Mr. Speaker, this is a pretty sad commentary on the current state of the IRS.

We now have a unique opportunity, and in fact an obligation, to begin a serious national debate on how best to fundamentally reform our Nation's broken tax system. It is a system where we spend simply too much time filling out too much paperwork to send too much money to Washington.

Under the current tax code the Federal Government simply has too much power and control over peoples' lives.

Since the income tax was first established, politicians have talked about reforming, fixing, or replacing the system, only to end up making it more unfair, more complex, and more intrusive. The New York Times, in a 1909 editorial opposing the very first income tax, predicted, ''When men get in the habit of helping themselves to the property of others, they cannot easily be cured of it.''

Eighty-eight years later, this prediction has proven disturbingly true. For the time being, however, let us implement the reforms included in the IRS Customer Service Improvement Act as we move toward further discussions over replacing the current Tax Code.

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

(Mr. ENGLISH of Pennsylvania addressed the House. His remarks will appear hereafter in the Extension of Remarks.)

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

(Mr. PICKERING addressed the House. His remarks will appear hereafter in the Extensions of Remarks.)

THE ISSUE OF PARTIAL-BIRTH ABORTION

The SPEAKER pro tempore. Under the Speaker's announced policy of January 7, 1997, the gentleman from Wisconsin [Mr. NEUMANN] is recognized for 60 minutes as the designee of the majority leader.

Mr. NEUMANN. Mr. Speaker, I rise this evening to speak about a topic I do not want to generally talk about on the floor. And to my colleagues who follow C–SPAN on the afterhours quite regularly, I have never spoken on this particular topic before, and frankly, I would rather not speak on the topic, because I do not think we should even be talking about this topic in the U.S. of America. It should be an issue that was dealt with a long time ago. It should be an issue we do not even need to talk about, because it is so simple and straightforward in terms of how wrong it is.

Two years ago, three years ago, when the good people from southeastern Wisconsin elected me to this office and gave me the privilege of serving here in the U.S. House of Representatives, one of the first things that happened out here in Washington, as I swore to uphold the Constitution of the United States of America, part of that Constitution guarantees life, liberty, and the pursuit of happiness to every American citizen.

When I think about the topic, and we dealt with this here in the House today, and it is the reason for being here this evening to talk about it, when I think about this issue and how it relates to our Constitution, and equally more important is how it relates to the moral values in the United States of America, and how we could let this continue in this great Nation we live in.

So I rise tonight to speak on partial-birth abortions, and I am going to spend a portion of the hour allocated here this evening on this topic. Again, it is a topic that I would rather not talk about, because I do not think the issue should even be discussed. It should very simply be solved. There should be no partial-birth abortions in the United States of America, or in any civilized society.

I think one thing that happens in our society is we take very difficult topics and we say they should be shoved under the rug. We would rather not see them and not know them, because if we do not know them, we do not have to be upset about them.

To be perfectly honest, when I was sworn in 2 years ago, I had no idea that partial-birth or live birth abortions were going on in this great Nation we live in. Some people gradually from the pro-life community forced me to focus on this particular topic. They forced me to focus on what a partial-birth or live birth abortion actually was.

What happened to me as I learned about this topic and learned what was actually happening is it became harder and harder and harder to not specifically address the topic, because it is so wrong. We cannot turn our backs on it. It does not go away by hiding the fact. It is an issue. It is a fact that partial birth or live birth abortions are going on in the United States of America today.

I have to say that if this was done to a dog or if it was done to an animal, the Humane Society, the people that protest these sorts of things, they would be standing out on the Capitol steps today protesting that this was being done to animals. Yet, we continue to do it in America to live babies.

I want to describe what a partial-birth abortion is. I want to show Members just how outrageous this process is. Again, I know most people in America do not want to know about it. They cannot believe this sort of thing is going on thousands of times in the United States of America each year. I think it is important, and it is something we as a society cannot turn our backs on.

What happens in a partial-birth abortion is a doctor takes a forceps and reaches into the womb of a pregnant woman. He finds the leg of the baby or the ankle of the baby, and he literally pulls the ankles and arms of the baby out of the woman.

At this point, with the ankle and the arms actually out of the woman and the legs moving around, the doctor sticks a scissors or a forceps in the back of the head of the baby, so just before the head is delivered the baby is killed. That is what a partial-birth abortion is. I have to tell the Members, back home when I talk about this topic, the room gets dead silent. Any time I am in a room talking about it there is dead silence, because people do not want to talk about it.

What is really amazing to me is they call me radical. I am willing to say we should end this practice in the United States of America. I am the one they call radical because I say this is wrong. Killing a baby whose arms and legs are moving around, putting a scissors in the back of the head of that child, makes me radical when I say that practice should be stopped? What kind of a Nation is it that we live in that would consider my position on this, that this practice should be stopped today, as radical, and the people that say it is OK if we go ahead and do this, for whatever excuse they want to, those are the normal people in this country? Wrong. Those are the radical people in this country.

It is about time it was brought to the attention of the American people just exactly what is going on in a partial-birth abortion or live birth abortion, and the process should be banned. I would like to bring folks up to speed on what is happening on this particular issue.

We have brought a bill to the floor of the House of Representatives to ban this outrageous practice. As a matter of fact, in the House of Representatives we have from the State of Wisconsin nine elected Representatives here in the House. Some are Democrats, some are Republicans, some are pro-choice, some are pro-life.

All nine elected Members from the House of Representatives from the State of Wisconsin voted to end this practice. Whether we were pro-life or pro-choice, wherever they are on that particular discussion, they all understand that this topic is far beyond normal, and it should be ended immediately, and all nine of us voted the same way on this issue again today.

□ 1845

As a matter of fact, in the House of Representatives 297 out of 435 of us looked at this picture and said this is outrageous. I know there are some others over there who said, well, we probably should end it in most cases but maybe sometimes it is all right.

And again the bill did make the exception for the life of the mother, but they want to add things like the

''health'' of the mother. We are not sure they are talking about financial health or mental health or physical health. But they want to make enough exceptions so that we can keep doing this in this Nation, and that is just plain wrong.

Mr. Speaker, I point out, this is not just a pro-life/pro-choice discussion. Looking at this picture, if this was an animal that we were describing up here, there would be activists all over this Capitol protesting this procedure. This is a life, a precious baby. I was there when all three of our children were born, and I cannot imagine on our worst day in this Nation that the good people in this country would be willing to understand this process and not stop it.

So in the House, 297 of us voted to end the process. In the Senate, the majority have already voted to end partial-birth abortions in America. The bill is about to go to the desk of the President of the United States, and he is expected to once again veto the bill. After the bill is vetoed, it will come back to the House of Representatives. When it comes back to the House, we will have another vote on it. We need two-thirds, or 290 votes on it, to override the President's veto.

Mr. Speaker, we had 297 votes here today, and we fully expect to overturn the veto in the House of Representatives. In the Senate, they are currently three votes short of the necessary votes to overturn a veto by the President of the United States.

So this evening to my colleagues I have two messages. First, I would like to encourage my colleagues to talk to the people in the House that did not vote the right way today and encourage them the next time to take a look at what a partial-birth abortion is. Get rid of the political rhetoric. Get rid of the idea that we are going to be called a radical if we vote to end live-birth abortion.

Mr. Speaker, the radical people are the ones who think it is all right that if the arms and legs of the baby are moving around, that it would somehow be acceptable to stick a scissors in the back of the baby's head. That is radical, and it is about time somebody starts calling those people the radical people that they really are and starts understanding that the people that are fighting to stop this procedure are the normal people and represent the masses of people in the United States of America.

In the State of Wisconsin, people looked at this procedure the last time this vote came around, and they actually started recall petitions against the two Senators from Wisconsin who voted to allow this procedure to continue. They were short. They accumulated 300,000 petitions. They were short of the number necessary to actually do a recall.

Now, I do not know how I feel about recall elections; not real good about them for the most part. But the idea that this many people got motivated to do something about stopping this process, that says a lot. I think it says a lot about the people of Wisconsin and nationwide, because when people understand what a partial-birth abortion is, it is going to become clear that the process should be stopped.

What I expect to happen in the not too distant future, I expect the bill to go to the President of the United States, and I would expect the President to veto this. And I would hope my colleagues would talk to the President and with their friends on the other side of this body and do everything they can to make sure this is not vetoed and that this process is banned and outlawed in the United States of America.

I also hope when we get the bill back that we maintain the 290 votes necessary to override the veto here in the House. And I hope that the good Lord provides the wisdom to the Senators who voted for allowing this procedure to continue to see the wisdom to changing their vote the next time it comes back to them so that we can override the President's veto.

Mr. Speaker, I very seldom talk on this topic. Most folks who follow C-SPAN presentations know that I talk a lot about budget and budget procedures and tax cuts and so on. But before I go to that topic, I would like to go to another one that I have not talked about for some time, and that is the Social Security system.

There are a lot of senior citizens in America today that rely heavily on the Social Security system for their day-to-day living needs. In Washington, we have been bringing good news to people. We have been bringing the news that for the first time next year the budget will be balanced, the first time since 1969. We are lowering taxes, the first time in 16 years that has happened. Medicare has been restored for our senior citizens.

But all the problems have not gone away, and we need to understand that even after we balance the budget, the Social Security system remains in jeopardy. So before I go into other budgetary matters this evening, I want to talk briefly on the Social Security system and make sure that we make clear what is happening in the Social Security and what we need to do to solve the problem.

The Social Security system last year brought in $218 billion in revenue. They went into the paychecks of working families and people in America today and took out Social Security taxes. When they were done collecting those taxes, they collected $418 billion. They wrote out checks to our senior citizen of $353 billion. That is right, they actually collected more money in taxes than what they paid back out to our senior citizens in benefits. That is $65 billion, as a matter of fact, that they took in more than they paid back out to our senior citizens in benefits.

Mr. Speaker, the reason for that is because the baby boom generation is rapidly headed toward retirement. And when the baby boom generation gets there, these two numbers are going to be turning around. There will be less money coming in from taxes than money going back out to our senior citizens in benefits.

The idea is, we collect the extra money now and put it into a saving account, we let the savings account grow until the baby boom generation reaches retirement, and then when these two numbers turn around and there is not enough money coming in to pay the bills, we go to that savings account, get the money, and make good on the Social Security checks that have been promised to our senior citizens. That is what is supposed to be happening.

It should come as no great surprise to anyone who closely follows Washington that that is not what is going on. What Washington is doing is, they are taking that $65 billion, they are putting it into the big government checkbook. Think of this much the same as any household checkbook. They are putting it in the general fund or the big government checkbook.

When they are done writing checks out of the big government checkbook, they have overdrawn the checkbook. That is the deficit. So they write out more checks than what they have in the checkbook each year. That is why we have had a deficit each year since 1969.

With no money left to put down in the Social Security Trust Fund, or into that savings account, they simply at the end of the year write an IOU to the Social Security savings account.

This is what is going on today. Instead of that money being put aside in the Social Security Trust Fund the way it is supposed to be, the money is going into the government general fund, the big government checkbook. They spend all the money out of the big government checkbook so there is no money to put in the Social Security savings account, and they simply write an IOU to the Social Security savings account. Mr. Speaker, that is wrong and needs to be stopped.

It is important to understand that when Washington says they are going to balance the Federal budget, what Washington means by balancing the Federal budget is, when they are done writing these checks out of the government checkbook, there is an even or zero there.

Well, what that fails to take into account is, this $65 billion that came from Social Security that is supposed to be down here in the trust fund was put in the big government checkbook, and even if the big government checkbook is balanced, they still have not put the money down in the Social Security Trust Fund.

So even after we reach a balanced budget next year for the first time since 1969, and let us not downplay that, that is important and good, it is a great step in the right direction, but

even after that is done and we reach a balanced checkbook or a balanced budget, they are still using the money that is supposed to be put in Social Security to make it look like it is actually balanced.

So what are we doing about that? In my office, we have drafted and introduced legislation. It is called the Social Security Preservation Act. And this legislation does not take Einstein to figure out. I think in most businesses across America today it is straightforward. It is what you should be doing with your pension fund. It simply says that the money collected for Social Security must be put directly into the Social Security Trust Fund.

Again, this is called the Social Security Preservation Act, and it is very simple. It simply says that that surplus money that is being collected today for Social Security to preserve and protect Social Security for our senior citizens must be put into the Social Security Trust Fund.

It never fails to amaze me. When I am at a town hall meeting and say, ''How many people think we ought to be doing it this way?'' it is virtually unanimous. Outside of Washington, everybody believes we ought to be doing this, not just a few or one or two here or there. It is pretty straightforward. If a business took the pension money, put it in the checkbook and spent it and put an IOU in the pension fund, it would be illegal and they would be arrested. There is no question about it.

So the second topic I wanted to deal with tonight before we get into some of the other budgetary matters is the idea that this money for Social Security needs to be set aside for the purposes of Social Security.

The third topic that I wanted to go into, and, again, as we go into this, it is important to note that we are going to hit the first balanced budget for the first time since 1969 next year. We are going to start running surpluses. So what we should be doing is restoring that money for the Social Security Trust Fund.

Mr. Speaker, I think it is important that we know that we have hit a balanced budget for the first time since 1969. As we talk about these tax cuts, the tax cuts are part of the surplus that is being accumulated, and there is enough money in that surplus to both restore the Social Security Trust Fund, keep a balanced budget, and reduce taxes at the same time.

I am going to show why that is all possible in a few minutes, but before I do I that, we should go through what is in the tax cut package, because of everything else we have done out here in Washington, D.C., this year, this is going to have the most immediate, direct impact on the people who get up every morning and go to work for a living.

What we are really talking about when we talk about tax cuts are these folks who do get up and go to work for a living. Those folks, instead of sending money to Washington, they get to keep it for their own homes and their own families. That is what tax cuts are about.

Let us start with one that affects 550,000 Wisconsin families; 550,000 Wisconsin families alone will benefit from the $400 per child tax cut next year.

The way the tax cut works is this: For all the children under the age of 16, at the end of the year the folks figure out their taxes and how much they would have sent to Washington, D.C., and subtract $400 for each one of those kids. It is very simple to understand: Figure out how much would have been owed, subtract $400 off the bottom line. This is a tax credit, not a tax deduction.

But let me put this a better way. In January of next year, what should happen is, those 550,000 families should go into their place of employment and simply ask that they reduce the amount of money sent to Washington by $33 per month per child.

So on January 1 of next year, I would hope that the Wisconsin families and others like them all across America would go to their place of employment and reduce the amount of money that is being withheld for Federal tax purposes by $33 per month. The $33 per month is $400, the total tax credit, divided by the 12 months in the year.

So I hope on January 1, if it is a family of five out there, three young kids at home, 3 times 33, or roughly $100 a month that should be kept in their own home instead of sending it to Washington.

Mr. Speaker, there is more to it. A lot of times people ask me about education. I am a teacher by trade, and I think education is extremely important for the future of this country. If our education system is not strong and our young people are not well educated, there is no hope for this country. I think the significance and the importance that we place on education is seen in the tax cut package.

As a matter of fact, if he is a freshman or sophomore in college in virtually all the cases, if they are paying $2,000 or more to go to college, freshman or sophomore in college or tech school, they will get to keep $1,500 more in their own home next year to help pay for their college tuition. For freshmen and sophomores, it is basically $1,500 in most cases, and for juniors and seniors, it is 25 percent of the first $5,000 of cost, or roughly $1,000 in most cases. So when we talk about college students or people going back to school for an education, this is real dollar help.

A family of five in Wisconsin where one is in college and two of the kids are still home, they will be keeping $2,300 a year more of their own money in their own home starting January of next year. They should literally increase their take-home pay by $200 a month.

A family of five, one in college and two kids still home, they get $400 for each one of the kids still home, which is $800, plus $1,500 for the college tuition credit; $2,300 for a family of five, two kids at home and one off to college.

Mr. Speaker, it does not end there. I had a person at one of our town hall meetings ask me. She said to me, ''I am married without any kids, and I am going back to school.'' This young lady apparently was working full-time as well as going to school at the same time. She said, ''Does this affect me?'' And the answer to that question is definitely yes.

As a matter of fact, to that young lady who asked me the question, what happens for her is, the tuition that she pays to go back to school while she is working full-time, if it is less than $1,000, will be fully refunded by decreasing the amount of taxes she sends out to Washington.

If we are talking about young people who are trying to get themselves a better opportunity by improving their education, that education cost will be deducted at the end of the year and will show up as a tax credit for them.

So it is not just the college-age students that we typically think of as college-age students. It is young people out in the work force, going back to school to provide a better opportunity for themselves and their family in the future.

One more thing. There are a lot of college graduates that take their first job and then, while they are working, go back to school to get their master's degree. That would fall under the classification of 20 percent of the first $5,000 of costs. So those folks that are back in school getting their master's degree after they have already graduated from either high school or college, they are eligible for this tuition tax credit.

Mr. Speaker, our commitment to education, however, did not end there. In addition to the college tuition credits, we have set up a program where, if there are young children in the family, up to $500 a year can be set aside for those young children, so that when they reach college age there will be money available for them to go to college. It works like this.

□ 1900

They can put up to $500 per year into the account. The money accumulates tax free until the child reaches the age to go to college. They can then take the money out of that account and use it for purposes of going to school.

Where I found that a lot of people are interested in this is that the grandparents, a lot of times there is a lot of grandparents with grandkids who wonder what they should get them for Christmas, birthdays, whatever. We found a lot of grandparents that are interested in using this educational savings account as a gift to the grandchild. And what better gift than something that will help them with their college education when they reach college age?

The tax cut package did not end there. A lot of young people asked me, ''What about us? You have not talked about us yet.'' A lot of senior citizens asked me, ''You really have not hit us yet in terms of helping lower our tax burden.''

To them, if 74 percent of the seniors in Wisconsin own their own homes, and lots of young families own their homes and are transferred around the country from maybe a higher home cost area to a lower cost area, the home sale tax code has changed. If it is their personal residence and they have lived in the home for two years and they sell it, there are no Federal taxes due on the sale of that home. That impacts folks in a lot of ways.

We have people from California where home prices are higher than they are in Wisconsin, transferring to Wisconsin for whatever job purpose, to provide a job opportunity, for a better life for themselves and their family, so they sell that home in California and they come to Wisconsin where it is a little less priced for a home. Rather than owing big amounts of money to the Federal Government for taxes on the home they sold in California, there is no tax due on that sale.

It works also for senior citizens who used to have what is called the 55 exclusion. A lot of folks were very familiar with the one time age 55 exclusion. That is gone. A lot of our senior citizens took the one time age 55 exclusion, sold their big home and bought a smaller home that they plan to live out their retirement in. If they bought that smaller home 10 or 15 years ago, they might have bought it for $40,000 or somewhere thereabouts, it has probably appreciated significantly.

Maybe now our senior citizens are ready to sell that home that they bought at age 55 or age 56. So they took the one time exclusion 10 years ago, they are in this other home. If they would have sold that home before, there would have been no exclusion, they would owe Federal taxes on it. Under the new law when the senior sells their home for whatever reason, there are no Federal taxes due provided they have lived in the home for a two-year period of time.

Again, there is an upper end cap in this, but in Wisconsin it will affect virtually none of the homes, and elsewhere in the country there may be some effect. But foremost cases, there are no Federal taxes due.

The other ones that talk to me about it is people where all their kids are grown and gone and they have left the home. Kids are saying none of these things have affected me yet. There is also what is called the Roth IRA. We have a lot of union workers in particular who say, ''I am in a 401(k) so I cannot do anything more to save up for retirement.'' The Roth IRA is available even if people are already in a 401(k) or some other kind of retirement plan.

The Roth IRA works like this. They put in after-tax dollars but the money accumulates tax free to retirement, and when they reach retirement and take the money out, it is absolutely tax free. This is a dynamite way to save up for retirement. They put in after-tax dollars, the money accumulates tax free. When they take it out at retirement, it is absolutely tax free.

Mr. KINGSTON. Mr. Speaker, will the gentleman yield?

Mr. NEUMANN. I yield to the gentleman from Georgia.

Mr. KINGSTON. Mr. Speaker, I think the important point of all this is there are a lot of different savings accounts that may work for a family, but the emphasis is that the tax system as we have passed it recognizes the importance of saving for the future. Right now I think the consumer debt is something like $4 trillion nationwide. It may even be bigger than that. But we as a society need to start saving money for the future. And by implementing these new IRA type savings accounts, that is what we are doing.

Mr. NEUMANN. Is it not great that instead of the government dictating and mandating what kind of program is going to fit all the people in America, instead of doing that, we set this plan up and we let people decide which way they would like to save up for their own retirement.

The other great thing about the Roth IRA is that if they are a young couple and they do not own their own home yet, they would like to save up to buy their first home, they can put the money into the Roth IRA. It earns interest tax free. They can take up to $10,000 to buy their first home, or if that same young couple would later like to go back to college and save up to go to college, they can take money out of the Roth IRA for purposes of either the first home or going back to college. It is really a good setup for an awful lot of people in this country.

I have not mentioned the capital gains tax cut. Maybe Mr. KINGSTON would like to go through a few of the details on the capital gains tax cut.

Mr. KINGSTON. Mr. Speaker, I appreciate the gentleman yielding to me.

The capital gains tax rate has been 28 percent on items that a person sells for a gain, the amount of money that they have made on it. Now, it is ironic because there again we are taxing savings and we are taxing money that has already had taxes paid on it.

The typical example that I see over and over again in my area, which is a growth area where we have a lot of senior citizens, many of them have saved all their lives. Now they are in their upper years and they want to cash in maybe some of the stock that they have saved and maybe use it for a medical emergency, maybe for some long-term care, whatever, residential care, but they are taxed at this 28 percent rate.

Under our plan, depending on what their bracket is, they would be taxed at 20 percent, possibly as low as 15 percent, depending on their income bracket. Personally speaking, I would love to have zero capital gains tax for people like that, but if we can start with that, I think it will help seniors a lot and, again, encourage people to save money.

Our office went back to 1956 Treasury records and every time that the capital gains tax rate was low, revenues from capital gains had increased. But when the rate is high, people hold their assets and as a result there is not much revenue from it. I believe that this is going to be extremely beneficial, not just for the economy but for deficit reduction.

The gentleman has been such a champion on deficit reduction, I almost would be willing to predict that with the surge of new sales of assets and so forth because of this capital gains tax reduction, that we will potentially as soon as next year be able to balance the budget.

Mr. NEUMANN. I do not know if you caught the new numbers now being talked about out here in Washington. We are looking at a $23 billion deficit, the lowest deficit since the early 1970s. As a percent of GDP, it is the lowest deficit we have had since the very early 1970s.

Mr. KINGSTON. Under the Neumann budget, which you authored and I supported, had that passed, that deficit would have been zero probably.

Mr. NEUMANN. That is absolutely correct. Do you remember when we first introduced that? I was three months here on the House floor. Our leadership was kind enough to allow us to have a vote on our package. We only got 89 votes on it. It would balance the budget by the year 2000. Everybody said we cannot possibly do this by the year 2000.

Here we are in 1997, and because of two things, the economy has remained strong, but while the economy remained strong this body out here, the people that are here now slowed the growth of Washington spending. In the past whenever the economy was strong, Washington spending exploded. They spent all those extra revenues.

I have a chart, if the gentleman would bring that chart; as long as we are on that topic, I think it helps us to see. I think it is important to be able to see a picture of what has happened with the strong economy, with the strong economy at the same time revenues were growing to the Federal Government.

The body that is here now since 1995, rather than increasing spending as they always did in the past, we have slowed the growth of Washington spending. Before we got here in 1995, back in 1993–94 spending was growing at 5.2 percent annually at the Washington level. At the same time revenues started growing very rapidly to the Federal Government, we have literally slowed the growth of Washington spending. So it is these two things together that have put us in a position where we can literally get the budget balanced in fiscal year 1998.

I am not afraid to go on record, 1998–99, we will have the first balanced budget since 1969. We can do all of this because of this picture.

Mr. KINGSTON. Does the gentleman plan to reintroduce a budget next year which will balance the budget by 1998–99?

Mr. NEUMANN. I believe that we should introduce a budget that is balanced in 1998, yes. I think it would be inexcusable for this body, short of some major change in the economy, to not get to a balanced budget by 1999 at the very latest. The revenues are there. Our spending growth has been curtailed. There is no reason in the world that we cannot hit a balanced budget.

We keep talking about this in Washington language, a balanced budget, and out there in the real world that does not always mean a lot. Let me translate it because Alan Greenspan did a great job of it today. He talked about the fact that if we could get to a balanced budget and actually go past that and start running surpluses so we start paying down the Federal debt, interest rates may drop another half to a full point, so we could see lower interest rates.

That means something to families. When they are making their home mortgage payment, if the interest rate is lower, they just keep more money in their own home instead of sending it out here to Washington. That is what this is about. It is about real people having the opportunity to be able to afford to buy the American dream, a home or a car of their choosing, because the interest rates have stayed low. And when the interest rates stay low, when people buy those houses and cars, others have to go to work.

We talked about welfare reform. We finally got welfare reform to a point where able-bodied welfare recipients are required to go back into the work force. If a person is capable of working in our society, they cannot stay on welfare all their life. There is child care available, there is health care help there, but they have to get a job if they are able to work in this society.

Mr. KINGSTON. The way I always explain it, we get a lot of criticism: Why are you trying to cut taxes? I say it is very fundamental. Middle class people have more of their money, more of their own money in their pocket because we in Washington confiscate less of it. Then what is going to happen is they are going to spend more. They will buy not necessarily a lot of glamorous things but lots and lots of very important things in the economic chain: more CDs, more socks, more pairs of shoes, hats, shirts, basketballs. When they do that, more jobs.

Mr. NEUMANN. More jobs here in America for our kids so they can have the opportunity to live the American dream.

Mr. KINGSTON. That is exactly right. Because what is going to happen, the local drug store and the sporting goods store, the local restaurant, local clothing store will all expand to meet the new demand because American consumers have $300 or $400 more disposable income in their pocket. And when they expand, they create those jobs. More people are working, less people are on welfare, more people are paying taxes and the revenues are going up. That is the situation that we are in.

Mr. NEUMANN. In the community I live in in Jaynesville, WI, we build Suburbans and Tahoes there. And we can see the direct result of this picture of the deficit coming down so the interest rates stay down low. People can afford to buy Suburbans and Tahoes. That is job security for our people.

It is a direct translation. Low interest rates mean people can afford to buy the Suburbans and the Tahoes. When they buy those, they can afford to make payments on it. When they buy those vehicles, that means our people in Jaynesville stay employed. That is what this is about. It is about job opportunities.

Mr. KINGSTON. Yet as we are discussing this, and with a lot of gleam, I would say, to the degree that the deficit has fallen, the numbers are roughly about $260 billion down to $23 billion.

Mr. NEUMANN. Actually I have a chart here. I have one that actually shows where it was when we came.

Mr. KINGSTON. I think it is important. Let us show how much that deficit has fallen.

Mr. NEUMANN. When we came here, many of our colleagues tonight are playing basketball, so this is no pun intended. There is a good spirited basketball charity game going on out here tonight, but if we had all played basketball and not done our job, this shows what would have happened to the deficit.

This is the deficit stream that we inherited in 1995 when we came here. Remember 1993 was that big tax increase where they were going to try to get this under control. Even after that big tax increase, this is what we inherited in 1995 when I was first elected to office. The gentleman is right. It was going all the way up to $350 billion, if we did not do something about it. This is our 12 months work. Our first year, 1995, our 12 months in office, we brought the projected deficit down to this yellow line.

But at the same time we laid this green line into place. And just like we had done before, we made a promise to the American people that we would get to a balanced budget. Only this group is very different. Before 1995, every time those promises were broke. But we made a promise, too. It is this green line on the chart. The blue line is what we are actually doing. I think it is so significant. We are now in the third year of a 7-year plan to balance the budget but instead of the broken promises before 1995, we are not only on track, we are ahead of schedule to the point where we will get it done next year.

Mr. KINGSTON. The gentleman has touched on a very important point. In between the blue line of where the money actually is and the green line of where the plan is, I am scared to death that even on a bipartisan basis we will rush out and spend the money. I always say this is like somebody who is on a six-month diet and finds out at the end of the second month that they are ahead of projections, so instead of finishing the diet, in three months they go out on an eating binge and eat lots of ice cream and cake to celebrate. Are we going to do that? Are we going to rush out and spend this money, or are we going to do the right thing and apply it to the national debt?

Mr. NEUMANN. The ''rush out and spend it'' part? Over my dead body. That really is the attitude of an awful lot of us out here in Washington right now. We have had it with those past practices of breaking the promises to the American people, and we have had it with the 1993 concept of raising taxes.

□ 1915

I do not know if the gentleman has had the opportunity to hear some of our colleagues here on the floor tonight before us. During the 5-minute portions this evening, they were talking about this big conference that will go on in Japan where they are going to tax our energy here in America but leave countries like China out from under this tax. And they are going to tax energy as much as 60 cents a gallon for gas. Has everyone forgotten what 1993 was like?

Mr. KINGSTON. If the gentleman will yield a second; also exempt China, Brazil, maybe India, and a couple of others.

Mr. NEUMANN. North Korea.

Mr. KINGSTON. North Korea. Major U.S. competitors will be exempt from this Clinton gas tax proposal. And why the administration thinks the time is right to increase the gas tax 20 to 40 cents a gallon——

Mr. NEUMANN. Sixty cents a gallon is what they are projecting under this proposal.

Mr. KINGSTON. Can my colleague imagine what that will do to the economy, to small businesses?

Mr. NEUMANN. What amazes me is that in 4 short years, the amount of time it has taken to turn this picture around, that we have actually curtailed, slowed the growth of Washington spending, we have had these changes from 1993, everyone has forgotten that in 1993 they raised virtually every tax they could think of.

We have gone through the tax cuts here and we have had a good time talking about finally how we are going to leave more money in the pockets of the people. It is not a gift from us, it is their money. We finally had a good time talking about the fact that taxes are coming down for the first time in 16 years. Has everyone forgotten 1993?

The discussion was a Btu tax; 4.3 cents a gallon gasoline tax. They did not spend the money to build better

roads, they just spent it on other Washington programs; a 2.5-cent a gallon extension of another gas tax, and for senior citizens, the Social Security tax rates from 50 to 85 percent. I cannot even get done with all the tax increases they did.

Mr. KINGSTON. It is interesting because some of our colleagues right now are really pushing a Federal takeover of local school construction. They want the Federal Government to go in and build school systems.

Now, as the gentleman knows, bricks and mortar has always been the domain of local school boards. And school boards in local communities that have been responsible and have kept up with it, do not have the problem.

But what is also interesting about this debate, this urge to go out and spend the money that some of our liberal colleagues have, is that when the gentleman and I talk about education, when the gentleman and I talk about the strengths of education, when the gentleman and I reflect back on our own educational history, we do not talk about, hey, I went to this beautiful school; it was three stories tall, and the bricks were so wonderful and the glass windowpanes were so special and the light sockets were just out of this world. We do not talk about that. We talk about, hey, I had Miss Jones, I had Miss Reynolds, and I had Miss Musey, and I had Miss Smith, and they were great teachers and they made a difference in my life. And not one of them would have been any different in a different building.

Our children need to be in decent buildings, but the big problem in education today is we need to put money into the teacher in the classroom, not into the bureaucracy in Washington that is going to dole out on a political basis bricks and mortars and makework projects for educational bureaucrats. It is ridiculous. Let us give the money to the kids in the classroom and the teachers.

Mr. NEUMANN. That is really the fallacy of this whole thing. What would lead anyone to believe that this Government, Washington, can reach into the pockets of the American people. This money is not manna from heaven. This money has to come from somewhere. So we will reach into pockets of the working families in America, the working people in America, and they will bring the money to Washington. They will pay hundreds of bureaucrats to decide how to spend the money, and then they will send 35 or 40 or 50, or whatever number they happen to get to in this particular case, back to build new schools. And they will pat themselves on the back because they collected $1 from the taxpayers and sent whatever the number is, 50 cents, if we are in a good day, back to build new schools with.

First off, why should Washington reach into the pockets of the people in Janesville, WI, bring the money out here to Washington and then Washington make a decision about who gets a new school? Why should that not be the responsibility of the parents and the teachers and the community to make those decisions? That is what it is all about.

Mr. KINGSTON. Can the gentleman imagine a Washington IRS-type bureaucracy building local schools? I know to some liberals that is a great deal.

It is interesting, as a matter of fact. Here is a copy of the Washington Times as of last Tuesday where the President opposes citizen oversight of the IRS. I mean is this the national Democratic Party now that has come down to supporting the IRS and the fact that many folks back home think it is time to overhaul the tax system, overhaul the IRS, to stop some of the harassment of our citizens and the President and the Democrats are defending the IRS?

It does not make any sense at all. I do not want an IRS-type bureaucracy to run the local school construction projects.

Mr. NEUMANN. I think it is important that folks know that, in addition to getting the budget balanced for the first time since 1969, taxes coming down for the first time in 16 years, restoring Medicare for our senior citizens, what is next on the horizon is a bill that has been introduced that would literally sunset the entire IRS Code. We would literally sunset the entire thing in the year 2001. And what that would effectively do is force us to come up with a new, fairer, simpler tax system.

When I describe this to folks in our town hall meetings, this is the one thing that absolutely brings an across-the-board cheer because everyone hates the complexity of the Tax Code.

Mr. KINGSTON. If the gentleman will yield. I thought we were together, on a bipartisan basis, on the IRS reform. I had no idea that the administration was going to defend the IRS and try to make tax reform a partisan issue.

But I will say this. If it is a partisan issue, the Republican Party is going to be on the side of the American taxpayer for simplicity and clarity, and let the President defend his 111,000 IRS employees.

Mr. NEUMANN. Would the gentleman hold that chart up. I had not seen that before and I would very much appreciate seeing it. The White House is now championing the IRS.

Mr. KINGSTON. This is not Republican propaganda. This is an actual newspaper headline. The Washington Times, a well-respected newspaper. The headline of it, Tuesday, September 30, 1997, ''White House Champions The IRS. President opposes citizen oversight.''

I will read the gentleman the first paragraph. ''The White House yesterday came to the defense of the embattled IRS, vowing to vigorously oppose congressional efforts to create a citizen oversight board to protect Americans from agency abuses.''

Mr. NEUMANN. There are a few things, I guess, that we really do think an awful lot different between the President and ourselves. He did sign the budget deal, and he did sign the bills that lowered our taxes and that stuff but, my goodness gracious, there is a huge difference of opinion in supporting the IRS or thinking we should come up with a new Tax Code, something simpler, something easier, fairer for our people, something they could actually fill out themselves instead of going to an accountant every year.

I see the gentleman from Minnesota has joined us.

Mr. GUTKNECHT. I thank the gentleman for yielding. I saw the gentleman here on the floor and he was talking earlier about the budget. I do not know if the gentleman had a chance to talk a little bit about it. The gentleman from Wisconsin and myself both serve on the Committee on the Budget, and I know the gentleman from Georgia has been interested in the budget, but I think sometimes we need to remind people how well we are actually doing.

I do not know if the gentleman shared this number with the folks who may be watching us in their offices, but when we passed our original 7-year balanced budget plan, we said that in fiscal year 1996 we would spend $1586 billion. Does anybody know how much we actually spent in fiscal year 1996? The answer is $1560 billion.

Mr. NEUMANN. Say that again real slow so we get that.

Mr. GUTKNECHT. We said we were going to spend $1586 billion, but this Congress actually spent $1560 billion.

Mr. NEUMANN. So we spent less money than what we said we were going to spend. Washington actually spent less money than what we originally said we were going to.

Mr. GUTKNECHT. The Republican Congress spent $26 billion less than we said we were going to spend.

But that is just part of the good news. That at a time when revenues actually increased by $20 billion more than we expected. Now, that is good news. I guess the problem with the media seldom does good news make the news.

But if I can share what happened in 1997, because the news gets even better, and I think a lot of people have said, well, there really is not much difference, but let me give one other quick number. In fiscal year 1997, going back to our original 7-year balanced budget plan, we said we were going to spend in fiscal year 1997, $1624 billion. We actually spent, and, in fact, it may actually, when the final books are closed October 1st, and we do not have the final numbers yet, but the preliminary numbers of the Congressional Budget Office said we would spend $1612 billion.

Mr. NEUMANN. If the gentleman will yield, it is down to 1602. The most current numbers, we just got them yesterday, as a matter of fact. I apologize for

not getting them out yet. It is down to 1602. So we are now $22 billion under. This is less Washington spending than what we promised.

When I tell folks this, they absolutely do not believe it until I actually show it to them. It is there in the budget. I challenge any of our colleagues to go back to the budget resolution, check out what we promised we were going to spend not more than and find out that when he actually spent less than what was in the original plan.

Mr. GUTKNECHT. So if the gentleman's numbers are correct, in fiscal year 1997, we took in over $110 billion more than we expected and we spent over $22 billion less.

Now, here is the question. Here is the question for anybody who happens to be listening to this, for any Member of Congress. Does anybody really believe that Congress would have actually hit its spending targets, in fact gone below its spending target, at a time when revenue increased by more than $100 billion? Does anybody really believe we would have spent less if the other party still controlled Congress?

Mr. NEUMANN. The first night when I found these numbers, I called my wife and said, ''You are not even going to believe this. I found out that, when we go back to our 1995 promises, we had over $100 billion more revenue coming in and we actually spent less money.'' She said to me, ''Someone is giving you bad numbers.'' So my wife would not even believe it at first.

I have gone through these numbers time and time again. I challenge each and every one of my colleagues to take the time, sit down and look at these numbers, and really understand just how far we have come as a Nation when we could have over $100 billion extra revenue come in and spend less money. Because what this really means is that we borrowed less money on our children and our grandchildren's backs, and that is what this is about.

Mr. KINGSTON. If the gentleman will yield. Regardless of the deficit reduction and potentially balancing the budget next year, we still spend about $300 billion a year on interest on the $5.4 trillion national debt. Now, that is the second or third largest single item on the entire budget every year.

That is money that could be in the pockets of the American families, the moms and dads out there for their children, or it is money that could go to other projects, education, health care and so forth. But we only begin the job when we balance the budget. And the fear that I have is that because the revenue is so much higher than projected, what is going to happen is we will have a lot of liberals coming out there with new spending programs.

We are already hearing it on let us go out and build a new Federal school program. And I am scared to death we will go back down the donnybrook we were in in 1993 and 1994.

Mr. NEUMANN. That is exactly why it is so important that folks understand that even after we get to a balanced budget we still have a $5.3 trillion debt that an average family of five sends $580 a month just to pay the interest on the debt.

That is what we are doing today. And even after we have a balanced budget, that debt goes on. And that is why it is important that we have introduced legislation to deal with that.

Mr. GUTKNECHT. I know that this chart is too small for people to see, but if people want to contact my office, I will certainly be happy to send them a copy, but it says that for the last 20 years, the 20 years from 1975 until 1995, on average, for every dollar that Congress took in it spent $1.21. For fiscal year 1997 that number will be less than $1.02.

So when people say we are not making a difference, we are actually spending less than our original spending targets at a time when revenues are exceeding our wildest expectations. And I think the real good news, and the gentleman from Georgia is correct, balancing the budget is not just an accounting exercise. Sometimes we have to even remind people on the Committee on the Budget. It really is about what kind of a future are we going to leave to our kids. It is about generational fairness.

For a long time those of us out in the Midwest, and I do not know if the gentleman has the same kind of feeling, I suspect he does in rural parts of Georgia, but the American dream, to a large degree, was to pay off the mortgage and leave the kids the farm. What Congress had been doing for so many years is we had literally been selling off the farm in small pieces and leaving our kids the mortgage. We all know that is morally wrong. And we were going to consign them to a lower standard of living.

So balancing the budget is good. I believe we will do it next year. And that is just a start. We have a long ways to go. But it is really about leaving our kids a better future.

Mr. NEUMANN. Reclaiming my time, I think the gentleman hit the nail right on the head. What a lot of families do is pay off their mortgage and hope to leave their children and grandchildren something other than a mortgage to be paying off.

We have introduced legislation, I know that both gentlemen are cosponsors, so we are doing this together, that would literally put the United States of America on a mortgage repayment plan of that $5.3 trillion debt. Would it not be nice to think that we could actually pay down that debt, much the same as a homeowner pays off their home mortgage?

Mr. KINGSTON. I want to say something else, if the gentleman will yield, that ties into this. This week, for the first time in history, the United States President used the line item veto and zapped out about, I think something like 160 different projects for nearly $200 million in savings.

Now, those included Republican projects. Those included Democrat projects. Those included some from just about every State in the country. But that is what we had in mind with the line item veto. And I think it is good that if I put a project in the budget that it gets that extra scrutiny. I like the idea that it has to get through a House committee, then through the full House, then a Senate committee, then the full Senate, and now it is to the President of the United States. Because the more scrutiny we put our spending under, the better fiscal House we will have.

And with that in mind, if we think about what we could potentially do with this line item veto to get to that last $23 billion, I urge the President to keep using it and make sure that we, as Republicans, are responsible, and that our Democrat colleagues are responsible for what we put in the budget.

□ 1930

Mr. NEUMANN. I have to tell my colleagues about my dream when we talk about this, because this is my dream for my own personal future. My wife dreams about going to Hawaii, and I think that is a wonderful dream, too.

But my dream is, I wake up some morning and I get a phone call, and the phone is sitting right by my bed, and it is the President of the United States. And I do not care if it is a Democrat President or Republican President. But he says, ''Mark, we are going to balance the budget. I am giving you the veto pen. So get over here, line-item enough junk out of this budget that is wasteful Washington spending, get the budget balanced, here is the pen.'' That is my dream in life, is that some morning I wake up and the President says, ''Mark, you've got the line-item veto. Get over here and do it.''

I cannot agree with my colleague more. I was one of the original cosponsors on line-item veto. And I would hope that the President does use it more, not less.

Mr. KINGSTON. If the gentleman will yield, I do want to say one thing to keep in mind. The line-item veto only applies for deficit reduction. So if, in fact, the deficit is zeroed out next year and the budget is balanced, which we all hope that it is, we will effectively not have a line-item veto.

The gentleman from Michigan [Mr. UPTON] has sponsored legislation which I have cosponsored, and my colleagues probably should look at it if they have not, that says, even if there is no deficit, the President would still have a line-item veto for the purpose of continuing to ferret out wasteful spending.

Mr. NEUMANN. I think that it is important that he keep in mind that even when we have no deficit, a ''Washington balanced budget,'' that we are still using that money out of the Social Security Trust Fund. And we need to address that problem.

What we have introduced is the National Debt Repayment Act. What happens in the National Debt Repayment

Act is, after we get to a balanced budget, we cap the growth of Washington spending at a rate at least 1 percent lower than the rate of revenue growth.

I brought a picture to show what happens. The red line shows spending going up, and too fast probably for the three of us, but spending going up, but at a slower rate than the revenue line.

Mr. GUTKNECHT. If the gentleman would yield, I think his assumptions are that we would still increase Federal spending at faster than the inflation rate.

Mr. NEUMANN. This is correct.

Mr. GUTKNECHT. So we are not talking about draconian cuts in any Federal spending.

Mr. NEUMANN. Absolutely not. And I think my colleague and I would probably not do that. We would not want it to increase faster than the rate of inflation for sure. But even if it goes up faster, it has got to go up slower than the rate of revenue growth.

By doing so, we create this middle area here. That is the surplus. We take one-third of the surplus and supply additional tax cuts. And Alan Greenspan today said, as we are going through this process, the interest rates will come down, and that will promote a stronger economy. And he suggested if we are going to do tax cuts, that we make them across the board, reduce the marginal rate kind of thing. And I think he is right there.

The other two-thirds of this surplus, we start making mortgage payments on the Federal debt. When we pay off the Federal debt, the money that has been taken out of the Social Security Trust Fund would be returned, because that Social Security Trust Fund money is all part of the Federal debt.

So under this plan, three things happen. First, the senior citizens who are worried about their Social Security can rest assured that Social Security would be restored. As we are paying off the debt, the money taken out of Social Security would be put back. Second, the people in the work force today would be entitled to additional tax cuts each and every year as far as the eye can see. And third, and I would say, to me, most important of all, we can look forward to paying off the mortgage, as my colleague suggested earlier, and passing this great Nation of ours on to our children debt free instead of giving them a legacy of a $5.3 trillion debt.

That is what this bill is about. I think it is the right thing. I know my colleagues are both cosponsors on it. We are working very hard to get it to the floor of the House. I am optimistic that between the senior citizens who want their Social Security restored and care an awful lot about the future of this country, the people in the work force who would prefer to pay less taxes and not more taxes, and, most important, all of us who care about the future and what kind of a country we give our kids, that we would bring this to the floor and pass the bill.

Mr. GUTKNECHT. If the gentleman would continue to yield, I have explained this program at town hall meetings in speeches around my State district. And almost everywhere, in fact everywhere, we get almost unanimous support for this plan. It is common sense. I think it is what the American people want.

As I said earlier, it really is the American dream: Pay off the mortgage, leave your kids the farm. That is what we want to do for the next generation of Americans.

Mr. KINGSTON. One thing I would like to see discussion on, instead of just straight more tax relief, perhaps move towards tax simplification, with the intent of accelerating the debt paydown, because if we can do it this way in the year 2026, if we just change taxes to make it simple, I believe many, many people in America, given the choice of reducing their tax rate 5 percent versus going to a flat tax or a consumption tax, they would probably say, give me this tax simplification, because the extra money I am having to pay my accountant and lawyer to file my taxes is a tax anyhow. So just give me tax simplification.

I am very proud that the Republican party has taken the initiative on that. I am proud that the gentleman from Texas [Mr. ARMEY] and the gentleman from Louisiana [Mr. TAUZIN] are going to be going around the country having debates on consumption versus flat taxes.

I have not fully decided which route we should go in terms of the folks back home, but I welcome the dialogue in the debate.

Mr. GUTKNECHT. If the gentleman would continue to yield, I want to make it real clear, they are not mutually exclusive. We can balance the budget, we can actually pay off the debt, and we can simplify the Tax Code all at once. All it requires is the kind of discipline we have demonstrated for the last 3 years.

I think the gentleman from Wisconsin [Mr. NEUMANN] is putting up a chart now. We have to continually reduce the rate of growth in Federal spending. We have literally cut it almost in half in terms of the real rate of growth, inflation-adjusted dollars, almost any way we want to measure it.

And as the numbers I indicated before, in fiscal year 1997, Congress took in over $110 billion more than we expected but we spent $20 billion less. It is that kind of discipline that will allow us to balance the budget, pay off the national debt, and simplify the Tax Code so that the average American can understand it.

Mr. NEUMANN. Reclaiming my time, concluding tonight, isn't it exciting to be here having this conversation? How different it is currently than it was in 1993 when they were debating which taxes we had to raise and how high we had to raise them because, after all, we could not reel in Washington spending.

That was 1993, broken promises of a balanced budget and higher taxes. But in our first 3 years here, we have literally slowed the growth of Washington spending. We did not reach into the pockets of the American people and take out more taxes to balance the budget. We slowed the growth rate of Washington spending.

By slowing the growth rate of Washington spending, we are now in a position where we are not only going to balance the budget 3 or 4 years ahead of our promised schedule, but we are also lowering taxes on families and workers all across America. Senior citizens, middle-age folks, union members, all Americans are going to benefit from the tax cut packages. Isn't it exciting to be here having this conversation? What a changed America.

Again, I think we should point out the discussions that are starting at the other end of Pennsylvania Avenue again. When they are talking about tax increases, it is almost like they forgot 1993. We are not going to let that happen. We have got a different vision for the future.

What is next? Next is, we abolish the IRS Code 3 or 4 years from now so we have time to replace it with something that is simpler, fairer, easier for our people to understand. We are going to put the Nation on a mortgage repayment plan so that we pay off the Federal debt by the year 2026, or sooner, so we can give this Nation to our children debt-free. As we are paying off the debt, we restore the Social Security Trust Fund. And, of course, we are going to continue to lower taxes on the working folks in America.

People say we cannot do all those things. Three years ago they said we could not do all these things either. If we just realized that people in America can do a better job spending their own money than the people out here in Washington can do spending it for them, that is what this is all about. Slow the growth of Washington spending programs. Keep the absolutely necessary programs, but slow the growth of Washington spending so people can keep more of their own money. We can do the right thing, start making payments on the debt, restore the Social Security Trust Fund, and come up with a new, simpler Tax Code.

It is exciting to think about what possibilities lay in front of us, how far we have come, and how far we still can go to make this a better Nation for our children and grandchildren.

Mr. KINGSTON. Dwight Eisenhower said that, ''Once the American people have made up their mind to do something, there is little that can be done to stop them.'' I agree with that. I think the American people have made up their mind. Congress has to keep their own feet to the fire.

EARLY CHILDHOOD DEVELOPMENT

The SPEAKER pro tempore. Under the Speaker's announced policy of January 7, 1997, the gentleman from Massachusetts [Mr. MCGOVERN] is recognized for 60 minutes as the designee of the minority leader.