

Union. I think it is important for that area of the world that they be admitted. It will help them economically, and they have been a longtime valuable ally of America. I hope that the President will follow through on his efforts to step up his diplomatic activities in that regard.

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

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

#### BALANCED BUDGET AMENDMENT

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

Mr. SCARBOROUGH. Mr. Speaker, yesterday the Senate failed to do what American middle-class citizens and State legislators have had to do for some time, and that is, step up to the plate and finally have to balance their checkbooks, to take in only as much, and spend only as much, as they take in.

Unfortunately, they failed to grasp this very simple concept. It has been a quarter of a century since we balanced our Federal budgets, and yet the liberal Democrats again were afraid to restrict themselves, to live by this very simple, very American concept.

Now, earlier today we heard Democrats talking about wanting a family-friendly Congress and worrying about their children, and that is great. I have got children. I worry about my children, too.

But where were they when we were voting on the most important amendment that would have as big an impact on our children's future as anything? Well, I will tell you where some of them were a year ago. They were supporting this amendment when they knew that it did not have a chance of passing.

We had Senator TOM DASCHLE, who is now beating his chest in self-righteous indignation that anyone would dare pass a balanced budget amendment because locusts would descend from the heavens and senior citizens would die in their homes. This was the worst thing TOM DASCHLE said, and he was proud to stand up for it.

The SPEAKER pro tempore (Mr. OXLEY). The gentleman is admonished to not mention specific Members of the other body.

Mr. SCARBOROUGH. And this Representative was quoted a year ago saying this about this balanced budget amendment, there was going to be such a scourge on humanity. February 28, 1994: "In this debate for a balanced budget amendment, we are being forced to face the consequences of our inaction. Quite simply, we are building a

legacy of debt for our children and grandchildren and hamstringing their ability to address pressing national priorities."

And what happened? Does he not care about children a year later? It does not make a lot of sense to me.

Another Senator stated a year ago, this constitutional amendment, no matter what one thinks of it, will add to the pressure that we reconcile that we spend what we raise and that we begin to assure a better economic future with economic growth and hope and opportunity for our children once again.

□ 1500

It seems he changed his mind, too. Now he is saying the same thing, bringing up this Social Security card. Frankly, I am getting a little tired of hearing Democrats come out and say how they are the protectors of Social Security, while Republicans want to steal money from our senior citizens.

Why do we not try to think back a few years ago in 1993, when their President sent a budget to the floor that increased taxes on Social Security recipients? How many Republicans voted to take more money out of senior citizens' checkbooks? Zero. Zilch. Zip. Nada. None. How do they sleep at night? I mean, how hypocritical can you be to say, "I want to protect Social Security, so I am going to make sure that we don't balance our checkbooks. I am going to save senior citizens. These bad Republicans are against senior citizens.

But he does not tell the rest of the story. He does not tell the story that it was the Republicans that stood up for senior citizens. Every single Republican in both houses stood up for senior citizens when the Democratic President, the Democratic House, and the Democratic Senate was ready to sell them down the river.

It is a disgrace. It is hypocritical. I do not know how they sleep at night. I do not know how the Senator from California, who stole her election from the California people by promising to support the balanced budget amendment and then voted against it and killed it a few months later, I do not know how she sleeps at night. And she will not allow the California people to have a chance to vote on the balanced budget amendment, only to make Congress abide by the same laws that middle-class citizens have had to abide by for too long.

I am going to be able to sleep at night. I do not know how they will.

#### ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore (Mr. OXLEY). The gallery is admonished there will be no demonstration.

#### PARTIES SHOULD AGREE ON COURSE OF ACTION TO AVOID ECONOMIC DOWNTURN

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

Mr. SAXTON. Mr. Speaker, some months ago, after having been through the election and after having campaigned to support the provisions of the Contract With America, I came to the realization that subsequent to the policies that have been prevalent during this administration that had to do with tax policy, and then with the Fed increasing interest rates along with that tax policy at the same time we had high taxes, that history would ultimately repeat itself, and that our economy could not sustain itself with relatively high taxes and with increasing interest rates. There would come a time when our economy would turn down and that things would not be as this administration and all of us would like them to be. Perhaps that is not far away.

I take this special order this afternoon to just bring light to the fact that there are clouds on the horizon, and that we as Republicans and Democrats need to agree on a course of action to avoid what could be an economic downturn, serious economic downturn.

I picked up the Wall Street Journal this morning, and as I turned through the pages and got to page 2, I found three articles that disturbed me. The headline on one was "Consumers Held Down Spending During January." In reading that article, it simply said that consumers were hesitant to spend, as perhaps they has been at some previous times recently.

I looked at another article that disturbed me along the same vein that said "Retailers See Mildly Disappointing Sales for February Amid Slowing Economy." Of course, that headline speaks for itself. Everyone can understand why we would be disappointed to see that the economy, as this headline says, is slowing.

But then I saw a headline that really disturbed me, because a very important part of the Contract With America, things that Republicans and some Democrats agree on that are part of the contract, is that we can do some things here in the House of Representatives that will help to avoid a slowdown in the economy. And this third article, which really disturbed me, has a headline which says, "Rubin Questions the Economic Impact of Capital Gains Tax Cuts, Tax Reform."

This is Secretary Rubin, President Clinton's Secretary of the Treasury, and, of course, he is a very important person when it comes to directing economic policy. And that part of this that disturbed me the most said that he is being reported to have said "No significant tax reform is likely to emerge from Congress without substantial leadership from the Treasury, and

Mr. Rubin said he is not inclined to deplo-  
y the Treasury's limited resources to  
design a tax reform scheme of its  
own."

Now, we have laid out before the  
America people as Republicans in the  
Contract With America our ideas of  
how to do this, and I would just say to  
Secretary Rubin, please, if you do not  
agree with us, at least recognize that  
the economy is showing signs of slow-  
ing, and please recognize that we have  
had seven interest rate increases in the  
last year, and please recognize that we  
had the largest tax increase to date in  
1990, surpassed only by another more  
immense tax increase in 1993, and that  
taxes are at relative high rates and in-  
terest rates are relatively high, and yet  
Secretary Rubin does not worry about  
our Tax Code inhibiting savings invest-  
ment and economic growth. He appar-  
ently does not want us to make  
changes to put in place tax policy proven  
to promote economic growth and  
savings.

Today our Tax Code and other Gov-  
ernment policies promote dependence  
in my view on government and retard  
economic growth. Let me just point to  
a couple of examples.

Last week the Joint Economic Com-  
mittee held a hearing here on the mini-  
mum wage and whether or not it  
should be increased as President Clin-  
ton has suggested. One of the things  
that we pointed out in that, and I will  
conclude with this, as to how govern-  
ment policy can promote dependence,  
is that \$1 out of every \$4.25, which is  
the minimum wage, comes to the Fed-  
eral Government in terms of taxes. If  
that is in fact the case, it simply  
makes more sense for people of remain  
unemployed or go on welfare. These are  
the kinds of policies that we need to  
address as Republicans and Democrats  
with Secretary Rubin's help.

#### BALANCED BUDGET AMENDMENT SHOULD LIMIT SPENDING

The SPEAKER pro tempore. Under a  
previous order of the House, the gen-  
tleman from Michigan [Mr. SMITH] is  
recognized for 5 minutes.

Mr. SMITH of Michigan. Mr. Speak-  
er, yesterday, the Senate failed to mus-  
ter the courage to join us in passing  
the balanced budget amendment. Thomas  
Jefferson once called public  
debt "the greatest of dangers to be  
feared." Borrowing and spending is ad-  
dictive for politicians, Thomas Jeff-  
erson, in a letter to Elbridge Gerry in  
1799, wrote:

I am for a government rigorously frugal  
and simple, applying all the possible sav-  
ings of the public revenue to the discharge  
of the national debt; and not for a multi-  
plication of officers and salaries merely to  
make partisans, and not for increasing by  
every device, the public debt, on the prin-  
ciple of it's being a public blessing.

I agree with Mr. Jefferson whole-  
heartedly, and I suspect that most  
other Americans do as well.

Today, I am introducing a constitu-  
tional amendment that would attack

the root cause of our budget deficit,  
that is Government spending. My  
amendment would limit the growth of  
Federal spending to the rate of eco-  
nomic growth as measured by gross do-  
mestic product. This would freeze the  
growth of Government as a percentage  
of the U.S. economy. The language of  
the amendment is an adaptation of a  
spending control proposal in Milton  
Friedman's book, "Free to Choose."  
Professor Walter Williams, Chairman  
of the Economics Department at  
George Mason University, and the Na-  
tional Taxpayers' Union have endorsed  
this concept. The CATO Institute has  
given their enthusiastic support and  
suggested that this might be an accept-  
able compromise position to the bal-  
anced budget amendment.

Today, the Federal debt is in excess  
of \$4.7 trillion and growing at a rate of  
\$200 to \$300 billion per year. This is  
both an economic and a moral problem.  
The economic problem is that deficit  
financing is the ultimate form of hid-  
den taxation. Federal borrowing injects  
a huge pro-spending bias into the bud-  
get process by allowing politicians to  
hand out a dollar of Government spend-  
ing to voters, while only imposing 80  
cents of taxes.

Unbridled Federal spending will  
eventually lead to what economists  
call monetizing of the debt, which in  
plain English means that the govern-  
ment pays for its debt by increasing  
the money supply, thereby causing in-  
flation. This hidden tax, which Adam  
Smith called the worst form of tax-  
ation, strikes most heavily on those  
who save. As every senior citizen  
knows, their security can be wiped out  
in short order by even moderate in-  
flation. At 8 percent inflation, the Gov-  
ernment can effectively take away half  
of the money one has saved over a life-  
time of work in about 9 years.

The moral argument for a balanced  
budget is that Federal borrowing is  
taxation without representation. Re-  
call the words of the Declaration of  
Independence which refers to the re-  
peated injuries and usurpations of King  
George because he imposed taxes on us  
without our consent. Can't our chil-  
dren make this same claim against a  
Congress that saddles them with debt  
interest payments that are already at  
\$339 billion annually? None of our chil-  
dren and grandchildren currently have  
a say in the political process. Federal  
deficits may almost be thought of as a  
form of fiscal child abuse.

I call on my colleagues to stop deficit  
spending, and I call on all citizens to  
commit themselves to do their part, to  
sacrifice some of the many things they  
get from Government, so we can cut  
spending, look our kids in the eye, and  
tell them that we will no longer force  
them to pay future taxes to enhance  
our current standard of living.

As a nation of people who look to the future,  
and care about our children as much as we  
care about ourselves, we can make the com-  
mitment to limit spending, and keep that com-  
mitment.

#### BALANCED BUDGET AMENDMENT

The SPEAKER pro tempore. Under a  
previous order of the House, the gen-  
tleman from Ohio [Mr. HOKE] is recog-  
nized for 5 minutes.

Mr. HOKE. Mr. Speaker, the events  
yesterday and in the past several days  
in the other body have compelled me to  
come to the well to, if nothing else, at  
least vent a little bit to you and to the  
American people regarding the dis-  
grace and hypocrisy that we have seen  
come out of the other side of this build-  
ing unfortunately.

It is just stunning that we stood on  
the brink, right on the brink of actu-  
ally enacting at least from our Con-  
gress a balanced budget amendment  
that would then go to the States and  
the State legislatures could make their  
own decisions on these things, that we  
stood on the very brink of that, and  
now we have been completely—we are  
not able to find out even what the  
States want to do in this area. The  
truth is that there was hypocrisy,  
there was deceit, there was deception,  
and there was lying on the other side of  
this building, in the other body, with  
respect to promises that were made  
and promises that certainly were not  
kept.

Let's go back to what this amend-  
ment is all about. Really to find out  
what it is all about you have to go  
back to the year 1789, when Thomas  
Jefferson wrote:

I fear there is only one thing that we have  
kept out of the Constitution of the United  
States. It has one flaw, and that is that we  
have not restricted the Federal Govern-  
ment's ability to borrow money. We have not  
restricted the Federal Government's ability  
to borrow money.

What extraordinary clairvoyance  
Thomas Jefferson could have, that he  
would see in 1789 what has truly come  
home to roost in 1995.

□ 1515

And with a \$5 trillion or nearly \$5  
trillion debt, the ability of this Federal  
Government to borrow, borrow, borrow  
and mortgage the future of our coun-  
try, of our children, of our grand-  
children, and that he was able to see in  
1789 that there ought to be some re-  
striction on borrowing money by the  
Federal Government, because if we do  
not restrict it, as we did not, then the  
Government finally figures it out. It  
figures out that you can buy constitu-  
encies. You can purchase influence.  
You can buy votes. And that is ex-  
actly—I mean the votes of people that  
elect Members of Congress, elect people  
to the Senate—and that is exactly  
what has happened. That is how it is  
possible that this Government could be  
so far in the red that it could exist so  
far beyond its means.

In 1789 he recognized that. And what  
is it exactly that this balanced budget  
amendment would do? It is pretty