

growth, 4.8 percent unemployment and 2.3 percent inflation—amazing figures, all.

But government doesn't make things or sell them. People and the companies they create do. What has happened in the past 15 years is that businesses are making things (and providing services) better and cheaper. Through risk-taking, hard work, good management and the exercise of sheer talent, the economy is booming.

What have Washington politicians done to effect this success? Practically nothing, except to have the sense, occasionally, to get out of the way. President Clinton and Hill leaders are little more than supernumeraries, bit players in this great economic opera, but they still can't resist shoving to the front of the stage for the curtain calls.

For instance, last week, it was particularly annoying to see both Republicans and Democrats reveling in the balanced budget deal—as though this fictive creation were revitalizing the economy.

The truth is precisely the opposite: It's the economy that is balancing the budget, not the budget that is boosting the economy. The reason the deficit has fallen from \$290 billion in 1992 to \$34 billion this year is that a tidal wave of tax revenues, generated by the private sector, has washed into the U.S. Treasury.

The figures are astounding. In fiscal 1992, the government collected \$1,090 billion in taxes. This year, which ends Sept. 30, it will collect \$1,578 billion, according to new estimates by the Congressional Budget Office.

Tax receipts are up 45 percent in five years, while inflation has risen only 14 percent.

In other words, the government is taking in \$488 billion more in 1997 than it did five years ago. Unfortunately, it is also spending \$231 billion more. If that rise in spending had only been kept down to the rise in inflation, we'd be running a surplus of about \$50 billion this year.

This flood of cash is not the result of higher tax rates. Yes, Bill Clinton imposed some increases in 1993, but they were paltry compared with Ronald Reagan's cuts in 1981 and 1986. The top rate, pre-Reagan, was 70 percent on "unearned" (meaning investment) income, 50 percent on earned income and 35 percent on capital gains. Those rates have fallen to a maximum of 39.6 percent for income and 28 percent (now 20 percent) for capital gains.

And what's happened? Revenues poured in, just as the supply-side economists predicted they would. In 1980, government tax receipts were only \$517 billion. Since then, they've risen 205 percent, while consumer prices are up just 85 percent.

If not higher tax rates, then what's the reason for the increase in revenues? Businesses are generating more profits, hiring more workers and compensating them better. And government gets a lower percentage of a much higher take.

But why are businesses doing so well? The best answers may come from the people who run them. Last month, Investor's Business Daily commissioned a survey of 200 CEOs and chief financial officers from the nation's largest publicly traded firms. They were asked "What triggered recent economic growth?"

Leading the list: productivity (making more with less). Second: Federal Reserve policies, which have helped keep inflation low. Next, in order: information technology, restructuring the globalization.

The first politician to appear on the list was Ronald Reagan, in sixth place. His policies were credited by 26 percent of the CEOs and CFOs as triggering the surge in growth. Farther down the list, at 24 percent, were "Bush policies." And near the bottom, at 8 percent, were "Clinton policies."

Now, I'll admit these captains of industry have GOP leanings, and their answers may be self-serving. But their answers have the force of logic.

Consider Silicon Valley, subject of a cover story in *Business Week*. How did it "reach its zenith?" the magazine asks.

"What we found was a huge brain trust, companies galore to service the tech machine, and a daredevil, risk-taking culture." No mention of an increasingly irrelevant Washington.

In fact, the CEOs and CFOs have it right. Reagan is the only politician who deserves credit for the rebirth of the American economy. But at his Aug. 6 press conference, Clinton could not resist taking a swipe at him. "In 1993," he said, "we abandoned supply-side, trickle-down economics." Nonsense.

Supply-side economics is still with us, and it's performed as advertised. In fact, the past 15 years, the longest stretch in U.S. history with just one shallow recession, should be called the Reagan Boom.

The incentives of lower tax rates and deregulation have encouraged more risk-taking, less diversion of valuable resources into tax shelters, more sensible investment and work.

Revisionism dominates the press today, but the facts were clear nearly a decade ago. "Measured in 1982-84 dollars, the income tax revenue collected from the top 10 percent of earners rose from \$150.6 billion in 1981 to \$199.8 billion in 1988, an increase of 32.7 percent," wrote James D. Gwartney of Florida State University in the "Fortune Encyclopedia of Economics." "In effect, lower rates soaked the rich."

The current flood of revenues is merely one result of what is literally a supply-side boom. For all this, politicians shouldn't be congratulating themselves. They should be thanking the robust private sector, plus, of course, Ronald Wilson Reagan.

## HUMAN RIGHTS AND CHINA

### HON. LEE H. HAMILTON

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 3, 1997

Mr. HAMILTON. Mr. Speaker, former President Jimmy Carter recently made a compelling case in the *New York Times* that good relations with China are not incompatible with an American foreign policy that places human rights at the forefront of our diplomatic agenda.

President Carter cogently argued that only through sustained dialog and interaction with the Chinese can we, over time, resolve the differences that separate our two nations and encourage the Chinese leadership to give the people of China the freedoms they so richly deserve.

I commend the article by President Carter and ask that it be placed in the *RECORD* so that colleagues who might have missed it can have an opportunity to study it.

#### IT'S WRONG TO DEMONIZE CHINA

(By Jimmy Carter)

ATLANTA.—I spent the spring of 1949 in the seaports of China as a young naval officer on my first submarine cruise. Nearly 30 years later, Deng Xiaoping and I normalized diplomatic relations between our countries. We knew that even with this opening, decades of patience and persistence would be required before the bonds between our greatly different countries would be firm and predictable.

I consider sound Sino-American relations, along with the importance of maintaining human rights as a foundation of American foreign policy, to be legacies of my Administration. These two goals are not incompatible, but can be reached only if we try to understand each other.

Americans have benefited from the unprecedented stability and prosperity in the Asia-Pacific region made possible by close ties among the United States, China and Japan. But the greatest beneficiaries have been the Chinese people, whose quality of life and human rights have improved enormously during the last two decades.

Both China and the United States continue to share many interests: maintaining peace and stability in the Asia-Pacific region, controlling weapons of mass destruction, preventing conflict on the Korean peninsula and fostering open trade. Unfortunately, many Americans and Chinese have lost sight of the original vision that brought us together. Ill-informed commentators in both countries have cast the other side as a villain and have even forecast inevitable confrontation between the two nations. The accomplishments of a quarter century are at risk.

Since my Presidency, I have been to China periodically to discuss world and domestic affairs and to visit rural areas. On my latest trip last month, I met with President Jiang Zemin, Prime Minister Li Peng, the chairman of the National People's Congress, Qiao Shi, and other leaders. They expressed concern that our leaders are encouraging Japanese rearmament and extending Japan's defense perimeter to include Taiwan. They also deeply resent American sales of F-16 jet fighters and other weaponry to Taiwan, saying that these deals seem to violate pledges made to them by Presidents Richard Nixon and Ronald Reagan and me.

We also discussed America's concerns, including the mounting trade deficit, human rights and particularly the treatment of the Tibetan people.

Mutual criticisms are proper and necessary, but should not be offered in an arrogant or self-righteous way, and each of us should acknowledge improvements made by the other.

Significant changes are taking place throughout China. There is no longer a single unquestioned government policy. Instead, China's top leaders have a wide range of opinions on such issues as the role of parliaments, expansion of the election process and privatization. Since normalization, an increasingly free economic system has transformed the lives of Chinese people. Farmers now retain profits on practically all crops planted on their land, and many villagers own their own businesses. Incomes and educational opportunities have also risen sharply.

Although congregations must still register with the Government, membership in Christian churches is booming. The pastor of the church we attended in Shandong Province knew of only 200 believers in his rural county after the Cultural Revolution, and they had no churches or Bibles. There are now 15 congregations in 11 churches, 3,000 members have been baptized, and Bibles are distributed freely.

A 1987 law mandates elections in nearly a million villages. Citizens can choose among multiple candidates, including those who are not members of the Communist Party, in a secret ballot, and many nonparty members have been chosen as village leaders. The Carter Center has observed some of these contests. Arbitrary power is still exerted by some political leaders, but progress is being made in promoting the rule of law. Some citizens are even bringing lawsuits against government agencies that violate their rights.

Citizens are more free to move from one place to another, and the nation has been opened to outside interests and influence. Until 1985, no outsiders were permitted to enter the rural county we visited; now village leaders are trying to expand their 45 joint ventures with foreigners.

President Jiang's long overdue state visit to Washington in October—the first by a Chinese leader in 10 years—will provide an opportunity to address human rights and other issues.

American criticism of China's human rights abuses are justified, but their basis is not well understood. Westerners emphasize personal freedoms, while a stable government and a unified nation are paramount to the Chinese. This means that policies are shaped by fear of chaos from unrestrained dissidents or fear of China's fragmentation by an independent Taiwan or Tibet. The result is excessive punishment of outspoken dissidents and unwarranted domination of Tibetans.

But frank discussions on these and other issues can sometimes yield real progress. In private discussions in 1979, Deng Xiaoping agreed to address the issue of religious freedom, and great improvements were made. In 1987, after a visit I made to Tibet, and after subsequent conversations with the exiled Dalai Lama, discussions were arranged between his emissaries and Chinese Government officials. Unfortunately, the Tiananmen Square tragedy aborted the initiative.

In spite of our differences, China and the United States must continue to pursue ways to co-exist peacefully and productively. In addition to summit meetings, ordinary Americans and Chinese can help. For example, more than 100,000 Chinese students have attended American universities since 1979, providing an invaluable cultural and intellectual exchange for both countries.

Only through continued dialogue at many levels can we resolve differences and build a foundation for better understanding.

#### A TRIBUTE TO ROUNDY'S

##### HON. GERALD D. KLECZKA

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

*Wednesday, September 3, 1997*

Mr. KLECZKA. Mr. Speaker, I rise today to pay tribute to a Wisconsin-based firm, Roundy's, Inc. which was founded in Milwaukee in 1872 and proudly celebrates its 125th anniversary this year.

Roundy's has grown from a small wholesale grocery and coffee warehouse in Milwaukee's third ward, to the largest food corporation in Wisconsin and the Nation's 5th largest food supplier. Roundy's employs over 2,700 individuals in my home State and over 5,100 in the Midwest. The Roundy's name, whether on grocery items, frozen foods, dairy, meat, produce or bakery, is synonymous with quality.

For many years, Roundy's has been a major participant in community activities. The corporation is a strong supporter of, and major contributor to, the Special Olympics in both Wisconsin and Illinois. It's president and chief executive officer, Gerald F. Lestina, is the president and founder of "In The Paint at One Two," Milwaukee's extremely successful midnight basketball league. The company is also actively involved with many area charities including the Midwest Athletes Against Child-

hood Cancer [MACC] Fund, the Lions Clubs, Kiwanis, Rotaries, YMCA, YWCA, the United Way, Salvation Army, and the Ronald McDonald House. Roundy's is also a contributor to the Second Harvesters food bank and other various community food pantries located throughout the Midwest.

With all of this in mind, I am pleased to join my colleagues from Wisconsin and throughout the Midwest in recognizing Roundy's as the good corporate citizen it is and in honoring the corporation on its 125th anniversary celebration.

Best wishes to Roundy's for many more years of success.

#### HIGH BEER TAX HURTS COLORADO

##### HON. BOB SCHAFFER

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

*Wednesday, September 3, 1997*

Mr. BOB SCHAFFER of Colorado. Mr. Speaker, the tax on beer hurts Colorado's economy, helps no one, and ought to be rolled back. Congress should start by repealing the 100 percent beer tax hike it foolishly imposed back in 1990.

Remember Joe Six Pack? Politicians used to invoke the name to conjure images of the average, hardworking, middle-class American. Joe Six Pack is the kind of guy who puts in an honest day's work to support a family and the mortgage.

He loves his country. He plays second base on the softball team, cheers his kids in the school play, and prays before dinner.

On Sunday, he barbecues burgers on the grill, kicks back to his mostly clean recliner, enjoys his favorite team on the T.V., and pops open an ice-cold can of beer.

Ironically, Joe Six Pack isn't too fond of the politicians who like to talk about him—and with good reason. Joe is shelling out an incredible 43 percent of the cost of every beer he buys to the Government.

In 1990, Congress passed one of the biggest tax increases in history. In fact, President George Bush, who helped engineer the deal, lost his job because of it. The tax hike included new taxes on yachts, private airplanes, expensive jewelry, furs, luxury cars, and it doubled the tax on beer.

Since 1991, Congress has repealed nearly every one of these taxes, but the huge tax markup on beer remains, and American beer drinkers continue getting nicked-and-dimed by the Government with every sip.

Beer is big in Colorado. In 1995 Colorado's beer industry paid \$53 million in excise taxes. Forty-five thousand Coloradans hold beer-related jobs earning nearly \$1 billion in wages, accounting for a total economic contribution of \$4.7 billion.

Coors and Anheuser Busch are two of Colorado's larger employers but the State is also home to regional brewers, microbreweries, beer wholesalers, distributorships, 3,000 off-premise retailers, 6,000 on-premise retailers, barley growers, and scads of other farmers who support the brewing industry. Yet much as brewing helps Colorado's economy, our fiscal performance could be even better.

Simply put, excessive beer taxes have stifled the industry's growth slowing Colorado's economy. In fact, a 1996 economic analysis

by DRI/McGraw-Hill concluded that 50,000 new jobs would be created nationally by rolling back the 1990 beer tax.

Beer was first subject to tax in 1862 as an effort to help finance the Civil War. Since then, significant increases coincided with World War I, World War II, and the Korean war. On three occasions the tax was actually reduced.

Today, Congress is looking for ways to spend less in Washington so that Joe Six Pack's middle-class family can finally enjoy well-deserved tax relief. Consumption statistics clearly point to the beer tax as a prime target. Beer taxes hit lower-income families five times harder than upper-income families.

Beer is one of the most highly-taxed consumer goods sold in America, taxed 50 percent more than for other consumer products. And the tax is terribly inefficient and unfair to consumers.

Since Federal beer taxes are levied at the brewery, they are subject to wholesaler and retailer markup and to State and local sales taxes. Consumers are paying taxes layered upon other taxes, ultimately paying about \$2 in increased cost for every \$1 in tax.

Some who support the high beer tax contend falling alcohol abuse rates favor the steep tax. Again, research dispels the notion that high beer taxes have anything to do with alcohol abuse rates, which have fallen steadily for over a decade.

Long before Congress raised the beer tax, the beer industry itself had poured millions into personal responsibility campaigns aimed at youths and consumers.

Americans heard the message and enthusiastically embraced it. But the increased tax had no measurable effect on the well-established positive trend toward more responsible alcohol consumption, and no effect at all on those who are disposed to alcohol abuse.

Higher beer prices do not deter alcohol abusers who simply turn to more concentrated or cheaper products. Market research, instead, confirms that lower sales caused by higher taxes are attributed almost entirely to fewer purchases by responsible drinkers.

This year, Congress heard the pleas of Joe Six Pack, that American families are over taxed and politicians must do more to control the Government's appetite for spending. We cut capital gains taxes, income taxes, and death taxes. We made it easier to afford a college education and save for retirement. It was a good first step.

But while the 1997 tax cuts are an encouraging start, they are certainly not the full measure of adequate tax relief. Congress can do better.

What's good for Joe Six Pack is good for Colorado, and good for America too. One of several taxes Congress should further cut to bolster economic growth is the beer tax.

#### INTRODUCING THE HEALTHY FAMILIES INITIATIVE

##### HON. NORMAN D. DICKS

OF WASHINGTON

IN THE HOUSE OF REPRESENTATIVES

*Wednesday, September 3, 1997*

Mr. DICKS. Mr. Speaker, child abuse and neglect is an epidemic that devastates our children and often leads them to a life of crime. In 1994, public welfare agencies received reports of 3.1 million children being