EXTENSIONS OF REMARKS

PRIVATIZE THE U.S. POSTAL SERVICE

HON. PHILIP M. CRANE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 22, 1997

Mr. CRANE. Mr. Speaker, remember that old excuse ''the check is in the mail''? In days gone by, that excuse could be used more easily than today because no other options were available to pay bills or to send written messages. With the telecommunications, computer, and information technology revolution, however, there are a variety of options at the public's fingertips to send documents and payments, such as e-mail, electronic financial transfers, and facsimile transmissions. As these technological advancements are used more routinely in everyday life, it is putting increased downward pressure on the U.S. Postal Service's [USPS] revenue stream. Unless we take action to unleash the Postal Service from its current restraints, it is likely to become, to the 21st century, what the horse drawn carriage became to the 20th century.

It is clear that we live in a rapidly changing world. In recent years, we have witnessed an explosion of technological innovations that have enabled people to do much more at home and at work faster than they ever could before. In today's highly competitive global economy, those who can do more, faster, have an edge over their competition. And so, market forces drive the computer and information technology revolution to continue to surpass previous limitations and speeds. As the world continues to seek ways of getting the job done more efficiently, traditional mailbox delivery service is being left behind. In fact, in a 1995 speech, Postmaster General Marvin Runyon said that the legislative framework governing the USPS is no longer in tune with the Nation's long-term postal needs. A major reason cited by the Postmaster General was the competition the USPS is facing from e-mail, electronic financial transfers, and fax machines. He went on to point out that the USPS had already lost 35 percent of its financial mail in the previous 5 years and 33 percent of its business mail to alternative forms of communication and transmission.

Even the Federal Government has recognized the advantages of alternative methods of making payments and issuing benefits. By the end of 1999, the U.S. Department of the Treasury plans to collect $1 trillion in tax payments via computers. Already, the Treasury Department says that 55 percent of all payments made by the Federal Government are now sent electronically. In less than 2 years, all current and future Social Security beneficiaries will have their money directly deposited into their bank accounts. The savings to the taxpayers from these electronic transfers become apparent when you consider that it costs the Government 43 cents to send a payment by check versus 2 cents per payment to send funds electronically. In the economy overall, a recent study, by Arthur D. Little, forecast that by the year 2000, electronic correspondence and transactions may overtake traditional mail in market share. Clearly, fundamental change is necessary to enable the USPS to adapt and compete in a rapidly changing environment.

Generally speaking, I am convinced that the vast majority of USPS employees are conscientious, hard-working individuals, who want to provide competitive, top notch service. For the most part, the problem is not so much with them as it is with the system in which they have to work. Put simply, the system lacks the incentives necessary to bring about the gains in productivity and customer service that are essential for the USPS to live up to the public's expectations and needs. For one thing, the USPS is insulated against competition in the delivery of first-class mail, which means customers need not be won over, but can be taken for granted. For another, it is subsidized by the Federal Government, through its ability to borrow from the Federal Treasury when it loses money and the fact that it does not have to pay taxes, which means there is less pressure to be efficient. A third reason lies in the fact that the USPS does not have to operate under any bottom-line incentives, such as a profit motive, which serve as the underlining motivator in making private companies so productive.

For this reason, I am reintroducing legislation today which would convert the USPS into a totally private corporation owned by postal employees. My bill calls for this transition to be implemented over a 5-year period, after which the USPS' current monopoly over the delivery of first class mail would end. To make the prospects for success of the new private corporation even more likely and attractive, my legislation calls for the cost-free transfer of the assets held by the USPS to the employee-owned corporation. Not only would a privatized Postal Service inherit a tremendous infrastructure advantage to assist in this transition, it would be free to develop entirely new products and services quickly to respond to market needs and demands. Moreover, as owners of the Postal Service, the employees would benefit from having a stake in the corporations success and profitability.

In the past, the major objection that the USPS has raised to privatization and the repeal of its monopoly has been that it would result, allegedly, in cream skimming by USPS competitors of metropolitan areas, leaving the USPS with the financially troublesome prospect of being left with only rural and bulk mail to deliver. However, the logic behind such an argument overlooks the significance of the telecommunications and computer revolution underway. With the rapid growth in the use of facsimile machines, modems, internet, electronic mail, the truth is the USPS is more likely to be left with rural and bulk mail to deliver if it does not privatize than if it does. For this reason, I hope that the fine men and women of the USPS might seriously consider this proposal and examine its merits. I hope, too, that my colleagues might join me in this effort because only by keeping up with the times and the competition can the USPS hope to thrive in the future.

BUDGET DEAL BAD FOR EVERYONE

HON. BILL McCOLLUM

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 22, 1997

Mr. McCOLLUM. Mr. Speaker, with all due respect to the Republican leadership and many of my colleagues who earnestly and sincerely worked on and believe in the recently passed budget bill, I voted against it because as a conservative Republican I believe it is a terribly flawed product.

Incredibly, this budget will produce for fiscal year 1998 a $70 billion, or 4.3-percent spending increase from 1997, which is a bigger increase than Democratic Congresses passed in fiscal years 1993, 1994, or 1995. It is $5 billion more than even President Clinton requested.

As for the long haul in getting to balance by the year 2002, spending will rise from $1.6 trillion to $1.9 trillion. The assumption of this budget is that Federal tax receipts will rise from $1.5 trillion in 1997 to $1.9 trillion in 2002. Sure enough, this would make a balanced budget, but it would be a budget balanced by a huge increase in spending and an even bigger increase in taxes taken from the American people. I am for a balanced budget, but how it's balanced is as important as getting to balance.

The accompanying May 22, 1997, editorial of the Wall Street Journal and the op-ed piece by James K. Glassman that I am entering into the RECORD show in great detail just how bad this budget is. The Journal editorial points out that the budget dealmakers have agreed to continue through 2002 the rule that requires any tax cuts be offset by either tax increases or cuts in entitlements; they can't be offset by cuts in discretionary spending. As the Journal states: ''the practical effect of this is to make future tax cuts all but impossible as a political matter.''

Considered in this light, the minor tax adjustments that have been called cuts in this budget are simply not worth the price being paid. Congress should be eliminating the tax on capital gains and the estate taxes altogether. Because of the practical difficulty of doing this in the immediate future, prior to this budget deal Republicans had called for a reduction in the capital gains tax rate to a level of about 20 percent, an increase in the estate tax exemption from $600,000 to $1.2 million, and a $500 per child tax credit. It appears highly unlikely that anything approaching these adjustments can be made under the budget deal, and even if it were, the price being paid is still too high.

When it was first announced, the Republican leadership's principle selling point was that over 10 years this budget would save the taxpayers about $950 billion. By the time the debate on the floor took place, that figure was down to a little over $600 billion. The fact is there are baseline savings, that is, actual spending will increase a lot every single year for the next 10 years but not by as much as it might otherwise, and this is labeled a spending reduction. It sounds good, but the truth is spending will continue to increase big time. And the proponents extrapolated 5 years beyond the budget deal to make the claimed savings sound better. Historically the only thing you can count on in a budget deal is the first year, because Congress passes a new budget every year and changes the mix.

The other point the budget dealmakers have tried to sell is that this budget has finally gotten control of runaway Medicare spending. That is where all the savings are supposed to come from. But the Medicare proposal is very flawed too. It assumes a shift of the cost of home health care from Medicare part A (the trust fund financed by the payroll tax) into Medicare part B (financed by general revenues and with high deductibles by patients).

This will postpone the day of reckoning of the solvency of the trust fund of Medicare part A, but does nothing to solve the underlying problems of Medicare. Fundamental reforms of Medicare—that promote more competition among HMO's, offer recipients new options, and create medical savings accounts which permit retirees to purchase low cost, high deductible catastrophic health insurance policies with Medicare contributing annually into the individual's savings account to cover the deductible—were not only omitted from this budget deal, but made less likely in the foreseeable future.

Furthermore, the budget deal will force unspecified price controls on the Health Care Financing Administration that will result in more irrational cutbacks in services through regulations such as the ones that now deny reimbursement for routine preventive checkup tests. Cutting Medicare spending without fundamental reform is bound to reduce benefits and make Medicare worse.

For all of these reasons and more, as the Washington Post headline on James K. Glassman's column said, the budget deal I voted against is bad for everyone. I wish it weren't so, but that's the way I see it.

[From the Washington Post]

BAD FOR EVERYONE

(By James K. Glassman)

Let's not kid ourselves. The budget that Congress is set to pass this week may succeed in showing a zero deficit on paper in the year 2002, but it fails miserably in its most important function—holding down federal spending.

In the latest Washington orgy of self-congratulation, Rep. John Kasich (R-Ohio), the House Budget chairman, proclaimed, ''Cooperation between Congress and the president is resulting in smaller government.''

No, it's not. The way to get smaller government is by spending less money. In fact, federal spending will rise sharply in fiscal year 1998—that's the year that starts on Oct. 1, 1997, and the only budget year that has any real significance. All the other numbers for all the other years are sheer fantasy. As anyone who runs a business knows, the only figure you can possibly control is next year's spending.

Also, when the government spends (whether it gets its funds through borrowing or taxing), it is extracting money from the private sector, money that could be used for capital investment, for creating new businesses and better jobs.

To paraphrase James Carville: It's the spending, stupid—not the deficit.

And how much will federal spending increase next year? That's a question that I have been asking the House Budget Committee since May 2, when the original deal was announced. Finally, I've managed to get the answer (from other high-level GOP sources). For fiscal 1998, spending will be $1.692 trillion. For this year, spending is estimated at $1.622 trillion, so the government will be spending $70 billion more—an increase of 4.32 percent.

How big is that increase?

—It's the largest since Bill Clinton became president, larger even than in the years when the Democrats controlled Congress.

—It's $5 billion more than Clinton asked for in the budget he submitted in February. (By the way, the new budget also calls for spending of $1.889 trillion in 2002; Clinton sought only $1.880 trillion.)

—It's well ahead of inflation, which is estimated for 1998 at between 2.7 percent and 2.9 percent. This increase is about 1.5 percentage points (or half again) higher.

These are hard facts. What you hear from politicians simply tries to obscure them. For instance, Kasich bragged last week, ''Over the next 10 years, passage of this plan will save taxpayers over $950 billion.''

What he means is that the government is now planning to spend about $1 trillion less in the next decade (out of a total of about $20 trillion) than it was planning to spend the last time it made plans. That earlier plan is called the ''baseline,'' and it's a device that both Congress and the president use to make it seem that they're accomplishing more than they really are.

Many conservatives—including Kasich—used to criticize the use of the baseline as a deception. Indeed, they once proposed legislation to outlaw its use. Now they use it themselves, with trumpets.

The reason that the federal deficit is projected at zero under the new budget is not that government will be smaller, but that revenues from the taxpayers will be larger—much larger. According to the president's February budget, the Treasury was expected to collect $1.5 trillion from citizens and businesses in 1997. According to the new bipartisan budget, that figure will rise to $1.9 trillion in 2002. Meanwhile, spending will rise from $1.6 trillion to $1.9 trillion. And there you have it; a balanced budget.

But here's another idea. Why don't we simply increase spending from $1.5 trillion to $1.8 trillion, and taxes from $1.6 trillion to $1.8 trillion? Again, the deficit would be zero, but the economy—and individual Americans—would be big winners.

Instead, Congress is choosing a more familiar route—spend more and tax a *lot* more, and hope the two come out even.

This is the same route we have been traveling for the past four years, despite all the jabbering about ''smaller government.'' In a January report, the Congressional Budget Office looked at the dramatic decline in the deficit—from $290 billion in 1992 to $107 billion in 1996—and asked, ''How did this happen?''

The answer wasn't reduced spending. In fact, spending rose 13 percent, roughly the rate of inflation. Instead, the deficit fell because of higher revenues—a phenomenal increase of 33 percent.

Yes, the budget does call for tax cuts, but they are minuscule—and, again, the word ''cut'' is wildly misleading. All it means is that the Treasury will collect $85 billion less over five years than it expected to collect with the original baseline. That's $85 billion out of total tax collections of more than $9 trillion, or less than one percent.

But far worse is that the new budget calls for an acceleration in spending—well beyond inflation. It includes $32 billion in new initiatives demanded by Clinton, including health coverage for children in low-income (but not ''poor,'' since they're already covered by Medicaid) families, restoration of welfare benefits for legal immigrants and more Medicare subsidies for seniors.

Republicans have agreed to protect increased spending for Head Start, the Job Corps, child literacy, etc., etc. As for actually reducing government programs, don't hold your breath. There is no mention in the budget of killing Amtrak or the National Endowment for the Arts or the Advanced Technology Program, which provides $225 million annually to huge corporations such as IBM to conduct research that they would undoubtedly fund on their own.

But to cut spending is hard. To collect more taxes that are the fruit of the sacrifices and genius of individual American managers and workers—that's easy. It's disappointing, but hardly a surprise, that this Congress has chosen the easy way.

[From the Wall Street Journal, May 22, 1997]

WILLIAM JEFFERSON KASICH

Anyone who doubts that the Republican revolution is moribund on Capitol Hill should consider that its leadership has just told the Heritage Foundation, the Cato Institute and Citizens for a Sound Economy to get lost. They were barred from GOP councils this week for daring to question the wisdom of the ''bipartisan budget agreement'' now being sold in Washington.

These outfits are three of the country's more prominent conservative activist groups, which means they care about policy. But the budget deal is mainly about politics, i.e., political survival, so Republicans don't want anyone rudely telling the truth about their transformation into Democrats. New Gingrich, John Kasich and company have become Clintonian in their ability to call a square a circle.

Mr. Kasich, the House budget chairman and likely Presidential candidate in 2000, once railed about such Beltway deceptions as phony ''cuts'' proposed against imaginary budget ''baselines.'' But now he's invoking them himself. ''Over the next 10 years, passage of this plan will save taxpayers over $950 billion,'' Mr. Kasich said the other day.

The only problem with that sentence is that none of it means anything at all. The 10-year period is fanciful, since as countless budget deals have taught us the only year that really matters is the current one, in this case Fiscal Year 1998. The 10-year boast allows politicians to claim fiscal austerity, while putting off all the spending cuts for some future Congress.

The ''save taxpayers'' lingo is also worthy of our current President. Mr. Kasich's ''savings'' are nothing more than reductions against the automatic spending increases included in a ''baseline'' that rises each year. This is an invention of Democratic Congresses that designed it to more easily grow the government; they knew they would be able to denounce any reductions from the baseline as ''cuts.'' Republicans only last year griped about this when Democrats used it to deplore their Medicare ''cuts,'' but now Mr. Kasich is playing the same game.

This is no doubt because it lets him avoid talking about the real budget issue, which is spending. The bipartisan deal proposes to spend $1,692 trillion in 1998, or $5 billion more than even President Clinton requested. That's a $70 billion, or 4.3%, increase from

1997, a bigger increase than Democratic Congresses passed in fiscal years 1993, 1994 or 1995. This is compromise?

Republicans are even agreeing to bust the caps on non-defense discretionary spending that George Mitchell, Dick Gephardt and President Clinton were forced to agree to in 1993. And one more thing: Mr. Kasich and friends have agreed to continue, through 2002, the rule that requires that any tax cuts be offset either by tax increases or cuts in entitlements. They can't be offset merely by cuts in ''discretionary'' spending accounts such as arts funding or legal services.

The practical effect of this is to make future tax cuts all but impossible as a political matter. Republicans will never try to cut taxes by cutting entitlements, or at least they'll never see it through if they try. It also makes discretionary cuts that much more difficult to pass, because it means such cuts can't be used to return money to taxpayers. Instead, if Congress ever does zero out, say, the National Endowment for the Arts, the money will merely get absorbed back into the broader budget. So why should Congress bother to cut any spending, since all of the political pressure will come from those who oppose the cuts?

As for entitlements, we've already written about the lack of any real Medicare reform. But we can't let pass without notice that Republicans have agreed to accept the same Trust Fund sleight of hand they denounced when the President proposed it in February. This is the transfer of fast-growing home health care costs away from the Trust Fund (financed by the payroll tax) onto the general revenue budget. This ruse allows the pols to claim the trust fund is ''secure for 10 years'' when all they've done is reshuffle the accounts and put the financial burden onto all taxpayers.

And, lest we forget, Mr. Kasich and friends are hailing the budget deal's $85 billion in ''badly needed tax relief.'' But that number is so small, in comparison with $8 trillion in federal revenue over five years, that Republicans will have a hard time satisfying all of their constituents. Mr. Gingrich has been privately promising ''historically accurate'' scoring for the tax cuts, which would mean that a capital gains cut would arise more revenue than it lost. But we'll believe that when we see Republicans finally show the guts to do it.

Here and there a few Republicans are stepping up to speak honestly about all of this. David McIntosh, a sophomore from Indiana, was planning to offer an amendment on the House floor last night to spend less on discretionary accounts in return for larger tax cuts. And Phil Gramm of Texas may offer something similar in the Senate today. But with the Clintonized GOP leadership massed against it, neither effort can do much more than educate the country about what is really going on here.

The political truth about this budget is that Republicans are selling out their agenda in return for President Clinton's blessing. They want cover against Dick Gephardt and AFL–CIO attacks in 1998. And we can even understand their reluctance to fight Bill Clinton. But do they also have to emulate him?

TRIBUTE TO M. SGT. MICHAEL G. HEISER

HON. TILLIE K. FOWLER

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 22, 1997

Mrs. FOWLER. Mr. Speaker, I ask my colleagues to join me today in honoring the memory of M. Sgt. Michael G. Heiser, USAF, who died serving his country on June 25, 1996, in the bombing of the Khobar Towers complex in Dhahran, Saudi Arabia.

Master Sergeant Heiser entered the Air Force in 1979 and was a member of the Air Force Academy class of 1984. He traveled extensively in his Air Force career; he accompanied then-Chancellor Helmut Kohl to Berlin in November of 1989 when the Wall came down, and he was on the first United States plane escorted and allowed to land in free Russia. Master Sergeant Heiser was awarded the Academic Achievement Award and the Distinguished Graduate Award in 1993 at Kiesling NCO Academy and in 1995 he was selected as the Aircrew Member of the Year in Europe. After he reentered the Air Force enlisted ranks, he became one of the most decorated enlisted men in the Air Force.

Master Sergeant Heiser flew more than 10,000 hours in 9 years while he was based in Europe, and in 1996 was assigned to Patrick Air Force Base in Florida. Shortly afterwards, he was sent to Saudi Arabia with his squadron, whose motto is ''So Others May Live.''

Master Sergeant Heiser was killed in the line of duty in Dhahran, Saudi Arabia, serving his country with honor and distinction. He was awarded the Purple Heart posthumously on June 30, 1996, which was accepted on behalf of their only child by his loving parents Fran and Gary Heiser, my constituents in Palm Coast, FL.

Next week, we will observe Memorial Day—the day our Nation sets aside for honoring our fallen heroes. In anticipation of that hallowed day, this week Mr. and Mrs. Heiser were presented with a Fallen Friend medallion in Palm Coast, FL. I ask all of my colleagues in the Congress to join me this Memorial Day in paying tribute to the ultimate sacrifice made by Michael and each of his brothers-in-arms who gave their lives at Dhahran in defense of our Nation's vital interests.

HONORING CAPT. LEROY A. FARR, A LEADER WITH FEW EQUALS, A GREAT AMERICAN

HON. CHRISTOPHER H. SMITH

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 22, 1997

Mr. SMITH of New Jersey. Mr. Speaker, I rise today to honor a very special friend and a true military leader, an all-American hero, U.S. Navy Capt. Leroy Farr.

Captain Farr is retiring from the Navy after 30 years of outstanding service to our country. He will be missed.

Mr. Speaker, I have deep respect and admiration for Captain Farr's character, commitment, and dedication. He's a doer, highly competent, yet modest. With his easy going manner, you just can't help liking the guy.

Capt. Leroy Farr has a diverse background in naval aviation and a distinguished one. Test pilot; landing signal officer; operations and maintenance officer; squadron commanding officer; air boss; program manger, and inspector general are some of the positions he has held. The veteran aviator graduated from the U.S. Naval Academy in 1967. He majored in mathematics and aeronautical engineering. Ensign Farr attended North Carolina State University, receiving his master's degree in mechanical engineering in 1968. In April 1969, he earned the coveted naval aviation wings and entered the Light Attack community flying the A–7B. Lieutenant Farr served with VA–46, deploying twice with U.S.S. *John F. Kennedy* (CV–67).

In 1972, he was selected to attend the U.S. Air Force Test Pilot School at Edwards AFB, CA. In 1976, Lieutenant Farr attended the Armed Forces Staff College, Norfolk, VA. He went on to serve as project test pilot at the Pacific Missile Test Center, Point Mugu, CA. He returned to the A–7 Light Attack community for a tour with VA–83 at NAS Cecil Field, FL where he deployed with U.S.S. *Forrestal* (CV–59). In 1979, Lieutenant Commander Farr returned to shore duty with VA–174, the A–7 Fleet Training Squadron.

In 1980 Commander Farr went back to sea as executive officer and commanding officer of VA–37 flying the A–7E and deployed on both U.S.S. *Saratoga* (CV–60) and U.S.S. *John F. Kennedy* (CV–67). He began his air boss tour in 1983 on board U.S.S. *John F. Kennedy* (CV–67).

Commander Farr was assigned to Naval Air Systems Command headquarters in Washington, DC in 1985. There he served as a branch head in the Test and Evaluation Division, then as the unmanned air vehicle class desk officer in Weapons Engineering Division.

From 1987 through 1990, Captain Farr commanded the Naval Weapons Evaluation Facility in Albuquerque, NM. He was again assigned to Naval Air Systems Command Headquarters, first in the Inspector General's Office, then as head of the Ship and Shore Installations Division. In July 1992, Captain Farr was named program manager for the new established Aircraft Launch and Recovery Equipment Program (PMA251).

He became commanding officer of the Naval Air Warfare Center Aircraft Division Lakehurst, June 1993. I am especially grateful for the critical role he played in saving Lakehurst from closing.

Lakehurst, Mr. Speaker, is the heart of naval aviation. It is a unique, one-of-its-kind, world-class facility whose primary function is to ensure that aircraft safely launch and recover from the deck of a carrier or other platform, and that support equipment assist in the service of planes, parts, and ordinance at sea. The safety and success of every single naval aircraft depends on the work and skill housed at Navy Lakehurst.

Despite it's military value, the Department of Defense erroneously targeted Navy Lakehurst for closure—and then for a radical realignment. As part of the realignment scenario, the critical manufacturing, design, and research that goes on at Lakehurst was to be split apart and relocated at other bases.

As commanding officer of Lakehurst, Captain Farr was undoubtedly between a rock and a hard place. He knew the facts. But as a Navy officer, Captain Farr could not and would not violate his chain of command. At the same time, as a captain, a pilot, a former air boss and the current commanding officer of Navy Lakehurst, Captain Farr knew better than anyone just how devastating the close Lakehurst scenario would be for national security and pilot safety.

It was an unusual situation where one's own military command was supporting a plan not in