

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 has 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 and 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 14 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.

#### INTRODUCTION OF A BILL TO PROVIDE FOR THE ESTABLISHMENT OF AN OFFICIAL MASS MAILING ALLOWANCE FOR MEMBERS OF THE HOUSE OF REPRESENTATIVES

**HON. MICHAEL N. CASTLE**

OF DELAWARE

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, September 9, 1997*

Mr. CASTLE. Mr. Speaker, the congressional franking privilege combines two of the American people's worst pet peeves—one being the fact that Congress is perceived to enjoy perks and privileges unavailable to average citizens. The second is junk mail. American mailboxes are flooded with junk mail, and some of that is unsolicited mass mail from their Representative here in Congress.

Members have a legitimate need to respond to the inquiries and concerns of their constituents, and the franking privilege facilitates this. I think the public understands this, and supports this use of their tax dollars. Unsolicited mass mail from Members, however, is another story.

In recent years, Congress has done an excellent job cutting back the taxpayer funding of franked mail. Fiscal year 1997's level of funding was 40 percent lower than 1996's level of funding—a very impressive reduction. Furthermore, Members are prohibited from sending mailings 90 days within the general election.

But there is still room for improvement. We need to codify the reforms we've made in statute, and keep moving forward down the road to complete reform. For example, the volume

of outgoing franked mail continues to outpace the volume of incoming mail. In 1995, the House sent out four times more mail than it received. If the House had responded only to letters it received, franked mail costs would have been only \$12.4 million, saving \$18.6 million or 60 percent from actual mail costs.

In addition, use of the frank increases cyclically during every election year. During the 103d Congress, the House spent \$24 million in 1993, and \$42 million in 1994. The 104th Congress has narrowed this gap in total spending, but the irresistible temptation for individual Members facing tough re-election campaigns to use their franking perk extensively in election years remains.

That is why I am introducing this bill today to further improve our franked mail system. It creates a separate account to fund mass mail, and bans transfers of funds into the mass mail account. It bans mass mailings in election years. It tightens the definition of mass mailings to include mailings over 250 pieces, excluding solicited responses and town meeting notices. And it statutorily reduces the funding for franked mail to a maximum level equivalent to the one mailing per address.

By making statutory changes, this bill will make sure that future Congresses don't get off track and undermine the franking reforms we've made in recent years. I hope many of my colleagues will join me in cosponsoring this important piece of legislation.

#### FRANKED MAIL REFORM—SECTION-BY-SECTION SUMMARY

##### SECTION 2—OFFICIAL MASS MAILING ALLOWANCE

(1) Create a separate account to fund mass mail. Currently, mass mail is funded out of the same account as constituent response mail. Under the bill, expenditures on mass mail would be identified under a new and separate Official Mass Mail Account.

(2) Limit the funds available for mass mail. The bill limits funding of mass mail to no more than 1/2 of the total mail allowance. Funding of the Official Mass Mail Account could not exceed funding of the Official Mail Account.

(3 & 4) Ban transfers of funds into the Official Mass Mail Account.

(5) Ban mass mailings in election years. Mass mail would not be allowed in election years until after the general election. This prohibition does not include direct response mail, federal publications, town meeting notices, communications with the media, and correspondence with other Members of Congress, Federal, State or local government officials. It also does not include mailings which relate to an emergency or disaster declared by the President, as long as the mailing is sent within 60 days and the mailing relates solely to the emergency or disaster.

(6) Commission Approval mass mailings. Require the Commission on Congressional Mailing Standards to approve mass mail.

(7) Public Disclosure of Member expenditures. Require the quarterly Report of the Clerk to include the cost and number of mass mailings sent by each Member of the House. The current Report documents total spending on franked mail only.

Public inspection of mass mailings. Require the Commission on Congressional Mailing Standards to make available to the public for inspection and photocopying samples of mass mail, town meeting notices, and unsolicited mail in excess of 50 pieces. Recent rules changes have allowed watchdog groups and other citizens greater access than in the past, and allow photocopies to be made, but this should be put into statute.

(8) Strengthen definition of mass mailing. The definition of mass mail would include

mailings over 250 pieces, excluding solicited responses, federal publications, town meeting notices, communications to other Members of Congress, Federal, State or local government officials, and news releases to the media. An exemption is also provided for a single follow-up to any direct responses, if it is made before the end of the Congress in which the direct response was made, and occurs within six weeks after any significant congressional action. Under current law, mailings are defined as 500 pieces or more, which allows members to mail thousands of letters in up to 499 piece bundles of mail within days of an election.

Clarify definition of town meeting notice. A town meeting notice relates solely to a notice,  $5\frac{1}{2} \times 8$  or smaller, of the time and place at which a Member or Members' staff will be available to meet with constituents regarding legislative issues or problems with federal programs. The notice cannot include more than 3 references to the Member, and cannot include a picture, sketch, or other likeness of the Member.

#### SECTION 3—PROVISIONS RELATING TO THE MEMBERS' OFFICIAL MAIL ALLOWANCE

(a) Reduce the funding available for franked mail to a maximum level equivalent to one mailing per address. The total of the funding allowed for the Official Mail Account and the Official Mass Mail Account would be equivalent to a level of 1 first class mailing per district address each year. Funding of the Official Mail Account would be limited to a level of  $\frac{1}{2}$  the district addresses at first class rates (the Mass Mail Account could be funded at a level no greater than the Official Mail Account).

(b) Ban transfers of funds into the Official Mass Mail Account. The bill would prohibit transfers of funds into the Official Mass Mail Account. Funds could be transferred out of the Official Mass Mail Account into the Official Mail Account.

#### SECTION 4—EFFECTIVE DATE

The bill would take effect the first session of Congress after the date of enactment.

### TRIBUTE TO COBB COUNTY, GA

#### HON. BOB BARR

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, September 9, 1997*

Mr. BARR. Mr. Speaker, as we in Congress continue to search for ways to bring the Federal budget into balance and repay the mountain of debt that resulted from years of reckless Washington spending, I am pleased to have the opportunity to commend my home county for establishing a record of sound fiscal policy that is the envy of local governments all across America.

Cobb County, GA, has been awarded a coveted triple-triple A bond rating. To put this amendment in perspective, only 10 counties out of 3,033 in the entire Nation have managed their finances successfully enough to earn this coveted bond rating.

Cobb owes its success to several factors. Chief among them are local officials who are willing to make the hard choices necessary to balance spending with revenues, and residents who continue to work hard and pay taxes. By cutting government costs and financing projects with capital rather than going into debt, the Cobb County Commission has helped to win Cobb a place among the Nation's elite with regard to fiscal soundness.

Cobb County is a great place to live and work because its government and its citizens realize that a smaller and more efficient government is better and that under no circumstances do you spend money you can't repay. The Federal Government would be well advised to learn from this example.

#### LEGISLATION REGARDING DONATING FOOD TO THE NEEDY

#### HON. TONY P. HALL

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, September 9, 1997*

Mr. HALL of Ohio. Mr. Speaker, I rise to join my colleague from California, Mr. CAMPBELL, in introducing legislation to amend the Internal Revenue Code to remove a significant barrier that discourages businesses and farmers from donating wholesome food to the needy.

Providing food to the poor can be a costly undertaking, especially with regard to perishable food. The food must be collected, packaged, transported, and distributed. However, businesses do not receive the same tax deduction for charitable donations of food as for other inventory. Food that is not sold through normal distribution channels is considered by the IRS to have no market value; and therefore, the deduction is limited only to cost of the raw materials. This means that it makes more economic sense for businesses to discard the food than to donate it. The bill that we are introducing today will encourage donations by treating food as other inventory for tax purposes.

Our bill is supported by industry and charitable organizations that deal with food including Second Harvest, the National Council of Chain Restaurants; the National Farmers Union; and Food Chain.

Incentives for food donations is one of the topics that will be discussed at the National Summit on Food Recovery and Gleaning which is sponsored by the Department of Agriculture and several groups including the Congressional Hunger Center. The opening session will be held 10 a.m. to 12 noon on Monday, September 15 at Mellon Auditorium (Constitution Avenue between 12th and 14th Streets, NW).

The text of the bill follows:

H.R.—

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

#### SECTION 1. SHORT TITLE.

This Act may be cited as the "Good Samaritan Tax Act".

#### SEC. 2. CHARITABLE DEDUCTION FOR CONTRIBUTIONS OF FOOD INVENTORY.

(a) IN GENERAL.—Subsection (e) of section 170 of the Internal Revenue Code of 1986 (relating to certain contributions of ordinary income and capital gain property) is amended by adding at the end the following new paragraph:

“(7) SPECIAL RULE FOR CONTRIBUTIONS OF FOOD INVENTORY.—

“(A) CONTRIBUTIONS BY NON-CORPORATE TAXPAYERS.—In the case of a charitable contribution of food, paragraph (3) shall be applied without regard to whether or not the contribution is made by a corporation.

“(B) DETERMINATION OF FAIR MARKET VALUE.—For purposes of this section, in the case of a charitable contribution of food

which is a qualified contribution (within the meaning of paragraph (3)) and which, solely by reason of internal standards of the taxpayer, lack of market, or similar circumstances, cannot or will not be sold, the fair market value of such contribution shall be determined—

“(i) without regard to such internal standards, such lack of market, or such circumstances, and

“(ii) if applicable, by taking into account the price at which the same or similar food items are sold by the taxpayer at the time of the contribution (or, if not so sold at such time, in the recent past).”

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to taxable years beginning after the date of the enactment of this Act.

#### FOREIGN OPERATIONS, EXPORT FINANCING, AND RELATED PRO- GRAMS APPROPRIATIONS ACT, 1998

SPEECH OF

#### HON. LOUIS B. STOKES

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

*Thursday, September 4, 1997*

The House in Committee of the Whole House on the State of the Union had under consideration the bill (H.R. 2159) making appropriations for foreign operations, export financing, and related programs for the fiscal year ending September 30, 1998, and for other purposes:

Mr. STOKES. Mr. Chairman, I rise today in support of H.R. 2159, which provides foreign operations appropriations for fiscal year 1998. This \$12.3 billion bill has aspects which give cause for reservation, but overall, addresses critical funding for areas that are consequential for the global interests of the United States.

There is no doubt that with the end of the cold war America now reigns supreme as the world's only superpower. Over the past several years, our foreign policy has undergone a massive undertaking to adjust to a post-cold-war world which has allowed us to maintain a better balance of our domestic and foreign interests.

The world faces the proliferation of dangers that have the possibility to grow unchecked without our leadership. These dangers include terrorism and extremism, acquisition of weapons by hostile regimes, poverty and disease, economic instability, narcotics trafficking, and global environmental hazards. American national security eventually becomes an issue as these problems spread across the globe.

President Clinton's foreign operations request reasonably addressed the overseas interests of the United States by maintaining our obligations to our friends and the world's neediest people. H.R. 2159 still falls \$4.6 billion short of President Clinton's request, but is still an improvement over recent years in which devastating cuts were proposed by the Republican majority. The overall funding level of H.R. 2159 is near that of fiscal year 1997.

This bill provides \$7.4 billion for bilateral economic assistance, \$3.3 billion for military assistance, \$1.1 billion for multilateral economic assistance, and \$451 million for export assistance.

Foreign aid is no giveaway. This is demonstrated by the dollars that work as an effective means of developing and expanding U.S.