

not reduce tobacco consumption by minors by specified target dates. It has the stated goal of reducing tobacco use by children by 80 percent over the next ten years. This provision allows each tobacco manufacturer to determine the manner in which it will reach this mandatory goal. Federal requirements will apply only if the manufacturers are unable to achieve the reduction goals on their own.

H.R. 3868 includes an increase of \$1.50 per cigarette pack, which will provide a financial disincentive for youth tobacco consumption. In addition, H.R. 3868 codifies the FDA provision from last summer's tobacco settlement that provides the FDA authority to regulate nicotine as a drug or a drug delivery device. This provision of the bill also contains added restrictions on advertising and marketing to youth.

H.R. 3868 contains a provision to prohibit smoking in public buildings and facilities, and it authorizes funding for essential federal tobacco education and prevention programs. In addition, the majority of the revenue generated from this legislation will be used to pay down the federal debt. While H.R. 3868 does not provide any special liability protections for the tobacco industry, it does offer to settle pending state tobacco lawsuits, such as the one recently settled in Minnesota.

I believe that this legislation will help to create an adequate "firewall" to protect public health and discourage and prevent youth tobacco smoking and possession. I feel very strongly that we should not tolerate youth smoking in our society with a "wink and a nod." We should treat teenage smoking as harshly as we would teenage drinking. As the father of two young children, I have a personal stake in passing this important legislation and helping to ensure that our kids do not develop this deadly habit. Statistics by the American Journal of Public Health show that minors illegally purchase 256 million packs of cigarettes each year. Our findings show that only 20 states have laws prohibiting tobacco possession by minors. We need to encourage states and localities to adopt and comply with strong anti-possession laws. The need for minor possession laws is illustrated by a CDC finding that 62 percent of minors who smoke say they buy their own cigarettes. In fact, I would support legislative efforts to require states to outlaw tobacco possession by minors as a condition of receiving federal funds.

Mr. Speaker, my father died of lung cancer at the age of 53 due to his smoking habit. All three of my brothers smoke. There is little I can do to change that; however, I can do something to prevent my five children from starting to smoke. H.R. 3868 accomplishes these goals. Congress cannot afford to sit idly by and do nothing while thousands of children pick up their first cigarette every day and begin this deadly habit.

I commend Representatives HANSEN and MEEHAN for initiating this legislation, and I urge my colleagues to cosponsor H.R. 3868, and build upon the bipartisan coalition of Members committed to preventing and reducing youth smoking.

#### THE CONSERVATION ACTION TEAM BUDGET FOR AMERICA

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 today to talk about a new budget that has been introduced out here. There has been a lot of discussion recently about the House budget, or the John Kasich budget as it is sometimes known in the House Committee on the Budget.

I am a member of that committee and I think JOHN KASICH has done a tremendous job putting together a budget. But some of us don't think we have done quite enough in terms of reeling in government spending and getting this whole thing under control out here, so that the American people can keep more of their own money, so that Social Security can again be safe, and again we can start paying down the Federal debt.

So I rise today to talk about an alternative budget called the CATs budget, or Conservation Action Team budget, that promotes a lot of visions that are different.

Washington is truly an amazing place when you start talking about budgets and numbers and things, because everything gets twisted immediately. It amazes me to listen to people talk about how they are cutting spending in Washington, D.C.

I brought with me a chart today to show what happens in these different budget proposals that are being talked about out here. This black line on this chart shows inflationary increases in government spending. So if we allowed Washington or government spending to increase at the rate of inflation, that is what this black line on this chart represents.

The President made a budget proposal, and it is very clear from this that it allows government spending to go up much faster than the rate of inflation. That is growing government.

The United States Senate recently passed a budget, and again you can see that the Senate budget grows government, it allows government spending to increase faster than the rate of inflation.

The American people have a right to know that on the other side of the aisle they are going to call this a spending cut because, you see, since the Senate budget did not spend as much as the President's proposal, they are going to call this distance from here to here a "cut," even though the inflationary increase in government spending is down here at this black line and the Senate proposal increases spending much faster than the rate of inflation.

Some of us out here thought that government spending should not increase faster than the family budget or faster than the rate of inflation, so we put together our own budget. Our budget allows government spending to increase not quite at the rate of inflation, just a little bit slower than the rate of inflation.

For all of my colleagues out there and all the viewers out there that be-

lieve that government spending should not be going up at all, let me just agree with you. If I got to do this all by myself, this green line would be down here, and we would not allow government spending to increase at all.

So let me start by making it clear that this budget that we are talking about, the CATs budget, the Conservation Action Team budget, allows government spending to increase, but at a rate just slower than the rate of inflation.

So when people talk about this Conservation Action Team's budget and draconian cuts, we all ought to understand that what the CATs budget actually does is hold the rate of growth of government to approximately the rate of inflation. So when you talk about cuts in spending, there are no cuts in spending.

Spending in the first year of the CATs budget, the most conservative budget out here, spending in the first year will be approximately \$1,720 billion. That is a lot of money. In the second year it is going to be \$1,749 billion. I am not going to read all the numbers. But the point is the spending, even in the Conservation Action Team's budget, increases each and every year. So when the American people hear about draconian budget cuts in Washington, they ought to understand the fallacy of that discussion.

The reality is the most conservative budget proposed out here, that is the least government spending, allows government spending to increase at approximately the rate of inflation. The Senate proposal, well, that lets government spending go up much faster than the rate of inflation, and the President's proposal, of course, that increases government spending even more yet.

So I start with this discussion about the CATs budget. It is the only budget out here that holds the growth rate of Washington spending or government under the rate of inflation.

There are some other very unique things about the CATs budget I would like to talk about. There has been much discussion, and I am going to spend part of this hour today talking in more depth about Social Security.

There has been much discussion about the problem with Social Security. The President of the United States, Mr. Speaker, Saturday right in that chair, and he put his fist on the table and said, Social Security first; Social Security must be protected for our senior citizens. Well, I brought a chart along to show which budget really protects Social Security for our senior citizens.

The President's proposal has a very limited amount of money set aside to protect and preserve Social Security. The Senate did slightly better than the President, setting some money aside to preserve and protect Social Security. The CATs budget sets more money aside to protect Social Security than any other proposal out here.

The CATs budget holds the increase in government spending to the rate of inflation, and it puts more money aside for Social Security than any of the other proposals. Again, the President's proposal puts this much money aside for Social Security, the Senate puts this much, and the CATs budget, the Conservation Action Team's budget, puts more money aside for preserving Social Security than any of the other proposals out here.

The next important feature of the CATs budget that sets it apart from all the rest of the budgets. We recognize that the tax burden on American citizens is too high. Since the CATs budget spends less money, it allows spending to grow only at the rate of inflation, instead of faster than the rate of inflation, that allows us to decrease taxes on the American workers.

Today the American workers are paying \$37 out of every \$100 they earn in taxes. A generation ago that number was \$25. I would like someone to help me understand why it is that the government needs \$37 out of every \$100 that American workers earn to run government at various levels, State, local, Federal, property taxes and so on.

So the CATs budget looks at this and says the tax burden on American workers is too high. We want to bring down that tax burden on American workers.

The President's budget proposes very minimal tax reductions. As matter of fact, some out here would say it is zero.

The Senate also proposed very minimal tax reductions on American workers. The CATs budget, the Conservation Action Team, provides \$150 billion of tax relief to American workers.

Now, this should be kept in perspective. We are going to spend over 9,000 billions of dollars. So when we talk about returning or allowing the American people to keep an extra \$150 billion of their own, we should understand that is 150 out of over 9,000 billions of dollars. It is just a tiny little bit of what is being taken from the American people in taxes already.

So the next important feature then that sets the CATs budget aside from any other proposal out here right now is the tax relief provided to the American people is significantly larger than the President's proposal, a lot larger than the Senate proposal; it is the most tax relief being proposed out here in Washington, D.C., today. It holds government spending increases to the rate of inflation, no draconian cuts, sets more money aside for Social Security, and provides more tax relief to the American people than any other proposal on the Hill.

I have a chart with a lot of numbers on it, but rather than talk about all of those numbers, I thought I would point out a couple of the key numbers.

The tax relief number is \$150 billion being proposed in the CATs proposal. Defense is another important area, and I have to tell you this proposal is dif-

ferent than any other proposal here in Washington as it relates to defense.

You need to understand Washington language to understand this defense discussion. In Washington, when the President proposes cutting defense, that is, we are spending \$260 billion this year, and he proposes taking that number down to \$250 next year, and then Congress comes back and actually spends 260, so they spent 260 last year, they are spending 260 this year, but the President proposed cutting that spending to 250, that is called in Washington a \$10 billion increase.

Let me walk through that one more time slowly, because it is confusing.

If we spent 260 last year and we spend 260 billion again this year, the exact same amount, but the President proposed spending 250 instead of 260, that 260 is called a \$10 billion increase in defense spending.

Okay. This has been going on for quite some time, and there are some problems, quite frankly, in the defense budget. There are \$75 hammers that people have heard about. Frankly, there is some waste there. The people who bought the \$75 hammers ought to be fired, but that is not a reason to destroy our ability to defend ourselves as a Nation.

□ 1515

That is the wrong solution to the problems. Our budget allows defensive spending or spending for the Defense Department to increase at the rate of inflation. Let me say that once more very slowly. Like the rest of the CATs budget, defense spending increases at the rate of inflation.

Now, what is going to happen in this is over the next few weeks there will be a lot of people in Washington D.C. saying they are spending lots more money on defense. Well, for the last number of years, a lot of years, defense spending has been frozen. In fact, we spent less money on defense last year than my first year in office back in 1995.

I think it is time we look around the world and we see what is going on. India had nuclear tests. We understand Pakistan may have nuclear tests this weekend. China has been given the technology to launch an intercontinental missile at the United States and get it to reach the United States. It is time we as a Nation wake up to the fact that we ought to have a missile defense system prepared to defend our country.

It is time we wake up to the fact that our defense budget has been cut far enough. And we are not suggesting dramatic increases in defense spending, we are simply saying we have gone far enough with these cuts in defense, let us now level this thing off and allow defense spending to increase at the rate of inflation.

I point that out in our CATs budget, because it is the only budget on the Hill, the only proposal in Washington D.C. that allows inflationary increases in defense spending. Every other pro-

posal out here either freezes it at last year's level or decreases defense spending significantly. I think we have reached a point in our defense spending where we need to wake up and realize that this is a dangerous world we live in and we need to maintain our ability to defend ourselves in this country.

I want to just go on from there and talk a little bit more about the Social Security situation.

The Social Security situation, remember, the CATs budget puts more money aside for Social Security than any other proposal on the Hill. I want to talk through Social Security in detail so that the viewers understand this debate that is going on here about Social Security, because in this community, what they talk about here and what they say and what it actually means out in the real world are generally two very different things. So let me go through Social Security.

The Social Security system this year is going to collect about \$480 billion in taxes, out of workers' paychecks. They are bringing \$480 billion into this city from Social Security taxes. We are paying out to our senior citizens in benefits, we are paying out in benefits about \$382 billion. Now, if we are collecting \$480 billion and paying \$382 out in benefits, that leaves a \$98 billion surplus in Social Security.

So let me be very clear about this. The Social Security system today collects more money than what it pays back out to our senior citizens in benefits. The reason they are doing that is because the baby boom generation, people in my age, and as I look around the people here in the House with me today, people in our age group are rapidly racing toward retirement, and there are lots of us. They are collecting more money than they are paying back out in benefits, and their surplus is supposed to be set aside so when us baby boom generation people, lots of us, reach retirement and there is too much money going out and not enough money coming in, at that point they are supposed to go to the savings account. They are supposed to take this \$98 billion that is supposedly put in a savings account, get the money out of the savings account, and be able to make good on Social Security to tomorrow's seniors.

The year that these two numbers turn around is about 2012. So in about 2012, if we had this chart up here, the amount of money coming in compared to the amount of money going out, the amount of money coming in would be less than the amount of money going out, and that is the year that they have to go to that savings account to get the money.

It is important to understand what Washington is doing with that \$98 billion. It comes as no great surprise when I am in town hall meetings with my constituents and we talk about this. I always ask them the question: Washington got \$98 billion more in Social Security than what they paid out

in benefits; what do you suppose they did with the money? And everybody says, they spent it. That is exactly right.

Washington has taken that \$98 billion, they put it into, think of the second circle as a big government checkbook much like your own checkbook in your own home. They take that extra money, put it in the big government checkbook, they then spend all of the money out of that government checkbook and at the end of the year there is nothing left in that government checkbook, so they simply write an IOU. It is simply like you are going to have a savings account, but rather than actually writing a check, you simply write an IOU to the account at the end of the year. Remember, folks, at the year 2012, we need the money out of that savings account. We need those IOUs in the year 2012.

Now, we have reached this point out here where we are running these "surpluses." It is important the American people understand what this surplus actually is. In all fairness, before I go into this, we should point out that this is the same definition that has been used since 1969. That "surplus" is in this circle right over here. That "surplus" is after we put the \$98 billion in the big government checkbook, if they spent all of the money out of the big government checkbook and there was no money left at the end of the year, they would call that a balanced budget, even though they have not written a check down here to the Social Security Trust Fund. So when we talk about surpluses, what it means is with that \$98 billion in the big government checkbook, when they are looking at the book at the end of the year, without writing the check to the Social Security Trust Fund that there is some money somehow left in this checkbook.

Well, the bottom line on this thing, folks, is that the surplus is real, as defined in Washington terms, but most people in most places across America would say we better write a check down here to the pension fund or Social Security fund before we really call our checkbook balanced.

For that reason, in our office we wrote a bill called the Social Security Preservation Act. It is H.R. 857. We have about 90 cosponsors, some Democrats, some Republicans, currently in the House of Representatives. The Social Security Preservation Act is pretty straightforward. It simply takes the \$98 billion extra that has been collected for Social Security and puts it right down here in the Social Security Trust Fund. It is not exactly Einstein kind of stuff, it is just the money coming in from Social Security actually goes into the Social Security Trust Fund. The way we do that is instead of putting IOUs in there, we put negotiable Treasury bonds, the same kind that any citizen in America can walk down to their local bank and get.

So the Social Security Preservation Act would require that we put real dol-

lars into the Social Security Trust Fund so that Social Security is safe and secure for today's seniors.

I see some young people here in the gallery with us today, and my colleagues are concerned about the people in those age groups as well. My colleagues are concerned that even if we put all of this money into the trust fund that is supposed to be there, we still have a problem that in the year 2029, all of those surpluses in Social Security would be used up. So even if we put all of the money into the trust fund that we are supposed to, that solves the problem from 2012 to 2029, but we still have that longer term problem out there past the year 2029 that needs to be dealt with.

The first thing we need to do as a Nation when we look at these surpluses is we first have to enact a bill, the Social Security Preservation Act, that will put the money that is coming in from Social Security into the Social Security Trust Fund. We will then be looking at true surpluses as opposed to Washington-defined surpluses. Again, I do not think we should take anything away from the accomplishments of the last 3 years, because before this, it has been 30 years since we even got this far in terms of balancing the budget.

We are now ready to go on to that next step, and put the Social Security money into the Social Security Trust Fund and get to a point where Social Security is once again solvent, at least from 2012 to 2018.

I would like to go on with another part of the CATs budget and just talk a little bit more about what the CATs budget does. Again, I would reemphasize as it relates to Social Security, as it relates to Social Security, it puts more money into the Social Security Trust Fund in real dollars, not IOUs. It puts more money into the Social Security Trust Fund than any other proposal out here in Washington, D.C.

I would like to talk about another part of this budget that I think is very significant and very important, and that is as it relates to education. In the CATs budget, we make the requirement that 95 cents out of every dollar that is spent on education actually reaches the classroom to help kids.

Now, that may sound like common sense, but that is not what happens today. Today, Washington makes a decision to reach into the pockets of the American people and collect tax dollars under the mistaken idea that it is going to spend it on education. So Washington reaches into the pockets of the American people and brings the money to Washington. They then spend 40 cents on every dollar on bureaucracy. Washington then attaches strings to it and sends 60 cents back to the classroom under the requirements of whatever Washington deems appropriate. That is not good.

What we would like to see instead is we would like to see that money back in the pockets of the local parents, the local communities, and we would like

to see the parents and the schools and the teachers and the communities making decisions on how to best spend that money. The benefit here, the real benefit, is that instead of 60 cents getting to the classroom to help our kids, 95 cents of every dollar gets to them. It effectively wipes out the huge bureaucracy that is eating up the money that is supposed to be going to help our kids in education.

I personally think it is disgraceful that America has let our kids slip to 21st in the world. I think when we start thinking ahead to future years, if we want a goal for the next generation, it should be that we should restore our kids to be the best educated kids in the entire world. I do not want to get them back in the top 10 or even the top 5. Our goal needs to be to get our kids to be the best educated kids in the whole world. We have been going about that all wrong.

What we have been doing so far is we have been saying, if we just expand Washington control, Washington can fix it; honest, trust us, Washington can fix education. Folks, we have slid down to 21st. Washington cannot fix education. Parents need to get actively involved in the choice of where their kids go to school, what they are taught in those schools, and how it is taught, because when we get parents back into the picture of education, we have a lot of side benefits, the most important of which is that our kids will rapidly move back to the top in terms of being the best educated kids in the world. I believe the most important thing we can do is reempower our parents to be actively involved in the education process of our kids.

I would like to just talk briefly about those side benefits, because I think when we look at goals for a generation, I think it is real important that those benefits get mentioned. When parents get more involved with their kids, an interesting thing happens. We looked at 12,000 teenagers, 12,000, a huge number, and of course, if we look at 12,000 teenagers, some are going to have crime problems, drug problems, teen pregnancy, teen smoking, and some are not going to have any of those problems.

What they did is they started looking at the ones with crime problems versus the ones that have not been involved with crime, and then they looked at the ones with drug problems and the ones without, and then they looked at teen pregnancies and where there is not teen pregnancies, and teen smoking and where there is not teen smoking; and they started looking at the characteristics in these homes where there were no teen pregnancies or teen smoking, teenage crimes or teenage drug use, and something became very obvious very quickly. The single most important characteristic of the homes where they did not have problems with these things versus the homes where they did, the single most important characteristic was the involvement of

the parent with that child's, with that teenager's life. The greater the involvement of the parent, the less the likelihood of crime, drugs, teen smoking, teen pregnancies, a whole list of social problems.

So when we start looking at this education situation, if we can reempower our parents to be actively involved in what the kids are taught, where it is taught and how it is taught, that extra involvement in these teenagers' lives is going to have a tremendous side benefit, helping us solve crime problems, drug problems, teen pregnancies, teen smoking, a whole realm of social issues.

I do not want to be considered naive in this. I do not want to believe that just because we reempower our parents, there is not going to be any more crime in America. There are certainly other things that we must do. But I do believe that an important first step is improving education back to number one in the world and empowering the parents to be the number one influence in these kids' lives.

It leads us right back to the CATs budget. When we think about parents being forced to pay \$37 out of every \$100 they earn instead of \$26 like it was a generation ago, what is happening in America is parents are being forced to take second and third jobs, and when they take second and third jobs, it is exactly the opposite result of what we want. To earn that extra \$12 that government is collecting in taxes, that second job and third job, that means that the parents' time to spend with their kids is cut back dramatically.

So when we come back to that CATs budget and we think about relieving some of the tax burden on American workers, it is not going to automatically mean that the parents are going to go spend more time with the kids, but what it is going to mean is that instead of being forced to take the second job, at least they will have the opportunity to make the decision to spend that extra time with their kids, and that is what is going to lead us to solutions to so many of our problems in this great Nation that we live in.

I want to finish very briefly with a very brief discussion about how we got to where we are, because there has been a lot of discussion in this country, and of course all the Democrats say it was President Clinton and all the Republicans say, well, of course it was the Republican House and the Republican Senate that did it. I thought that rather than have that discussion, I thought we should just lay out some statistical facts and let the people draw their own conclusions.

□ 1530

When I came here in 1995, it was 2 years after that tax increase. A lot of people are saying that 1993 tax increase is what has brought us this strong economy.

I would like to bring just a few of the facts here. When I came here in 1995, 2

years after the tax increase, this red line shows where the deficit was headed the year I came here. Remember, this includes using the Social Security money, as we talked about before. This yellow line shows where we were 1 year later, 1 year after the House changed control. The green line shows what we hope to do. That was our promise to the American people. The blue line, now at balance, shows what actually happened.

So when we talk about tax increases versus controlling Washington spending, when we talk about the 1993 group raising taxes, that did not get the job done. When we talk about 1995 controlling spending, that led to the strong economy and got the job done.

There are some other very interesting statistics. To me, Americans understand that raising taxes is not the right way to solve our problems. This chart shows the interest rate fluctuation starting in 1993, when taxes were raised, and I would point out that from 1993 virtually right straight through to 1995, interest rates climbed. So in the face of higher taxes, the interest rates immediately went up.

That makes sense, because when they take more tax money out here to Washington, that means there is less money available in the private sector; less money available in the private sector led to this higher interest rates. When there was a change out here in Washington and the Republicans took over in 1995, the interest rates started dropping.

The reason was because we started getting a handle on controlling the growth of Washington spending. Remember, keep this in the context of what we have been talking about today. Instead of spending growing at twice the rate of inflation, spending is now going up at the rate of inflation; no draconian cuts, inflationary increases in spending. Instead of twice as fast as the rate of inflation, what happened immediately is the interest rates started falling.

It is interesting to look at this point where they reached their low level. That was January, 1996. To refresh the memory of anybody who does not remember what happened in January of 1996, that is when we folded. The American people starting doubting that we would keep our commitment to actually balance the budget. The interest rates responded immediately with a spike.

They then thought we were serious again, and Members can see that as we have now reached the balanced budget out here in March of 1998, the far side of the chart, it is very, very clear what has happened with the interest rates. By getting to a balanced budget, we have seen the interest rates come down from a high here to where they were today, almost a twofold percentage point drop.

But it is not only the interest rates. An amazing thing happens when I am in town hall meetings nowadays. I ask

how many people own stocks, bonds, mutual funds, et cetera. Almost every hand in the room goes up.

When the tax increase took place in 1993, the stock market basically did not respond. There is virtually no change in that stock market from there right straight through to 1995. But in 1995 when the American people got to understand that we were serious about stopping this growth of Washington spending, and understand the growth of Washington spending, when you control that by spending less, by only allowing it to increase at the rate of inflation, that means there is more money left in the private sector; more money in the private sector, lower interest rates; capital available for growth and development, expansion, to buy houses, buy cars, then that is job opportunities. That means more people working, and of course, more taxes being paid in, which makes it all easier to do.

The stock market responded very quickly then. Basically since that 1995 takeover and since we got spending, got our arms around spending here, and just controlled it to a point where it is only going up at the rate of inflation, the stock market has also taken off in a corresponding way. I think the statistical facts, looking at this, make it pretty clear what has been going on.

I see my colleague, the gentleman from Minnesota (Mr. GUTKNECHT) has joined me. Mr. Speaker, I yield the balance of my time to the gentleman from Minnesota (Mr. GUTKNECHT).

#### CUTTING THE GROWTH OF WASHINGTON SPENDING

Mr. SPEAKER pro tempore (Mr. MCKEON). Under the Speaker's announced policy of January 7, 1997, the gentleman from Minnesota (Mr. GUTKNECHT) is recognized for the balance of the time of the gentleman from Wisconsin (Mr. NEUMANN).

Mr. GUTKNECHT. Mr. Speaker, as the gentleman from Wisconsin (Mr. NEUMANN) runs out the door, I want to say a special congratulations and thanks to my colleague.

I remember a couple of years ago when we first started having some joint town hall meetings. I represent Minnesota, he represents Wisconsin. When we first started talking about actually balancing the budget, and more importantly, even paying down some of the \$5.4 trillion worth of debt that we have run up, that this Congress in the past, at least, has run up on our kids, a lot of people thought we were both crazy. We said that we believed we could balance the budget not just in 7 years, that it could actually be done in much less time.

As a matter of fact, the gentleman from Wisconsin (Mr. NEUMANN) came over to my district last year, we had a couple of joint appearances, and then we both predicted that there was a very good chance we would not only balance the budget this year, but there