kidnaped from the parking lot of a vacant shopping center on January 13. For a week, volunteers and police searched the city of Arlington hoping that they would find her safe and sound. Her body was found almost a week later on January 17. The authorities are still searching for her killer.

Arlington citizens, deeply disturbed by the incident, have held numerous community meetings and are urging passage of more State and Federal laws to strengthen prosecution of sex offenders.

I share the concerns of my constituents and agree that there is an urgent need to toughen the sentences for sex offenders.

I urge my colleagues to support legislation addressing these types of crimes. It is high time that we lock up these repeat sex offenders and throw away the key. Stricter sentencing laws can prevent sex offenses and protect our citizens from such heinous crimes.

J. KENNETH BLACKWELL AND STEVE ENTIN, TWO TREASURES IN MY DISTRICT

HON. STEVE CHABOT
OF OHIO
IN THE HOUSE OF REPRESENTATIVES

Thursday, January 25, 1996

Mr. CHABOT. Mr. Speaker, the Cincinnati district that I am privileged to represent has an abundance of treasures. One of them is a good friend and former colleague of mine from our days together on the Cincinnati City Council, J. Kenneth Blackwell. After leaving the council, Ken went on to serve as Assistant Secretary for the Department of Housing and Urban Development and then as ambassador to the United Nations Human Rights Conference in Geneva during the Bush administration. He recently became the first African-American ever elected statewide in Ohio and now serves as State treasurer. He also serves as a member of the National Commission on Economic Growth and Tax Reform, which last week issued its much heralded recommendations for a new Federal tax system. Goodness knows, the present Internal Revenue System is an atrocious mess in need of complete overhaul.

I was privileged this last Martin Luther King Day to attend the Cincinnati ceremony in which Ken and his distinguished wife Rosa were presented the prestigious Dreamkeepers Award. Today, I would like to enter into the CONGRESSIONAL RECORD a November 15 speech delivered by my friend, Ken Blackwell, at Ashland University's Ashbrook Center for Public Affairs (established in honor of the late, legendary Ohio Congressman John M. Ashbrook). Additionally, I'd like to include an article written by Mr. Blackwell and Steve Entin, resident scholar at the Institute for Research on the Economics of Taxation, published in the January 18 edition of the Cincinnati Post.

The speech and article follow:

DEVOLUTION—REVOLUTION IN THE THIRD CENTURY

(By J. Kenneth Blackwell, Treasurer of State of Ohio)

For baseball fans in our home state, 1995 was a remarkable year. It was when Ohio became the third state to have two teams involved in major league post-season play in the same year. It is regrettable that Georgia's only team killed the Ohio I–71 World Series by knocking out the southern end, and that it then compounded its inconsiderate behavior by depriving the northern end of the championship. Still, for Ohioans, it was the greatest baseball year ever. Until next year.

The Season was still in full swing when I began thinking about what I would say here today. Perhaps that is why a baseball story from the sixties came to mind. Even for non-fans, the name Frank Robinson should ring bells. My first paying job was selling peanuts at old Crosley Field, and one of that job's most important fringe benefits was watching Frank Robinson play ball. Frank was a more than adequate defensive player in the outfield and at first base, but he is remembered because he was an offensive dynamo. He hit for average and he hit with power. He made all-star teams in both the National and American Leagues, he played in World Series for teams in both leagues, and he was voted MVP in both leagues. Frank became the first African American hired to manage a major league team. He also had the dubious distinction of becoming the first one fired. He was one of two players in what some people consider the worst baseball trade ever made. Reds management called him old-at-thirty and traded him to Baltimore for Milt Pappas, which had the unfortunate side effect of laying a bad Trivial Pursuit rap on a very good pitcher.

The story, which I confess may be apocryphal, takes place after Frank became a Baltimore Oriole. It is the bottom of the ninth. The Orioles are down by one run, but the bases are loaded, and Robinson is coming to bat. The crowd is going wild. You can cut the tension with a knife.

Earl Weaver, the legendary Manager of the Orioles, looks over at Frank in the on-deck circle. He must see visions of grand slam dancing in Frank's eyes. Weaver crooks his finger to beckon Frank over. He puts his face in Frank's face. In a low, deadly tone-of-voice, Weaver says, ''Listen up, Mr. All-Star! Not too hard, and not too soft! Just la-de-da!''.

Frank smiles at his manager. He nods. He goes to the plate, and he lays that beautiful grooved swing of his on the first pitch. He hits a frozen-rope single to center and drives in the tying and winning runs.

''Not too hard, and not too soft! Just la-de-da . . .!

That is what we must learn to do with our government as we enter our third century of nationhood. We are a nation of home run hitters. We have a two hundred year history of swinging from our heels. More often than any nation in history, we have hit home runs, but all too often these days, we strike out.

Especially at the federal level, we have forgotten that our national game is baseball, not sumo wrestling. We have considered it acceptable to weigh five hundred pounds as long as we stayed strong. It is time now for us to get back in shape. It is time for us to learn to be disciplined at the plate. We have to make our government not too hard and not too soft, not too fat and not too lean, not too big and not too small . . . just la-de-da . . .

This will not be easy for us because imbedded in our national character, indeed, imbedded in our language, is the idea that bigger is better and smaller is worse.

Expansion is good. Shrinkage is bad.

Generous people are big people. Selfish people are small.

Successful companies are green and growing. Unsuccessful companies are contracting and dying.

Not until we are talking about diets or tumors do we arrive at the idea that becoming larger can be unhealthy and becoming smaller can be beneficial, yet that is exactly the thinking we must apply to our government if we are to return national growth to the places were we want growth.

I submit that we want growth in personal opportunity. We want growth in personal freedom. And for Americans to have more personal opportunity and more personal freedom, we have to reduce the intrusion of government into our lives at all levels, but especially at the federal level.

Today our most conspicuous area of national growth is in the national debt. Some people think that our nation has been in hock from the time we fought the Revolutionary War on borrowed money, but this is not so. It is true that we entered the nineteenth century with a debt of almost one hundred million dollars, about fifteen dollars per capita in the money of that time. This would be roughly one hundred fifty dollars in today's money. The debt went up to finance Thomas Jefferson's Louisiana Purchase, but it was then steadily worked down under James Madison, James Monroe and John Quincy Adams. In 1832, Andrew Jackson was elected President, and, believe it or not, toward the end of the first term of the first modern Democrat, thanks to rapid economic growth and pruduent fiscal management, the debt was eliminated. Our political landscape today would have a very different look if Jackson's Democratic successors had been equally tightfisted.

Through our first century and a half, the national debt reached its highest levels as a consequence of wars, and it was always paid down between wars. Expressed in terms of Gross National Product, the debt was close to half of GNP coming out of the Revolutionary War. From zero in 1835 and 1836, it went over twenty-five percent of GNP in the aftermath of the Civil War, and again after World War One. It reached its all-time high, about one and a quarter times GNP, following World War Two. It came down in the sixties and seventies, but its low then was still higher than the highs following the previous century's wars. And from about a third of GNP in 1980, the debt has soared to more than half of GNP today.

What has caused this growth where we do not want growth? Well, it is not low taxes. Total tax revenues have more than doubled since 1980. Taxes now consume more than forty percent of the income of the average American family. Taxes cost that family more than food and clothing and shelter combined. Taxation at the state and local levels in most parts of the country is relatively restrained. The lion's share of the American family's confiscatory tax burden goes to the federal level.

Our federal government is a five hundred pound baseball player. There is no meal of tax dollars large enough that it will not wolf it down and growl for more. We have to get the monster on a diet before it kills itself and us with it.

The first steps in curbing the federal appetite for our money have just been taken by both houses of Congress in passing budget bills which will eliminate the deficit in seven years. Differences between the bills will soon be worked out in conference committee, but there is no assurance that they will go into effect in the form they are passed because of a threatened veto.

There is a straight forward solution to this kind of obstacle to balanced budgets and ultimate elimination of the national debt. It is the balanced budget amendment to the Constitution. Forty-nine of our fifty states had balanced budgets last year. Forty-eight of those have balanced budget requirements in their constitutions. There is no doubt that some members of all of those legislatures could, and would, have found ways to spend more tax money than their states took in, but they did not because they could not. We need the same discipline at the federal level.

If the subject were not so serious and the need for the amendment so clear, the arguments of its opponents last year would have been funny. They remind me of a wonderful song in an album made some years ago by Harry Belafonte and Odetta. Odetta tells Harry, her husband in the song, to fetch some water. He can't fetch the water because the bucket has a hole in it. She makes a series of suggestions for solving the problem. He has a new objection to every suggestion. Toward the end of the song, she tells him to use a straw to mend the hole. He cannot use a straw because it is dry. She tells him to wet the straw. He cannot do that because he has no water. She tells him to fetch some water, and that brings him full circle. He cannot fetch water because the bucket has a hole in it.

The opponents of the balanced budget amendment came up with an array of arm-waving objections to it, some on lofty, if somewhat vague, constitutional principles, but the bottom line is one reason is as good as another when you do not want to do something. If only one Senate opponent changes his or her mind during the session, the amendment may yet pass during this session, but if that does not happen, the American people will surely change the composition of the next Congress to pass it. And if that prediction is correct, I have to believe that the legislatures of three-fourths of the states will hear the message clearly enough to make it happen in short order.

Requiring the Congress and the President to go on the line for the taxes necessary to support their spending will help immensely in reducing the federal appetite for our money, but in my judgment we need action which goes beyond that.

Ten states now require a super-majority in their legislatures to increase taxes. I am a strong advocate of this form of taxpayer protection, and I believe that Ohio will soon join the ten states which have it in place.

The super-majority idea should be applied at the federal level. Opponents say it is somehow anti-democratic to require more than a simple majority to raise taxes. They apparently think it is all right to require a two-thirds majority when the subject is amending the constitution, or going to war, or impeaching a president, but such a requirement is not all right when the subject is taking the property of one citizen to give to another. It would be interesting to see what the result would be if this question were put to a national referendum. I have a hunch it would pass by a super-majority.

The third area of taxation which belongs in the federal government's diet is the tax code. All of us know it is a mess, but just how much a mess strains belief.

In 1950, the tax code had one hundred and three sections. It now has one thousand five hundred and sixty-four sections.

In the past forty years, Congress has on average changed the tax code every one point three years.

Since the last major overhaul in 1986, there have been four thousand changes in the tax code.

There are seventeen thousand pages of Internal Revenue Service rules.

Each year, the IRS prints eight billion pages of tax forms.

Americans spend five point four billion hours filling them out.

Individuals and corporations spend, or should I say waste, in excess of two hundred and fifty billion dollars worth of time per year to pay their taxes.

I believe that the time is right to simplify the federal tax system to the point that we can reduce Form 1099 to a postcard and virtually eliminate the Internal Revenue Service.

I am serving on a National Commission to reshape the tax code for Senator Dole and Speaker Gingrich. Our mission is a major overhaul, not an academic review. I cannot discuss the deliberations of the Commission at this point in our work, but I can discuss some ideas I believe have merit as we move toward a better system.

I have a strong personal bias toward systems which encourage savings and investment. I would prefer a system which would tax consumption instead of income, but for solid, practical reasons, mostly rooted in the inseparability of our national economy from the global economy, I think we need to continue to rely on the basic structure of an income tax.

We can and must vastly simplify our income tax. The starting point is a single-rate tax at about twenty percent of income. I favor a substantial exclusion from paying this tax, perhaps thirty thousand dollars for a family of four. This structure passes the tests of fairness and progressivity. As incomes go up, the percent taxes represent of total income go up, though in no case will they reach the single-rate because the initial exclusion will not be subject to recapture. We can eliminate the marriage penalty by setting the exclusion for a single taxpayer at one-half the level of a married couple filing jointly. By setting the exclusion well above the poverty level, we will also eliminate the disincentive of today's tax structure to poor families working their way off welfare.

I favor retaining three deductions from gross income.

One is mortgage interest. This helps young wage-earners achieve home ownership without having to wait through a lifetime of wealth-building. I realize that this amounts to accomplishing a social objective through the tax code, but I believe the benefits to families and neighborhoods make it worth this exception to theoretical purity.

The second is money placed by individuals in savings toward retirement. We can tax that money as it comes out of savings, but while it is saved, we should let it grow. And the effect of exempting savings is to turn an income tax into a consumption tax without the complexity or wrenching transition that would be involved in moving to a national Value Added Tax or sales tax.

The third deduction is charity. As we move to replace governmental largesse with private initiatives, we need to stay away from tax disincentives.

We should apply the same single-rate to individuals and to corporations. Doing so eliminates the historical incentives to move in or out of incorporation. We should apply the same single-rate to capital gains as to income. This will eliminate a ton of IRS rules designed only to distinguish between the ways people make money.

At the corporate level, we should treat dividend payments the same way we treat interest expense. This will eliminate the bias of the current system for debt over equity.

These, then, are the key elements at the intake end of our federal diet: one, a balanced budget amendment to compel our government to live within its means: two, a super-majority tax increase requirement to compel government to look first to its spending habits to balance its budget; and three, a clean, simple, fair system of taxation to restore incentives to work, save and invest.

The next question is what we do at the outgo end.

The answer is devolution. The answer is governmental change which is faithful to the principle of subsidiarity. The answer is change which reverses the upward flow of money and power and sends it back to levels of government which are closer to the people governed.

The modem centralized welfare state—and like it or not, we are living in one—is built on a foundation of three wrong ideas.

The first is that government can do a better job with our economy than the market. Wrong.

The second is that bureaucrats can make better decisions about what is good for families than the families themselves. Wrong, wrong.

The third is that the work ethic is outdated, and that we can have a healthy society which has disconnected effort from return. Wrong, wrong, wrong.

We must reawaken our recognition of the fact that in most domestic matters, the states can perform more effectively and efficiently than the federal government. Our founders knew this. Senator Dole and Congressman Bob Dornan have repeatedly reminded their audiences of the tenth amendment to the constitution, the amendment which has been honored in the breach for most of the twentieth century. It reads, in one powerful sentence, ''The powers not delegated to the United States by the Constitution, nor prohibited by it to the States, are reserved to the States respectively, or to the people.''

It does not stop there. In most domestic matters, cities and counties can perform more effectively and efficiently than the states.

In many domestic matters, neighborhoods can perform more effectively and efficiently than cities and counties.

And in matters having to do with what to do with their money, families can perform more effectively and efficiently than any level of government. Colin Powell says it very well in his autobiography: ''Every tax dollar taken away from a consumer or a business is a dollar that will be spent less efficiently than if left in private hands.''

We are only just beginning to apply this thinking at the federal level, but successful state and local models are out there to show what can be done. One standout example is Indianapolis where Mayor Stephen Goldsmith reduced the size of city government, law enforcement functions not included, by an astonishing thirty-eight percent in three years. What he did was to systematically review city functions one by one using a team of entrepreneurs which he called the Service, Efficiency and Lower Taxes for Indianapolis Commission, SELTIC for short. The recommendations from SELTIC alone helped him trim $100 million from the city budget.

Indianapolis opened the operation and management of the city's waste-water treatment plants to competitive bidding. The winning bid improved water treatment and cut costs by forty-four percent.

Trash collection was opened to competitive bidding. The cost of trash collection has dropped from eighty-five dollars per household to sixty-eight dollars.

Competitive bidding cut street repair costs by twenty-five percent.

Microfilming public records was privatized for an annual cost reduction of sixty-three percent.

What do the people of Indianapolis think of all this? They answered that question last week by reelecting Mayor Goldsmith in a landslide. And if the Republican elected President in 1996 continues the work begun in this session of Congress and applies the Indianapolis approach, we can look for a landslide reelection in 2000.

The principle of subsidiarity can help us deal with two of our most intractable national problems, what to do about Social Security and Medicare.

The cynicism of our young people toward Social Security is a matter of real concern. A recent poll of 1600 Americans between the ages of eighteen and thirty-five showed that more of them expected to see a UFO in their lifetime than a social security check.

I was in Santiago, Chile last week to review what has been done there over the past fifteen years with their Social Security system. In 1980, their approach looked a lot like ours, a system of transfer payments featuring high withholding taxes and an endless, futile struggle to keep benefits up with inflation. In 1981 the government offered workers their choice of staying in the old system or moving to a new system in which a mandatory ten percent of wages are automatically invested in an individual investment account, with an option to add as much as ten percent voluntarily. The worker chooses one of several private Pension Fund Administration companies to invest the account. These AFP's are like mutual funds, putting money in stocks, bonds and government debt. Workers are free to move from one AFP to another, so there is competition among companies to provide higher returns and better service. About one-fourth of the Chilean work-force signed up for the new system in the first month, and more than ninety percent are now in it. The results have been phenomenal. More than half of Chile's retirees have done so well that they have taken early retirement.

I believe a lot of Americans would choose a system like this over Social Security or UFO's. The thirty-eight million beneficiaries of the current system and the number of workers in their forties, fifties and sixties who cannot have a full working career under a savings plan present transition problems as we change systems. We cannot break faith with these people, but we do not need to. The problems are formidable, but they are surmountable so long as we fund the transition through reduced governmental spending in other areas, not future borrowing.

A conceptually similar idea is emerging to deal with Medicare. The idea is medical savings accounts. In these, individuals would be able to put an amount like three thousand dollars into a tax-free account. The money could come either from the employer or the employee. Some form of catastrophe insurance would cover expenses beyond this first three thousand, but the effect would be to put individuals in charge of expenditures for routine care, medication, eyeglasses and the like. This would bring most health care expenditures under the control of the marketplace, with all the attendant benefits of competition and price comparison.

This, then, is the shape of the revolution which can see us safely through our third and fourth centuries of nationhood.

Devolution to give us a lean, responsive government with the power and the money where it belongs, closest to the people. Not too big and not too small. Just la-de-da.

A NEW TAX SYSTEM FOR THE 21ST CENTURY

(By J. Kenneth Blackwell and Steve Entin)

The National Commission on Economic Growth and Tax Reform has just issued its recommendations for a new tax system for the 21st century. The Commission wants to scrap the current tax system, with its biases against saving and growth and its complicated rules that give favors to some taxpayers and impose penalties and uncertainties on most of the population. In its place, the Commission favors a similar, fairer system that will reward thrift and hard work, raise employment, and lift family incomes.

The Commission would like the new tax system to have a generous exempt amount, high enough to enable lower income families and individuals to take care of their basics needs and get an economic head start before the federal government takes a part of their income. The exempt amount should not be so high, however, that too great a share of the population becomes insensitive to the cost of government.

Above the exempt amount, the Commission favors a single low tax rate that would treat all citizens equally before the law. Income is a measure of what one contributes to the economy through work, saving, and investment. Anyone contributing to the economy by producing additional goods and services should be equally rewarded. A single rate system allows that.

The current system of graduated tax rates slaps increasing tax penalties on people the more that they add to the economy. It punishes people who take the time to get an education and earn higher income over a shorter working life. It punishes people who take the risk to start their own businesses in hopes of a greater income. It punishes people the more that they save and invest. These penalties hurt not only the individuals who pay the higher rates, but all the people they might employ or who might work at higher wages with the plant and equipment that more saving would make possible.

The Commission favors extending the deduction of payroll taxes, now allowed only for employers, to employees as well. The object is to increase employment and to reduce the burden of the payroll tax on the incomes of middle income workers.

Savers and investors are treated very badly under the current tax system, unless they have access to a very good pension plan. People pay tax when they earn their income. If they use the after-tax income for consumption, there is generally no further federal tax. If they buy a bond, there is tax on the interest. If they buy stock, there is corporate tax on the earnings, individual tax on the dividends, and capital gains tax if the earnings are reinvested and the share price rises. If they buy a machine for their business, complex depreciation schedules result in understated costs and over-stated taxable income. There is an estate tax if the saver doesn't live to spend the money. Current law is clearly biased against saving and investment.

The Commission would end these biases. It would let savers defer tax on their saving until they withdraw it for consumption, as in a pension; if saving is not deductible, the returns should not be taxed, as with tax exempt bonds. Either approach would put saving on the same basis as income used for consumption, and would let people save more easily for a home, an education, or retirement. An individual saving $1,000 per year from age 20 onward could build a retirement nest egg of more than $400,000, compared to about $250,000 under current law, providing a 60% increase in retirement income and security.

The Commission would end the estate tax and the double taxation of businesses and their shareholders. It favors deducting investment in full when the outlay is made, instead of stringing the write-off out over years or decades, as under current law, losing value and depressing investment and employment.

What would such a tax system do for the average family? Professor Dale Jorgenson of Harvard University told the Commission that a tax system that ended the biases against saving and investment would lift the level of output and income in the economy by between 15 and 20 percent within a few years. Investment, productivity, wages, and employment would all rise. Gains of that size would rise the yearly income of a typical working family by between $4,000 to $6,000, and by more if they are savers.

Some people worry that setting the system right will cost the Treasury revenue. But the current tax code is costing the economy and everyone in it a fortune in lost income. That lost income, and the added taxes that would be paid on it, must be factored into the calculation. That, and a modicum of federal spending restraint, could make a growth-friendly tax system a reality. There is no reason not to scrap the current tax system and set things right. Everyone would be a winner.

IN HONOR OF THE 46TH ANNIVERSARY OF ●●●●●●●●●●(●●●●)●●●÷●●●●●●

HON. ROBERT MENENDEZ

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Thursday, January 25, 1996

Mr. MENENDEZ. Mr. Speaker, I rise today to honor the Indian-American community and the people of India, celebrating the 46th anniversary of India's Republic Day. Throughout the United States, members of the Indian-American community will hold festivities to mark this occasion.

On January 26, 1950, the Indian Constitution became law and the day was named Republic Day. This document symbolizes the principles of democracy and secularism, which India cherishes. Its author, Dr. B.R. Ambedkar, was influenced greatly by the U.S. Constitution and the Bill of Rights. Since India became a republic, it has continued to hold free and fair elections, to support a multiparty political system and to transfer power peacefully.

The relationship between the United States and India is still unfolding. The United States and India share many similarities. Both of our countries are former British colonies. English is a vital language of communication throughout India. Democracy continues to thrive in both places. The Indian judiciary system is based on English common law. In addition, India is proceeding with its economic reforms to develop a vibrant market economy.

India still faces the challenges of achieving economic development while ensuring harmony between its many ethnic, religious, and linguistic communities. In spite of these obstacles, India has strengthened its democratic institutions by harnessing the potential of its multireligious, multiethnic and multilinguistic citizenry.

Bilateral trade between the United States and India is flourishing. The activities of American companies have made the United States India's leading trade partner. Recently, a consortium of American companies, led by the Enron Corp., successfully renegotiated a deal to complete a $2.5 billion power plant in the state of Maharashtra. United States companies are positioned to fill India's appetite for services and products.

India is committed to maintaining its democracy and economic reform program. The Indian-American community, with over 1 million people, has taken a particular interest in promoting United States-India relations. Please join me today in honoring the world's most populous democracy, India, on the 46th anniversary of its Republic Day.