

Mr. Speaker, this just will not be an international embarrassment or an embarrassment that breaks records of historical precedence. It is going to have a devastating impact on the men and women, the working men and women in this country. It is going to affect them directly.

The debt ceiling affects interest rates. If we do not pay our bills, interest rates are going to go up. Some people say they are going to shoot through the roof. The Gingrich interest rate increase will mean that Americans will pay more for car loans; they will pay more for school loans; they will pay more for credit cards.

Worst of all, every family that has an adjustable mortgage rate, they have an ARM, and there are literally millions of Americans who have these financial instruments to pay for their mortgage, they will see their payments go up right around Christmas time.

New home buyers could easily see a \$600 mortgage increase. That is what is at stake when we talk about the debt limit, and when we talk about holding it hostage, and when we talk about for the first time in 220 years not paying our bills.

Mr. Speaker, this will have an effect on the pension funds of senior citizens and the savings plans of many people who have payroll deduction plans.

One Republican Member on this side of the aisle even suggested that they should use all the tricks up their sleeve. He suggested that Republicans let the Government go bankrupt, even if it means delaying tax refunds next year. He even suggested that we not put payroll tax receipts into the Social Security trust fund.

Keep in mind, this comes from the same party which had a Congressman define the middle-class last week as those people who earn between \$300,000 and \$750,000 a year, and he defined the lower middle-class as those making between \$100,000 and \$200,000 a year. I would sure like to live in his neighborhood.

Mr. Speaker, the Gingrich budget passed last week slashes Medicare and slashes Medicaid; it cuts student loans; it repeals nursing home standards, all to pay for tax breaks for the wealthiest individuals and the wealthiest corporations in America.

Speaker GINGRICH says we have to default on our debt in order to get the budget passed. Mr. Speaker, I say they have to drop these irresponsible tax breaks for the wealthy. We stand with the President and we stand solid and we say to the President, "Hold firm, Mr. President. You are doing the right thing."

REPUBLICAN ATTEMPTS TO
BLACKMAIL PRESIDENT WILL
REQUIRE AMERICANS TO PAY
RANSOM

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Connecticut [Ms. DELAURO] is recognized for 5 minutes.

Ms. DELAURO. Mr. Speaker, this afternoon the Republican leaders in the House and Senate went to the White House in an attempt to blackmail the President into signing their extreme budget.

Democrats and the President are opposed to the Republican budget because it includes deep cuts in Medicare and Medicaid and because it increases taxes on working families, while cutting taxes for the wealthy.

The President has promised to veto the budget unless changes are made to protect seniors, children and working families from bearing the brunt of GOP cuts.

But now, Speaker GINGRICH and the leader of the other body are attempting to blackmail the President by threatening to throw the government into default if the President doesn't sign their extreme budget. It's a very dangerous game. Playing politics with our economy is bad news for both Wall Street and Main Street. The Speaker's irresponsible threats sent shock waves up and down Wall Street. But, the real impact of the Speaker's ill-considered political gambit will be felt on Main Street. Once again, working families will be hurt the most.

In fact, the Speaker's threat to throw government into default will amount to a Christmas tax on working families. You see if the government goes belly up, interest rates will go up and up. What does that mean? Well, for starters, it would mean higher mortgage, car loan and credit card payments.

For millions of working families with adjustable rate mortgages, increased interest rates will mean their monthly payments will increase, just in time for Christmas.

If the Speaker forces the Government into default, Americans can expect to ring in the New Year with higher car loans and credit card payments.

In fact, a Tuesday Washington Times story explained that Republicans are so committed to their blackmail strategy that they would be willing to allow the Government to default, even if it means they will have to delay income tax refunds next year.

Mr. Speaker, this is the quote from the Washington Times, Tuesday, October 31:

Representative Nick Smith, the Michigan Republican who heads a 130 member House coalition that wants to use the debt limit as leverage to force Mr. Clinton to sign the Republican budget, said he believes the Treasury could go through January without a debt increase, and if it delayed income tax refunds next year, it might last through spring.

So, in fact, the gentleman does not really care if people do not get their income tax refund, if the interest rates go up, and people have to pay a higher mortgage payment, car loan payment, or credit card payment.

Mr. Speaker, raising mortgage rates for homeowners and denying tax refunds to hard-working Americans is wrong. But, that's what this GOP gam-

bit will mean to working families in this country.

It's hard to believe that Republicans are willing to bankrupt the country. What's worse is that this is all being done to force the President to sign a budget that will further devastate working families.

It's a budget that would repeal Federal nursing home standards. That's right. The House budget would end minimum protections for senior citizens in nursing homes, opening the door for a return to the health care dark ages of bed restraints and mind-altering drugs.

It's a budget that would increase taxes on working families, while decreasing taxes on millionaires. By changing the earned income tax credit, the Republican budget means that working families will pay higher taxes last year. In my district, this budget will raise taxes on 14,309 working families.

It's a budget that would allow big corporations to raid the pension funds of their workers. This budget repeals current penalties for pension raids and allows companies to dip into their employees' retirement money for any reason whatever. In my State, it will mean that \$6.5 billion in retirement funds will be at risk.

Eliminating nursing standards, raising taxes on working families and allowing giant corporations to squander their workers retirement benefits have nothing to do with balancing the budget. They have everything to do with the upside down priorities of the GOP majority.

Let's not play politics with working families' monthly mortgage payments. Let's not play politics with working people's tax refunds. Let's not play politics with the financial markets.

Republicans are attempting to blackmail President Clinton into signing their extreme budget bill, but it is working Americans who are being asked to pay the ransom.

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SEQUENCE OF SPECIAL ORDER

Mr. SMITH of Michigan. Mr. Speaker, since my name was invoked by the previous speaker, I would ask unanimous consent that I be allowed to go out of order with my 5 minutes and speak at this time.

The SPEAKER pro tempore (Mr. AL-LARD). Is there objection to the request of the gentleman from Michigan?

There was no objection.

THE DEBT CEILING

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

Mr. SMITH of Michigan. Mr. Speaker, first I would like to ask the previous speaker if I could have that

chart. It is a beautiful chart. It must have taken several dollars to construct that chart.

Let me tell you, Mr. Speaker, and our colleagues what is happening with the efforts of the Republicans to reach a balanced budget. In Kemp-Roth in the early 1980s, we talked about reaching a balanced budget and we set out a plan and we failed. In 1986 and 1985, Gramm-Rudman again tried to develop a plan and a proposal to reach a balanced budget and, again, we failed. In 1990 the same thing happened.

Now we are talking about a situation where we have increased the spending of this country from \$370 billion in 1970 to the \$1.5 trillion that we have today. Back in 1970, \$370 billion. Today the interest on the public debt is almost that.

Last year the interest on the debt that is subject to the debt limit was \$330 billion. This Congress, politicians in Washington, Members of the Senate, Members of the House, the White House have found it to their political advantage to spend more money to do things for people, and they have decided that maybe increasing taxes is not so popular so what we have done is expanded our borrowing.

Do you know what we are doing when we borrow all this money and go into debt like we are today? We are saying to our kids and our grandkids, we are going to make you pay this back out of earnings and wages that you have not even earned yet, possibly that you have not even had a chance to go through school yet, and yet we are saying to you that our overindulgence today is going to be paid for by your earnings 10, 20, 30, 40, 50 years from now.

How do we get to a balanced budget? Well, the debt limit and the vote on increasing the debt limit is not a way to have leverage. It was used in 1985 and 1986. In fact, we have increased the debt limit of this country 77 times since 1940. I mean it has become a way of life. Nobody seems to care.

The consequences of that debt are now devastating the kind of economic expansion we could have. We had four individuals from Wall Street down to Washington today. They came down to talk to Members of Congress about what they thought the consequences of not sticking to our guns and not achieving a balanced budget was going to be.

They simply said, look, you are half-way through this stream. If you do not stick to your guns, you are going to see the stock market fall. You are going to see the bond market fall, and you are going to see more chaos than if you stick to your guns.

Ms. DELAURO. Mr. Speaker, will the gentleman yield?

Mr. SMITH of Michigan. I yield to the gentleman from Connecticut.

Ms. DELAURO. Is it not true, though, that what you want to try to do here with this debt limit is use it as leverage, as you have said, in order to force the President on the budget? That in itself has created chaos on Wall Street.

Mr. SMITH of Michigan. Reclaiming my time, Mr. Speaker, that is exactly what we are trying to do. We are trying to use the debt ceiling vote as leverage to force not only the President but those 160 of us, it was not 130, it was 160.

We sent the letter to BOB DOLE. We sent the letter to NEWT GINGRICH. We said, look, our interest is in achieving a balanced budget. We know it is going to be difficult. We know it is going to be hard, but here is what we are saying. We are saying we are not going to vote to increase that debt limit unless we get on an absolute glide path to a balanced budget.

Now Stan Druckenmiller came down from Wall Street today; James Capra came down from Wall Street; Edward Hyman, ranked the number one economist for each of the last 16 years came down here today, and Kenneth Langone came down here today.

Ladies and gentlemen, what they said is, you have got to stick to your guns. If we do not stick to our guns, we are going to perpetually continue to spend and tax and borrow. The question to the American people is, do you want a bigger government with more taxes or do you want a smaller government with fewer taxes? I mean, that is the question. The American people answered it last November. They are now giving us a chance to fulfill that commitment.

Go home and ask your constituents that question.

ALLIANCE FOR JUSTICE

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

Mr. MCINTOSH. Mr. Speaker, in the past few months observers in this House may have noticed a lot of floor time being dedicated to attacks on our Subcommittee on Regulatory Relief, my character, and the character of the staff. These attacks have centered around a hearing that was held at the end of September in our subcommittee. The gentleman from Pennsylvania [Mr. CLINGER] addressed some of those issues in his 5-minute remarks earlier. I wanted to explain to the body today exactly what happened at that hearing so that each Member can decide what is at stake in this discussion.

For several months now, I have been working to enact a law that is designed to prevent the taxpayer subsidy for lobbyists here in Washington. For years it has been one of Washington's dirty little secrets that thousands and thousands of groups receive taxpayer grants. A small subset of them have become quite wealthy and use that money to hire their lobbyists to promote more and more spending here in Congress.

Now, along with the gentleman from Oklahoma, Mr. ISTOOK, and the gentleman from Maryland, Mr. EHRLICH, now Senator SIMPSON and Senator CRAIG, we have a bill that will put an

end to that and put an end to an outrage of the taxpayer subsidizing the lobbyists here in Washington. But as President Reagan has said, it gets dangerous if you get between the hog and the bucket. So many of those lobbyists are now attacking us personally as we move forward with that effort.

The House Subcommittee on Regulatory Affairs, which I chair, has held four hearings into this, into the use of taxpayer funds by lobbying groups here in Washington. The last hearing was on September 28. At that hearing, the subcommittee invited one of those lobbyists, Nan Aron, who is President of the Alliance for Justice, to testify. The Alliance for Justice is a nonprofit charity that has annual revenues of about a million dollars.

The Alliance for Justice spends most of its time educating other nonprofit special interest groups on how to engage in lobbying.

The Alliance for Justice has about 30 members. Many of those members receive millions of dollars in Federal grant money and end up paying dues to the Alliance for Justice which end up funding their lobbying activity.

In many ways, this is a money laundering scheme in which the taxpayer dollars go out as grants to groups and end up subsidizing the efforts of lobbying by the Alliance for Justice.

Hillary Clinton's Children's Defense Fund, the American Arts Alliance, the Consumer Union, the Teachers Union and National Education Association, and the National Organization for Women's Legal Defense Fund are but a few of those members who contribute to the Alliance for Justice.

In preparing for this particular hearing, I asked the staff to prepare a series of questions for the Alliance. Where do they receive their money? Do they receive an indirect subsidy from members who receive Federal grants? The Alliance responded only in part to those questions and said they did not receive any Federal money themselves, but they declined to answer what type of subsidies their members received.

So I asked my staff to illustrate the point to prepare the following chart, which is a blowup of the letterhead of that group that shows that several of their members do indeed receive Federal grant moneys totaling over \$7 million.

Now, the purpose for this blowup was to demonstrate how this money laundering scheme operates in this particular group. As we engaged in the hearing, we asked the chart to be available in the hearing room, and the committee staff also prepared a smaller 8-by-11 version of this chart to make available to the press and to the public who may not be able to see it.

The plan was that we would demonstrate the poster and then place the flier in the committee room so that anybody who was interested could have a copy.

Unfortunately, what happened was the fliers ended up out on the press