

been eligible for millions more in discretionary grants—money for boys and girls clubs, and antigang grants.

Those funds are now in doubt. Mr. Speaker, it is by now well established that it is for more costly to incarcerate an individual than it is to train or educate him. Prisons are warehouses and training grounds for further criminal activity. If we are serious about crime prevention, we should put more police on the streets and provide resources for programs that discourage crime. The Local Law Enforcement Block Grants Act undercuts that effort. This bill should be defeated.

HIGHER MINIMUM WAGE EQUALS HIGHER UNEMPLOYMENT

The SPEAKER pro tempore. Under the Speaker's announced policy of January 4, 1995, the gentleman from New Jersey [Mr. SAXTON] is recognized during morning business for 5 minutes.

Mr. SAXTON. Mr. Speaker, during President Clinton's State of the Union Address, he purposed an increase in the minimum wage. The administration has asked for an increase of 90 cents over 2 years. This will raise the current wage from \$4.25 an hour to \$5.15 an hour.

The President says that every person should receive a living wage for a good days work. I say three cheers to that, I cannot agree more with the President.

I believe that every American should be paid a fair wage.

However, the President and I disagree on how exactly we get there. President Clinton believes that the Government should mandate a wage.

On the other hand, I believe that the businesses and workers should negotiate their own wages and allow the free market to work.

Mr. Speaker, I think I can explain why the President and his administration have taken this flawed path.

Their heart is in the right place, but they are stuck in the same rut they have been in for years. Jeff Joseph from the U.S. Chamber of Commerce explained it perfectly last week. Let me quote from him, when he talked about why the minimum wage mandate is bad:

Primarily because it's a 60-year-old idea that doesn't fit in the global world we live in today. We shouldn't be talking about minimum wages and minimum skills. We should be figuring out how our workers can have world-class skills so they can earn world-class livings. You know, with the welfare debate that's going on today, people can get in the welfare system and earn about—the equivalent of \$16,000 a year.

So the debate should not be how do we get people from \$8,000 to \$9,000. The issue is how do we get people with the skills so they can go out and get off welfare and go out and earn \$20,000 and \$30,000 a year? "And this 60-year-old idea that says there is an artificial minimum which gets put out there which only ratchets up the rest of the system with inflation and makes our valuable goods and services cost more

in a world marketplace, it becomes a self defeating idea that hurts us economically."

The administration has a superficial and incomplete understanding of the way markets work.

This is not surprising from an administration populated by so many who have never held real private sector jobs, owned a business, or met a payroll.

Last year during the national health care debate, Americans were stunned to hear their President lecture the owner of Godfather's Pizza not to worry about the Clinton health insurance mandate on employers because Godfathers could just increase the price of its pizzas to offset the cost of the mandate.

In other words, in the world of "Clinton-Commerce," mom and pop businesses can make as much money as they need by just raising the prices of their products high enough. Never mind income taxes, never mind unemployment taxes, never mind unfunded mandates; just raise prices.

Obviously the President does not have a firm grasp on the law of supply and demand.

This same lack of understanding is exhibited with regard to Government taxation. In the President's mind, Uncle Sam can raise as much money as it desires just by increasing tax rates high enough.

A perfect example was his enormous retroactive tax increase that hit the Americans taxpayers with 2 years ago. Even with this retroactive tax increase, there is already solid evidence that Uncle Sam will collect less than half of what was expected.

Next year, I am sure, that after everyone has had a chance to fully adjust their behavior, virtually all of the expected revenue increase will evaporate.

Now he wants to apply the same kind of "quack-economics" to the minimum wage.

Mr. Speaker, let me take a few minutes to explain why I believe the free market is a better judge of what a fair wage should be.

During the President's State of the Union address, he said the following: "I believe the weight of the evidence is that a modest increase [in minimum wage] does not cost jobs and may even lure people back into the job market."

Well, he has it half right. If the Government artificially forces wages above the market wage, it will certainly entice more people into the job market. This is called the supply-side effect.

But, what he seems to ignore is the demand-side effect. At these higher wages, who is going to hire all of these new job seekers? In fact, not only will employers have to pay more to hire new workers, they will have to pay their current workers even more if they are making under \$5.15 an hour.

As all serious economists recognize, the net effect of increasing the minimum wage will be to increase the supply of job seekers and decrease the number of job offers. In short, raising the minimum wage will actually kill

jobs and increase the unemployment rate.

Even liberal Democrats quickly learn the true effects of the Federal mandates they impose when they have to meet a payroll. For example, former Democrat Presidential candidate George McGovern learned this lesson first hand when he became an inn-keeper and restaurateur. A few years ago, in a Wall Street Journal, Senator McGovern lamented on how he too had to struggle with regulations, mandates and taxes imposed by the Federal Government on his small business.

Mr. Speaker, compassionate politicians and well-meaning Government programs like the minimum wage cannot repeal the law of supply and demand any more effectively than they can repeal the law of gravity.

In closing, I have here in my hand, more than 20 years of research, more than 100 studies completed by some of the most eminent economist from all over this country, that exhibit the destructive effects of the minimum wage. These studies show that an increase in the minimum wage will kill jobs and destroy opportunities for the same people "compassionate" liberals say they want to help.

Mr. Speaker, later today I will place this list of studies in the CONGRESSIONAL RECORD so all Americans can see for themselves how a minimum wage increase hurts the very people it is suppose to help.

□ 0950

DEBUNKING THE MYTHS: THE 100,000 COPS PROGRAM WORKS

The SPEAKER pro tempore (Mr. DICKEY). Under the Speaker's announced policy of January 4, 1995, the gentleman from New Mexico [Mr. RICHARDSON] is recognized during morning business for 3 minutes.

Mr. RICHARDSON. Mr. Speaker, the debate today will be police versus pork and politics versus public safety.

Here is what the President said about the cops program:

I made a commitment, a promise, to put a hundred thousand more police in our streets because there is simply no better crime fighting tool to be found. I intend to keep that promise. Anyone on Capitol Hill who wants to play partisan politics with police officers for America should listen carefully. I will veto any effort to repeal or undermine the hundred thousand police commitment, period.

Mr. Speaker, under the Republican plan there is no guarantee that one police officer will be hired. It is a pork program of the highest order. Here are five myths about the cops program that they are going to try to perpetuate:

Myth No. 1, that the cops program will not put 100,000 new officers on the street. It works. The plan does work. With this week's COPS FAST awards the President has already provided grants to hire almost 17,000 new police officers in just 4 months. He is well on