

the Page Board on which I continue to serve as Member Emeritus.

The Class of 1995 is a splendid and remarkable group of young Americans. They have unfailingly distinguished themselves in every area of their page experience. Successful and useful lives are easily predictable. I am proud to have been a page and proud to be a friend of the Class of 1995.

God bless you and stay in touch.

Now, with that, Mr. Speaker, that concludes my remarks. Once again I want to thank the pages for their service and extend every good wish to them for their future success and for their careers.

THE SHOCKING AUDIT OF THE OFFICE OF SUPPORT AIRCRAFT

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

Mr. DEFAZIO. Today Senator GRASSLEY and I received a very important report from the U.S. General Accounting Office. We asked for an audit of the Office of Support Aircraft of the Department of Defense, and what we received in this audit is shocking. The Department of Defense, which is required to keep administrative aircraft adequate to meet the wartime needs of the United States of America, made use of 48 such aircraft during the Persian Gulf war, maintains over 500 aircraft, 10 times what they used at the height of the Persian Gulf war and, last year they spent \$378 million on these support aircraft.

There are some notable problems with their use of these aircraft. There is no centralized control. Each and every service determines who and when people will be eligible to use these aircraft. Frequently, one-star generals and lower-ranking civilian officials from the Department of Defense, instead of using their chauffeurs and their automobiles, their limousines and their drivers, to go to Andrews Air Force Base to catch a jet, opt to take a helicopter at the cost of \$1,400 to \$1,600 an hour. According to the GAO, they save between 5 and 15 minutes instead of spending \$30 on a cab. They spend \$400 to \$1,600 to operate a helicopter. I think it is more for their ego than it is for any support purposes, and that is what the General Accounting Office has found.

We also have the fact that we are providing now for the commander in Korea, C-U-S-F-K, as he is called, a four-star general, we are going to provide him with a luxury pallet. That is something which can be inserted into a jet aircraft as this general is required, often, to come back to Washington, DC, to receive orders, and the current \$350,000 luxury pallets—I think that most Americans would like to live in a \$350,000 house, but this general does not think that a \$350,000 luxury pallet is adequate to put in an airplane so he can fly back in comfort to Washington, DC. No, he needs a \$750,000 pallet so that this general can fly back and forth

to Washington, DC, in extraordinary luxury at probably seven times the average median price of houses for most Members of Congress, \$750,000 for a luxury pallet for one general.

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It is time that the generals in the Pentagon and the civilians in the Pentagon entered into the real world, the world of limitations, the world where you do not go first class-plus when you are not on an urgent mission. And the GAO identifies that most of these missions were not urgent missions.

In fact, they also find that not only are these aircraft used to transport generals, as I said, every one-star general in the Pentagon can take a helicopter and then get a private jet any time they want. They do not have to justify it or compare it to commercial rates. They do not even have to compare it to first class rates with a chauffeur-driven limousine. They can just do it, because it is there. And there are no controls.

We not only use it indiscriminately for Pentagon brass and for officials at the Pentagon, we are carting around the cadets at our academies to football games and swim meets. We had one football game in Hawaii. The Air Force played the University of Hawaii. The taxpayers of the United States of America spent \$270,000 to transport Air Force cadets to the University of Hawaii football game. Now, is that not wonderful?

My hometown university, the University of Oregon, went to the Rose Bowl this year, something that only happened once in the last quarter of a century. It is our second time. Nobody asked the State of Oregon to support the students of the University of Oregon or the alumni of the university of Oregon and spend hundreds of thousands of dollars to transport them. People made their own way.

But no, not when it comes to the Air Force Academy. Was it a particularly important game in Hawaii? Why did we spend \$300,000 on transporting? It had something to do with the fact the game was in Hawaii. They spent a total of \$2 million transporting cadets to and from sporting events last year, many times at the cost of \$2,000 per student. Those same students could have flown first class and each student could have had a chauffeur-driven limousine and had their meals and hotels paid for, for less than it cost to transport them, and this does not include the cost of the crew on the ground and other incidental costs, wear and tear on the airplane. These are only the actual operating costs of the plane.

So it is time the Pentagon came to reality here. I have introduced with Senator GRASSLEY legislation that would reduce the support aircraft to that which is needed, truly needed by the military, 50 percent, save \$200 million next year and every year thereafter.

ALTERNATIVES TO OUR CURRENT TAX SYSTEM

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, I rise to discuss the need to change the tax system.

Mr. Speaker, James Madison, one of the architects of the Constitution, once warned that we must keep our laws simple. Our freedom is in danger, he explained, when laws become so complicated that no one knows what they mean and change so often that no one can predict what they will be in the future.

Our Tax Code in the United States provides an example of what happens when we ignore Madison's warning. Today, thanks to the bold leadership of Chairman BILL ARCHER, we can now discuss fundamental changes in our Tax Code, including even the elimination of the income tax.

As a former chairman of the Senate Finance Committee in Michigan, I had the opportunity to deal with several alternatives to our current tax system. Among these alternatives was a consumption tax, a sales tax with our industrial processing exemption, and a flat-rate income tax. I would like to simply make a few comments about our experience in Michigan.

Michigan is the only State in the Nation with a consumption tax. We call it the single business tax. It has been in effect since 1975. A couple of points that come from this experience are, first of all, if a consumption tax is adopted at the national level, it must include a deduction for capital acquisition. That is full expensing of the cost of machinery and buildings. Michigan's capital acquisition deduction has been the most successful element of our consumption task. It increases productivity and encourages business and job expansion.

Second, the tax base should be determined using a subtractive method of calculation. Michigan uses the additive method to get the value added, and it has given us some problems. While it is going to yield the same base as the subtractive method, it has created a great deal of confusion among businesses. The tax is viewed as our income tax by many businesses and results in such questions as why can not I deduct wages? Why do I have to pay a tax even though I do not have profit? These types of questions would be eliminated if the tax was calculated using the so-called subtractive method.

Third, the primary problem with a consumption tax is that the tax is hidden in the final price of the product. This creates a danger that the government can raise the rate without individual taxpayers being aware of it. This is what has happened oftentimes in Europe. However, our experience in Michigan has been that since the business tax rate has not been increased since 1976, it has not been a problem. In

fact, it was recently reduced by a small amount.

One major problem with a sales tax is that it tends to become a turnover tax. It is important that only the final sales are taxed. For example, we should not tax the sale of rubber sold to Goodyear Tire, for example, and then tax the full value of the tires when they are again sold. This fundamental concept is clear in theory, but there are numerous difficulties in actual implementation that we have pretty much solved in our Michigan system. The problem with services is especially severe.

Finally, the flat rate income tax has some important advantages. It is simple, it has the same economic effect as the ideal consumption or sales tax, and the taxpayer, if withholding is eliminated, will be very knowledgeable about the rate.

There are two negatives with a flat tax, as I see it. First, it would not allow the repeal of the 16th amendment and dismantling of the Internal Revenue Department, and thus special interests could again come and complicate the existing Tax Code.

Second, there are problems with the tax treatment of U.S. exports. While the economic effect of the Army flat tax is identical to a value-added tax, GATT may preclude us from removing a flat tax on our exports while governments using a VAT could remove the tax on their exports.

In summary, each alternative to the current income tax system has strengths and weaknesses, but each method is far superior to our current invasive system that we have today. In "The Wealth of Nations," Adam Smith spoke against the income tax, saying the necessary invasion of privacy to enforce tax would be too much for citizens to bear. Today his words ring true, and we must move forward with this opportunity to replace the current tax system.

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

[Mr. LIPINSKI addressed the House. His remarks will appear hereafter in the Extensions of Remarks.]

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

[Mr. RIGGS addressed the House. His remarks will appear hereafter in the Extensions of Remarks.]

SETTING THE STAKES ON THE BASKETBALL CHAMPIONSHIP

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Texas [Ms. JACKSON-LEE] is recognized for 5 minutes.

Ms. BROWN of Florida. Mr. Speaker, I ask unanimous consent that I be rec-

ognized ahead of Ms. JACKSON-LEE for 5 minutes.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Florida?

There was no objection.

Ms. BROWN of Florida. Mr. Speaker, will Ms. JACKSON-LEE join me, and my colleague from Orlando, Mr. MCCOLLUM from Florida.

Mr. Speaker, I yield to the gentleman from Texas [Ms. JACKSON-LEE].

Ms. JACKSON-LEE. Mr. Speaker, I thank the gentleman for yielding.

Mr. Speaker, I join my colleagues, GENE GREEN and KEN BENTSEN from the great city of Houston and the great State of Texas in a full-throated support of defending our world champion, yes, you might be thinking, Houston Rockets.

To Ms. BROWN and Mr. MCCOLLUM, who are from Florida, and their Orlando constituents, all of you have much to be proud of in their young Magic team, a team that promises to be a strong NBA contender for years to come—in the future. But I am confident that in this instance, the veterans experience of Hakeem the Dream, Clyde the Glide, and the rest of the tested Rocket squad, will be a decisive advantage over the strong shoulders and young, young legs of Shaq, Penny, and the talented Magic lineup.

The Houston side of this friendly wager offers a basketball signed by all of our team, but particularly our all-star center. And our staffs, now, listen to this, are prepared to provide the Floridians when you lose with a delicious Texas barbecue meal. We do not think that this will happen, that we would have to prepared that for you, but, however, in the good spirit of good sportsmanship, we look forward to receiving a signed ball from Magic and, as well, I look forward to enjoying a delicious meal prepared by your staffs in the true Floridian style, and I know you know how to get a good meal going.

So I hope you will accept this friendly wager for the Houston Rockets World Champion to do it again.

I yield to Mr. MCCOLLUM.

Mr. MCCOLLUM. I thank you both for yielding. I must say having Orlando Magic, with CORRINE BROWN and I representing Orlando, we are mighty proud of them, and we are ready to step up to the challenge that you have just made to us.

We understand the talent the Houston Rockets have, and we saw them last night as they won a very, very close game. I think, however, the closeness of that game and the excitement of it just proves how evenly competitive these teams are. And it is our judgment, and I am sure CORRINE BROWN and BILL MCCOLLUM will both agree, that when the chips are down after the whole series is completed, our young Magic are going to surprise your Houston Rockets and we are going to be able to be the ones receiving the meal.

We are more than happy to provide a basketball if indeed we are on the short end of the stick, but we do not think we are going to be. We have got Penny Hardaway, we have got Shaq and Anderson and Scott and Shaw and Grant and a whole list of others, Bowie and Royal, and I could go on down the list, Turner.

Those are players who have never had the chance to be where they are today, with the exception of Grant, who was with the Bulls for a few years, and they are hungry. And we got a feeling that they are just as hungry, and in fact more than we are for a meal, they are hungry for the championship.

We are looking forward to the next few games as we meet the challenge you have offered. We are proud in Orlando of our Orlando Magic.

For the moment I will yield back to my colleague, CORRINE BROWN.

Ms. BROWN of Florida. Ms. JACKSON-LEE, not only do we accept your challenge, I am prepared to raise it.

Ms. JACKSON-LEE. Oh, my goodness.

Ms. BROWN of Florida. Not only do we stand by our men in Orlando, the Magic, but we will throw in a couple of Disney tickets and Universal Studio tickets. And I understand we have some of the sweetest corn in the country. We are prepared to provide sweet corn and peanuts. And someone from your delegation asked for an alligator. But what we are prepared to do, is the Houston team will be alligator bait.

Mr. MCCOLLUM. If the gentleman will yield, before that, about the corn, we have zellwood sweet corn in season right now. If we do not make it, and we think we will, we are going to bring some of that up here and we are going to serve you some of the best sweet corn you have ever eaten.

Ms. JACKSON-LEE. My goodness, it looks like two on one. But my colleagues who are in absentia will join me in accepting the challenge. We have got beets, we have got good fruit, we have a variety of other talent going on in our great State, along with Sam Cassell, Kenny Smith, Mario. We have got a whole list of those on the fine Houston team. I do realize that all of this that we are betting on the friendly wager will go to charity for all of our good efforts in our respective States.

But I tell you standing here in the well, I am feeling embellished and strong to accept your challenge, for the world champion Houston Rockets will do it again.

Ms. BROWN of Florida. We will see you tomorrow night at 9 o'clock in Orlando.

Mr. MCCOLLUM. We will indeed. And we look forward to seeing you in a couple of games after that too. We are sure we are going to be around right to the end, and we are looking forward to this challenge.

Ms. JACKSON-LEE. Thank you. We are all very optimistic.