

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

is a very good chance we would have a surplus this year.

How has that happened, I know many of our colleagues and folks ask who have been watching this discussion here in this special order this afternoon. It is important, sometimes, to go back to where we were. The charts the gentleman from Wisconsin (Mr. NEUMANN) was showing a few minutes ago showed what was happening for the last 30 years.

I had my staff do a little analysis. For the last 30 years, prior to the 1994 elections, for every dollar Washington took in it spent an average of \$1.22. That was the pattern for every year. They could raise taxes, sometimes they would cut taxes, but the problem was spending.

In fact, a farmer in my district perhaps put it better than anybody else when we were talking one afternoon out on his farm. He said to me, the problem is not that we do not send enough money in to Washington. The problem is that Washington spends it faster than we can send it in. He was exactly right. That is what had been happening for the last 30 years.

For the first time in 1995, with the leadership of the gentleman from Ohio (Mr. JOHN KASICH) and the Committee on the Budget, they came out with a plan to dramatically change the way Washington does business. In the process, we have eliminated 300 different programs here at the Federal level; some of them big ones that people have heard of, like the Interstate Commerce Commission, and many small ones. But the point is, we began to change the whole tenor, the whole debate, the whole discussion, and the whole principles that were at stake here in Washington began to change.

In the process, we have reduced the rate of growth in Federal spending. Now, some people said we were making draconian cuts, that kids would lose their school lunches, all of these terrible things would happen to our senior citizens.

Most of that was hyperbole and is not true, but it is true that this Congress has dramatically reduced the rate of growth in Federal spending. As a matter of fact, we have cut the rate of growth in Federal spending almost in half.

When we combine that with a much stronger than expected economy, and I must say, again, that my colleague, the gentleman from Wisconsin, as a former entrepreneur and businessperson himself, understood that if there were some signals going out both to Wall Street and to Main Street, that for the first time in 30 years Congress was serious about reducing that \$1.22 of spending for every dollar it takes in; that that message would be translated into the lower interest rates that folks on Wall Street and folks on Main Street would understand, that for the first time Congress was serious about controlling Federal spending. The net has been that the

economy has been much stronger than even some of the most optimistic prognosticators told us a few years ago.

So when we combine a much stronger economy with real restraint in Federal spending, what we see today for the first time since I was in high school is not only a budget that is going to be in balance, but more important than that, a budget which will probably produce a significant surplus, we believe somewhere in the area of \$80 billion this year, and also has a very good chance of producing surpluses in the \$80 to \$100 billion range every year for a number of years to come.

That is where we were back throughout the sixties, the seventies, the eighties. For every dollar that Washington took in, it spent \$1.21. Now that number is actually 99 cents. For every dollar Washington will take in this year, we will spend 99 cents.

We still have a lot of problems. One of them is Social Security. I know the gentleman from Wisconsin (Mr. NEUMANN) has talked a lot about this. I am not certain if he got a chance to talk about it earlier. We do have a significant problem with Social Security. It really is generational.

I think we need to talk about generational fairness, when we talk about Social Security. Most of us have parents, and I am fortunate that both my parents are still living. They are both on Medicare, both on Social Security. Obviously, the last thing we want to do is pull the rug out from under them.

I happen to represent the baby boomers. I was born in 1951. We once had a demographer tell us there were more babies born in 1951 than any other year. We are the peak of the baby boomers. I understand the consequences to the Social Security trust fund when the baby boomers begin to retire in about the year 2010.

I also have three children, and I want to make certain that we do not do things with our generation that would make it impossible for the next generation to enjoy anywhere near the standard of living that we have enjoyed. So we really have three separate generations we have to deal with with Social Security.

When we talk about Social Security, and one of the things as it relates to the budget, currently we are taking in about \$100 billion a year more than we are spending on Social Security. We should have a trust fund, there is a trust fund, but what happens is the money comes into the trust fund and then is loaned back to the Federal Government. In the process, it disguises the size of the debt. That started back in about 1964.

Some of us would argue that it was a mistake to go to the unified budget and use the surpluses in Social Security to make the budget deficit look smaller. But that is the way it is, that is the way it has been. I think at some point in the future, hopefully in the near future, we will begin to change that en-

tire budget process so we have an honest and fair budget accounting.

So even though we will show a surplus this year technically, we will still be borrowing about \$100 billion this year from the Social Security trust fund. We have to solve that and at least be aware of that.

I want to say a special congratulations to the gentleman from Ohio (Mr. JOHN KASICH). No one has fought harder in this Congress over the last 5 or 6 years to balance the Federal budget to get control of the Federal spending that that farmer talked about than the gentleman from Ohio (Mr. KASICH).

I also want to congratulate him, because as a member of the Committee on the Budget, we have been working long and hard over the last several months trying to come up with a budget plan, number one, which will advance the values that I think most Americans have and want. That is, they want us to pay down some of that national debt, they want to save Social Security, they would like to shrink the size of the Federal Government to allow for additional tax relief.

That is exactly what the gentleman from Ohio (Mr. KASICH) and the Republican members of the Committee on the Budget have been working on, and within the next week or 10 days we are going to be unveiling that plan, hopefully have it here on the House floor. Essentially what the gentleman from Ohio (Mr. KASICH) and the Committee on the Budget are talking about is restricting the rate of growth in Federal spending over the next 5 years to the inflation rate.

I know when that budget hits the floor there are going to be people who are going to say, oh, my goodness, you cannot restrict the rate of growth in Federal spending to the inflation rate. But ultimately they are going to have to ask themselves this question. They are going to have to choose between family budgets and the Federal budget; why is it more important that the Federal budget grow at greater than the inflation rate when many family budgets are not?

If we can do that, if we can exercise even that fiscal discipline to find an additional \$100 billion, this does require some cuts in terms of what people had expected to spend in some of these programs. But generally speaking, as I say, we are going to allow Federal spending to grow at approximately the rate of inflation over the next 5 years.

In doing so, we will generate significant surpluses in our opinion, and more important, we will make room for significant tax relief. The tax I want to talk about that we hope that we will include in the final budget resolution, at least as a recommendation to our colleagues here in the House, will be for the marriage penalty tax.

I believe my numbers are correct. There are approximately 12 million American families who pay a tax penalty for the privilege or the right or

the blessing, if you will, of being married.

I like to tell the story that in less than a month my wife and I will celebrate our 26th wedding anniversary. I steal this story from Senator PHIL GRAMM over in the Senate side, one of our colleagues over there, who says he has been married a long time. He believes his wife still loves him, but says, I wish the IRS would stop tempting my wife to leave me.

It is almost unconscionable, and frankly, I think it is almost immoral that the Federal Government charges married couples a higher tax rate, so that approximately 12 million American families pay a tax penalty of almost \$2,000 per family for being married. We ought to encourage stronger marriages, not discourage them.

Here in Washington one of my favorite expressions, and altogether too often it is true, is that no good deed goes unpunished. In other words, if you work, you get punished; if you save, you get punished; if you create jobs, you get punished. That is the kind of thinking that really has occupied Washington for too long. What we are saying is that it is time to reverse some of those perverse incentives. Clearly the marriage penalty tax is one of those.

Our estimates are that to get rid of the marriage penalty tax, it would take about \$100 billion over the next 5 years, which, coincidentally, if we limit the growth in Federal spending to the inflation rate over the next 5 years, frees up enough money to make that tax penalty go away.

□ 1545

I think that is a good idea. I think that is an idea that once the American people have a chance to evaluate that, to understand it, I think they will agree that it is time to end the marriage penalty tax and, if we can make the Federal Government go on just a slight diet over the next five years and, to put this in context, over the next five years it is estimated that the Federal Government will spend about \$9 trillion, that is with a "T" now, \$9 trillion, that is how much we are expected to spend under the budget agreement that we set with the President last August 5.

What the Committee on the Budget is going to ask all Members of Congress to do is to tighten the Federal budget by \$100 billion. To put that in some kind of a context that perhaps we can understand better, let us assume the Federal Government has a belt that is 9 feet around, in other words, the waste, the girth of the Federal budget is 9 feet or \$9 trillion. What we are going to ask our colleagues to do is find a way to pull that belt in one inch. We are going to pull that belt in one notch.

If we can do that, we can eliminate the marriage penalty tax, we can create greater surpluses to make Social Security more solvent. We can begin to

pay down the debt and ultimately, by sticking to a very simple formula of limiting the growth of the Federal budget to approximately the inflation rate, we can provide additional funds for tax relief. We can make Social Security solvent. But here is the best news of all, we can pay off the national debt. We can pay off the national debt in approximately 21 years. That may seem simple and it may seem almost too hard to believe, but we have run the numbers and they are accurate.

Now, I talked earlier about the generational fairness and being fair to our senior citizens. Certainly we do not want to pull the rug out from under them as it relates to Medicare or Social Security. We also understand what the baby boom generation is going to mean in terms of its retirement, what is going to happen when we begin to draw on those Medicare benefits. What we really want to do, though, is preserve the American dream for future generations. I cannot think of anything better to leave our kids than a debt free future.

I think if the American people have a chance to think about this, I think they are going to agree that the time has come to dream big dreams. There was an architect from Chicago who said, make no small plans. The American people have always made big plans. We are a people of big dreams.

In fact, Winston Churchill once observed, when he was talking about the American people, he said, you did not cross the oceans, fjord the streams, traverse the streams and deal with the droughts and pestilence because you were made of sugar candy. The American people are a tough people. They believe in big dreams. They believe in paying down the debt.

Out where I come from in farm country, it is almost the American dream to pay off the mortgage and leave our kids the farm. It is unfortunate, if you stop and think about it, what we have been doing here in the United States, particularly here in Washington over the last 30 or 40 years. They literally have been selling off the farm and leaving our kids the mortgage. That is worse than just bad politics. It is worse than just bad economics. It is fundamentally immoral.

So what we are saying is, if Washington can find a way, if we in Congress can take that 9-foot-long belt and if we can pull it in just one notch, one inch, we cannot only balance the budget, we can actually begin to pay down the national debt, and we can make room for tax relief for working families. We can make it easier so that they can take care of their kids and their families by eliminating the marriage penalty tax. That is a big dream. That is a big goal. But Americans love big dreams and big goals, and I think that this Congress is up to that task.

I think we can get it done. It is going to take the help of the American people. I think we have to help. We have to explain it to the American people so

that they understand these are not draconian cuts we are going to be talking about. We are actually talking about limiting the growth in Federal spending over the next five years to the expected inflation rate. It can be done. In fact, if you compare what we are talking about to what has happened in corporate America over the last 5 years, these are very modest decisions that we are making today. And the budget proposal that we will bring to the floor of the House here in the next week or 10 days is incredibly modest and some might even say timid. But if you begin to make the right decisions, as we did 3 years ago, in terms of balancing the budget, limiting the growth in Federal spending, eliminating 300 different programs, taking other programs and figuring out ways to make them run more efficiently, ultimately there are big dividends for the American people and ultimately for the next generation of Americans.

I want to congratulate the gentleman from Wisconsin (Mr. NEUMANN) and the gentleman from Ohio (Mr. KASICH), members of the Committee on the Budget. We have come a long way. We have made tremendous progress in terms of balancing the budget, reforming welfare, saving Medicare. We still have a lot to do. We have got to make Social Security not only solvent for our parents and for the baby boomers, but we need to create an entirely new retirement system for the younger generation.

Among those options that we are looking at, and I think deserve very serious consideration, is the notion of personalized retirement accounts. Perhaps we can use some of those budget surpluses to make every American stakeholder in a brighter future and in their own retirement system using personalized retirement accounts. For example, if we have a \$50 billion surplus and we divide it up among approximately 100 million taxpayers, we could put \$500 in everybody's personalized retirement account. That is every American who pays taxes. And they could also contribute to that for themselves. Ultimately this becomes a profit sharing plan for the surplus. It encourages all Americans to take an active role in their government, to make certain that we do not have wasteful spending and that we keep control of Federal spending so that ultimately we have larger and larger surpluses, which then, portions of which could be distributed back to the American people through these personalized retirement accounts.

It is an idea whose time is coming, and we are going to have some interesting debate and discussion on that. I think ultimately a growing consensus will agree that that is one way that you can save the next generation in terms of their own retirement. So, as I say, we have made enormous progress. I am very pleased with the work we have done. I think if you consider where we were few years ago, it is

amazing to look now at the American people and say, yes, we have a balanced budget, at least using the accounting terms that we have had since 1964.

There is much more to be done though. We have to save Social Security. We have to further strengthen Medicare. We have to create personalized retirement accounts for young people, and we have to create a system and almost an ethic here in Washington that makes it sure that we do not have deficits anymore, that we are always working trying to figure out ways to guarantee that we have surpluses. That will guarantee lower interest rates so that more Americans can afford homes and cars. It ensures a stronger economy so that more people who perhaps were on welfare, who were on those welfare rolls can move on to payrolls. That is really the goal, and so we can all have a brighter future and a better future for the next generation of Americans.

I want to thank the gentleman from Wisconsin (Mr. NEUMANN) for yielding me the time. I see my friend from South Dakota (Mr. THUNE) has joined us.

I yield to the gentleman from South Dakota (Mr. THUNE).

Mr. THUNE. I thank my good friend from Minnesota for yielding to me.

I appreciate the discussion that has been held on the floor this afternoon between he and our colleague, the gentleman from Wisconsin (Mr. NEUMANN) who has been a leader and at the forefront of addressing the Federal spending, the proclivity in this town to continue to spend more than we take in, has been very bold, I think, in the efforts that he has made to try and bring that spending under control and coming up with some solutions that in a very deliberate and systematic way address the long-term problems facing our country with respect to government spending and, in fact, most recently has begun discussion of this budget year, what we might do to slow the growth rate of Federal spending, rather than seeing it grow as it does and under the President's budget at twice the rate of inflation and even under the Senate-passed budget at 1½ times the rate of inflation, to getting it back to the rate of inflation.

If we can get to where we are controlling government spending in that fashion, I think we will see over time the revenue situation improve to where we not only can address the ongoing needs of government but furthermore address the long-term challenges that face our country, one of which is reestablishing the trust fund, the Social Security trust fund, which is going to provide for our retirement needs in the future and doing it in a way, again, that not only secures and ensures that those who are currently receiving benefits continue to receive benefits but also for future generations, that we do something to address the fact that the program, unless we make some changes and unless we do something to make

sure the trust fund is in fact secure, that the dollars are not going to be there to pay out.

Finally, to give back to the American people a little bit more of what they earn. I think that the budget that the gentleman from Wisconsin has been working on, and you and others, starts moving us in that direction. I wanted to credit you with the work that is under way to address, again, the long-term problem in this country; that is, that Washington has a tendency, if there are any dollars around, they are going to get spent. We want to make sure that the American people are getting a good return on their taxes.

Furthermore, as we look down the road at what we can do to deliver tax relief and to give people in this country a little bit more, allow them to keep more of what they earn and make their budgets bigger and the Federal budget smaller, some systematic approaches toward tax relief and reform, ultimately, which I think should be our long-term goal, but at this point in time looking at how we best deliver tax relief to people in this country.

I know that there are a number of alternatives out there, one of which is eliminating the marriage penalty which I support because it is a very punitive thing directed at people who get married in this country. It is something that I think we all agree that we ought not penalize through the tax code as a matter of practice people for getting married. It is something we want to encourage, not only to get married but to stay married. I think that is something we all support.

There is another piece of legislation that I would like to mention, which I know is part of the cap proposal which is out there right now, that addresses this whole notion of allowing more people to pay at the lower 15 percent tax rate level as opposed to the higher 28 percent level. And this, if we can somehow raise the threshold at which the 28 percent rate kicks in, we will have more and more people paying more of their income or having more of their income covered at the lower 15 percent rate, therefore, paying less in taxes and having an incentive to go out and to do better and to improve their lot in life and to earn more, because we are not going to be taking 28 cents out of every dollar they earn. We are only going to be taking 15 cents, doing that in a way that delivers tax relief in a very broad based way so that anybody in this country, irrespective of their status, married or single or with children, that we get away from the Washington knows best way of directing tax relief to specific groups and targeting and, again, bring tax relief in a broad-based way that says to the American taxpayer, if you pay taxes, you deserve tax relief.

I think that ought to be one of the principles that we incorporate and one of the values that we try to advance as this debate over budgets begins in this budget year.

Mr. GUTKNECHT. I appreciate the gentleman. And the whole issue of taxes, I know this sometimes drives some of our more liberal colleagues into orbit when you talk about tax relief, allowing people to keep more of their own money. Sometimes we have to look at that from an historical perspective as well.

Back when I was growing up, my parents were able to raise 3 boys on one paycheck. The reason they could do that is the average family sent only about 4 percent of their gross income to the Federal Government in the form of taxes. Today the average family, when you put total taxes, now we are talking State, Federal and local taxes, altogether, the average family spends over 38 percent of their gross income on taxes.

I think most Americans are shocked when they learn that the average family spends more on taxes than they do on food, clothing and shelter combined. And that is why so many parents, now both parents have to work and, frankly, that has caused some social problems.

Mr. Neumann also has an excellent presentation when he talks about you can almost predict which kids are going to get involved in drugs, which kids are going to get involved in smoking cigarettes. It has something to do with having at least one parent home when they come home from school.

There are lots of things that could be solved if we could give parents more time to spend with their kids. If we can eliminate the marriage penalty tax, you take that 12 million American families that pay a penalty for being married, and this is why it is so unfair, if those people were living together without the benefit of marriage, they could file separately and save themselves thousands of dollars, \$100 billion in taxes over the next five years. There is something just almost insidiously wrong with that. I think we have an opportunity in this budget plan to right that wrong.

I certainly support lowering the death tax. I would like to see lowering, if not eliminating capital gains. There are lots of areas where I think this Congress can effect tax relief. But there is one that I think stands out like none other, and that is this marriage penalty tax which, coincidentally, if you limit the growth in Federal spending to exactly the inflation rate for the next five years, you free up enough in terms of additional savings of Federal spending, less than projected, to afford to pay for this tax relief which I think families deserve and I think is the right thing to do.

Mr. THUNE. Mr. Speaker, I think it strikes at the very heart, much of the fabric of our Nation. There are certain things that we want to reinforce, families staying together and being able to spend more time with their children.

A lot of the social problems that we encounter in American today are the result of the fact that we have policies,

even economic policies, even tax policies that are counterproductive to allowing parents and families to spend more time together. If you have more of that cohesive time together, you would not have some of the social problems that we are encountering, kids who fail to have the time that they need to have with their parents get involved in other activities and probably with people that should not be associated with. So these things are related.

When you talk about reinforcing the values that have helped build this country and make it great, I think, again, as a matter of policy, when you start dealing in the area of taxes and economic policy and the things that the Congress is able to do, it ought to be with an eye toward what can we do to further enhance those institutions that have strengthened and built this country. And certainly the family is one of those.

As you noted earlier, the fact that the tax burden on this country consistently continues to climb and to rise and people are shocked when they find out how much they are paying. Many of them do not realize it because in a very subtle way it comes out through the payroll tax, and it comes out through the payroll deduction and, therefore, unlike some taxes which you pay and you know exactly what you are paying in terms of taxes, there are a lot of sort of hidden taxes, I think, today.

□ 1600

So when people find out that they are spending, which the gentleman said, on average, for a family of 4 is 38 percent of their income just to pay the cost of government in this country, that is a staggering statistic when we consider the fact that when we started out some 30 or 40 years ago, as the gentleman also mentioned, it was 2 to 4 percent, roughly in that range.

And that is a trend which I think we have a responsibility as a Congress to try to reverse so that we get to a point in a peacetime economy, in an economy that continues to grow, we ought not to ask more of the American taxpayer.

I think much of what is being discussed today in terms of Federal programs are an expansion and a bigger role, which calls for more tax dollars from the American taxpayer to fund those programs, rather than looking at what we can do to address some of the problems, real problems that real people in this country have across the country in the area of child care, education and health care.

But if we allow them to keep more of what they earn, they have control. They are in a position of authority, they are in a position in which they can make decisions as they pertain to their family's particular situation and needs and how best to meet those needs.

I think it is a clear contrast in terms of the philosophy that is out there, the

liberal philosophy, which says, let us build government programs and allow government to deliver the services and solve these problems and meet these needs. Or, rather, do we allow the American people, again as a matter in their day-to-day lives, allow them to keep more of what they earn and continually roll back the cost of government so their family budget is bigger and, therefore, they are better able and in a position to make decisions about the choices that are out there and the needs that they have.

I think, again, that is a clear contrast. It is a very clear separation in terms of the direction that we take the country between the point of view that we are going to bring to the table and that that the liberals do.

So as we continue down this road and track and look at ways in which we can better use the resources, be more efficient, modernize government in a way that increase employees' take-home pay for people in this country, in this budget debate, these are the things that will be underlying it. We will be talking a lot about numbers, and the numbers are on the surface, but when we get right down to it, the underlying values are what we want to reinforce in this discussion and the decisions that are made through the budget process.

So again I want to credit the gentleman from Minnesota (Mr. GUTKNECHT), my friend, and the gentleman from Wisconsin (Mr. NEUMANN), and I see the gentleman from Indiana (Mr. MCINTOSH) joining us in the well here, for the work that is ongoing in terms of how we can continue to slow the growth of government spending and to recognize the fact that we have serious problems out there, retirement issues that have to be addressed, Social Security, Medicare, and getting the cost of government under control and allowing people in this country to keep more of what they earn.

Those are the goals, I think, the principles and the values that we share and which I hope in this debate are reinforced and become a part of the final product.

Mr. GUTKNECHT. As the gentleman says, this is about values. And if my colleagues believe in faith, family, work, thrift, and personal responsibility, the budget we are putting forward, where we are going to spend \$9 trillion over the next 5 years, all we are going to ask the government to do is tighten its belt one notch.

I think there is nobody who believes that in a 9-foot belt we cannot find 1 inch of fat that can be reduced in the Federal Government. And if we do that, we allow families to keep more so they can spend more, they can spend more time with their kids and they can build a better future not only for themselves but for their country, because they will spend that money a whole lot smarter than we will.

I want to thank and welcome the gentleman from Indiana (Mr. MCINTOSH) and yield to him at this time.

#### MICROSOFT ANTITRUST CASE

Mr. MCINTOSH. Mr. Speaker, I want first to thank the gentleman from Minnesota (Mr. GUTKNECHT) and say that I wholeheartedly endorse the budget the Conservative Action Team has brought to the House and appreciate the gentleman's work today to bring out that information.

I would like to speak, if I may, on a different topic for a few minutes. I want to applaud the fact that today Microsoft Corporation and the Justice Department reached a temporary cease-fire in the legal dispute about whether they can proceed to issue Windows 98 so that American consumers can have the latest in software technology for our home computers.

But I am troubled by what is going on in this case, and I wish to share my concerns with my colleagues today and with the American people, because I sense that our Justice Department is misusing the antitrust laws simply because they see a corporation in America that has produced a product that is very successful, very much valued by the American consumer and, frankly, poised to take us into the next century with a lead in that technology.

There is a proper role for antitrust laws in our economic marketplace, but they are to be used when there is a barrier to entry that allows a corporation to have an unfair competitive advantage in monopolizing a marketplace. When we talk to economists about the computer industry, and particularly about software, we do not see that type of barrier to entry. In fact, as Mr. Gates testified to the Senate, if he does not produce the best-operating software, one of his competitors who is very capable will produce a better software and immediately have the opportunity to take over that leading market share.

This is an area where technology is changing every day. Back 20 years ago, IBM was the leading computer manufacturer and had a dominant position. But they failed to see the advances that were happening in the software industry and lost that dominant position to Microsoft. How did this happen? It happened because the government stood back and allowed ingenuity and innovation to take its course in America.

And that is what we need to do today, make sure that no one is prevented from coming to the marketplace and offering a product, but not holding back those who have succeeded when they invest the fruits of those successes in developing new products which are available for the American public.

I will remind my colleagues, the product that Microsoft is accused of having used monopoly power for now costs the American consumer one-tenth of what it did but 5 years ago. So I would urge our Justice Department to be cautious in misapplying the antitrust laws so that we do not stifle innovation, but allow all American consumers to take advantage of lower prices,

better technology and an increase in power to use the personal computer.

#### CAMPAIGN FINANCE REFORM

The SPEAKER pro tempore. Under the Speaker's announced policy of January 7, 1997, the gentleman from California (Mr. DOOLITTLE) is recognized for 60 minutes.

Mr. DOOLITTLE. Mr. Speaker, we constantly hear these days from reformers who support a bigger Federal Government that campaigns cost too much and that government must step in and further regulate campaign spending. But I ask my colleagues, is spending on political advertising really out of control?

Consider this: Tonight Americans will watch the final episode of Seinfeld and a 30-second ad purchased tonight during that final episode will cost \$1.5 million for 30 seconds. By contrast, the cost of a typical congressional race is about \$0.5 million or one-third the 30-second ad tonight on Seinfeld.

By restricting a candidate's ability to spend campaign dollars, we will restrict his ability to speak to potential voters through television, radio, mail and personal appearances. This is the very type of speech the Founders sought to protect through the first amendment to the United States Constitution.

When we support spending limits, we must feel that there is too much speech in political campaigns and that candidates communicate too much with voters. How is it that spending a few billion dollars exercising our most precious rights as Americans is deemed to be excessive while the tens of billions of dollars spent on disposable consumer products is not? Free political discourse and plenty of it is infinitely more valuable to the protection of our liberties than any beer or car commercial can ever be.

In 1996, spending on all campaigns, Federal and State, totaled just \$4 billion, yet Americans spend roughly five times that much, or \$20 billion per year, on laundry and dry cleaning. In comparison, total advertising in a year, that year, 1996, was around \$150 billion versus the \$4 billion spent on campaigns at all levels of government.

Total campaign spending viewed another way, per eligible voter, averages just \$3.89, really the cost, approximately, of a McDonald's value meal. Is that amount too much? Even at a much higher price, liberty would be a much better value.

Total campaign spending as a percentage of the gross domestic product is not increasing, as is stated by some and implied by others, but rather it has remained fairly constant since 1980, fluctuating between .04 percent and .06 percent of the gross domestic product.

Voters have minds of their own. They are not helpless to make their own decisions in the face of political advertising. Money spent on advertising does not buy votes, it enhances a can-

didate's ability to communicate his message to voters.

I urge my colleagues to oppose any measure that would ration our constitutional rights, and I would remind people that the first amendment is quite clear on this subject. It states: Congress shall make no law, shall make no law, abridging the freedom of speech.

Next week the House of Representatives will engage in a historic debate about campaign reform and what needs to be done to address the problems that confront us. Before we can embark upon a course of reform, we had better have a clear understanding of what those problems are. Once we know what they are, we should then consider how to address them.

I would submit that the problem of campaign reform is much like the case of the sick patient who has been diagnosed and treated by the same physician for a long period of time. If the diagnosis is wrong, then the treatment prescribed is not going to help the patient. In this case, we see that the patient is ill and the same doctor is treating him and the same prescription is being offered, only more of it. And the more that is given, the sicker the patient gets.

We hear a great deal of talk today about the evils of soft money. Most Americans, I would venture, really have no idea even what soft money is. We hear the terms "hard money" in contrast to "soft money." We hear discussions of issue advocacy or we will hear the term "independent expenditure." I would just observe that these were terms that really came into being the first time the Dr. Regulator made his prescription for the patient when, in 1974, the Democrats ran through a partisan law that took partisan advantage and skewed the whole Federal law in favor of their party and against Republicans.

Now, after this law was passed, we began to understand a new term, the term of "PAC." I remember 2 or 3 years ago when our big government reformers were trying to outlaw PACs, or political action committees; it is funny that we do not hear much about that anymore. PACs have not changed, it is just that now all the focus is on something else, soft money. But let me just remind all my colleagues that basically the terms of "PACs" and "soft money" came into being as a result of the present Federal law, rammed through Congress by liberal Democrats taking advantage of the reaction against the Republicans and Richard Nixon. And they put that law through, and ever since we have seen the ill effects of that law.

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And now when the body politic is deemed to be even sicker, Dr. Regulator is back again with the same old prescription; more regulation. The answer is always the same; more regulation.

Now, what is the question? It is very interesting how over the years this has never changed. We always have to have a new law, a new regulation proposed to fix something. In this case, they are trying to fix our campaign system. Let me suggest that the cause of the patient's illness is the regulation itself. That is the cause. If we wanted to deal with the underlying problem and heal that patient, remove the regulation.

Now, there is a truly radical idea; remove the regulation, do not have more of it, as virtually everyone on the other side proposes and some of our own Republicans are proposing. Reconsider what is causing the sickness. Get a proper diagnosis. Then we will be able to proceed.

I would submit that the various ideas being advanced by the left and by some of us here on our side of the aisle are flat-out wrong and they will not solve the problem. I believe them to be highly undesirable, unconstitutional. But even setting aside those two things, actually they are quite unworkable. If regulation worked, we would not have the mess that we have today in our Federal campaign system; we would not have a presidential system that takes our taxpayer dollars and spends it on candidates that we oppose as taxpayers. That system needs to be repealed. That system is hurting us. That is denying the parties their most vibrant candidate.

Think for a minute to the 1996 campaign and what happened on the Republican side and think ahead to what is likely to happen this time around. The candidate who was nominated, the candidate who is going to be nominated is the one who has the highest name ID amongst the voters no matter what his ideas or record happens to be. There is very little information available to the voter about this person, and there will continue to be little information because we have such strict spending limits set in law that it is not possible for the candidates at the presidential level to communicate their ideas.

We saw that fully played out in the Republican side of it. Senator Dole, by the time he was able to win enough delegate votes to cinch up the nomination, was unable to continue spending between that point and the Republican Convention in midsummer because of the Federal campaign law. How on Earth can this be good policy? How can this be consistent with the precious first amendment, which says so clearly that Congress shall make no law abridging the freedom of speech?

Let me just observe, before this disastrous 1974 law rammed through Congress, bipartisan liberal Democrats twisting the law to their own advantage, the law that we live under today, our campaigns were relatively unregulated and it worked relatively well. It was not perfect, but we will never achieve perfection as long as mortal human beings are upon the face of the Earth governing themselves. So let us not look for perfection; let us look for