During this process, we have been hearing all kinds of misrepresentation, all kinds of distortion, sometimes flatout lies. Let me give some examples.

They say we are cutting Medicare, when we are actually allowing Medicare spending to grow by $80 billion a year.

They say we are cutting Medicaid, when we are actually allowing Medicaid spending to grow by $30 billion a year.

They say we are cutting school lunches, when our plan increases spending on school lunches by over $1 billion over the next 5 years.

What we are trying to do is slow down the growth of out-of-control spending. We have been spending and spending, and it has become out of control.

But the biggest distortion, the biggest misrepresentation, is on the EITC. Let me talk about it this morning for a couple of minutes.

What is the EITC? It was passed back in 1975. It is called earned income tax credit.

What does it do? Well, the Government tries to help those people who work but do not earn enough money to support their families, children. Therefore, the Government helps them.

If you make less than $26,000 a year, with kids, then the Government will match up to 36 percent of a person's income with a tax credit. In other words, as I said earlier, if you work full time but you cannot support your family, then Government supports you.

How many people know about this EITC? I bet not that many.

What is wrong with this program? Nothing. I think it is an excellent idea. I would rather see that we help the people who work every day than just give free handouts to folks who are not working. The free Government handouts, why would anyone try to work?

It is an excellent program. We support it. Republicans support it. Democrats support it. I think it is a pretty good idea.

What is wrong with it? The program has gone out of control. It is way out of control. Why? Because we keep adding more and more provisions, adding some other language, trying to add more people in it, gradually expanding it and expanding it. This EITC program, as a result, becomes out of control.

□ 1245

The original intent was to help those folks who have a family, children. But what happened? Now, anybody, even though you do not have a family, can get EITC credit. Look at this chart in here. It used to be sort of flat, about this time. About that time, we changed the laws so that anybody can claim, even if you are single, even if you do not have any family.

It went up. It has gone up a thousand percent. The cost has gone up a thousand percent. The cost has gone up a thousand percent in the last 10 years, totally out of control. That is what is wrong with it. It is not the program itself. It just has gone out of control.

Why? Because waste and fraud in EITC had grown faster than the program itself. This is really a shame. IRS says that 1 million EITC recipients are illegally receiving this. One million people should not receive a penny of it. GAO says 40 percent of EITC recipients are illegally receiving more money than they deserve, more money, more than they are entitled to. That is what is wrong with this. That is why it has gone up a thousand percent.

The waste and fraud in the program has gotten so bad that IRS lately had to stop issuing electronic tax refunds because of EITC fraud schemes.

Mr. Speaker, I will continue tomorrow.

FEDERAL-TERRITORIAL RELATIONS

The SPEAKER pro tempore (Mr. EVERETT). Under the Speaker's announced policy of May 12, 1995, the gentleman from Guam [Mr. UNDERWOOD] is recognized during morning business for 5 minutes.

Mr. UNDERWOOD. Mr. Speaker, as a Delegate to Congress representing the people of Guam, a great deal of my work here in Washington revolves around the Federal-territorial relationship and how that relationship impacts on our island.

On October 17, a joint hearing was held by the Subcommittee on Native American and Insular Affairs and the Subcommittee on Western Hemisphere to discuss the political status plebiscite held in Puerto Rico last year. While Guam was not the focus of the hearing, any talk of political status change is of great interest to our island due to our own efforts to improve our own relationship through the establishment of a Commonwealth of Guam. Any talk in Congress of improving the relationship between the territories and the Federal Government has to be viewed as constructive. It is far more damaging to have the Congress be oblivious to the desires of the territories. While the discussion on Puerto Rico is dominated by the statehood question, no such statehood option is realistically being offered to the smaller territories such as Guam, the U.S. Virgin Islands, and American Samoa.

This means any discussion of reinventing government, political devolution to the states is not being considered seriously for the small territories, and the small territories must take their own steps to get involved in the debate.

The issue for Guam, then, is that if statehood is not a viable option for the foreseeable future, what can we do within the framework of the Constitution to improve on this political relationship? We have proposed a commonwealth document, which I introduced earlier this year as H.R. 1056, the Guam Commonwealth Act, that describes our vision of a new commonwealth based on the consent of the governed.

The Guam Commonwealth Act is a roadmap for the Federal Government to navigate the many issues that are important to Guam. It addresses everything from self-determination for the indigenous people of Guam to telecommunications, air rights, and shipping. It is as much an economic blueprint for the future as it is a political blueprint.

The United States has a tremendous national interest in Guam, and likewise, Guam has an equally important interest in this political relationship.

It has not always been a balanced relationship. What has motivated the Federal interest more than anything else has been Guam's military value to the United States. This continues to be the bottom line for many Federal decisions. But lately, this Federal interest has taken some bizarre twists and turns since the end of the cold war.

The 1995 Defense Base Closure and Realignment Commission recommended that severe cutbacks on Guam that include closing our ship repair facility and our fleet and industrial supply center. We stand to lose more jobs per capita than any other American community hit by BRAC 95. And yet, the Department of Defense is now in the awkward position of renegotiating the Status of Forces Agreement with Japan, an agreement that includes the bases on Okinawa where the American presence is under fire by the local community.

These events send mixed signals to the people of Guam. They say on one hand that the military chooses to leave Guam to save a few bucks, and chooses to give the benefits of forward deployment in our region to other foreign communities where their presence is not welcomed. We, on Guam, meanwhile, will have to find a way to restructure our economy and take care of those Federal employees at the SRF and supply center on Guam while the military finds a way to keep the SRF at Yokosuka operating and the bases at Okinawa open. The message seems to be that Guam is American, therefore, no special effort needs to be expended by the military for the privilege of using our island.

This week, the Lieutenant Governor of Guam, the Honorable Madeleine Bordallo, is in Washington to meet with Defense and Navy officials to discuss the transition issues for the facilities to be closed on Guam. It is unfortunate that we must continue to go to great lengths to persuade the Navy what should be obvious to everyone—that Guam is their best insurance policy for an American military presence in Asia, and that the people of Guam are watching with great interest their handling of all the BRAC-related closure issues on our island.

The Federal-territorial relationship is strained—now is a very good time for the military, which has a vested interest in this relationship, to cooperate

with the Government of Guam on the base closure transition. Now is a good time for the administration to exert an effort to complete the discussions on the Guam Commonwealth. And now is a good time for Congress to consider how it is going to deal with the small insular territories as it considers a political status process for Puerto Rico.

As I said earlier, any discussion of political status and the territories is good. Any discussion of Okinawa and the Japanese bases has to be good for Guam too. I hope that those in the White House and the Pentagon who are supposed to be paying attention to these issues are making the right connections between all these issues. I would hope so, because otherwise, it would seem to us that these Federal policies are being made in a very short-sighted manner.

Now is a good time for the administration to exert an effort to complete the negotiations on the Commonwealth, and now is a good time for Congress to consider how it is going to deal with the small, insular territories as it considers a political process for Puerto Rico.

NOW IS THE TIME TO ACT ON LOBBY REFORM AND GIFT BAN

The SPEAKER pro tempore. Under the Speaker's announced policy of May 12, 1995, the gentleman from Texas [Mr. DOGGETT] is recognized during morning business for 5 minutes.

Mr. DOGGETT. Mr. Speaker, today is the time for this House to act on lobby reform and a gift ban for Members of this House. It is not only today that I have offered those remarks, because today we take up the legislative branch appropriations bill, but it, in fact, was the first day of this session that many of us urged the House to reform itself in an attempt to pass lobby and gift ban reform on January 4 from this very spot, and yet the next day, Speaker NEWT GINGRICH had this to say of the effort. He described it as ''an astonishingly narrow and self-destructive act.''

With that background, we proceeded once again in the spring to attempt to reform this House and the way it handles itself both with regard to lobbies and with regard to gift bans. The Speaker responded again in a preadjournment news conference, saying, ''We have not had the mental energy and the time this summer to do anything about this issue of ethics and gift ban and lobby reform.''

Apparently the Speaker has still not been able to muster the mental energy. Apparently he still suffers from great mental fatigue, because although the Senate referred to this Speaker's podium on July 26 a lobby reform act, reforming and rewriting the legislation that had not been significantly reformed since the year of my birth, 1946, that bill has been sitting and is sitting at this very moment at the Speaker's rostrum from July 26 to today, July, August, September, October.

That is, indeed, super fatigue, I suppose. I would not think that it takes a considerable amount of mental energy to simply be able to go through the act of referring the bill to a committee so that it could be studied. But Speaker GINGRICH, perhaps referring back to his suggestion that reform was a self-destructive act, has not been able to muster the energy to even refer the bill.

It is little wonder then that Gerald Seib, writing in the Wall Street Journal this past month, had this to say, ''The new Republican leaders of Congress have flat out blown it this year in one area, cleaning up the political system.'' Then he refers to Senator JOHN MCCAIN, who played such a significant role in the 98 to zero victory for lobby and gift-ban reform over in the U.S. Senate, where there is still a little bipartisanship when it comes to cleaning up the place. He says the signals that the House will not get to the gift ban this year makes Senator MCCAIN worry that his Republican House colleagues may have developed a tin ear that will prevent them from making reforms that are in their own political interest in the long run. ''I detect over there a kind of heady environment that maybe is not as sensitive to public opinion as you would think.''

Indeed, that is what has happened here, because our Republican colleagues, rather than join us in a bipartisan effort to clean up this House when they had an opportunity to do that on January 4, voted ''no'' against gift-ban reform. When they had an opportunity to do that on June 20, on a vote on this floor, they voted ''no'' against gift-ban reform of the very type of character that their colleagues in the Senate would vote to approve unanimously only 1 week later. On June 22, a third time, they voted ''no'' when the issue was gift-ban and lobby reform, and then on September 6, you would think after Speaker GINGRICH and his colleagues had had significant time to rest up over the August recess, no, they voted ''no'' consistently again one more time against gift-ban and lobby reform.

So it was that last Wednesday, on October 25, many of us thought there would finally be an opportunity to address this issue once again, when the legislative branch appropriations was here on the floor of the House. But instead, the Republican leadership jerked that bill off the floor, afraid that real reform might occur. What did we get instead of an opportunity to vote on the issue of gift-ban and lobby reform? We got a press conference on Friday which represented simply more hem, hedge, and haw when it came to reforming this House, the possibility that there might be action by November 16, but the suggestion that they did not want to adopt what the Senate had done on a bipartisan basis; they wanted to strengthen the bill.

How do they proposed to strengthen it? Well, they are considering an exemption for the golf caucus. That is their form of strengthening. I suggest that strengthening by exemption is the equivalent to the leadership by example we have seen when it comes to cleaning up this House. We have had, instead, the same timekeeper on that kind of reform that the House Ethics Committee has used with reference to the ethical complaints against the Speaker: Wait, wait, wait.

RECESS

The SPEAKER pro tempore. Pursuant to clause 12, rule I, the Chair declares the House in recess until 2 p.m. today.

Accordingly (at 12 o'clock and 57 minutes p.m.), the House stood in recess until 2 p.m.

□ 1400

AFTER RECESS

The recess having expired, the House was called to order by the Speaker pro tempore [Mr. EVERETT] at 2 p.m.

PRAYER

The Chaplain, Rev. James David Ford, D.D., offered the following prayer:

All of us, wherever we are, join together in our petitions and place before You, O God, that which burdens our hearts or gladdens our souls. As you have promised to hear our words and heed our voices, we make known in our prayers that which encourages us or troubles us, those feelings that we withhold from all else. We pray, O God, that You would so free us by Your grace and by Your pardon that we will reflect Your light and serve our neighbor and our Nation with a renewed commitment to justice for every person. For all Your good gifts and for the marvel and majesty of each new day, we offer these words of petition and thanksgiving. Amen.

THE JOURNAL

The SPEAKER pro tempore. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Pursuant to clause 1, rule I, the Journal stands approved.

PLEDGE OF ALLEGIANCE

The SPEAKER pro tempore. Will the gentleman from North Carolina [Mr. BALLENGER] come forward and lead the House in the Pledge of Allegiance.

Mr. BALLENGER led the Pledge of Allegiance as follows:

I pledge allegiance to the Flag of the United States of America, and to the Republic for which it stands, one nation under God, indivisible, with liberty and justice for all.