

EXTENSIONS OF REMARKS

CORPORATE LEADERS SHOULD CONTRIBUTE TO BUDGET SACRIFICE

HON. GEORGE MILLER

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, January 3, 1996

Mr. MILLER of California. Mr. Speaker, the budget discussions are about fundamentally important issues. For instance, nearly 50 Democratic Members of the House who are prepared to make tough budget choices are asking corporate leaders, who have called for fiscal discipline, to declare the sacrifices they are prepared to make for deficit reduction.

After all, we are talking about some of the richest people in the country, paid millions of dollars a year. And the Republican budget bill will make them richer still, thanks to reduction of the alternative minimum tax, lower capital gains taxes and extended tax loopholes. Some, like ASARCO and Chevron, stand to gain billions from royalty-free giveaways of public resources.

Are they prepared to pay a fair share of corporate taxes, which are just one-third the level in 1954 despite a 14 fold increase in profits?

Will they pay their employees wages and benefits that support a family, so that the taxpayers can stop subsidizing their corporations through welfare, food stamps, Medicaid and tax credits—all targeted for big cuts in the Republican budget?

There is something unseemly about some of the richest people in America demanding a budget that preserves their perks and penalize the poor—many of whom they employ.

CONGRESS OF THE UNITED STATES,

HOUSE OF REPRESENTATIVES,

Washington, DC, December 22, 1995.

DEAR SIR: We have seen the recent advertisement which you signed with 90 other CEOs. I am glad to know that we share a common goal of cutting federal budget deficits. You and the other cosigners of the letter make it clear that as corporate leaders you would like entitlements such as Medicare, Medicaid and Food Stamps which affect the nation's poor and elderly be put on the table. Believe us, those items are on the table and are almost certain to take a major hit in any likely resolution of the current impasse.

While it appears you are willing to offer up substantial sacrifice on the part of the nation's poor and elderly, it is not clear what you are willing to put on the table. We would like to know if Corporate America in general and your corporation in particular are willing to play a role beyond offering sacrifice on the part of others. These are some questions which illustrate the possible contributions which corporate America might consider.

CORPORATE TAX BURDEN

During the 1950s Corporate America paid a much bigger share of the cost of government. In 1954, corporate taxes accounted for 30% of all federal revenues. Corporations will pay only 11% of the taxes collected by the federal government this year despite the fact that

corporate profits have increased 14 fold in the intervening years. If the same share of profits were paid in taxes this year as in 1954, the federal deficit would be eliminated in one year with no cuts required in Medicare or any other program. Are you willing to accept a larger share of the federal tax burden, a share more in line with that which corporations bore in the 1950s (a period remembered as a time of growth and prosperity for rich and poor alike)?

ACCEPTING A MINIMUM TAX (REGARDLESS OF LOOPHOLES)

A central proposal in the House Republican budget is to eliminate the Alternative Minimum Tax for corporations such as yours. This would allow numerous large and profitable corporations to exploit tax loopholes and pay no federal taxes whatsoever. Would you commit your corporation to continue to pay the current minimum tax level regardless of the loopholes, deductions and exemptions that the Republicans promise to enact?

WORKER HEALTH BENEFITS

A major cost to the Medicare and Medicaid programs is the additional payments that they and other payers in the health care system must make in order to cover the cost that hospitals, clinics and physicians incur treating the more than 30 million Americans who have no health benefits. Most of these uninsured patients are either employed or are dependents of Americans who have jobs but not health care coverage. How many of your employees do not have full health care coverage? Are you willing to extend coverage to those employees so that the federal government, private individuals and corporations don't have to continue picking up the tab?

PAYMENT OF LIVING WAGES

Millions of Americans who have full time jobs, earn too little money to support their families. As a result, many workers qualify for Food Stamps, the Earned Income Tax Credit and numerous other federal programs. How much do your lowest paid workers make? How many of your workers are a drain on the federal treasury because they are being paid less than the amount required to feed, clothe and provide minimal shelter to their family? What is the current multiple of the salary and benefits received by your lowest paid workers and that paid to you and your senior executives? How has that multiple changed over time? If your company would return to the multiple that it maintained during the 1950s, how much would it allow lower rung wages to rise and how much would that reduce the drain that your employees place on federal programs?

PAYING YOUR FAIR SHARE TO LOCAL GOVERNMENTS

The federal government has attempted to improve the quality of local schools by making direct federal payments to local school districts so that they can hire more qualified teachers, reduce classroom size and toughen academic requirements. Those efforts are now facing substantial cutbacks as the result of various budget balancing proposals. At the same time American corporations are forcing local communities to bid against each other, offering up huge tax concessions to persuade you to locate facilities in their area. Many of those tax concessions come directly out of the budgets of local school dis-

tricts. Is your company willing to cease such practices and is it further willing to pay the appropriate level of taxes in communities where it is now located without respect to earlier tax concessions made by those communities? That would do a great deal to help build a better trained and educated workforce that in the end would be a real boon to corporate America. Further, it would help offset the decline in federal funds that the schools are likely to experience if this budget package is adopted.

HELPING EMPLOYEES BE BETTER PARENTS

The federal government provides grants to local communities to provide child care simply because many employers refuse to do so despite indications that on site day care improves productivity, employee retention and loyalty. In addition, it helps workers be better parents and that results in a better, stronger society in which corporations can expect to be more profitable. Would you be willing to reduce the need for federal grants for daycare assistance by extending daycare services to a larger share of your employees.

CEASE BUDGET BUSTING LOBBYING ACTIVITIES

Many corporations hire lobbyists that actually encourage the federal government to spend *more*—not less—money, provided that the money will flow into corporate coffers. This year for example corporate lobbyists succeeded in persuading the Congress to spend \$7 billion more at the Department of Defense than the Department had requested. Much of this went for new procurement of fancy new weapon systems which the military had not asked for but which will produce fat contracts and subcontracts for many of the Fortune 500. It might help to balance the budget if Corporate executives such as yourself made a commitment not to send lobbyists to Washington to ask Congress to spend money that the Pentagon and other portions of the Executive Branch are not asking for. Would you make that commitment?

A FAIRER DISTRIBUTION OF THE INDIVIDUAL TAX BURDEN

Most senior executives in America's largest corporations benefit from not only the highest salaries of corporate leaders anywhere in the world, but stock option and benefit packages which are worth in many instances millions of dollars a year and have become increasingly generous in recent years. The value of these packages has increased even further as a result of the tremendous run up in stock valuations in recent years. The stock of many companies can attribute their spectacular growth to the wage concessions of their employees. As Business Week pointed out this spring "the combination of high productivity and tepid wages increases is pushing corporate profits through the roof" and as every investor or stock option beneficiary knows stock prices move in direct multiples to profits. The Republican budget includes a big cut in capital gains taxation which makes the windfall for corporate leaders such as yourself even greater. But there is another policy option. Since events of the last decade have allowed you and your cosigners to grow far richer than earlier generations of corporate managers at the same time that the lot of most of your countrymen has declined, you could offer to pay more tax rather than less.

You probably won't want to help out in all of the respects listed above. But perhaps

• This "bullet" symbol identifies statements or insertions which are not spoken by a Member of the Senate on the floor.

Matter set in this typeface indicates words inserted or appended, rather than spoken, by a Member of the House on the floor.

some of these items could be put on the table. Whether or not they are adopted, it would at least make the elderly couple who has to pay more of their Social Security check for Medicare coverage or the working family that has had to assume the nursing home costs of an elderly aunt feel that the decision that they should sacrifice was not made before other possible options were explored.

Sincerely,

GEORGE MILLER.

DAVID R. OBEY.

RICHARD A. GEPHARDT.

P.S.—Another option that you might consider in examining what you might do to help with the budget deficit would be to refrain from deducting from your corporate federal tax payment the advertising cost associated with these ads. Some taxpayers might feel that the advice you are providing on the sacrifices that they might make should be paid entirely by you rather than billing 35% of those costs to Uncle Sam.

MEMBERS OF CONGRESS WHO SIGNED LETTER
TO CORPORATE CEO'S, DECEMBER 22, 1995

1. Hon. George Miller.
2. Hon. David R. Obey.
3. Hon. Richard A. Gephardt.
4. Hon. Dick Durbin.
5. Hon. Alcee Hastings.
6. Hon. Rosa DeLauro.
7. Hon. Joseph P. Kennedy.
8. Hon. John Lewis.
9. Hon. Cleo Fields.
10. Hon. Melvin Watts.
11. Hon. Bill Hefner.
12. Hon. Nancy Pelosi.
13. Hon. Patrick J. Kennedy.
14. Hon. Albert Wynn.
15. Hon. Major Owens.
16. Hon. Sam Gejdenson.
17. Hon. Maxine Waters.
18. Hon. Ronald V. Dellums.
19. Hon. Jesse Jackson, Jr.
20. Hon. Tom Foglietta.
21. Hon. Louise Slaughter.
22. Hon. Ron Coleman.
23. Hon. Chaka Fattah.
24. Hon. John W. Olver.
25. Hon. Karen L. Thurman.
26. Hon. Cynthia McKinney.
27. Hon. Eva M. Clayton.
28. Hon. Pat Williams.
29. Hon. Bobby Rush.
30. Hon. Bill Richardson.
31. Hon. Marcy Kaptur.
32. Hon. Lynne C. Woolsey.
33. Hon. Barney Frank.
34. Hon. John Joseph Moakley.
35. Hon. Patsy T. Mink.
36. Hon. William L. Clay.
37. Hon. Jim McDermott.
38. Hon. Lane Evans.
39. Hon. Pete Stark.
40. Hon. Bernie Sanders.
41. Hon. Donald M. Payne.
42. Hon. Maurice Hinchey.
43. Hon. Peter A. DeFazio.
44. Hon. Patricia Schroeder.
45. Hon. David Bonior.
46. Hon. Neil Abercrombie.

BUDGET NEGOTIATIONS

HON. LEE H. HAMILTON

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, January 3, 1996

Mr. HAMILTON. Mr. Speaker, I would like to insert my Washington Report for Wednesday, December 20, 1995, into the CONGRESSIONAL RECORD.

THE STATUS OF THE BUDGET NEGOTIATIONS

The negotiations between Congress and the President over a balanced budget are now entering a critical phase. Hoosiers tells me they want to get these budget issues resolved. They want Congress and the President to work together to get the government's business done. They do not want government furloughs and they see the threat of default on the national debt as very much to be avoided.

The President and the Republican leaders in Congress agree on the need for a balanced budget in seven years. There are very good economic arguments for a balanced budget, which will reduce interest rates and free up capital to enhance America's global competitiveness, but the real political passion for fiscal responsibility flows from people's opposition to saddening their children with a huge public debt.

Medicare continues to be a major sticking point in negotiations. Congressional leaders have proposed cutting back Medicare by \$270 billion, raising premiums and reducing consumer protections for beneficiaries. The President has proposed \$124 billion in cutbacks and more modest changes in the program, consistent with the recommendations of the Medicare trustees. While we should go after cutbacks in Medicare in a serious way, we should preserve Medicare to protect older persons.

MEDICAID

Medicaid is another crucial battleground. Medicaid is the insurer of last resort in the health care system today, providing services to poor families and children, and nursing home care for the elderly. The Republican leadership wants to replace the Medicaid guarantee with a block grant; cut projected federal spending sharply on the program; and let the states decide how and on whom the money would be spent. The President wants to preserve the guarantee, but would cut projected costs by capping the annual increase per beneficiary.

Medicaid must be preserved to protect the vulnerable, while made more efficient and effective. The alternative would be more poor people uninsured, and the poor, the states and hospitals that serve the poor would all be stranded.

WELFARE

The current welfare program embodies a federal guarantee of aid to needy single parents and their children. The congressional leadership has proposed eliminating the 60-year-old federal guarantee and turning the program over to the states as block grants. The President apparently supports this basic reform, but has said that the Republican plan bites too deeply into cash assistance, child nutrition, child care and food stamps. He accepts the principle of allowing states to set eligibility requirements and benefit levels, but he would maintain the federal entitlement for the poor.

I support welfare reform that rewards work over welfare and encourages responsibility. Welfare reform should limit the time families could remain on welfare, require parents to support their children, and provide the states with flexibility to set eligibility and benefit levels.

Welfare reform has stalled in Congress because of differences between GOP leaders in the House and Senate over the school lunch program. I agree with those in the Senate who want to keep the entitlement status of the school lunch program. The House leadership, in contrast, wants to turn the program over to the states.

TAX CUTS

Congressional leaders propose to cut taxes by \$245 billion over seven years, \$140 billion

more than the President proposes, but they are now hinting they might be willing to trim the level of cuts and target them more to low and moderate income families, rather than the well-to-do. My preference is to cut the spending first. I would defer a tax cut until the budget is balanced or the deficit is neutralized, and would not increase taxes on the working poor, as proposed in the congressional leadership budget. One other problem with GOP tax cuts is that the revenue losses explode after the seventh year. No sooner would the budget be balanced than the tax cuts would threaten to unbalance it all over again.

SPENDING PRIORITIES

Both the President's and the Republican proposals call for significant savings by cutting domestic spending. I agree with this approach, but also believe that the spending cuts favored by congressional leaders are much larger than needed in order to finance large tax breaks to the well-to-do. I oppose laying the burden of deficit reduction largely on poorer Americans. Other problems with the current proposals are that too much of the savings come from unspecified domestic programs and come late in the seven-year process.

We must exercise care in where we cut. The idea behind eliminating the budget deficit is that savings and investment count—that a balanced budget raises savings which in turn fuel investment. But just as business invests in machinery and equipment, the government must invest in education, research and development, and infrastructure to boost growth in a world of fierce international competition. That means that investments in human and physical capital are necessary and vital ingredients for faster growth in the American economy.

This Congress is not being tough enough in reducing "corporate welfare." The mining industry still gets a huge discount on mining federal lands. California's agribusiness has access to very low-cost federal water. The timber industry enjoys subsidies for cutting in federal forests. And livestock owners, particularly in the West, benefit from minimal grazing fees on federal lands. We need to reduce or eliminate these subsidies, particularly when budget proposals today are clearly skewed against poorer Americans.

CONCLUSION

The key now is that the two parties work together to fashion a compromise that balances the budget in seven years, but in a way that does not devastate key federal programs, particularly Medicare, Medicaid and education. I believe a decent deal is within reach. I have staked out a position with other moderate and conservative House Democrats to achieve these goals, and my sense is that the President and congressional leaders have been moving toward this position. All differences may not be settled before the end of the year, and those which can't be resolved ought to be taken to the voters in 1996. But, in the interim, we should work to compromise in areas where we can.

A POEM DEDICATED BY LYNN
MURPHY OF PRINCETON, WV, IN
TRIBUTE TO HER FATHER

HON. NICK J. RAHALL II

OF WEST VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, January 3, 1996

Mr. RAHALL. Mr. Speaker, I have received thousands of letters and other manner of communication from my constituents in southern