

Mr. Rubin said he is not inclined to deploy the Treasury's limited resources to design a tax reform scheme of its own."

Now, we have laid out before the America people as Republicans in the Contract With America our ideas of how to do this, and I would just say to Secretary Rubin, please, if you do not agree with us, at least recognize that the economy is showing signs of slowing, and please recognize that we have had seven interest rate increases in the last year, and please recognize that we had the largest tax increase to date in 1990, surpassed only by another more immense tax increase in 1993, and that taxes are at relative high rates and interest rates are relatively high, and yet Secretary Rubin does not worry about our Tax Code inhibiting savings investment and economic growth. He apparently does not want us to make changes to put in place tax policy proven to promote economic growth and savings.

Today our Tax Code and other Government policies promote dependence in my view on government and retard economic growth. Let me just point to a couple of examples.

Last week the Joint Economic Committee held a hearing here on the minimum wage and whether or not it should be increased as President Clinton has suggested. One of the things that we pointed out in that, and I will conclude with this, as to how government policy can promote dependence, is that \$1 out of every \$4.25, which is the minimum wage, comes to the Federal Government in terms of taxes. If that is in fact the case, it simply makes more sense for people of remain unemployed or go on welfare. These are the kinds of policies that we need to address as Republicans and Democrats with Secretary Rubin's help.

BALANCED BUDGET AMENDMENT SHOULD LIMIT SPENDING

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, yesterday, the Senate failed to muster the courage to join us in passing the balanced budget amendment. Thomas Jefferson once called public debt "the greatest of dangers to be feared." Borrowing and spending is addictive for politicians, Thomas Jefferson, in a letter to Elbridge Gerry in 1799, wrote:

I am for a government rigorously frugal and simple, applying all the possible savings of the public revenue to the discharge of the national debt; and not for a multiplication of officers and salaries merely to make partisans, and not for increasing by every device, the public debt, on the principle of it's being a public blessing.

I agree with Mr. Jefferson wholeheartedly, and I suspect that most other Americans do as well.

Today, I am introducing a constitutional amendment that would attack

the root cause of our budget deficit, that is Government spending. My amendment would limit the growth of Federal spending to the rate of economic growth as measured by gross domestic product. This would freeze the growth of Government as a percentage of the U.S. economy. The language of the amendment is an adaptation of a spending control proposal in Milton Friedman's book, "Free to Choose." Professor Walter Williams, Chairman of the Economics Department at George Mason University, and the National Taxpayers' Union have endorsed this concept. The CATO Institute has given their enthusiastic support and suggested that this might be an acceptable compromise position to the balanced budget amendment.

Today, the Federal debt is in excess of \$4.7 trillion and growing at a rate of \$200 to \$300 billion per year. This is both an economic and a moral problem. The economic problem is that deficit financing is the ultimate form of hidden taxation. Federal borrowing injects a huge pro-spending bias into the budget process by allowing politicians to hand out a dollar of Government spending to voters, while only imposing 80 cents of taxes.

Unbridled Federal spending will eventually lead to what economists call monetizing of the debt, which in plain English means that the government pays for its debt by increasing the money supply, thereby causing inflation. This hidden tax, which Adam Smith called the worst form of taxation, strikes most heavily on those who save. As every senior citizen knows, their security can be wiped out in short order by even moderate inflation. At 8 percent inflation, the Government can effectively take away half of the money one has saved over a lifetime of work in about 9 years.

The moral argument for a balanced budget is that Federal borrowing is taxation without representation. Recall the words of the Declaration of Independence which refers to the repeated injuries and usurpations of King George because he imposed taxes on us without our consent. Can't our children make this same claim against a Congress that saddles them with debt interest payments that are already at \$339 billion annually? None of our children and grandchildren currently have a say in the political process. Federal deficits may almost be thought of as a form of fiscal child abuse.

I call on my colleagues to stop deficit spending, and I call on all citizens to commit themselves to do their part, to sacrifice some of the many things they get from Government, so we can cut spending, look our kids in the eye, and tell them that we will no longer force them to pay future taxes to enhance our current standard of living.

As a nation of people who look to the future, and care about our children as much as we care about ourselves, we can make the commitment to limit spending, and keep that commitment.

BALANCED BUDGET AMENDMENT

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

Mr. HOKE. Mr. Speaker, the events yesterday and in the past several days in the other body have compelled me to come to the well to, if nothing else, at least vent a little bit to you and to the American people regarding the disgrace and hypocrisy that we have seen come out of the other side of this building unfortunately.

It is just stunning that we stood on the brink, right on the brink of actually enacting at least from our Congress a balanced budget amendment that would then go to the States and the State legislatures could make their own decisions on these things, that we stood on the very brink of that, and now we have been completely—we are not able to find out even what the States want to do in this area. The truth is that there was hypocrisy, there was deceit, there was deception, and there was lying on the other side of this building, in the other body, with respect to promises that were made and promises that certainly were not kept.

Let's go back to what this amendment is all about. Really to find out what it is all about you have to go back to the year 1789, when Thomas Jefferson wrote:

I fear there is only one thing that we have kept out of the Constitution of the United States. It has one flaw, and that is that we have not restricted the Federal Government's ability to borrow money. We have not restricted the Federal Government's ability to borrow money.

What extraordinary clairvoyance Thomas Jefferson could have, that he would see in 1789 what has truly come home to roost in 1995.

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And with a \$5 trillion or nearly \$5 trillion debt, the ability of this Federal Government to borrow, borrow, borrow and mortgage the future of our country, of our children, of our grandchildren, and that he was able to see in 1789 that there ought to be some restriction on borrowing money by the Federal Government, because if we do not restrict it, as we did not, then the Government finally figures it out. It figures out that you can buy constituencies. You can purchase influence. You can buy votes. And that is exactly—I mean the votes of people that elect Members of Congress, elect people to the Senate—and that is exactly what has happened. That is how it is possible that this Government could be so far in the red that it could exist so far beyond its means.

In 1789 he recognized that. And what is it exactly that this balanced budget amendment would do? It is pretty

straightforward what it would do. It restricts the ability of the Government to borrow money. It requires in its one single absolutely dispositive section, it says, you must have a three-fifths majority in order to raise the amount of money, the debt ceiling on what, in order to raise the amount of money that the United States can borrow. The limit on that amount of money, in order to raise the limit on the amount of money we can borrow, you have to have a three-fifths majority. That is precisely the kind of restriction that Thomas Jefferson was talking about in 1789.

And what did the Senate do? Well, one Senator from the State of Florida who had personally campaigned on a promise to vote in favor of a balanced budget amendment voted against it, campaigned not more than 5 months ago on that promise, not more than 4 months ago on that promise, said in a solemn promise to the people that she was wanting to represent, I am going to vote for a balanced budget amendment. And then come yesterday, she voted against it. And what was the excuse given by her and by other Members of the other body? The excuse given was that somehow this would possibly, this could somehow have an impact on Social Security.

Well, A, that is not true. And B, where were those people in August of 1993, when they voted to cut Social Security by \$25 billion and every single Republican in the Senate and every single Republican in the House of Representatives voted against that? But they voted to increase or to tax Social Security and cut Social Security payments to senior citizens \$25 billion. Where were they then?

And then to say, well, this is just, this is just a hidden ploy to make it possible to cut Social Security. It is a lie. They know it is a lie. It is a smoke screen.

What is the smoke screen for? I will tell you what the smoke screen is for. It is for those people who truly believe that the Federal Government can solve all our problems. If you believe that the Federal Government can solve all of our problems through more spending, through bigger spending programs, through throwing more money at these problems, through hiring more Federal bureaucrats to do it, then you ought to be opposed to a balanced budget amendment. And if you are going to be truthful about it and if you are going to be honest about it, then that is what you will tell people, that is the way that you will explain it.

The smoke screen is Social Security recipients, when every single one of them voted to cut Social Security.

THE FEDERAL DEFICIT

The SPEAKER pro tempore (Mr. OXLEY). Under a previous order of the House, the gentleman from New York [Mr. SOLOMON] is recognized for 5 minutes.

Mr. SOLOMON. Mr. Speaker, I was going to stand up here today and talk about the fact that over the last 16 years I have been trying to enact legislation dealing with regulatory reform that would give back property rights to the people of this country, but I was so angered this morning when I woke up about 6 a.m. in the morning and I was watching CNN. I saw the President and his press secretary talking about how they had killed the balanced budget amendment. And how they now could get down to the serious business of balancing the budget over the next 7 years.

I have never been so mad in my life. I have a chart here, which says, "deficit projections and debt accumulation." This was President Clinton's budget as he offered it last year. And as you can see, he projected a deficit in 1995 of \$165 billion, and it grew all the way over so that at the end of 5 years, there is an accumulation of \$894 billion in new accumulated debt to go to the \$4.5 trillion we already have.

This year, in January, he just gave us his new 5-year projection. This is just a year later. And what does this show? It shows in 1995, \$193 billion in accumulated debt in just this first year. That is 30 billion higher than last year. And if you look at 1996, it goes from \$170 billion deficit to \$197 billion and so on over to the end of the 5-year period.

So what has he done? He has increased the national debt by almost a trillion dollars over the next 5 years. And they talk about wanting to balance the budget.

The one thing that is said is true, and that is that Congress just does not have the guts to balance the budget themselves. That is too bad. And, therefore, they do need that prodding. That is what those five Senators that promised to vote for a balanced budget amendment last year during their election said that needed to happen. Yet today they turned around and voted "no."

You know, Mr. Speaker, I introduced a budget last year. It was an alternative to both the Democrat and Republican budgets. And if you look at this bottom figure, we accumulated, instead of a trillion dollars over 5 years, we accumulated only \$252 billion. But the interesting thing is that every single year the deficit dramatically dropped from \$132 billion the first year down to \$69 billion the second year, \$47 billion the third year, \$12 billion the fourth year, and a surplus of \$8 billion in the fifth year.

You say, how did you do that? Because all of the pundits say, you cannot do that without raising taxes. You cannot do that without cutting Social Security. You cannot do that without cutting into contractual obligations to veterans.

Well, my colleagues, we did that. How did we do it. We did it by eliminating 150 programs like the Interstate Commerce Commission, that is totally wasteful. We privatized 125 government agencies, like the Federal Aviation Ad-

ministration. We consolidated 35 government functions like the Bureau of Indian Affairs that has been there for 70 years and does nothing today. And downsized the Department of Education from 5,000 employees down to an office of only 500. We abolished the Department of Energy, which has not produced a gallon of gasoline or a quart of oil, we cut out 16,000 employees there and let the free market system work.

We converted the Department of Commerce from an overblown department of 36,000 employees down to only 3,000 and made them a consultative body to business and industry instead of this huge bureaucratic department. And then we means tested every single Federal program, including school lunch programs.

People say, Republicans want to do away with school lunch programs. We do not want to do away with school lunch programs. What we want to do is make Members of Congress ineligible because of their total wages. We make \$129,000 or \$130,000 a year. Why should the Government be subsidizing my children's school lunches? They should not, because we cannot afford it. And we means test that with people with incomes over \$50,000.

Medicare, people with incomes of over \$100,000 or \$200,000 are being subsidized by the Federal Government for their health care. That is all well and good, I suppose, if you can afford it. But we do not have the money. And we means test everything else across the board.

Do you know what that did? That gave us an \$800 billion savings over 5 years, and we balanced the budget without hurting people, by truly taking care of the needy.

It can be done, but we cannot do it the way this president is trying to do it.

HARVEST OF TREES ON FEDERAL LANDS

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

(Mr. DICKS asked and was given permission to revise and extend his remarks.)

Mr. DICKS. Mr. Speaker, yesterday the House Committee on Appropriations took very dramatic action to deal with a very serious environmental problem in our country. Yesterday the House Committee on Appropriations directed the Forest Service to double their salvage program from approximately 1.5 billion board feet up to 3 billion board feet over the next 2 years. What that will do in essence will be to expand this program that is used to go out and take down dead, dying, diseased, bug-infested, and burnt trees that are going to rot and will be of no use to us over the next 2½ years.

What we said is, this is an emergency. We need to go out and do a good