have regulations. Different people qualify for those welfare programs. They are all so intermeshed that none of us, the Governors told us, we cannot track on who is getting what, and in many cases people are qualifying and receiving and abusing the system. So they asked us to block grant it. Let them use the programs individual to their State.

Look at what Governor Weld has done. Look at what Christie Frittman has done. Look at what in Wisconsin they have done with Tommy Thompson. Those are successes, Mr. Speaker, and we want to give the States and untie their lands to run the programs where they can actually help people.

□ 1945

Governor Weld actually reduced taxes, reduced the welfare system, and he has got the majority of his people working. They are happier, they have responsibility, and they love it, and that is what we ought to free up the people to do.

Second, restoring freedom by ending the centralized bureaucratic micromanagement from Washington, DC. We need to return the power back to the States. A tax increase and government control is the one most powerful measure in which this body operates. I say to my colleagues, If you have the power and the control, you control votes. We do not want Washington to have that kind of power. We want to give it back to the States. We want to give that power back to the people, Mr. Speaker, because we feel that government does work best closest to the people.

I say to my colleagues, Ask anybody in your particular area. Ask them if they know where the dollars should go specifically better than the individuals that are servicing that program. They cannot.

Third, promoting prosperity, economic growth, take-home pay, by reducing taxes, reducing litigation and regulations. Go to any city, ask any Governor, ask any major, ask any official or any business person what they would like to do better business and be able to hire people. One is get rid of the liability and the litigation problems, the rules, and the regulations. We are going through the Clean Water Act, as we are right now, and reducing the tax burden and the overhead.

Next, creating an opportunity for every American by leading a transformation of an information age society. We double our knowledge, Mr. Speaker, every year. It used to take only 10 years ago 50 years to double that knowledge. Look at the schools, at what they need with the fiber optics and the computers we talk about, the libraries of high technology. We are putting out in an information age an enormous amount of information, but there is no one out there to receive it. We are understaffed. We are undermanned. That is where the government has got real investment that it can make in helping our students to make sure they are up to speed. If we do not prepare them for that, then Mr. Speaker, the age gap and the gap between those that have good jobs and those that do not will go.

I have a school in my district at Scripp Ranch. That school has got fiber optics. It has got a computer system. It has got a system to where the children, boys and girls, are swinging hammers in a trade, learning a vocational trade. They are building modular units, and they are designing those modular units on computers. On the other side of the aisle, those students that are college bound, the architecture and architecture design students are using those computers. They are designing those modular units. The students then sell those modular units and buy new equipment for the school, and guess what, Mr. Speaker? In the summer the unions in participation with public and private are participating with small business and private enterprise, and they are hiring those students in the summer, they are teaching them a vocational trade, and they are preparing them for college, and we think that is the way to go for our students in decreasing the bureaucratic rhetoric and the bureaucrats here in Washington, DC.

Next, create a safe financial future for our children, our retirement years, by balancing the budget, solving the crisis of Medicare and Social Security. And we have already talked about what the options would be. It is our moral responsibility. Look what happens if we do not save Medicare. I ask my colleagues, ''Can you imagine—I do not use the term senior citizen, our chronologically gifted people can you imagine our chronologically gifted folks—having to pay 300 percent more premiums on Medicare?'' That is cruelty. ''Can you imagine that in a welfare system, having the system that we have today that is cruelty, can you imagine not balancing the budget and having our children owe $187,000 in taxes the day they're born in 1995?'' That is cruelty, Mr. Speaker.

We have a moral responsibility, and we need the President to take the leadership in doing that. I say, ''Don't turn away from it just because they're 1996. Go down in history as a leader not being AWOL.'' As a majority party, we must lead a new dialog, not through just dialog, but through change and public opinion.

A great man, Franklin Delano Roosevelt, in 1936 said, ''Our generation has got a rendezvous with destiny.'' Mr. Speaker, we have a rendezvous with destiny. It can be one of a second rate power, of an economic power where our children are not safe in the streets, where the current welfare system exists, or we cannot.

Another great man that I heard spoken about tonight here, his name is Ronald Reagan, and he said, ''We have every right to dream heroic dreams. The crisis we are facing today requires our best effort and our willingness to believe in ourselves and to believe in our capacity to perform great deeds, to believe that together with God's help we can and will resolve the problems which now confront us. After all, why shouldn't we believe that we are Americans?''

President Ronald Reagan had a good thought. It is our opportunity right now, by creating an opportunity society, by decentralizing American government, by creating economic growth and reestablishing American competitiveness and the American dream by leading the transformation of the information age, and balancing the budget, reducing the financial crisis in Medicare and in Social Security. To embrace change on this historic scale we must use an appropriate planning model, a vision, the strategies, the projects and the tactics, Mr. Speaker.

I would ask the gentleman from the other side of the aisle and there are many, Mr. Speaker. There are many of the Democrats on the other side of the aisle that embrace this. But I would ask, I would beg on my knees, that the Democratic leadership would get away from the 1996 election and help us achieve that vision.

What is our vision of the American future, and what does it mean? Every American is safe from violence and drugs. That is a novel item. Every willing person will be integrated into a world of work, prosperity and achievement, a healthy environment, and, trust me, Medicare is not standing alone by itself. If we are going to solve that problem, we need health care reform. The President is correct about that. We need the tort liability reform. We need the paperwork reduction. We need insurance grouping so more people can afford insurance. Most everyone has health care, Mr. Speaker. Not everyone has insurance, and we can do that and save the Medicare problem.

New technologies and approaches to create the fullest possible participation of every American with disabilities. I have a father in my district, Mr. Speaker. His son was paralyzed from the neck down. He went to the Medicare system, and he has got a whole garage full of equipment that he cannot use. He was so distraught that he started his own business on how to handle disabled children, what equipment do you use with sound activated doors, with computer systems, where someone cannot type, it can be sound activated, and, Mr. Speaker, I would advise you to use it because it is also spell-checked. As you verbalize into the computer, something all of us could use, not just someone that cannot type.

A pro-entrepreneur, pro-science technology. Our biotech industry, our medical industries, are the future. We are debating a wetlands and a Clean Water Act. We have biotech companies that are growing antipesticides out of DNA, and guess what? When the rains come and the DNA washes off the plant, it does not violate our rivers, or lakes and our oceans. We need to invest in that, Mr. Speaker.

Job opportunities for every American, but, yes, with low taxes and a balanced budget amendment. All around U.S. corporations are rethinking and engineering. They are doing; they are downsizing. But, as industry is downsizing and reorganizing, Government is growing bigger, and bigger, and bigger. That is why we have the current welfare state. That is why we are only getting 23 cents out of every buck down into the classroom, and we have to have a vision, but, yes, we have to listen, we have to learn, we have to help, and we have to lead.

I will not go through the improvements again, but they are important, and we have got to do that. The welfare state has failed, Mr. Speaker. It has failed the model of delivering goods, services to help the American people. It actually hurts the poor. I ask you, and I would ask every American, ''Look at the current welfare system, the child abuse, the brutality, the drugs, the crime ridden Federal projects.'' The culture of violence is increasing. It permeates our inner souls in our inner cities. It denigrates our civilization.

In our committee we heard case after case of a welfare mother that has gotten off of welfare because she said, ''Duke,'' she actually said Mr. Chairman, ''the welfare system is addictive. It's easier to stay off welfare.'' But our own laws prevent us from helping that person. We take away her welfare check if she goes to work or a portion of it. She has to provide transportation and clothes. She has to provide babysitting for her child and child care. And then she says, ''Well, I could actually lose my health care also, so I'm going to stay at home. A, I'm with my child, I make more money, so why should I get off?''

Well, in the contract what we do is, first of all, we go after the 34 billion, the deadbeat dads, in some cases deadbeat mothers, to bring that balance to those families. We also have where parents get together. We do not penalize them for the first 2 years. We let them get together. We do not take away that welfare check. But, yes, one of them has to work 30 hours a week, but yet we are encouraging families to get together. That is more compassionate, Mr. Speaker, than letting parents split up and children go without fathers and without mothers.

The culture of violence. The nonworking, nonproductive part of our society is a big factor in the deficit that we face each year. The human cost of the welfare state; poor Americans are trapped in unsafe housing, they are saddled with the rules that are antiwork, antifamily, and antiproperty. They are forced to have their children attend some public school monopolies, and I would ask any American to visit the D.C. schools. They are trying their best. I listened to the superintendent, but yet they need that investment into education, and the gentleman was right. We need to invest in education, but we also need to let the States have the power to wield their wealth and give the money to them in the block grants so that they can direct the money, not have Washington.

In the name of compassion we have funded a system that is cruel and destroys families. We need to change that. Welfare spending now exceeds, and listen to this, Mr. Speaker, welfare spending exceeds $305 billion per year, a total of $5 trillion since 1965, $305 billion a year in welfare, and look at what it has got us today, a failed state. But yet many of my colleagues on the other side of the aisle would just have us dump more money into those 366 programs to say, well, we need it for the children. Well, I would say to you, Mr. Speaker, it is cruel to keep the current welfare system. The $305 billion is three times the amount needed to raise all poor Americans above the poverty line, and that is in 1 year. We can just give the poor Americans money, and it would do more, except it would keep them on the welfare state and not encourage them to work.

Since 1965, the juvenile arrest rate for violent crimes has tripled, Mr. Speaker, and I think most Americans would agree it is the condition of what we gave them the welfare state as it exists today. Look at the Federal housing projects. You have heard the Speaker of the House state that no civilization can survive with 12-year-olds having babies, 15-year-olds killing each other, 17-year-olds dying of AIDS and 18-year-olds receiving diplomas that they cannot read. In this information age we are looking at taking right in the Library of Congress and putting it on CD Rom for about $45 million, and it would be expediential to reprint all of those books.

□ 2000

And we are going to do that. But that also requires that American children can read and soak in some of that information. Furthermore, no civilization can survive with parents and grandparents cheating their children by refusing to balance the budget and live within their means.

The welfare state cheats the poor. The unbalanced budget cheats every child. The legacy we are leaving our children is moral and physically bankrupt, Mr. Speaker. But yet there are some on the other side of the aisle that would have us say, we are cutting, we are cutting.

Again I would like to state, in the last 7 years we spent $9.5 trillion. In the next 7 years we are going to plan to spend $11.5 trillion. That is a reduction to plan to spend $11.5 trillion. That is a reduction in the growth.

Transforming the welfare state into an opportunity society for the poor requires a shift from caretaking to caring; welfare reform that emphasizes work, family and opportunity, volunteerism and spiritual renewal; renewing the basic values of American civilization, tax incentives for work, not to stay on welfare; investment and entrepreneurship.

Look at what enterpreneurship—I watched a movie on TV late last night. It was called A Woman, I believe, A Woman of Means. I cannot remember the name of the movie, but it was basically about a woman that started off very, very poor. She had a child out of wedlock. She worked in the mills. She worked hour after hour and saved. She saved every penny, and finally she went up and bought a little store. She even made jellies. She made linens. She bought and opened up a little bigger store, and pretty soon she bought the store next to her. She worked night and day, and pretty soon that gentlewoman became a multimillionaire.

Many of which on the other side of the aisle would call the rich. But yet this woman had taken her life and worked and scraped and saved and done everything, employed thousands of people; but yet the Clinton administration would tax her. They would put OSHA on her back, put rules and regulations which would cause her to lay off people. We cannot continue to do that, Mr. Speaker, because growth is a very important factor in balancing the budget.

Reestablishing property ownership and full citizenship for the poor, look at Jack Kemp's original HOPE and HOME programs that many on both sides of the aisle embrace. Learning to focus on education, government protection of the poor against violence and drugs.

The second strategic improvement is restoring freedom by ending the centralized bureaucratic micromanagement by the Government in Washington. We only get 25 or 23 cents out of every buck into education. That is the wrong way to go.

The general rule for decisionmaking for local problems, local government is generally better than the national government, and the private sector is generally better than local government. Limit the State bureaucracies, and we should be trying to attempt to get as much money as we can down to the local level.

Mr. Speaker, the third strategic improvement is promoting economic growth and jobs and prosperity. Alan Greenspan said, if we balance the budget, and I quote, ''you cannot imagine the wonderful things that will happen.'' The soundness of the dollar in America and abroad will be enhanced. Interest rates will go down by 2 percent. We will create millions of jobs.

So there is an important factor in growth, but yet those that would tell you to balance the budget, capital gains are only for the rich. I ask you, Mr. Speaker, look at it logically and I think you will find another axiom.

The American economy needs to grow within increasingly competitive world markets, to increase revenues so that the Federal Government budget can be balanced without raising the taxes. The more people you have working, the less taxes you have to pay from everybody, and the less taxes you have to put on business, and the more people they can hire, and the more people that can pay taxes. It is called macroeconomics, Mr. Speaker. To pay for the Social Security and Medicare in the 21st century, that is important also, Mr. Speaker.

At 1 percent less rate of growth, the current projection, what does it mean? Social Security goes into a deficit 13 years sooner by just a 1 percent less growth. At a 1 percent more growth, the Federal tax revenues are $716 billion greater, by just 1 percent. That is a great amount of money, Mr. Speaker, by any means.

In 7 years the difference between the high and the low economic growth productions means a $1.2 billion swing in the size of the Federal budget and the deficit.

Let me give you a classic example. High growth rates can be achieved and sustained on following the right policies, just as good health comes from good nutrition and exercise. Example: Japan, through the years of 1975 and 1993, 18 years without a recession, a 4.2 percent annual growth rate. And remember what we said, just a 1 percent interest growth rate would mean billions of dollars for the budget.

Yet we take a look at the United States, compared from 1973 through 1993, three recessions we have gone through in the United States during that period, a 2.6 percent instead of over a 4 percent annual growth rate, and it only gave us a 1 percent annual personal income increase.

Imagine if America had matched the Japanese in economic growth rate over that period of time. The real GDP would have been 1.8 trillion greater. Per capita income would have been, listen to this, Mr. Speaker, $8,955 per worker greater for just matching what the Japanese did.

Greater American competitiveness and increased economic growth requires a tax code that favors work, not Big Government, savings on investment, less litigation, less regulation and redtape, lean and effective bureaucracies, lifetime learning, entrepreneurial culture, sensible government investments in infrastructure, government research and development leading to corporate product development and marketing.

The fourth strategic improvement is leading the transformation to an information age. The speaker holds up a tube, a vacuum tube, a tube that you will fly home with if you are flying this weekend with the FAA. The United States is the largest producer of the vacuum tube. But yet government, by buying a computer chip, is worth a million vacuum tubes. And yet we need to step into the future and do that. But we are not. We have not been able to do that. Just think about the hundreds of thousands of dollars by switching to a computer chip instead of a vacuum tube in our government.

Over the last 15 years, the Ford Motor Co. has transformed itself through new technologies and new culture to qualify and through productivity. Today Ford produces the same number of cars, two and one half times the quality, with one half the work force. Consider what government could do if it could match that same standard. We could send half of us home, half of the staff home. I think many of the American people would support that, Mr. Speaker.

New breakthroughs do not fit into the traditional role of government. It is too hard to change, too long.

Let me tell you about a program and a change. We plan on merging or doing away with the Department of Education, eliminating HUD, eliminating the Department of Energy and eliminating the Department of Commerce. Eliminating the Department of Education is $4 billion every year that we could save. Eliminating HUD is $15 billion. Eliminating the Department of Energy is $20 billion. They say, how can you give a tax break and give the money back to the American people?

I heard Russia mentioned today and that we are spending too much money on defense. We gave the former Soviet Union a billion dollars to dismantle nuclear weapons. We gave them another $4 to $5 billion in nation building, Mr. Speaker. Last year Russia built five Typhoon nuclear class submarines, the Red October type class submarines. They built a Mig–35 which is superior to our F–15 and F–14 fighters. They have an AA–10 missile which is superior to our AMRAAM. They have a torpedo, an underweter torpedo that will go over 100 miles per hour. Yet we are giving them money so that they can fight a war in another country.

We need to invest at home, Mr. Speaker, and not send the money abroad. We need to increase our own economic model in this country, create the jobs, balance the budget, solve the Medicare system, and work so that the babyboomers will have a retirement to look to.

Debt consumes America. Again, we are paying nearing nearly a billion dollars a day on just the interest.

The Clinton administration knows the crisis is coming. Social Security will face a cash deficit by the year 2013. The unified deficit will increase unless taxes are raised or benefits reduced, and it comes even earlier in 1999: Clinton's OMB Director Alice Rivlin on 10/94. But yet the President fails to provide a solution.

I ask the President to engage. Give us your plan to balance the budget, put away the 1996 elections. Give us your plan to save Medicare instead of the 1996 elections.

The Clinton debt numbers actually underestimate the problem because they fail to account for four additional powerful factors, Mr. Speaker. The taxpayers' burden is paying interest on the debt, the cost of higher interest rates caused by the Federal Government's borrowing, the imminent financial crisis in Medicare, if it is not saved, and the soon-retiring babyboomers and their effect on the Social Security trust fund.

Every citizen will have to pay a lot more in taxes and interest on the debt unless we solve the problem. Over the next 11 years, we will pay as much in taxes just to pay the interest on the debt as the entire debt that has ever existed.

The following Americans will pay a lot on interest to the debt which builds up over a time in their lives. Let us take Sally, in 1995, $187,150. Our spending today saddles our children with debt tomorrow. That is not a legacy that I wish to leave my children.

In 1997 we will pay more for the interest on the debt than we will pay for all of national defense. That is sad, Mr. Speaker, and that is on the interest. That is not on the principal. It does not go into our banks. It goes to foreign interests and foreign subsidies used against us in economic warfare such as Japan, such as China, such as Russia.

Budget deficits raise interest rates and cost everyone additional money. What a balanced budget will mean, I quote Federal Reserve chairman Alan Greenspan; I think real incomes and purchasing power of the real incomes will significantly improve what they look for in their children and they are doing better, and they will do better.

Alan Greenspan stated that most Americans feel that their children will do worse than they have in their present lifetimes. That is a sad commentary, Mr. Speaker.

I feel that we are doing the most important things that we have ever done in our lives. When we are only getting small amounts of dollars to the problems that we have, when this nation is headed for economic ruin and a second rate country economically and we are going to lose our health care systems, we have got to do something about it.

I feel proud to be able to take part in that. I ask my colleagues on the other side of the aisle, put away the rhetoric, put away the information that is coming out and join us and embrace it. We want to save this country for our children, because, again, if we do not, they are going to owe far more than we could ever pay: not a legacy that we want to leave for our children.

Mr. Speaker, I am going to close in just a second. I am going to basically state that in the future of this House and working with the Senate, with both sides of the aisle, whether we receive a balanced budget amendment or not, we are going to balance the budget in 2002.

The gentleman from Ohio [Mr. KASICH] of the Committee on the Budget has taken every single Member's information into account in our conference. The COLA's for retirements are back in. The items, the common goal and the common thread when it comes down to it, in the year 2002 we will have a balanced budget in this country, and what a great thing that will mean, Mr. Speaker.

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THE FEDERAL BUDGET

The SPEAKER pro tempore (Mr. CAMP). Under the Speaker's announced policy of May 12, 1995, the gentlewoman from Texas [Ms. JACKSON-LEE] is recognized for 60 minutes as the designee of the minority leader.

Ms. JACKSON-LEE. Mr. Speaker, I rise today to clarify a budget process that has been caught up in much controversy and debate. I heard a colleague today at an earlier presentation suggest that we might do well to engage in dialog and turn ourselves away from this whole idea of debate and speak to the issues that I believe the American people can understand. Coming from the 18th District in Texas, the fourth largest city in the Nation, Houston, I am going to use as a backdrop to this discussion this evening as a reminder where our State already finds itself under the present rescissions bill that is yet to come back to the House but already evidences that our State will lose some $1.1 billion in needs of family nutrition, aid to dependent children, school nutrition, and Medicaid, that takes care of the many needs of our children and our senior citizens.

Interestingly, there is a sharp divide in the vision and the focus of this Nation. For in the debate and the discourse that we have heard, we have been told that the deficit will break the very backs of this country. Yet we find when we analyze the deficit and compare it to the GNP in this Nation compared with other western civilization nations, we have the smallest percentage of deficit of any other country.

This does not mean that we do not face up to our responsibilities and begin to confront the hard issues of deficit reduction. As a new Member of Congress, I have made that commitment because I have come from that kind of history. For local governments do not carry deficits from one fiscal year to the next. We know the hard response of being able to pay as you go.

I do want to clarify, however, that many of the local and State governments have a luxury that this country does not, and, that is, that they separate out their operating budget from the budget that deals with capital improvements, a consideration that I have raised as a possible direction for this Nation to take, ongoing debt versus immediate debt.

In any event as we begin to dialog about this deficit reduction and this budget resolution, which has been characterized as a resolution to solve the budget deficit by the year 2002. Juxtaposed to that representation is the inquiry of where the Democrats' budget proposal might be.

To clarify, it is the responsibility of the majority party in this House, of course, to present a budget. Certainly that was to have been done by April 15 and, of course, we did not receive such a resolution until last week. Not only did we not receive it until last week, about the second week in May, but we now are to address this resolution and find a common bond and resolution in a matter of less than 48 hours. This will be debated on the House floor tomorrow, Wednesday, and voted on before the end of this week. There will be Democratic proposals. There will be amendments that will be offered. And so the responsibility that is charged to those of us who are Democrats is being upheld. It is unfortunate that the tone of the debate is suggesting that one's responsibility has not been taken care of.

But the sharp divide over which direction this Nation should go causes me to rise this evening to say that clearly the Republican Party needed to take a couple of more months in order to strike a more effective chord of bipartisanship that would help to approach the deficit reduction that we all would like to have but, as well, create a vision of opportunity and challenge and success for this Nation.

Interestingly enough as we were being cajoled into thinking that life was all right in the late 1920's and the early 1930's under the leadership of the Republican Party as we moved into the deep recesses of depression, many people would have thought of a variety of ways to increase productivity and to get this country out of the depths of depression. It, however, took a creative Government under the leadership of Franklin Delano Roosevelt to both answer the question of debt but as well answer the question of productivity.

This country today is crying out for productivity. It is crying out for a need of jobs, for the engine to run corporate America to produce jobs, for the domestic energy industry to be refueled and retooled. It is crying out for those who would seek to bridge themselves out of dependence into independence an opportunity to do so. This budget does not speak to that. In fact, it undermines that.

While their proposal would provide for a balanced budget by the year 2002, it would abolish several vital Cabinet departments. Low and moderate income Americans and particularly children would be impacted. According to the new Washington Post/ABC News poll, if we are to be pundits of polls, my opinions are apparently shared by a majority of Americans. Sixty percent of poll respondents oppose abolishing the Education and Energy Departments and 56 percent oppose shutting down the Commerce Department, which, by the way, has been a most