A Federal grantee like General Motors, obviously a private company, would have to account to the Federal Government for every time any of its thousands of employees had any contact with a Federal, State, or local government official about virtually any issue, whether it is local zoning or fuel efficiency standards.

Looking at another well-known and worthy nonprofit organization, Mothers Against Drunk Driving would not be able to carry out its mission if this were to become law, because under the amendment's formula for the maximum allowable government relations expenditures, Mothers Against Drunk Driving could spend only 3 percent of its entire budget on contacts with all levels of government. It would simply cripple MADD's efforts to get stricter Federal, State, and local laws and enforcement against drunk driving.

But do not take my word for this. Let me read to my colleagues from a letter sent out yesterday in behalf of the presidents of 34 major research universities in this country from the Association of American Universities. And I quote:

> The Istook-McIntosh-Erlich legislation would impose a burdensome, new record-keeping mandate on our universities, some of which receive thousands of Federal grants for diverse purposes. For each grant, this legislation would require detailed and duplicative reports on political advocacy—even if the amount of advocacy did not exceed the prohibited threshold.

Mr. Speaker, I could go on and on, including a recent communication from the Red Cross about this. Let me just conclude by pointing out what our former colleague Mickey Edwards of Oklahoma had to say about this recently: ''This is big brother with a vengeance.'' My colleagues, we should defeat these amendments.

AMERICA BETTER OFF WITH BALANCED BUDGET

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

Mr. HOKE. Mr. Speaker, I want to address the House this morning about an article that appeared yesterday in USA Today. It was entitled ''What Life Would Be Like In 2002 With A Balanced Budget.'' It is a survey of a number of different economists and analysts and consultants who have been asked about what the impact would be on our economy over a 7-year period of coming into balance with the Federal budget.

It starts out by saying,

> Mortgage rates near 5 percent. An economy that purrs along with a steady jobless rate around 5.5 percent. A standard of living that's on the rise again because wages are finally growing at a decent rate. A trade surplus.

Economists are nearly unanimous in their answers that for most people, in fact 80 percent or more, life would be better. Says Michael Englund, who is chief economist at consultants MMS International, ''I have to believe a rising tide does raise all boats. Probably 80 percent or more would gladly benefit'' with a balanced budget that helps bolster the economy.

Todd Buchholz, author and economist who is the author of a book entitled ''From Here to Economy'' says, ''I can tell you things will only get worse if we don't balance the budget or come close to that.''

Now why is that? What is at the bottom of this? At the bottom of it is the ability of the Government to borrow in a way that sucks capital out of capital markets that would go to productive activity in the economy.

In other words, if there is a deficit that is running, right now the deficit is about $164 billion, then it has to borrow that money in the capital markets. That means that that money is not available to be borrowed by individuals for the purchase of homes or consumer goods, or by businesses for capital investment that would create more jobs.

Because we do spend more than we collect, the Federal Government has to borrow from investors to pay its bills. The article goes on by saying it borrows by selling Treasury bonds, notes and bills on which it pays interest. That borrowing, most economists agree, keep interest rates higher than they would be otherwise.

I can tell you that the Chairman of the Federal Reserve Bank, Mr. Greenspan, testified before my committee, the Committee on the Budget, earlier in this year, and said that on average he believed that interest rates would drop 2 percent as the result of balancing the budget.

''The government is tapping into our savings pool,'' says Nancy Kimelman, chief economist at Investment Advisors Technical Data in Boston. It lures investors' money the only way that a borrower can, by offering tempting yields on bonds.

When you subtract the Government from the competition for investors money by balancing its budget, then the effect would be immediate and interest rates would head down. Here are some of the estimates.

Lawrence Meyer and Associates, which is a St. Louis-based economic consulting firm, estimates that by 2002 short-term interest rates would be close to 3 percent, as opposed to 5.4 percent today, and long-term rates would be just about 5 percent, versus 6.2 percent today.

With rates that low, the economy would surely be far better off. Businesses would invest more because they could borrow more at lower rates. Investment in computers, in buildings and equipment, would boost productivity even further.

There is another issue at stake here besides all of these economic benefits that would inure not only to the economy generally but to individual people, both in terms of lower interest rates that they would pay for mortgage payments and car payments and school tuition payments as well as the capital formation aspects that create a lot more jobs and a lot more opportunity. The other issue that I want to talk about with respect to a balanced budget is the one that goes to the question of how we define what Government should be, what its appropriate role is, and what its appropriate role ought to be in the American scene.

The way that this idea of a balanced budget comes into play with respect to that is that the most perfect way, the most compelling way, the most clarifying way to define as a people what we believe government's role ought to be is what we as a people are willing to pay for it on a pay-as-you-go basis. So that if we say to each other, to ourselves, look, we are only willing to spend what we are willing to pay for, then that is the most perfect way to define what this Government should be and should do. It also has the added benefit of not putting on our children the borrowing that we enter into and engage in today. It very perfectly defines what we ought to be as a government.

DEFEAT ISTOOK AMENDMENT TO LOBBY REFORM BILL

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

Mr. MENENDEZ. Mr. Speaker, I rise to express my outrage with the Istook amendment we will be voting on that will impede with the fundamental right of Americans—particularly nonprofit organizations to advocate with their Government—their Representatives.

Let me first make it clear that I find this whole censorship effort reprehensible. But what makes it truly despicable is that it is specifically crafted to deal only with certain kinds of grants from the Government—the kind that go to people they do not like. People who might dare to oppose their extremist agenda.

What I mean is this: Mr. ISTOOK's own testimony on behalf of his original amendment cited two Supreme Court decisions in which the court specifically stated that there are two kinds of Federal benefits that put taxpayer dollars in an organization's pocket: Grants, and tax exemptions and deductions. The Supreme Court came right out and said it point blank. Both Mr. ISTOOK's original and more controversial amendment and the one he offers here today allegedly rely on these decisions. But when it came time to put this amendment down on paper, he decided he was only interested in one kind of benefit—the grants—completely ignoring the court's specific finding that tax-exemptions are a form of subsidy which have much the same effect as a cash grant. What a curious oversight. The court names just two