

It would be unwise, most unfortunate, if the international community's bureaucrats, executives, failed to do their job at this point.

Let us move the paper. Let us do the job. Let us complete the job of restoring Haiti's democracy. Let us do what is necessary to rebuild the economy of Haiti.

□ 1845

BALANCING OUR BUDGETS IN A POSITIVE MANNER

The SPEAKER pro tempore (Mr. KINGSTON). Under a previous order of the House, the gentleman from Florida [Mr. SCARBOROUGH] is recognized for 5 minutes.

Mr. SCARBOROUGH. Mr. Speaker, this week as we start talking about the very important tax debate and the budget debate, I am looking forward to hearing positive discussions on where we move this country over the next 5, 10, 15 years, to see if we will finally come to grips with the economic uncertainties and try to balance our budgets and at the same time try to move forward in a positive manner to make sure we put money back into the pockets of middle-class, working Americans who for too long had seen their money sucked up in Washington and they see absolutely no return for their money.

Unfortunately, instead of this afternoon of hearing discussions along those lines, we have heard that the Republicans have killed school lunch programs, we have heard that the Republicans have killed Big Bird, we have heard that the Republicans are slashing education funding.

Well, let me tell you something: All three of those facts are simply misrepresentations, and they are wrong.

First of all, you are not cutting spending on a bureaucratic program if you spend more money next year than you spent the previous year. Take, for instance, funding for school lunch programs. Over the next 4 years, under the current proposals that passed through this House, we will be spending more money on school lunch programs than we spent in the previous year. Maybe in Washington there is some sort of new math that I do not understand. I am a freshman here. Maybe I am a little shrill, I do not know. The fact of the matter is if you spend more money next year than you spent last year, in middle-class America, where I come from, or in small businesses across the country where I worked, that is called a spending increase. Let us reframe the debate and let us get serious about it.

When you come to the floor and talk about killing Big Bird, when the fact of the matter is the Republican majority voted against killing Big Bird, so to speak, when the Crane amendment was on the floor, then you are not killing Big Bird.

The fact of the matter is it is more Washington-speak, more emotional dribble that is supposed to inflame people and get everybody excited and

aroused in the debate, to give this false impression that we are cutting all these spending programs.

I am humored by calls out there where the question is asked, "Do you believe Republicans are cutting too much?" Some people are saying "yes" because of the debate we are hearing on the floor. The fact of the matter is we have not cut anything yet. We have not gone far enough.

You take educational funding, for instance. We hear talks about how we are bold and cruel and going to be cutting education. Well, let me tell you something, you can be for children and you can be for education without being for a huge Federal educational bureaucracy that has wasted money over the past 20 years and provided little, few results.

Take the Department of Education bureaucracy in Washington, for instance. It was established in 1979. Most everybody understands that it was a payoff from Jimmy Carter to the teachers union, the NEA, to have their own Federal bureaucracy up here. But the fact of the matter is, if you look at the money that has been poured into that bureaucracy over the past 20 years and look at the results, you will see that our children are not getting the best bang for the buck. The fact of the matter is in the years since the Department of Education bureaucracy was established, test scores have gone down, violence in school has gone up, dropout rates have gone up and every other measure by which we measure our educational institutions have shot down.

Let us reframe the debate and say it this way: Because I care for children, because I care for education, I am going to be against blowing more money on a Federal educational bureaucracy, and I am going to allow parents and teachers and students and people in the individual communities to have more of the say-so over how we teach our children than a bureaucrat in Washington.

While we are at it, we can reframe the debate on all these other Federal agencies that have exploded over the past 30 years since the Great Society. We have spent \$5 trillion on Lyndon Johnson's so-called war on poverty that ended up being a war on the family, ended up being a war on hard work, and a war on personal discipline, and so forth.

We have to reframe the debate and speak straight to the American people. We owe them that at the least.

REDUCING TAXES: THIS IS THE WEEK THAT WAS

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, after we finished this week, a lot of people are going to be saying, "This is the week that was." This is the week

that we are talking about reducing taxes.

You know, a year and a half ago this body increased taxes over the 5 years of the budget by \$25 billion. Economists have come to our budget committee and said tax increases are a depressant on economic growth and job growth.

So some of us thought that it would be good in the Contract With America to take away some of those giant tax increases from a year and a half ago. So the question was: How do we reduce some of those taxes in a way that is going to encourage economic growth, job growth in this country?

Well, I was looking at one bill that was concerned about what the United States was doing to encourage savings and investment as opposed to other countries of the world. Mr. Speaker, that is what this chart shows. I am not sure that everybody can see the chart, but let me just briefly go through the chart that shows that, compared to the other G-7 countries, the industrialized nations of this world, the United States ranks dead last in savings, we rank last in our investment in new machinery and equipment per worker, and, not surprisingly, we rank last in the increase of productivity.

So if we go to all of the economic thought that is prevailing now of what should be done to increase jobs, the suggestion is that we encourage savings and we encourage investment in that new machinery and equipment, that when it is put into the hands of those workers, it makes those workers more efficient, more productive, and ultimately increases our competitive position with the world.

That is why I introduced the bill, Neutral Cost Recovery, 2 years ago, to deal with the unfairness of the way our tax code treats those businesses that buy that machinery and equipment.

The legislation coming out in the tax bill that we are going to be considering for the next 3 days does essentially three things: It increases expensing. In other words, that amount of investment in capital machinery and equipment and facilities that is allowed to be deducted as an expense, as a business expense in the year of purchase, that is increased to \$35,000.

No. 2, that the remaining amount of that capital investment that is put on the depreciation schedule will be indexed for inflation and the time value of money. In other words, right now our Tax Code requires that you spread out toward the useful life of that property, 3, 5, 10, 15 years, that you spread out that deduction in what is called the depreciation schedule.

Neutral Cost Recovery indexes what you are otherwise allowed to depreciate for inflation.

The third element is something that has been very unfair to the businesses in this country; that is the alternative minimum tax.

So what we do to a business, when they figure up their tax and they have not made money that year, we again

say, "Well, we are going to penalize you anyway by making you recompute your depreciation schedule so it results in a lesser deduction."

So, AMP is also modified in this bill. It seems if we are concerned with increasing jobs in this country and if we are concerned with raising taxes on the American people, that it is appropriate we have the discussion this week. The \$189 billion over the 5 years of the budget that we are reducing taxes is small in comparison to the \$250 billion that were increased, raised on the working men and women and retirees and businesses 3 years ago by this Chamber.

So, Mr. Speaker, I hope everyone will tune into the discussion and decide whether or not it is going to help this country, whether it is going to allow hardworking Americans to keep some of their own money in their own pockets rather than give it to the Federal Government to spend, as we discuss, and ultimately pass this tax reduction bill this week.

H.R. 1215 RETURNS TAX MONEYS TO AMERICAN FAMILIES

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

Mr. TIAHRT. Mr. Speaker, this week we are going to see a clash of ideas once again as we have seen throughout the 100 days. This time it is going to be the big-government party that likes to take tax dollars and spend it at their whim versus the party of the people who give tax breaks to American families and others, like senior citizens.

During the 1992 Presidential campaign, our current President campaigned on the middle-income tax cut. Instead, what has occurred, last August we had the world's largest tax increase, which took money out of the pockets of American families.

H.R. 1215 is a bill that will return tax money to the families so they can spend it, because the party of the people believes that American families understand better how to spend their dollars than the Government.

Each time we lose \$1 to taxes, it is a loss of freedom. Many people across America, through higher taxes, have lost freedom, have lost the ability to spend money as they see fit.

H.R. 1215 will also help America's senior citizens. Last August, the party of big government cut social security by \$25 billion in the form of a tax increase. What this bill is going to do is restore that cut to Social Security. We are going to allow senior citizens to retain more of their income, allow them to meet their long-term health care needs, we are going to allow tax incentives to encourage individuals to purchase long-term health care insurance.

We are also going to move, in H.R. 1215, to help Americans save. We are going to do this through the American Dream Savings Account. It is an IRA-

type account that will allow families to contribute up to \$4,000 per year in these IRA accounts. These contributions are going to earn interest, and after they have been there for a 5-year period, we are going to allow those individuals to withdraw that money without penalty for first-time home purchasers, for post-secondary education expense withdrawals, education expenses, medical expenses. This is going to help those who have put away money to use it for a rainy day-type situation. Plus, it allows them to save for their retirement.

If you look at the free democracies across the world, you will find by comparison Americans save less than they should, percentage-wise. In Japan, for example, their savings are around 20 percent for average income. Here it is about 5 percent. This is a method of getting people around America to save money, put money away, and also put money into the capital stream to help create jobs.

Next thing we are going to do in H.R. 1215 is to help farmers and ranchers and those in the timber industry by allowing a 50 percent reduction in capital gains taxes, capital gains indexing, estate and gift taxes.

I want to tell you about one farmer I was very close to, my grandfather, J.W. Steele, who had a farm in South Dakota, and spent most of his time working very hard.

He used to tell me as a young boy that farmers were an interesting lot because they spent their whole life poor but they died rich. Sure enough, when he passed on to the next life, he died as a millionaire. His farm went through the estate tax, and my parents had to purchase that farm at the cost of approximately the price of a new farm because of the way land prices had gone up and down in that time frame. This is going to help people who are trying to keep the farms in their families, so that they can continue the tradition. It is going to help people. It is going to help ranchers to pass on what they have invested their entire lifetimes on.

□ 1900

Mr. Speaker, it will allow a situation where you are not just a millionaire for one day, but that you can go on, pass this on to your heirs. Also capital gains is very important when it comes to creating jobs.

An uncle of mine who lives in Mecklenburg, NC, one time told me, "How many who are poor hired you for a job," and I had to tell him, "No, no one has," because it is those who have capital that hire people for jobs.

So the capital gains tax reduction here is going to increase jobs here in America, and increasing jobs is what increases hope for America.

We found out for giving people free money that their self-esteem is reduced. You cannot have self-esteem without accomplishment, and you cannot have accomplishment without work, and it is always helpful to have

a job when you are going to work. So we are trying to restore hope in America by creating new jobs through capital gains reduction.

Mr. Speaker, I spoke with the majority leader, the gentleman from Texas [Mr. ARMEY]. He talked about the benefits of capital gains tax, and that 90 percent of the benefits go to the workers and only about 3.1 percent actually goes to people.

So I encourage my fellow Members of the House to pass H.R. 1215 and give America hope for the future.

FEDERAL STUDENT AID PROGRAMS TARGETED TO PAY FOR THE CONTRACT WITH AMERICA

The SPEAKER pro tempore. (Mr. KINGSTON). Under a previous order of the House, the gentleman from California [Mr. MILLER] is recognized for 5 minutes.

Mr. MILLER of California. Mr. Speaker, Members of the House, this past Friday the gentlewoman from San Francisco, CA [Ms. PELOSI] and the gentlewoman from the Palo Alto Valley south of San Francisco, CA [Ms. ESHOO] and myself held a hearing to listen to both school administrators, and parents and young people who are attending our university system, private university system, our public university system, the California State University system, and our community colleges, and who were doing so because of the availability of student loans and the interest subsidy that we provide on those student loans while young people are attending school and for a 6-month period after they graduate from school or cease to attend school before they start paying back those school loans. What we heard was a rather remarkable set of stories from young people and their parents, some young people on their own and some accompanied by their parents, telling us what their families are doing, are prepared to do and have done in the past to try and secure the opportunity of higher education, of a college education and degree, for their young people. They have made personal sacrifices in trying to obtain savings so that they can provide for their children. Many of them have refinanced their houses, gone into the workplace, worked extra hours, and yet still they do not have sufficient money to attend the State university system or the UC system, or our private universities, and, as a result of that, they have used the student loans that are made a part of the fabric of American society because of the Federal student loan program. Many of those students have also used the campus-based programs, work study programs, to provide additional moneys, and what we heard was the kind of sacrifices that hard-working American families of modest means in most instances are prepared to make so that their children will have, in some cases, a better education than their parents,