Here are three quick myths: 8(a) wastes money through reliance on sole source contracting. This is not true; 8(a) is riddled with fraud and abuse even after 3 congressional attempts to reform it. That is not true; and 8(a) has failed to help fledgling minority businesses and is primarily a rich-get-richer program for Beltway bandits. That is not altogether true.

Here are the facts. Total 8(a) contracts in 1994 represented only 3.2 percent of all Federal contracts. We are talking about only 3.2 percent of all Federal contracts.

And in this institution we have a budget of $1.7 trillion every year and we are talking about 3.2 percent of Federal contracts. That does not include the entire $1.7 trillion. It is even smaller than that, 3.2 percent of Federal contracts. Just 3.2 percent. The total 8(a) program received less than half of the actual contract dollars than were awarded to either of the top two defense contractors. The total program received less than half.

Reforms to further bring 8(a) into compliance with the strict Adarand standard are included in proposed regulatory changes that have been published in the Federal Register. The Department of Justice believes that these changes will, one, allow agencies to use race conscious tools to assist disadvantaged businesses, enable agencies to assess what level of minority procurement would be probable in the absence of discrimination, require agencies to implement measures that do not rely on race to broaden opportunities for small minority firms, tighten certification and eligibility requirements.

Mr. Speaker, I hope today that with our brief colloquy between the gentleman from Louisiana and myself on the issue of affirmative action, 8(a) programs, and the need to offset years of historical discrimination against African-Americans, minorities, women, and people of color in this country will not go unheeded and unheard by the membership in this august and esteemed body.

The challenges before us are great as a nation, and I am more convinced than ever if we can move beyond racial battle ground to economic common ground and on, as my father would say, to moral higher ground, we can make sense and make sense for all of America.

Many Americans still long for the day when they can say, ''My country 'tis of thee, sweet land of liberty.'' That day has not yet arrived, and many African-Americans and disadvantaged businesses in our Nation need a helping hand. Not a handout, a helping hand. It would serve this institution well, it would serve all of us as Democrats and Republicans if we could move beyond the politics of divisiveness and expand programs that make sense for the most people.

GENERAL LEAVE

Mr. SAXTON. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the special order today by the gentleman from Alabama [Mr. CALLAHAN].

The SPEAKER pro tempore (Mr. QUINN). Is there objection to the request of the gentleman from New Jersey?

There was no objection.

JOINT ECONOMIC COMMITTEE SETS OUT TO DISCOVER SOURCE OF PESSIMISM REGARDING ECONOMY

The SPEAKER pro tempore. Under the Speaker's announced policy of May 12, 1995, the gentleman from New Jersey [Mr. SAXTON] is recognized for 60 minutes.

Mr. SAXTON. Mr. Speaker, I have had the pleasure for the last 2 years of serving as the vice chairman of the Joint Economic Committee, and I found it to be quite an interesting task because I am not an economist and, in fact, I do not think any of the members of the Joint Economic Committee are true economists, although some studied history and some courses in economics, but none of us are truly economists.

Our job is, however, to try to understand as best we can, as Members of the House who are former schoolteachers or real estate salespeople or car salespeople or doctors or housewives or lawyers or whatever we may be, we need to understand the process of our Nation's economy so that when we enact laws here we will know, hopefully before we enact those laws, what effect those laws have on the performance of our country's economy.

And of course in order to do that we do talk with economists and we do read things that they have written and we try to understand ourselves and explain to our colleagues what it is that we have done or are about to do or may do in the future that will help our economy grow, help to provide jobs, help to provide a larger set of opportunities for people who are involved in the economic sector, as we all are as we make our daily livings.

And to the extent that we can be successful in doing that, and to the extent that we can successful in imparting what we think we have learned to our colleagues on both sides of the aisle, then we are successful as Members of the Joint Economic Committee in carrying out our function.

Now, as I have gone about the business of this task over the last couple of years, I have also talked with lots of American people who are involved every day in the economic system; people that work, people looking for jobs, people looking to advance, people looking to get wage increases and people just looking to go to work every day so they can earn a wage to bring home to their families.

And I have noticed in the last several years that there has been a marked upturn in people who know that I do this job here and who have come to me and have said, well, this year I am not making as much as I made last year. What is wrong? And people who have said, well, when I go to look for a job, like my son or daughter did when they graduated from college, all they could find was a temporary job because employers did not want to pay benefits. When other people go looking for a job or go into the workplace they say, well, gee, I have not been able to advance as I thought I would.

All of these kinds of things have made people nervous about the economy and nervous about opportunities, and for the first time public opinion polls show that it is the opinion of the younger generation that they probably will not do as well as the former generations.

This is unique in our country's history, because always before the new generation aspired to do better than the older generation and thought they would and were optimistic about it. But today that is not the case.

And so the Joint Economic Committee set about trying to find out what it was that was causing this aura of pessimism about our economy. We had a lot of research, read a lot of books, listened to a lot of economists and we began to see that there was, in fact, a trend that is occurring, and that trend was not necessarily good news for Americans.

I brought some charts with me today to try to demonstrate what it is that we have found about our economy. This chart has two lines on it. I hope those who are further away can see it has a solid line and kind of a dotted line. The dotted line shows what economic growth has been in our country and how well the economy has done since World War II.

It is a rather steady increase. That increase is actually about 3.5 percent, on average, each year. In other words, the economy grows. There are more jobs by a substantial margin each year since World War II than there were the year before. As the economy grew, wages went up and people prospered and everybody was happy.

The black line shows what actually happened in the economy at any given point along that trend, and we can see that at some point the black line, in terms of what was really happening, was above the dotted line and that other points, when there was a recession, it fell back to or below the dotted line. But by and large, until this point, the lines tracked along pretty well together.

Where the dark line begins to fall below the dotted line, that happens to be in 1993. And the Congressional Budget Office here, which does all kinds of economic projections and forecasts and estimates about money and what is going to happen and economic growth, has forecasted here that the outlook for the future is different than it has been since World War II.

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The outlook in terms of economic growth actually falls off in the next decade or so, according to the Congressional Budget Office.

They say we will not grow at the traditional 3.5 percent any longer. It will be closer to 2.2 percent. That gap widens as we go out into the years beyond the year 2000, and once we get to about 2005 or 2007, our economy actually will be performing at 15 percent less on total performance than it is today.

And so, this is evidence that we see for the first time of what is making American workers nervous, have not been able to do so good on the job. I see direct evidence of it, says the worker. My wages have not gone up this year. In fact, they have gone down. I have not been able to find that new job that lets me advance. My kids graduated from college and can only find a temporary job. Companies are downsizing and rightsizing and merging and trying to find ways to do things because CBO's and managers of businesses, big businesses as well as small businesses have discovered that the CBO and other economic projectors, people who do projections, are saying that we probably, given these situations that we find ourselves in today's economy, we are probably not going to grow at the traditional 3.5 percent. We are probably going to grow at more like 2.2 percent. So this has caused concern throughout our economy.

Mr. Speaker, if we look at where this began to happen, it began to happen about 1993. Well, what does this mean to the American people? If we look at different segments of the economy we can see here, for example, what effect does this have on small businesses? I should say at this point that what happened in 1993, we think, is that we had a big tax increase. We had a tax increase that took more out of the pockets of the folks who have money to spend in the private sector who go to the grocery store, who buy appliances, who buy clothes for their kids when they go to school. Took money out of their pocket—and it was the Clinton tax increase—and said, send that money to Washington because we need to have more money to spend in Washington. We need to balance the Federal budget, as it was said. I think it was called the Deficit Reduction Act, which actually was the biggest tax increase in our country's history.

When we found out what happened, and all of you have heard about small business. You know, it has been said in our country year after year after year after year for decade after decade that small business is the economic engine that pulls the train. When we begin to look at what the Clinton tax increase did in the beginning of 1993, we find out that it had a tremendous effect on small business. This is one of the factors that we have identified as being bad for the economy, bad for new jobs, bad for economic growth, bad for wages, bad for opportunities.

Young people have started to say for the first time in our history we cannot aspire to do better than the last generation because things have gone awry. This is what happened to small business. The tax increase, the income tax increase that occurred is paid, 70.3 percent of it is paid by small business. And so no wonder those small businesses that provide the incentive, the engine that drives our economy, all of a sudden 70 percent of this new tax increase that this House passed—I am proud to say I did not vote for it—70 percent of those revenues are paid by small business.

So it has had a tremendous effect on the free enterprise system in our country. The young people who would like to get jobs at the corner grocery store, those jobs are not there; and if they are, they are temporary. All the folks that take part in that part of the economy are having a more difficult time, but it also had some other effects. It had some effects on all Americans or on most Americans. We can look at this next chart, and it shows what happened during this period of time to wages in our country.

Wages in our country have not done particularly well since that large tax increase because small business was directly affected by it. The median income has also suffered.

In 1992, the median weekly income in our country was $493. In 1993, the year the Federal Government increased taxes with the Clinton tax increase, in 1993 for the last time we saw growth in median family income, weekly income, I should say. It grew from $493 in 1992 to $498 in 1993. Then the rest of this chart is self-explanatory. Median weekly income for American workers has gone down consistently ever since.

It is more evidence that things are not going well for workers and another reason why today's young generation is not as optimistic about the future as they once were.

In fact, I stood right here at this podium in 1993 when that tax increase was being debated and said that this tax increase would be bad for our economy, and others of my colleagues did the same. But the tax increase went through anyway. So what do we do about this? Of course, this is one of the functions of Members of Congress who are interested in making our economy grow. Not only do we need to identify the problems, but we need to make some suggestion about how we can remedy the problems.

Mr. SMITH of Michigan. Would the gentleman yield?

Mr. SAXTON. I am pleased to yield.

Mr. SMITH of Michigan. I think one example is the taxes that we put on businesses that buy new equipment and machinery to put better tools in the hands of the American work force. So, we call it neutral cost recovery. But the fact is that Government, this Federal Government in an effort to get more taxes out of people says to a business, if you buy machinery and equipment, we are going to penalize you on the way we tax you because we make that business spread out that depreciation over 5, 15, 20 years, and that depreciation and inflation eat up the value of that deduction.

So if we were to allow a business to deduct the full amount of their purchase of machinery and equipment and state-of-the-art tools to make our workers more productive, that is going to increase that average weekly income of those workers. If we were to allow a business to deduct the full amount, it would reduce the cost of that equipment by 16 percent. I just use that as one example to show how tax penalties can discourage business efficiency and business productivity.

Mr. SAXTON. Mr. Speaker, I thank the gentleman for pointing that out. It is certainly one of the elements of things that we ought to get done around here to get business going again.

Obviously there are other people in this town who have similar ideas. For example, we all know that there is a Presidential campaign underway. One of the candidates, who happens to be Bob Dole, has suggested something similar to what Mr. SMITH has suggested. He has suggested that, as we saw in 1993 when this tax increase was imposed by the Clinton administration and primarily by the Democrats in the House, that we reverse that, that we begin to put in place something that we like to call growth policy.

So, Bob Dole has suggested that we ought to cut income taxes, that we ought to cut the capital gains tax, that we ought to have a family child tax credit and that other tax changes such as the one that Mr. SMITH just suggested might be part of the package as well, although in the case of the specific one, that is not part of his particular package.

But Dole has suggested that significant tax decreases would help to remedy the problem that we have identified in terms of the speed or the rate of growth of our economy. Bob Dole has suggested, for example, that under his program, a family making $35,000 a year in gross income would save $1,374 a year in tax savings under his plan, and a family making $45,000 a year would actually save $1,603 a year. This pumps money back in the economy and relieves the tax burden on families and small business and helps to get the economic engine fired up and going again.

Mr. Speaker, I am going to say something that some of the Members on this side of the aisle may have forgotten. I can remember in 1984, which happens to be the first time I aspired to run for Congress and come here and be a Member of this body, I can remember it was the time when Ronald Reagan was running for his second term. I was so proud to be on the ticket with Ronald Reagan because he talked about a growth policy. I went through that campaign, and I talked about the Reagan tax cuts that went into place in 1981 and 1982 and 1983 and how the economy began to grow. And then I came here and I began to study Reagan's policies. I found out that there was somebody before Ronald Reagan who had the same kinds of ideas and he was not from our party; he was from the other party. His name was John Kennedy. Surprising.

In 1963 John Kennedy said in his State of the Union Address from that podium: We cannot for long expect to lead the cause of peace and freedom around the world if we fail to set the economic pace at home.

He recognized that the economy was slowing down. He recognized that there were problems. He recognized that wages were not increasing the way they should be. And John Kennedy, the member of the other party, the Democrat President, went on in that speech to outline a series of tax cuts much like Bob Dole's, not exactly, but much like them. Unfortunately, his death occurred. But after his death, LBJ and the Democrat controlled Congress put in place those tax cuts, and guess what? The economy grew. The economy grew.

We took off again. We had good growth in jobs and good growth in wages, and it was a wonderful experience to have watched that.

So when I ran in 1984, I was so proud of Ronald Reagan. One of the first conclusions that I made here when I got my feet on the ground and began to understand a little bit about this growth policy, and I kind of laugh to myself now, I think Ronald Reagan read John Kennedy's speech. So this does not have to be a partisan issue. This does not have to be a part of a Presidential campaign. It just happens to be the truth. It happens to be what works.

And so what Bob Dole has suggested here really can work. And the experience that we had in the 1980's proves that it works. Did we do everything right in the 1980's? No. We did not do everything right in the 1980's, but we did some things right in the 1980's, and tax policy is part of what we did right.

Mr. Speaker, let us talk about what we did right for a minute. This next chart shows what happened in 1981, 1982, and 1983. This is where Ronald Reagan got elected. Our economy was flat, much the same condition only maybe a little bit worse than it is now. We are experiencing about 2.2 percent growth. I have forgotten exactly what the growth was, but we had a recession, which means we had negative growth, and Ronald Reagan said: I know how to fix this. We are going to reduce taxes and put in place growth policy like Bob Dole is talking about in today's campaign. And in 1982 when the second installment of that tax cut went into place, the economy started to grow. It grew astonishingly throughout the decade of the 1980's.

So, not only did John Kennedy understand what it is that Bob Dole has suggested and why it works, we see in the 1980's that Ronald Reagan did much the same thing in terms of tax policy.

Let me just show what happened to wages during that period of time. We talked about what is happening with wages today. They are going down. During the Carter years, remember the years of malaise and inflation and high interest rates and the lousy economy, wages were going down during those Carter years, too. But as soon as Reagan's policies went into effect, wages started to go up again. It was better for families. People were optimistic again. We believed in our selves, and it was in large part of the economic policies that both Kennedy and Reagan have at different time in our history subscribed to and have helped to bring about changes in our country.

I mentioned a minute ago though that we did not do everything right in the 1980's, and we did not. We all know that, because we continued, collectively, and I think there is enough blame to go around for this, we continued the spending spree during the 1980's. In spite of the fact that the economy grew and in spite of the fact that we had economic growth, we did not balance the budget. But it is not because of the tax cuts that we did not balance the budget.

A lot of people will be very surprised to see this. This is a chart with a red line on the top and a blue line on the bottom.

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The blue line shows what happened with our Federal revenue. When the economy grew, more people went back to work. They made higher wages, so they paid more in taxes, and that meant Washington had more money available to spend. And as the economy grew through the 1980's, this blue line shows that revenues went up. In fact, in 1980 we had at our disposal $517 million to spend in 1980. By 1990 we had $1.03 trillion. In other words, we had increased by $514 billion the money that we had to spend.

Let me say that again. We had tax cuts, that is right, tax rate decreases. And when the economy began to grow because of it, our revenues that we had available to us doubled between 1980 and 1990. Pretty astonishing. What did we do wrong? We kept right on spending.

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

Mr. SAXTON. I yield to the gentleman from Tennessee.

Mr. WAMP. Mr. Speaker, I had to get up and pipe in here if I could, and I appreciate the gentleman yielding, because many people have asked me about these years in the 1980's. I am a freshman Member of this body. I have participated in the first Congress in 26 years that actually voted to cut spending. Not a single Congress for 26 straight years actually voted to cut spending. People ask me, how did this happen in the 1980's, if Reagan's tax policies actually worked? And you are, right here, right now, showing us exactly how that happened.

Frankly, I believe that if this Congress, the one we have now that has cut spending for the first time in 26 years, would have been the Congress under Ronald Reagan, the growth here, coupled with the spending cuts, would have achieved a balanced budget, because the two coming together is what you do. You cannot have spending rising above income. Income was going up. Spending was going up even higher. A lot of Members were getting reelected by giving away the ranch, so to speak, and continuing to do that. And we have just now accepted our fate as a nation and come to these tough votes to reduce spending for the first time.

The country does have a choice this fall. We cannot have President Reagan and this Congress, but we can have the next best thing. That is somebody who believes in Reagan's growth policies, tax policies, and this Congress. And what you will see, I believe firmly in my soul, is growth and spending reductions and the most responsible coming together of those two forces in our budget process, and achieve a balanced budget and help all families create more wealth and keep more of their take-home pay, as we make progress towards a balanced budget.

Mr. SAXTON. Well, the gentleman is exactly right. As your class, 70 freshman who came here, 71 freshmen who came here on the Republican side have clearly demonstrated that we can reduce the rate of growth in spending and that we can move these two lines closer together.

President Clinton, incidentally, Mr. WAMP, President Clinton has talked a lot during his campaign appearances about reducing the deficit. And it is kind of funny to say, but it seems to me that it was the Congrss that actually put in place the provisions and the budget process in the appropriations bills last year. And now, of course, we are following suit again this year, with the 71 freshman, with people like JOHN KASICH who have led us in the budget debate, like our majority leader, DICK ARMEY, who believes so much in what we are talking about here on the floor tonight. It is kind of interesting that President Clinton has found it possible, seemingly possible, to take credit for that.

Mr. SMITH of Michigan. Mr. Speaker, will the gentleman yield?

Mr. SAXTON. I yield to the gentleman from Michigan.

Mr. SMITH of Michigan. Just to expand a little bit on why balancing the budget is important with this whole tax reduction to motivate economic and job expansion, if we can balance the budget at the same time, that means that the demand for borrowing money from the Federal Government will reduce the pressure on interest rates. Right last year the Federal Government borrowed 41 percent of all of the money lent out in the United

States. Just think back to your Economics 101. If you lower that demand with Government borrowing 41 percent of the money, if you can balance the budget and have Government borrow less money, it is going to mean interest rates go down.

In our Committee on the Budget, Alan Greenspan, chairman of the Federal Reserve, came to our Committee on the Budget and said, look, if Congress balances the budget, we could see interest rates go down up to between 1½ and 2 percent. That means that if interest rates go down, every business in this country finds that whatever they are going to buy in terms of tools, in terms of expansion, they see a significant reduction in their costs. So interest rates going down means a tremendous stimulant to the economy.

A combination, like ZACH WAMP says, a combination of stimulating economic and job expansion, at the same time that we start pinching those pennies here at the national level and making sure we balance that budget, is going to see the greatest economic and job expansion this country has ever seen.

Mr. SAXTON. The interesting thing about what you say is that by reducing the tax burden on American families, by making it possible, again, to achieve this 3.5-percent growth that we have seen since World War II on average, and by balancing the budget by continuing the policies that we started during the last year in terms of reducing expenditures, by putting together a program like that it makes it better for all families in America. It makes it better for people who are workers. It makes it better for people who are entrepreneurs. It makes it better for people who are in all kinds of businesses across our country. It makes it better for the labor unions and the working folks because they can expect once again to see wages on the increase and our standard of living go up.

It is not extreme importance that we as Members of Congress and the American people generally come to grips with what it is that we have been attempting to do here the last 2 years and what it is that Bob Dole has suggested that we do, which is very similar to what John Kennedy and Ronald Reagan each in their time suggested.

I yield to the gentleman from Tennessee.

Mr. WAMP. I thank the gentleman for yielding. You have given a great historical perspective of how we got into this dilemma and what forces are necessary to pull us out of this dilemma with our debt and this issue of taxes. I think it is very important. We need tax reform. We need tax relief and tax reform, I think, at the same time.

I grew up as a member of the Democratic Party. Ronald Reagan and his tenure is what brought me to the Republican Party on some simple principles of exactly how large the Federal Government was going to be in our lives, exactly how intrusive. I remember he said at one time, I do not think it was an original quote, but he said a government big enough to give you everything you want is a government big enough to take from you everything you have. And I just wonder how far we are going to go down this road toward big government and more and more of our resources and our rights taken from the big central government.

Our Founding Fathers, I am sure, are rolling over in their graves, but it is this principle. I am not a partisan person, really becoming less and less partisan the longer I am involved in public policy. I think, though, that there are some stark differences between the Democratic agenda in 1996 and the Republican agenda.

One of them is a very simply issue of whether or not we are going to stand on the side of the American taxpayers, that they are already overtaxed.

Let me give you a historical perspective. We all know that the average family now, the mother and the father are both having to work. That is happening because one of them is working for the government and the other one is working for the family. And we know that is not right.

And just in my lifetime, this has happened. This has not been going on for a long time. In 1957, when I was born, my father paid less than 10 percent of every dollar that he made to the government combined. State, Federal, and local governments combined was 10 cents of the dollar, about what you are supposed to tithe in church. the Federal tax rate was between 3 and 4 percent. The whole thing was less than 10 percent.

Today, one generation later, that figure is roughly half of every dollar an American makes goes to the government. My son is 9 years old. Then he is my age, just going through one more generation. That figure is going to be about 84, 85 percent of every dollar he makes. Let me tell you, we cannot sustain our freedom going in this direction.

I have been to fundraisers. I have heard wealthier people say, we do not need tax relief. It is okay, just hold the line. Well, those wealthy people may not need tax relief. It is the people in the middle and at the bottom who need tax relief the most, and they are the ones that are having a hard time keeping their heads above water.

I constantly think of single moms who are working to get their kids ready for school during the morning and they are going to work, and they have no hope of ever getting ahead. They are barely keeping their heads above water, day in, day out.

I think of parents, both working, and they just have a little hope anymore in our society, knowing that as the government grows they are going to have to take an extra job. Many two-parent families are working multiple jobs because the government is taking a larger and larger chunk of our resources.

So this issue, fundamental issue, as we make measurable progress toward a balanced budget and our President continues to say, and this is one thing we agree on, we have got the lowest budget deficit in 15 years because this Congress cut spending for the first time in 26 years, and because the economy, albeit 2-percent growth versus 3-percent growth, has grown somewhat, we have this low budget deficit.

Is it reasonable and logical to give the American people some of their money back as we make real and measurable progress toward a balanced budget, give them some tax relief and tax reform, simplify the system and at the same time give them some of their money back? Yes, it is reasonable and logical. Why? Because we are at 50 percent, and we are climbing, of every dollar we make.

Our Founding Fathers warned us that the big central government could get bigger than the people that are supposed to control it. We have already passed that day in America. We need to go back slightly, ever so slightly, and give them some tax relief.

I am not going to endorse any plan. I am not going to endorse President Clinton's plan. I will not unilaterally endorse Mr. Dole's plan. I am going to endorse the notion of giving the American people some of their hard-earned money back and try to give it to everybody.

The Kemp Commission made some excellent recommendations about how to create growth and opportunity by using our Tax Code. We ought to go to that Kemp Commission recommendation.

We talked about what hourly workers make in this country just a few months ago in this body. But we talked about what 2 percent of the workers make, and that is minimum wage. We did not talk about what the other 98 percent of workers make. The other 98 percent of workers should have a pay increase now. We should do that by making that Social Security tax, that FICA tax deducted from their paycheck, fully deductible, so we are not taxing the tax, and putting money back in the pocket of every working American. That is a recommendation of the Kemp Commission, which worked for months to establish pro-growth policies, and there is tax relief that can return more money to the Federal Government.

A capital gains tax is a tax on inflation. It is an unfair tax to begin with. And if you reduce the rate, it is a pro-growth policy. When we reduced the capital gains tax rate in this country previously, the history shows the revenues for capital gains increased each and every year to the Federal Government. We return more revenues.

There are people out here pent up with assets, many of them poor to middle income, not rich, not wealthy, regular folk that are waiting to sell some stock that they may have inherited because the appreciation, the inflation that has set in made that asset worth so much. Why should we as a Nation tax inflation? Inflation on other things with Federal Government, we actually index them and compensate people for inflation. But with an investment we actually tax the investment. No wonder we do not have enough savings and investment in this country like they do in other industrialized countries.

Japan and Germany, they know not to overtax investment and savings. We need a pro-growth policy. We need some tax relief to be done in a reasonable way. This Congress, early next year, is going to address this issue, I am quite confident.

There is a big difference between the two parties on this issue of how much of your money you get to keep every time you get paid. We want you to keep more of your money and we are willing to make those tough votes to shrink the Government so you can keep more of our money. It is a defining issue, Mr. Speaker. I hope that the people in this country will wake up to these issues and realize there is a big difference and our future is at stake, because I want my son to keep more than 15 cents of every dollar he makes when he gets my age.

I thank the gentleman for yielding to me.

Mr. SAXTON. Mr. Speaker, I would just like to emphasize one of the things that you have correctly and articulately pointed out. I guess I would do it this way.

During the last 3 or 4 years we have gotten ourselves into a situation where wages have shrunk and taxes have increased. And so when you have shrinking wages and increased taxes, you get people in a pinch. You get people in a crunch. And, of course, that has happened during the Clinton administration, and there have been some around here who have called that Bill Clinton's crunch. In other words, we have got these lowering wages, increasing taxes, which means for every family in America less disposable income.

□ 1815

Tougher to get a loan, tougher to get the kids clothes in September when they go back to school, tougher to go to the Acme Market or the Super Saver Market or whatever market you go to every week, and this issue of less disposable income is one of the primary reasons why the generation that you just spoke about, your kids, are looking at their adult life and saying: ''Wow, did my parents have more opportunity than I did for the first time in the history of our country?''

Mr. SMITH of Michigan. If the gentleman will yield, you know it is so disconcerting that government is so hell bent on having more control over peoples' lives is disrupting and making those lives worse by having a bigger government and by having more and more taxes, because it hurts those jobs.

You know, I am an economist by education, but I always through the school of economics might be better in social studies because it is human reaction, economics is human reaction. If we want more and better jobs in this country, we have to decide what products the people in this country and other countries want to buy, and we have got to make a quality product at a competitive price. When we tax investment and saving more than any of these other countries because in government's eagerness to be bigger and do more things for more people, we have increased the tax.

You know, we heard a lot of discussion: How are we going to pay for the Dole Tax cut? It is $540 billion.

It is interesting to note that this liberal Congress in the last 5 years, not in the last 1½ years of Republican control, but in the last 5 years has increased taxes $540 billion, and so that tax increase is now being offset with a suggestion: ''Let's reduce taxes by $540 billion.''

The liberal press says, ''Well, how are you going to pay for it?''

I like the Speaker's reaching in the pocket and bring out six pennies, because we have go a pinch pennies if we are going to pay for the tax cut.

But the fact is that if we can cut down the waste and the fraud and the abuse of Federal Government by just 6 cents out of a dollar, we are going to pay for that tax cut.

I mean, Mr. Speaker, if I could ask the American people right now how much fraud and abuse and waste do you think is in government, you know we could have a bidding process. We could say, I bet most of the people of America think we could cut out 10 percent, or even 15 percent.

But what we are talking about is pinching pennies in the Federal Government, just like every family has to do, and cutting down this budget by 6 percent and reducing those taxes by 15 percent, leaving more money in every citizen's pocket.

That is what we are interested in, take-home pay. We have got to have more and better jobs, but at the same time, if we can reduce those taxes by 15 percent, what we are talking about is for a family, for a man, a husband and wife and two kids, making $30,000, they will have $1.264 more in their pocket if we have this tax cut, and that is just what government and a liberal Congress has taken out of their pockets in the last 5 years.

So let us offset it, let us move ahead. It is ridiculous having bigger and bigger government that not only taxes more but takes over more of your freedom and more of your liberty.

Mr. SAXTON. I thank the gentleman for pointing that out, and certainly savings and finding ways to pinch pennies, as you have correctly pointed out, is crucial to our getting the job done that we need to get done. Because we can get more revenue through economic growth policies, but if we do wrong again, that which we did wrong in the 1980's, it will all be for naught because this has got to be a two-pronged program. We can do right, what we did in the 1980's, but we also have got to pinch pennies.

I saw the Speaker of the House, Mr. GINGRICH, give a speech on television the other day, and he was talking about this very subject. He did not have six pennies, but he had an ice bucket, and I thought what in the world is the Speaker going to do with this ice bucket? And he held it in his hand, and he pointed that when we took control of this House 2 years ago, or a year and a half ago, the Republican Party decided to do things differently around here, and prior to the time we took over every office, every Member of Congress had two buckets of ice delivered to his or her office every day.

I just kind of took it for granted in the 10 years or so that I had been here that ice showed up. I do not know whether anybody used it or not. I did not. But when we took over, we decided it was something we did not need to do, and let me tell you we saved.

According to the Speaker, from what I heard him say the other day, we saved $400,000 by pinching ice buckets, I guess, and not doing the foolish things that happened back in the days before we had refrigeration, back in the days when we maybe needed to put lunch on ice, literally. Today, every office has a refrigerator in it, and the Congress was continuing to spend $400,000 every year on ice.

Mr. SMITH of Michigan. If the gentleman would yield again, it is interesting because it is very personal. When I came to Congress in 1993, first thing, I told my staff, ''Look, stop the delivery of ice,'' and they—after 5 days I said, ''The ice is still coming,'' and they said, ''Well, we can't stop it.'' They said it is in the labor contract, and they are required to deliver two buckets of ice to every congressional office.

So I wrote a letter to the Speaker, the Democratic Speaker at that time, and suggested that this was pretty ridiculous, that we had a small refrigerator, we had all the ice we needed. If we wanted cold pop, we had cold pop.

But, you know, there are so many examples like that.

The post office, the post office is another half a million dollars. Instead of the Government running its own post office and feeding out the stamps and allowing the kind of corruption that existed in the past, when this Congress, when this new Republican Congress, came in, we said the U.S. Postal Service is responsible for running the post office. That saved another half a billion dollars.

This, JIM, is so amazing. I wish everybody could know some of the things that have happened.

You know, when we took office in our term in Congress, we cut out 270 different agencies and programs. On the first day of the session when we came into session in 1995, on January 5 or something, what we did is did away with 23 subcommittees, four full committees; we cut legislative staff by almost 32 percent in an effort to do exactly what we are talking about, pinch pennies, and that is what we are going to continue to do.

And, you know, I for one, and I suspect you for another, and many of us in the Republican Caucus, among the Republican Members of Congress, are not going to vote for a tax increase unless it is paid for with spending cuts, because we are very determined that we are going to have a balanced budget.

Mr. SAXTON. I would just like to reclaim my time here for just a minute. I will be happy to continue the discourse, the dialog, with the gentleman.

One of the things that we have done on the Joint Economic Committee, and I am sure that, as the gentleman knows, we have done a number of studies to try to identify where we ought to be and how we ought to get there, and one of the things that surprised me—I had no idea this had happened, probably should have known.

When I was elected to Congress, the Federal Government was consuming something like 19 percent of the gross domestic product, and since I have been here, and I am not proud of this, since I have been here, usually voting against these policies, but since I have been here, in the 12 years we have grown so that our government today consumes 23 percent of the gross domestic product. In other words, over this short period of time, relatively short period of time, we have gone from consuming 18 percent of GDP to 23 percent of GDP. That is dangerous.

We talk about big government a lot around here and about how to make it smaller, and if there is anything that I think points to the necessity of remaining serious about the things that we have started here in the last 2 years, it is that statistic, because as government grows bigger and more expensive, obviously it take more money away and more freedoms away from the people that elect us to come here to safeguard those very freedoms and to run our government as economically as we can.

So when I saw that study which showed that kind of growth in government, it frightened me to death, and I hope that when people hear about it, it will sober some of our friends on the other side of the aisle as well.

Mr. SMITH of Michigan. I think it is important that we point out that under the Republican budget resolution that we passed, by the end of this 6-year effort to balance the budget we will be back down to 8 percent of GDP. So the effort is there.

It takes a lot of conviction. It is not easy for politicians to make those cuts. We have seen so much demagoguing as Republicans have tried to pinch pennies that the demagoguery to criticize Republicans for cutting any of this spending has resulted in an attitude among many Americans that, well, gosh, maybe those Republicans are too cruel and maybe they are putting burdens and pinching pennies for tax breaks for the rich.

JIM, I see you have got a chart down there, and I think this tax break for the rich idea is so ridiculous as we try to give middle-class tax breaks, and that is exactly what the Dole plan does, that is exactly what the Republican plan does. But I believe this is a recollection of what happened in the 1980's under Ronald Reagan.

Mr. SAXTON. This shows clearly what happened in terms of various income groups under the Reagan tax policies beginning in 1981 and going through the year 1988. The claim by some on the other side of the aisle always is that, well, Reagan was great for the rich people because their taxes were cut and they all profited, you know, the rich people, and Reagan took care of them.

Nothing could be further from the truth, and these statistics prove that.

There are three colored lines here which represent taxes paid by various income groups. Here in 1981 this green line shows that people who were in the top 1 percent of the wage-income earners in this country paid 17.6 percent of the total tax burden. People who were between the 51st and the 95th percentile paid 57 percent, and the bottom 50 percent of the taxpayers in the United States in 1981 paid 7.5 percent.

Now, if we jump all the way to the other end of this chart—of course each year goes across, 1982 and 1983, all the way over to 1988, we find that in 1988 the people who were in the top 1 percent of the income class in our country no longer paid 17.6 percent of the total taxes, but paid over 27 percent of the total taxes, an increase of nearly 10 percentage points. Conversely, people who were in the bottom 50 percent, who paid 7.5 percent of the taxes in 1981, by 1988 paid only 5.7 percent, and so they dropped almost 2 percentage points over the 8 years of the Reagan administration.

So this is a clear indication that once again these growth policies that we talk about, the Dole suggestion that we ought to once again reduce tax rates, the Dole suggestion that the capital gains tax is too high, the Dole suggestion that people ought to get a $500 tax credit for each child in the family to reduce the burden of taxes on families, is not only a nice thing to do for families, it not only makes them feel better and not only gives them a little bit more money to spend each year, it is a significant amount of money to spend each year; but more importantly, or at least equally importantly, it makes the economy do better, it makes the economy grow as we have historically done since World War II. It gets us out of the 2.2 percent rate of growth back on track toward 3.5 percent, which is so important to job creation, which is so important to increasing wages, which is so important to opportunities for young people to progress and move up.

So that is what the Dole program is about. If we can continue, as we have, under this leadership in the Senate to reduce spending, to continue, as we have, in this House to reduce spending and still get this growth policy in place, we will certainly do so much better for families than we have during the past 3 years since the huge Clinton tax increase went into place.

Mr. SMITH of Michigan. I would just say, JIM, it is true that American workers are currently the most productive in the world, but we cannot continue that kind of efficiency and productivity because the other countries are increasing their rate of productivity faster than the United States.

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Part of these reasons is because we make it so expensive under our Tax Code for people to save and invest. We penalize.

I am just reading some of the statistics here, where the average tax in the United States is 28 percent, compared to France at 18 percent, and this is for savings and investment; 28 percent in the United States, 18 percent in France. Canada has 23 percent, and Japan has 20 percent. So here the United States is making it more difficult to save and invest, and like we mentioned before, the capital gains tax relief means if the American family buys a home, for example, and it goes up with inflation but does not go up any faster than inflation, when they sell that house we penalize that family for the increased value of their house because of inflation.

So if we have some capital gains tax relief, then we say, look, if that house would only buy the equivalent of, say, five cars when you bought it, it doubles in price over 15 years, but it still only buys five cars, if we are going to tax on increased wealth, then we should not be taxing that inflation. That is what we are trying to do when we talk about capital gains tax relief.

Mr. SAXTON. Exactly. That is what the Dole suggestion is all about, about reducing the rate of taxation in order to promote this type of economic growth that we have seen before.

I would like to thank the gentleman for taking part in this special order, and just conclude by saying that it has been proven since the 1960's, when John Kennedy was President, he gave that famous speech right here at the podium where he said taxes are too high and the economy is suffering because of it, and Lyndon Johnson, his successor, actually put those programs into place and the economy grew. Then Ronald Reagan got elected in 1980 and said almost the same thing, almost the same words, almost the same policies, very similar, similar enough to promote the kind of growth that we got during the 1980's.

If we today, in 1996, can look at the examples set by Kennedy and Reagan, and if we can look at what they did right, and if we can duplicate, as nearly as we can in today's situation, the policies that they did which were so right for our country and so right for economic growth, and at the same time recognize what this House and the other House and the President did wrong in the 1980s; which was a failure to control spending, if we can do those two things and do them right, we will leave a legacy for our children that we can be very proud of.

I would like to thank both the gentleman from Michigan [Mr. SMITH] and the gentleman from Tennessee [Mr. WAMP] for taking part in this special order.

COMMUNICATION FROM THE HONORABLE JOHN D. DINGELL, MEMBER OF CONGRESS

The SPEAKER pro tempore (Mr. QUINN) laid before the House the following communication from the Honorable JOHN D. DINGELL, Member of Congress:

HOUSE OF REPRESENTATIVES,
Washington, DC, September 18, 1996.

Hon. NEWT GINGRICH,
Speaker, House of Representatives, Washington, DC.

DEAR MR. SPEAKER: This is to formally notify you, pursuant to Rule L (50) of the Rules of the House of Representatives, that a subpoena (for documents and testimony) issued by the U.S. District Court for the District of Columbia in the matter of *United States v. Jeffrey M. Levine*, Cr. No. 94–034, has been served on me.

After consultation with the Office of General Counsel, I have determined that the subpoena appears not to be consistent with the rights and privileges of the House and, therefore, should be resisted.

Sincerely,

JOHN D. DINGELL,
Member of Congress.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Miss COLLINS of Michigan (at the request of Mr. GEPHARDT), for today, on account of illness.

Mrs. COLLINS of Illinois (at the request of Mr. GEPHARDT), for today, on account of illness.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mrs. SCHROEDER) to revise and extend their remarks and include extraneous material:)

Mr. DEFAZIO, for 5 minutes today.

Mr. GENE GREEN of Texas, for 5 minutes, today.

Mr. HOYER, for 5 minutes, today.

(The following Members (at the request of Mr. WELDON of Pennsylvania) to revise and extend their remarks and include extraneous material:)

Mr. MCINTOSH, for 5 minutes, today.

Mr. SCARBOROUGH, for 5 minutes, today.

Mr. HANSEN, for 5 minutes, today.

Mr. WELDON of Pennsylvania, for 5 minutes, today.

(The following Members (at their own request) to revise and extend their remarks and include extraneous material:)

Mr. HUNTER, for 5 minutes, today.

Mrs. SCHROEDER, for 5 minutes, today.

(The following Member (at his own request) to revise and extend his remarks and include extraneous material:)

Mr. DORNAN, for 5 minutes, today.

(The following Members (at their own request) to revise and extend their remarks and include extraneous material:)

Mr. HEFNER, for 5 minutes, today.

Mrs. SCHROEDER, for 5 minutes, today.

Mr. HUNTER, for 5 minutes, today.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

(The following Members (at the request of Mrs. SCHROEDER) and to include extraneous matter:)

Mr. SERRANO.
Ms. DELAURO.
Mr. KANJORSKI.
Mr. HAMILTON.
Mr. KLECZKA.
Mr. VISCLOSKY.
Mr. FILNER.
Mr. ACKERMAN.
Mr. DELLUMS.
Mr. STARK.

(The following Members (at the request of Mr. WELDON of Pennsylvania) and to include extraneous material:)

Mr. FIELDS of Texas.
Mr. LARGENT in two instances.
Mr. BURR of North Carolina.

(The following Members (at the request of Mr. SAXTON) and to include extraneous material:)

Mr. VENTO.
Mr. WELLER.
Mr. WELDON of Pennsylvania.
Mr. ROTH.
Mr. WHITFIELD.
Mr. PASTOR.
Mr. LAHOOD.
Mr. GILMAN in two instances.
Mr. STARK.
Mr. DELLUMS.
Mr. VISCLOSKY.
Mr. BAKER of California.
Mrs. MEYERS of Kansas.
Mr. SOLOMON in two instances.

SENATE CONCURRENT RESOLUTION REFERRED

A concurrent resolution of the Senate of the following title was taken from the Speaker's table and, under the rule, referred as follows:

S. Con. Res. 67. Concurrent resolution to authorize printing of the report of the Commission on Protecting and Reducing Government Secrecy; to the Committee on House Oversight.

ADJOURNMENT

Mr. SAXTON. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 6 o'clock and 34 minutes p.m.), the House adjourned until tomorrow, Thursday, September 19, 1996, at 10 a.m.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

5185. A letter from the Administrator, Agricultural Marketing Service, transmitting the Service's final rule—Limes and Avacados Grown in Florida; Relaxation of Container Marking Requirements [Docket No. FV96–911–4FIR] received September 18, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Agriculture.

5186. A letter from the Administrator, Rural Utilities Service, transmitting the Service's final rule—Use of Consultants Funded by Borrowers (RIN: 0572–AB17) received September 18, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Agriculture.

5187. A letter from the Director, the Office of Management and Budget, transmitting the cumulative report on rescissions and deferrals of budget authority as of September 1, 1996, pursuant to 2 U.S.C. 685(e) (H. Doc. No. 104–265); to the Committee on Appropriations and ordered to be printed.

5188. A letter from the Under Secretary of Defense, transmitting the Secretary's certification that the survivability and lethality testing of the UH–1N variant of the USMC H–1 upgrade program otherwise required by section 2366 would be unreasonably expensive and impractical, pursuant to 10 U.S.C. 2366(c)(2); to the Committee on National Security.

5189. A letter from the Chairman, Federal Deposit Insurance Corporation, transmitting the annual report to Congress by the Division of Compliance and Consumer Affairs of the FDIC, pursuant to 15 U.S.C. 57a(f)(6); to the Committee on Banking and Financial Services.

5190. A letter from the Director, Office of Management and Budget, transmitting OMB's estimate of the amount of discretionary new budget authority and outlays for the current year (if any) and the budget year provided by H.R. 3845, pursuant to Public Law 101–508, section 13101(a) (104 Stat. 1388–578); to the Committee on the Budget.

5191. A letter from the Assistant Secretary for Occupational Safety and Health, Department of Labor, transmitting the Department's final rule—Occupational Exposure to Asbestos, Tremolite, Anthophyllite and Actinolite Final Rule: Corrections (RIN: 1218–AB25) received September 18, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Economic and Educational Opportunities.

5192. A letter from the Administrator, Energy Information Administration, transmitting the Energy Information Administration's "Annual Energy Review 1995," pursuant to 15 U.S.C. 790f(a)(2); to the Committee on Commerce.

5193. A letter from the Director, Office of Congressional Affairs, Nuclear Regulatory Commission, transmitting the Commission's final rule—Topical Guidelines for the Licensing Support System (Regulatory Guide 3.69) received September 17, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Commerce.

5194. A letter from the Acting Director, Defense Security Assistance Agency, transmitting notification concerning the Department of the Air Force's proposed Letter(s) of Offer