We will raise the earnings cap on seniors to allow them to hold a job without facing an outrageous tax bill. Under current tax law, a senior who makes over $11,000 will face a marginal tax rate of 56 percent, that is more than the tax rate for millionaires. We will send the right message to working seniors—that it is good to work at any age, unlike the current negative message that says the Federal Government will penalize you for working.

Mr. Speaker, the Tax Relief Act will provide tax incentives for people who purchase long-term health care. We will also provide a tax credit for people who provide long-term care at home for an elderly relative. We will increase saving in this country by encouraging IRA investment.

Simply put, we will provide tax relief for millions of average Americans who will greatly benefit from the opportunity to keep more of their hard-earned money. And that is what separates us from the Democrats.

Mr. Speaker, the Democrats will argue that we are giving tax breaks to the rich. Of course they defined rich. That the Democrats hate the rich is a given. We could talk about why for hours, but there is a far more troubling aspect to the Democrats argument. Time and time again, we hear the Democrats arguing for bigger government and more of your money.

During the unfunded mandates debate, the Democrats argued that the Federal Government knew best and the States should follow our orders regardless of the cost. During the regulatory reform debate, the Democrats argued that Federal regulators needed their dictatorial power. When we argued for greater local government control during the crime bill debate, the Democrats argued that the faceless bureaucrat knows best. And when we took power away from the Federal bureaucrats who run the welfare system, the Democrats screamed from the roof tops that we were starving children, which could not have been any further from the truth.

Mr. Speaker, this debate over the Tax Relief Act is not about rich or poor, it is about control. When we vote for you to have more of your money, for you to spend your money on your children or your home or your retirement, you control more of your money, and government should do less. There will be fewer unfunded mandates, less regulation, less control over crime and welfare spending by the Federal Government. Less of all the things Democrats hold dear. The Democrats want your money to fund big government programs. When we give money back to you, they lose control. They want to keep your money. We want you to have more of the money you worked hard for, it is just that simple.

NO NEW TAXES ON FEDERAL EMPLOYEES

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

Mr. WOLF. Mr. Speaker, as the first Member of Congress to introduce the family tax credit in the 103d Congress, I am troubled with the tax bill we will vote on this week which includes a much-needed $500 tax credit for families with children on one hand but also includes a payroll tax increase on Federal employees on the other. Federal employees are virtually all middle-class taxpayers. We promised no tax increases on middle-class Americans. And I am personally very disappointed to be put in such an untenable position.

I was calling for the family tax relief in the 102d Congress and the 103d Congress when Republicans in the White House and many in Congress would not give it the time of day. Yet my bill for family tax relief garnered bipartisan support for 263 cosponsors in the 102d Congress. Raising taxes to fund a tax cut was never part of the picture.

So why sully our tax package now with a tax increase? President Bush did not balance the budget by raising taxes and neither did President Clinton. We will be breaking our promise in the contract not to raise taxes. Therefore, I hope that it will not only be those Republicans with large numbers of Federal employees in their districts who will oppose payroll tax hikes own certain groups but all on our side on the aisle who signed the contract as well as those Democrats who oppose increasing taxes on the middle class.

We are repealing in this bill the Social Security tax increase which the Democrats passed to balance the budget because it hit many middle-class retirees. Why repeat that mistake by picking on another group? And why repeat the disasters of the past in breaking promises on tax increases?

A fundamental tenet of the Contract With America is the commitment to no new taxes. Once we cede the tax issue in any area we will be open to the argument that it is OK to raise taxes; it just depends upon whose.

We should not be talking about raising anybody's taxes. But this bill singles out Federal employees for a dramatic increase in payroll taxes. For example, an FBI agent, who everyone in this body would call if your wife or husband or children was kidnaped, an FBI agent with two children earning $50,000 will pay an additional $250 a year to the Federal Government even with the $500 tax credit. This is a $1,250 hit without the tax credit.

The provision that was put into the bill is even more onerous than the provision proposed in the Committee on Government Reform and Oversight and that was unable to even make it out of committee. There were only 2 days of hearings on this very complicated issue and, quite frankly, there was still many issues unresolved. This is not a good precedent to be setting.

Furthermore, most management experts will tell you that as you are downsizing it is important not to demoralize the remaining staff. Let me just say it again. As you are downsizing it is important not to demoralize the remaining staff. Hitting Federal employees across the board with a payroll tax like this in conjunction with downsizing efforts will have a devastating impact on morale at a critical time.

What Federal employees? FBI agents, DEA agents that are keeping drugs out of schools, CIA agents, Secret Service agents that would stop the bullet that kills the President of the United States like Timothy McCarthy who saved President Reagan's life. Cancer research at NIH.

When you downsize you treat the people you keep well and you do not demoralize them. This issue of unfunded liabilities in the Federal pension system is still open to considerable debate. The Congressional Research Service reported that the trust fund balance is adequate to provide needed budget authority on an ongoing basis. The combined funded and unfunded liabilities of the old retirement system is the amount that the Government would have to pay all at one time if everyone who is or who has ever been a vested CSRS participant could demand a check for the present value of all the benefits to which they would be entitled from that time throughout retirement until their death, taking into account future pay raises they might receive and cost-of-living adjustments after retirement.

☐ 1300

As the CRS noted, "This event cannot happen in the Federal retirement system." Federal pension obligations would not just come due all at once, at one time.

Furthermore, given the large downsizing effort in progress, the pension liabilities will be dramatically reduced in coming years, and this is just one more reason why it is particularly unfair that Federal employees will see the huge jump in their payroll tax. Some of them will be gone before this pension even vests.

Instead of including this complex issue in this tax bill, perhaps we need a bipartisan commission to look at it. I am asking that the tax increase provision be removed and that we complete the final plank in the contract without any tax increase.

I include for the RECORD a memorandum and letters to Mr. Darman.

CONGRESSIONAL RESEARCH SERVICE,
LIBRARY OF CONGRESS,
Washington, DC, March 18, 1995.

Subject: Federal Civil Service Retirement: Is There a Financing or Funding Problem?

From: Carolyn L. Merck, Specialist in social legislation, Education and Public Welfare Division.

Two questions have been raised recently regarding the Federal Civil Service Retirement System [CSRS]. First, is the ''unfunded liability'' of the CSRS a problem that needs to be fixed to avoid steep increases in outlays from the Treasury or increases in the deficit? Second, is the system now insolvent, or will it become insolvent in the future? The answer to both of these questions is ''no.''

BACKGROUND

From 1920 until 1984 the CSRS was the retirement system for most Federal employees. In 1935, Congress enacted social security for private sector workers. In 1983, when social security funding was running low, Congress brought cash into that system by mandating (among other things) social security coverage and payroll taxes for all Federal workers entering civil service employment on or after January 1, 1984. Because social security benefits would duplicate some CSRS benefits, Congress closed the CSRS to new participants at the end of 1983 and designed the Federal Employees' Retirement System [FERS] to coordinate with social security. A primary objective of Congress in designing a new system was to create a retirement plan like those commonly found in the private sector. Congress crafted FERS during 2 years of careful analysis of alternatives and planned for a smooth funding transition from CSRS to FERS.

Total annual benefit costs for current Federal retirees and survivors were about $36 billion in FY 1994. About $9.7 billion in receipts were credited to the retirement trust fund account of the Treasury from payroll withholding from current workers along with payments from the U.S. Postal Service and the Government of the District of Columbia.

These cash receipts are converted to Federal securities and are deposited in the one retirement trust fund that finances both CSRS and FERS. Other annual trust fund receipts in the form of Federal securities total about $53.8 billion and are deposited according to formulas established in law to prefund partially future retirement benefits and to pay interest on the securities in the fund. In total, the trust fund received $63.5 billion in FY 1994 and spent about $36 billion for benefits. The deposit of securities in the trust fund is an ''intragovernmental transfer'' between accounts of the Treasury; it does not constitute an outlay from the Treasury and has no effect on the budget deficit. Benefit payments and administrative costs are the only expenditures of the Treasury for the retirement system. Because the trust fund receives more income each year than is debited for benefits, its balance continues to grow.

IS THE UNFUNDED CSRS LIABILITY A BUDGET PROBLEM?

The liabilities of a retirement system are the costs of benefits promised to workers and retirees. A retirement system is ''fully funded'' if a trust fund holds assets approximately equal to the present value of all future benefit promises to which retirees and vested employees are entitled (''vesting'' in the Federal plans requires 5 years of employment covered by the system). ''Unfunded liabilities'' are earned benefits for which assets have not been set aside in a retirement fund. As of the end of FY 1993, the Federal retirement trust fund held $276.7 billion in assets for the CSRS, or about 34 percent of long-term CSRS pension liabilities (the fund balance represents ''funded liabilities''). Thus, the unfunded CSRS liability was $538.3 billion. The unfunded liability developed because the CSRS funding laws have not required the Government to fund the system fully. Nevertheless, the primary purpose of the Federal trust fund is not to provide a source of cash for the Government, but to provide budget authority to allow the Treasury to disburse monthly annuity checks without annual appropriations. The trust fund balance is adequate to provide this budget authority on an ongoing basis.

The combined funded and unfunded liabilities of the CSRS, $815 billion in FY 1993, is the amount the Government would have to pay all at one time if everyone who is or who ever has been a vested CSRS participant could demand a check for the present value of all the benefits to which they would be entitled from that time throughout retirement until their death (or their survivor's death), taking into account future pay raises they might receive (which affect the annuity at retirement) and cost-of-living adjustments after retirement. This event cannot happen in the Federal retirement system. Federal pension obligations cannot come due all at one time, unlike the situation that arises in the private sector when an employer goes out of business and must pay all promised pension obligations at once. Some of the Government's liabilities represent payments due to current retirees, who receive their benefits 1 month at a time throughout retirement; others represent payments that will not commence for years to come because the workers are not yet eligible for retirement. By the time they become eligible, others currently retired will have died. Thus, unlike private employers, the Government need not fully prefund the retirement system in order to insure against having to pay off all earned benefits simultaneously.

Some are concerned that the existence of unfunded Federal pension liabilities has, or will have in the future, an effect on the budget deficit and/or the need for tax revenues. The annual budget cost to the Government of CSRS (or any retirement system) can never be more than the sum of the checks written to annuitants 1 month at a time. Thus, the liabilities of the system, funded or unfunded, will never require payments from the Treasury in excess of the benefits payable to living, retired workers or survivors. However, the cash to pay monthly benefits comes from general revenues, and paying monthly benefits creates an outlay from the budget and therefore contributes to the budget deficit, as does any Government spending. Consequently, in times of tight budgets, Congress often considers benefit cuts in order to reduce spending. This would be true if the program were fully funded and had no unfunded liability, or, conversely, if there were no trust fund and the program were totally unfunded.

The CSRS is an employer-provided defined benefit system, which is the type of plan provided by many private employers for their employees and by most State and local governments. Under all defined benefit pension plans, public and private, the employer bears the responsibility for financing and paying most or all of the cost of benefits. Defined benefit pensions are deferred compensation, meaning the employer defers paying employees' compensation during their working years in favor of proving a specified level of compensation throughout retirement years. Private employers finance employees' pensions from invested income derived from the sale of goods or services. Analogously, the employer of Federal workers is the American taxpayer. The resources the Government has to meet its employer obligations to finance the current and deferred compensation of its employees are Federal tax revenues.

DOES THE CSRS FACE INSOLVENCY?

Currently about half of the Federal workforce participates in the CSRS and about half participates in FERS. Over the next two decades or so the number of CSRS workers will decline as they retire, and the workforce will include mostly FERS participants. As the number of CSRS-covered workers declines, the assets credited to the trust fund for CSRS will decline not because of loss of payroll contributions from workers, but primarily because the Government's payments will decline. Employee contributions ''pay for'' only about 12 percent of current annual benefit costs. However, the formulas by which the Government's share of CSRS costs are determined are based on projections of long-term benefits; as long-term benefit projections decline in anticipation of the demise of the CSRS, the Government's funding will decline, although there will still be CSRS retirees and survivors entitled to benefits. According to the Office of Personnel Management (OPM), CSRS benefit payments will begin to exceed the amount of assets credited annually to the trust fund for CSRS in about 2008, and the assets attributable to the CSRS will be depleted by about 2025.

When Members of Congress wrote the new FERS law in 1986, they understood that there would have to be a financial transition from CSRS to FERS in the next century, and they wrote the law to provide for that transition. First, the law provides for one trust fund in which CSRS and FERS assets are combined. Therefore, there is no separate CSRS trust fund that will be depleted. Second, Congress established a system whereby benefit payments under the CSRS will be authorized by FERS trust fund securities as needed until there are no more CSRS benefits to be paid. Thus, the securities that are building up for FERS, and that are in excess of the amount needed to authorize FERS payments for some time, will be reduced each year by the amount by which CSRS benefits exceed CSRS assets. This will cause an increase in the FERS liability, but that liability will be ''paid off'' through a series of 30-year amortization payments. Using a 75-year projection period, OPM estimates that the total value of securities in the trust fund will grow throughout the projection period, ultimately reaching about 4.2 times payroll, or nearly 18 times the amount needed to pay annual benefits. This means that in the next century the trust fund will reach an ongoing steady state in which it will have a balance sufficient to authorize 18 years of benefit payments.

In summary, by definition, under the financing arrangements set out in the current law, the system is not now and never will be ''insolvent'' or without adequate budget authority for payment of benefits. Again, because the budget cost of the systems can never exceed the cost of monthly benefits to living annuitants, the cash required from the Treasury or taxpayers will never exceed the cost of those monthly payments.

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APRIL 29, 1991.

Hon. RICHARD DARMAN,
Director, Office of Management and Budget,
The White House,
Washington, DC.

DEAR MR. DARMAN: Since we last corresponded, H.R. 1277 The Tax Fairness for Families Act of 1991, has garnered the support of 73 bipartisan cosponsors from across the political spectrum.

More members of Congress are recognizing that a successful economic agenda is founded in policy which strengthens the cornerstone of a strong and healthy society: the family. H.R. 1277 is a simple bill. It doesn't require more employees to administer a program or a new federal building. It simply makes the tax code more family friendly by raising the personal exemption from $2050 to $3500 for children under age 18.

I have enclosed a list of the current cosponsors for your information. This is an issue that is quickly gaining interest and I would appreciate your support.

Best wishes.

Sincerely,

FRANK R. WOLF,
Member of Congress.

MAY 1, 1991.

Hon. RICHARD DARMAN,
Director, Office of Management and Budget, The White House, Washington, DC.

DEAR MR. DARMAN: As you'll recall, when we first spoke about my legislation to increase the dependent deduction, 52 House members had cosponsored.

Lat week when I wrote you, 73 members had signed on. I wanted to let you know that today we reached 100 cosponsors and I have enclosed the list for you.

Bipartisan momentum is building on this bill which will help the American family and I hope the Bush Administration will lend its support.

Sincerely,

FRANK R. WOLF,
Member of Congress.

MAY 6, 1991.

Hon. RICHARD DARMAN,
Director, Office of Management and Budget, The White House, Washington, DC.

DEAR MR. DARMAN: Just a quick note to let you know that H.R. 1277, ''Tax Fairness for Families,'' has picked up an additional 25 cosponsors since I wrote you last week.

We now have 125 cosponsors and I have enclosed an updated list of the cosponsors for you.

I hope the Bush Administration will support H.R. 1277.

Sincerely,

FRANK R. WOLF,
Member of Congress.

MAY 9, 1991.

Hon. RICHARD DARMAN,
Director, Office of Management and Budget, The White House, Washington, DC.

DEAR MR. DARMAN: I wanted to give you a quick update on the support building in the House for H.R. 1277, ''Tax Fairness for Families.''

We have picked up an additional 35 cosponsors since I wrote to you on Monday, May 6. H.R. 1277 now has 160 cosponsors.

I hope the Administration will support this bill.

Sincerely,

FRANK R. WOLF,
Member of Congress.

MAY **9, 1991.**

Hon. RICHARD DARMAN,
Director, Office of Management and Budget, The White House, Washington, DC.

DEAR MR. DARMAN: We now have 200 cosponsors of H.R. 1277, ''Tax Fairness for Families.''

We need the Administration's support for this legislation.

With warm regards,

Sincerely,

FRANK R. WOLF,
Member of Congress.

JULY 7, 1991.

Hon. RICHARD DARMAN,
Director, Office of Management and Budget, The White House, Washington, DC.

DEAR MR. DARMAN: In case you had not already seen it, I hope you will have a look at the enclosed Allan Carlson piece in the Wall Street Journal regarding the issue of tax fairness for families.

We now have 210 cosponsors on H.R. 1277. I hope Administration will support this bill and avoid repeating the ''swedish mistake.''

Thanks again for your interest in this legislation.

Sincerely,

FRANK R. WOLF,
Member of Congress.

AUGUST 22, 1991.

Hon. RICHARD DARMAN,
Director, Office of Management and Budget, The White House, Washington, DC.

DEAR MR. DARMAN: As the Wall Street Journal reported in the attached article, tax fairness for families is going to be a key political issue for the coming year.

I am writing to urge the Administration's support for the family tax packages that I have put forward to increase the dependent deduction (H.R. 1277) and expand the Young Child tax Credit (H.R. 2633). This package already has the bipartisan support of 248 cosponsors including 101 Democrats. Unlike other tax packages recently proposed, this package provides tax relief exclusively for working families, treats both one-earner and two-earner families in an equitable manner, and does not propose to create higher tax brackets.

While it appears that many of the family tax package already proposed will take the dubious route of increasing taxes to provide a so-called middle class tax relief package, the Administration has the opportunity to provide a clear alternative. By working with the majority in Congress who support family tax relief yet, the Administration can put forth a program of restrained growth in domestic spending to provide for significant family tax relief.

As you may know, last year I supported the budget agreement and believe in the need for responsible fiscal policy. The combined cost of H.R. 1277 and H.R. 2633 is estimated at between $12–15 billion per year. I believe it could be paid for through a unified cap on domestic spending of between 6%–6½ percent. A unified cap on domestic spending would provide a logical extension to the common sense restraints put on spending in last year's budget agreement. Currently, approximately $100 billion is spent on programs benefiting children. These programs could still meet the needs of families and children if they grew at this reasonable rate.

In addition, the Administration could also put forward the capital gains tax cut as a revenue raiser for family tax relief. With the thousands of new jobs that would be produced with a lower capital gains rate, a dynamic with/win situation would be achieved by providing revenue for family tax relief while also spurring the economy and increasing job opportunities.

With the trust of the American people and the facts on his side, President Bush and this Administration can provide strong support to American families by allowing them to keep more of their own hard-earned money to provide for their families. All the attention on family tax relief provides an excellent opportunity for the Administration to advance its pro-family, pro-growth, policies while distinguishing them for the failed and tired ''Robin Hood'' politics put forth in other family tax measures. Thank you for your consideration of these important issues.

Sincerely,

FRANK R. WOLF,
Member of Congress.

OCTOBER 8, 1991.

Hon. RICHARD DARMAN,
Director, Office of Management and Budget, The White House, Washington, DC.

DEAR MR. DARMAN: The American family has never been under greater attack than it is today. From our inner cities to our suburbs, families are threatened by disturbingly high rates of child abuse, spouse abuse, teen suicide, high school drop outs, drug and alcohol use and most tragically violence and death among our youth. Today more young males die of gunshot wounds every year than died in Desert Storm. The wheels are coming off the American family and clearly, children cannot steer clear of trouble without the guiding influence of the family.

These disturbing trends in child and family well-being have coincided with the dramatically reduced tax benefit for children. While children today are more at risk from numerous cultural threats, parents are pushed by financial pressures to spend less time with their children. Too often either Mom nor Dad is home to hear the after school trials and tribulations of troubled adolescents or to help with homework or to spend relaxed time with their children. The combined effect of these ''twin deficits'' of time and money create a downward spiral for family well-being as well as real pain and suffering for thousands of children and families.

Family tax relief is an important part of a workable solution for families and is a natural outgrowth of the following common sense sentiments recently expressed by President Bush:

We all realize that government has real limits. You can't replace values with regulations. You can't replace parents with caseworkers.

The family tax bills we have introduced fit well into the President's efforts to restore proportion and balance to government while allowing individuals and families to have more choices and opportunities. That is why we believe it is important that the Administration enthusiastically embrace and endorse family tax relief and make it a legislative priority in the upcoming year. Already there are 252 cosponsors of H.R. 1277 (a measure to increase the dependent deducation to $3,.500) and growing support in the Senate for S. 152 to double the personal exemption.

The Bush Administration has an historic opportunity to further advance the cause of families. By actively pushing these family tax relief measures in combination with a capital gains tax cut, the Administration can forward a proactive family policy that gives families more money, time and opportunity for families themselves to promote family well-being. Domestic policy that focuses on the home and families instead of more government programs is the true recipe for nurturing families and children.

We believe this is good legislation that the Administration can support and Congress can pass. It helps families right away without adding to big government or mandating regulations or policies.

Thank you for your consideration of these important issues. If we can provide you with any additional information please contact either of us or Barbara Comstock at 225–5136.

Sincerely,

FRANK R. WOLF,
Ranking Minority Member, Select Committee on Children, Youth, and Families.

DAN COATS,
Ranking Minority Member, Subcommittee on Children, Family, Drugs, and Alcoholism.

OCTOBER 23, 1991.

Hon. RICHARD DARMAN,
Director, Office of Management and Budget, The White House, Washington, DC.

DEAR MR. DARMAN: I would like to emphasize one more time the importance of including direct family tax cuts in the Administration's economic growth package. Frankly, I am disappointed that the Administration has not yet signed onto the efforts for family tax relief when the support is already present in the House just waiting for someone to lead the charge. It is my hope that it will be President Bush leading this charge and reaping the obvious benefits for both the American family and the Republican party.

I cannot over emphasize my concern for today's families and the financial and cultural pressures they face. Families are clearly overtaxed. By making family tax relief the centerpiece of the Administration's economic growth package we could both help American families and garner the political support for a capital gains tax cut and a true economic growth package.

I hope you will consider the advantages of making family tax relief a centerpiece of the Administration's economic growth package.

Sincerely,

FRANK R. WOLF,
Member of Congress.

NOVEMBER 18, 1991.

Hon. RICHARD DARMAN,
Director, Office of Management and Budget, The White House, Washington, DC.

DEAR MR. DARMAN: As Wall Street Journal reported in the attached article, tax fairness for families is going to be a key political issue for the coming year.

I am writing to urge the Administration's support for the family tax package that I have put forward to increase the dependent deduction (H.R. 1277) and expand the Young Child Tax Credit (H.R. 2633). This package already has the bipartisan support of 248 cosponsors including 101 Democrats. Unlike other tax packages recently proposed, this package provides tax relief exclusively for working families, treats both one-earner and two-earner families in an equitable manner, and does not propose to create higher tax brackets.

While it appears that many of the family tax packages already proposed will take the dubious route of increasing taxes to provide a so-called middle class tax relief package, the Administration has the opportunity to provide a clear alternative. By working with the majority in Congress who support family tax relief yet, the Administration can put forth a program of restrained growth in domestic spending to provide for significant family tax relief.

As you may know, last year I supported the budget agreement and believe in the need for responsible fiscal policy. The combined cost of H.R. 1277 and H.R. 2633 is estimated at between $12–15 billion per year. I believe it could be paid for through a unified cap on domestic spending of between 6–6½ percent. A unified cap on domestic spending would provide a logical extension to the common sense restraints put on spending in last year's budget agreement. Currently, approximately $100 billion is spent on programs benefiting children. These programs could still meet the needs of families and children if they grew at this reasonable rate.

In addition, the Administration could also put forward the capital gains tax cut as a revenue raiser for family tax relief. With the thousands of new jobs that would be produced with a lower capital gains rate, a dynamic win/win situation would be achieved by providing revenue for family tax relief while also spurring the economy and increasing job opportunities.

With the trust of the American people and the facts on his side, President Bush and this Administration can provide strong support to American families by allowing them to keep more of their own hard-earned money to provide for their families. All the attention on family tax relief provides an excellent opportunity for the Administration to advance its pro-family, pro-growth, policies while distinguishing them from the failed and tired "Robin Hood" politics put forth in other family tax measures. Thank you for your consideration of these important issues.

Sincerely,

FRANK R. WOLF,
Member of Congress.

NOVEMBER 22, 1991.

Hon. RICHARD DARMAN,
Director, Office of Management and Budget, Washington, DC.

DEAR MR. DARMAN: I wanted to share with you a recent letter sent to President Bush, signed by over 60 House Republicans, calling for a Special Session of Congress to pass an economic recovery package which would help American families and stimulate the economy.

In the brief time this letter was circulated, almost every member asked signed onto the letter. The American people need our help now and President Bush has an historic opportunity to take this bold action and help American families and businesses.

Sincerely,

FRANK R. WOLF,
Member of Congress.

NOVEMBER 25, 1991.

Hon. RICHARD DARMAN,
Director, Office of Management and Budget, Washington, DC.

DEAR MR. DARMAN: I wanted to share with you a copy of a letter I recently sent to President Bush on the need for the Administration and the Republican party to be strongly on the offensive in the area of family policy.

The battle for the middle class and the American family is on. Family tax relief and "family friendly" work issues are winning issues for the President as well as the right thing to do. I hope you find this information helpful.

Thank you for your time and consideration of these important issues.

Sincerely,

FRANK R. WOLF,
Member of Congress.

REPUBLICAN TAX POLICIES HELP ECONOMY

The SPEAKER pro tempore (Mr. HASTINGS of Washington). 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, the last speaker from the other side of the aisle seemed to take great delight in looking back at the 1980's and suggesting that what was done during the 1980's was all wrong because we created a big debt.

Well, I agree with the gentleman that what we did was all wrong because we created a big debt. But it was not the tax side of the equation that we did wrong. It was the spending side of the equation that we did wrong.

As a matter of fact, during the 1980's, if one looks back, during the first 3 years of the 1980's we had virtually no growth in revenues, no growth because we were suffering from the hangover of the Carter administration.

I can remember during that period of time when President Carter could not figure out what had gone wrong, and there was a new person who came on the scene. His name was Ronald Reagan.

There are some of us on this side of the aisle, and I hope some on that side, who recognize that there were some things that were done right during the early 1980's to help put our economy back on the right track.

One of those things occurred in 1981, 1982, and 1983. It was a redoing of our tax policy because we recognized that we could not get growth in Federal revenues until we got the national economy growing.

And it was in 1981, 1982, and 1983 that we put a whole new face on our Tax Code, a whole new face that was intended to create economic growth, create jobs and at the same time create more Federal revenue. And, guess what, at the beginning of the 1980's we had Federal revenues of just over $500 billion, and by 1990 we had doubled our revenues.

That is right. In spite of the fact that in 1981, 1982, and 1983 we had tax rate reductions, by 1990 we had doubled the amount of revenue that our colleagues from both sides of the aisle had to spend.

And so if anyone thinks that the Reagan tax policies had something bad to do with our revenue picture, bad to do with economic growth or bad to do with the deficit situation, I think they are dead wrong.

As a matter of fact, what we did wrong in the 1980's was that while we were doubling the amount of revenue that we had to spend we more than doubled spending, and I think all of us recognize today therefore that there were some things that we did right in the 1980's that had to do with economic growth where we had, on average, better than 4 percent growth.

What we did wrong was that we had, on average, more than that in terms of growth in our spending programs. And so what we are trying to do on this side of the aisle, now that for the first time in 40 years we get to call some of the shots, we are trying to replicate what we did right in the 1980s and fix what we did wrong.

We got to the end of the 1980's and President Bush went off to Andrew air Force Base in I think it was 1989 or 1990; and he said, look, we have got to fix this situation. The Democrat leadership agreed, and they agreed to raise taxes to fix the deficit problem.