

Americans, middle-class Americans, unemployed Americans.

Mr. Speaker, I support this bill. I encourage our colleagues on the other side of the aisle to put partisan politics aside and join us in a bill that is good for the whole Nation.

STUDENT LOANS

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

Mr. HILLIARD. Mr. Speaker, I stand before you today to protest the latest calamity that the Republicans have forced upon the citizens of this Nation. Once again, the Republicans are robbing middle-class families in order to offer tax benefits for the wealthy. This trend of the new Republican majority has reached alarming proportions.

Now, the Republicans have targeted college loan programs for cuts to pay for tax breaks to rich special interest groups. The contract on America would drastically cut funding for the Perkins Loan Program, Work-Study Programs, and Supplemental Education Opportunity Grants. Money from all of these programs accounts for over 75 percent of the financial aid that is distributed in this country every year.

If we allow the Republicans to cut funding for college students, the middle class will end up having to pay over \$20 million over the next 5 years. This burden is too heavy to place upon the backs of the working families of America, and we cannot allow it.

Our young people are one of our most important resources. No young person who is capable of learning should be denied the opportunity to pursue a higher education.

A good education is crucial for success in this country. Investment in the successful futures of young people is one of our most critical obligations, and everyone must take it seriously. There is no greater cause than investing in the expansion of young minds.

I know that many of this Nation's most prominent citizens arose from humble beginnings, and improved themselves with Government-funded financial aid programs. With higher education costs rising every year, more and more families need a little more assistance in sending their kids to college.

The Republicans want to deny these underprivileged youths the opportunity to improve themselves, even though many of them relied on student loans to finance their own education. I don't know how they can justify taking away one of the best means to improve America's future, just to satisfy the greed of the very wealthy.

President Clinton has stated that he will stand firm against any attempts to eliminate or scale back student loan programs. We, as Democrats, are behind the President in standing up for working families.

Middle-class families work much too hard to have the fruits of their labor taken away for the benefit of the Republican's wealthy contributors.

The Republicans have reached an all-time low with this proposal. I give them and their Contract on America an "F."

□ 1715

And for emphasis, I suggest once more to you that if we are to survive as a strong nation, Mr. Speaker, we must educate our youth.

INVESTMENT AND JOB CREATION

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

Mr. BARTLETT of Maryland. Mr. Speaker, I rise this evening in strong support of H.R. 1215, because it is an investment and job-creation bill.

Let me talk for just a moment about tax cuts in general and what they do. First of all, let me say that tax cuts are not a government giveaway. What the Government is doing is simply taking less of your hard-earned money.

The Federal Government has no a priori right to your money. When they take less of your money, that is not a Government giveaway. It is simply letting you keep more of what is rightfully yours.

Republicans and small business all across the country, indeed, large businesses also recognize that the engine of job growth in America is small businesses. The statistics from our recovery from the last recession are really very illuminating. If you place the companies across our country in categories relative to the number of employees, 5,000 employees and above, and then smaller and smaller until you get down to the smallest companies, and those are with zero to four employees, the new jobs that were created in recovery from the last recession, a tiny percentage of those were created in the companies that had 5,000 employees and more. No company below that, no group of companies below that, increased their work force at all. It relied on the smallest of these groups of companies, the zero to 4 employees. There more than 90 percent of all the new jobs were created. This makes it very apparent that capital investment, capital for small businesses is very, very important in our job force, particularly so when we are trying to recover from a recession.

I sit on the Small Business Committee, and I have been impressed over and over with witnesses there how important, how important venture capital is. Regrettably, the Federal Government has in the past, and we are correcting that, the Federal Government has been playing the role of investment banker. It has been taking the hard-earned dollars from American workers and trying to make choices of who will succeed

and who is not likely to succeed in the business world. They have not done very well at that, because it is not a proper function of government.

We do need money for small business, but this money should not be controlled by the Government. Our oppressive tax structure, after a business finally even gets enough money to get started, our oppressive tax structure penalizes people for success in the business.

We had one witness in the committee which told of a friend of his who had a company of over 100 people. The Government was taking more than about half of the money that his company made, and if he was able to save the rest of it, when he went to pass it on for his children, the Government would take more than another half of it. So his children were going to get about 20 cents of each dollar that he earned now. He did not need the company and all of the headaches and the Government harassment, and so he quit. There were 100 people out of work, because there was no incentive for him to continue to work.

We need to lower this oppressive tax structure.

Mr. SAXTON. Mr. Speaker, will the gentleman yield?

Mr. BARTLETT of Maryland. I yield to the gentleman from New Jersey.

Mr. SAXTON. Mr. Speaker, I would just like the gentleman to yield on the point he is making about Government taking a bigger and bigger bite out of people's pockets and a bigger and bigger bite out of national income.

This chart demonstrates, beginning in 1930 when the Government took 12 percent of national income, to 1940, when the Government consumed 25 percent of national income, to 1960, when it consumed 32 percent of national, all the way up to 1990 when local and Federal Government consumed 42 percent of national income.

What the gentleman is saying correctly and very articulately is that this bill is about trying to turn this around so national income is consumed less by the Government rather than more each decade, as we see is evident on this chart.

I thank the gentleman for making that point.

Mr. BARTLETT of Maryland. Thank you very much. If you continued that, last year, May 27 was tax free day. That is more than 42 percent. But we were not through yet supporting Government, because between May 27 and July 10, every person in America who worked spent all of their money, all the money they made went to pay for unfunded Federal mandates, so the cost of total Government last year took all of the income of all working Americans up until July 10.

This is a tax burden that we cannot bear.

Just a word, in closing, about the capital gains tax. By statute, CBO cannot dynamically score a tax cut. They must statically score it. What that

means is all of those capital gains tax reductions will certainly create jobs and increase revenue to the Government. They cannot score it that way, but everyone who studies this knows a capital gains tax cut is a real winner for everyone.

INTRODUCTION OF THE VETERANS HEALTH CARE REFORM ACT OF 1995

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

Mr. EDWARDS. Mr. Speaker, the Congress has a long record of support for America's veterans and for the VA health care system on which so many veterans depend.

That system, like health care delivery generally, is facing an era of challenge and change. A critical factor for both the private and public health sectors, of course, is the high cost of health care delivery. Managing within a fixed budget, the VA has long been a cost-conscious provider of care. In recent months, however, VA's leadership has initiated additional reforms aimed at achieving more efficient service delivery.

We continue to press the VA to streamline and improve its delivery of care. We also recognize, however, that the Department operates within a statutory framework which from time to time needs revision. It has become clear to me that at least one key element of VA benefits law no longer serves the veteran or VA effectively. Specifically, the laws governing eligibility for VA care have become archaic and need to be modified. Those laws—some reflecting medical practices of years ago—make it easier to get costly hospital in-patient care than routine outpatient treatment. As a result, VA facilities often face the choice of denying a veteran routine outpatient treatment, providing that treatment illegally, or hospitalizing the individual to circumvent statutory limitations.

There is relatively broad consensus that enactment of health care eligibility reform is a top priority. Veterans have been urging Congress to enact a law which would guarantee comprehensive health care coverage, including long-term care, to service-connected, low-income, and others with a high priority to VA services. We attempted to achieve that goal last session as part of the broader pursuit of national health care reform, but were ultimately unsuccessful. I do not believe the prospects for that kind of comprehensive legislation have improved.

In my judgment, we can best achieve our common goals for VA eligibility reform incrementally. The reforms proposed in the Veterans Health Care Reform Act of 1995, which I'm introducing today, are incremental, but they are also important. My bill would for the first time eliminate barriers to routine

outpatient treatment, and make medical need rather than a questionable legal test the basis for determining whether a patient requires hospitalization or a clinic visit. The changes would not only make VA eligibility rules more rational, they would expand the benefits available to most veterans. Under current law, only a limited group of veterans—those 50 percent or more service-connected disabled—are assured of receiving comprehensive outpatient treatment. The bill calls on VA to manage resources so as to provide comprehensive outpatient treatment, as well as hospitalization, to a much broader spectrum of veterans, including those receiving compensation for a service-connected disability, former prisoners-of-war, World War I veterans, and lower income veterans.

Although I believe VA medical care merits a greater percentage of discretionary funding than it receives, the bill's proposed expansion of eligibility does not depend on additional appropriations. The bill instead envisions that the VA will shift care from its hospital wards to its outpatient clinics, and with the shift free up resources. Studies have found that some 40 percent of episodes of VA hospital care could more appropriately have been provided on an outpatient basis. In part, the problem is that VA facilities have more hospital bed capacity than they need, but not enough space and staff devoted to providing outpatient treatment. The bill would reverse that. It would provide VA a means to expand its outpatient treatment capacity by permitting the Department to retain for these purposes third-party collections above the Congressional Budget Office baseline level.

Let me stress that this bill is an important step forward, and a step on which we can build in the future. While its provisions would only have effect for a 3-year period, its implementation will provide the kind of data and experience VA and the Congress need for the still more comprehensive reforms that veterans seek and deserve.

DISTORTIONS ABOUT THE TAX REDUCTION BILL

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

Mr. DOOLITTLE. Mr. Speaker, many of us are looking forward with greater anticipation tomorrow to passing what is a most significant provision of the Contract With America. That is the tax bill with all of the attendant benefits for families throughout the United States.

We have heard much talk from the other side about benefiting the rich, gross distortions of what this bill actually does, and a constant reference to the rich or to really utilizing a technique, if you will, of class warfare.

Mr. Speaker, I just would like to point out the Constitution of the Unit-

ed States and the writings of the Founders of this great country make no mention of class or income level. Indeed, the Declaration of Independence proclaims that all men are created equal, which means that all men and women stand equal before God in their entitlement to exercise their inalienable or God-given rights of life, liberty, and the pursuit of happiness.

We all know that the American family is overtaxed today. In fact, Americans are overtaxed, paying a higher percentage today in taxes than at any time since World War II, and we are not in a war right now, Mr. Speaker. We are fighting for survival against the Government which seeks to regulate and tax out of existence the very Americans who provide for its support.

Now, we hear from many critics on the other side the idea that we ought to sacrifice in essence for Government so that Government can tax the people's money, bring it back here to Washington, run it through the bureaucracy and trickle it back down again out to the end recipient.

Study after study shows that we lose between half and two-thirds of every tax dollar that is taken in that fashion. That is a gross waste of resources and a burden on Americans that we can no longer afford. We are making a start to turn that around with this very important piece of tax legislation tomorrow which cuts taxes for everyone.

I would just like to reference a chart that shows the effect, for example, of the capital gains tax cut where we are constantly criticized for benefiting the rich, and I would just like to reference this chart prepared by the Bureau of National Affairs which indicates that the distribution of tax returns reporting a capital gain with income measured as the adjusted gross income minus the capital gains, and you can clearly see that 70 percent of the returns filed claiming capital gains are for people whose incomes, adjusted gross incomes, are under \$50,000, 70 percent. For those with adjusted gross incomes of over \$200,000, only 2 percent filed such returns.

So do we all benefit from these capital gains provisions? Yes, we do. And by the way, the distribution of the benefits for the \$500-a-child tax credit is roughly in similar proportion to what we see here with the capital gains.

Again, the vast bulk of the benefits go to people of middle incomes. But again we are changing the tax provisions to say children have value and whether you are rich or poor, we as a government are going to recognize that with a \$500 per child tax credit. It is right in the philosophy of a man who as a good Democrat, President John F. Kennedy, who proclaimed "A rising tide lifts all boats." That is the philosophy of the Contract With America. We believe in restoring competitiveness to our economy. We believe in increasing the rate of economic growth. We believe in increasing the savings rate of individuals, and we do that in this tax