chart. It is a beautiful chart. It must have taken several dollars to construct that chart.

Let me tell you, Mr. Speaker, and our colleagues what is happening with the efforts of the Republicans to reach a balanced budget. In Kemp-Roth in the early 1980s, we talked about reaching a balanced budget and we set out a plan and we failed. In 1986 and 1985, Gramm-Rudman again tried to develop a plan and a proposal to reach a balanced budget and, again, we failed. In 1990 the same thing happened.

Now we are talking about a situation where we have increased the spending of this country from $370 billion in 1970 to the $1.5 trillion that we have today. Back in 1970, $370 billion. Today the interest on the public debt is almost that.

Last year the interest on the debt that is subject to the debt limit was $330 billion. This Congress, politicians in Washington, Members of the Senate, Members of the House, the White House have found it to their political advantage to spend more money to do things for people, and they have decided that maybe increasing taxes is not so popular so what we have done is expanded our borrowing.

Do you know what we are doing when we borrow all this money and go into debt like we are today? We are saying to our kids and our grandkids, we are going to make you pay this back out of earnings and wages that you have not even earned yet, possibly that you have not even had a chance to go through school yet, and yet we are saying to you that our overindulgence today is going to be paid for by your earnings 10, 20, 30, 40, 50 years from now.

How do we get to a balanced budget? Well, the debt limit and the vote on increasing the debt limit is not a way to have leverage. It was used in 1985 and 1986. In fact, we have increased the debt limit of this country 77 times since 1940. I mean it has become a way of life. Nobody seems to care.

The consequences of that debt are now devastating the kind of economic expansion we could have. We had four individuals from Wall Street down to Washington today. They came down to talk to Members of Congress about what they thought the consequences of not sticking to our guns and not achieving a balanced budget was going to be.

They simply said, look, you are halfway through this stream. If you do not stick to your guns, you are going to see the stock market fall. You are going to see the bond market fall, and you are going to see more chaos than if you stick to your guns.

Ms. DELAURO. Mr. Speaker, will the gentleman yield?

Mr. SMITH of Michigan. I yield to the gentlewoman from Connecticut.

Ms. DELAURO. Is it not true, though, that what you want to try to do here with this debt limit is use it as leverage, as you have said, in order to force the President on the budget? That in itself has created chaos on Wall Street.

Mr. SMITH of Michigan. Reclaiming my time, Mr. Speaker, that is exactly what we are trying to do. We are trying to use the debt ceiling vote as leverage to force not only the President but those 160 of us, it was not 130, it was 160.

We sent the letter to BOB DOLE. We sent the letter to NEWT GINGRICH. We said, look, our interest is in achieving a balanced budget. We know it is going to be difficult. We know it is going to be hard, but here is what we are saying. We are saying we are not going to vote to increase that debt limit unless we get on an absolute glide path to a balanced budget.

Now Stan Druckenmiller came down from Wall Street today; James Capra came down from Wall Street; Edward Hyman, ranked the number one economist for each of the last 16 years came down here today, and Kenneth Langone came down here today.

Ladies and gentlemen, what they said is, you have got to stick to your guns. If we do not stick to our guns, we are going to perpetually continue to spend and tax and borrow. The question to the American people is, do you want a bigger government with more taxes or do you want a smaller government with fewer taxes? I mean, that is the question. The American people answered it last November. They are now giving us a chance to fulfill that commitment.

Go home and ask your constituents that question.

ALLIANCE FOR JUSTICE

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Indiana [Mr. MCINTOSH] is recognized for 5 minutes.

Mr. MCINTOSH. Mr. Speaker, in the past few months observers in this House may have noticed a lot of floor time being dedicated to attacks on our Subcommittee on Regulatory Relief, my character, and the character of the staff. These attacks have centered around a hearing that was held at the end of September in our subcommittee. The gentleman from Pennsylvania [Mr. CLINGER] addressed some of those issues in his 5-minute remarks earlier. I wanted to explain to the body today exactly what happened at that hearing so that each Member can decide what is at stake in this discussion.

For several months now, I have been working to enact a law that is designed to prevent the taxpayer subsidy for lobbyists here in Washington. For years it has been one of Washington's dirty little secrets that thousands and thousands of groups receive taxpayer grants. A small subset of them have become quite wealthy and use that money to hire their lobbyists to promote more and more spending here in Congress.

Now, along with the gentleman from Oklahoma, Mr. ISTOOK, and the gentleman from Maryland, Mr. EHRLICH, now Senator SIMPSON and Senator CRAIG, we have a bill that will put an end to that and put an end to an outrage of the taxpayer subsidizing the lobbyists here in Washington. But as President Reagan has said, it gets dangerous if you get between the hog and the bucket. So many of those lobbyists are now attacking us personally as we move forward with that effort.

The House Subcommittee on Regulatory Affairs, which I chair, has held four hearings into this, into the use of taxpayer funds by lobbying groups here in Washington. The last hearing was on September 28. At that hearing, the subcommittee invited one of those lobbyists, Nan Aron, who is President of the Alliance for Justice, to testify. The Alliance for Justice is a nonprofit charity that has annual revenues of about a million dollars.

The Alliance for Justice spends most of its time educating other nonprofit special interest groups on how to engage in lobbying.

The Alliance for Justice has about 30 members. Many of those members receive millions of dollars in Federal grant money and end up paying dues to the Alliance for Justice which end up funding their lobbying activity.

In many ways, this is a money laundering scheme in which the taxpayer dollars go out as grants to groups and end up subsidizing the efforts of lobbying by the Alliance for Justice.

Hillary Clinton's Children's Defense Fund, the American Arts Alliance, the Consumer Union, the Teachers Union and National Education Association, and the National Organization for Women's Legal Defense Fund are but a few of those members who contribute to the Alliance for Justice.

In preparing for this particular hearing, I asked the staff to prepare a series of questions for the Alliance. Where do they receive their money? Do they receive an indirect subsidy from members who receive Federal grants? The Alliance responded only in part to those questions and said they did not receive any Federal money themselves, but they declined to answer what type of subsidies their members received.

So I asked my staff to illustrate the point to prepare the following chart, which is a blowup of the letterhead of that group that shows that several of their members do indeed receive Federal grant moneys totaling over $7 million.

Now, the purpose for this blowup was to demonstrate how this money laundering scheme operates in this particular group. As we engaged in the hearing, we asked the chart to be available in the hearing room, and the committee staff also prepared a smaller 8-by-11 version of this chart to make available to the press and to the public who may not be able to see it.

The plan was that we would demonstrate the poster and then place the flier in the committee room so that anybody who was interested could have a copy.

Unfortunately, what happened was the fliers ended up out on the press

table in advance of the poster. This created some confusion because it was claimed by Ms. Aron and members of her group that it looked like it was their letterhead that was being used to make this point, because now that it was an 8-by-11 piece of paper, it looked like it was a Xerox of their letterhead. I think most people who will look at this document will know that this is not any type of alleged forgery but is in fact a demonstration of how this money laundering scheme works.

Now, my staff ended up answering questions about who prepared the document. We immediately told people when asked at the subcommittee hearing, this is a document that we have prepared, based on research in our subcommittee on how the taxpayer dollars are used. And I apologized later that night to Ms. Aron for any confusion with the use of their letterhead. But nonetheless, the attacks continue because they do not want the American taxpayer to see how their money is being used.

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Florida [Mr. GIBBONS] is recognized for 5 minutes.

[Mr. GIBBONS addressed the House. His remarks will appear hereafter in the Extensions of Remarks.]

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Arizona [Mr. HAYWORTH] is recognized for 5 minutes.

[Mr. HAYWORTH addressed the House. His remarks will appear hereafter in the Extensions of Remarks.]

THE BUDGET

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New Jersey [Mr. PALLONE] is recognized for 5 minutes.

Mr. PALLONE. Mr. Speaker, I have to say I was amazed to hear the gentleman from Michigan who previously spoke to actually admit that the Republican leadership is using the debt ceiling as leverage in a political way. The effect on the economy, as was mentioned previously by the gentlewoman from Connecticut, is incredible. To think that the Government might go into default in order to achieve a political purpose on the part of the Republican leadership is incredible to me.

I do not think that the voters last November, when they went to the polls, thought that they were voting to put the Federal Government in debt, into default. I was just reading from American history, remember when I was in grade school, how proud we are that over the history of the American Republic we have never defaulted on our debts and how important it was to just get our financial act together from the beginning of the United States to make sure that we would not default on our debts. Here is a Member of this body saying that the debt ceiling is being used as leverage in order to accomplish a political purpose. To me it is shocking. I cannot believe that he actually admitted that that is the case.

Mr. GEKAS. Mr. Speaker, will the gentleman yield?

Mr. PALLONE. I yield to the gentleman from Pennsylvania.

Mr. GEKAS. Mr. Speaker, is the stated goal of the gentleman from Michigan [Mr. SMITH] to bring about a balanced budget or to bring about political gain with the President of the United States? It is, in my judgment, to bring about a balanced budget. Nothing else has worked.

Mr. PALLONE. Mr. Speaker, reclaiming my time, the point of the matter is that the gentleman from Michigan admitted that he was using the debt ceiling and the possibility of default for political purposes. Even if that political purpose is that somehow he sees in the long run that he is going to balance the budget, the effect of the Government possibly going into default and what that would mean for the economy, what it would mean for the millions of people who would see their interest rates rise and their mortgages have to go up, to me it is just totally irresponsible.

I think that he points out the truth. That is exactly what the Speaker is threatening to do, to let the Government default in order to bully the President into signing his budget bill. I think it is totally uncalled for. At least the gentleman from Michigan was willing to admit it, but it is shocking to me that that is in fact the case.

I wanted to speak, if I could, about the budget bill. As a member of the conference, the bottom line is the House and the Senate, of course, passed different budget bills and now have to get together, and there is a conference for that purpose to try to get the two versions together.

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One of the things that I wanted to mention as a conferee, as a person who is going to be part of that conference, is that if is very possible and, I think to some extent, the Senate is already recognizing it is very possible, to essentially take this budget and minimize the tax cuts for the wealthy and the tax increases on the low- and middle-income working families in order to restore Medicare and Medicaid to programs that continue to provide quality health care. The problem I have right now is that this Republican budget bill essentially is destroying Medicare and Medicaid health care programs for the elderly and also for poor people in this country in order to pay for a tax cut for the wealthy. Medicare is cut $270 billion; Medicare, $270 billion. Medicaid, about $180 billion, and yet we have a tax cut that primarily goes to wealthy Americans that is $245 billion.

So, if in conference or if at some time later, after the President vetoes the bill, we actually were to decrease that tax cut and take back the tax cut from many of the wealthy Americans, we can put more money into Medicare and into Medicaid so that they are continually viable programs, and that is what needs to be done, that is what hopefully this conference will manage to do or ultimately will be accomplished when the President vetoes the bill and it comes back.

I wanted to mention two points, if I could, as part of this Medicare and Medicaid debate. There has already been an effort on the part of the Senate, and if you look at the Senate bill versus the House bill in two areas that I think are very beneficial if we can get these changes, one is that the Senate-passed provisions continue to apply Federal nursing home standards unlike the House bill, and secondly, the Senate-passed provisions require continued Medicaid coverage for low-income pregnant women and children and for disable persons.

One of the worst aspects of this House bill is that in fact what it does is to take away standards for nursing homes. Essentially what it means is that the nursing homes are up to the will of the State if the State, of New Jersey for example, decides that it does not want to have any kind of standards for nursing home care.

So I am hopeful that, when we get to conference, we can at least address those issues, trying to bring back the nursing home standards and trying to provide some guaranteed coverage for the disabled, for pregnant women, and also for children.

The SPEAKER pro tempore (Mr. ALLARD). Under a previous order of the House, the gentleman from Illinois [Mr. DURBIN] is recognized for 5 minutes.

[Mr. DURBIN addressed the House. His remarks will appear hereafter in the Extension of Remarks.]

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Arizona [Mr. SHADEGG] is recognized for 5 minutes.

[Mr. SHADEGG addressed the House. His remarks will appear hereafter in the Extension of Remarks.]

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California [Mr. MILLER] is recognized for 5 minutes.

[Mr. MILLER of California addressed the House. His remarks will appear hereafter in the Extensions of Remarks.]

QUESTIONS FOR COLIN POWELL

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California [Mr. DORNAN] is recognized for 5 minutes.

Mr. DORNAN. Mr. Speaker, I say to my colleague, ''LINCOLN DIAZ-BALART,