The provision would let companies withdraw funds from pension funds if their assets exceed 125 percent of the plan's current liability.

Companies could use the money for any reason.

The provision actually encourages companies to withdraw money by abating the federal excise tax on withdrawals made before next July. After that a 6.5 percent tax would apply.

Republicans gleefully predict that $40 billion could be withdrawn over the next five years. That could produce a windfall in taxes.

Their other argument is that companies could use the money to expand or create jobs, although the law does not require that. Companies could just as easily pay bonuses to top executives or finance the campaigns of friendly politicians.

A flurry of withdrawals would create a nightmare for pensioners—and taxpayers.

Since 1974, more than 2,000 pension funds have failed. They were bailed out by the Federal Pension Benefit Guaranty Corp.

The fund insures 56,000 pension plans and 33 million employees. It effectively obligates taxpayers to guarantee pensions when private businesses do not.

The obligation is substantial; at last report, U.S. pension funds were underfunded by $71 billion.

Reich argues soundly that pension plans whose principal is depleted today might not be able to meet their long-term obligations.

Lost in the debate is why companies should be allowed to raid pension funds at all. Or at least without any obligation to assure their solvency.

A compromise might allow companies to borrow, not simply appropriate pension funds. That would offer employees and taxpayers a reasonable assurance that the pensions will be there, while giving companies a low-cost and renewable source of money for expansion or other legitimate purposes.

But then reasonable solutions are not what Congress is necessarily searching for.

[From the Tribune, Meadville (PA), Sept. 17, 1995]

DON'T LET COMPANIES RAID PENSION PLANS—SURPLUSES MEAN FUTURE SECURITY FOR WORKERS

A House committee last week passed a new tax bill that would not only eliminate the earned income tax credit for many poor families, but would jeopardize the retirement income of millions of American workers.

The bill would allow corporations to spend surplus money in pension plans rather than preserve the funds for the health of the plans to ensure the future security of their work forces.

Companies with 25 percent more money in their pension plans than is needed to cover benefits would be able to use that money as they see fit. About 40 percent of the 58,000 pension plans insured by the Pension Benefit Guaranty Corp. currently fit that description, according to congressional estimates.

Legislators are looking at the funds as a means to help raise revenue to reduce the deficit. If companies were to use the money, it would generate about $10 billion in tax revenue over the next seven years.

The irony is that many of the pension plans in question have developed surpluses because companies use them as a tax dodge. By dumping money into the pension plans, the corporations are able to reduce their tax liability. If Congress wants to generate more tax revenue, it should legislate against the misuse of legitimate pension funds.

It is likely given the experience of pension fund raids in the 1970s and 1980s, that new raids by companies would help fund the current rage toward big mergers, resulting in untold layoffs and lost jobs.

Some of the pension surpluses also reflect accounting maneuvers rather than actual assets, raising the prospect that nationwide pension raids would jeopardize the solvency of some plans.

That's why the Pension Benefit Guaranty Corp. opposes the plan, which should be defeated or vetoed.

☐ 2130

REPUBLICANS SHOULD TAKE NOTICE OF ELECTION RESULTS IN VIRGINIA

The SPEAKER pro tempore (Mr. BILBRAY). Under a previous order of the House, the gentleman from Virginia [Mr. PAYNE] is recognized for 5 minutes.

Mr. PAYNE of Virginia. Mr. Speaker, the Commonwealth of Virginia held an election yesterday, and the Republicans in this House ought to sit up and take notice at the results. Yesterday's outcome says a lot about the direction of this country, our priorities here in Congress, and public attitudes about the Republican tax cut.

George Allen, who is our State's Republican Governor, tried to make the election a referendum on his program of tax cuts. Under the Governor's plan, which was proposed and debated during this year's General Assembly session, deep tax cuts would be paid for by slashing spending for a host of vital public programs.

The Governor proposed $2.1 billion in long-term tax reductions, but only identified $400 million in spending cuts to pay for them. Future Governors would have been left to make the cuts that would have been necessitated by the Governor's tax plan.

And when it comes to the $400 million in spending cuts Governor Allen did specify, here is what was in the Governor's plan:

$10.5 million designed to keep students from dropping out of school;

$3.2 million designed to help low-income students finish high school;

$1.3 million for child health clinics;

$7.3 million for 4–H programs;

More than $90 million total for education, including Virginia's colleges and universities.

And on and on it goes. And when the Democratic majorities said no to this agenda, the Governor called them obstructionist. He pledged an all out effort to defeat the Democrats at the polls. And that is exactly what he attempted to do.

Does that sound familiar? Deep tax cuts that are paid for by deep cuts in important programs?

This is exactly the course that this House is following right now in the Republican Budget Reconciliation Act.

The people of Virginia got a good look at the Allen plan, and despite the Governor's tireless campaigning, they rejected his extreme program by a big margin.

They defied the odds and kept the Virginia General Assembly, in Democratic hands.

Under the leadership of the Democratic Party, in the General Assembly Virginia enjoys a balanced budget, a triple A bond rating, and the reputation as one of the best fiscally managed States in the country. We will yield to no State in our belief in fiscal conservatism. But our citizens know that a tax cut that will give them a few dollars more each month isn't worth diminished colleges and universities, reductions in law enforcement, cuts in health care programs.

The message from yesterday is clear: people want responsible government, not a radical program that will gut programs that educate our children, protect our seniors, and help to make our communities strong. They also demand fiscal responsibility.

Having had the opportunity to personally campaign with many of our Virginia candidates, I am more convinced than ever that the course we are pursuing here in Congress is wrong. A budget reconciliation act that cuts Medicare, Medicaid, and other domestic initiatives just to pay for a $245 billion tax cut sounds a lot like the Republicans' program in Virginia. And we see how far it got them.

It's a lesson that we ought to learn here in Washington.

NEW GOVERNOR OF KENTUCKY

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

Mr. WARD. Mr. Speaker, I do not think I will be using the entire 5 minutes this evening, but I wanted to stand up to congratulate the new Governor of Kentucky, Gov. Paul Patton. He has been Lieutenant Governor for 4 years. Prior to that he was county judge of Pike County deep in Appalachia where he really turned things around. He really made things run differently from the way they were run before. So we are very proud in Kentucky that at this time of political upheaval, at this time of uncertainty and a negative feeling about anyone who is in office, that the Democrats, even though we have been in office for 24 years in Kentucky, have had the opportunity to send a new Governor to the Governor's mansion.

I mention this because we, in the last couple of weeks of the campaign, ended up talking about a number of national issues, issues which relate to what we are doing here. I think it is important to make note of the fact that these issues seemed to show us, the way the voters reacted to these issues, seemed to show us that the voters are very concerned about the changes that are being made here to the Medicare Program.

These changes to the Medicare Program really do seem to cut at the heart of the commitment that we have made