

Why must this program be zeroed out? No reason has been given except that it is part of the plot aimed at the poorest communities, the urban communities and particularly aimed at the African-American community. We insist that the teenage employment program in the summer be restored.

Item three is the basic principle that we support a tax cut for the working class, as set forth in the progressive caucus budget. They have a tax cut for the people who make the least amount of money, and we are united with the progressive caucus on giving a tax cut to the people who are working people and need the cut the most.

Item five, we support the establishment of a commission on creative new revenue options to develop new sources of Federal revenue and shift the primary tax burden from personal income taxes.

I agree with the other side that personal income taxes should be cut. We should find ways to cut them and cut them fairly. Personal income taxes are too great a portion of the overall Federal revenue package.

There was a time when corporate income taxes bore at least half the burden of the Federal revenue package. Corporate income taxes need to be raised. But that is not creative. That is just an adjustment that needs to happen. We need to look at more creative sources of revenue.

As I have said on this floor before, we are selling the spectrum above us. There was a time when the Government gave land out to people. They did not sell it. When this country was first established, you got land grants and there were land rushes, various ways that people were almost given the land.

Now we have above our heads a realization that above our heads is wealth. The atmosphere above our heads, the spectrum can be sold and is being sold. Why not find ways to get more revenue from the leasing or the selling of the spectrum?

Technology has brought us to this point. The technology was produced by the genius of people over many, many years, but it has brought us to the point where suddenly the atmosphere above our heads is valuable. It is worth a great deal of money. Let us find a way to tax that for the benefit of all Americans. That is just one of the taxes.

Let us place a royalty on all the products that have been developed with Government research. Let us go back and place a royalty on them and let us make certain that all future products developed with Government research have a royalty on them which exists forever, going to the American people, giving the American people the benefits of those technological advances.

There are a number of ways we could change the tax structure, end personal income taxes as we know it. Get rid of personal income taxes or bring it down to such a low level that it is a minor part of the budget by finding other cre-

ative ways to tax people. We want to call for this commission.

I see the leadership of the Senate, the Republican leadership of the Senate, the Republican leadership of the House have called for a similar commission. We join with them in the call for the commission, and we would like to offer some ideas. And if they are not going to be creative, we call for creation of a special commission that is going to look for real creative options and not find new ways to bleed the same old people with personal income taxes.

We have a very important item in this set of principles with respect to cutting programs and cutting expenditures. We support means testing for all agricultural subsidy programs. Here is a bombshell. Here is Republican pork. Here is rancid Republican pork.

Go look in the districts of people who represent Kansas and a large part of the Midwest, who claim that they do not want any help from Government. They have been getting help from Government for years and years. A program created by the New Deal to help farmers has been expanded to a program which is an almost racketeering enterprise. Checks are being pumped into big cities to people who have never set foot on a farm. So the agriculture subsidy programs and various programs run by the Department of Agriculture need to be examined closely.

We propose to streamline and downsize the huge Department of Agriculture. They did a great job so we have a most effective industry, an agriculture industry that is unparalleled anywhere in the world. Government can step out now. The agriculture does not need to be the second largest bureaucracy. Right now the Department of Agriculture is the second largest bureaucracy in the country, second only to the Pentagon in the number of employees.

Instead of calling for the eradication of the Department of Education, which we need very badly, let us downsize and streamline the Department of Agriculture. We will show you how to save money in that process.

We support the collection of fees for the difference between current rates and market rates for electric power, the various power marketing commissions, administrations are giving away revenue that could be gained by charging market rates for electricity where Federal projects are involved in pricing that electricity.

We support the maintenance of foreign aid at the present level. We support the continuation of Federal benefits to all eligible immigrants. We support the elevation of education and job training as the highest priority item in the budget. We are going to offer increases. We are going to call for increases in education programs. We want Head Start to be available for all eligible children, all eligible children. We want no cuts in the college student loan programs or the work study programs or anything related to higher

education. We are going to place the increases where they should be.

Finally, we will call the drastic cuts in defense. We do not need, after the cold war is over and the evil empire is defeated, we do not need to spend \$28 billion, \$28 billion for the CIA. We could, over the 5-year period, cut the CIA by 10 percent a year and by the fifth year you would have it down to about a \$14 billion budget. Nobody really knows. This is a conservative estimate, that the CIA and intelligence agency budget is \$28 billion.

First of all, we would like to end the secrecy. We see no reason why the American people cannot know exactly what this fumbling, very deadly, some things have been revealed, it is a very dangerous agency. It should let the American people know what the budget is. We want to cut the budget that is there.

We certainly want to cut the F-22. The F-22 is a fighter plane, the most sophisticated ever conceived. It is being manufactured in the district of the Speaker of the House, Marietta, GA. It has great benefits for the district, but we do not need it. We do not need a super-sophisticated fighter plane because we already own the most sophisticated fighter plane already. If the Russians are not building another one, no other country is building another one, why do we need a plane to compete with our own sophisticated fighter plane?

So we will cut the defense budget. The Congressional Black Caucus budget will go forward to achieve balance, but we will show you where the waste is. We will show you what sensible, compassionate people will look at.

We can cut without throwing people overboard. We can cut and have a balanced budget, a sensible budget without cutting school lunches, without making the lives of senior citizens miserable. We do not want to touch Medicaid. We do not want to touch Medicare. We can show you what the vision of America should really be like.

We represent the caring majority as opposed to the oppressive elite majority. Our budget will reflect that. The caring majority budget will be for all of the people of America.

□ 2015

REAL TAX RELIEF FOR THE AMERICAN PEOPLE

The SPEAKER pro tempore (Mr. BILBRAY). Under the Speaker's announced policy of January 4, 1995, the gentleman from Pennsylvania [Mr. FOX] is recognized for 60 minutes as the designee of the majority leader.

Mr. FOX of Pennsylvania. Mr. Speaker, I appreciate this opportunity to speak up on behalf of the American people, I think, who are waiting for the House of Representatives to take its first step towards real tax relief.

The fact of the matter is there are three goals that the American people

want us to have. First, they want to make sure we have deficit reduction, they want to make sure we have spending cuts, and they want tax cuts.

We have already passed, within the Contract With America, \$180 billion in deficit reduction. We have already passed \$190 billion in spending cuts.

What awaits action tomorrow by this House of Representatives, Mr. Speaker, is the tax cut part, the three parts of the Contract With America to help our senior citizens, to help businesses, to help individuals, and to help everyone who lives here in the United States by having a better chance to get a job, a better chance to keep a job, and a better chance to keep their family together, because these tax credits and these tax cuts are of real value to the American people.

We have seen over the period of time, Mr. Speaker, that the government is too big. It spends too much, and the American people remain overtaxed. As we cut spending, American families deserve tax relief. That is why 76 percent of the tax cuts go directly to families.

We also want to make sure that when America's families say good-bye to one another in the morning, they have good jobs to head off to. Twenty-four percent of the tax cuts go to job creation. The tax money is not ours. It belongs to the taxpayers. It is about time we cut Government spending, reduce the size of the Government, and let people keep more of what they make.

Our tax cuts, which represent 2 percent of Federal spending over the next 5 years, are fair, they help Americans from all walks of life, and they will lead to a better future with better jobs.

First, let me speak about the family tax credit. This bill would provide families with a \$500 tax credit for each qualifying child under age 18. This will help families with their expenses.

The marriage penalty tax relief: This would make sure that married couples who file joint returns would be eligible to claim an income tax credit. Generally the credit is intended to mitigate the unfavorable tax consequences that the present law has, which may arise when two single workers marry.

The American dream savings account: For so long now, we are talking about in this bill a new savings vehicle called the American dream savings account. This would permit annual non-deductible contributions of up to \$4,000 for a married couple filing a joint return, \$2,000 for an individual.

We are also talking about deductible contributions to spousal IRA's, individual retirement accounts. This will increase savings and encourage each family to prepare for the future. This bill would permit deductible IRA contributions up to \$2000 to be made for each spouse.

Senior citizens' equity: The Republican Majority has called for, and this bill would allow for, the repeal of the 1993 Clinton increase in the amount of Social Security benefits which are subject to income taxation.

The present law requires senior citizens, most of them, to pay income tax on up to 85 percent for their Social Security benefits. This would roll it back to 15 percent.

It also would raise for the first time Social Security income and allowances. Right now if you are getting Social Security and you are employed, you can only make \$11,280. Under our proposal tomorrow, this would over 5 years gradually raise to \$30,000 that senior citizens could earn.

Not only would it give them the chance to have more funds to in fact pay for expenses—many of them are living on fixed income—but, Mr. Speaker, it would also bring more tax dollars into the system. It would extend the quality and the length of years for our seniors who have given so much to our country and to each of us.

This would also provide, the same legislation, tax incentives for private long-term care insurance. This would improve for health for all Americans. Long-term care is always thought of as expensive care, but under this tax incentive for private long-term care insurance it would be encouraged.

It would also allow for tax-free withdrawals from IRA's for just this kind of insurance, long-term care. It would also give accelerated death benefits under life insurance contracts. The bill would provide terminally or chronically ill individuals with new means of paying their increased medical bills and living expenses.

Finally, let us talk about capital gains relief. Mr. Speaker, this bill contains four different capital gains provisions, the most important of which would be a 50 percent capital gains reduction for individuals. This would encourage savings, business expansion, and job creation. It also would provide a 25 percent corporate alternative tax for capital gains.

Everyone knows that capital gains is going to help this country move forward. It will be the kind of stimulus that would encourage investment, savings, and new jobs.

Within this legislation will be pension reform for the Members of this House. It will call for our pensions to be more akin to Federal employees' and not some bloated pension that was in prior Congresses. This is the kind of recovery and reform where we are leading by example, Mr. Speaker.

This goes part and parcel with the franking reform we are discussing, and we are going to act on; the gift ban we are going to act on; and campaign reform we are going to act on. It is part of moving this Congress to the kind of new credibility that the American people want us to have.

Mr. Speaker, as well, this legislation would allow for expensing for small businesses. The bill would increase the amount of property a small business can expense. This would have the effect, of course, of encouraging the engine of our economy, Mr. Speaker,

small businesses, the chance to grow, produce, and hire.

This is certainly what we want to do, because the backbone of our country are the small businesses. You have heard time and again from the U.S. Chamber of Commerce and the National Federation of Independent Businesses just how important it is to help our small businesses grow.

We already passed legislation to have the 25 percent deduction for the insurance paid for by the employers. We hope that will now go to 100 percent, but this is one more way we can help small businesses in fact meet their expenses and be able to meet their payroll, and then be able to move on to new heights.

There is also within this legislation, Mr. Speaker, tax credits for adoption expenses of up to \$5,000; tax credits for the care for the elderly. This is very important to individuals throughout the country in every single State.

Mr. Speaker, the fact is we can have all three with this legislation. We can have our spending cuts, which are very important to trimming an out-of-control Federal budget. We can have our deficit reduction. We also can have our tax cuts.

The fact is, without all three, the country won't move forward. New jobs can't be created, and we won't realize the American dream.

We have other legislation that is going to happen after the 100 days. We are talking about the kind of review where we are going to sunset Federal agencies. The freshman class has come forward with the possible dissolution or elimination of certain agencies and functions, but we have legislation as well that is going to call for every 7 years to review Federal regulations, to review Federal agencies, and to sunset those regulations and those agencies when they are not performing.

This is all part and parcel of the 104th Congress moving forward. I believe, Mr. Speaker, with the adoption of these tax cuts, we will in fact realize the dream that many Americans want us to have, to keep the contract.

We already had the balanced budget amendment. We have a line-item veto. We have prohibited unfunded mandates being sent back to States and local governments. We have had regulatory reform, legal reform. Now we need to have the final, 10th item on the contract for us to deliver on.

We believe this is legislation, Mr. Speaker, that is bipartisan in nature. This is not just Republican or Democrat, this is not for liberals or conservatives, for those who live in the North, the South, the East, or the West.

This legislation, this tax program, is something that every Member can embrace. We hope that the Senate, once it is passed in the House, will find favor with it as well, because the American people have, by overwhelming numbers, said a tax cut, as long as you are going to have deficit reduction, spending cuts, is consistent with what the

American dream is all about: expanding opportunity, helping us keep jobs and get more jobs, helping us make sure that each family in fact has the opportunity to help provide for their children, to make sure they can buy a home, and to make sure that they can provide for their expenses.

That is what these tax cuts will do, give them that kind of flexibility, Mr. Speaker. We believe this is a step in the right direction. No one piece of legislation is going to solve all the problems. It takes cooperation. It is going to take persistence. However, this legislation is a step in the right direction. Tax-and-spend prior Congresses have been out of touch, been out of control.

This 104th Congress has already seen, by bipartisan adoption of the contract items which have overwhelming numbers from the Republican side, and great numbers, as well, from the Democratic side, that we can stop the finger pointing, we can stop the gridlock, and we can work together for the American people. That is what they want us to do.

They want us to work together. They want us to make sure when we go to Washington, we don't get caught in that Beltway mentality of an echo chamber that says "Whatever you are doing is fine." We need a make sure we keep track back home, go to those town meetings, and hear what they are saying.

What I am hearing is they want tax cuts, but they want to make sure they are tied to deficit reduction. That is what this legislation does. Under the proposal from the gentleman from Delaware, MIKE CASTLE, and as well from the gentleman from Michigan, FRED UPTON, and also from the gentleman from New Jersey, BILL MARTINI, we are going to have that initiative within this legislation which will make sure that we tie the tax cuts we are speaking of to deficit reduction. That is very important for our long-term economic health.

However, I believe that you will find that senior citizens can certainly find favor with this. Couples, married, middle class individuals, everyone in the economic stream will find that this legislation is going to give us that boost. It is going to give us that hope.

Together with our great community groups that are doing wonderful things in the private sector to help our communities be strong, we can make sure that we are doing our part by getting out of the way of business, helping expand opportunity, and making sure that House bill 1215, which is the tax cut legislation, will in fact move us forward.

I believe this is a step in the right direction. I would like to call on the gentleman from Michigan, NICK SMITH, at this time to continue this dialogue with the American people, because we need to make sure, Mr. Speaker, that in fact this legislation is adopted for the benefit of all Americans, and for moving our country forward.

Mr. Speaker, I yield to the gentleman from Michigan.

Mr. SMITH of Michigan. Mr. Speaker, I thank the gentleman from Pennsylvania [Mr. FOX] for yielding to me.

Mr. Speaker, first let me say that it is individuals like the gentleman from Pennsylvania [Mr. JOHN FOX], who are part of the driving force that is keeping the momentum going in this Congress to do the tough job of cutting spending and balancing the budget, and at the same time cutting taxes, so my compliments to the gentleman from Pennsylvania and my colleagues in the freshman class.

I think the question we really need to address, Mr. Speaker, is what do we want, what are we after, what do we want to achieve. I think probably it is a nicer, more friendly, better place to work and to live and to raise our kids.

How do we get there, I think is the next question. Part of what we need is more and better jobs in our society. Right now that is a real challenge. What we have seen over the last 40 years is a situation where we continue to increase the taxes on individuals and businesses so that government can do the things that they think are good for you.

We are suggesting now that we leave more of that hard-earned money in the pockets of people that are out there working for that money, and let them decide how to spend it, instead of this huge, overbloaded government bureaucracy in Washington, DC.

What has happened in this country is our savings rate that used to be high, we have one of the lowest savings rates out of the industrialized world. When you add to that low savings rate the fact that the Federal Government is now overspending \$300 billion a year, if you include what we are borrowing from the Social Security Trust Fund, we are overspending \$300 billion a year, that in itself is negative savings, so we end up, compared to the rest of the G-7 countries, at the bottom of the totem pole on savings. That means there is less potential money out there to borrow, to lend.

The Federal Government now borrows 42 percent of all the money that is lent out. Last year, out of every cent and every dollar that was borrowed, here is the Federal Government saying "Hey, we have to have that money, because we are doing important things." They are borrowing 42 percent of that dollar.

Somehow, Mr. Speaker, we have got to expand capital formation in this country. All economists agree that expanding capital and capital investment is the key to economic success. We have a low savings rate. The Federal Government's overspending has driven up the interest rates to businesses. What can we do to encourage productivity in this country, and allowing our businesses to be more competitive with the businesses in other countries?

If you look at the way the United States taxes our business when they in-

vest money in equipment, in machinery, in facilities, we see that our marginal tax rate is higher on our businesses than almost any other country in the world. So what we are doing is we are penalizing the business when they buy that machine or that tool or build that new facility to allow their workers to work more efficiently, because here is what has happened. Let me tell you the way it works in this country.

□ 2030

We have a Tax Code that says that if you buy this new machinery and equipment you are going to have to spread the deduction out over the useful life of that machine or equipment or facility. That means that as we require them to spread this out over 5 or 10 or 15 or 20 or 30 years that inflation eats up the value of that deduction.

So what we have in this tax bill that we are going to start discussing tomorrow is we have a provision that says, look, for small businesses, we are going to stop penalizing you for buying that machinery and equipment, and we are going to allow you to deduct that as a business expense in the year that you purchase that machinery or equipment or facility, up to \$35,000. That stops the penalty.

We are additionally saying for that out-year depreciation we are going to allow you to index that depreciation for inflation so inflation does not eat up the value of that deduction when you get to it.

Here is what the economists say is going to happen if we pass this bill into law. It is going to reduce the cost of machinery and equipment and those facilities by 16 percent.

What is going to happen if we lower the cost of new, modern, state-of-the-art tools that we can put in our workers' hands by 16 percent? I will tell you what is going to happen. Businesses are going to buy more of it. Those manufacturers that produce those tools and equipment, those builders and workers that build those facilities are going to build more of them and produce more of that machinery and equipment because now there is a higher demand for it.

The economists project that if we pass neutral-cost recovery into law and if we increase the expensing from the current \$17,500 up to \$35,000 and if we stop the penalty of the alternative minimum tax, we are going to end up with 3 million new additional jobs by the year 2000; we are going to increase the average salary, the average wage of these individual workers all across the United States by \$3,500; and we are going to expand the gross domestic product by \$1 trillion. That is going to result in increased revenues coming into the Federal Government.

So the point is, as we look at the rest of the countries around the world we are, in effect, treating our businesses with greater penalties when they buy this machinery and equipment. And we

cannot continue to do that. It is a post-war era. It is a situation where every country now wants to develop the kind of laws, the kind of tax policies to attract capital.

If you look at Adam Smith, Adam Smith says the countries that are going to progress and produce those jobs are the countries that have the kind of tax policies that attract capital formation.

Ludwig Vaughn Mises in 1949, when he came to this country, he looked around and he said, "Why is the United States moving ahead of the rest of the world?" What he said, he said it is because we have a policy in this country of encouraging savings and encouraging capital investment. That is exactly what this tax bill does.

I encourage my colleagues to sit down and figure out what can we do as a Nation to increase the number of jobs, increase the quality of jobs and, ultimately, increase the quality of life.

I would suggest that one part of that situation, part of that decision, part of that conclusion has got to be treating our businesses on our Tax Code similar to what happens in other countries, treating our families similar to what other countries are doing to their families in terms of the tax obligation.

If you are an average family now in the United States with at least one person working, you now pay over 40 percent of every dollar you make in taxes. So what this Contract With America is suggesting is not only do we lower taxes but we cut spending enough that we get on the glide path toward a balanced budget. That is so important.

I see my colleagues on the liberal side saying, "Don't cut taxes. Don't cut taxes." I would simply remind everyone that it was about a year and a half ago that we had the largest tax increase in the history of this Nation, a \$250 billion tax increase. Some of us on the Republican side said, look, since the economists say that a tax increase is bad for the economy, should we be giving a tax decrease as part of our Contract With America? The overwhelming answer was yes.

The next question was, how do we reduce taxes? We decided to give it to families and families with kids. We decided to give it to senior citizens. We decided to give it to businesses in such a way that they are going to expand their jobs and the employment opportunities. That is what the Contract With America said. That is what we are doing.

This week we are taking up that tax bill, but I need to remind everybody that being on the glide path to a balanced budget is just as important as these tax reductions.

The interest on our gross Federal debt this year is \$339 billion; \$339 billion is 25 percent of all revenues coming in from all sources to the U.S. Government. We have got to get on this glide path. We cannot continue saying that these are good programs, they

should not be cut, we should not tamper with all of the things that the Federal Government is doing.

The fact is that we have had no shortage for good ideas on good programs. We are not only cutting the fat now. We are going to move into some cuts that are going to affect all of America. It is going to be Americans that are going to have to decide, look, are we willing to sacrifice a little so that we do not leave our kids and our grandkids with this huge mortgage and this huge debt that is now \$5 trillion?

I thank the gentleman from Pennsylvania for yielding. I think it is so important that we have this debate, that we have this discussion, and I appreciate this opportunity, I say to the gentleman from Pennsylvania [Mr. FOX].

Mr. FOX of Pennsylvania. I thank the gentleman from Michigan [Mr. SMITH] for his leadership, frankly, in the House. We have relied on several key individuals who are veterans here in Congress to move forward this dialogue, Mr. Speaker. The gentleman from Michigan [Mr. SMITH] has certainly been someone in whom we have relied in the Republican Conference as well as the entire House because he has spoken out for our seniors, for our families and for our businesses, our small businesses that really drive the economy.

I wanted, Mr. Speaker, if I could, to continue the dialogue that the gentleman from Michigan [Mr. SMITH] has started with regard to some of the other points that were raised in view of the importance of what is happening here tomorrow on this historic debate with regard to tax credits and tax cuts.

The gentleman from Illinois [Mr. HASTERT], the lead sponsor of the Senior Citizens Equity Act, has said it is time to retire the high-tax burden on our Nation's seniors, instead of retiring older Americans who want and need to work to remain independent, productive members of society. That is just what this tax cut bill will do.

The bill includes several tax-cut provisions designed to allow all Americans, poor, middle class, young and old, to keep more of their hard-earned money they would otherwise turn over to bureaucrats.

H.R. 1215 also has the added benefit of reducing the budget deficit. The bill will include caps on discretionary spending that the Congressional Budget Office says will cut the deficit by \$91 billion over 5 years, which is \$62 billion more in deficit reduction than President Clinton proposed in his budget.

While H.R. 1215 helps families and promotes economic growth and increase jobs, it also helps millions of senior citizens. It will make sure that the earnings limit, which has punished low-income seniors, will, in fact, be changed. Seniors want to work, and they are needed in the work force. The earnings limit increase will help all Americans.

The long-term care insurance that we have discussed in the legislation will ease the financial drain on seniors and their families. It will give private, long-term care insurance the same preferable tax treatment as accident and health insurance. It will exclude from income up to \$200 per day in long-term care benefits, will allow long-term care services to be treated as medical expenses.

I would like to now at this time yield to the gentleman from Michigan [Mr. SMITH] for further comments regarding the benefits of this legislation.

Mr. SMITH of Michigan. I thank the gentleman from Pennsylvania for yielding.

These are two interesting charts. We talk about tax day, how long you have to work into the year to use that income to pay the Federal Government in taxes. Right now, tax day is June 4.

Under the administration's proposal, we actually increase taxes; and tax day by the year 2002 goes to June 7.

With this tax bill that we are about to pass tomorrow, actually tax day, because of the tax reduction, goes back to May 26. Some people say maybe that is not far enough. Maybe we should reduce taxes more. But this is a giant start.

Members of Congress are not used to taking away things from people. Our political careers have sort of depended on giving more and more to people.

I like to use the comparison of the Alamo and thinking that maybe one of the reasons those at the Alamo fought so hard was that there was not any back door. But in our Federal Government there is a back door, and that back door is taxing and borrowing. So we have continued to tax and we have continued to borrow to increase the propensity that we will be reelected by doing more things for more people. That has got to come to a stop if we give a hang about our kids and our grandkids.

We have heard a lot of people say, "Look, it is a tax break for the rich." Actually, if you look at the tax cut for working-class families, if you are a family making less than \$25,000 your taxes are reduced by 100 percent. If you are a family making \$30,000, your taxes are reduced by 48 percent; \$45,000, they are reduced by 21 percent; \$50,000, reduced by 17 percent.

You see on down there, if you are a family making over \$200,000, your taxes are only reduced by 2 percent. All of the economists have indicated that a tax increase is a depressant on the economy. That is where it is important that we modify the \$250 billion tax increase that we had a year and a half ago and that we do it in such a way that it promotes jobs, promotes business and promotes a better life.

I go back to John Kennedy, because the idea that reducing taxes was good for the economy is not a Republican idea. John Kennedy said that when he came in, he went and he reduced taxes. This chart just shows what happened

after the Kennedy tax cuts. The real gross national product of this country in 1963 went from 4 percent, in 1964 it increased 5 percent and then in 1965 and 1966 it went on to 6 percent. The personal savings in billions went up. Business investment, which means jobs, went up.

Mr. Speaker, I plead with my colleagues, I plead with the American people, let's move ahead, let's have some of these tax cuts that are going to promote and expand our business, our economy and the well-being of the American people, and let's go ahead and cut the kind of spending cuts that are needed to get us on the glide path to a balanced budget and ultimately achieve that balanced budget by 2002. These tax cuts do not go into effect until we have passed the bill that lays out and locks in how we are going to reduce spending and get to a balanced budget by the year 2002.

Again I thank the gentleman from Pennsylvania [Mr. FOX] for yielding and I appreciate this opportunity.

Mr. FOX of Pennsylvania. I thank Mr. SMITH for his participation in this meaningful dialogue. The American people are waiting for what we will do to not only continue our fight to have the reduction in our deficit, a spending cuts reduction but also the third part which they are looking for now are the tax cuts, how we will make it possible.

We have heard from some on the other side of the aisle that say we are going to pay for these tax cuts at the expense of students. Nothing could be further from the truth. There is no Republican proposal to eliminate the Pell Grant Program, the college work study program, or the student loan program. We are going to continue these programs and they are very valuable to our students.

Let me look if I may, Mr. Speaker, to some very important individuals who, in fact, are Governors of four States who know best what has happened on a State level when they have cut taxes. What has happened in four States. I could give now at this time a letter which goes to some of the points they have made in recent discussions before my colleagues here in the House.

The four governors who are speaking of are William Weld, Tommy Thompson, John Engler, and Christine Todd Whitman. They write in support of the efforts both to cut Federal taxes and reduce the Federal budget deficit. As Governors, they have all cut taxes the same time. Yet they have also balanced their budgets.

□ 2045

They have not accepted the false dichotomy that claims that governments, State or Federal, can only balance their budgets, or cut taxes, but not both. They have been able to do both in their State capitals, exactly what we need to do in the Nation's Capital, cut the deficit and cut taxes and cut spending. They believe that government has a moral responsibility,

as I do, to make the tax burden on the people of this country as low as possible and that focusing on the so-called revenue loss leads down a path that asks the question, the wrong question, "How much does a given tax cut cost government?" That is like worrying that a bank vault might reduce the income prospects of a bank robber.

Our motto instead should be this:

"There is no such thing as government money, only taxpayers' money."

The burden of proof is on those who would increase taxes. The burden of proof is also on those who advocate current rates of taxation in the face of rational, just, and economically compelling arguments in favor of tax cuts. In short, we should be cross-examining government expenditures, not tax cuts.

The Governors think, as I do, that taxes are too high.

In Massachusetts they cut taxes nine times over the past 4 years, and yet they do not face a problem of either declining revenues or unbalanced budgets. In fact their tax revenues have grown by \$2.2 billion over that time period. They have balanced six consecutive budgets despite the nine tax cuts, but, in fact, because they have the tax cuts.

In Michigan, 15 tax cuts in 4 years have turbocharged the State's economy to its best performance in a generation. These cuts include cutting property taxes on homeowners by two-thirds, Mr. Speaker, eliminating the State's tax on capital gains, cutting property taxes, private pensions and inheritances. While taxpayers are saving more than \$1 billion annually, State revenues have continued to rise in Michigan.

In Wisconsin they cut taxes by more than \$1.5 billion over the past 8 years, including the income tax, capital gains tax, inheritance tax, and gift tax. What happened, you say? Their economy created new jobs at nearly double the national rate and more new manufacturing jobs than any other State in the Union. Revenues to State government grew by 48 percent, and they balanced their budget each and every year. The lesson from Wisconsin is clear: Tax cuts help create jobs and opportunity for families and individuals and more revenue for government.

In New Jersey they promised to cut State income taxes by 30 percent, and Governor Whitman delivered over 3 years to create jobs and spur economic development through private-sector investment.

When the people's money is in the hands of government, it falls into many pits of stagnation dug by Washington bureaucrats. Money in private hands, however, Mr. Speaker, actively seeks out the entrepreneurial ventures of the present day that become the future job creating companies. By overtaxing, government has in its power to destroy small business, whether it be your home State of California, Mr. Speaker, or my home State of Pennsylvania. Before it is ever launched, we

do not want to make a family choose between paying their rent and putting money aside for their children's education, to destroy a family's dream of owning a home.

A reduced capital gains burden will also be likely to persuade people to hold on to their investment longer, thereby increasing economic growth and the effect on the entire economy. When more stocks are bought and held longer, moreover, interest rates will tend to be lower as companies will rely less on borrowing. As a consequence the same family will find buying a home more affordable.

In short, tax cuts start not a vicious cycle that imperils fiscal stability, but a chain of prosperity that touches almost everyone, children, the parents, home buyers, and home builders.

The arguments against tax cuts just do not fly, Mr. Speaker, as they did in Massachusetts, Michigan, Wisconsin, and New Jersey. There is no either-or dilemma here when it comes to taxes, spending, and deficits. They can all be cut. Washington has an obligation to follow the States and to do for the American people what they want, and that is to make sure we help get the American dream, we achieve it in our lifetime, helping our children and grandchildren by continuing our trend of spending cuts, deficit reduction, and the tax cuts they want as well.

Mr. Speaker, I say, "Thank you for my colleagues for listening and for hopefully voting with us tomorrow to make a difference for America, to make government smaller and to make our dreams brighter."

NATIVE SAMOAN-AMERICAN JTPA PROGRAM

The SPEAKER pro tempore (Mr. BILBRAY). Under the Speaker's announced policy of January 4, 1995, the gentleman from American Samoa [Mr. FALEOMAVAEGA] is recognized for 60 minutes as the designee of the minority leader.

Mr. FALEOMAVAEGA. Mr. Speaker, I reserve as much time as I may consume and ask unanimous consent to include extraneous materials. I rise today to talk about welfare reform and in particular a JTPA program that is earmarked for elimination in the Republicans' rescission bill H.R. 1158.

Mr. Speaker, I would like to talk about a program that provides assistance to the Samoan-American community in three States—the Samoan Service Providers Association [SSPA] in the State of Hawaii, National Office of Samoan Affairs [NOSA] in San Francisco, Los Angeles, Orange County, and San Diego—the State of California, and the American-Samoan Comprehensive Employment Program [ASCEP] in the State of Washington, a tristate program that assists training and retraining of Pacific Islanders for employment and community development.