

basket, figuratively speaking, because it is not being brought to the floor for a vote.

All indications are it will not be brought to the floor for a vote, because it sets out to do what we need to do to deal with a billionaire expatriate tax loophole. We need to tell our neighbors, we need to tell our friends to talk to their Member of Congress, to ask them, Did you cosponsor MIKE WARD's resolution? Did you cosponsor a resolution which will deal with this problem, which will give the opportunity for the full Congress to debate it, and if you did not, why not? And if it comes to the floor, how will you vote?

That is what we need to make sure people ask their Member of Congress next time they see them.

Ms. DELAURO. I commend my colleague for the work that he has done on this issue, and I appreciate your taking the time and joining with you in this conversation, and I am sure there will be many more of them in the best interests of the working people of this country.

THE REALITY OF AMERICAN LIFE

The SPEAKER pro tempore (Mr. HAYWORTH). Under the Speaker's announced policy of May 12, 1995, the gentleman from Vermont [Mr. SANDERS] is recognized for 60 minutes.

Mr. SANDERS. Mr. Speaker, I hope in a little while to be joined by some of my colleagues.

Mr. Speaker, as the only independent in the Congress, I think what disturbs me most about much of the dialog which takes place here is, in fact, that the most important issues facing the American people, the reality of life in our country today, is simply not talked about enough. Every day there are heated debates that take place here, and charges and countercharges, all kinds of issues are raised, but sometimes I think that the reality of American life as it exists today really is not adequately addressed.

And before we get into the issue of the budget, which I want to get into, and I hope some of my colleagues will be getting into with me as well, let us talk about reality in America today, a reality that we do not see too much discussed here. We do not see it on CBS too much, or NBC or the New York Times or our hometown papers.

Mr. Speaker, I would argue that the most important issue facing the American people is that for the middle class of this country, for the average working person of this country, for those tens and tens of millions of people who constitute the vast majority of our citizenry, for those people this country is becoming a poorer and poorer country.

Since 1973, when America reached its pinnacle, its high point in terms wages and benefits for ordinary working people, since 1973, 80 percent, four-fifths of the American working people have experienced either a decline in their real

wages, in their standard of living, or stagnation. That means they have worked for over 20 years and they look back and they have gotten nowhere in a hurry. That is 80 percent of the American people.

Average weekly earnings from 1978 to 1990 declined, went down by 13½ percent.

In 1979, the average weekly wage in the United States was \$387. 10 years later, in 1989, in terms of real inflation-accounted-for dollars, that wage had dropped to \$335. People are working, but their standard of living is in decline.

What is perhaps most frightening is that for young workers, their real wages have declined even more.

There was a study done not so many months ago which indicated that for young male high school graduates going out into entry-level jobs, young men were earning 30 percent less than was the case for similar high school graduates just 15 years ago.

So, when parents look out and they are working hard and they are seeing their standard of living declining, what is even more painful for them is they look out and they are seeing their sons and their daughters going out into jobs which are paying even lower wages.

Mr. Speaker, between 1988 and 1993, worker productivity in the private sector increased by 5.9 percent. That is the good news.

The bad news is that during that same period, average hourly earnings declined by 4 percent. By 1993, the typical family had lost \$1,400 of the buying power it had in 1991.

Mr. Speaker, one of the frustrations we talk about, why the American people are angry, why the American people are frustrated, a study done by Juliet Shaw was done at Harvard University which indicated that for American workers to maintain their standard of living, they had to be working now an extra 1 month a year, either in overtime or in second jobs, and in my State of Vermont it is not uncommon to see people working three jobs.

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Mr. Speaker, 40 percent, and this is an important fact, we talk about welfare reform, so forth and so on. Forty percent of the families in America today who live in poverty have a full-time worker. This is not unemployed people, this is not people just sleeping out on the street, and one of the reasons that our low-income workers are doing worse today than they did 20 years ago is that the minimum wage today, at a disgracefully low \$4.25 an hour, has a purchasing power which is 26 percent lower than it was 20 years ago.

Mr. Speaker, we look in the newspapers, and they tell us that unemployment is not such a serious problem. Maybe it is 5 percent, maybe 6 percent. Countries all over the world, in Europe or Scandinavia, they have higher rates of unemployment, but I would argue,

Mr. Speaker, and I think many of our leading economists would argue, that in real fact unemployment in America is actually double than what the official statistics tell.

Why is that official statistics do not include discouraged workers? That means people are living in communities where there are just no jobs. They do not go out, so therefore they are not counted as part of the unofficial employment statistic, and perhaps even more importantly part-time workers who want to work full-time are also not included as part of the official unemployment statistic.

One of the very frightening aspects of the modern American economy is that when we look at the new jobs that are being created, are they good paying, 40-hour-a-week jobs? No, they are not, not in Vermont, not in the vast majority of the States in this country. Many of the new jobs that are being created are part-time jobs. You have people who want to work 40 hours a week, but they are getting 20 hours a week without benefits. Are they counted as unemployed? No, they are not.

So I would just conclude my initial remarks, Mr. Speaker, and welcome the gentleman from Oregon [Mr. DEFAZIO] here by just simply saying, "Before we talk about the budget, before we can talk about why the American people are angry, the most important reality is America has the right to be angry. Our people are working longer hours for lower wages, for less vacation time, for fewer benefits than was the case 20 years ago."

But on the other hand there is another reality which is going on. Are all the people in America seeing a decline in their standard of living? Are we all in this boat together? The answer is probably we are not.

A recent study in the New York Times: The richest 1 percent of the population now owns 40 percent of the wealth of America. We have the most uneven distribution of wealth in the entire industrialized world. The richest 1 percent owns more wealth than the bottom 90 percent. Upper income, 4 percent, earns more income than the bottom 51 percent, and, the gap between the rich and poor grows wider, the middle class continues to shrink. That is the reality of American life today for the middle class for the working class, for low-income people.

Having said that, I am delighted to welcome, to my mind, certainly one of the outstanding fighters for working people in this Congress, the gentleman from Oregon [Mr. DEFAZIO].

Mr. DEFAZIO. And I guess the follow-up point would be what caused these inequities and what can or should we do about it?

I would say in good part you can lay the blame for the extraordinary pauperization of the middle class of this country to two major areas of policy, probably three: The tax policy of this country, which has heaped more and more burden on middle-income

people and lightened the burden on those at the very top and the largest, most profitable corporations. In fact, the Republican budget, which passed the House here, would do away with the corporate alternative minimum tax. That means we go back to the days when a corporation like AT&T, as they did from 1981 to 1985, earned \$1.3 billion in profits and not only not paid taxes—we all understand about loopholes and avoidance but—actually demanded and received a \$200 million tax refund for taxes they did not pay. That is other Americans, people who work for wages, went to work every day, paid their taxes, and guess what? Part of their pay check went to give a \$200 million tax giveaway to a corporation which had made \$1.4 billion in the same years, and now we are being told that is what will take care of the problems of middle-income Americans. The Republican tax break bill repeals the corporate alternative minimum tax, and that will put Americans back to work at higher wages; give me a break.

Mr. SANDERS. Is the gentleman—let us go over that once again because people may be adjusting their TV dials there to get that straight. Is the gentleman suggesting that, if the Republican proposal here in the House goes into effect, that the largest corporations in America making billions of dollars in profit will pay less in taxes than the average working stiff making \$25,000 a year? Is that what the gentleman—

Mr. DEFAZIO. I am saying that will be true, and in fact, if we go back to the pre-alternative corporate minimum tax days, the 1980's, we could say, in fact, that those same working people will pay taxes so that tax credits can flow to those companies.

The other issue there would be, of course, the United States stands alone in the industrial world in not taxing foreign operations in the United States or multinational corporations. We have adopted such a limp section to the Code of taxation that virtually every major multinational and foreign corporation in this country pays no income taxes no matter how profitable they are because they upstream or downstream their profits to other lower tax countries. They are not paying their fair share, yet every day, every week, every American sees their taxes go up. They see the deductions out of their paychecks, but, no, Honda does not make any money in the United States of America. They just sell cars here. Toyota does not make money in the United States of America. They just sell cars here.

Mr. Speaker, if we adopted the same system of taxation that all of our major trading partners have adopted, the estimates are we could raise \$40 billion to \$60 billion next year; that is about a third of the deficit. We can raise it by just taxing the profits of multinational and foreign corporations the same way that every one of our major economic competitors does.

Mr. SANDERS. If I could interrupt the gentleman, would they not be upset? Would they then go to Republican and Democratic fund-raising dinners and contribute tens and tens of thousands of dollars? I do not understand what you are saying. If we tax them, how would they contribute huge sums of money to the Republican and Democratic Parties? Surely the gentleman must be joking.

Mr. DEFAZIO. Well, perhaps that is the bottom line here. It is, you know, how the money flows in Washington, DC, how the influence flows in Washington, DC. As my colleague knows, in the office of the special trade representative, a study I saw said that 74 to 75 percent of the people who worked in the President's Office of the special Trade Representative have become foreign agents; that is, they are now representing foreign nations against the interests of the United States in trade and economic policy. You know we have got to close these revolving doors. We have got to reform campaign finance. We have got to reform the gift rule. But somehow it did not fit into the Republican Contract on America. No gift reform, no campaign finance reform; those things got left out, to be done later, of course.

Mr. SANDERS. We are delighted to be welcoming the congressman from New York City, from Brooklyn, MAJOR OWENS.

Mr. OWENS. I want to congratulate the gentleman for holding this special order in response to the latest developments with respect to the endorsement of the balanced budget concept by the President and your present discussion of taxes, of revenue. I hope that we are going to have much more of this kind of discussion and invite the American people to take a very close look at revenue measures to produce revenues and taxes. We have an era, certainly in the Democratic Party, and maybe the gentleman from Vermont [Mr. SANDERS], as an Independent, does, too. By not talking enough about taxes, we leave that to other people, and we have a situation where, when bills were related to the revenue taxes have come to the floor of the House, it has always been from the Ways and Means Committee, and the rule always was that you could not make a single amendment. They always came, and you voted it up or you vote it down.

So the Ways and Means Committee has been in charge of tax policy for the Congress for the last 20 to 30 years, and they are responsible for something which the American people ought to take a very close look at, and that is the great swindle of the American taxpayer by reducing the amount of the tax burden borne by the corporate sector, reducing it drastically, from almost 40 percent, 39.8 percent in 1943, down to 8 percent in 1980, and then presently it is 11 percent even after President Clinton has taken steps to get it back up.

So you look at that on the one hand. They reduce the corporate income taxes, and the individual taxes have gone up from 27 percent in 1943 to the present 44 percent in 1995.

So there has been a great swindle in terms of reducing the revenue, the portion of the revenue burden borne by the corporate sector and raising the portion borne by the individual.

While we are on the subject of balanced budget, let us invite all of America to take a very hard look at the way we derive our revenues.

Mr. SANDERS. The gentleman is absolutely right. Between 1979 and 1989, when the rich were getting richer, the number of taxpayers reporting adjusted gross incomes of \$200,000 a year or more grew by 8 times. A lot more people were getting rich. Meanwhile, according to the House Ways and Means Committee, tax savings in 1992 for families in the upper 1 percent income bracket, total tax savings, totalled \$41,886, a result of the drop in the effective tax rate for those families—it is the upper 1 percent—from 35.5 percent in 1977 to 29.3 percent in 1992.

So the point that the gentleman makes is absolutely right. When we talk about why we have a \$4.7 trillion debt, how can we not talk about the huge tax breaks given to the wealthiest people in America and to the largest corporations?

Mr. DEFAZIO. If the gentleman would yield for a moment, perhaps we can bring the discussion to what we are confronted with today.

The House Republican budget starts out moving the United States toward a balanced budget by first further reducing taxes on the most wealthy, those who earn over \$100,000 a year, and on the largest, most profitable corporation by \$353 billion.

So they first start with a—here we are. We are in the hole. We are all agree we need to have fiscal responsibility and move toward a balanced budget. First thing we do is we make the hole \$353 billion deeper in order to benefit people who earn over \$100,000 a year and in order give further tax relief to the corporations, and, as the gentleman from New York pointed out, who were paying taxes at about—what is it? About a quarter, a third of the rate—

Mr. SANDERS. Let us repeat that once again. Let me just ask the gentleman this question: Every day we hear about the crisis of our national debt, every day, every day, and we all understand the importance of that. Is the gentleman suggesting that one of the major ways the Republicans are proposing to deal with our national debt is to give huge tax breaks? Is that a strategy to deal with the deficit?

Mr. DEFAZIO. We are revisiting trickle-down economics, the theory that, if we give those people who are much smarter than we are, who earn, you know, over \$200,000 a year and control these corporations more money, that they will create more jobs and the

effects will trickle down. We are right back to the failed trickle-down policies of the mid-1980's. Those policies brought us record debt, record deficits and, as the gentleman pointed out, consistently caused the decline in the standard of living of middle-income families.

Mr. SANDERS. Let us review, if I might. Let us review again who is getting those tax breaks. Obviously, one would think that, if one decided to give tax breaks, and that is a debatable issue, clearly you were giving it to the working people, the people who are in most trouble. Interestingly enough, if you look at the Republican budget, the wealthiest 1 percent, the people who need the tax breaks the least, are getting more in tax breaks than the bottom 60 percent.

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Mr. DEFAZIO. You are talking at the top, generally the people in the top will be getting breaks that average up to \$40,000 off of their taxes, compared to \$500 for a \$40,000 a year family. This is not restoring equity to the tax system.

Mr. OWENS. What is important for the American people to understand, and you ought to listen carefully and ought to demand from your Congressman an explanation as to why this is happening, why are you giving these tax breaks to the rich? Why are you continuing the trickle-down theories of Reaganomics?

Ronald Reagan's explanation, he had an explanation, and he gave it, and it has been proven to be totally wrong, that if you will give the appropriate tax cuts and tax breaks to the rich and to the corporations, their investments will create activities which will in turn create jobs. The investment activities, will create jobs.

It is obvious, the empirical evidence showed it did not happen under Reaganomics. It will not happen now either. We have wealth being accumulated in this country at unprecedented rates. The very rich are getting rich faster. Wall Street is booming. Yet no new jobs are being created. The jobs are going the other way. You have a jobs economy over here and a Wall Street economy over here, and there is no relationship between the two, because as they invest more money they can buy more automated equipment or take their operations overseas and manipulate in many, many different ways to make additional money off their investments without creating jobs. They are downsizing the jobs, they are streamlining, they are doing all kinds of things where they have no bargaining power. We are all going to end up being suburban peasants or urban serfs, who have no choice almost, because of the tremendous power of these corporations.

The power we have as voters in this democracy is to demand that we begin to reverse this by forcing those who are making the wealth to pay more into the general funds that are needed in

order to promote the general welfare and provide for the public sector investments that are beginning to drive the economy in a different direction.

Mr. SANDERS. The gentleman makes a very important point. The theory of giving tax breaks to the rich and to large corporations is if we give them tax breaks, they are going to re-invest in our communities and create jobs. It sounds like a good theory. Unfortunately, all of the facts indicate that that theory is totally bogus, given the reality of what is happening. The gentleman from New York points out that major corporation after major corporation, the same ones that got huge tax breaks in the early eighties, the same ones the Republicans want to give huge tax breaks to now, what they have done is use those tax breaks to develop more automation. Major corporation after major corporation has laid off huge numbers of American workers. We are talking about millions of workers.

The other thing they have done after we give them tax breaks, is they invest abroad. They are investing in Mexico. Why do you want to pay an American worker ten bucks an hour, fifteen bucks an hour, when you have a Mexican working for a buck an hour? How about China? How many Americans know that American corporations are investing tens of billions of dollars in China. Do you know what the wages are in China? Twenty cents an hour. Last year American corporations invested \$750 billion abroad. Every major in America, every Governor in America, is begging on their hands and knees for corporations to reinvest in their communities, and these corporations get the tax breaks and they go abroad.

Mr. DEFAZIO. If the gentleman will yield for a moment, I would like to point out it was the esteemed Speaker of the House of Representatives who said that in fact we cannot raise the minimum wage for the American working people because of our competition with Mexico. Of course, the Speaker supported the North American Free Trade Agreement, which I bitterly opposed and have introduced legislation to repeal. Just to recap on that, we were told it would create jobs in America. We were told that it would help the United States balance of trade, it would stabilize Mexico.

Those of us who opposed it said we believe we will export jobs, we believe that we will run a trade deficit with Mexico, and we believe that it will further destabilize Mexico. We were a little bit wrong, because we could not realize that not only would it destabilize Mexico, continue the current corrupt system, that the peso would be devalued and the standard of living would fall by nearly 40 percent for every Mexican worker, but that we would be running already this year, we are headed toward a \$20 billion trade deficit with Mexico, which means we will export 400,000 jobs to Mexico this year.

We never could have predicted we would have to pay for the privilege of exporting our jobs to Mexico, which is what we are doing today with the bailout of the speculators who were so actively engaged in the Mexican economy and the few billionaires who run the Mexican economy and the corrupt political system they have.

U.S. tax dollars are going to bail these people out. We are paying for the privilege of running a trade deficit. The Speaker tells us we cannot raise the minimum wage for the American workers because they have to compete with the Mexican workers, whose salaries just went down by 35 percent. And then on another day he said, "By the way, the competition is in south China." So apparently we have already quickly moved from Mexico, because those people are earning as much as a dollar an hour, and now suddenly the American workers not only have to compete with them, the American workers are not supposed to compete with slave labor in China, or those who are paid at the rate of 20 cents an hour.

Mr. OWENS. Could the gentleman just linger for a minute on Mexico. I hope that, again, every American voter ought to be angry. There is good reason to be angry. But we ought to focus and direct our anger in ways which are more effective and at the real source of the problem.

I said before we ought to be angry at the fact that corporations have gotten away with so much over the last 30 years, and certainly they have dropped all the way down to now paying 11 percent of the tax burden while individuals and families are paying 44 percent of the tax burden. That is enough to be angry about.

But Mexico in particular, it ought to make us turn red, all of us, with anger, because we first have NAFTA, a situation which was created by a sweeping change in public policy, that created a situation which was even under the best circumstances going to hurt the American workers. It was designed to make the rich get richer, to have the corporations have every advantage in terms of export, import, exploitation of cheap labor in Mexico. All of it was designed to help those same people that the Republican tax cut is going to help.

On top of the inevitability of it hurting working people comes an additional burden of us having to bail out the Mexican economy to the tune of \$20 billion. It is enough by itself for you to be angry at the Government. When I say government, I do not mean just President Clinton, I mean also the leadership of the House and the Senate, and all of those great majority of the Members of Congress who went along with NAFTA and GATT. You ought to be angry, you ought to talk to them about the mistakes that they have made, and they have to reverse those mistakes. They have to now focus on an economy which is going to promote the general welfare of America.

The Japanese are being criticized for their protectionist trade policies, their closed society. The Japanese protects its middle class society. It almost has no poverty class as a result of the fact it takes the necessary actions to guarantee everybody is going to be able to make a living. So be it. Let the United States also. As voters we can demand a series of public policy decisions which lead to the protection of our way of life, of our standard of living, and we can make contributions to the rest of the world in terms of holding up that model.

Unfortunately, we have let the situation deteriorate to the point where we are headed rapidly to the bottom in terms of the standard of living of our workers, while Germany has the highest standard of living in the world. And I am not criticizing that. The German worker gets 6 weeks vacation, family and medical leave off with pay. They have very high wages. I am not criticizing them for that. It could happen here, if we had a different set of public policies and took control of our Government.

Every person who votes has an opportunity to have an impact on this public policy. America, we should stop sitting by as spectators while the Committee on Ways and Means and the White House and NAFTA, GATT, and all these other institutions weigh down upon us and force our standard of living down.

Mr. SANDERS. The gentleman makes two, I think, very, very important points. He explains that in America we are angry, and we have good reason to be angry. But what the Rush Limbaughs of the world and the Republican leadership are trying to do is getting us all angry at each other.

Every day it seems like there is a new group that we are supposed to hate. On Monday we are supposed to hate the gays, and on Tuesday we are supposed to hate the immigrants, and on Wednesday we hate the welfare recipients, and Thursday it is antiblack day, and Friday it is antiwoman day, and on and on it goes. And yet we are never focusing on the real group of people who hold the power in this country, and that is the very, very wealthy and the large multinational corporations who contribute huge sums of money to Members of this Congress, who control this Congress and write the agenda for this Congress.

I think what all of us are saying, in different ways, is that maybe the time is long overdue when the middle class and the working people and the low-income people and the women and everybody else began to stand together and say that there is something wrong when our standard of living is going down and when the richest people get richer.

The gentleman from New York made a good point. There are some people who still hold the illusion that we are No. 1 in the world, we are the wealthiest country in the world. Not for work-

ing people you are not. Germany, manufacturing workers in Germany now make 25 percent more than our manufacturing workers.

Do you know why corporations from Germany and Scandinavia and Europe are investing in America? Cheap labor. We now can give them cheap labor. That is what is happening. And that is a real shame.

What I would like to do now with my colleagues, if we might, we want to talk about the budget, the Gingrich budget, the Clinton budget. We are trying to give some background as to how we got to where we were. We talked about the fact that one of the reasons for the national debt is huge tax breaks for the rich and the largest corporations. There is another area that is worthy of at least some discussion, given the vote today, and that is the role of military spending.

Remember, \$4.7 trillion debt. Obviously the cold war is over. The Soviet Union does not exist. Clearly I would imagine that today, having voted on the military budget, there was a major decrease in military spending. Is that correct, Mr. DEFAZIO?

Mr. DEFAZIO. Well, the gentleman knows that in fact the second part of the major part of the plan of the new Republican majority to bring us to a balanced budget after the massive tax break for the wealthy and the large corporations is the increased military spending. It is obviously an absurd formula. You cannot spend another \$92 billion over the next 7 years on the military to build weapons that even now the Pentagon said it does not want, it does not need, and have no practical purpose.

The House voted this week, with very little exposure to the public. This bill was brought forward under a very restrictive rule and we were allowed one amendment on the B-2 bomber. At \$1.5 billion each for bombers which the Pentagon says have no purpose in the post-cold-war world, and yet the House of Representatives voted by a substantial margin, lockstep on the Republican side, followed by a number of Democrats, to build another 10 B-2 bombers at the cost of \$1.5 billion each, something the Pentagon said it does not want, does not need, and cannot use, in addition to putting more money into the star wars fantasy.

We have spent \$36 billion on star wars since Ronald Reagan first unveiled this vision in the early eighties and you know what the net result is of the money on star wars? One faked test over the Pacific Ocean, and the Pentagon admits they faked it. They could not hit the incoming missile. One missile, not a fleet. They put explosives in it, they hit a button, it blew up, and they said look, star wars works. It does not work, and it is a very expensive fantasy.

Mr. OWENS. I want to linger for a moment on the B-2 bomber, the cost of building the B-2 bombers. I think is a

\$31 billion price tag over a 5-year period.

Now, the B-2 bomber, the Air Force said we do not want it, we do not need it, it actually is counterproductive because it will mean funds will be spent for an item that we do not need and they will be taken away from many items we do need.

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So the Air Force says that. The Joint Chiefs of Staff says that we do not need it. We do not need it. We do not want it. The Secretary of Defense: We do not need it, we do not want it. It is not in the President's budget. He does not need it and he does not want it.

I am sorry, but I think every voter out there ought to ask their Congressman, did you vote to continue the funding for the B-2 bomber? If you did vote to continue the funding for the B-2 bomber, in light of the fact that all of the experts, all of the military, everybody says we do not want it, we do not need it, it is a waste, then you have no right to talk about waste in Government ever again. You have no right.

That was a perfect example. Why would anybody vote for the B-2 bomber? It is the worst kind of pork. It is the pork from the military industrial complex, the people have been absorbing much too much of our budget over the last 20 years. It is pork, pork, pork. It will generate a profit for the people who manufacture the bomber. It will generate a profit for the stockholders who will have invested in that corporation. It will generate some jobs for some workers. But you could create three times as many jobs for \$31 billion in the civilian sector if you choose to spend the money to create jobs than you can create by building B-2 bombers.

Mr. SANDERS. I want to keep the discussion moving in this direction. All of us, the three of us, and almost everybody in the Congress recognizes that we have a very serious deficit problem, very serious national debt. But what we are talking about and wondering about is how do you move to lower the deficit when you give huge tax breaks to the rich, when you expand military spending, despite the fact we do not quite know who our enemy is, when you build planes that the Pentagon does not want.

But if you are going to move toward a balanced budget in 7 years, as Mr. GINGRICH wants, or 10 years, as the President wants, something has got to give. If you give tax breaks to the richest people in America, you are going to have to cut someplace. If you build \$31 billion of B-2 bombers that the Pentagon does not want, you are going to have to cut someplace. Let us briefly talk about some of the areas where there will be cuts. OK?

Medicare. What are they doing to Medicare in order to give tax breaks to the rich?

Mr. DEFAZIO. It is interesting, we had a lot of discussion of health care

here last year. We had considerable opposition on the Republican side of the aisle and they said there was no problem with the health care system. It did not need a Federal fix. They did not mention Medicare as being in deep trouble or being bankrupt.

They came up with a Contract on America to run for election. There is nothing in there about health care or Medicare. Earlier this year we passed emergency legislation, the rescissions legislation and the emergency spending for disasters. No mention of a disaster impeding in Medicare or a need for changes in Medicare.

It was only after legislation had been adopted to cut taxes, predominantly for people who earn over \$100,000 a year and the largest, most profitable corporations by \$350 billion that suddenly we found that we need to reduce Medicare spending by nearly \$300 billion.

A cynical person would say there was some linkage between the sudden need to reduce Medicare spending and the huge tax giveaways. Of course, that is denied. They want to reduce Medicare by \$300 billion in order to improve the program for seniors, the same seniors now who cannot afford prescription drugs, if they can afford the co-payment to go to the doctor and get the prescription. We are going to improve the system with no plan but just by reducing it by \$283 billion over the next 7 years.

Mr. SANDERS. So what are we talking about? Again, please follow the discussion: huge tax breaks for the rich, significant increase in military spending, major cutbacks in Medicare, which will undoubtedly mean that elderly people who today cannot afford the cost of health care will have to pay more out of their own pockets, major cutbacks in Medicaid to impact on the elderly and the poor, major cutbacks in veterans' programs.

I always get a kick out of whenever there is a war, everyone tells us how much they love our soldiers and the veterans. But let us be clear. In the Republican budget and in Clinton's budget, we are talking about many billions of dollars in cutbacks for our veterans, many of the people who fought in World War II, they defeated Nazism, the VA needs more help, not less money.

Also we are talking about major, major cutbacks in student loans and in education. I know that Mr. OWENS and his community are very concerned about the high cost of education. We want our people to get a college education. What does this budget do to the ability of your constituents and mine to get a college education?

Mr. OWENS. Well, New York City has a long tradition of having education available at the higher education level for great masses of students. New York City has been the place where large numbers of immigrants have come in and found opportunity. Our City University was established at the height of the Depression, so we were able to

maintain City University during the Depression, and now we are saying we cannot do it. We have to increase the tuition cost.

First of all, for years there was no tuition at all, and then we imposed tuition, and now we have to increase the tuition cost because we are getting less aid from the Federal Government and less aid from the State government. So at a time when the society is far more complex than ever before, at a time when we are stating clearly that any person who does not have a high education is at great risk in terms of being able to be employed for most of his life, and on the other hand those that do have higher education, statistics and studies have shown they cannot be employed, they put back in the economy, they give back to the government through the payment of income taxes and they are more productive citizens. All of those things are highly desirable. Yet in the Republican budget they go so far, not only do they make it more difficult for college students by adding to the burden of their college loans, they eliminated the Department of Education totally.

The elimination of the Department of Education means you have no coordinated approach to education and a situation every day where education becomes more important.

I would like to backtrack for just a minute to make a comment on Medicaid. Very little is being said about Medicaid because it is assumed that Medicaid is for the poorest people in the country. Therefore, Medicaid has no political clout. We are just going to dump them overboard. The Republicans are proposing to take away the entitlement to Medicaid. Entitlement means that everybody who gets sick, who is eligible because they do have to pass a means test and they have to be income eligible. That person is guaranteed to have assistance from the government on health care once they qualify.

To take away that entitlement means that if people get sick near the end of the budget cycle they will be told by the State that there is no more money. Medicaid is being cut more drastically than Medicare, and Medicaid is not just a program for the poorest families. Two-thirds of the Medicaid funding goes to the elderly and to the disabled.

Many people who start out as middle class citizens when they get ill and are ill over a period of time, they are forced to spend so much money until they end up in nursing homes, and those nursing homes are paid for by Medicaid. The largest percentage of Medicaid funds are going to nursing homes. So we are not, I hope that the voters in general frown on creating a second class health care system for poor families, but you are not just hitting poor families in that second class health care system. You are hitting people who will become, that they will drop out of the middle class and be-

come nursing home patients, and Medicaid will have to pay that bill.

Mr. DEFAZIO. Just on the education issue which the gentleman raised, we adopted in the last Congress an innovative idea. That is, why not have the schools make direct loans to the students, take out the banks as middle persons. The banks have been getting very high rates of interest for loans that have no risk. The idea is you get interest because of risk. The president of the University of Oregon at the time came, did calculations and he said that for the same amount of Federal money we could give another 600,000 students full entitlement to student loans if we just took the banks and the bank profits out. The Federal Government lends the money through the schools and, you know, the Federal Government knows how to collect money. They know where everybody is.

So I am not worried about defaults. But do you know what, the Republican budget wants to do away with direct student loans and put the banks back in the middle. That means take away the loans of 600,000 students so that the banks can make a guaranteed profit on a risk-free loan backed by the Federal Government.

That is just one more form of corporate welfare, and that I think segues us back into what is a better vision for a balanced budget. And I would just like to, I have to leave the floor; if I could just lay out a couple thoughts and then I will yield to the gentleman.

The idea that we have talked about earlier which is that the largest, most profitable corporations are not carrying their fair share, that foreign corporations are virtually paying no taxes in this country, that the largest gold mining operations in the United States on public lands are foreign owned and paying no taxes to the United States of America. There are estimates that there is \$150 to \$200 billion a year, credible estimates that come from the far right, the Cato Institute, to the Progressive Policy Institute that say there is about \$150 to \$200 billion a year of corporate welfare out there. And if we went after just a fraction of that, we would not have to see any of these cuts in order to get to a balanced budget. Just a fraction of those revenues linked to reductions in military spending would move us dramatically in the direction we need to go.

Mr. SANDERS. I applaud the gentleman's remarks. He is absolutely right. I know the three of us and many others have been trying to focus this Congress on the issue of corporate welfare. When most Americans think about welfare, they say, my money is going to those poor people. Wake up. More money is going to the rich and to large corporations in terms of Federal subsidies and tax breaks than are going to the poor people.

I know Mr. OWENS worked on the issue of corporate welfare. I know you have some thoughts on it. Would you share some of those?

Mr. OWENS. Again, the burden that was borne by corporations in 1943 was 39.8 percent of the total tax burden. The burden that corporations have, the portion of the tax burden that corporations bear now is only 11 percent. Individuals started in 1943 about 27 percent, and now individuals are paying 44 percent of the tax burden. That is a fact that I cannot emphasize too much.

I think Mr. DEFAZIO has said before that one way you can gain a large amount of revenue, I do not have the actual figures before me, but they were all listed in the Congressional Black Caucus budget, we listed specifically where we would find the money, which added up to almost \$600 billion over a 7-year period, \$600 billion that would have come from such items as one mentioned by Mr. DEFAZIO, if you change the way you tax foreign corporations, if you change, just make a change from a tax credit that you utilize at one point and make it a tax deduction, you gain enormous amounts of money.

If you close a lot of various loopholes that have been made over the years, the oil depletion allowance is still there, it has been there forever. There are numerous loopholes that have been developed because the corporations have literally owned the Ways and Means Committee and the Ways and Means Committee, whether Democrat or Republican, has had the same approach of being the servant of corporations. So down, down, down has gone their portion of the tax burden, while the individual's portion has gone up.

Mr. SANDERS. Let me just pick up and give you a few more examples.

We talk about Federal aid to housing. The leadership here in the Congress says, we cannot afford affordable housing anymore. In fact, one of the lovely proposals was to cut back on Federal aid to homeless people with AIDS. We just cannot afford to provide any money to keep those people alive.

Let us talk about another interesting Federal housing program. That is the mortgage interest deduction up to mortgages of \$1 million. Now, most of the people that I know in the State of Vermont, they do not have million dollars homes. Maybe it is \$100,000 a house; maybe it is a \$200,000 house. That is true throughout America. But interestingly, if you got a million dollar mortgage, the house can be worth more than a million dollars, you can deduct the interest on a million dollars of your mortgage.

Who gets that benefit? Think it is low income people? Middle income people? No. Obviously, upper income people who own the large houses are the major beneficiaries of that program. That is called welfare. But that is a different type of welfare, because you are helping the wealthiest people in America.

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Another program that I have paid a little bit of attention to is called OPIC, the Overseas Private Investment Cor-

poration. The gentleman from New York [Mr. OWENS] and I were talking about the decline in our economy for working people. We are seeing corporations investing \$750 billion abroad while they are throwing American workers out on the street.

The American taxpayers would be delighted to know that they subsidize this Federal agency, OPIC, \$50 million a year, and what does this agency do? Its main job is to help American corporations invest in politically unstable countries abroad.

We have AT&T, DuPont, GTE, Ford, the largest corporations in America, while they are busy throwing American workers out on the street, they are getting taxpayer help in order to invest in politically unstable countries. If there is revolution or civil war in those countries, we have provided insurance for them, and in fact have a \$6.3 billion insurance liability, and on and on it goes.

The point that the gentleman from Oregon [Mr. DEFAZIO], the gentleman from New York [Mr. OWENS], and I are trying to make is that we can move toward a balanced budget, but we can do it in a fair way. We do not have to savage Medicare, Medicaid, Head Start, WIC, student loans, food stamps, and many, many other programs that tens of millions of Americans depend upon.

One of the programs that the Republican leadership has proposed to eliminate is the LIHEAP program, which provides fuel assistance for low-income people; 40 percent of the recipients are senior citizens.

In my State of Vermont it gets pretty cold in the winter, 20 below zero, 30 below zero. We have a lot of low-income senior citizens who cannot afford the money for oil and gas to heat their homes. That will be eliminated. However, we can continue to provide an enormous amount of money for corporate welfare.

Mr. OWENS. Mr. Speaker, I just want to go back to the corporations' swindle in terms of their reduction of their share of the tax burden over the years, and mention that if you change the way you tax investments, income from investments, and the way you tax capital gains, which they are always trying to change, of course the Republicans want to lessen the rate on these items.

The Bible says man shall earn his living by the sweat of his brow. Those people who really sweat to earn their living, they are charged the highest rate. They are taxed at a higher rate than people who never sweat.

They make investments, they sell and buy items, and they make enormous profits, and that income is taxed at a much lower rate than the income earned by the guy out there in the plant who goes to work every day. Why? What is the justification?

There is no justification, except that the people who make the investments and who have the greatest gains from capital gains, they have the power. They have the power, and public policy

allows them to be taxed at a rate which is much smaller than the rate of the person who works hour by hour for wages.

The wage earner has seen his taxes go up tremendously over the last 12 years. They do not call it taxes, as in the payroll taxes, the Medicare. There are various ways in which the take-home pay of the wage earners has been drastically reduced, at the same time we have had all these various programs to subsidize and to help increase the income of people who earn their income from investments and from sales or capital gains. Enormous amounts of money can be realized by changing the way we tax the capital gains.

Mr. SANDERS. The gentleman is absolutely right. What we have here is the Robin Hood proposal in reverse. We take from the middle-class and working people, and we give to the very, very wealthy.

I think the main point that we wanted to make this evening is that we also are concerned about a \$4.7 trillion national debt and the very high deficit that we have, but we think that it is extraordinarily unfair to move toward a balanced budget on the backs of the middle class, the working people, and the low-income people, when at the same time we are giving huge tax breaks to the wealthiest people in this country, expanding military spending at a time when we do not need to do so.

Mr. Speaker, our hope is that the American people begin to focus on this issue and demand a little bit of justice in this Congress, so we can deal with the budget and with our deficit in a fair and reasonable way.

Mr. OWENS. Mr. Speaker, I would like to close on an upbeat note. America has a great future. The civilization of the Western world has a great future. Science and technology now drive wealth in the world. The more educated people we have, the more we build on the base of science and technology, the faster the wealth will increase.

The great injustice is that only a few people share in the benefits of this science and technology. It was created by people whose names we never know, by people whose names we do know, but they never derive any direct wealth from it, and we have built on it.

A lot of science and technology has been created by the American taxpayers. Many of the investments that are being made so profitably now on Wall Street related to the telecommunications industry, the computer industries, those were built upon research and development done by the military using the money of the American taxpayers.

All of us have a stake in this wealth that is being created by science and technology. The future of the world lies in this direction. If we focus on education and increase the number of educated people in the country, we can generate enough wealth to be able to meet all of the needs of all Americans.

If we use new revenue techniques, more creative techniques for getting revenue, so we derive the revenue from the areas where the greatest increases in wealth are taking place, then we can always meet all of the needs of all Americans without pain and suffering.

I think we can look forward to the future and not see a doomsday scenario of inevitable, ongoing deficits forever and ever, or suffering by the American people as a result of trying to reduce the deficit.

Mr. SANDERS. I thank the gentleman from New York for his thoughts, and I thank the gentleman from Oregon. What we are fighting for is an America which will provide well for all of our people, and not an America in which the rich get richer, and most of the people see a decline in their standard of living. I thank the gentleman.

THE REPUBLICAN TAX PLAN

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Florida [Mr. STEARNS] is recognized for 10 minutes.

Mr. STEARNS. Mr. Speaker, I am delighted to come down here to talk about the Republican budget, and specifically, the Republican plan to reduce taxes. I saw, Mr. Speaker, that the President came out with his own budget. As many of you know in the House, we have included tax cuts that amounted to \$350 billion. It included a \$500 tax credit for every child in America, plus it reduced capital gains.

The Senate does not have these specific cuts, but they cut \$170 billion if we balance the budget. However, I notice in the President's budget he included a middle-class tax cut. It includes 96 billion dollars' worth of cuts, including a \$500 credit per child, and \$10,000 college tuition credit for families earning less than \$100,000.

I think, Mr. Speaker, when we talk about reducing taxes, it looks like the President of the United States has come on board, too. I would like to just briefly, in this 10 minutes, set the record straight. We have heard for too long now the Republican budget contains a tax cut that hurts the poor and benefits the rich. How can I say this, Mr. Speaker. There is no truth to this claim.

The Democrats argue that the Republican tax cut would benefit only the rich, when the fact is that the major component of our tax package, as I mentioned, is a \$500 per child tax credit for families. Of the \$189 billion in tax cuts we proposed over 5 years, \$94 billion, or fully half, goes directly to families in the form of the \$500 per child tax credit.

Families receive other tax benefits, including expanded IRA's, repeal of the marriage penalty, and incentives for long-term care insurance. All told, families would receive \$114 billion worth of tax relief under our plan.

Democrats have argued and tried to argue that because of the \$500 per child

tax credit, it applies to families earning up to \$200,000. It looks like the President here has \$100,000. They go on to say this is somehow a tax cut for the rich, as though the children of high-income Americans are less deserving of tax relief than others. But even this argument is false, since according to the Joint Economic Committee, fully three-fourths of the \$500 per child tax credit would go to families earning less than \$75,000.

For low-income Americans, the tax credit is even a better deal. Nearly 5 million Americans at the lowest income levels would no longer pay any taxes at all. So I am tired, and I think the American people should be tired, of the same old class warfare rhetoric that the Democrats continue to haul out every time we talk about tax cuts.

The Democrats seem to believe the rich are the only people who have children, who got married, and that earning \$75,000 makes you rich. The truth is the Republican tax package benefits all Americans. It is particularly beneficial to all families, but it also benefits groups, such as seniors.

For starters, our package calls for the repeal of the 35-percent Social Security tax hike President Clinton rammed through in 1993. The Republican plan brings the rates on singles earning more than \$34,000 and couples earning more than \$44,000 back to 50 percent. We would also raise the earning limit on Social Security benefits. Instead of \$11,280, seniors can earn up to \$30,000 before Social Security taxes kick in. The total savings for our American seniors is \$30 billion. That is important to make that point.

Furthermore, the Republican tax package gives all Americans a 50-percent capital gains tax. According to a study released by the Joint Economic Committee, nearly 70 percent of those Americans who claim capital gains have incomes of less than \$50,000.

Republicans will ease the burden on overtaxed businesses, too. Our plan would save American businesses \$21 billion over the next 5 years, money that will be reinvested and returned again and again to the consumer in lower prices and in higher working wages. Mr. Speaker, the Republican package will save Americans \$189 billion over the next 5 years. That is \$189 billion that all Americans would be able to share and spend and reinvest in America. The best thing about it is it is all paid for in the budget. We put a down payment on the savings when we passed the rescission bill. It is unfortunate the President vetoed it. We paid for the rest last week when we approved the Republican budget with the spending reductions.

Of course, the Democrats will argue these spending reductions will affect only low-income Americans. Again, they are wrong. Our budget represents across the board spending reductions, reductions that would affect all Americans. It is just that those with their hands out, those who receive most for

doing the least, will be affected more. This, Mr. Speaker, is simply a fact of life.

It should be pointed out, though, that most of our savings were achieved through flexible freezes and not the elimination or reduction of very many programs. However, it is amazing. The Democrats portray the flexible freeze as a cut, despite the fact that spending actually continues to increase. It simply does not increase at the same budget-busting rates as have been proposed here for 40 years.

The best example of this paradox is the Medicare debate. Clearly and emphatically, the Republican tax cuts have nothing to do with slowing Medicare spending increase. Medicare is funded by a payroll tax that goes into a separate trust fund. That trust fund will go bankrupt in the year 2002. That is what the trustees of the Medicare trust fund who have told us. The fact of the matter is, the Democrats know this, but insist on misrepresenting the tax cuts to hide the fact that they do not have a balanced budget here in the House. Now the President of the United States has come out with a balanced budget.

I see in several of the papers today that some of the Democrat leaders in the House here are upset that the President put forth a balanced budget program, even though it is over 10 years.

Frankly, Mr. Speaker, what the Republicans have done is then infused the economy with \$189 million, cut needless and duplicative programs, eliminated wasteful spending, and salvaged America's future.

Now the only strategy left for the Democrats is to misrepresent what we have done. However, Mr. Speaker, for 40 years they have had the opportunity to run this country, so I ask everybody to ask this question: Are we better off now, or are we better off when they took power?

Forty years ago there was no national debt to speak of, and Americans paid only 3 percent of their income to the Federal Government. Today we have a \$5 trillion national debt and the average American family pays a full 25 percent of its income to the Federal Government. Taxes at all levels of Government now consume 40 percent of the average family's income, more than they spend on food, clothing, and shelter combined.

Mr. Speaker, we have suffered through 40 years of tax increases and 40 years of big government. Finally, Republicans have reversed a trend and set our country back on track. We have found a way to ensure a future for our children, we have found a way to let American taxpayers keep more of their own money, and we have found a way to remove the burden of bureaucratic spending from our government.

Mr. Speaker, it is time for the loyal opposition to face the facts. They have left it up to the Republicans to balance the budget, to tackle the impending