

objection, referred to the Committee on Science.

To the Congress of the United States:

As required by 42 U.S.C. 1863(j)(1), I am pleased to submit to the Congress a report of the National Science Board entitled *Science and Engineering Indicators—1996*. This report represents the twelfth in a series examining key aspects of the status of American science and engineering in a global environment.

The science and technology enterprise is a source of discovery and inspiration and is key to the future of our Nation. The United States must sustain world leadership in science, mathematics, and engineering if we are to meet the challenges of today and tomorrow.

I commend *Science and Engineering Indicators—1996* to the attention of the Congress and those in the scientific and technology communities.

WILLIAM J. CLINTON.

THE WHITE HOUSE, May 15, 1996.

CONCURRENT RESOLUTION ON THE BUDGET, FISCAL YEAR 1997

The SPEAKER pro tempore. Pursuant to the order of the House of Tuesday, May 14, 1996 and rule XXIII, the Chair declares the House in the Committee of the Whole House on the State of the Union for the consideration of the concurrent resolution, House Concurrent Resolution 178.

□ 1609

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the concurrent resolution (H. Con. Res. 178) establishing the congressional budget for the U.S. Government for fiscal year 1997 and setting forth appropriate budgetary levels for fiscal years 1998, 1999, 2000, 2001, and 2002, with Mr. CAMP in the chair.

The Clerk read the title of the concurrent resolution.

The CHAIRMAN. Pursuant to the order of the House of Tuesday, May 14, 1996, the concurrent resolution is considered read the first time.

The gentleman from Ohio [Mr. KASICH] and the gentleman from Minnesota [Mr. SABO] each will control 90 minutes.

The Chair recognizes the gentleman from Ohio [Mr. KASICH].

Mr. KASICH. Mr. Chairman, for purposes of debate, I yield 11 minutes to my friend and the very distinguished gentleman from New Jersey [Mr. FRANKS].

Mr. SABO. Before my friend from New Jersey starts and lest I forget, I request unanimous consent that the last 30 minutes of debate on the minority side, which is allocated to the Joint Economic Committee, be controlled by the gentleman from Washington [Mr. McDERMOTT], and that he have the authority to yield time to other Members.

The CHAIRMAN. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

Mr. FRANKS of New Jersey. I thank the gentleman for yielding me time.

Mr. Chairman, the measure before us is not simply about thousands of individual numbers. It is not about economic assumptions. It is not about green eyeshades and sharp leaded pencils. Budgets are about people. Budgets are about ideas.

Mr. Chairman, the budget of the Federal Government speaks to who we are as a country. It looks at our hopes and our aspirations, our dreams. It looks at our challenges and our problems. It looks at our opportunities.

But no budget, Mr. Chairman, exists in a vacuum. A budget is developed against the backdrop of the environment that we find today. As family across this country are looking at their own economic circumstances, they are saying very clearly that America can and must do better. While the economy may be showing signs of improvement for some, many families are still struggling. Tens of thousands of workers continue to lose their jobs, many the victims of corporate downsizing.

In fact, between June of 1994 and June of 1995, fully half the major corporations in the United States eliminated jobs, less than a third of the workers who lost their full-time jobs found new jobs that paid as much money. On average, workers who lost their jobs had to settle for jobs that paid 8.2 percent less. And for dislocated workers between the ages of 45 and 55, their incomes declined by fully 14 percent. We have watched high-paying manufacturing jobs continue to disappear at an alarming rate. Between March of 1995 and March of this year, 326,000 manufacturing jobs were lost.

In the past 2 years, there has been a 10.2 percent increase in the number of Americans who hold two or more jobs. Today more people are working two jobs than at any time in our Nation's history.

□ 1615

Yet, despite working longer and harder than ever before, too many families feel as if they are not moving ahead. They are working harder merely to stay in place, and it is no wonder. The American family has seen no increase in their wages over the past 3½ years. Meanwhile, taxes are taking a bigger and bigger bite out of the family's annual income.

It is interesting to note that back in 1950, Federal taxes consumed just 5 percent of the average family's income. Today, 26 percent of a family's income goes just to pay for Federal taxes. Most families across the country, Mr. Chairman, remember that back in 1993, just 3 years ago, President Clinton raised their taxes, bringing the tax burden to its highest level in history. The Clinton tax package increased taxes on gasoline, increased taxes on individual in-

comes, increased taxes on married couples, increased taxes on Social Security benefits, increased taxes on inheritances. As a result, every family, every year, is seeing their tax bill escalate. Last year, the average family with a single wageearner took home \$803 less in their paycheck than they did in 1992.

What does all this mean to our children as we look to the future? If we stay on the current path and we do not stop our deficit spending, a child born today will face a very bleak future. Seventeen years from today, when that child is prepared to graduate from high school, every tax dollar sent to Washington, DC, will be consumed by just five programs: Social Security, Medicare, Medicaid, Federal employee retirement benefits, and the interest obligation on the national debt. That means that when that child gets ready to graduate and go to college, there will be no money available in the Federal budget to help with his college education, no money to keep his neighborhood safe from crime, no more Federal aid to build new roads or mass transit systems, and no money available to protect and defend our country. Over his working lifetime, that child will be paying off a huge debt, a debt he inherited from all of us. That child's lifetime obligation as his share of the interest payment on the national debt will be \$18,000.

The fact is that America needs a budget that saves our children's future. Our children deserve a better and brighter future than this scenario. They deserve one filled with hope and opportunity and a chance to live out the American dream. Since the start of the Great Society programs in 1965, we have spent \$5 trillion on a vast assortment of social spending programs. That is more than we spent to win World War II.

What has that enormous investment produced? The number of children living in households dependent on welfare has tripled, from 3.3 million to 9.6 million. There has been an explosion in the number of mothers, many of them children themselves, who are having children out of wedlock, a 326 percent increase over the last 30 years.

We need to make sure that Washington is there to lend a temporary hand in time of need, helping the people to get back on their feet again so they can lead independent, self-sufficient lives.

As we look ahead to the vast changes that await us in the twenty-first century, just around the corner, we must empower individuals to take advantage of new opportunities, and to do that, America needs a budget that empowers people to be self-reliant.

To accomplish that objective, we need a budget that reduces the power and influence of Washington over our everyday lives. In just 30 years, Government spending has exploded. The cost of running the Federal Government has moved from \$134 billion a

year to \$1.5 trillion a year, and along with all this spending, we have created a wasteful and bloated bureaucracy. Every year that bureaucracy churns out thousands of pages of new rules and regulations that affect all aspects of our lives, from the food we eat to the car we drive to the houses we live in. And it is not just businesses that pay the price for all this Government red-tape. Families pay, and pay quite dearly.

Government regulations cost the average family \$6,800 every year. Just think about how time-consuming and confusing it is to fill out your own income tax form. That is because the IRS has 480 different tax forms, and another 280 forms to tell you how to fill them out. It is no wonder it takes the average taxpayer over 12 years just to figure out their own taxes.

America needs a budget that lowers taxes and spends less of our hard-earned money. There is something fundamentally wrong when the average American family pays more on taxes, taxes to the Federal, the State and local governments, than they spend on food, clothing and shelter combined. The average worker spends 2 hours and 47 minutes out of his 8-hour workday just to pay his tax burden. Twenty years ago, that same worker was spending half that amount of time to meet his tax burden.

Mr. Chairman, our budget plan will help America to do better. It will end 30 years of reckless deficit spending. It will shift power, money, and influence out of Washington, DC, and give it back to the American people. It trusts our neighbors and our communities to develop thoughtful and compassionate solutions to today's problems.

This budget attacks waste and inefficiency, and by lowering taxes and reshaping our Federal Government, it will help American families to move ahead so they can earn more, keep more, and do more.

Mr. SABO. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, here we are again, a repeat of 1995. I represent a party that in 1993 produced real deficit reduction. We did not simply talk about it. We produced it, and the deficit has fallen in half.

We come today to face the question of how we continue to put our Federal fiscal house in order, but how to do it in a fashion that is fair and workable.

One of the most important programs that America passed some 30 years ago was Medicare, to assure that elderly Americans had adequate health care. I congratulate my Republican friends on finally making one change in your proposal. You have accepted the President's position that the base premium for part B Medicare should not exceed 25 percent of total cost, and I congratulate you on that change.

Unfortunately, as I look at the details of your program, however, I discover that while you appear to have been easing your Medicare cuts over

the 6-year period before 2002, that in reality, at the end of that time, the provider cuts in the final year, 2002, will actually have to be deeper and make Medicare more vulnerable than was your program as it passed the Congress and was vetoed by the President. That is hardly progress, my friends.

We find throughout this budget a variety of sugar coating to make it look a little bit better than the radical agenda of 1995. But when we look at its long-term impact, we find that in many cases, it is as bad or worse than what the President fortunately had to veto. And Medicare is one of those cases. The cuts, let me say again, to that program in 2002 under your program of today, they are going to have to be deeper than the cuts that you were proposing just a few months ago that the President, fortunately, vetoed.

We will have some more to say on that subject, much more, as we discover that your budget of 1996 is just simply a repeat of the unfortunate program of 1995.

Mr. Chairman, I yield 4 minutes to my good friend, the gentleman from Virginia [Mr. PAYNE].

Mr. PAYNE of Virginia. Mr. Chairman, I want to thank my colleague from Minnesota for yielding me this time.

Mr. Chairman, I rise in opposition to the Republican budget resolution and in strong support of the Democratic substitute offered by the conservative Democratic coalition. The people back home who are listening to this debate will hear echoed many of the same themes we debated in last year's budget debate. But while the Republican budget resolution has come closer to the coalition substitute in terms of numbers, it still represents a political philosophy that does not reflect the views of the American people, and one that will hurt our economy and our citizens. Because the Republicans insist on borrowing \$122 billion to pay for a tax cut, their resolution achieves \$142 billion less in deficit reduction than does the coalition budget.

As it did last year, the coalition substitute still represents an honest path to a balanced budget, that protects both the middle class and our most vulnerable, and nowhere is this more true than in the Medicare Program.

Last year the Republicans proposed over \$28 billion in Medicare spending reductions. This year, they are down to \$16 billion. Last year the President proposed \$98 billion in spending reductions, and this year he proposes \$124 billion. So both sides have made substantial and significant progress forward toward a centrist compromise toward the coalition's budget. But yet while the numbers are moving closer, serious and substantive differences remain. Republicans have backed away from their radical cuts, but they have not backed away entirely from their radical policies.

The Republican plan turns Medicare managed care into a voucher program

and forces seniors to pay the difference. The coalition plan prohibits from charging extra and protects seniors from unscrupulous and unfair billing.

The Republican plan spends \$4.6 billion, over \$7,000 a person, on medical savings accounts, at a time when the trust fund's solvency is in jeopardy. The coalition plan handles MSA's in a prudent and thoughtful way by having a test program, a demonstration project.

The Republicans spend \$4.6 billion on medical savings accounts, but not one penny on preventive benefits. The coalition Medicare package spends \$2 billion on benefits for prostate and colon cancer screening, mammographies and pap smears, and diabetes self-testing equipment, a preventive benefit that will save over \$100 million a year for the Medicare Program when it is fully implemented.

The Republican budget cuts \$123 billion from hospitals, home health agencies, and skilled nursing facilities. Under this new baseline, these cuts are even larger than those proposed by the Republicans last year, and they will devastate health care in rural areas such as mine.

The Republican Medicare plan represents the majority's misplaced priorities. It benefits some of those who manage the care, but it harms many of those who receive the care. In doing so, it cuts \$22 billion more from Medicare than does the coalition's bill.

□ 1630

The coalition's Medicare policy represents sensible middle ground, without gimmicks, without surprises, or without reversals in policy.

I urge my colleagues to support our Medicare reform package and to support the coalition's budget resolution and to vote against this Republican budget resolution.

Mr. FRANKS of New Jersey. Mr. Chairman, I yield 2½ minutes to the distinguished gentleman from Arizona [Mr. HAYWORTH].

(Mr. HAYWORTH asked and was given permission to revise and extend his remarks.)

Mr. HAYWORTH. Mr. Chairman, I thank my good friend from New Jersey for yielding the time. I listened with interest to the comments of the ranking member of the Committee on the Budget and to the comments of my good friend from Virginia. It is not my intent to indulge in venom or vitriol this afternoon, but, instead, I think it is a time for truth.

The gentleman from Minnesota seems to be saying, "Well, you have almost learned your lesson, new majority." Therein lies the most clear difference between the two overwhelming philosophies, for those who champion the Washington bureaucracy and the Washington approach as knowing all and knowing best put their faith in that bureaucracy instead of putting their faith in the people of America.

Those of us in the new majority put our faith in the American people, not the Washington bureaucracy.

And this, Mr. Chairman, is what is truly radical, this fact, this piece of truth: That the average person pays more in taxes and the average family pays more in taxes today than it pays in food, clothing and shelter combined. That is a fact.

It is time for truth, and the truth is the largest tax increase in American history, and this is a fact that my friend from Virginia, who champions deficit reduction, gets away from. The fact is the Clinton budget and the Clinton tax increase costs every household in America \$2,600 in additional taxes. We can do better.

My friend from New Jersey brought this check up. We do not need the fictional Baby Jane Doe. I can put a real name there, John Mica Hayworth, who is now 2 years of age. If we fail to resolve these problems, if we fail to live within our means, John Mica Hayworth will pay in interest on the debt over \$185,000 in his lifetime. That is unconscionable.

This budget dispute is not about numbers, it is about flesh and blood and the future, and despite the rhetoric and the playground taunts, the fact is we can do better for today's seniors, for the youngsters of today, for generations yet unborn.

Say no to the Clinton crunch, yes to our new budget and yes to a new plan for the future.

Mr. SABO. Mr. Chairman, I yield myself 1 minute to simply say that was about the most inaccurate description of what has happened I have seen.

The fact is the bulk of the new revenues last year applied to changes in the income Tax Code for people with taxable incomes of over \$140,000, which means they have close to a gross income of \$200,000. The surcharge applies to incomes over \$250,000, probably gross taxable income over \$250,000, gross income of \$300,000 or more.

I have to indicate also to the gentleman that the numbers he is using on this chart of average taxes assumes or averages in the Ross Perots with the rest of everyone. That is clearly inaccurate. It assumes that the cost of shelter is only 15 percent, and all of a sudden here a while ago, in the housing bill, the gentleman was trying to increase rents to over 30 percent of income for people in low-income housing. Grossly inaccurate.

Mr. Chairman, I yield 3 minutes to my friend, the gentleman from Maryland [Mr. CARDIN].

Mr. CARDIN. Mr. Chairman, I want to thank my friend, the gentleman from Minnesota, Mr. SABO, for yielding me this time, and really congratulate Mr. SABO for working with Members on both sides of the aisle, Democrats and Republicans, people of different persuasions, to try to get us together on a budget that will balance the Federal budget by the year 2002.

I thought we were making progress and I thought Mr. SABO had done a

great job in bringing us closer together as we ended 1995. Unfortunately, as I look at the Republican budget that is being brought up under this resolution, it seems like we are no further together than we were a year ago. That is very unfortunate. A missed opportunity. The budget should speak to the framework on which we want to see the priorities of this Nation, on raising revenues and on spending priorities.

Let me just talk, if I might, in the few minutes I have, on Medicare, one part of that budget. The Medicare proposal in the Republican budget will cost my seniors more, they are going to receive less care, and it seriously jeopardizes the quality of our Medicare system.

Last year the Republicans suggested cutting \$270 billion from the Medicare system in order to finance \$245 billion of tax breaks. Well, we are not dealing with a 6-year budget rather than a 7-year budget, so this year the cut in Medicare is \$168 billion, the tax breaks of \$122 billion going basically to wealthier people.

That is not what our seniors want. That is wrong. Instead, we should be looking at ways of preserving the Medicare system, which the Republicans talk about, but by their own admission they do nothing on the long-term solvency of the Medicare system and a large part of their savings do not go into the Medicare Part A Program.

We talk about giving our seniors more choice, and they do if a person happens to be wealthy or healthy, under the Republican program. But the vast majority of my seniors do not fall into that category. They will not be able to choose a health care plan that will cover their needs.

The Republican proposal removes the protections in Medicare about the plans charging more or the doctors charging more. Sure, if an individual is wealthy they can afford that extra money, but if they are of modest income, as most seniors are, they cannot and they will be forced into a plan where they do not have choice.

We talk about people going into a private plan and returning the Medicare but we offer no protection on their Medigap plans. Most seniors rely on Medigap, and yet the Republicans have removed that from their proposal.

We do have a choice. We do have a choice in order to preserve the Medicare system. We can vote for the President's budget, we can vote for the Congressional Black Caucus' budget. I favor the coalition budget because it is a responsible way to bring down the cost of Medicare without robbing our seniors to pay for tax breaks for wealthy people. It also preserves the quality of our Medicare system.

I urge my colleagues to reject the Republican proposal and support the coalition budget.

Mr. KASICH. Mr. Chairman, I yield 2 minutes and 15 seconds to the gentleman from Arizona [Mr. HAYWORTH] and ask the gentleman if he will yield to me.

Mr. HAYWORTH. Mr. Chairman, I gladly yield to my friend, the gentleman from Ohio [Mr. KASICH], the chairman of the Committee on the Budget.

Mr. KASICH. Mr. Chairman, for those folks that are watching this debate, what the last speaker said is just so far from being accurate it almost ought to be on the Tonight Show in the opening dialog.

I think we ought to stop scaring our senior citizens, our most vulnerable people. We have massive increases in Medicare spending, the program will be enhanced, preserved and improved, and I just really wish that these scare tactics would come to an end.

The President blamed it on the press. He said, "The press made me do it," and I think he may be getting around to the point where he is going to stop, and maybe the rest of the people scaring the seniors ought to stop as well.

Mr. HAYWORTH. Mr. Chairman, I thank my friend and colleague from Ohio. It would be laughable if it were not so tragic.

My colleague from Maryland speaks of a missed opportunity. It is a missed opportunity when we fail to allow the American people to hang on to more of their hard-earned money and send less of it here to Washington, DC. That is tragic.

It is a missed opportunity when a Medicare trust fund under this administration is already \$4 billion in arrears, instead of moving to solve the problem by allowing seniors the chance and the opportunity they have at every other phase of life to make their own choices, somehow try to lock them into a government bureaucracy.

Again, Mr. Chairman, it comes down to this question: Who should we trust? Should we place more trust in the hands of the Washington bureaucrats, who in the wake of that largest tax increase in American history have only delivered 49 percent of the revenues this tax increase was supposed to bring in, in our breakneck pace of spending; or do we trust the American people to make the right choices for their families and their futures?

We can play scare games all day, but in the final analysis, Mr. Chairman, we must stand at the bar of history with the American people as our judge; and, as for me and the new majority, we stand firmly in the column of the American people. We reject the outmoded notions that Washington knows best. Join us, save this country.

Mr. SABO. Mr. Chairman, I yield 3 minutes to my good friend the gentleman from Washington [Mr. McDERMOTT].

(Mr. McDERMOTT asked and was given permission to revise and extend his remarks.)

Mr. McDERMOTT. Mr. Chairman, I listen to this and I think that anybody who is watching it or listening to it in their office would ask themselves, who should I believe?

Now, the last Speaker got up here and said that we ought to stop scaring

the seniors. I agree with that. It was the Republican proposal that scared the seniors in the first instance. And for those individuals who know who Yogi Berra is, Yogi Berra once said, when asked about a particular event, it is kind of *deja vu* all over again. What we are seeing today is the same plan they rolled out here last year. They did not change anything.

Oh, they have tinkered with it a little bit. They said they are not going to fool with the senior citizens premiums. They are not going to raise it up to 31 percent; they are going to hold it at 25 percent.

Now, of course that is the House. Now, we all know it will pass out of the House and go over to the Senate. Is there any agreement with the Senate on that; does anybody know? No, there is no agreement. This is a House proposal, and we will get the same wrangle and, just watch, we will get the same jerking around.

Now, instead of the part B premiums, the House GOP is going to cut hospitals because they do not want to cut doctors. The part B, as my colleagues know, pays for the doctor bills, and they do not want to cut doctors because they made a deal with them. They said, "If you will support our plan, we will give you a couple of things, and one of them is balance billing."

Now, remember the history of balance billing. Back in 1985 we said that doctors had to accept what Medicare paid when it paid a senior citizen's bill. The doctor could not balance bill. For almost 11 years they have not been able to balance bill. But the Republicans said to the doctors, "Look, if you will support our plans to cut the daylight out of Medicare, we will let you balance bill." So whatever Medicare pays, senior citizens can expect that the doctors will pile on an additional balance bill on top of that.

Now, in addition to that, we have to remember that the Speaker said, public statement, that he expects the traditional Medicare plan to wither on the vine. Now, how do they expect to cause this withering on the vine? The traditional plan that most people are in, they simply are not going to give the kind of increases that will make it possible for doctors to stay in that, so doctors will say, we do not want any seniors, and the only place a senior will be able to get their health care is to go into a managed care plan.

Now, by doing that, that means they will have moved all senior citizens into managed care and they simply are going to squeeze people down. It is very clear the plan the laid out. It is going to cost seniors \$1,000 more a year by the year 2002.

Mr. Chairman, this is the kind of scaring that has gone on. It ought to stop. This same plan is being rolled out here again, and this should be enough in itself to defeat this budget resolution.

Mr. KASICH. Mr. Chairman, I yield 3 minutes and 15 seconds to the gentle-

woman from Washington [Ms. DUNN], and ask if the gentlewoman will yield to me.

Ms. DUNN of Washington. I yield to the gentleman from Ohio.

Mr. KASICH. Mr. Chairman, let me just say, you can fool some of the seniors some of the time but not all of the seniors all of the time.

This trust fund is on the road toward bankruptcy. Our program is designed to significantly increase the amount of dollars in Medicare and to guarantee that this fund will be solvent well into the next century so our senior citizens can have a very viable program.

□ 1645

Ms. DUNN of Washington. Mr. Chairman, I want to switch the discussion to welfare, because welfare reform is included in this balanced budget resolution.

During the past 30 years, the Federal Government has spent more than \$5 trillion on welfare programs intended to alleviate poverty, but the problem is getting worse, not better. The system is getting more and more cruel. Today one American child in seven is raised on welfare. That is what this budget debate is all about: the children and their families. The current welfare system encourages a life of dependency and weak families, and that has a devastatingly negative effect on a child's development.

Every one of us feels sick when we read in the paper, we see on television the real life stories of how the current welfare system has failed. Think of this: 19 children found together in a cold, dark Chicago apartment. Police found them sharing a bone with the family dog for food. Or the Boston family that has 14 out of its 17 adult children now living on welfare, right now, and receiving close to \$1 million a year from taxpayers.

Our solutions are focused on promoting families and work, moving families into the work force and off welfare is the only way to break this cycle of dependency. Most Americans on welfare want to work, but, sadly, our Government offers them a better short-run deal to stay dependent.

To make our approach work, the amount of time someone stays on welfare must be limited. Our bill does that. The President says he supports a 5-year time limit on cash welfare benefits, but he includes so many exemptions that the current welfare system would no be significantly changed. Furthermore, under the President's plan, recipients are guaranteed noncash benefits forever.

We understand that families, especially mothers, need a helping hand in moving from welfare to work. That is why we provide over \$6 billion in additional child care assistance over what is currently contained in the current welfare system. This gives parents the peace of mind to go off welfare into the work force.

We also understand that children are hurt when our system fails so pitifully

in enforcing court-ordered child support. Right now today, \$34 billion are owed in court-ordered child support not being paid to custodial parents from these children's own parents. Our program finds a way to locate those dollars, especially those deadbeat parents who move out of the State to avoid supporting their flesh and blood children.

Mr. Chairman, what is at stake is real welfare reform. Imagine what our country will look like in 5 years if we do not pass it. The system continues to hold millions of poor families in its grip. The problem is not the people who are involved. The problem is the failed process. The President recently asked for a welfare bill with personal responsibility, work and family. We give it to him. Sign this balanced budget proposal, Mr. President.

Mr. SABO. Mr. Chairman, I yield 2 minutes to the hard-working gentleman from New Jersey [Mr. PALLONE], a real knowledgeable Member on health care.

Mr. PALLONE. Mr. Chairman, I just want to say the seniors in this country are scared and they have reason to be because of these Republican proposals on Medicare. There is no question in my mind what is going on here again is the same thing that we saw last year. That is that senior citizens are being made to pay for the cuts that are being proposed in this budget and that Medicare is taking a bigger hit, almost as big a hit as it did last year, and all to pay for tax breaks essentially for wealthy Americans.

Now why should a senior citizen be scared? They should be scared because when the Medicare program was established in 1963, they were basically told that they were going to have at least three things: One, they were told they were going to have an unlimited choice of doctors and hospitals. Medicare would reimburse for that. Second, they were told that they would have protection against having to pay a lot of money out of their pocket. Right now it is limited to 15 percent. And then they were told they would have guaranteed coverage of all Medicare benefits for the premium that was established by law.

All these things are at risk in this Republican budget today. First of all, because of the reimbursement rate, the fact of the matter is that seniors will be pushed into HMO's or managed care. They will not have their choice of doctors and hospitals.

Secondly, the protections against balanced billing are eliminated. The doctors, if you stay in the traditional Medicare program, can charge anything beyond the 15 percent that is provided under current law. So more money out of pocket means you do not have the health care if you cannot afford it.

Lastly, with the MSA's, with the medical savings accounts, basically seniors are going to be encouraged to go into this two-tiered system where

they have only catastrophic coverage, and they have to pay out of pocket for anything short of a catastrophic health care. So why should not senior citizens be scared?

All the basic tenets, if you will, of the Medicare program are at risk under the Republican budget. They do not know for sure if they can have their doctor anymore. They could very easily have to pay a lot more out of their pocket for going to a doctor or other Medicare or other health care expenses, and they do not even know if they choose an MSA that they will be able to have a lot of the services that Medicare now provides.

I would be scared. They should be scared because of what the Republicans are doing here today.

Mr. KASICH. Mr. Chairman, I yield myself 20 seconds.

Of course the gentleman obviously has not read our program because our program would give senior citizens more choice. In fact, most senior citizens would love to be in the Arizona plan which offers them prescription drugs, eyeglass coverage with no charge, no part B premium and no deductibles. We want to give senior citizens more choice. In that system they would not have more copayments and in fact get to choose whatever kind of system they want.

Mr. Chairman, I yield 2 minutes to the gentleman from South Carolina [Mr. SANFORD].

Mr. SANFORD. Mr. Chairman, it is interesting that if one looks at the polls today, for the first time in American history when folks were asked: do you think your children will do better off or worse off than you did, they are answering "worse off." That is the absolute opposite of the American dream, because the American dream is built on the idea that I did this well, my father did a little bit poorer than that, and my children are going to be doing better than that.

One cannot build a civilization, one cannot build a country around the idea that my children are going to do worse off than I did. So I think at the core of this debate and the core of this budget, what we are really talking about is the American dream.

Mr. Chairman, I would say second what those polls show is that Americans at the gut level understand what history has well documented over the course of time. Rome fell in 476 after controlling essentially the entire known world. The Byzantine empire, the Italian renaissance came to an end, the Spanish empire came to an end, the Dutch empire came to an end, the Ottoman empire came to an end. A host of civilizations came to an end because everyone of them reached a crossroads wherein they had to decide: Do we go back to what made us competitive and a world power in the first place, or we stay on this cozy but ultimately unsustainable cycle of upward government spending and upward government taxation?

We are at that same crossroads today. A child born into America today will pay an 82-percent tax rate if we stay on the course we are on. That either means economic enslavement or it means a collapse of the financial system as we know it. It took every single personal income tax return filed west of the Mississippi River simply to pay for the interest on the national debt. A child born in America, as you saw by the check earlier, will pay \$187,000 in taxes on their share of interest on the national debt if we stay on the course we are on. So we are at that crossroads.

I think what this budget does is point us at the right fork in the road, because it begins to move decisions back to people in their local communities, in their local towns, and in so doing restores the American dream, and I think has a lot to do with saving the civilization.

Ms. SLAUGHTER. Mr. Chairman, I yield myself 3 minutes.

(Ms. SLAUGHTER asked and was given permission to revise and extend her remarks.)

Ms. SLAUGHTER. Mr. Chairman, I rise today to express my strong opposition to the Republican budget resolution and to advise my colleagues to carefully consider the implications of this budget on domestic discretionary spending. My colleagues need to understand there is simply no growth in this budget for important programs. Defense is the only area where they have proposed real growth. It makes no investment in safe highways, airline traffic safety, safe streets, safe schools, education, health care, public safety, clean water, clean air, research and development, business development, and transportation. The tough choices we made in 1990 and 1993 controlled the growth in discretionary spending. The caps have worked and we have the discipline to control future discretionary spending. There is simply no justification for further assaults on critical domestic programs. It is also difficult to understand how my Republican colleagues could propose slowing the growth in domestic discretionary spending to such low levels that by the year 2002, the purchasing power of overall nondefense discretionary appropriations will be 26 percent below this year's level. At the same time that they plan on eliminating any real investment in our economic security, they are proposing \$13 billion more for defense than requested by the Pentagon.

Let me remind my colleagues again, that these cuts are in the most basic programs. Education, environmental protection, medical research, Head Start, civilian research and development, nutritional assistance, transportation, and criminal justice. All of these programs, regardless of what you may hear will be adversely affected if we enact the domestic discretionary level proposed in the Republican budget resolution.

In addition to the funding levels proposed, my Republican colleagues are

also proposing some significant changes and eliminations. Included in this budget resolution is an assumption that 25 important educational programs will be block granted; the Governors will get to decide how to spend this money. While I have yet to see the list of these 25 programs, I can tell you that in some cases, the States will not act to serve vulnerable populations of children. It was because of the refusal of the States to address the unique educational needs of homeless children that I worked to create the Homeless Education Program. States and local governments simply did not reach out to these children and I can assure my Republican friends that under the block grant proposal, homeless children will be denied basic educational services.

Once again the Republicans are proposing to dismantle the one agency whose mission is job development and growth. Did we learn nothing from last year's budget battle. We need a strong and effective Department of Commerce. The late Secretary Brown accomplished this objective and I am fully confident that Secretary Kantor will meet the same challenge.

This Republican budget resolution also proposes the elimination of the Legal Services Corporation. Guaranteeing the basic protection of a citizen's constitutional rights is one of our responsibilities as Members of Congress. We take an oath to protect and defend the Constitution. Shouldn't we be concerned about guaranteeing every citizen, regardless of their income, the right to due process and the right of fair and just representation? Apparently only those who have the ability to pay are allowed adequate legal counsel.

I am gravely concerned about the direction of this country as we enter the next century and firmly believe that this budget will not guarantee that we are prepared to meet the challenges. I urge my colleagues to vote no on the Republican budget resolution. We can balance the budget without jeopardizing our economic future.

Mr. KASICH. Mr. Chairman, I yield 2 minutes to the distinguished gentleman from the State of Oklahoma [Mr. WATTS].

Mr. WATTS of Oklahoma. Mr. Chairman, there was a cultist popular humanistic theme in the 1960's that said "God is dead." I am afraid that many of my colleagues on the other side of the aisle decided that they were left in charge, and what they did was drive us into the ever-deepening quicksand of more and more Government spending without results.

Our budget resolution offers more savings so that Americans can ultimately keep more of what they earn and they can decide what is best for them, not the Government. Bottom line, in our budget we trust the American people. In their budget, they do not.

Do I hate my Government? No. I just believe that we can do better for this

country and for our kids, our grandkids, working families, and seniors. We can do better than \$200 plus billion annual deficits, a \$5 trillion national debt. I think we can do better than an anemic welfare system that penalizes mothers for saving money and penalizes them for wanting to marry the father of their children.

Mr. Chairman, I believe we can do better by saving Medicare from bankruptcy. In this country, we expect the best from our high school, our college, and our professional athletic teams. Why should we not expect the same from our Government? We are the greatest, freest, wealthiest country in the world. I believe we can do better and we should as Americans. Red, yellow, black, and white, we should demand the best from our Government, and our budget starts us in that direction.

Am I an optimist? I am reminded of the guy who defined an optimist as going after Moby Dick in a rowboat and taking the tartar sauce with him. Am I an optimist? You bet I am. I do believe we can do better by trusting the American people and figuring out the right answers for this time in our Government.

I believe that our budget resolution starts us in that direction. Our budget gets us another year down the road of accomplishing a balanced budget in the next 6 years. If we balance the budget, it opens the gateway to the future for our kids and our grandkids. If we do not, we can only look forward to more financial despair and burdens on families, a bankrupt Medicare system and keeping the caged eagles in the poor community locked up just waiting to soar.

Mr. Chairman, I urge my colleagues to open the gateway to the future for our kids and our grandkids by voting for this budget resolution. Trust the American people.

□ 1700

Ms. SLAUGHTER. Mr. Chairman, I yield 2 minutes to the gentleman from Pennsylvania [Mr. COYNE].

(Mr. COYNE asked and was given permission to revise and extend his remarks.)

Mr. COYNE. Mr. Chairman, I rise today to point out the many deficiencies in the Republican budget resolution.

The Republican budget is fundamentally flawed. It places the burden of deficit reduction on health care, education, environmental, infrastructure, and safety net programs while leaving defense spending and corporate welfare virtually untouched. It still provides a substantial tax cut at a time when the Federal Government is running a sizable deficit. Defense spending is actually increased in this budget while critical domestic needs are ignored. Finally, the Republican budget puts a whole new spin on redistribution by increasing the burden on low- and moderate-income Americans and reducing

the burden on the well-to-do; the Republican budget, for example, provides a child tax credit for middle- and upper-class families while cutting earned income tax credit assistance to low- and moderate-income households.

The Republican budget also resurrects a number of policies discussed last year. It eliminates the Commerce Department, the Energy Department, AmeriCorps, the National Endowment for the Arts [NEA], the National Endowment for the Humanities [NEH], the Legal Services Corporation, and the National Institute of Occupational Safety and Health, just to name a few. These agencies provide valuable services to the people of this country. The proposals to eliminate them are short-sighted efforts to pander to the public perception that all government is bad. If you doubt that this is the case, then ask yourself why many of the functions, operations, and even the staff of the Departments of Energy and Commerce will merely be shifted to other agencies, much like the transfer of the Interstate Commerce Commission's responsibilities and staff to the Department of Transportation last year.

In addition, the Republican budget would provide more than \$2 billion less than the President's budget on crime-fighting programs. It is inconsistent to enact tough anticrime measures on the one hand and then deny law enforcement officials the resources that they need to carry out those measures on the other.

One of the most important investments the Federal Government can make is its investment in its human capital. And yet, the Republican budget would freeze Federal funding for job training programs at roughly 60 percent of the 1995 appropriations level for these programs. It would reduce funding for the Job Corps by nearly 10 percent as well. And it would eliminate AmeriCorps and the Direct Student Loan Program.

Despite the strong public reaction to the Republicans' antienvironment initiatives last year, the Republican budget resolution would once again undermine Federal efforts to protect the environment and improve public health. It would cut the EPA's operating budget by 11 percent for fiscal year 1997. Cuts of this magnitude would damage the agency's ability to enforce existing environmental statutes. It would also eliminate EPA programs to develop advanced environmental technologies. This budget would also phase out energy conservation programs, renewable energy research, and fossil energy research and development. Such policies are incredibly short-sighted.

One of the functions most dramatically reduced under the Republican budget proposal is community development. Funding for programs like the Community Development Block Grant Program would be reduced from \$11 billion in 1996 to \$6 billion in 2002. The Economic Development Administration would be eliminated altogether.

Such cuts would devastate communities like Pittsburgh. Federal community development funding leverages billions of State, local, and private sector dollars into important development and revitalization efforts. Without this Federal seed money, many communities across the country will be at a loss to address many critical community needs.

American workers are also adversely affected. The Republican budget would reduce funding for programs like OSHA that ensure workplace safety. It would eliminate the National Institute of Occupational Safety and Health [NIOSH], the only Government agency that conducts research on workplace injuries. It would repeal the Davis-Bacon Act and the Service Contract Act, legislation that guarantees that employees of Federal contractors are paid locally prevailing wages for their work. And it would extract another \$9.4 billion in savings from Federal civilian and military retirees, the same people who have been called upon again and again in recent years to bear a disproportionate share of the burden of balancing the budget.

The Republican budget assumes dramatic changes in Federal housing assistance programs as well. While these programs are in need of reform, current funding for these programs falls far short of meeting the need for affordable housing in this country. The Republicans would reduce spending on housing assistance from the current level of services by roughly \$20 billion over the next six years.

The Republican budget would also make dramatic changes in important Federal transportation programs as well. The local matching rate for transit capital grants would be increased to 50 percent. Transit operating assistance would be phased out. And mass transit new starts would be eliminated. Research and development of advanced high speed rail would be eliminated as well. In total, transit funding would be reduced below a freeze level by more than \$6.5 billion over the next six years. This policy shift would have a devastating impact on congestion, energy consumption, economic growth, and air quality in many of our urban areas.

The Republican budget would eliminate or dramatically reduce technology transfer programs like the Advanced Technology Program and the Manufacturing Extension Partnership Program, programs that provide valuable technical assistance to small manufacturers across the country and promote the development of advanced technology and innovative products. These programs help American businesses compete with foreign manufacturers. They produce an incredible return on the Federal Government's modest investment.

The Republican budget still makes dramatic changes in the Medicare and Medicaid Programs. The proposed savings are large enough to devastate

these critical health care programs. It is interesting to note that the difference in Medicare savings from last year's budget resolution to this year's is roughly the same size as the reduction in the size of the tax cut that the Republicans are proposing. That would suggest to me that the Medicare savings in this budget are motivated by the Republican tax cut package, and not by concern over the future of the Medicare Program. Regardless of the motivation, it should be clear to all Americans that attempting to save \$168 billion from Medicare over the next 6 years is simply irresponsible, as is the plan's reliance on medical savings accounts to cut costs and impose fiscal discipline on Medicare beneficiaries and providers.

The Republican plan would also adversely affect Medicaid beneficiaries as well. The Republican's budget resolution would garner substantial savings, \$72 billion, from Medicaid by converting it to a block grant, and it would eliminate the current guarantee of health care coverage for 2.5 million low-income children between the ages of 13 and 18.

Finally, the Republican budget would pull a number of additional threads from the already fraying Federal safety net. The Republican budget would make \$53 billion in savings in programs like AFDC, food stamps, and SSI, primarily by eliminating the Federal guarantee of assistance for the needy and converting them to block grants.

Where does that leave us? With a Republican budget resolution that is fundamentally flawed. I voted against this resolution when it was considered by the House Budget Committee, and I shall vote against it when it is considered by the full House.

Any of the Democratic alternatives would be preferable. The President's budget is a responsible attempt to balance serious deficit reduction with important investments in our future and the need to preserve Federal safety net programs, although I believe that it would be better to balance the budget before we cut taxes substantially. The coalition budget also deserves credit for its commitment to deficit reduction, although I also have concerns about some of the provisions it contains. I believe, however, that the Progressive Caucus-Congressional Black Caucus budget proposal provides the Federal budget strategy that best addresses the needs of this Nation over the next 6 years. This budget substitute balances the budget, invests in our communities and our human capital, and even expands Federal safety net programs. It does so by reducing defense spending to a level commensurate with the reduced military threat we face with the end of the cold war, and by eliminating corporate subsidies and tax breaks that are wasteful and inefficient.

Consequently, I urge my colleagues to reject this improvident budget resolution and to adopt the Progressive

Caucus-Congressional Black Caucus budget.

Mr. KASICH. Mr. Chairman, I yield 2 minutes to the distinguished gentleman from the city of Cincinnati, OH [Mr. PORTMAN].

Mr. PORTMAN. Mr. Chairman, I just want to say I support this budget without reservation. It is a great budget for all the reasons we have heard up here today.

I have got three kids at home. It is about the kids, it is about the next generation. We do not want to leave them with this crushing debt, now \$5 trillion. We do not want to increase their taxes to the extent we would have to in order to service that debt. We want them to have a shot at the American dream.

So this budget is at least one important step toward getting that budget under control and to get it into balance in 6 years.

But let me mention something else, and the gentleman from Ohio [Mr. KASICH] talks about it a lot. Forget the numbers. This is also about shifting power and responsibility and authority and money out of this city, out of Washington and back to our States, back to our local communities and back to people, and that is very important, and it is a big distinction between the way we have been going and the way we like to go.

For 40 years we have increasingly aggregated that power and authority here in Washington. This budget is all about getting it out. Medicaid is a good example of that. Education is a good example of that. Welfare is a great example of that. Let me give my colleagues one example in Ohio.

For years Ohio tried to get a waiver to be able to do something innovative and creative in the area of welfare to try to help people actually move from welfare rolls to payrolls. Finally we got some of the waivers. We were able, in the last 3 years, to reduce our welfare rolls in Ohio by 23 percent. We could do twice that well, maybe three times that well, if we could get real flexibility that is in this budget proposal in the area of welfare reform.

Let us trust the people that sent us here. Let us do this budget because it is the right thing to do for our kids, to get our fiscal house in order, but also let us do it because it is time to start moving some of the power and authority out of Washington where it is increasingly aggregated and reverse that trend. This is one small step and an important step toward doing that.

Ms. SLAUGHTER. Mr. Chairman, I yield 2 minutes to the gentleman from Texas [Mr. STENHOLM].

Mr. STENHOLM. Mr. Chairman, there are two budgets; no, there are four budgets being considered tomorrow. The one that I support borrows \$137 billion less than the majority budget. I listened to a lot of speeches today, and I do not understand how anyone can propose that borrowing \$137 billion more is going to make good economic sense.

We are talking about spending cuts. I hope my colleagues from rural America take a good hard look at our colleagues' budget. Cutting 46 percent more out of the agriculture discretionary function over the next 6 years does not make good economic sense by anybody's standards. Cutting 13 percent from research extension this year, 1997, does not make good sense. Whoever proposed that, I do not understand how they could possibly come up with that.

The idea that there is that much more overhead down at USDA completely ignores the fact that we have spent the last 3 years reorganizing the U.S. Department of Agriculture. We have cut \$4.2 billion from that overhead. Now to come in and say we are going to take another \$695 million because somebody keeps saying there is unnecessary bureaucratic overhead downtown, they are not looking at what has already been done over the last 3 years in the current administration, and they are truly going to do irreparable harm to agriculture, rural health.

Eliminating the office of rural health in the block grant program that has allowed rural hospitals who have been struggling to just keep their doors open, the success of that program, to suggest that is going to be eliminated does not make sense.

So, a lot of cuts. Yes, we need to cut; yes, we need to make decisions along these lines. But I would say take a good hard look at rural health, and that also includes urban health because what I say about rural health applies exactly the same way to the inner cities, and there are being many decisions made in this budget in the name of cutting the bureaucracy that are going to have the opposite effect. They are going to have a devastating effect on the food supply of this Nation some day.

Mr. Chairman, as Representative for the very rural 17th District of Texas, as a founding member and former cochairman of the House Rural Health Care Coalition, and as a 16-year veteran on the House Agriculture Committee, I find the degree to which this budget resolution assaults rural America truly stunning and enormously disturbing. In the past, rural Members, which of course can be found in both parties, have always managed to put aside partisanship in rural issues for one fundamental reason: An overriding worry about the potential loss of access to quality health care, loss of business, and ultimately, loss of economic viability in rural areas.

The programs and offices which this budget targets for elimination in the health function are the very programs and offices originated by the bipartisan Rural Health Care Coalition. I realize that constituents of urban Members do not worry about whether there is going to be a doctor to deliver their babies, an emergency room to treat the tractor accidents, a nurse to treat daily illnesses. But these are things my constituents do worry about. The programs targeted by this budget certainly do not respond to all of those needs by themselves but the programs and their coordination play a vital role at the edges.

The assault on agriculture is even more remarkable, with total agricultural discretionary spending cut a staggering 46 percent from 1997 to 2002. I understand Republicans think that this nearly 50 percent reduction will come from overhead, which I find particularly interesting since the Agriculture Department has just completed a major reorganization and downsizing. Since most of those cuts are unspecified, it's hard to know whether they will be taken from the hide of research and extension programs, conservation programs, or nutrition and safety programs. What is clear, however, is that with the Ag discretionary budget virtually cut in half, the impact will be felt in each and every function of the USDA. And that means the impact will be felt in each and every rural community.

I find it hard to believe that my many friends across the aisle who serve with me on the Agriculture Committee or on the Rural Health Care Coalition have focused on the aspect of the majority's budget. I have little doubt, though, that as these numbers are implemented into policies and as constituents across the country notify their Representatives of their concerns, my friends will become as alarmed about the impact of this budget on the future of rural America as I am today.

Mr. Chairman, for this and other reasons, I urge a "no" vote on the Republican budget and a "yea" vote for the coalition substitute which approaches a balanced budget in a far more humane and reasonable manner.

Mr. KASICH. Mr. Chairman, I yield myself 1 minute.

I dearly love my colleague from Texas, but as my colleagues know, talk about a vain effort, I mean there is no one that I have yet met outside of the beltway who thinks that we have cut bureaucracy and redtape and travel expenses and supplies and equipment enough in any, virtually any, piece of this Federal Government.

This Republican majority believes that there is tons of money available in the travel allowance, the supply allowance, the equipment allowance of virtually every single department, bureau and agency of this Government, and frankly, I do not even think we started to downsize and save money.

So we are after the overhead accounts of everything in this Federal Government, and I have not yet gone home and had one taxpaying citizen say to me, "You have really cut the bureaucratic overhead too much in Washington." Not one single person has told me, and I think we are absolutely on the right track.

Mr. Chairman, I yield 2½ minutes to the distinguished gentleman from the State of Arizona [Mr. KOLBE].

(Mr. KOLBE asked and was given permission to revise and extend his remarks.)

Mr. KOLBE. Mr. Chairman, at the outset of this debate, the gentleman from New Jersey laid out the case very eloquently for this budget. A budget is not really about numbers. It is not about whether we spend \$1,500 billion on the Federal Government or \$1,600 billion. It is not even about whether we cut a program, whether we increase a program, whether we add a program, or whether we eliminate a program.

No, Mr. Chairman, a budget is an opportunity for this body and for our political parties to make a philosophical statement about the direction we believe this country should be going. It is an opportunity for us to say something about where we think our future is. It is an opportunity for each party in Congress to set forth its vision, its vision for America, its hopes, its dreams for our future and for our children's future.

Mr. Chairman, our budget makes such a statement. It says very clearly what we believe the National Government's priorities should be. It insists that we should decide what this Government can do, what it must do, and what it should do. It says that we should reduce the burden on our children, the burden that a new child born today in this country, assumes upon his or her birth. That burden is a burden of \$188,000 just to pay the interest on the national debt.

Our budget says we believe other levels of government, the private sector, and nongovernmental organizations, can perform government functions better than Washington can. We say this about education, we say this about some aspects of welfare, about some aspects of health care, we say it about such things as economic development. And, yes, most importantly, it says that we believe the burden of taxes on American citizens should be reduced. Our budget would reduce the burden of taxes on American citizens.

The gentleman from Texas talked about having to borrow more money. But we reach a balanced budget as soon as any of our other budgets that are proposed. What we do differently is leave some of the money in people's pockets, leave money in the pockets of American citizens so they can decide how to spend the money on their health care, on their education, on their schooling, on their housing, on all the needs that they have. We do this because we believe that Americans who work hard and earn it should keep it.

That is what this budget is about; that is the statement this budget makes. I urge my colleagues to support it.

Ms. SLAUGHTER. Mr. Chairman, I yield 2 minutes to the gentleman from California [Mr. BROWN].

(Mr. BROWN of California asked and was given permission to revise and extend his remarks.)

Mr. BROWN of California. Mr. Chairman, I rise in opposition to the budget resolution before us and I would like to comment on the treatment of research and development therein.

Last year, the Republican budget resolution initiated an all-out ideological and budgetary attack on our Nation's R&D establishment. That resolution proposed a reduction in civilian R&D by over 30 percent in real terms by the year 2002. Moreover, the detailed but misguided assumptions imbedded in the House version of the resolution re-

port language became an iron-clad mandate for the Committee on Science and we were forced to follow its every detail in the authorization bills that were reported out. This budget resolution renews the attack.

Overall, this budget resolution cuts the nonhealth civilian science agencies by over \$3 billion below the President's request just for fiscal year 1997. Over the entire 6-year period, this resolution cuts over \$15 billion from the President's request. In inflation adjusted terms, our science investment will be cut by over 25 percent by the year 2002.

These cuts come on top of extraordinary efforts on the part of the administration to identify cost savings in all of the science oriented Federal agencies. NASA, NSF, NOAA, DOE, EPA and other agencies have dramatically downsized over the past 2 years. They have eliminated thousands of jobs, they have privatized major portions of their operations and they have cut overhead through reinventing Government. This budget resolution rewards them with additional cuts that go beyond streamlining management. These reductions are emasculating the core missions of these agencies and the fundamental role of Government in supporting research and development.

This is not a matter of simply balancing the budget. Indeed, the President's budget is balanced. The Republican plan contained in this budget resolution has established a rigid set of ideological principles, set forth in the accompanying report, with which to make judgments on the value of R&D. The authors of this resolution have asserted that this blueprint represents the only acceptable way to balance the budget.

For example, a balanced budget, according to the report language, must include the elimination of one directorate—namely the Social Sciences Directorate—at the National Science Foundation. It must include the elimination of solar and renewable energy research, fossil energy research, and energy conservation research at the Department of Energy. It must include a virtual elimination of any environmental research within NASA. The list goes on.

Mr. Chairman, these are not just recommendations for balancing the budget. They are demands that we conform our thinking to the misguided views of a few. These are also the demands that will be made to the Appropriations committees in the coming months.

In general, the goals of this budget resolution are to cut back and eliminate wherever possible applied research in the Federal Government and to block any attempts to partner with the private sector. This bias towards applied research and towards technology partnerships is particularly disturbing in view of the widely acknowledged need to link our investments in R&D more closely with the goals of economic development in the coming years.

I would call the attention of my colleagues to a recent report by the Office of Technology Policy entitled *Effective Partnering*. This report

reviews the efforts of successive Congresses and Presidents to increase the effectiveness of mission based R&D within the Government to enhance technology-based economic growth. Programs such as the Manufacturing Extension Program and the Advanced Technology Program that are slated for extinction in this budget resolution represent our best hope for the generation of future jobs. Moreover, these programs are aimed at the emerging small, high-tech industries that will form the backbone for our future economic competitiveness.

Mr. Chairman, this budget resolution is antisience, anti-jobs, and anti-education. It will do irreparable damage to our investments and our commitments to research and development in the future. By drastically cutting clean coal and other fossil energy R&D it may stifle economic progress in important regions of our country.

I will close by stressing that these attacks have nothing to do with balancing the budget. In addition to the President's plan, there are many alternatives to balancing the budget that better preserve R&D. For example, I plan to vote for the conservative coalition budget which restores funds for investments not only in basic science, but also in NASA and in energy and conservation programs.

I urge a "no" vote on this budget resolution.

Mr. KASICH. Mr. Chairman, I yield 2 minutes to the distinguished gentlewoman from the State of North Carolina [Mrs. MYRICK].

Mrs. MYRICK. Mr. Chairman, this debate today is about one thing and that is trust. As my colleagues know, we trust the folks back home to manage their own lives better than the bureaucrats in Washington, DC. Our budget resolution demonstrates that trust. For the last several decades Congress has said, "Hey, folks, you know, you don't know what you are doing; the Federal Government needs to tell you how to do it, how to take care of your life."

Mr. Chairman, I know from firsthand experience as a mayor of a city that the people back home do know how to take care of themselves. As my colleagues know, our city did not sit around and wait for Congress to tell us how to do it. We just got in there and did it. We believed that there is a better way.

□ 1715

We say that the American people have the answers. This country was built on self-sufficiency and free enterprise, with families making their own decisions. All over this country folks are finding the answers. They are overcoming adversity. They are solving problems. They are helping one another. This budget supports that effort.

Families need our help. Do Members know that it costs the average family \$6,731 a year just for Government regulations? They need tax relief as well as control of their lives. Families are hurting. Our own son and daughter-in-law, our daughter-in-law had a terrible auto accident. She is unable to work. Their earning ability has been severely limited. They know firsthand how this

budget is going to help them. It will give them some relief. It is going to provide a better future for our two granddaughters, Amanda and Savannah, and for all the other families in America. We truly want to take the power out of Washington and send it back to the people, where it belongs. Let us manage our own lives.

Ms. SLAUGHTER. Mr. Chairman, I yield 2 minutes to the gentleman from Massachusetts [Mr. OLVER].

Mr. OLVER. Mr. Chairman, I thank the gentlewoman for yielding time to me.

Mr. Chairman, the Republicans have insisted once again on enormous unrequested increases in defense spending in their budget. To do it, they are taking billions of dollars from discretionary accounts, thereby killing investments that are critical in a whole series of areas. Let me mention just three of those countless areas.

First, the Republican budget wipes out energy conservation and efficiency research, and stops the further development of solar and renewable energy sources, all of which are going to be necessary if this country is going to achieve energy independence from foreign sources, and all of which would be part of creating new jobs for American workers trying to compete in an international market.

Second, this budget phases out our commitment to public transportation, which is critical to take people to their jobs, to their doctors, to recreation, all of which are investments in the construction, in the operation, of the buses that move people in urban areas, large and small, large communities and small communities, all over this country.

No. 3, it turns its back on young people and the investment in those young people seeking an education by eliminating direct student loans and national service scholarships. Such extremism, Mr. Chairman, is not necessary to balance the budget. We can do a better job, and we should go back to the drawing board and get it right.

Mr. KASICH. Mr. Chairman, I yield 3 minutes to the distinguished gentleman from the State of Arizona [Mr. SHADEGG].

(Mr. SHADEGG asked and was given permission to revise and extend his remarks.)

Mr. SHADEGG. Mr. Chairman, one of my colleagues came to the floor a few minutes ago and said that this debate is not about numbers, it is about philosophy. It is about vision. It is about where America is going, about whether America is going forward or going backward.

We need, America needs, a budget that saves our children's future, but that is not the budget that the Democrats will offer. The budget the Democrats will offer is a budget based on fear and class warfare. I hope my colleagues in America are listening to and watching this debate. Their budget is based on fear, is representation, and

class warfare. Our budget is based on hope, growth, and opportunity. The difference between these budgets is that we trust the American people to take care of themselves.

Members heard the last speaker bemoan all the different cuts. He would have us cut nothing. Indeed, he would have us grow spending more and more and more, and debt more and more and more. These two children are the grandchildren of one of my colleagues. They face a debt in their lifetime of \$188,000, each of them. Look at their faces. Their answer is more debt and more spending.

What has that spending gotten us? Let us take one issue, the education issue. They would tell us, the President would tell us, that we are gutting education and that we are stealing from education funds in America. They would tell us we should spend more and more and more.

Let me say about spending: It is not true that Washington knows best, and more spending does not necessarily make better education. Since 1980, the budget for the Department of Education has more than doubled. It has grown at a pace of more than 7 percent. That is twice the growth of the economy. The United States today spends more per primary and secondary pupil than any country in the world.

What have we gotten for it? What has that side that wants to take you back to more spending done for you? What that has gotten, what their excessive spending has gotten us, is 187 different studies that show there is no significant correlation between education spending and performance.

What has their spending done? SAT scores have dropped nearly 60 points in the last three decades. Math and science scores for students in America ranked behind China, Korea, Taiwan, the former U.S.S.R., England, and Slovenia. What has failed is their centralized big government solution.

If America is to move forward, we must trust the American people. We cannot burden them with more debt. I urge my colleagues to reject the past, to reject excessive spending, and to join us in passing a budget which protects their future and does not burden them with an immoral debt.

Mr. HOYER. Mr. Chairman, will the gentleman yield?

Mr. SHADEGG. I yield to the gentleman from Maryland.

Mr. HOYER. Mr. Chairman, I understand what the gentleman is saying. The figure that the gentleman is referring to, it so happens that the President of the United States was Republican, in his party, for that period of time.

Mr. SHADEGG. The statistics I have cited are accurate.

Ms. SLAUGHTER. Mr. Chairman, I yield 2 minutes to the gentleman from West Virginia [Mr. WISE].

Mr. WISE. Speaking of education, Mr. Chairman, I find it interesting to talk about this great Federal monolith,

since 94 cents of every dollar in public education is at the State and local level.

Let us talk about the Department of Commerce. If you were a business person, Mr. Speaker, and I came and said to you that I have a great idea, and you asked what is that, and I said we have this agency, the Department of Commerce, that because it developed for the first time ever a national export strategy, and because it has had an aggressive Commerce Secretary, Ron Brown, and now Mickey Kantor; has generated 80 billion dollars' worth of contracts over the last 3 years; and because this department was so effective that it took \$1.5 billion, half of it private money, and generated 220 public-private partnerships to promote civilian technology, and because we have this Department of Commerce that has increased exports 26 percent over the past 3 years, and because we have this Department of Commerce that has increased tourism and provided the first White House conference ever on this growing industry for much of America, and you might be saying, yes, yes, what are you going to do with this agency, their answer would be, we are going to eliminate it?

Because that is what this budget does. It eliminates the Department of Commerce, breaks up some functions and ships them off into lower categories in other agencies, sets up a whole lot of new boxes, but eliminates the one means by which business has been getting increasingly a place at the table.

Take the Economic Development Administration, for instance. Every Member has had an EDA project in their district which has helped generate many dollars over what went into it. For Swearinger Industries, for instance, in Martinsburg, WV, \$2 million of EDA investment helped trigger \$130 million in private sector investment, 800 new good-paying jobs, and a significant civilian increase and a technology industry boost.

Eliminating the Department of Commerce? those who speak of their children, I understand the concern about debt, but how about the future? How about opportunity, how about jobs? How about somebody that is fighting for them to make sure they get their piece of the pie as well? That is where this budget is wrong, and that is why the Department of Commerce should stay.

Mr. KASICH. Mr. Chairman, I yield 2 minutes to the distinguished gentleman from New York [Mr. LAZIO].

Mr. LAZIO of New York. Mr. Chairman, I want to begin by complimenting the great chairman of the Committee on the Budget, the gentleman from Ohio, JOHN KASICH, for his leadership and dedication in moving this forward.

The debate today is really about the future of our children. It is America's children. We must be concerned not only for our own children, but all America's children.

Last week on this floor I spoke of the children growing up in public housing in Chicago's State Street corridor. In that neighborhood unemployment is almost universal. More young women become teenage parents than graduate from high school. Guns outnumber books. Children murder children. It is a community filled with despair.

Mr. Chairman, the budget we offer today is one filled with hope, hope for a brighter future for all Americans, including the children of State Street and all of our inner cities. The Republican budget keeps us on the path we started last year toward opportunity and economic growth. The 1997 budget endorses the landmark housing bill that passed the House last week, and is designed to give the people at the local level the power to deal with the problems in their communities without being strapped by Federal regulations and bureaucracy. We want to continue to shift responsibility, power, and money and influence out of Washington and back to neighborhoods, communities, and people.

House Republicans are doing what we said we would do: balancing the budget, freeing people from the trap of welfare, and providing genuine tax relief for working Americans. Who could be against a higher standard of living for our children and our grandchildren? That is exactly what this debate about the 1997 budget is all about.

There are two clear paths before us. We can return to the path we left last year and deliver a future of unsustainable spending and increase, crushing debt, huge increases in taxes that dash hopes and dreams, and that in the end promise fewer opportunities and not a good quality of life for the smallest among us who are still too young to vote. Or we can stay on the brighter path that we started last year. It will require courage, but it is filled with the hopes and aspirations that every parent has for their children.

The Republican budget for 1997 makes possible a future filled with hopes and dreams and opportunity. I urge its passage.

Ms. SLAUGHTER. Mr. Chairman, I yield 1½ minutes to the gentleman from Texas [Mr. DOGGETT].

Mr. DOGGETT. Mr. Chairman, I thank the gentlewoman for yielding time to me.

Mr. Chairman, last year our Republican colleagues, self-described Gingrich revolutionaries, caught Government shutdown fever and brought this Nation to a halt, until the country spoke up and rejected their budget. Now they are back again with the same type of zealotry that they had in 1995. I think the Four Tops wrote their theme song long before they got to Congress when they wrote "It's the same old song, just a different verse, since you have been gone," because they have not given up their revolutionary zeal to change their country in a way the country does not want to be changed.

Let me give just one example of what this budget resolution assumes and how it affects Austin, TX. Today, Austin, TX, got 10 more law enforcement officers. They are young people, just like these who graduated from our law enforcement academy last year. It brings to our community a total of over 100 law enforcement officers, over 5 million Federal dollars to support local community policing efforts.

This budget proposes to give billions of dollars to star wars. It forgets we have real wars in our streets. Our community is safer because of the commitment that this Congress made to 100,000 new police officers across this country—8,000 communities have benefited from that program. Yet this resolution assumes the termination of the cops on the street program, and some block-headed block grant program that will not guarantee the safety of our neighborhoods and which can easily be trimmed.

Let us stand up for safe communities and reject this Republican budget.

Mr. KASICH. Mr. Chairman, I yield myself 30 seconds.

Mr. Chairman, we have a very unique way in which we would put police on the street. Rather than putting police on the street in some cities that do not experience high violent crime rates, we have decided to let local people decide that police are going to be put on the streets where there is the most violent crime.

□ 1730

So where there is the greatest need is where we want the people to be. We think that makes a lot more sense than distributing police on a per capita basis. Send them where they are needed, that is our motto.

Mr. Chairman, I yield 2 minutes to the very distinguished gentleman from the sunny State of Florida [Mr. STEARNS].

Mr. STEARNS. Mr. Chairman, I rise in strong support of the budget resolution. This budget says to the American people, "We think you are taxed too much." Since 1981, under Democrat control, we have had 19 separate tax increases. We think the economy is growing much too slowly. We know that slow growth coupled with enormous tax rates will leave our children with a lifetime tax rate of 80 percent just to pay interest on the debt.

Why is a balanced budget so important? Americans will have more take-home pay because our budget includes a \$500-per-child tax credit and a reduction in the capital gains tax which would stimulate economic growth. We also have true welfare reform, which is the No. 1 priority of most Americans.

On the present course our children and their children will be left with immense debts and a tax bill of \$180,000 a year just to pay the interest on the debt. That is why we cannot buckle in the face of adversity. We must stick to our principles.

The President's plan has given the American people a tax increase of \$241

billion and a deficit that will increase dramatically after the year 1997. In other words, slow growth, high taxes, and weak economic growth will continue unless we stick to our principles.

Our country needs to go in a new direction. We must cut taxes and cut spending. Currently future generations will have to deal with this soaring debt and these high taxes. Let us pass this budget.

Ms. SLAUGHTER. Mr. Chairman, I yield 1½ minutes to the gentlewoman from California [Ms. ROYBAL-ALLARD].

Ms. ROYBAL-ALLARD. Mr. Chairman, the Republican budget is shortsighted in its policy assumptions on transportation spendings.

By singling out mass transit for executive cuts in transportation programs, the Republicans retreat from the ISTEA agreement of 91 [ISTEA].

Although transit represents approximately 10 percent of the 1996 transportation budget, it receives nearly 50 percent of the cuts in outlays. And while maintaining the Federal match on highway projects at 80 percent, the majority jeopardizes mass transit by lowering the Federal match to 50 percent.

Under these revised incentives, local planners will inevitably choose highway projects at the expense of much needed mass transit.

Also, the phasing out of operating assistance will lead to fare increases, service cuts, and layoffs. This proposal would disconnect thousands of low-income workers from their jobs, isolate many elderly from their daily business and from health care.

In addition, the budget terminates funding for new start programs which provide commuting alternatives to some of our fastest growing cities.

Rail expansion in areas such as St. Louis, Los Angeles, Portland, New Jersey, and the Sunbelt States will be directly threatened by elimination of new starts funding.

The majority's budget is shortsighted and wrong in its effort to pull Federal support from transit planning and programs until the transit needs of urban America are fully met.

I urge a "no" vote.

Mr. KASICH. Mr. Chairman, I yield 2 minutes to the very distinguished gentleman from Michigan [Mr. SMITH].

Mr. SMITH of Michigan. Mr. Chairman, who do we want to please with this budget? I think we want to please the American people. The Republican Budget Committee for the first time in many, many years held hearings across the United States the last couple of years to ask the people what kind of a budget they wanted.

They said they would like a budget that allows them to keep more of their hard-earned income in their pockets rather than paying it out in taxes. They said America needs a budget that shifts power, money, and influence out of Washington and back to the people and the States and their communities.

This budget is based on these principles. It takes less of each person's in-

come by reducing the massive tax burden we have placed on our people. The average person in my State of Michigan now works 86 days a year just to pay their share of taxes at the local, State, and national level. Since President Clinton had his huge tax increase of 1993, my Michigan workers now have to work 7 additional days just to earn all of that money that goes in additional taxes. The Heritage Foundation estimates that the 1993 Clinton tax increase has cost Americans 1.2 million jobs, private sector jobs, and \$208 billion in economic output.

This budget calls for studies, Mr. Chairman, to say to States maybe it is going to be better if they keep the Federal tax money, rather than detour it through Washington to have Washington politically decide how that money is going to be distributed, and what they do send back? They send back massive regulations and restrictions.

Andrew Jackson realized that transportation is primarily a State issue. This budget gives seniors a choice in their medical coverage. This budget reduces the deficit every year and finally balances.

Mr. ORTON. Mr. Chairman, I yield 4 minutes to the gentleman from Texas [Mr. STENHOLM].

Mr. STENHOLM. Mr. Chairman, I thank the gentleman for yielding time. A moment ago I spoke about agriculture and rural health and was challenged by the chairman of the committee, whom I deeply respect, and I would just say that we will continue that discussion any time, any place, regarding the facts of agriculture. But now I wish to speak to the debt and the deficit.

I have seen the charts, I have seen the kids, and I have seen the accusations about this side of the aisle. But the budget that I support with the gentleman from Utah [Mr. ORTON] and others on this side, we propose to borrow \$137 billion less so that those same children do not have to pay interest on that debt. I do not understand why it makes good sense to borrow \$137 billion to give a tax cut. That is all we are saying. Let us confine ourselves to the spending cuts.

I want to ask the gentleman from Utah a question. Last year the budget resolution contained a provision preventing Congress from considering a tax cut until CBO certified that we had found the spending cuts to balance the budget first. Is that language in the resolution that the Committee on the Budget reported last week?

Mr. ORTON. Mr. Chairman, will the gentleman yield?

Mr. STENHOLM. I yield to the gentleman from Utah.

Mr. ORTON. No. In fact, Mr. Chairman, the language that the gentleman from Texas [Mr. STENHOLM] is referring to was section 210 of last year's conference report on the budget resolution, which in fact was entitled Tax Reduction Contingent on Balanced Budget in the House of Representatives.

The Congressional Budget Office in describing that particular provision of the act stated, "Both procedures in the House and Senate require CBO's certification that enacting the proposed reconciliation legislation would lead up to a balanced budget in 2002 before the Senate or the House can consider proposals to cut taxes."

Both Senate Majority Leader DOLE and chairman of the Senate Committee on the Budget DOMENICI are on record with regard to this provision, Senator DOLE saying the tax cuts, quote, "do not take effect unless and until the nonpartisan CBO certifies that we are absolutely on the path to a budget that is balanced in the year 2002." That is the safety valve. They do not take effect until certified. Chairman DOMENICI said, "But let me suggest that in the final analysis we will have tax cuts for the American people only when we get a balanced budget."

These particular provisions and protections in last year's budget reconciliation act are not in this year's budget. As the gentleman knows, we attempted in the committee to amend the budget to put these provisions back in, these safeguards, and the committee refused to do so.

ANNOUNCEMENT BY THE CHAIRMAN

The CHAIRMAN. The Chair must caution all Members not to make personal references to Members of the other body.

Mr. ORTON. Mr. Chairman, these were merely quotes.

Mr. STENHOLM. Mr. Chairman, let me just ask the gentleman another question. I have heard referenced today that in the tax cut proposal by my friends on the other side, that they are making provision for a \$500-per-child tax credit. Is it possible, for \$122 billion, to get a \$500 tax credit?

Mr. ORTON. If the gentleman will yield further, not according to the Joint Committee on Taxation. They have scored that over the 6 years as costing \$135 billion. If in fact you only have a \$122 billion tax cut provided for in the budget, as they do, you are \$13 billion short.

Mr. STENHOLM. What would happen to the deficit numbers in the Republican budget if it included a tax cut large enough to pay for the child tax credit in every year?

Mr. ORTON. They would be \$13 billion additional in the hole.

Mr. STENHOLM. The resolution that is before us contains a net tax cut of \$122 billion. At the same time information put out by the majority indicates they can pay for a permanent repeal of the gas tax, a cut in the capital gains, which I happen to support, estate tax relief, small business expensing, AMT relief, expansion of IRA's and extension of expiring tax credits. By my math, that is more than \$122 billion.

Mr. ORTON. In fact that adds up to a total according to the Joint Economic Committee, of \$216.1 billion in cuts. If in fact you only have \$122 billion provided for in tax cuts, you are \$94 billion short.

Mr. KASICH. Mr. Chairman, I yield myself 2 minutes.

I think what is important for people to understand is that we laid out a program that said that we would downsize Washington and we would take the savings from downsizing Washington to pay for part of our tax relief program, which is the family tax credit. We also have said that we intend to close loopholes that large corporations' lobbyists have been able to secure during my lifetime, and we have suggested that we would close those loopholes and give some of the money that the big corporations with lobbyists in Washington, take some of their breaks away and create additional tax relief for hardworking ordinary Americans.

In our proposal, we are going to downsize government and at the same time we are going to close these loopholes that were passed by the old Democratic majority. We decided that all those loopholes that my Democratic friends have complained about for 40 years, finally some of them are going to be closed by Republicans, because we do not think lobbyists ought to win in this town.

What I have a hard time understanding is the great concern on the part of my Democratic colleagues about giving tax relief to Americans. We did not support raising taxes in 1993, and I would assume some of them who are complaining about our tax cuts did not support it then, either. We intend to systematically repeal as much of that tax increase so Americans can have more of their money in their pockets, rather than systematically taking it out of their pockets to put it into the pockets of bureaucrats. We do not favor that. We want Americans to keep more of what they earn.

We as a majority in this Congress, joined by many on the other side of the aisle, are going to systematically reduce the power, the money and the influence of this city so that the American people can have more, more empowerment, more wealth and more of their own paycheck.

Mr. Chairman, I yield 2 minutes to the gentleman from Kansas [Mr. BROWNBACK].

(Mr. BROWNBACK asked and was given permission to revise and extend his remarks.)

Mr. BROWNBACK. Mr. Chairman, just to follow up on those excellent comments by the chairman of the Committee on the Budget, what we all can agree to that is truly excessive here in Washington is the size of the Federal debt and the size of the Government. We have got over \$5 trillion in debt and a government that takes up 22 percent of the overall economy of the country. We just think the debt is too big, it has got to be smaller for our kids, and we think the Government is too big and it needs to be smaller so that we can carry it.

To put a little meat on the bones factually, the Joint Economic Committee says that if we can cut the size of gov-

ernment, if we can cut it slightly, get it from 22 percent of the economy to even around 19 percent of the economy, we will create a growth rate in this country that is double the current growth rate. We are going to create jobs, better jobs at higher wages, so not only do we get the size of government down, not only do we shrink the overall deficit, not only do we get to balance over a period of 6 years but we are going to create jobs, we are going to create growth in the economy. This is a win all the way around.

I would like to report to the American people, if they do not know, we have hit our first-year balanced budget targets. We wanted to get the deficit down to \$158 billion. Instead it is around \$150 billion. We are below the target that we wanted to hit this year. And we are now on 6 years to balance the budget, and we are doing it fairly and compassionately and predictably so this economy can grow, so the American people can do better and so that we can restore the American dream. That is what this is all about.

□ 1745

Mr. ORTON. Mr. Chairman, I yield myself 10 seconds simply to respond to the chairman. There is not great disagreement between us. What we have said is we ought to pay for the tax cuts first, before going deeper into the hole.

Mr. Chairman, I yield 3 minutes to the gentleman from Michigan [Mr. LEVIN].

(Mr. LEVIN asked and was given permission to revise and extend his remarks.)

Mr. LEVIN. Mr. Chairman, let me sum up the Republican majority budget. They have softened some of the terrible numbers, but many of the terrible, harsh policies remain.

For example, Medicare. Balanced billing, seniors will pay more under their provision. And also hospitals in southeast Michigan, the proposal of last year would have cut them \$2.3 billion. No one thought that was sustainable. This would probably be even worse.

Medicaid, block granting it. Seniors as a result will get less long-term care. EITC, look, there is one clear conclusion under their proposal: When you combine EITC as they have drafted it with their child tax credit, 3 million hard-working families with kids are going to be worse off.

Let me say a word about taxes in general, and your \$122.4 billion. I have heard a lot of rhetoric on this floor about the 1993 tax increases. You do not touch a single one of them, not a single one that you complain about, except the gas tax, and that you repeal for 7 months as an election year ploy.

Why do you not in addition to your rhetoric do something? And then second, the \$122.4 billion is not really that. As the gentleman from Utah [Mr. ORTON] has said, it is \$60, \$70, \$80 billion. The New York Times caught on to you in the article of May 12. It says,

"The \$122 billion allotted in the budget for a tax cut is a net figure, and House leaders have said they will eventually cut an additional \$60 billion or so in taxes on investors, businesses, and individuals." That raises the tax cut to \$180 billion. "The added tax breaks," I continue reading, "were not plugged into the budget that was made public on Wednesday, in part because there is yet no clear way to pay for them and in part no doubt because the lower figure is a less attractive target for Democrats accusing Republicans of giving tax breaks to the rich."

So last year it was \$270 billion in Medicare cuts to pay for \$245 billion in tax cuts, mostly for the wealthy. Now you are \$168 billion in Medicare, and what are you, \$180 billion in tax cuts, \$190, \$200? You shake your head, Mr. SHAYS. I said at that budget meeting it was \$122 billion, plus an amount you are going to give to the Committee on Ways and Means. You say it is going to be raised by closing loopholes? What loophole did you close last time? Forty billion dollars in pension assets belonging to workers, giving it back to corporations? To raise \$10 billion? You call that a loophole? You were out of touch last year, you are out of touch this year.

Mr. SHAYS. Mr. Chairman, I yield myself 30 seconds to correct the gentleman on a number of points.

First off, the earned income tax credit under the Republicans last year went from \$19 to \$25 billion. The school lunch went from \$5 to \$6.8 billion. The Student Loan Program went from \$24 to \$36 billion. Medicaid went from \$89 to \$127 billion. Medicare went from \$178 to \$289 billion.

Only in this city when you spend so much more do people call it a cut.

Mr. Chairman, I yield 4 minutes to the gentleman from Iowa [Mr. NUSSLE].

Mr. NUSSLE. Mr. Chairman, I thank the gentleman for yielding me time.

Mr. Chairman, my friend from Michigan said that this is about numbers. This is not about numbers, this is about people and families. We can do better. Our plan helps, because we allow people to earn more. We allow families to earn more, and we allow them to keep more so they can do more.

Let me tell you about a person. We are going to talk about people. I had a woman come to one of my town meetings who I think put our budget in perspective, all these speeches we hear. She had a simple message for me. She said, "You guys out in Washington don't get it. The problem with America today is air-conditioning."

I said, "What are you talking about?"

She said, "The problem is air-conditioning." She was 90 years old. She said, "When I was a little girl, we used to sit out on our front porch to keep cool during the summertime."

In the neighborhood that she lived in, neighbors would watch neighbors. She said they would take care of one another. Her neighbors were worse to the

kids in the neighborhood than their own parents. They were stricter, and would take care of one another. In Iowa, a covered dish solves about everything for a neighbor.

Obviously that is not what we are suggesting here. She was suggesting with the invention of air-conditioning, people began to move inside. They began to move away from their neighbors, to move away from their neighborhood.

For 40 years in Washington, we have been asking them to move even further away from their front porches of America. We have been asking them to move to Washington to solve problems, instead of the neighborhood, the family, the community. And we have taken from them so they cannot earn more and so they eventually cannot do more.

Let me give you an example of this. I have a town in my district hit by a twister. That is the popular movie right now. We got hit by a twister about 5 years ago, a town by the name of Worthington, IA. This town was devastated. It destroyed just about the entire town.

Most people who have been watching the movie I am sure would think after the kind of devastation you see in a town like that, that maybe people would just leave. It is a town of about 800 people.

This town decided they would pull together. With volunteer money, because they knew they could not raise taxes like the Democrats did in 1993, this town decided with volunteer help, volunteer contribution, they built a city hall, a fire department, a community center, and they even went together and put in a library. This is a community that decided to help themselves. And when asked how did the Federal Government help you, there is not a program in the world, there is not a program the world, that would have helped them. Nothing at all. They could not get any help from the Federal Government. But they decided to pull together as a community, and, with local help, they were able to get this job done.

I think that is the kind of attitude we need again in this country if we are going to solve problems. \$5.3 trillion since the 1960's to solve the war on poverty. What has it gotten us? Not less poverty. It has gotten us more poverty.

But what are the community action agencies and groups doing in our communities, such as the Salvation Army, organizations that derive their strength and their spirit from individual initiative and opportunity and responsibility for others?

That is exactly the kind of spirit that we need. It gets money out of Washington. Our plan puts money back in communities and families, back to the front porches of America.

So when you look at this budget and you say to yourself, what is this really as a bottom line? It is a question do you want it at a bureaucracy, a fancy white building, downtown Washington,

filled with bureaucrats, or do you want that money on the front porches of America, the great front porches, that for years in this country solved our problems and in the future will continue to solve our problems if we will just let them.

Families need to earn more, they need to be able to keep more, and, with that, they will be able to do more. And when it comes right down to it, it is a matter of who you trust. We know who Republicans trust. We trust individuals and families, because they make better decisions. In Washington, unfortunately, the opposition says bureaucracy makes better decisions.

Mr. ORTON. Mr. Chairman, I yield 1½ minutes to the gentlemen from Texas [Mr. DOGGETT].

Mr. DOGGETT. Mr. Chairman, I thank the gentleman for yielding me time.

Mr. Chairman, this budget has no true balance. It is rather only a retread of the same old Gingrich budget resolution that America rejected last year. And the understanding that the American people have of this budget is proven correct again today. You will remember, this is a budget whose main theme was how much it could cut Medicare in order to pay for tax breaks for the privileged.

Well, today's resolution proposes to cut Medicare \$100 billion less than last year's resolution, and guess what? Just by coincidence, the tax breaks are \$100 billion less than last year's resolution, or more or less in that range.

It demonstrates that the American people were correct in understanding that there is a direct relationship by how much Medicare gets cut, how much health security gets jeopardized, and how many tax breaks there are for the privileged.

But what does this resolution omit? It refuses to do a single thing about the billionaire expatriates who renounced their U.S. citizenship in order to avoid paying their fair share of taxes. That would have gotten us over \$2 billion in revenues. It refuses to cut a single corporate tax loophole. It imposes, you might say, a means test for welfare. But if you have got the means, every one of your tax loopholes and your corporate subsidies is protected. That is the thrust of this budget resolution, and it ought to be rejected.

Mr. SHAYS. Mr. Chairman, I yield myself 30 seconds, to once again correct the gentleman for his inaccurate comments.

Medicare under our bill goes from \$196 billion to \$283 billion. That is a 45-percent increase in spending from this year to the sixth year. Under our Medicaid Program, it grows from \$95 billion to \$140 billion.

Only in this city, when you spend so much more do people call it a cut. We are spending more because we need to improve this program.

Mr. Chairman, I yield 2¼ minutes to the gentleman from New Hampshire [Mr. BASS].

Mr. BASS. Mr. Chairman, I thank the gentleman for yielding me time.

Mr. Chairman, the gentleman from Texas talks about tax cuts for the privileged. Of course, that is not true, and it is part of the rhetoric we have been hearing in this body now for a year and a half. It is totally unsubstantiated.

You know, we are interested in the privileged, because we consider all Americans in this country to be privileged. We are proposing a budget this year that continues along the path of balance, to relieve Americans from the tax burden that is going up and up and up year after year. And in 1995, we passed the first balanced budget in generations. Unfortunately, it was vetoed by the President. We continued to work to save taxpayers money, and we ended up with a budget that cuts over a 2-year period \$43 billion. That is \$668 for every American family. Those are our privileged Americans, all American taxpayers.

There are a bunch of Chicken Littles walking around over here saying the sky is going to fall, that we have got this problem and that problem. The fact is that we have passed two budgets now and changed the debate in Washington, hopefully forever. The debate now is when we will balance the budget, not whether.

Mr. Chairman, here is what we do now. We end once and for all three decades of reckless spending. We stop forcing yours and my children to continue to pay the bills. As our Federal Reserve Board chairman says, if we continue on our course, we are going to raise, and substantially, the standard of living for every American in this country. Those are the privileged people for us, working Americans.

The difference between our budget and their budget is that we trust Americans. We trust Americans. We want to send power, money and influence back to the States and localities. And long after the shrill rhetoric dies from this debate, the people who will really benefit from this budget that we pass are going to be my children and your children. They are the people that are going to be the winners in this debate.

Mr. ORTON. Mr. Chairman, I yield 2 minutes to the gentleman from Massachusetts [Mr. OLVER].

Mr. OLVER. Mr. Chairman, I thank the gentleman for yielding me time.

Mr. Chairman, the debate today truly is about the future of all of our children. This budget resolution is a repeat of many of the extreme proposals from last year. Just look at the 1980's and the deficits that gave us our current \$5 trillion debt. Fiscal year 1982 was the pivotal year; a huge tax cut, assurances of future spending cuts, and our Nation's very first more than \$100 billion deficit.

From there the deficit exploded. It was exceeding \$200 billion 3 of the next 4 years. When you begin a budget balancing plan with a big tax cut, you invite failure. They deliberately created the illusion of the necessity of extreme

cuts from health care, from education, from job training, from environmental protection, from transportation, extreme cuts that Americans have said very clearly that they do not want.

□ 1800

Or they have to do things like raising \$20 billion in taxes from low-wage working Americans whose only sin is to earn less than \$25,000 a year.

Their tax cut has nothing to do with balancing the budget. What it does do is leave us in the year 2002 with close to \$6 trillion of debt that we have no revenue to begin to pay back, and \$240 billion a year in interest on that debt that is going to have to be paid year after year after year, without end, into the future of all of our children.

I urge my colleagues to reject this budget, the committee's product. It makes too many of the mistakes of a year ago.

Mr. SHAYS. Mr. Chairman, would you inform both sides how much time is available, subtracting 30 minutes from each on the Committee on Economic and Educational Opportunities. How much time does this debate have?

The CHAIRMAN. Under the previous order of the House of May 14, 1995, the 3 more provided for general debate includes 1 hour on the subject of economic goals and policy. So that is 30 minutes of the time controlled by the gentleman from Ohio [Mr. KASICH] and 30 minutes of the time controlled originally by the gentlewoman from New York [Ms. SLAUGHTER], but now the gentleman from Utah [Mr. ORTON] is reserved.

Total time remaining is 39¼ minutes for the gentleman from Ohio [Mr. KASICH] and 48½ minutes for the gentleman from Minnesota [Mr. SABO].

Mr. SHAYS. Mr. Chairman, I yield 1 minute to the gentleman from Ohio [Mr. KASICH], chairman of the Committee on the Budget.

Mr. KASICH. Mr. Chairman, I want to point out to the folks watching this debate, our problem has been that we have consistently transferred resources from people who are young savers to people across the spectrum who are consumers. In our society we have destroyed the concept of savings.

When a nation does not save, a nation cannot invest. When a nation cannot invest, it cannot put the tools in the hands of the workers to compete and win, and we end up with job insecurity and stagnant wages. Mr. Broder on Sunday talked about the need to boost savings and investment and risk taking and opportunities so that our people can have the tools to win. That is what our document does.

Part of it is about huge deficits that kill the ability to save, but the other part of it is to transfer money from savers to consumers, and over time this country finds itself in a stagnated position. Our plan is designed to reward savings, to reward investment, to reward risk-taking, so that this country can have higher productivity and

so that our workers can win and gain and earn more into the next century.

Mr. ORTON. Mr. Chairman, I yield 1½ minutes to the gentleman from Maryland [Mr. HOYER].

(Mr. HOYER asked and was given permission to revise and extend his remarks.)

Mr. HOYER. Mr. Chairman, this is about our children and it is about trust. Unfortunately, we are not being as honest with the American public as we ought to be.

In 1981 we talked about supply-side economics. We passed the Republican program in 1981. I say to my Republican colleagues that we passed it as they wanted to pass it and President Reagan signed it in August 1981. He said, after passing the tax bill as well, "We will balance the budget by October 1, 1983, under my program."

That is what was said to the American public and to this House. This is what happened. We went from \$945 billion in total debt, I tell the chairman of the Committee on the Budget, to \$4.5 trillion in debt. Why? Because we pursued the same kind of economic program that is included in the Republican budget today. The same kind. It is a supply-side budget which created gargantuan debt for the grandchildren and children that we talk on this floor.

Yes, it is about trust, and there is a responsible budget to be offered to this House, the coalition budget, which is a bipartisan budget that creates \$137.5 billion less in debt. Why? Because it is honest with the American public, and says if we are going to buy education and environmental protection and health care, we need to pay for it, not so our children pay for it.

Let us not pursue supply-side economics once again to the detriment of future generations.

I rise to join my colleagues in expressing my deep concern about the nearly \$124 billion of tax breaks for the wealthy included in the Republican leadership's budget proposal.

I am a strong supporter of adding a balanced budget amendment to the Constitution and believe that we must get our fiscal house in order before we cut revenue.

The alternative budget proposed by members of the Democratic coalition and the distinguished ranking member of the Budget Committee is a responsible and genuine way to balance our budget.

By delaying tax breaks until 2002 when the budget would be balanced, the plan allows continued investment in our future.

The coalition plan provides \$21 billion more for Medicare.

It includes \$45 billion more than the Republican budget for education, head start, and job training.

It provides \$14 billion more than the Republican plan for basic scientific research, such as NASA and its mission to Planet Earth Program, as well as energy conservation.

And I am especially pleased that the coalition does not include the unwise and unfair cuts in Federal employee benefits that are again in the Republican plan.

There is a sensible, real, CBO-scored way to balance our budget in 7 years. It does so

without compromising investment in America's future and I urge every Member to support it.

Then, in 2002, when our fiscal house is in order, this Congress can approve tax reductions for all Americans—including the middle class and the poor who would be so devastated by the Republican proposal before us.

I urge a "no" vote on the Republican proposal and a "yes" vote on the coalition alternative.

Mr. ORTON. Mr. Chairman, I yield 1½ minutes to the gentleman from Massachusetts [Mr. MEEHAN].

Mr. MEEHAN. Mr. Chairman, it is foolish and irresponsible to propose increasing the deficit as part of a plan to balance the budget, but that is exactly what the Republicans want to do. Their much touted 6-year budget plan will order the Congress to borrow \$17 billion next year in order to pay for 1 year of tax cuts, tax cuts that in the end will cost \$175 billion in just 6 years, even though the Republicans only have enough to pay for \$124 billion.

Are we not supposed to be cutting the deficit? Every year we fail to balance the budget we add to the growing national debt. The nearly \$5 trillion debt sops up national savings, leaving increasingly less money for private investment, new equipment, technology, and worker training. Balancing the budget involves some very difficult choices.

We just passed a defense authorization bill this year that added \$13 billion to what the Pentagon asked for. Last year we added, that is right, we added \$7 billion to what the Pentagon asked for.

We have tough choices to make. How about the \$200 billion we could save in corporate welfare over a 6-year period if Republicans would forget about the special interests and really try to make the tough decisions to balance this budget? The short-term consequences of expanding free trade pale in comparison to the long-term effects of a growing national debt, lower wages, a poorly trained work force and lagging economic growth.

The Republican plan foolishly sells tax cuts to the public in exchange for increasing the debt while drastically reducing investments in technology, economic development, education and the environment, ironically the very resources we need to be competitive worldwide and to reestablish high growth rates that our next generation needs to enjoy.

Let us forget this plan and support the coalition's budget alternative. This involves tough decisions. The coalition budget does that.

Mr. ORTON. Mr. Chairman, I yield myself 1 minute.

The real issue here that we are asking is that we be honest with the American public. Section 210 in last year's conference report, titled "Tax Reduction Contingent on Balanced Budget in the House of Representatives," at least promised the people we would not cut taxes first and then abandon spending cuts and end up increasing the deficit.

That is, if anything that we have learned from the decade of the 1980's, that should be it.

What is in this particular budget? We do not know. It says a net \$122 billion tax cut. What is it? It does not even pay for the one item that has been identified. What about the gas tax? If we are going to repeal it more than just 6 months until the day after the election, that is going to cost an additional \$30 billion. That is not paid for.

Even without the gas tax in it, the numbers are \$64 billion off. Where are we going to cut spending? Where are we going to raise other revenues to make up that \$64 billion? That is a giant hole in this budget resolution which no one has identified, no one has talked about. The public deserves to know what is in it or what is out of it, and the public deserves to have a promise that we will not increase the deficit.

Mr. SHAYS. Mr. Chairman, I reserve the balance of my time.

Mrs. MEEK of Florida. Mr. Chairman, the state of the budget for 19—

Mr. SHAYS. Point of order, Mr. Chairman.

The CHAIRMAN. Does the gentlewoman yield herself such time as she might consume?

Mrs. MEEK of Florida. Mr. Chairman, I yield myself 3 minutes.

The CHAIRMAN. Has the gentleman from Utah transferred control of the time?

Mr. ORTON. Mr. Chairman, the gentlewoman from Florida [Mrs. MEEK] will be controlling the remainder of the time until the 30 minutes, at which time the gentleman from Washington [Mr. MCDERMOTT] will control the time.

The CHAIRMAN. Without objection, the gentlewoman from Florida [Mrs. MEEK] is recognized for 3 minutes.

There was no objection.

(Mrs. MEEK of Florida asked and was given permission to revise and extend her remarks.)

Mrs. MEEK of Florida. Mr. Chairman, last Thursday the Committee on the Budget met and deliberated for quite some time, and as we deliberated I made some assumptions about what I saw going on there. It appeared that the bottom line of that budget resolution was that the Republicans had changed the budget to some extent but there was still the same theme with some variations; the same theme of being able to work very hard to be sure that we would balance the budget in 7 years.

That was done with their budget, but as they did it, it appeared that the same people who were negatively affected in the first budget were still the same in this one. They assume tax cuts of at least \$176 billion, which include a cut in the tax rate on capital gains. Part of these tax cuts is paid for by cuts in the rate of growth of spending for such programs as Medicare, Medicaid, and welfare.

It goes back to my original assumption, Mr. Chairman, that the same peo-

ple that were negatively impacted in the first budget resolution, well, here we are again impacting them negatively again. But another part of the tax cut for the wealthy is paid for by raising taxes on working Americans.

The theme of the entire Republican budget resolutions all the time has been to help working Americans or to save for working Americans. Here we come back and show in this budget resolution that they are now raising taxes on working Americans who are at the very bottom of the income scale.

The Republicans want to cut the earned income tax credit by \$20 billion. Now, we all know that is a cash payment from the IRS to low-income working families. The total Republican cuts in entitlement spending in this resolution came to \$310 billion. The Medicare cut, \$158 billion, accounts for 51 percent of the total cuts in entitlements. Almost all the other entitlement cuts, 47 percent, come from the three programs that I and my colleagues are going to debate for the next 15 minutes, Medicaid, welfare, and the EITC.

Mr. Chairman, I will talk briefly and focus on the EITC. At the markup, the majority said this year's proposal on the EITC essentially is the same as last year in the so-called Balanced Budget Act of 1995, and that bill was vetoed by Mr. Clinton. That is not quite true.

We now know what this EITC proposal means for those responsible, hardworking Americans who have chosen work over welfare. A few months ago the staff of the bipartisan Joint Committee on Taxation released an analysis of the impact on working Americans of the majority's EITC proposal as set forth in last year's conference report. The Joint Committee on Taxation found that 6.3 million families with annual incomes below \$30,000 will face higher taxes because of the cutbacks in the EITC.

The Joint Committee on Taxation further found that the Republican plan would have raised taxes on many working Americans even after taking account of the \$500-per-child tax credit in H.R. 2491. The report of the Joint Committee on Taxation concludes that 2.8 million families with children and with annual incomes below \$30,000 would be worse off under last year's proposal even after taking into account of the \$500-per-child tax credit. According to the Joint Committee, these 2.8 million families with children will be worse off by \$29 a year even after taking into account of the \$500 child credit.

Some of you may think an average tax increase of \$29 is not very much. But that \$29 is an average. That means some will face a larger tax increase. Moreover, this tax increase of \$29 is more than the average American family will save because of the proposed repeal of the 4.3-cent-per-gallon gas tax. So what you're giving with one hand, you're more than taking away with the other.

The current Republican attack on the EITC is somewhat surprising because the EITC has historically had bipartisan support as a way to encourage people to choose work over welfare.

The EITC was originally enacted under President Ford in 1975, when the maximum

annual credit was set at \$400. Five times—under each of the next four Presidents—the maximum credit was raised, and in 1986 the schedule for the EITC was also indexed to keep pace with inflation. This year the maximum annual credit for a family with two or more children is \$3,564.

But on a party-line vote the Committee on the Budget rejected my amendment to limit the changes in the EITC to those designed to reduce errors and fraud. According to the Congressional Budget Office, my amendment—which would fight fraud but still protect the working poor—would save about \$2 billion over 7 years. The Republican majority was primarily interested not in reducing fraud, but in balancing the budget on the backs of the poor.

I've asked the Rules Committee to make in order my amendment to give Members the opportunity to go on record in support of people who tough it out every day, working in low-paying jobs, supporting themselves and their families. I doubt the Rules Committee will grant my request.

Many Members of the majority are using the existence of the current EITC to justify their opposition to an increase in the Federal minimum wage.

For example, on April 23, the majority whip made that argument to the House of Representatives. He relied on a Congressional Research Service [CRS] study he had requested. For each State, CRS added government payments for the EITC, Food Stamps, Aid to Families with Dependent Children [AFDC], and day care to the wages of a single person working full time at the minimum wage. CRS found that a single parent with two small children living in Florida and working full time at the minimum wage would have annual gross wages of \$8,840 and would pay social Security payroll taxes of \$676. This parent's wages would be supplemented, according to CRS, by an EITC payment of \$3,536; food stamps worth \$2,992; and an AFDC payment of \$1,258. So this parent's total annual income after Federal taxes is \$15,950.

Living in Miami, a single parent with two small children would find it hard to provide food, shelter, full-time day care, and clothing for \$15,950 a year. Cut that EITC payment, and you hurt that family terribly. If the Republican majority really wants people to choose work over welfare, they would support both an increase in the minimum wage and the current level of EITC.

During the Budget Committee debate on my amendment, the Republicans asked how I proposed paying for the \$20 billion in EITC spending over 6 years that my amendment would have protected. The answer to their question is contained in their own discussion on reducing corporate tax subsidies. In explaining how the Republicans would pay for their proposed cut in the tax on capital gains, the majority's draft report on the budget resolution "assumes a reduction in provisions in the Tax Code that can be clearly identified as benefiting one industry or a limited number of corporations and derive no public benefits." The draft report goes on to say that the Committee on Ways and Means has identified such changes in the Tax Code that "raise approximately \$26 billion."

It appears that the Republicans have clearly stated their preference: to use this \$26 billion to pay for tax cuts for wealthy Americans rather than to avoid raising taxes on working Americans.

There are almost 1 million hard-working families in Florida who will be affected by the Republicans' proposal to cut the EITC by \$20 billion over 6 years; 46,000 of these families are in my congressional district.

In conclusion, Mr. Chairman, under the current Republican budget proposal, surely the rich will get richer, and the poor will pay for it.

Mr. Chairman, I yield 3 minutes to the gentleman from North Dakota [Mr. POMEROY].

Mr. POMEROY. Mr. Chairman, one of the greatest errors made by the majority in their budget of last year were the devastating reductions they proposed in the future funding of the Medicaid Program. Unfortunately, they have done it again.

What is Medicaid? Medicaid is the joint venture of the Federal Government and State governments to meet the health care needs of children from homes falling below the poverty line, of disabled individuals unable to work and otherwise cover their health care expenses, and the long-term care costs of destitute elderly citizens. There are no more vulnerable people in this country than kids raised in poverty, disabled, and seniors who require long-term care but lack the funds to pay for it.

I am convinced much of the public reaction against last year's GOP budget was because the American people would not walk away from these kids and these seniors as they struggled to meet their health care needs.

A central problem with the GOP budget before us is that once again it clobbers kids and destitute seniors with Medicaid reductions that will dramatically reduce the quality of the health care these Americans can access.

Now, on the surface, the differences in Federal spending between the proposals may not look like much. The administration proposes a \$54 billion reduction; the coalition \$70 billion; the GOP budget \$72 billion. The dirty little secret, however, behind the GOP proposal is that it would allow State funding toward the Medicaid program to fall off dramatically.

□ 1815

The ultimate comparison is revealed on this chart and shows just how devastating their hits would be. The administration combined hit of \$105 billion, coalition \$125 billion, but the GOP budget, \$257 billion in future expenditures, nearly at the reckless levels of their last year's budget.

The difference between the proposals means this: Under the GOP plan, fewer kids in impoverished homes will be able to get health care. The services currently available to disabled Americans will be reduced and in some cases eliminated. And the long-term care for our seniors, people like our parents and our grandparents but they do not have ability to pay for it themselves, will fall and it will fall in terms of accessibility and in terms of quality of care.

If we are to negotiate toward a historic balanced budget agreement, Mr.

Chairman, we will not be able to bridge differences as great as those contained in their Medicaid proposal. I urge the majority to change their Medicaid plan, preserve the State-Federal partnership in meeting the health needs of impoverished kids and destitute elderly.

Until changes are made in this regard, however, I urge my colleagues to reject these devastating reductions in future Medicaid spending. Our kids and our seniors deserve better.

Mr. SHAYS. Mr. Chairman, I yield myself 30 seconds to respond once again to the inaccuracies of my colleague.

From 1991 to 1996, we spent \$463 billion on Medicaid. Under our proposal it increases. We will spend \$731 billion, 463, 731. The President would spend only slightly more, 749. What is interesting is, our colleagues in the coalition budget would spend 732, \$1 billion more. They call ours a cut and they call theirs an increase.

Mrs. MEEK of Florida. Mr. Chairman, I yield 15 seconds to the gentleman from North Dakota [Mr. POMEROY].

Mr. POMEROY. Mr. Chairman, Medicare is joint, State and Federal. If you look at the combined reductions in spending in the Medicaid Program, their proposal is recklessly, dangerously different than either the President or the coalition proposal.

Mrs. MEEK of Florida. Mr. Chairman, I yield 1½ minutes to the gentlewoman from California [Ms. WOOLSEY].

(Ms. WOOLSEY asked and was given permission to revise and extend her remarks.)

Ms. WOOLSEY. Mr. Chairman, here we go again.

As the only Member of this body to have actually been a single, working mother on welfare, I rise, once again, to make it clear that this budget is no kinder or gentler to children and families than the welfare reform plan peddled by Speaker GINGRICH and the new majority last year.

That should come as no surprise to anyone because this budget is just a rehash of the majority's same old cruel policies and skewed budget priorities that were rejected by the American people last year.

They were rejected, my friends, because the American people want real welfare reform—reform that helps families get jobs and stay off welfare for good—reform that expands the earned income tax credit; boosts the minimum wage and invests in education; job training; health care; child care and child support.

However, this budget, like all of the majority's welfare reform plans that came before it, tells children in this country: if you're poor, you had better not get sick, don't get hungry, and don't get cold, because the majority doesn't think you're important.

It says to families: Republicans in Congress don't want to provide you with a guaranteed level of health care;

food; and general assistance for your children.

Just by ending the guarantee of Medicaid alone, almost 4.9 million children may lose their health coverage.

And, by its cuts to the earned income tax credit and failure to boost the minimum wage, this budget tells working parents that you might as well go on welfare because the majority doesn't think work should pay.

In fact, approximately 3 million working families will come out worse thanks to the majority's cuts to the earned income tax credit.

Mr. Chairman, this is not the way to be treating our working families, and it is certainly not the way to be treating our children.

It's time for the majority to stop recycling it's misplaced priorities and it's extreme policies.

It's time for the majority to work with us to pass a balanced budget that moves our Nation forward without leaving behind those who depend on us most—our children, our families, and our seniors.

Mr. SHAYS. Mr. Chairman, I yield 2½ minutes to the gentleman from Arizona [Mr. KOLBE].

(Mr. KOLBE asked and was given permission to revise and extend his remarks.)

Mr. KOLBE. Mr. Chairman, twice now I have heard the gentlewoman from California, the gentlewoman from Florida talk about cuts in the earned income tax credit. Let me point out to my colleagues what we are talking about here.

Here is what we have spent the last 5 years on the earned income tax credit, \$109 billion. This is what we are talking about spending the next 6 years, excuse me, the last 6 years versus the next 6 years, \$155 billion. It must be some very special accounting that is used here in Washington by some of my colleagues that calls an increase from 109 to 155, \$1 billion over the next 6 years, as some kind of a cut.

What we are talking about changing, what we are talking about eliminating is the earned income tax credit for illegal aliens. We do not think they should be eligible for the earned income tax credit. We are talking also about eliminating payments, ending payments to persons that have substantial sources of nontaxable or unearned income: for example, Social Security, tax exempt interest, IRA distributions, child support payments, those would be counted as part of the income, not currently included there.

So, yes, for those people there would be an elimination because they have other sources, in many cases government sources, of unearned income. We are talking about ending payments to childless workers. That was not ever the original intention of the legislation to have people who are childless workers. I would like to know the logic from my colleagues on this side of the aisle as to why a couple that earned, individual who has two children, is trying to

raise them, should work extra hard to pay for taxes to provide an earned income tax credit for somebody who is childless and working part time.

An individual who is working full time at the minimum wage would qualify for a total of \$40 under the earned income tax credit. In other words, basically a full-time person who is childless working at the minimum wage does not qualify for it anyhow. So you are talking about part-time people anyhow.

For the first 18 years of the earned income tax credit, it was not available to childless workers. That was one of the things that was added much later.

My colleagues also often mention that this is one of Ronald Reagan's favorite programs. They ought to remember that when Ronald Reagan was President, he was talking about in 1986, the total cost of the earned income tax credit was \$2 billion. Today it is \$25.3 billion, that is an 1165-percent increase in just 10 years.

We are not talking about eliminating or cutting the earned income tax credit. We are talking about getting rid of some of the abuses and trying to target those who need it the most and allow working people who have families to keep some of the money in their own pocket and not have to pay for childless couples who do not really need the earned income tax credit.

Mrs. MEEK of Florida. Mr. Chairman, I yield myself 15 seconds to respond to my colleague's point of view.

I think what my colleague said did not present the whole picture of the cut that they have made in the EITC, because according to a study by the bipartisan Joint Committee on Taxation, the changes which the Republicans have recommended in their resolution would increase taxes on 6.3 million hard working families, that needs to be talked about, with an annual income below \$30,000 a year.

Mr. KASICH. Mr. Chairman, I yield 2 minutes to the distinguished gentleman from the State of New Jersey [Mr. MARTINI].

(Mr. MARTINI asked and was given permission to revise and extend his remarks.)

Mr. MARTINI. Mr. Chairman, I rise today in support of the American people and in support of the fiscal year 1997 budget resolution. Two years ago Americans were restless and concerned. No longer was the status quo good enough. I shared that concern and that is why I ran for Congress in 1994.

Now, 2 years later, our record shows that we have succeeded in changing the status quo. We have taken action to make America fiscally sound once again. We have proven we can cut wasteful spending and protect our most important priorities and do so with caring and compassion while addressing the need of working families. The reason is obvious. The difference between our budget and theirs is that we trust the American people and they do not.

We know the very richness and quality of our lives is not defined solely by government but, rather, by the opportunity to be involved with our community, schools, neighbors and of course our places of worship. In my mind, these ideas are not revolutionary. Rather, they are inherent in the very role of being a Congressperson, managing the financial affairs of Government responsibly and fairly.

Yes, this Congress pushed the envelope of fiscal responsibility at the President, and we pushed that envelope again. He could no longer ignore that. It was not always pretty but real change never is.

The result has been saving the American taxpayers \$43 billion, the first such reduction since World War II, a cut in deficit without an increase in taxes. Contrast this with the 1993 Clinton Democrat Congress budget of more spending, ballooning deficits, and the biggest tax increase in American history, \$245 billion.

Yes, Mr. Chairman, we have come far in the last 2 years. I say to my colleagues, now is not the time to succumb to the scare and fear rhetoric that we have heard from the other side. I might add the party that for years stood for the party that said we have nothing to fear but fear itself today offers us only fear and more fear.

Now is not the time to retreat. Now is the time to go forward with courage and to continue on the path of change that we have adopted. I say we pass the budget resolution.

Mrs. MEEK of Florida. Mr. Chairman, I yield 1½ minutes to the gentlewoman from Hawaii [Mrs. MINK].

(Mrs. MINK of Hawaii asked and was given permission to revise and extend her remarks.)

Mrs. MINK of Hawaii. Mr. Chairman, I would like to say that it was not too long ago that we were saying, read my lips, no tax increases. Our majority party has been saying no tax increases, we are going to have tax cuts because that is what this economy needs. Yet we know this budget resolution is going to reduce EITC by \$20 billion. What does that mean for those childless families? That means a tax increase.

If they have under existing law been enjoying an EITC from the Government and suddenly this bill is passed, reducing that EITC benefit to this family because they are childless, that, my friends, is a tax increase to that family. There will be millions of families so affected.

A family without a child in the household that they can consider a dependent may suddenly be strapped by someone becoming very ill, a heart attack or a stroke or someone has to go out and work and perhaps under this devastating minimum wage not be able to survive. And the Government is going to say, now that childless couple needing the support from this Government just as poor as any other family is not going to have the EITC benefit

because there is no child in the household?

We want to help all families that are poor, that are entitled to this support. I cannot believe that the majority would stand up and say that this is not a tax increase on that poor family that heretofore has had this benefit.

Mr. KASICH. Mr. Chairman, I yield myself 1 minute and 30 seconds.

Can we imagine a family where the income of two children at \$30,000 who are being taxed to give benefits to a childless couple making \$28,000, can we imagine the mother and father telling their children we cannot go to McDonald's tonight because we had to pay more taxes to give more benefits to a childless couple that is making \$1,000 less than we are.

What does the family get who goes to work every day and is struggling to support their children? What do those people get? They do not want food stamps. They do not want housing. What they want is an opportunity. And what we aim to do is to give opportunity to those people trying to climb out of welfare.

We are trying to give benefits to those people who desperately need it. We are trying to help those people who cannot help themselves. But do my colleagues know who else we are very concerned about? Low income working Americans who give more and more and get less and less back. They are the forgotten Americans in this country. Those Americans are struggling every day to support their children, and all they ask for is an opportunity.

That is what this budget is all about, rewarding those people who get up every day and go to work, and all they ask for is a chance, and more of their money back in their paychecks for them to spend on their children. That is what is right.

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Mrs. MEEK of Florida. Mr. Chairman, I yield 30 more seconds to the gentlewoman from Hawaii [Mrs. MINK].

Mrs. MINK of Hawaii. Mr. Chairman, the distinguished gentleman from Ohio [Mr. KASICH], I think, misses the point. We all want to benefit working families. It was never the intention to make a distinction about a childless family. The formula currently includes benefits for childless workers because clearly there are circumstances where there are two individuals in a family, one perhaps disabled and unable to work, suffering some kind of disability where only one sole individual in that family can go out and work, and that family is as entitled to this benefit as any other family, and I do not believe the law ought to be changed. And the \$20 billion that our colleagues are taking out of the program is to hurt that family. It is a tax increase.

Mr. Chairman, I rise today to ask my colleagues to take notice of a small, but important provision in this budget resolution. It expresses the sense of Congress that we should not enact or adopt any legislation that will increase the number of children who are hungry, homeless, poor, or medically uninsured,

and further stipulates that Congress must revisit any legislation enacted to comply with this budget resolution which does cause an increase in the number of children who are hungry, homeless, poor, or medically uninsured.

I authored this amendment which was accepted by the Budget Committee on a voice vote. I must say that I was quite pleased when the chairman of the Budget Committee accepted my amendment without hesitation. Accepting this provision may have been easy, but I would caution this House that complying with it will be difficult given the budget proposal before us today.

As we have seen in the past, this budget seeks to sacrifice the most vulnerable in our Nation in exchange for a balanced budget by the arbitrarily chosen year of 2002.

It is difficult for me to see how we are going to prevent more children from becoming hungry, homeless, poor, or medically uninsured under this plan, which disproportionately targets those programs dedicated to assisting the poor, most of whom are children. Medicaid will be cut by \$72 billion over the next 6 years, \$53 billion will be taken away from welfare programs and the EITC will be cut by \$20 billion. With the exception of Medicare, no other Federal program takes a larger hit in this budget than these three programs which make up the basic social safety net for our Nation's children.

It is obvious that the intention of their budget is to dismantle those very programs that work to keep children from being hungry, homeless, poor, and medically uninsured.

Most devastating is their decision again to do away with the basic guarantee, the entitlement, for children in this Nation to receive a minimum level of financial support and guaranteed health care, no matter where they live in this country, who their parents are, or the most difficult circumstances they may live in. Make no mistake, the adoption of this budget will end the Federal Government's commitment to a guaranteed safety net for our children.

We already know that if welfare legislation similar to H.R. 4 is adopted as this budget resolution suggests that at least 1.2 million more children will be thrown into poverty. This is based on analysis of the Senate version of H.R. 4 by the Department of Health and Human Services and the OMB.

Welfare reform as proposed in this document has nothing to do with giving families the tools to become self-sufficient and everything to do with cutting the budget. If we were truly interested in helping families on welfare we would be retaining the entitlement, especially for child care; increasing funding for education and job training, not decreasing it; and expanding health care for the poor, not reducing it.

In addition to the elimination of the safety net for children, this budget adds insult to injury by making it more difficult for low-income working parents to provide for their children without government assistance by cutting the earned income tax credit [EITC] by \$20 billion over the next 6 years. According to the Joint Committee on Taxation, the EITC reforms proposed by the Republican budget would increase taxes for 6.3 million working families with incomes less than \$30,000. We hear the Republican majority spout rhetoric about personal responsibility and the need to be self-sufficient, yet here we have a program that

truly helps working families stay off welfare, and what do the Republicans do? They cut it.

Instead of supporting policies that lift people out of poverty like the EITC and an increase in the minimum wage, this budget relies on the failed policies associated with the trickle down economics. Worse, it destroys the safety net under current law for our 5 million children in welfare. To hurt these children is absolutely the wrong policy.

This budget resolution is seriously flawed. It eliminates or severely cripples some of the most important functions of the Federal Government, that which assumes our children and the most vulnerable in this Nation are cared for. The only hope we have is that provision I added in the Budget Committee which requires us to revisit this budget if it results in more children becoming hungry, homeless, poor, or medically uninsured. I ask my colleagues to reject this budget because it hurts children, it hurts the poor, the elderly, and the sick.

The gentleman from Arizona earlier said this budget is about priorities. Clearly, the majority's priorities do not lie with our children, or their families.

This budget resolution calls for the end of Americorps, terminates Goals 2000 which is local education reform, freezes Head Start, freezes WIC, cuts Job training by 25 percent below fiscal year 1996 levels, freezes funds for title I, freezes college student financial assistance programs like Pell grants, Work study cuts library funds by 20 percent, phases out legal services for the poor, phases out funds for the arts and humanities, and privatizes Corporation for Public Broadcasting, and cuts bilingual education.

Mrs. MEEK of Florida. Mr. Chairman, I yield 1 minute to the gentleman from Mississippi [Mr. THOMPSON]. He is a new member of the Committee on the Budget.

(Mr. THOMPSON asked and was given permission to revise and extend his remarks.)

Mr. THOMPSON. Mr. Chairman, I rise today in opposition to the Republican budget due to the fact that it cuts deeply into programs that help children, seniors, and working people. This budget will have a devastating effect on my constituents in the Second Congressional District of Mississippi. Cutting \$72 billion in Medicaid will decimate nursing home residents and cause many seniors to be put on the streets. This is a mean-spirited effort and is equivalent to Robin Hood in reverse.

While the Republican majority refuses to raise the minimum wage, they insist on reducing the earned income tax credit. The only help available for working-class Americans, the earned income tax credit, goes to people who work, not people relying on welfare. This is very unfair and a slap in the face. Of the persons who receive earned income tax credit in Mississippi, 234,000 had a gross income of under \$15,000. This is about 25 percent of the working families in Mississippi—63,000. Mr. Chairman, live in my district.

I urge opposition to the budget.

Mr. KASICH. Mr. Chairman, I yield the balance of my time to the gentleman from Pennsylvania [Mr. FOX].

The CHAIRMAN. The gentleman from Pennsylvania [Mr. FOX] is recognized for 2¼ minutes.

(Mr. FOX of Pennsylvania asked and was given permission to revise and extend his remarks.)

Mr. FOX of Pennsylvania. Mr. Chairman, our budget plan will help America do better. We have passed the first balanced budget in a generation. While the President vetoed our balanced budget, we have changed Washington forever. The debate is no longer about whether we need a balanced budget, it is about the best way to achieve one. We fought for one, the single largest reduction in spending since World War II, a savings to taxpayers of \$43 billion. This budget will help seniors, working families, and children. We end nearly decades of reckless deficit spending. We stop forcing our children to pay our bills.

As Federal Reserve Chairman Alan Greenspan says, a balanced budget would enable families to look forward to their children doing better than they did, to give States the freedom to develop welfare programs that promote personal responsibility and break the cycle of welfare dependency. It restores the authority, Mr. Chairman, and responsibility for public education back where it belongs, in the hands of parents, principals, and local school boards, not with the growing Federal bureaucracy.

It allows decisionmakers in the States, not Washington bureaucrats, to design Medicaid programs that are tailored to meet the special needs of the poor and elderly.

This budget helps families move ahead through a \$500 per child family tax credit, a special \$5,000 adoption credit, a rollback of the Clinton tax hike. American families will get to keep more of what they earned.

Our balanced budget will also lead to lower interest rates. That will lower mortgage costs, car payments, student loans, and create hundreds of new jobs. Right now the Federal Government borrows so much available long-term capital that anyone else looking to borrow money is forced to pay higher rates. Once we stop deficit spending, interest rates will drop, saving the average family \$1,700, almost \$1,800.

This budget also attacks waste and inefficiency and puts an end to billions of dollars in corporate subsidies and special-interest tax breaks. It helps our veterans with \$5.1 billion more than the administration's funding for hospitals and medical care.

Mr. Chairman, this budget is fair, compassionate, and it helps our constituents have a better life.

Mr. KASICH. Mr. Chairman, I yield the balance of my time to the gentleman from New Jersey [Mr. SAXTON], and I ask unanimous consent that he be allowed to control the time.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mrs. MEEK of Florida. Mr. Chairman, I yield 1 minute to the gentlewoman from California [Ms. ROYBAL-ALLARD].

Ms. ROYBAL-ALLARD. Mr. Chairman, last year, the American people rejected the Republican budget, and the President justifiably vetoed it.

This year's Republican budget is no better. Instead of moderating their extreme policies, the majority's plan continues to hurt hard working Americans.

Raising the minimum wage is supported by over 80 percent of the American people because it will help over 7 million working adults to pay for groceries, health care, rent, or their children's education.

The majority, however, is denying Congress a clean vote to raise the minimum wage, while at the same time proposing to cut the earned income tax credit for low-paid workers.

The EITC cuts of \$21.6 billion will negatively impact 60,000 families in my district alone and 6 million low-income families across this country.

It makes no sense that as Congress debates the needs and the value of America's workers, the majority proposes to raise taxes on the poorest workers.

This is an unfair and unjust budget, and I urge my colleagues to vote "no."

Mrs. MEEK of Florida. Mr. Chairman, I yield 1½ minutes to the gentleman from New York [Mr. OWENS].

(Mr. OWENS asked and was given permission to revise and extend his remarks.)

Mr. OWENS. Mr. Chairman, this fiscal year 1997 budget of the Republican majority continues the same extremism of the fiscal year 1996 budget. American people have rejected that extremism, but it goes on and on. It is an assault on the majority of the American people, starting with the poorest people who need Government most. The children, the elderly and the people with disabilities are attacked first.

The Medicaid entitlement, the removal of the Medicaid entitlement, is the thrust of that attack, which is most dangerous. Are we going to take away the possibility of life itself from many people? The Medicaid entitlement, means-tested Medicaid entitlement, is probably one of the most noble actions of our Government. As my colleagues know, it is a prolife action in the most profound sense of the concept of prolife. It is for all life. But by taking away the Medicaid entitlement, we are going to condemn people to a situation where the funds will not be there to preserve life when it is needed. We are taking a step backward from the possibility of ever realizing universal health care. This is a step forward toward decentralized genocide.

By giving it out to the States, by having the States with less money try to meet these needs, we are going to ratchet down the benefits and make more and more people suffer and more and more people will die, and eventu-

ally we are going to get into a situation where there is a whole class of people which we are throwing overboard, a whole class of people for which life itself has no meaning, the Government will not help to preserve it, and that kind of step is what this extremist budget takes us into.

Medicaid entitlement must be preserved.

Mrs. MEEK of Florida. Mr. Chairman, I yield 45 seconds to the gentlewoman from North Carolina [Mrs. CLAYTON].

Mrs. CLAYTON. Mr. Chairman, I thank the gentlewoman for yielding this time to me.

I want to emphasize something that has already been stated, that indeed the Republicans are at it again, they are really attacking the poorest of the poor. Contrary to what they say, they are actually raising taxes on more than 6 million low-income persons. At the same time, they are giving a capital gain to the wealthy. Why not give tax breaks to all America rather than putting it all on the poor? On 7.7 million low-income people, taxes were raised in 1995. They did it in 1995; they are at it again. The poorest of the poor is being hurt.

Mrs. MEEK of Florida. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, in closing, I just would like to say that the Republicans are not facing the facts. Families with children will still be worse off in this new budget resolution. The Joint Economic Committee has already revealed that the \$29 that the chairman talked about, that is an average figure. That is not the figure for every family. Some families will be hit harder by that, and we will have a large tax increase.

Mr. Chairman, we can balance this budget together, the Republicans and the Democrats, but we cannot balance it unless we work both with the poor, and the near-poor, and the rich.

Mr. SAXTON. Mr. Chairman, I yield myself 4 minutes.

Mr. Chairman, first let me commend the chairman of the Committee on the Budget and his colleagues and the staff of the Committee on the Budget for providing us with the opportunity to consider what I consider a very, very find budget.

This next hour will be controlled by the members of the Joint Economic Committee, and it is our function, along with deciding on what our priorities should be, to try to shed some light on the fiscal implications of our Federal budget, of our proposed Federal budget, and our past actions on the economic performance of the private sector in our country.

Mr. Chairman, I find it quite interesting to do that because over the years that I have served on the Joint Economic Committee we have found that there are certain things that happen here in Washington that have a profound effect on the American economy.

Today many middle-class Americans are deeply concerned about their lack of economic progress, and I would like to speak for just a few minutes about that because that is one of the issues that we are trying to address with this budget. Ordinary Americans in many walks of life feel that they are on a treadmill where they have to run faster and faster to stay in the same place, if not fall behind. Unfortunately, they have every reason to be concerned because not only is income growth nonexistent but taxes have gone up.

I would like to just point out that over the last 10 months we have released a number of Joint Economic Committee studies and reports documenting the middle-class income meltdown. The sad truth is that a variety of statistics show that economic well-being of the American middle class has declined or stagnated under the policies of this administration, and we are going to try to fix it.

For example, take one standard measure, median family income: This statistic charts changes in the level of middle-income families over time and can be adjusted for inflation as well. The Joint Economic Committee found that during the Clinton administration there has been no progress in inflation-adjusted median income. In other words, families that earned \$40,000 3 years ago on average continue to earn \$40,000 this year. This chart exemplifies that.

During the last decade, during the 8 years of the Reagan administration, each year American families could anticipate a 1.7 percent increase on average in their income. Now, if we extrapolate that out during that period of time, that means that income went up during that 8 years almost 14 percent.

Now, just to take an example of what that meant to the average American family over that 8 years, it meant that a family that started the decade of the 1980's making \$50,000, by 1988 was making \$57,281, and so that kind of growth took place because we had in place growth policies here in Washington.

Now, by contrast, since the present administration took office, we have had goose eggs, no growth in median family income. And so one of the things that this budget tries to address is that problem by bringing into control Government spending and lowering the thresholds that we anticipate for future Government spending as well.

Unfortunately, we know that median income did not treat all Americans the same.

□ 1845

For example, male earnings from 1992 to 1994 actually fell. In 1992 the median male income for males in this country was \$31,897. It decreased by 2.2 percent by 1993 and fell to just over \$31,000; and decreased another 1.1 percent in 1994 and fell to \$30,854. So because of, we think, bad things that Congress did and the President did during those years, it

crested a disincentive for the economy to grow.

Secretary Reich has tried to explain this away by saying that corporate profits are up; therefore, median income must be down. Not true. Not true. This chart shows what happened with corporate profits and total compensation. The red line shows what happened with corporate profits.

During the years of John Kennedy back in 1963 and 1964, corporate profits consumed or took up about 14 percent of total compensation. Today you can see over in the other end of the chart, it is only 10 percent. It has actually fallen. The black line does represent total compensation for American workers, 55 percent in 1959 and just about 55 or 56 percent today.

Mr. Chairman, I commend the gentleman from Ohio [Mr. KASICH], the chairman, for the great effort he has put into this budget to treat all Americans fairly, and yet recognize the economic implications of what it is that we have created. Naturally, I am going to urge everyone to support this budget.

Mr. Chairman, I reserve the balance of my time.

Mr. McDERMOTT. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, we are now probably talking about what we should have started this discussion with, and that is the whole of how the economy is doing. The question we have to ask ourselves, Mr. Chairman, is whether or not anybody believes a Republican and their analysis of the economy. Most of us on our side of the aisle have some doubts, but occasionally the light goes on on the other side, and somebody makes a statement that makes sense.

In February 1996, ROBERT DOLE, who just left the Senate because he could not cope with these radicals on the other side of the aisle, said, "It is true, as some have said, that our economy is the strongest it has been in 30 years." If Members do not believe BOB DOLE, if they do not believe BOB DOLE, Members can listen to what they are now going to say. But the fact is that the economy today is the strongest that it has been in 30 years.

The second chart which I will put up here, do Members believe the Congressional Budget Office? We have had a discussion in this House over and over again as to whether or not we can balance the budget in 7 years, according to CBO numbers. Everybody on the other side said that the CBO numbers, they are absolutely correct.

Mr. Chairman, when President Clinton took over, if we follow this line, that is what CBO said was going to happen. The deficit was just going to go out of sight. As a result of the policies that the President instituted in 1993 and 1994, we now see that the deficit is coming down, and the President's projected budget will take it down in the course of 7 years to zero.

The President has done what has to be done in terms of dealing with deficit

reduction. The fact is we still have real problems in this economy. The middle class, their incomes have been stagnant for 20 years. It did not start when President Clinton came in. It started 20 years ago. The lower classes have been drifting down. Their incomes have actually been falling in real money. We have serious problems. We have people out there who are permanent temporary employees: our children whom we sent to college, who accumulated debts, who have come out of those colleges in debt, and cannot find a permanent job.

The largest employer in this country is Manpower. People work 40 hours a week, they work 50 weeks a year at \$10 and \$15 an hour in my own city of Seattle, and they do not have health care benefits, they do not have a pension, they cannot buy a house. If you take a manpower pay stub into a bank and try to get a loan to buy a house, you are laughed out of the place. You simply cannot get a loan if you have a temporary job. There are thousands of people.

In my city, in the music industry there are no permanent jobs. Seattle rock music, everybody knows about it. They know about Nirvana, they know about Pearl Jam. They know all those companies. Those people, none of them have permanent jobs. So there are real problems in this country, because we have people with a temporary job trying to pay off school loans. It is no wonder that people are anxious.

But the problems are not solved by the policies in the Republican budget. The Republican budget wants to jerk the safety net out from under people. It wants to take away Medicare so that people in their middle years, who are trying to help a kid get through college, are suddenly going to have to help their parents with their health care bills. They want to take away Medicaid, which guarantees nursing home care for senior citizens in this country, and want to throw it back onto the families and say, "You come up with the \$30,000 a year to take care of your mother in the nursing home."

Mr. Chairman, if you have to do that in the middle class, how are you going to help your kid go to a community college or pay for going to a university? Those are safety net issues.

The President said, it was a very interesting thing, he came out to Seattle a few months ago, 2 months ago, and said,

There is enough money on the table to balance the budget. We have agreed, there has been enough agreement between the House and Senate and the Presidency on the numbers, but we will not balance the budget if your intention is to destroy the safety net.

That is the essence of this budget debate. It is not about numbers. These numbers, we could argue about numbers, \$50 billion here and \$25 billion there and whatever. The issue is whether or not the Federal Government is going to be able and willing to provide a social safety net for the people

in this country, whether we are talking about educational loans or we are talking about Medicaid for nursing homes or Medicare for senior citizens. Whatever we are talking about, it is a question of whether the Government should be involved in providing that safety net and trying to help people make it up. We have done it in the past, we will do it again, but not with the policies that are in this budget.

Mr. Chairman, I think that this budget resolution makes no sense. The people of this House ought to reject it and go for a budget that makes some real sense in terms of helping people make it up the ladder, not pull the bottom rungs out from under them. That is what their budget actually does.

Mr. SAXTON. Mr. Chairman, I yield 3 minutes to the gentleman from Clarendon, TX [Mr. THORNBERRY], another member of the Joint Economic Committee who believes that big government acts as a drag on the economy.

Mr. THORNBERRY. Mr. Chairman, I thank the gentleman for yielding time to me.

Mr. Chairman, we have heard a lot about the trillions of dollars involved in the Federal Government's budget today, but I think it is also important to focus on the family budgets in this country, because in truth, the economic security of the country is only as strong as the economic security of the American family.

There may be some who think that the family budgets in this country are the strongest they have been in 30 years. That is not what I am hearing in my district. Everywhere I go people are squeezed. People are working harder and harder and having a tougher time making ends meet.

If we look at the statistics, they bear out that feeling. Since 1992, median family income in this country has gone down. Since 1992, the average Federal tax rate has gone up. The result is that Americans are left with less money in their pockets because the Federal Government is taking more and more money away from them.

Recent surveys show the American people across all lines think the Federal Government, government at all levels, should take about a quarter of what they make; it should take about a quarter of someone's income to pay for government, and yet the number today is more like 38.2 percent. That is, of course, as opposed to about 5 percent in 1950. Today parents are working harder and longer and have less time to spend with their children.

If Members do not think this country is experiencing the effects of people having to spend more time making ends meet, just to pay for food and shelter and away from their kids, I do not think they are in touch with what is happening. This budget includes a \$500-per-child tax credit, so a family with two kids is going to get \$1,000 more a year.

Some people say that is not enough to make a difference. I will tell the

Members, that is. That \$1,000 for a typical family will pay for 3 months of groceries, it will pay for 1½ months of mortgage payments, it will pay for 3½ car payments, it will pay for 14 months of health insurance.

In my district alone, it will mean \$322 million more dollars over 7 years. That makes a difference in people's lives. It makes a difference at times that they need some relief.

The bill has a lot of other good things for families. It allows senior citizens to keep more of the money they earn and not be penalized on their Social Security. It repeals the gas tax and the rest. The problem with taxes is sometimes people in Washington get confused about whose money it is, but it is a fundamental issue, I think, on who can better spend the people's money; whether the Washington bureaucrats can spend it better or whether the families themselves can spend it better. I put my trust in the American people.

I think this country will be better off by letting people keep more of the money that they earn and spend it on themselves and their families and their food and their shelter and their communities and their churches, rather than sending it all to Washington. That is a lot of what is at stake here. That is a fundamental difference in this budget. It is the reason the American people need this kind of tax relief.

Mr. HINCHEY. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, as a member of the Joint Economic Committee, I want to raise a number of objections to the GOP budget resolution for fiscal year 1997. This proposal that we have before us is little more than a rehash of the Contract With America and its assault on working families, senior citizens, students, and the environment, all of which have been rejected by the American people in each of the renditions that it has come to this House.

This budget is bad for the economy. It is bad for working people, and I believe it should be rejected. Just a few weeks ago after a year-long struggle on the budget, this body showed that it had the ability to compromise on fiscal matters and pass a budget reduction measure with support that was bipartisan. The omnibus appropriations bill cut the deficit by an additional \$23 billion, while at the same time protecting our Nation's commitment to providing affordable health care, housing, and education.

The bill was the product of productive dialog between the parties; long, tough negotiations and compromise by Members on both sides of the aisle. That is why I voted for it, and that is why Democrats and Republicans alike in this House supported it and provided it with an overwhelming majority.

Now, Mr. Chairman, the majority party here in the House proposes to take several steps backwards and rehash the debate once again to limit health care services for the elderly, un-

dercut health care providers in my district and across the Nation. We are again debating whether we should end our Nation's longstanding commitment to help provide food and medicine for those who need it, and raise the cost of education for working families. In the end, this budget would have a devastating impact on the economic security of working families across America.

Under the bill, Medicare would be cut by \$168 billion. Medicaid coverage would no longer be guaranteed, and spending on education is reduced below its level of just 2 years ago. One and one-half million fewer students would be aided by Pell grants, as opposed to those who would be aided under the President's bill. In other words, the President's bill would provide Pell grants for an additional 1.5 million students over that which is proposed in the Republican budget.

In addition, the earned income tax credit would be cut by \$20 billion, essentially raising taxes on thousands of working families in my district, and a total of about 6 million working families across the country. The debate on this budget plan has been a loser for the Republican majority throughout the past year. This budget promises to continue this losing tradition today, tomorrow, and on until November.

It is symbolic and ironic that on the same day the majority has rejected a modest increase in the minimum wage to help working families achieve a decent standard of living, it presents this House with a plan to raise taxes on those very same families by cutting the earned income tax credit.

□ 1900

If we cannot raise the wages of working families, then why should we also provide tax breaks for the most affluent members of this society? Why should the House vote for a budget that provides capital gains reduction that largely benefits the wealthiest 1 percent of families when we are telling working people that we cannot afford to raise the minimum wage above the lowest level it has been at in 40 years. It is time that we stand up for the economic security of working Americans instead of trampling on their standard of living.

Mr. Chairman, I urge that we reject this losing budget proposal and we vote for one of the Democratic alternatives that will be presented tomorrow.

Mr. Chairman, I reserve the balance of my time.

Mr. SAXTON. Mr. Chairman, I yield 6 minutes to the gentleman from Illinois [Mr. MANZULLO], a Member who has been particularly active this year in understanding what it means to the American family to have less income and at the same time pay higher taxes.

(Mr. MANZULLO asked and was given permission to revise and extend his remarks.)

Mr. MANZULLO. Mr. Chairman, we all use charts in this body, and different figures are thrown out; but

every day millions of Americans get up, get out of bed, they have their breakfast, they pack their lunch box, send their kids off to school. In many households both spouses work. We talk about the forgotten American, the people that go to work every day, the people in this country that are working harder and harder and taking home less money. Nobody is talking about that portion of the American people. Think about it.

The people in this country who get up every day and go to work, they say to me, "Congressman, I don't understand it. I'm working harder than ever in my entire life, and the money simply isn't enough to make the expenses. I'm not buying new cars, I'm not buying new houses, I'm just trying to do the best I can to survive in this economy."

Mr. Chairman, here is a chart. Here is the reason why. Americans today are working harder and taking home less money. Americans today are working harder and taking home less money. Americans today are working harder and taking home less money because governments of all sizes are growing and taking away the money.

The Federal Government continues to grow. The number of Federal employees declines, but the number of nongovernment employees who receive grants from the Federal Government to carry on the work of all the 10,000 Federal programs we have continues to grow. The man who gets up in the morning and packs his lunch and kisses his kids good-bye to go off to school and perhaps his wife goes off to work also, he takes home less money. And who cares about him? Who is caring about that man in America? He is down here taking home less money. Do you know why? Because government is too big. It is too intrusive. It is too pervasive. One program after another. Try to cut down the size of the Government, and the President adds AmeriCorps.

"Just give me another program. Just one more investment. Just another program. Just have this investment."

Mr. Chairman, every single one of the 10,000 programs in this Federal Government has its own constituency, its own lobbyists, its own special interests. But who cares about the man who gets up in the morning and packs his lunch and kisses his kids off to school and perhaps his wife has to go to work, also, just to make ends meet? Who cares about him?

Let me just reiterate the words I have heard this evening from the other side. The Republicans are extreme. Decentralized genocide. Mean-spirited. Cruel. Radicals on the other side. Assault on America.

Do my colleagues know where the assault is taking place? On the American family. Taxes continue to go up.

Rob Yedor runs a factory called Myco in Rockford, IL, about 125 employees. "Oh, with the great budget in 1993, we're going to raise the taxes of the

rich, we're going to increase the subchapter S taxes." What happened? He pays \$250,000 a year more in taxes.

Mr. Chairman, where was that money going to go? For three things for his employees: to purchase additional capital, that is new machinery, to fund more fully his 401-K retirement plan, and to increase the wages of the people who work for him. That was the 1993 Clinton budget. Do my colleagues know who got hurt by it? The man who gets up in the morning and packs his lunch and sends his kids off to school, the average American worker. Here is the chart. He is taking home less money because this Government is too big.

Mr. SAXTON. Mr. Chairman, will the gentleman yield?

Mr. MANZULLO. I yield to the gentleman from New Jersey.

Mr. SAXTON. Mr. Chairman, the gentleman from New York [Mr. QUINN] wanted to be here to add to what we have said tonight but he lost his voice today, the poor guy. What he wanted to say was that we also did a study which showed that, when the Federal Government consumes more than about 17.4 percent of GDP, every dollar that we spend after that actually has a negative impact in pulling down the productivity and the production that takes place in the American economy.

Today, as the gentleman knows, the Federal Government consumes a full 22 percent of GDP. And so the optimum level, at about 17.5 percent, has been far surpassed. We are 4.5 percent above where we should be. This budget takes a small step toward getting us back to where we should be so that the guy who gets up in the morning and packs his own lunch and maybe the lunch for his kids, as the gentleman so eloquently pointed out, does not have to look forward to a future where we see diminishing returns on work, which is what is happening in the American economy.

Mr. MANZULLO. Mr. Chairman, there is a chapter that normally appears in every budget called the generational forecast. It has not been in the last couple of budgets. That states because of the \$5 trillion national debt, unless something is dramatically done, the children born after 1992 entering the work force would have a combined State, local and Federal tax rate of between 70 and 90 percent. That is unconscionable.

Mr. HINCHEY. Mr. Chairman, I yield 3 minutes to the gentlewoman from North Carolina [Mrs. CLAYTON].

Mrs. CLAYTON. Mr. Chairman, there are many parts of the Republican's proposed budget that I find objectionable, but there is one part that is particularly inappropriate.

They propose, once again, to eliminate the Department of Commerce by abolishing certain programs and by restructuring others.

The Department of Commerce, under the able leadership of Secretary Ron Brown, has been a shining example of what good Government can do.

And with the appointment of Secretary Kantor, continued good things are promised.

Why eliminate the one agency that has aggressively expanded American exports, has effectively pursued business opportunities abroad for American companies—big and small—has helped to ease our balance of trade deficit and, most importantly, has had a big hand in creating jobs here in the United States?

I am particularly distressed by their proposal to transfer the functions, but not the resources, of the Economic Development Administration [EDA] to the Small Business Administration [SBA].

This proposal would appear to be a classic example of seeking to make change for no reason, rather than change for good reason, change for the sake of change rather than change for the better.

The Economic Development Administration has been an effective and vital resource in helping communities, especially rural communities, respond to problems of economic distress.

In my district, EDA has been working to support the Global Transpark, an innovative and creative venture that will allow the rapid transportation of goods and services from my State to markets abroad.

With similar lack of logic, they propose to eliminate the Technology Administration, the Economics and Statistics Administration, the Minority Business Development Agency, and other important parts of the Commerce Department.

Our colleagues propose to save money through this dismantling and restructuring, but their math is misplaced.

The Commerce Department has already undertaken plans to consolidate, reengineer, move operations, delete regulations, change certain policies and save.

If our Republican colleagues are serious about passing a budget resolution in a timely and bipartisan manner, that will be signed by the President, they should start with a new beginning, not with an old ending. The Department of Commerce should not be eliminated.

Indeed, the Department should be funded at a level adequate to continue its good work.

Economics require it. America needs it. Good sense demands it.

Mr. SAXTON. Mr. Chairman, I yield 3 minutes to the gentleman from South Carolina [Mr. SANFORD] who is going to report on yet another Joint Economic Committee study which shows the negative effects of large Government on the free enterprise system.

Mr. SANFORD. Mr. Chairman, in this whole debate about the budget, I would remind everybody that Mother's Day was this weekend.

One of my mother's sayings was that too much of a good thing is actually a bad thing. Benjamin Franklin said, "I would rather urge moderation in all things," and farmers back in my district had this saying that you can only

squeeze but so much blood out of a turnip.

What these sayings say, I guess, is a word of support for a recent Joint Economic Committee study entitled "The Impact of the Welfare State on the American Economy," by Lowell Gallaway and Richard Vedder.

Its findings were highlighted in a recent Investors Business Daily article entitled "Cut to Grow." What both the report said and what the article said was that there is a price tag to Government spending. If you look at this chart, that price tag is that you can only go so far before Government spending becomes a problem. Keynes was right up to a point that Government spending creates economic activity, up until about this 17.6 percent that the chairman alluded to, and then beyond that it is actually detrimental. Beyond that it is actually a drag on the economy.

Mr. Chairman, here we are at about 22 percent of the size of our economy right now with Government spending, and what that means is that it is actually hurting us. For every \$1 of additional Government spending beyond that 17.6 percent, it slows us down by about 38 percent, or, if you were to go out and find \$100 of Government cuts, you would come up with about \$138 of benefit to the total economy.

So I would say that this debate in large part is about who is best at spending your money. If you think it is bureaucrats, then you probably do not want to support this budget resolution. But if you think you are best at spending your own money, this graph and this study support that idea. Therefore, I would urge us all to support this budget resolution.

Mr. Chairman, I include the article referred to for the RECORD.

PERSPECTIVE—CUT TO GROW

Many supply-siders focus on cutting taxes as the best way to lessen the load of government and raise economic growth. But a new study suggests cutting federal spending can also do the trick.

The best size of government is about 17.6% of gross domestic product, says a recent study from Congress' Joint Economic Committee.

When government is very small it can do a lot to raise economic growth, say Ohio University economists Lowell Gallaway and Richard Vedder, authors of the study.

These include providing a strong defense, fighting crime, creating courts where people can resolve disputes and building a basic infrastructure, such as roads and highways.

But more government spending faces diminishing returns. That is, each additional dollar spent brings fewer benefits than the last one.

So the bigger government gets, the less likely it is that the benefits of more spending outweigh its costs.

Eventually, the study says, spending slows economic growth as government focuses on programs that dampen output rather than help it, such as regulating businesses and redistributing incomes.

For example, in 1948 less than 10% of spending went to social programs. For the twelve years after that, 25% of added spending went to these programs. That moved up

to one-third in the 1960s, and half in the 1970s.

From 1990 to 1995, the government added more money to social programs than it added to the overall budget.

As a result, from 1947 through 1951, government spent about 15% of GDP, while GDP grew at a yearly rate of 4.2%. Through 1974, government spent 19% of GDP, and the economy grew at a 3.3% rate. Since then, government has spent 22%; GDP has grown at a 2.5% rate.

The government has exceeded the 17.6% spending level every year since 1965, ignoring gains to the economy from cutting spending, says the study. This excess spending has curbed the economy by an average of about 2% year, leading a cumulative loss of about \$2.3 trillion in output.

That leaves a good deal of room for today's lawmakers to raise economic growth by cutting spending.

This year the government spent about 21.4% of GDP, according to the Treasury Department. The GOP budget plan would bring spending down to 18.5% of GDP by 2002, says the Congressional Budget Office.

For every \$1 of spending cuts, the private-sector economy will expand by \$1.38, Gallaway and Vedder say.

If sustained for seven years, that \$1 budget cut would add \$2.45 to total output, they say.

Supply-siders have long urged Congress to change the way it forecasts how much revenue the government would forego if it cuts tax rates. By raising economic growth, tax cuts need not lose as much as Congress thinks, and may actually raise revenue.

This study suggests that a similar effect may also work with spending cuts, meaning that cutting spending by \$1 may close the budget gap by more than \$1.

This effect should hold until the government whittles the budget down to 17.6% of GDP, and perhaps further.

Gallaway and Vidder got the 17.6% figure by assuming that government spending shouldn't be treated as a cost of production. If it were treated as a cost of production, then much less spending should be justified.

Then, the best spending level for government would be between 10% and 11% of GDP, they say. But treating spending simply as a production cost may overlook other reasons for it.

Also, the numbers may not tell the whole story.

For example, what if lawmakers trimmed government back to 17.6%, but did so by getting rid of spending that Gallaway and Vedder say is good, leaving things like welfare and regulating agencies?

That's unlikely, but it suggests a different route to the same theme of less government.

Instead of focusing on numbers, perhaps we should focus on the kinds of spending government does, no matter the amount. For example, during wartime the best level of government spending may rise as it costs more to defend ourselves.

By contrast, in a peaceful world, 17.6% may be much too high. Staying at that level might require welfare programs or wasteful defense spending.

Mr. HINCHEY. Mr. Chairman, I yield 2 minutes to the gentlewoman from Georgia [Ms. MCKINNEY].

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Ms. MCKINNEY. Mr. Chairman, here we go again. Instead of offering a budget that protects middle-class families in this changing economy, the Republican Party has once again lived up to its reputation as defender of Wall Street's barons.

Why do we need to cut Medicare, only to give \$124 billion in tax breaks. Moreover, Mr. Chairman, the Republican budget does virtually nothing to go after corporate welfare. In fact, the conservative Cato Institute issued this news release today which says, "Eliminating corporate welfare would cut the deficit in half—business subsidies cost \$75 billion per year, Cato study says."

Why must our seniors, schools, environment, and the poor be first in line to face cuts when we give away at least \$75 billion in corporate welfare every year?

Mr. Chairman, I urge my colleagues to defeat this budget which is nothing more than the same old, same old.

In addition, Mr. Chairman, the Republicans have innovated a new form of governance. I call it kitchen sink legislation. They throw in everything—including the kitchen sink—and wait to see what survives the conference committee. This is no way to govern and we need to defeat this Republican budget.

Mr. Chairman, I include the following for the RECORD:

[From the Cato Institute News Release, May 15, 1996]

ELIMINATING CORPORATE WELFARE WOULD CUT DEFICIT IN HALF—BUSINESS SUBSIDIES COST \$75 BILLION PER YEAR, CATO STUDY SAYS

"In 1995 the corporate safety net was left largely intact," says Stephen Moore, director of fiscal policy studies at the Cato Institute. "If members of Congress balk at cutting aid to dependent corporations again in 1996, they will look like fiscal frauds and fools."

In a new Cato Institute study, "How Corporate Welfare Won: Clinton and Congress Retreat from Cutting Business Subsidies," Moore and Cato fiscal policy analyst Dean Stansel note that the federal government currently spends \$75 billion per year on corporate welfare—the use of government authority to confer targeted benefits on specific firms or industries. They identify the 35 "least defensible" business subsidies and show that Congress moved to cut only \$2.8 billion, or 15 percent, from the 1995 level.

The Clinton administration has been hostile to even the modest corporate welfare cutbacks proposed by Congress, Moore and Stansel argue. "If Congress's performance was a disappointment, the Clinton administration's was dismal. In fact, we find that for the 35 corporate welfare programs identified in this study the administration's 1996 budget actually requested a slight increase in spending."

Moore and Stansel recommend eliminating or sharply scaling back programs including the Export Enhancement Program, Foreign Agriculture Service, Market Promotion Program, Advanced Technology Program, National Oceanic and Atmospheric Administration, Army Corps of Engineers, Bureau of Mines, Export-Import Bank and Overseas Private Investment Corporation.

"If all federal assistance to business were purged from the budget, the budget deficit could be cut in half," Moore and Stansel write. "Both the social welfare and corporate welfare states needed to be reformed with equal urgency."

Policy analysis No. 254—contact: Stephen Moore, director of fiscal policy studies, 202-789-5252 Dean Stansel, first policy analyst, 202-789-5250; Dave Quast, director of public

affairs, 202-789-5266; and Peggy Ellis, director of government affairs, 202-789-5284.

Mr. SAXTON. Mr. Chairman, I yield 3 minutes to the gentleman from South Carolina [Mr. INGLIS].

Mr. INGLIS of South Carolina. Mr. Chairman, I thank the gentleman for yielding me time.

Mr. Chairman, I have had the opportunity now to sit here and listen to some of the comments of our colleagues between the time of the Committee on the Budget's allocated time and now the Joint Economic Committee's allocated time, and it has been very instructive. It has been instructive because particularly these very valuable studies of the Joint Economic Committee point out that this Government is a drag on our economy. It is too big and needs to be reduced in size and scope.

As the gentleman from South Carolina just said, for \$100 in cuts, you get \$138 in expansion of the economy. That is a god bargain, so we should listen to folks on the Joint Economic Committee and have the courage to make these changes.

The second observation I would make is really I think it is very interesting to hear some of the comments from this side of the aisle about this budget. I had hoped that maybe this year we were going to be a little bit some candid in our debate, a little bit more forthcoming; that maybe this time we would not subject seniors in America to MediScare, that we would not subject poor people in this country to Medicaid scare. But it is pretty apparent we are going to go through it one more time, round two. In fact, the gentleman on the floor a little while ago said they are going to "Take away Medicare." Take away Medicare. The gentlewoman who just spoke said there were going to be cuts to Medicare.

Well, I defy anybody in this body to describe where there are cuts to Medicare. There is a reduction in the rate of growth, and per beneficiary the spending goes from this year, 1996, \$5,200, to \$7,000 in 2002.

The gentleman from Washington State said we are going to take away Medicare. I wonder if that sounds to any of my colleagues like it is taking away Medicare? We are going from \$5,200 per year per beneficiary to \$7,000 per year in 2002. \$5,200 to \$7,000. That is not taking away Medicare. That is not a cut to Medicare. That is an increase in Medicare spending.

I wonder how it is that our colleagues, particularly on the other side of the aisle, have the ability to say these are cuts? I suppose they are encouraged by the polls that indicate that MediScare works. You can scare seniors in America. They get worried and they decide that they will support you and your political campaign, even though you are imperiling the future of Medicare and of the whole country.

I hope as the debate goes on that just maybe, somehow, there will be some additional candor released here in

Washington, and we will be able to have an honest debate.

Mr. HINCHEY. Mr. Chairman, I yield 3 minutes to the gentlewoman from Texas [Ms. JACKSON-LEE].

Ms. JACKSON-LEE of Texas. Mr. Chairman, we have come here again for the budget for 1997, and I thought we would have had an opportunity through the series of continuing resolutions that we attempted to pass in this last year and the reasonable disagreement that Democrats have had with my Republican friends, that we might have had a more bipartisan effort on this new budget.

We all recognize that it was the Reagan years when we began to use a new term in budget deficit, and that is a trillion dollars, when under President Reagan there was an attempt to cut taxes, but to continue to spend for programs that benefited many of those who did not need.

We now have a budget that portends to give money back to working Americans, but yet it damages and undermines the needs of children.

The Republican plan folds 20 separate child protection programs into two block grants, at a time when the GAO and others report current resources are failing to keep pace with the needs of a national child protection system in crisis; we cut funds that provide for reporting of abuse and neglect; and we do not give enough money to protect abused children and to protect them to make sure they are safe and in loving and permanent adoptive homes.

The plan potentially guts accountability for State child protection systems, over 20 of which are operating under court mandates. The Republican budget assumes more strict definition of disability for children, and the creation of a two-tiered system of benefits for children. Eligible children who require personal care assistance and without such assistance would require specialized care outside the home receive 100 percent of the Federal SSI benefit. However, children with disabilities who do not meet this personal care assistance test get 75 percent. This affects children with disabilities such as cerebral palsy, Down's syndrome, cystic fibrosis and AIDS. Then what we do is we do not protect the future for our children.

Through this budget we cut the Commerce Department. Then we move on to cut \$330 billion out of the research and development budget for our country. It cuts the Advanced Technology Program, which is a program that has sought an opportunity for form a partnership between our small businesses and the Government.

This budget is proposed by Republicans to suggest that we give a \$500 per child tax credit to low-income families. What they do not say to the American people is that the children's tax credit will not benefit 34 percent of the Nation's children.

This budget proposed by Republicans is *deja vu*, but it is the same old song.

It takes away the future of our children. It ensures that they will not have Medicaid by making this a modified block grant, and therefore ensuring that our children will not have good health.

Mr. Chairman, I ask that we support the Democrat alternative, for this budget is not one that helps all Americans.

Mr. Chairman, the Republican leadership, just in time for Presidential election year politics is talking about a balanced budget again. The is *deja vu* for the American voter who well remembers the campaign promises of Ronald Reagan who predicted that he could balance the federal budget by cutting taxes and increasing spending. Candidate George Bush called that budgetary slight of hand Voodoo Economics.

The results of two Reagan terms was a budget deficit which for the first time in any country's history used the term trillion to quantify the extent of the deficit.

In my Houston, TX district the minimum wage provides a less than minimum standard of living. For families it is not a matter of competing priorities but a matter of survival skills. These families are lead by mothers, and/or fathers who will in many cases no matter what the circumstances are will seek out a job with pay that few of us could imagine providing the sole means of support to our own families.

It is time for working families to get the raise they deserve. A few things to consider in the argument to raise the minimum wage. When adjusted for inflation, the value of the minimum wage is now 29 percent lower than it was in 1979. Raising the minimum wage from \$4.25 to \$5.15 an hour would lift an estimated 300,000 people out of poverty, including 100,000 children. Women make up 59 percent of minimum wage earners and nearly three-quarters of them are adults.

Taken individually each of the aforementioned facts is enough to make this a top legislative priority for the 104th Congress. My hope is that as this Congress works through its second session that this and other issues of vital importance to women and children are brought before the House for serious consideration.

We speak so often in this House about family values and protecting children. At the same time however, my colleagues on the other side of the aisle, have presented a budget package that will effectively eliminate the Federal guarantee of assistance for poor children in this country for the first time in 60 years.

The majority's plan is antifamily and antichild. It calls for unprecedented cuts in programs serving children and would remove the basic protections for hungry, abused, disabled and poor children while using the savings to offset tax breaks for wealthy individuals.

The Republican plan folds 20 separate child protection programs into 2 block grants at a time when GAO and others report current resources are failing to keep pace with the needs of a national child protection system in crisis. Under this plan, funds could be inadequate to respond to rapidly increasing reports of abuse and neglect, and insufficient to protect abused children and find them safe, loving and permanent adoptive homes. The plan potentially guts accountability for State child protection systems, over 20 of which are operat-

ing under court mandates for failing to provide adequate service to abused and neglected children.

The Republican budget assumes a more strict definition of disability for children and the creation of a two-tiered system of benefits for children. Eligible children who require personal care assistance and who, without such assistance, would require specialized care outside the home receive 100 percent of the Federal SSI benefit. However, children with disabilities who do not meet this personal care assistance test receive 75 percent of the SSI benefit amount. This system could result in a large majority of disabled children having their benefits reduced—children with disabilities such as cerebral palsy, Down syndrome, muscular dystrophy, cystic fibrosis, and AIDS.

The Republican plan would also deny most Federal, State, and local benefits—including school lunch—to illegal aliens and would deny SSI and food stamps to legal aliens until they become citizens. That plainly is an unfunded mandate on the States.

The Republic budget fails to provide adequate resources for work programs and child care which are critical to effectuate a transition from welfare to work. The Republican plan significantly increases the need for child care while reducing the resources for child care services as well as the funds available to states to improve the quality of care.

This strategy of welfare-to-work is doomed to fail. Mandatory welfare-to-work programs can get parents off welfare and into jobs, but only if the program is well designed and is given the resources to be successful. The GOP plan is punitive and wrong-headed. It will not put people to work, it will put them on the street. Any restructuring of the welfare system must move people away from dependency toward self-sufficiency. Facilitating the transition off welfare requires job training, guaranteed child care and health insurance at an affordable price.

We cannot expect to reduce our welfare rolls if we do not provide the women of this Nation the opportunity to better themselves and their families through job training and education, if we do not provide them with good quality child care and most importantly if we do not provide them with a job.

Together, welfare programs make up the safety net that poor children and their families rely on in times of need. We must not allow the safety net to be shredded. We must keep our promises to the children of this Nation. We must ensure that in times of need they receive the health care, food and general services they need to survive.

Finally, the Republican budget resolution proposes to cut the earned income tax credit [EITC] by \$20 billion over the next 7 years. This cut includes eliminating the EITC for childless workers as well as families with children who have modest incomes. In fact, over 6 million families with children could receive a reduction in their EITC.

This program was designed to assist the working poor of America. The Republicans argue that in exchange for losing the earned income tax credit, many low-income families would receive the \$500 per child tax credit. The fact of the matter, however, is that the children's tax credit will not benefit 34 percent of the Nation's children because they live in families that are ineligible because their income is too low.

Medicare, Medicaid, and welfare are on the top of the list for cuts right now, but I think that we can find ways to be fair and just when we make budgetary reduction decisions without shutting the Federal government down.

I would hope that this next attempt to seriously deal with this Nation's budget deficit will include compassion for the poor, our children and the elderly.

We should not play election year politics with this country's budget.

Mr. SAXTON. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I believe that I am at least for now our last speaker, so I just wanted to kind of recap regarding the statements that my colleagues on the Republican side of the Joint Economic Committee have made here this evening and why they are important.

Before I do that, Let me just pick upon something that the last speaker mentioned, and that was the performance or relationship between the performance of our taxing and spending during the decade of the 1980's.

Yes, it is true that there was a tax rate cut which took place in the early eighties. I believe the gentlewoman said or inferred it was because of that tax rate cut that the deficit occurred.

Well, I would just like to remind everyone, or if people do not know this to tell them this for the first time maybe, we started the decade of the eighties, before the tax cuts, with about \$500 billion in revenue, half a trillion dollars in revenue, money for us to spend, decide on the priorities, \$500 billion.

By 1990 that had grown, in spite of the tax cuts, I should not say in spite of, because of the tax cuts. 1990, that money grew and became twice as much, \$1 trillion. that is right, from 1980. In the early eighties when we had the tax cuts, the tax cuts provided an economic stimulus, and because we had more people working, more people packing their lunch in the morning, more people going to work and coming home on Friday afternoon with paychecks, larger paychecks, I might add, 1.7 percent each year, because they had more paychecks and higher income, they paid more taxes, and our revenue doubled during the decade of the eighties.

It was not, it has been proven not to be, true that someone can point their fingers at the Reagan tax cuts and say that it why we have a deficit. The fact of the matter is that we more than doubled spending. It is Congress' function. We are in the middle of the function right now tonight of determining how much money to spend for fiscal year 1997. We will make that determination just like we did every year during the eighties, and every year during the eighties we increased spending by or 7 or 8 percent. It was not the tax cuts that did that; it was done right here in this very process that we are engaged in tonight.

Spending is the problem, folks. Spending is the problem for the folks that the gentleman from Illinois [Mr. MANZULLO] talked about also. A man

goes to work, comes home, in 1992 making a median income of \$31,897. It dropped down to \$31,186 in 1993, and all the way down to \$30,854 in 1994.

Once again, we see the effect of tax policy here, because we had a large tax increases, two large tax increases, bipartisan tax increases, one advocated by President Bush and the Democrats in this House in 1990, and the second by President Clinton and the Democrats in this House in 1993.

I just hold this up for emphasis. This is what happens when we increase taxes on the American families. It slows down the economy, less income for workers, or at least stagnant income for workers, and as a result of that, I think we can learn from history.

We were not the first people to say this. The first person to say this, and believe in this theory, was a member of your party. That was John Kennedy. He said in the State of the Union Address in 1963, "We cannot for long expect to lead the cause of peace and freedom around the world if we cease to set the economic pace at home."

He proposed massive tax cuts. Revenue grew and the economy grew, and it was the same story. So we can go back and make this a bipartisan argument.

Let me just conclude with this one chart, to reemphasize the point. Starting back in 1973, we anticipated what the American family, or have anticipated since, what the American family should have earned if we had not increased the size of government and the cost of government beyond the optimum size and the optimum cost.

If we had kept the size of government at 17.5 percent of GDP, this red line exemplifies what should have happened in terms of median income. Steady growth. Instead, we increased the cost of government to 18 and then 19 and then 20, and now 22 percent. This dotted line shows what actually happened to median family income, a large deficit of another kind that is even more meaningful to many American families than the deficit we talk about all the time.

This gap represents over the last 10 years to the average American family a loss of \$106,000 in wages. So we are trying with this budget to correct a situation which we have allowed to develop here over the last several decades, Republicans and Democrats working together on the wrong path, on many occasions, and we are trying to correct that situation by slowing the rate of growth of government, because if we do not slow the rate of government and begin to consume 22.5 percent and 22.6 percent of GDP and 23 percent of GDP, this situation with wages and the long-term growth in our economy can only take one path, a negative one.

So, the gentleman from Ohio [Mr. KASICH] and his committee and his staff in my opinion have done a great service to the country in bringing this budget to the floor this evening. So I ask Members on both sides of the aisle

to consider not just how much we will spend, but the priorities of what we are going to spend, and please, please, consider the effect on the pocketbook of the average American, middle class, upper class, lower class, all classes of American workers.

Mr. Chairman, I reserve the balance of my time.

Mr. HINCHEY. Mr. Chairman, I yield 5 minutes to the gentleman from New Jersey [Mr. PALLONE].

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Mr. PALLONE. Mr. Chairman, I am glad that I followed my colleague from New Jersey, who I have the greatest respect for. But I think that the point that I would like to make this evening is that it is certainly true that our goal with this budget and with every budget has to be to achieve a balanced budget over the next 6 or so years, and that in the process of doing that certain types of tax breaks, if you will, if they help the average American, can be accomplished.

The President's budget does that. The President's budget achieves a balanced budget, if you will, by the year 2002. There is a family tax credit and there are education tax benefits, if you will, to pay for tuition for higher education.

So I would maintain that the difference between the President's budget and the budget that we are going to be voting on tomorrow, that has been presented by the Republican leadership, is not over which achieves a balanced budget, because they both do; or over which accomplishes giving certain tax credits or benefits for families or for education, because I believe actually in that respect the President's accomplishes more; but rather over the priorities in spending. That is where I think the difference really lies between these two proposals, that of the President and that of the Republican leadership.

The priorities are the same priorities that Democrats articulated last year during the budget battle, and our point was then and our point again now is that we can protect senior citizens' health care, we can protect Medicare, we can protect Medicaid, and we can also protect our environment and we can protect education programs at the same time that we balance the budget. There, I think, is the major difference between what the Republican leadership has proposed and discussed tonight and what the President has proposed.

Essentially, if we look at this Republican budget, it is more of the same on the issues of Medicare, Medicaid, education, and the environment. It has a negative impact on each of those areas for the average American.

I talked earlier this evening about the Medicare Program, and I believe strongly that the \$167 billion in Medicare cuts over 6 years will definitely have a negative impact of the Medicare Program. It will cause many hospitals to close. In our own State of New Jersey, both myself and the gentleman

from New Jersey [Mr. SAXTON] have hospitals that are more than 60 percent dependent on Medicare, and I believe that many of those hospitals are going to face the real possibility of closure because of the level of Medicare cuts in this Republican budget.

But I would also like to talk about Medicaid. Medicaid is the program that exists right now. It is a Federal and State joint program that pays for poor people, or people below a certain income, and primarily pays for mothers with dependent children, and children, as well as for senior citizens who are in nursing homes.

What the Republicans are proposing is a \$72 billion cut in Medicaid funding but block granting the program, just as they did in 1995, so they are essentially sending less money in real terms back to the States and leaving it up to the States to decide who is going to be covered and what kind of coverage there will be.

So what is going to happen is that many States will simply not provide the same level of funding. They will decide not to cover certain senior citizens, perhaps certain nursing home coverage; or they will say that certain children at a certain age, for example are not covered by Medicaid; or certain families, because they do not fall below a certain level of income, will not be covered by Medicaid.

We will see a larger and larger number of people who do not have health insurance, or a crisis perhaps in the nursing home situation, where many senior citizens will either not have access to nursing home care that they need, or they will not have the quality of care that they have now because there will not be a certain amount of supervision or nurses checking on the situation in nursing homes, for example.

So we are seeing a ratcheting down, if you will, of the Medicare program and the Medicaid program, and that is the same thing that we saw last year; that is hurting average Americans, particularly the senior citizens and those who depend on Medicaid.

Now, what about on the education front? Well, on the education front, it is pretty much the same thing again. We see the elimination of the direct student loan program. In my home State of New Jersey, Rutgers has depended on this a great deal. It has expanded educational opportunities, provided more money for loans for students in various universities and colleges around the country.

We see an end to new funding for Perkins loans, another form of funding to pay for higher education for many students. We see the elimination of the AmeriCorps Program; and the Republicans have been very critical of the national service program.

So whether it is education, whether it is Medicare, Medicaid or even the environment, which once again has significant cuts, that is the difference here between those two proposals.

Mr. SAXTON. Mr. Chairman, I yield myself 1 minute.

The continued claims from the other side that there are cuts in Medicare and Medicaid are no more true this year than they were last year. My friend from New Jersey, I believe, knows that I spent untold hours in hospitals during the debate on Medicare last year. There was no thought among the hospital administrators at the conclusion of that period of time that any hospitals were going to close anywhere in New Jersey, and seniors would expect the same level of benefits that they had received before.

It is true that the rate of growth in the program would have been reduced somewhat, but there was not a single penny of cuts in that budget, nor is there in this.

Mr. HINCHEY. Mr. Chairman, I yield 2½ minutes to the gentlewoman from Connecticut [Ms. DELAURO].

Ms. DELAURO. Mr. Chairman, I thank the gentleman from New York for yielding me the time.

Mr. Chairman, there has been much discussion about the new Republican budget and about how moderate it is, but in fact this budget is in most ways as harsh as the budget that was proposed by the Republicans last year, and which the American public said to the President of the United States, 60 percent of them, veto this budget because it does not treat seniors well. It hurts seniors, it hurts education, it hurts the environment and it hurts those who are in nursing homes.

The plain truth is that under the Republican Medicare plan, this time around, *deja vu* all over again, seniors end up paying more and getting less. In the end, the worst fear of all is that seniors are going to be left with a second-rate health care system.

Rural hospitals are in danger of closing. Hospitals in my district came to see me in the last budget debate about their concern and their inability to be able to provide services.

The Republican proposal cuts Medicare by \$168 billion. My Republican colleagues say they are cutting Medicare to ensure its solvency, but in fact the President's budget protects Medicare solvency for the same number of years, but does so without making these same deep cuts.

Do not believe the argument about slowing the rate of growth. If we have more seniors in the program and we have inflation costs, and we do not meet those needs and we do provide an increase, we have left these people shortchanged and some people will not get services.

The Republican cuts in Medicare are unnecessary. So why are we proceeding with them? Could it be that they are cutting Medicare more than they need so that they can pay for some other things, like tax breaks for the wealthiest Americans? No coincidence, again, that their tax package is \$175 billion.

This budget unravels 30 years of progress in protecting our seniors.

That should not surprise us. We should not pass this budget.

I will finish with this quote, where we get a sense of what the Republican leadership is about. The Speaker of the House said, and I quote. "We don't get rid of it in round one because we don't think it is politically smart and we don't think that's the right way to go through a transition. But we believe it's going to wither on the vine because we think people are voluntarily going to leave it."

They would like to see it wither on the vine. Medicare should wither on the vine. That is not the value, that is not the priority, that is not a safe, secure, dignified retirement for seniors in this country who have earned it.

Mr. HINCHEY. Mr. Chairman, I yield 1 minute to the gentleman from Massachusetts [Mr. MEEHAN].

Mr. MEEHAN. Mr. Chairman, we want to balance the budget. There is a Democratic plan to balance the budget. The question is this: Are we going to ask for shared sacrifice? Who is going to pay the price to balance the budget?

The budget actually increases the deficit in the first year by \$17 billion. We are going to have to borrow \$17 billion to pay for tax cuts in the first year of this budget.

In addition to that, we have corporate welfare cuts that would be difficult politically to institute because the special interests are supporting it in the Halls of Congress. We could do a better job of cutting corporate welfare. This budget does not do that.

This budget looks at education and again cuts education, again cuts the growth in the Medicare program. We have to make difficult decisions, Mr. Chairman. Let us make them fairly. Let us ask all Americans to share that burden.

We just passed a defense authorization budget that increases the defense budget above what the Pentagon asked for by \$13 billion. Is that shared sacrifice? We should vote for a budget that is fair. This budget is not fair.

Mr. HINCHEY. Mr. Chairman, I yield 1½ minutes to the gentlewoman from Florida, Ms. CORRINE BROWN.

Ms. BROWN of Florida. Mr. Chairman, I rise in opposition to this Republican budget which, once again, balances the budget of this country on the backs of our poor, our elderly, our veterans and our children.

This budget represents the philosophy that those who have the money make the rules. It rewards those who have, and punishes those who have not.

Instead of evenly distributing the burden of responsibility in this fiscally challenging time, the Republicans have decided to rob the poor and working people to pay the rich. In other words, more reverse Robin-Hood.

Mr. Chairman, this budget denies assistance to children if they're born into a family already on welfare. It cuts \$20 billion from the earned income tax credit—which currently helps the poorest in this country who are working for a living.

It cuts Medicaid by \$72 billion, so that disabled people, senior citizens, children and pregnant women will suffer unjustly. In my State alone there are more than 3 million senior citizens. They make up more than 20 percent of the population. This budget is a slap in their faces.

Another inefficient move by the Republicans is cutting job training and education programs, which will have an adverse effect on this country.

It ensures that poor people will have an even harder time getting student loans, financial aid and work study. And it guarantees that people who need the job skills won't get them. This isn't sound fiscal policy.

This isn't just a bad budget, it's a mean-spirited budget. I urge my colleagues to accept the responsibility of representing the people of this country in a fair and decent manner. Oppose this budget.

In closing, I would like to say that "To whom God has given much, much is expected."

Mr. HINCHEY. Mr. Chairman, how much time is remaining?

The CHAIRMAN. The gentleman from New Jersey [Mr. SAXTON] has 1 minute remaining, and the gentleman from New York [Mr. HINCHEY] has 2 minutes remaining, and the gentleman from New Jersey has the right to close.

Mr. HINCHEY. Mr. Chairman, I yield myself the balance of my time.

Mr. Chairman, over the course of this debate we have tried to demonstrate that there are substantial differences in priorities between the Democratic party in this House and the Republican party. Nowhere are those priorities more clearly defined than in the context of budgeting, and this budget continues that clear definition.

We want to balance the budget, too, and we are in the process of doing precisely that. When I came to this Congress, coincidentally when President Clinton was elected, the annual budget deficit was approximately \$290 billion. If we had continued the economic policies of the Bush Administration, by the year 2002 the budget deficit would be pushing \$600 billion. As a result, however, of the budget resolution of 1993, the deficit has been coming down substantially.

As a matter of fact, today the budget deficit is not \$290 billion, as it was in January of 1993, it is approximately \$140 billion, less than half of what it was approximately 3 years ago, and it continues to decline. We have reduced the deficit without cutting Medicare, without cutting Medicaid, without cutting education, without cutting protection for the environment, without cutting veterans benefits.

Although our friends and colleagues on the other side of the aisle protest when we claim that they are cutting it, the fact of the matter is if we follow their priorities, fewer people will get health care in this country next year and the year after that and the year after that.

□ 1945

Most of them will be elderly people because mostly elderly people benefit from the programs of Medicare and Medicaid. If we follow their priorities, our educational programs will be seriously deficient. From the elementary and secondary level, in fact beginning at Head Start, right on through Pell grants, there will be less educational opportunity in this country. Middle-class people will be unable to send their children to college. We will have a country that is not benefiting from the benefits of their education.

So these are the differences. They are basic, fundamental differences. Our budget is better. Their budget is worse. We need to defeat theirs and pass ours.

Mr. SAXTON. Mr. Chairman, I yield myself the balance of my time.

Let me just say to the folks here from the other side of the aisle, our goals are twofold. The goals of this budget are twofold. One is to set the right priorities, and the second is to get our economy moving again. I have tried to talk over the last hour about the economic implications of this budget as opposed to yours. I believe all Americans will be better off if we can get the economy going again and get median income on the way up again. Where I take some umbrage with my friends from the other side of the aisle is their incorrect use of the word "cut." Anybody can see, this chart represents what our proposal is with Medicare. Over the last 7 years, we have spent \$920 billion on Medicare programs. Over the next 7 years, we propose to spend \$1.479 billion. If you call that a cut, you have been in Washington too long. This is an increase, not a decrease. It is a substantial increase, not a decrease. So I say to my friends, let us play fair. Let us tell it like it is.

THE PRICE OF BIG GOVERNMENT

Mr. QUINN. Mr. Chairman, recently the Joint Economic Committee released a major study on the impact of excessive Government spending on total worker pay and benefits. This study, the impact of the welfare state on workers, shows how excessive Federal spending has depressed the growth of productivity, wages, and benefits over the last two decades.

According to this JEC study, when Federal spending as a share of GDP exceeds 17.4 percent, additional Federal spending becomes literally counterproductive. These negative results are reflected in lower productivity and compensation growth. As a result of excessive Federal spending over the last two decades, the typical worker has lost a sum total of \$106,800, enough money to purchase a median price new home in 1993.

At current levels, each additional \$1 of Federal spending lowers the sum total of workers compensation by 26 cents. In other words, an extra \$100 billion of Federal spending would lower total compensation available to American workers by \$26 billion.

This study also debunks the myth advanced by Labor Secretary Robert Reich that seeks to blame the income stagnation under the Clinton

administration on a recovery in business profits. This study refutes the notion that business profits cause income stagnation. And instead demonstrates that healthy business profits tend to generate compensation gains for American workers.

This study also shows that when appropriate inflation measures are used, hourly wages and benefits received by the typical worker increased about 26 percent between 1973 and 1994, after adjustment for inflation. This study demonstrates that there is a very close relationship between productivity and compensation growth during this period.

As we know, the real problem is that real median family income is stagnating under the Clinton administration. Other income measures of earnings are also flat or declining. We must do something to protect American families from the Clinton crunch. The tax relief provided in the Republican budget is a good first step.

Mr. HAMILTON. Mr. Chairman, one of the key questions facing policymakers today is what can be done to help improve the standard of living for the average American. I hear from people all the time who tell me they are working harder and longer than ever, but they feel squeezed and are just barely getting by. I believe we must make a determined effort in this country for a higher rate of economic growth. That must become one of our Nation's top priorities. Higher growth will come from more saving and investment and from greater productivity, and it will do much to improve the outlook for working Americans.

State of economy: All of us know that the overall economy is doing reasonably well. Growth and inflation are both around 2 percent. Many jobs are being created and the unemployment rate is low. The deficit is going down. Stock prices are at an all-time high. But at the same time, there is tremendous uneasiness about the economy. Layoffs and downsizing are continuing as the inevitable result of global competition and technological change. There is job insecurity, enormous income inequality, and significant pressure on families.

I believe President Kennedy was right when he talked about a rising tide lifting all boats. We must have stronger economic growth.

Economic growth: Economic growth is the rate at which the overall economy grows from each year to year. In 1994 our Nation's total output of goods and services—gross domestic product—was \$7.1 trillion and in 1995 GDP was \$7.25 trillion, for a growth rate last year of 2 percent.

The U.S. growth rate has slowed since the decades after World War II. Economic growth averaged a robust 3.9 percent per year in the 1950's and 4.3 percent in the 1960's, but it has dropped to 3.2 percent in the 1970's, 2.7 percent in the 1980's, and, with the 1990-91 recession, 1.8 percent so far in the 1990's. We need to do better. Many economists believe that we should be striving for growth of around 3.5 percent per year over the long term. They believe that the structure of the economy has changed in recent years to allow that kind of growth without reigniting inflation.

Growth in the material standard of living is obviously not the sole measure of success as a society. But strong, balanced, and sustained economic growth helps in many ways. Jobs multiply and wages rise during periods of solid growth. Prior to the 1970's when we had

strong economic growth, wage growth was also solid. But as the economy has slowed, wage growth has flattened out. Strong economic growth also makes it easier to balance the budget, as the growing economy boosts revenues and reduced social safety net costs, and it makes it easier for Americans to tackle a variety of domestic problems. Strong economic growth alone cannot solve the nation's problems, but without it they are likely to become increasingly difficult.

We need, in short, an economy that will provide employment for everyone willing and able to work, and an economy that will provide opportunity for a consistently higher standard of living for those employed. The only way I know to get that is with strong private sector growth. That growth will come from higher levels of investment and superior public services.

Pro-growth agenda: I believe there are several parts to a pro-growth agenda. First, we must balance the federal budget. Large Federal borrowing drains the pool of national savings available for productive private sector investment and it drives up interest rates. Progress has been made on the deficit, as it has been cut in half over the last 4 years. We need to build on that progress, put aside our partisan differences, and balance the budget.

Second, we need to reform the federal tax system so economic growth becomes a much more central objective. That means it has to do a much better job of encouraging saving and investment. How it should be restructured to achieve that is a matter of debate. We may need a variation of the flat tax, a lower tax on capital, or a system of taxing consumption instead of investment, but we must put at the top of our national agenda a search for a tax system that enhances growth.

Third, we must expand our trade opportunities and open foreign markets to U.S. products. Jobs in exporting industries tend to be higher-paying, so our companies must have fair access to the rapidly growing markets overseas. We need to continually review and adjust U.S. trade policy to make sure it is working in our national interest and is helping to expand our economy and good-paying jobs.

Fourth, we need to curb excessive and costly Government regulations. Many Federal regulations provide important health and safety protections. But overall we need to make sure their benefits exceed their cost and they are carried out in the least burdensome way. Regulations should recognize that a vibrant private sector is the best engine for economic growth and jobs.

Fifth, I also think we need higher levels of public investment in infrastructure. Federal, State, and local governments need to invest in more and better roads, bridges, highways, water systems, sewer systems, harbors, ports, airports and all the rest that helps make the private sector more productive. We also need to promote investment in research and technology, which boosts economic growth.

Finally, we need greater attention to upgrading the education and skills training of our workers. Improving educational performance is an absolute priority in today's world so all Americans—not just those at the top—can prosper as the economy grows. Education is, of course, primarily a State responsibility, but it is a national problem. Access to higher education and more skills training is a must.

I do not suggest that such changes will come about easily. We must be prepared to

deal with the human problems that emerge. We should do all we can, for example, to create a system of portable pensions and portable health care to cushion the transition for people who have to move from one job to another. We must find ways of providing profit sharing and stock ownership plans for employees, not just for the top corporate management, so everyone has a greater stake in the success of our companies.

Conclusion: In sum, our objective is simple: higher growth in the American economy. That basic goal needs to become the much more central focus of what the Federal Government does on a variety of fronts—whether it be our budget or tax policy or our trade, regulatory, and public investment policy. In the end I think what is important for working people is for this economic system of ours to grow and to create more good-paying jobs. We don't know all the answers about getting higher growth, but we know some of them, and we should get about the business of implementing them.

Mr. NADLER. Mr. Chairman, I rise in opposition to this budget resolution. If a budget is a statement of priorities, this document demonstrates beyond a reasonable doubt that the Republican majority still doesn't care about average, working Americans. It is mean spirited and short sighted.

Although the Republican majority proposes to increase military spending—spending nearly \$13 billion more than the Generals in the Pentagon say we need—they continue to attack programs that help the poor and the middle class, that make life better for the majority of Americans.

They want to cut \$215 million from the Health Resources and Services Administration, which funds Maternal and Child Health Block Grants, Ryan White AIDS programs, community health centers, family planning, and targeting programs for health professions.

They cut \$398 million from the Department of Health and Human Services.

They freeze the National Institutes of Health at last year's level—a cut of 15.9 percent in real dollars by the year 2002.

They freeze the Special Supplemental Nutrition Program for Women, Infants and Children.

They slash housing programs by \$20 billion over 6 years.

They cut libraries by 20 percent, Aid to Higher Education Institutional Development by \$46 million in 1997, and Job Corps by \$88 million.

While they cry crocodile tears over the working poor, they cut the Earned Income Tax Credit which helps people who earn the lowest wages and work hard to raise families get by.

They kill the NEA and the NEH.

They eliminate operating subsidies for mass transit by 2002, even though it is the cleanest, most environmentally sound transportation alternative, but they are willing to destroy the Arctic National Wildlife Refuge to drill for more oil.

We need a budget that helps low- and middle-income Americans, educates our kids, makes our infrastructure more efficient, enforces the law and preserves our environment and our health. I urge my colleagues to reject the Republican budget resolution.

Mr. BUYER. Mr. Chairman, the Federal debt is over \$5 trillion. Interest alone on the Federal debt this year will cost \$2,340 for every household in Indiana's Fifth Congressional District. The Federal Government will spend

more than \$4.3 billion each day this year; and of that amount, \$446 million per day is deficit spending. Our Nation's Federal debt and yearly deficit continues to be one of America's darkest clouds. Even if we do balance the budget in 6 years, our Nation's debt will increase to over \$7 trillion. The debt stymies personal economic growth, business development, job creation, and puts in doubt whether we will hand our children an opportunity for a better life that we have had.

The national debt is still manageable. We can and we must balance the budget by fixing ineffective government programs and slowing the growth of government spending. It is a commonsense approach to balancing our budget. My hope is to balance our Federal budget using a thoughtful and caring process of time, as we move to streamline Federal programs and shift functions to the State and local level. It is unfortunate the President continues to embrace a big Federal Government in the hope it can be all things to all people.

Just weeks after President Clinton told America during the State of the Union Address that the day of big government is over, he sent Congress a budget that is more of the same. Greater than 64 percent of his deficit reduction comes after he would leave office if elected to a second term, effectively "passing the buck" once again. In fact, his budget would raise the deficit from \$158 billion this year to \$164 billion next year. The President's budget does not reform welfare as we know it, it does not preserve and protect Medicare which is going broke at a faster rate than the President previously stated, nor does it eliminate one Federal agency.

I believe this is the wrong direction during a time when over 40 percent of all the money taxpayers earn goes to paying taxes. That's right—for every dollar the average Hoosier makes, 40 cents goes to pay local, State and Federal taxes. Taxpayers know how to better spend their money than the government does. The President's budget increases taxes on capital gains that will result in Hoosiers paying more in taxes once again. At a time when Republicans are trying to decrease the capital gains tax, the President's budget increases taxes on capital gains to a tune of \$4.1 billion.

There is nothing in the President's budget that would encourage venture capitalists to put up money to provide new or existing companies with means to create and ensure Americans jobs. Wages are stagnated and more and more people believe the country is headed in the wrong direction.

In contrast, the Republican Congress has a very different agenda. We have passed a number of measures to eliminate Washington's reckless nature when it comes to spending taxpayers hard-earned dollars. In the past year and a half we have passed:

The Balanced Budget Downpayment Act II. This legislation saves the American taxpayer over \$23 billion in 1996 alone. Signed by the President.

The line-item veto. This legislation will allow the next President the ability to cut wasteful spending. Signed by the President.

Tax Fairness and Deficit Reduction Act. Provides working Americans, senior citizens, farmers, and small businesses with \$245 billion in tax relief. This bill was incorporated in the Balanced Budget Act. It was vetoed by the President.

Senior Citizens Right to Work Act. Allows senior citizens who need or want to work to

earn income up to \$30,000 without penalty to their Social Security benefits. Signed by the President.

Balanced Budget Act. It balanced the Federal budget by the year 2002 by eliminating over 163 wasteful Government programs while reducing the growth of many programs. Vetted by President Clinton.

Unfunded Mandate Reform Act. Restricts the ability of the Congress to pass laws which impose additional costs to State and local governments, unless Congress provides funding to cover such expenses. Signed by President Clinton.

The Personal Responsibility Act. This legislation would have brought true reform to our failed welfare system. It focuses on strong work requirements, the preservation and importance of the family, the reduction of illegitimacy, and the elimination of certain benefits to noncitizens. The President vetoed this legislation.

The Republican budget resolution continues our efforts to end the fiscal madness. It shifts the power, money, and influence out of Washington and back into the hands of Hoosiers. It provides at least \$176 billion in tax relief—including a middle-class tax credit, a reduction in the capital gains tax rate and other incentives for saving and investing for economic growth and job creation.

The budget resolution incorporates repeal of the 1993 Clinton gas tax, an adoption tax credit, enhanced health insurance deduction for the self-employed, medical savings account, and long-term care incentives.

The budget resolution reforms the failed welfare and Medicaid systems, promoting work and self-reliance. It assumes a 27-percent increase in funding for welfare and a 46-percent increase for Medicaid. In addition, it calls for increasing Medicare spending from \$179 billion in 1996 to \$304 billion in 2002—a 70-percent increase in Medicare spending. Under this plan, Medicare spending per beneficiary would increase from an average of \$5,200 in 1996 to \$7,000 in 2002.

The plan cuts bureaucracy by terminating the Departments of Commerce and Energy and the elimination of 130 Federal programs. It recommends the elimination of special interest corporate subsidies and tax loopholes, including the advanced technology program. National defense spending would increase \$12.1 billion. It provides \$4.1 billion in 1997 for the Violent Crime Reduction Trust Fund, and \$5.1 billion more over 6 years in discretionary spending for veterans than the President's budget.

In education and the environment, the Republican budget resolution again calls for the elimination of Goals 2000, continued growth in student loan volume from \$26.6 billion in 1996 to \$37.4 billion 2002, elimination of the Government-run direct lending program, and level funding for title I programs. At the same time it calls for continued funding of Head Start, Pell grants, Aid to Disadvantaged Children, and the Drug-Free Schools Program at current levels and increases funding for total student loans. The budget resolution calls for funding to improve the quality of the Nation's parks and reform and increased funding for the Superfund Program.

Balancing the Federal budget is vitally important to our Nation's ability to be a world leader. It also has very real effects on the personal pocketbooks of Indiana families. Bal-

ancing the Federal budget means a reduction in interest rates by approximately 2 percent. As a result:

A family with an average mortgage of \$75,000 will save \$37,000 in interest rates over the life of the loan—an annual savings of \$1,200.

A student with an average loan of \$11,000—over 10 years—will save \$2,160 over the life of the loan—an annual savings of \$216.

A family buying a \$15,000 car will save \$900 in interest over the life of the car loan—an annual savings of \$225.

For the first time in over 40 years, the discussion has turned from not "if" we will balance the Federal budget but to "when" we will balance the budget. This is a significant achievement. The debate has been shifted and we must now pass a balanced budget that places our goals into law.

Our current balanced budget debate involves two very different visions for America's future. The President defends the status quo of bigger government, deficit spending, and more government intrusion into our daily lives. I see a different future. Government over-regulates, has grown too big, spends too much, and taxes you too high. We must work together to achieve a balanced budget for a more prosperous future.

Mr. GOODLING. Mr. Chairman, I rise in support of the fiscal year 1997 budget resolution. This budget continues to build on the Republican promise to the American people to reign in our national deficit and to move power and influence from Washington, DC back into local communities. This is a responsible budget—one that every year while maintaining our commitment to our Nation's most precious resource: our children.

Balancing our national budget is one of the best things we can do for our children's future. It is the primary responsibility of Members of this House—and a responsibility that Republicans have proudly accepted—to ensure that we do not leave our children a legacy of massive debt.

The budget resolution before us today also returns the responsibility for a child's education back where it belongs—in the hands of parents and local communities. As chairman of the Economic and Educational Opportunities Committee, I know firsthand the size and burden of the Federal education bureaucracy. Over the past several months, my committee has identified 760 Federal education programs spread throughout 39 Federal agencies. I am pleased that the budget before us today encourages each of us to take a long, hard look at our education programs and to move the basic responsibility for our children's education back to parents and local communities.

I strongly support providing assistance to our young people to help make the dream of a college education a reality. However, I am concerned that the Department of Education, which administers the Federal student aid programs, is showing clear warning signs of mismanagement. Their recent problems in processing financial aid applications raise serious concerns about their ability to oversee the Federal Direct Loan Program. One-and-a-half million students were involved in this delay.

The fiasco should serve as a wake-up call. Can we trust this Department to issue, track, and collect loans of millions of college students, who borrow billions in taxpayer funds,

when they can't effectively manage the simple input of financial data into a computer? President Clinton thinks they can, and plans to completely replace the private-sector lending programs with his Direct Loan Program. Republicans think the end of big government should start here—President Clinton's Direct Student Loan Program should end.

In conclusion, I believe this is a responsible budget which protects our children's futures and returns power to the American people. I urge my colleagues to support the budget resolution.

Mr. ALLARD. Mr. Chairman, I want to commend Chairman KASICH for his leadership on this budget. Once again, the Budget Committee is leading the way in downsizing the Federal Government.

This budget shifts power, money, and influence out of Washington and back to the people. It keeps us on the path to balance and ensures that Congress will continue to make the tough choices necessary for deficit reduction.

This budget will eliminate deficits entirely by 2002. We can then begin the very difficult task of reducing the \$6 trillion debt that we will have built up by that time. Let us not forget, even when we end deficits we still have a huge bill to pay from past congressional excess.

A balanced budget is about much more than numbers. It means higher wages and more jobs. This results from the lower interest rates and the greater saving and investment that become possible when Congress exercises the necessary discipline.

This Congress has been responsible for a reduction of \$40 billion in discretionary spending in 1995–96. We have already begun to see the fruits of that labor with lower interest rates. This means everything from lower mortgages to more affordable college loans for millions of American families.

One thing that I have learned in the past year and a half is that achieving a balanced budget is going to be a long hard battle. We are going to fight that battle, and we are going to win that battle. But the tremendous struggle to get to this point proves why we need a balanced budget amendment to the Constitution.

Mr. Chairman, this is a budget for our children. It is time we start thinking about them and put an end to deficits. There is no free lunch; if we do not pay the bills today, our children will pay them tomorrow.

I urge my colleagues to join me in strong support of this budget.

As I stated in the Budget Committee, I have two recommendations for improvement as this budget works its way through the process. First, our welfare reform savings are too modest. While we reduce the growth of welfare programs, these programs continue to grow and they continue to be subject to excess Federal control.

I recommend that we freeze welfare spending and then block grant all funding to the States. This would save the taxpayers far more through 2002. It would also permit the States total freedom to reform welfare. The States could require work, job training, and education, they could limit the time on welfare, and they could include a cap or other reforms designed to end welfare and move able-bodied recipients from dependency to work.

The States are where the true reforms are occurring with welfare. Unfortunately, States

that now propose dramatic welfare reform must come to the Federal Government and beg for waivers. This is wrong; States should be free to design their own reforms.

The second recommendation I make is that we use a portion of these additional welfare savings to make the proposed reduction in the Federal gas tax permanent. State and Federal gas taxes now total over 40 cents a gallon. This is a tremendous burden on the middle class and working poor; it also hits particularly hard in the high mileage States out west. Repealing the 1993 increase would save taxpayers in my State of Colorado \$70 million a year. Working families deserve welfare reform and they deserve tax relief.

Mr. UNDERWOOD. Mr. Chairman, the majority's budget proposal reads like a hit list of education programs from Goals 2000 to student loans to education improvement grants. If a budget proposal reflects a party's priorities, then education is the least of the concerns of the majority party. I am dismayed because my personal priority has always been education—my life's work has been in education. It is incumbent upon those of us who do understand the importance of the investment in our schools and colleges to call attention to the damage that this budget proposal will wreak on school systems.

Some of these budget cuts are downright mean-spirited and are not based on the effectiveness of a program—the bilingual education programs are targeted for elimination as a consequence of an ongoing attack on immigrants and minorities.

I remember the good old days when the majority even had a President boasting that he wanted to be the "education President". I urge my colleagues to oppose the cuts to education—if it is asking too much for us to be the "education Congress", let us at least avoid our going down in history as the "slash and burn Congress".

Ms. SLAUGHTER. Mr. Chairman, I rise today to express my concerns about the Republican efforts to radically alter the Medicare program. While the Republican budget resolution is short on details, I am assuming that they will follow the model that they proposed last year in order to meet their \$168 billion reduction in Medicare spending over the next six years.

Republicans are proposing changing Medicare from a defined benefit to a defined contribution program. It does not propose controlling costs, but simply shifts those costs from the Federal Government to senior citizens and providers. It will end the prohibition against balance billing and allow doctors and hospitals to bill senior citizens for extra or added charges. It would even allow HMOs to charge seniors extra for the basic Medicare package. My Republican colleagues need to remember that 18 percent of seniors—which is about 7 million people—are living on less than \$7,000 a year. Can they afford these new hidden, extra charges?

I attempted to discuss these concerns with the Budget Committee, I was told not to worry—these terrible things simply will not happen. But, with little or no details, it is hard to understand how they plan on achieving \$168 billion in savings without shifting costs or forcing seniors into restrictive managed care plans. We should not move to these radical changes without detailed and thorough hearings, which have not been planned. There are

too many questions and the implications are far too serious to implement a \$168 billion change. Medicare has worked and has provided access to affordable, quality health care for millions of senior citizens. Do we have to jeopardize this success in the name of tax cuts for the wealthy?

The CHAIRMAN. Pursuant to the order of the House of Tuesday, May 14, 1996, the committee rises.

Accordingly the Committee rose; and the Speaker pro tempore (Mr. NEY) having assumed the chair, Mr. CAMP, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the concurrent resolution (H. Con. Res. 178) establishing the congressional budget for the United States Government for fiscal year 1997 and setting forth appropriate budgetary levels for fiscal years 1998, 1999, 2000, 2001, and 2002, had come to no resolution thereon.

GENERAL LEAVE

Mr. HINCHEY. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks on House Concurrent Resolution 178.

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

There was no objection.

COMMUNICATION FROM THE CHIEF ADMINISTRATIVE OFFICER OF THE HOUSE

The Speaker pro tempore laid before the House the following communication from the Chief Administrative Officer of the House of Representatives.

OFFICE OF THE CHIEF ADMINISTRATIVE OFFICER, U.S. HOUSE OF REPRESENTATIVES,

Washington, DC, May 10, 1996.

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

Re District of Columbia versus Yvette Yolanda Jones.

DEAR MR. SPEAKER: This is to formally notify you pursuant to Rule L (50) of the Rules of the House that an Office of Finance has been served with a subpoena issued by the Superior Court of the District of Columbia.

After consultation with the General Counsel, I have determined that compliance with the subpoena is consistent with the privileges and precedents of the House.

Sincerely,

SCOTT M. FAULKNER,
Chief Administrative Officer.

HOURLY MEETING TOMORROW

Mr. RAMSTAD. Mr. Speaker, I ask unanimous consent that when the House adjourns today, it adjourn to meet at 9:15 a.m. tomorrow, May 16, 1996.

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

There was no objection.

SPECIAL ORDERS

The SPEAKER pro tempore. Under the Speaker's announced policy of May 12, 1995, and under a previous order of the House, the following Members will be recognized for 5 minutes each.

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

[Mr. BURTON of Indiana addressed the House. His remarks will appear hereafter in the Extension of Remarks.]

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

[Mr. WISE addressed the House. His remarks will appear hereafter in the Extension of Remarks.]

THE CAREERS ACT, CONCERNS VERSUS REALITY

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

Mr. GOODLING. Mr. Speaker, I am amazed at what length special groups and organizations will go to in order to stir up controversy, manufactured controversy so they can get contributions to keep their organizations going.

We are working for years on a bill called the careers bill. It started when the General Accounting Office indicated that there are 163 Federal job training programs spread over every agency downtown possible, most of which are totally ineffective. Many are duplicative, and so we set out to see what it was we could do, first of all, to consolidate these programs to eliminate those that overlap and are redundant and return the power and the authority back to the State and particularly back to the local communities so that they could plan job training programs that would actually prepare people for jobs that will exist in that particular area.

Well, as I indicated, it is amazing at what lengths some of these organizations would go to keep filling their coffers so that they can stay in business. Of course, the only way they can stay in business is to create controversy. Whether it is there or not, they create it.

Mr. Speaker, now let me mention some concerns and then some facts. First concern: Does the careers bill merge the Departments of Education and Labor? The fact: No, nothing in careers merges these Departments.

Second concern: Does careers reference Goals 2000? Fact: No, there is no reference to Goals 2000 in the bill.

The other day I almost had an accident on the Beltway because again these same groups will use any statements they want to make to prove