

House, the gentleman from Maryland [Mr. HOYER] is recognized for 5 minutes.

Mr. HOYER. Mr. Speaker, I rise today to acknowledge and applaud the life and labors of my friend, Gen. Thomas S. Moorman, Jr., the Vice Chief of Staff of the U.S. Air Force.

The gentleman from Tennessee [Mr. WAMP], in his suggestion to yield to me, mentioned that I wanted to speak about an American patriot. He was absolutely correct.

Mr. Speaker, it is a very special honor for me to congratulate General Moorman on his retirement. Forty years ago, General Moorman and I attended Suitland High School together. I graduated in 1957 and General Moorman graduated in 1958. I knew then that Tom Moorman was going to achieve great heights.

I had the distinct pleasure of serving as Tom's campaign chair when he ran and won his bid for president of the student council at Suitland High School in 1957. I say to my colleagues, Suitland High School is about 15 minutes from this Capitol building. Even at the age of 17, General Moorman displayed outstanding leadership skills. That foreshadowed his future success.

After graduating from high school, he attended Dartmouth College, and was a distinguished military graduate of the Air Force Reserve Officer Training Corps program in 1962. For the past three and a half decades General Moorman has served this great Nation in a number of different and important ways.

General Moorman comes from a rich heritage of service to our military and our Nation. His father was a brigadier general at Andrews Air Force Base, located in Prince Georges County and was then commanding the weather service for the U.S. Air Force. His father retired after completing a tour as superintendent of the U.S. Air Force Academy in Colorado Springs.

His father's example of excellence and service to country propelled Tom to the pinnacle of his profession as a four-star general. En route to his position, General Moorman served in a variety of intelligence and reconnaissance related positions around the world. Our country is particularly indebted to him for his contributions to the growth and exploitation of space as a key element of our national security strategy.

His legacy of involvement in space activities began with the planning and organization for the establishment of the Air Force Space Command which he would later head. His program provided management mobility for the conception and maturation of Air Force surveillance, communication, navigation and weather satellites, space launch vehicles, and ground-based and strategic radars.

Mr. Speaker, his numerous military awards and decorations include, among others, the Distinguished Service Medal, the Defense Superior Service

Medal, the Legion of Merit with oak leaf cluster, the Meritorious Service Medal with oak leaf cluster, the Air Force Commendation Medal with oak leaf cluster, and the National Intelligence Distinguished Service Medal.

In addition, he has received other prestigious awards from the aerospace community, including the National Geographic Society's Thomas D. White U.S. Air Force Space Trophy, the Dr. Robert H. Goddard Memorial Trophy, the Ira C. Eaker Fellowship Award, and the Eugene M. Zukert Management Award.

Among many accomplishments, General Moorman's greatest contribution has been his leadership related to the space programs. As I have said, he has played a pivotal role in establishing national and Defense Department space policy and developing improved space capabilities.

Mr. Speaker, the scriptures remind us "that he that is faithful with little shall be faithful with much." This reference epitomizes the energy and work ethic of General Moorman. His early days at Suitland High to his climb as Vice Chief of Staff have included multiple tasks, always pursued with the very same tenacity. He has been faithful to his principles, to his beloved Air Force, and to his country.

The United States, Mr. Speaker, is indebted to Gen. Thomas S. Moorman, Jr., for selfless service. His careful and ceaseless efforts have laid a foundation for the space and Air Force capabilities which will be a vital part of a strong national security in the 21st century.

I am pleased today, Mr. Speaker, to celebrate before this Congress the accomplishments and retirement of my close and good friend, Thomas Moorman. However, I count him as a friend not for the stars on his uniform but for his integrity and his service to his country.

On behalf of my colleagues in the Congress and as a proud friend, I wish General Moorman sincere thanks for a his commitment and his success. Tom, may your retirement be filled with new opportunities and God's richest effort blessings.

Mr. Speaker, a good nation expresses its profound appreciation for a job well done. Our Nation is more secure and stronger for your having served and led the world's finest Air Force.

THE ECONOMY

The SPEAKER pro tempore. Under the Speaker's announced policy of January 7, 1997, the gentleman from Minnesota [Mr. GUTKNECHT] is recognized for 60 minutes as the designee of the majority leader.

Mr. GUTKNECHT. Mr. Speaker, I am joined tonight by my colleague, the gentleman from Tennessee [Mr. WAMP] who came here with me in 1994, in the class of the 104th Congress. We are going to talk tonight a little bit about where we were, where we are, and where we are going.

We want to talk about what has happened here in this last week because this is a very happy day. It is a happy day, I think, for this Congress. I think it is a very happy day for this country, and most importantly, I think it is a wonderful day for our children, because through this week we have passed for the first time in a generation a balanced budget plan that will in fact balance the people's books.

We have also passed the first tax relief in 16 years that is targeted for middle-class American families. This has been a very, very good week for America's children and for America's families.

I think to really understand how much has happened in the last 3 years here in Washington, I think we have to go back and look at what was happening for the last 40 years. I believe that for the last 40 years Washington had it wrong. For 40 years Washington thought that Washington knew best that bigger bureaucracies could solve social problems. So for 40 years, spending here at the Federal level increased at nearly double the inflation rate, taxes went up faster than family incomes, the debt ballooned and social problems got worse.

Washington had it wrong.

Washington waged a war on poverty. Washington spent over \$5 trillion in that war, and if you take a walk through any burned-out inner city, you will see the victims that that war has brought us.

Ask yourself, who won the war on poverty? I believe that Washington had it wrong.

Washington overtaxed those who worked hard and played by the rules, and they squandered much of it on top-heavy programs that did little but breed more dependency.

When I was growing up, I think when the gentleman from Tennessee [Mr. WAMP] was growing up, we are both baby boomers. I was born in 1951. Most people do not remember who spoke at their college commencement, but I do. When I graduated from college, the speaker was the director of the United States Census. And he told us that there were more kids born in 1951 than any other single year. We are the peak of the baby boomers.

So when I came to Washington, it was with a special responsibility because my parents are still living. They are on Social Security. They are on Medicare. I obviously feel that I have a very strong responsibility to them.

But I also have three children. One of them is already in college and, hopefully, the other two will go on to some form of postsecondary education. So I also understand we have a moral responsibility to our children as well.

Things have changed a lot though since I was growing up. When I was a kid growing up, and I would assume this is true for the gentleman from Tennessee [Mr. WAMP] as well, the largest single payment that my parents made, and my folks were able to raise

me and two brothers on one paycheck. That was really the norm back in the 1950s.

Part of the reason they could do that was that the largest single payment that they made every month was the house payment. Now the largest payment that most families, the average family makes is to the government.

As a matter of fact, the Taxpayers Union says that the typical American family with a median income in the United States today spends more for taxes, when you factor in the sales tax, the income taxes at both the State and Federal level, property taxes and all the other hidden taxes that people pay, the average American family pays more for taxes than they do for food, clothing and shelter combined.

So for 40 years Washington had it wrong. I want to yield to my colleague from Tennessee [Mr. WAMP] and perhaps talk a little bit about what things were like and part of the reason that he decided to "wamp" Congress.

Mr. WAMP. Mr. Speaker, I appreciate the gentleman yielding to me.

I hope that after I speak for a moment about taxes and I yield back the time, that you might recognize the gentleman from Maryland [Mr. HOYER] who has to recognize a patriot. He was not here earlier and, rather than his waiting for an entire hour, if there is any way that we could allow some time to be yielded to him, I would appreciate that.

But while we are on this track about taxes, I was also born in the 1950s. I think today is a day that we should stop, the gentleman from Minnesota discussed what life was like in the 1950s, and just reflect a little bit about the growth of the Federal Government and what has happened. Because I think it is worthwhile to look back.

In 1957, when I was born, my parents paid less than 10 percent of every dollar they made in combined taxes, local, State and Federal put together. The Federal tax rate was only a third of that, but they only paid a dime out of every dollar.

We now know that in today's world, that figure is approximately half. As a matter of fact, Tax Freedom Day is going to take place next week, on Thursday, July 3. That is incredible because July 4, the following day, is Independence Day. And this year independence from the government is actually the day before we celebrate as a Nation that great day each year, Independence Day, because it is going to be July 3 this year before the average American has actually worked long enough to pay all of the taxes that they owe plus the cost of regulation. It is now more than half of every dollar they make.

Let me say this, because I have got a son Westin and a daughter Coty, and I do not want them to work until October to pay the government and then keep what is left.

We know the stress that this problem has placed on American families because let me tell you, the level of tax-

ation is directly tied to how much quality time you have in your family. You talked about the stress that has caused most families to have two wage earners. Mom and dad are both working.

My mother did not work. Thankfully, she did not have to. She spent more time with us. Now moms and dads are both having to work. We also know the family is splitting up and actually single moms I think have it worst of all. And do you know, we need to focus on this issue.

While we are talking about taxes, and we have been debating the level of tax relief, but the fact is there are very few people left now in Washington that will actually argue on behalf of not giving some of the American people their money back, because we had the large tax increase in 1993.

I think we ought to reflect not on just what has happened in the last 2½ years but what has happened in the last 4½ years.

The President of the United States, in his first 2 years, went out of bounds. He went too far to the left. Largest tax increase in history, turning health care over to the Federal Government. The country said, whoa, we did not elect you President to do that.

This President is a savvy politician so he moved back to the middle, moved back towards the middle, was re-elected, moving rapidly back towards the middle. Now he is in agreement that we need to balance the budget within 5 years, reform Medicare, regardless of what was said during the last year's campaign. Now there is bipartisan agreement that we have to do what is right for Medicare to keep it solvent for our senior citizens who so much rely on it and give some tax relief back to the American people, to stimulate the economy and to give that working mother who right now is about hopeless, if she has two children, she is going to get \$1,000 back.

How important is that for the lady who busts her tail to try to keep her head above water? It is very difficult for a working single mother to take care of her family, go to work, maybe work two jobs, some people working three jobs, just to get by, very little hope. Hope is where it is at. That is what is wrong with so many of our children. They do not have hope. And they are growing cynical.

We cannot let our country cross the bridge from skepticism, which they are supposed to be somewhat skeptical of the government. Our Fathers thought that was healthy. But cynicism is disconnecting. No hope. What will I do? Why should I try?

We want to give them some hope and reverse the tide, go back the other way, give them a third of that tax increase of 1993, which caused a political change in Washington, give them a third of that tax increase back. And that is what the Congress did today.

It is not completely through, but today was a step in the right direction.

I want to yield back to the gentleman, but I want to continue this dialogue about where we are on the size of government, the accountability of the government, and why this is real progress.

□ 1845

Albeit, not perfect, but it is real progress.

Mr. GUTKNECHT. We will get back to that.

Mr. Speaker, we were just beginning to speak about how the winds of change have begun to sweep through Washington. I have got a chart up here I am going to talk about in a minute, about how really graphically I think it shows how things are changing here in Washington.

But I think the first indication that things were changing in Washington was the debate we had when we first came here about welfare. For 40 years the answer to poverty and welfare in this country was to build bigger bureaucracies, to take more money away from working families and redistribute it through a complicated welfare system that was created and run here in Washington. The bureaucracy got bigger, and we actually saw an increase in poverty. The real tragedy of the welfare system was not that it cost too much money. The tragedy is that it created too much dependency.

Once again we could see the examples, we could see the victims all around us. I think the American people, as is so often the case, were way out in front of us and they said:

You have got to change this system. It is just wrong. What we are doing is creating dependency. We are creating more illegitimacy. We are creating less hope.

And as you said earlier, when you reach that point where you have no hope, I think that is saddest indictment of all. So some of us said we have got to reform this welfare system, and that Washington does not necessarily know best. There were States like Wisconsin and Michigan and other great States led by great governors that said:

Let us run welfare, send more of the resources and decision-making back to our States, let us supply some of our thinking and creative tough love, and we can go a long way towards reforming this system and reducing the amount of dependency and perhaps encourage more personal responsibility.

That is exactly what we did, and the results are overwhelming. I do not know if my colleague even knows this, but since we were elected to Congress, there are over one million families that are no longer dependent on the welfare system. As I say, that is terrific news, not just because it saves money but, more importantly, because it is going to save people and it is going to save families and it is saving children from one more generation of dependency.

At first, when we first started talking about welfare reform, it was called radical and it would not work and it would hurt people. But ultimately, I

think as John Adams used to say, "facts are stubborn things." We ultimately prevailed in that debate. We got the President to sign that welfare reform.

I was very heartened to learn that even the New Republic, which is by its own admission a liberal magazine, now acknowledges that they were wrong and that the welfare reform that we passed really is working. With a little nudge, as many as 60 percent of the people who were on welfare before can be nudged onto payrolls and off the welfare rolls.

I would like to yield to the gentleman from Tennessee [Mr. WAMP] to talk a little bit about what is happening in his State and around the country, and some of his observations on welfare and poverty and dependency and personal responsibility.

Mr. WAMP. Mr. Speaker, I thank the gentleman for yielding.

Mr. Speaker, if we analyze what is happening out here in our country today, in 1997, and we really yearn, as I do, for a renewed sense of ownership from the people of our government and our country, I actually attempt, which may be thinking out of the box, to represent people who are so alienated or so hopeless they may not even be registered to vote. They may have just completely given up on the government, thinking that Washington is just out of control, it is going in the wrong directions, politicians are all the same.

My colleagues know what I am talking about, because we have all met those people. Many of them just kind of brush you off. They do not want to have anything to do with you. But if we can repair that bridge, to use the President's term, with those folks, and through real change and persistence convince those people that, yes, this country is worth fighting for and, yes, we can fix any problem that we have and for a sustained period of time, I would not expect them to automatically buy into the notion that Washington is finally changing. Because for so long they saw reform come, and then it really was not reform, and they thought that maybe some progress was being made or they wanted to think that, and it did not happen.

So I am really encouraged that we might be able to re-energize these people with a sense of hope that will cause this next generation to vote again, to be active citizens, to take ownership in this great Nation because it is worth fighting for and we cannot afford not to.

I do not want to oversimplify it, but there is a lot of talk now of what caused these million families to go back to work and there is a lot of credit taken. The President wants to take credit and the Congress wants to take credit. We all should remember, as Americans, that great things can happen when it does not matter who gets the credit.

Some of my folks back home, they do not have much confidence in the Presi-

dent, so they basically say, "Well, y'all can do what you want to up there, but you cannot work with him." Listen, the American people elected him, and our President is there for three and a half years. If he is willing to come over towards the middle and meet us on a balanced budget plan to try to leave his place in history, we should meet him there, we should shake his hand and say, "We are going to try to work with you."

The only people fighting that I can see really are the people on the far left. They had their day. They had their day. In the 1960s they promoted the Great Society, the concept that the Federal Government could solve the woes of America, and that was an experiment that failed. We now, being the beautiful country that we are, get up off the ground and dust ourselves off. The people sent some of us here to try to fix this, and it is not easy.

The Founding Fathers never wanted it to be easy. They created such a complex system of government, with separation of powers between the executive and legislative branch, they even cut the legislative branch in half so we have got another body over here to deal with, and it is very complicated to change. But I can assure people that the process has begun.

This big ship of state that was going so much in the wrong direction slowly over time has begun to turn. If we move that big ship of state one degree back in the right direction, over time you totally alter the destination. That is what is happening in this budget agreement.

I was cautiously optimistic all along, wondering if we could make it real, if it would survive, if either side would diminish or bail out of the agreement. I did not want to get too excited about it until I knew more of the details.

This week I worked with the leadership on an issue called enforcement provisions. The gentleman from Texas [Mr. BARTON] and the gentleman from Delaware [Mr. CASTLE] and I have been in and out the leadership rooms.

This week with all of the leaders of the majority side and the leadership of the blue dog Democrats on the minority side to try to bring a freestanding bill, which they have agreed to do in the month of July, to this floor and, if it passes, to roll it into the reconciliation bill and make it a part of this agreement to make sure that, if the projections in this agreement do not go as well as we hope they will, the assumptions do not live up to their expectation, that there are some floats built in so that we stay on track, so that we actually follow through on this agreement, unlike Gramm-Rudman and previous budget agreements that the Congress did not stick with or stick to, that we will actually do that.

Why? Because we, as a country, are on that bridge between skepticism and cynicism, and we cannot lose that next generation. We cannot lose them. We have got to have them. We have chal-

lenges. We need them engaged. We need them to be hopeful and optimistic.

The whole idea is that through this process we can abandon some of the notions of the past that Federal Government is a cure-all for America and move more in the direction of responsibility, individual responsibility, corporate responsibility. We are first responsible for ourselves, then our immediate family, then our community, our citizens at large.

The Federal Government should be one of the last places that we go. But for years and even decades in a row, the Federal Government was the first place people wanted to go, and the Founding Fathers never intended that. Actually, the \$5.3 trillion debt is evidence of that tendency for years to go to the Federal Government first to try to solve the problems of America.

I want to commend our class's colleague, the gentleman from Wisconsin [Mr. NEUMANN], who has come up with a very responsible plan to not just balance the budget and to potentially balance the budget ahead of our schedule, 2002, even earlier, right at the turn of the century, but also to pay off the debt.

□ 1900

Because balancing the budget is one thing, and we should all support a reasonable plan to balance the budget while protecting legitimate priorities, and we have come together on that in an unprecedented and, I think, a historic way.

But then what about the debt? What about that? Let us go ahead and address that while we are getting the American people fired up about their country again and with a renewed optimism, and then say what do we do to get out of debt. We have a plan. I am sure the gentleman is a cosponsor, I am a cosponsor of the Neumann plan to pay this debt off by the year 2026. I believe we can do it. It is a patriotic challenge of our generation. The economy is good; basically, the world is at peace. We have a few conflicts. America has survived.

Let me tell my colleague, this is where we, our generation, should accept this as our challenge, because thank God we are not at war and we do not have the challenges that our parents and our grandparents had to go through so that we could be here today, and we should be grateful for that, but we should not coast. We should not rest. We should not take it easy, and we should not be hopeless.

We should stand up to the challenge and face this as a national imperative to get our country back out of debt and be on solid ground. Why? Because the debt is as much as our defense budget. The interest on the debt every year is as much as we pay for national defense, or as much as we pay for Medicare. Those dollars do not feed children, they do not house the homeless, they do not do one bit of good for anyone. They are wasted dollars. If we could reverse that tendency, every dollar we save could go

for a productive cause. We have to invest the scarce dollars that the Federal Government collects from its people, and they are too high. The amount of money we are spending on the Federal level is too high. We have to restore more accountability.

Steps are being made; more progress can be made.

Mr. GUTKNECHT. Mr. Speaker, I think the gentleman has raised a number of good points. There is some tremendously good news. I, frankly, am not surprised at skepticism, because we have had Gramm-Rudman, we have had lots of budget deals, and lots of times what Congress would do is they would say, well, if you would just let us raise taxes a little bit more, then we would balance the budget. Well, what happened? They raised the taxes, they never cut the spending, and the budget deficit continued to grow.

So there is a good deal of skepticism. Sometimes we need a report card. If we think we are going to get to Chicago, once in a while we have to say, are we headed in the right direction?

Let me just share with the gentleman, and I think the gentleman probably knows this, but some of our Members do not. In our 1995 budget resolution we said that we would spend \$1,624 billion in fiscal year 1997, that is the fiscal year we are in right now. We said we would spend \$1,624 billion. The good news is that we are only going to spend \$1,622 billion. So we are actually going to spend less in that fiscal year than we said we would spend 2 years ago. That is good news.

But I think the news gets even better. Because the economy has been a lot stronger than you or I or any of the economists, the President, the GAO, the CBO, and all the other people who keep score, the economy has been a lot stronger. More people have confidence now in America, they have confidence in the economy, they are out buying homes and cars and investing in new production, and so forth. So we have actually taken in about \$100 billion more in revenue than we expected to take in. At the same time, we have actually spent less than we said we were going to spend. So I think that is great news.

I want to show this chart for the benefit of the gentleman and others who may be watching in their offices. But this is another example how the winds of change are really beginning to blow through Washington. The wind is actually changing, the direction is changing, that battleship is turning, because since 1975 to 1995, for 20 years, every year, if we take an average, these red lines is how much more the Congress spent than it took in.

If we average it all out, and it varied from \$1.09 to \$1.35, but for every dollar the Congress took in, it spent an average of \$1.21. I am happy to report that since we came here, that we have a new Committee on Appropriations, a new Committee on the Budget, and a new Committee on Ways and Means chair,

that since we came to Congress, I would say to the gentleman, that that average has dropped to \$1.08. With this budget agreement it ultimately will reach 99 cents. If we can get to that 99 cent level, and this is where the plan of the gentleman from Wisconsin [Mr. NEUMANN] comes in, that is when we not only balance the budget on a year-to-year basis, but we begin to pay down some of that debt.

I think we ought to set, in terms of a goal of generational fairness, that our generation, the baby boomers, while we are protecting Social Security, while we are protecting Medicare we are going to pay off that debt so that we can leave our kids a debt-free future. I think that is a future that is worth fighting for. That is the way we can guarantee that the next generation and the generation after that will have their shot at the American dream.

Mr. Speaker, as I said earlier, for 40 years I think Washington had it wrong. They thought that they could spend their way to prosperity, and that is the reason that we are spending as much for interest on the national debt as we do for national security and some of the other things that the gentleman talked about. So we have to change that.

But it is changing. The good news is that we are spending less than we expected to spend, we are taking in more revenue than we expected to take in. Frankly, I have some of the number crunchers for the Committee on the Budget and I serve on the Committee on the Budget with the gentleman from Wisconsin [Mr. NEUMANN] and the gentleman from Ohio [Mr. KASICH] and a lot of other good folks.

I had them run the numbers and I said, what if the economy slows down a little bit. One of the myths is that this budget agreement is based on rosy economic scenarios. Right now the economy is growing at about 3.8 percent per year. Our budget agreement assumes that that growth rate is going to drop to 2.1 percent. Frankly, I think it is going to keep going on a much faster rate. So I asked the Committee on the Budget if they would just run some numbers and tell me what would happen if yes, the economic growth rate slowed, but it slowed to more of the average where it has been for the last 15 to 20 years, which is about a 3.2 percent growth rate.

If we do that, the interesting thing is that: First, the budget balances in the year 2000, and by the year 2002 we will have a surplus of over \$200 billion in the Treasury. No one knows what is going to happen next year or 5 years from now. I think the gentleman's recommendations for some kind of enforcement provisions is a very good one and we ought to give it very careful consideration.

Mr. Speaker, I think the good news is we are keeping our promise, we are ahead of schedule, we are under budget, we are doing what we said we are going to do, and I think the American people understand that.

I would like to yield back to the gentleman and maybe we can talk a little more about making government more accountable and encouraging more personal responsibility and what else is happening with the budget.

Mr. WAMP. Well, we also talked about the economy. I think it is important to look at what the economy may do in the short run. I am convinced that it will be a real shot in the arm to an economy that is already performing well if we follow through on tax relief. I believe when people look back and say well, how did this economic trend continue for this long, frankly, I think one of the reasons is because the American people sent this new Congress here and they actually saw us reducing spending.

Now, as the gentleman knows, I serve on the Committee on Appropriations, and just this week we marked up, we wrote the legislation, for the legislative appropriations bill. Now, there are 13 appropriations bills that have to be passed out to fund the discretionary portion of the Federal Government. It is an interesting trend what has happened since 1965, but in 1965, the Congress actually appropriated about two-thirds of the money, and a third of the money was entitlements, automatic spending.

Well, that has just about reversed from 1965 to 1996, last year, where it is just the opposite. Entitlements and interest have two-thirds, and we only appropriate about one-third. Of that one-third that we appropriate, as you well know, about half of it is defense, and the other half is all the other non-defense discretionary bills put together.

So here we are making these reductions in this small portion of the Federal budget, but we have shown Wall Street, we have shown the American people, that we are willing to reduce spending for the first time in 26 years. The legislative branch, which we voted on this week, actually is experiencing a freeze after in the last 2 years a slight reduction actually, in actual dollars, not indexed for inflation, but in actual dollars, and previously we had reduced that legislative budget so much, first saying let us clean up our own House, let us start here in the Congress itself, reduce the staff, reduce the committees, reduce the legislative budget. We did that.

As a matter of fact, if all of the other appropriations bills were treated the same as the legislative appropriations bill, I was told this week the budget would be balanced in 2 years.

Mr. GUTKNECHT. Mr. Speaker, it would be balanced today if we had started in 1995.

Mr. WAMP. That is right. If we started prospectively, I am told the budget would be balanced in 2 years.

So things are going in the right direction. I believe that the markets are a reflection today of the renewed confidence that things are changing in Washington.

Mr. GUTKNECHT. Mr. Speaker, it is not just the markets, it is consumer confidence. I think there was a report out yesterday that consumer confidence is about at a record all-time high.

The American people in Washington for the first time say what they mean, mean what they say and do everything within their power to actually get it done.

I want to talk a little bit about this chart, because I mentioned it earlier. If the gentleman can see the red bars, going back to our 7-year balanced budget plan, which unfortunately the President vetoed and only parts of it actually became law, but thanks to the hard work of the folks on the Committee on Appropriations where they cut about \$50 billion in wasteful spending and we also began the process of reforming and controlling the growth of entitlements, but this was our plan over 7 years.

Those are the red bars of what the deficits would be. The blue bars are where we actually are. And again, it points out, we said we would have a budget deficit in fiscal year 1997 of \$174 billion. It is really going to be something more like \$70 billion. Because of slower economic growth projected for next year, it does take a slight move up, but frankly, I think if we are anywhere close, and this goes back to another point that we both made, that if we talk to economists, if we talk to regular folks and we asked them what do they think will happen to the economy if everybody believes that Congress is going to balance the books, No.1; and No.2, if we allow them to keep and spend and save more of their money, do they think the economy will slow down, or do they think it will remain strong?

Virtually everyone that I have talked to from some of the top economists to some of the top business people to just regular folks at the barber shop, they believe that if we allow people to keep more of their own money and if we are serious about balancing the budget, real interest rates are going to come down and real economic growth is going to remain strong.

So that is why I believe, and I am not an incurable optimist, but I think I can back this up and time will prove me right, that if we actually can get this budget plan signed into law and begin the process of allowing families to keep and spend and invest more of their own money, I think we are going to have a strong economy, not just for the next year, but probably well into the next century.

Mr. WAMP. Mr. Speaker, I would like to say this again. Sometimes back home I get in trouble for being too honest, brutally honest at times about what really the situation is here in Washington as I explain it to people and do radio talk shows or town meetings or whatever. If we are talking about the deficit for this coming fiscal year, which is fiscal year 1998, and as

the gentleman has pointed out, it is \$49 billion less than our plan when the Congress came in and passed the 7-year balanced budget plan, the deficit for fiscal year 1998, according to our glide-path that we originally passed, was going to be \$139 billion, and now this new plan, as agreed upon by the President, has a \$90 billion budget deficit and we discussed the fact that it is up from last year, part of that, though, and in all fairness and in brutal candor to the American people, which I believe that they now expect and deserve, is that the President in this agreement wanted to increase some discretionary spending in the short run over what he calls his priorities.

Again, this is a system that has worked very well for over 200 years in this country. It includes an executive branch with veto power. We have to have a supermajority, a two-thirds vote of both bodies to override his veto.

□ 1915

This Congress does not have that. If we want to see progress made at the end of the day, there has to be some compromise on both sides. I want the folks back home, some of my wonderful, hardcore conservative friends who say we should not have been increasing domestic spending in the short run in order to get this agreement, in an ideal world I agree, but for 3½ years politically we do not have an ideal world. We have a split government with an executive branch from one party and a legislative branch solidly from the other party. Where we can, we are going to need to work together.

I think the American people last year said, you all let the temperature down just a bit. The 104th Congress was a little too partisan. Try to work together. Do not engage in shallow, divisive rhetoric, because at the end of the day, in my opinion, there are only two kinds of politicians, only two kinds of leaders, those that unite and those that divide.

The politics of division is not good for America. It has been very popular in recent years. They even have phrases called wedge issues. By definition that is an issue that will split people into two parts, and then you can pander to one part because the wedge issue divided that group of people.

The politics of division has now risen to prominence in America. I think that is part of the cynicism, is they do not like attack politics. They do not like the politics of division. There are leaders who have succeeded by bringing people together. The politics of unity. Alex Haley, a wonderful Tennesseean, used to say, find the good and praise it.

We need to find what it is we can agree on and come together on that, and set aside for the purpose of that discussion and for the moment our differences, and certainly not allow the politics of division to win the day.

That is not an exclusive propensity for either side of the aisle. I believe neither party has an exclusive on integrity and ideas, and frankly, I believe

there are Members of both parties in Washington and across the country that engage too much in the politics of division and not near enough in the politics of unity. We need more leaders in this country that will say, OK, what can we agree on? Where can we meet in the middle?

Instead of saying, well, you just cannot trust the President, I think we should say, if the President is willing to meet us close to the middle, what can we agree with?

So the deficit does right there tick up in the short run, but we get real entitlement reform to save Medicare, keep it solvent, because it is hemorrhaging.

Mr. GUTKNECHT. Absolutely.

Mr. WAMP. Medicare, even though it was demagogued, they called it medagoguery in the last election cycle; it is hemorrhaging, losing millions of dollars every day until we fix it. In order to fix it, we have to rein it in. In order to get that accomplished, we have to say, Mr. President, what does it take to get your agreement? We would not have had the agreement.

Frankly, it is not an ideal situation. The ideology cannot win the day. There is a pragmatism that has to set in. In this country today we have this mixed government. We are not going to have another election to change that, so what can we do in the meantime to try to reach some common ground? Move the country forward, engage in the politics of unification again, because our country has so many problems, I am afraid if we do not work together in this city and across this land.

Mr. GUTKNECHT. Mr. Speaker, I would say to the gentleman I generally agree with what he has said, although I would phrase it somewhat differently. I think in the book of Ecclesiastes it talks about there is a time for everything, a time for war and a time for peace. In politics there is a time for confrontation. There are clearly some times when you have to draw a line in the sand and say, beyond this point there is simply no retreat.

Perhaps we engaged in too much confrontation during the last Congress. But on the other hand, there is also a time for cooperation. I know some of my supporters, as the gentleman has back in Tennessee, really, they kind of like the politics of confrontation. Clearly they see it sometimes as a spectator sport. But in the end we have to do what is best for America. We have to do what is best for American kids and what is best for American seniors.

So in some respects, if the gentleman and I were to sit down and write a budget agreement, probably it would not look exactly like the one we voted on this week. The same is true with the tax bill. If I could have written the tax bill, it probably would have been significantly different than the one I was proud to vote for today.

In the end, this is about getting 218 votes here in the House, 51 votes in the

Senate, and getting the President to sign it. I think the great news is that after going through some of the politics of confrontation, which in my opinion were important because they began to lay the foundations for where we are today, I honestly do not believe that we would have a budget agreement as good as the one we have, had we not been willing to demonstrate in the last Congress that we were willing to stand and fight. I think we would not have had as good a Medicare reform plan as we have today if we had not been willing to demonstrate that we were willing to fight for the principles we believed in.

On the other hand, we had to make some compromises. We could not completely ignore some of the President's priorities. There will be more money in education which I think generally, though, when people begin to analyze it, I think they are going to like some of the stuff that is going to be done for education. I know education, whether we are in Tennessee or Minnesota or wherever, is a very high priority with the American people.

So yes, it is a compromise. It is cooperation. We are trying to work together, because we understand that the greater good is what is really good for the American people.

Mr. WAMP. Mr. Speaker, I appreciate the gentleman yielding to me, and I have enjoyed this discussion immensely. I think it is a worthy effort that we have engaged here in Washington.

Mr. GUTKNECHT. Reclaiming my time, Mr. Speaker, I did want to talk just briefly, and we ought to spend a couple of minutes talking about the tax bill we passed today. I think there has been, just as we had a little bit of disinformation about Medicare, we have heard a little bit of disinformation about the tax plan.

I just want to say, and these are from the Committee on the Budget, the Committee on Ways and Means, I am sorry, but they have all been confirmed by the Joint Committee on Taxation. I would hope that whether people live in Minnesota or in Tennessee, wherever they are, that they would get the facts.

I think the facts speak for themselves. The bulk of the tax relief that is in this package, in fact, I think it is very accurate to say that 75 percent of the tax relief that we passed today is targeted at families that earn less than \$75,000. Despite all the disinformation that has been spread, I think families can figure that out for themselves.

I would like to tell the story, I was going home last week. I was driving into our neighborhood and there was a garage sale. There was a family getting out of a rather beat-up car. They were going up to this garage sale. They had three kids that were able to walk and then there was one chubber that was about maybe 8 or 9 months old that was permanently attached to mom's hip, you know that type.

I thought about our tax relief package in this budget. I really thought,

you know, this is what this is all about, because by balancing the budget we are preserving the American dream for those kids, and by passing this tax relief package we are going to provide real tax relief to families like that, millions of families like that.

This tax relief package will benefit 41 million children in this country, and \$500 times those four kids is \$2,000. That may not seem like a lot of money to some of the folks in Washington, some of the well-paid lobbyists who hang around these halls, but \$2,000 to the typical family with four kids, that is a lot of money.

Take that family at \$40,000 with three kids, and that is \$1,500 plus the educational benefits, so this is a great package for American families. I am proud of it. It is not exactly the plan I would have written, maybe not the plan the gentleman would have written, but it is a great plan for America's families.

Mr. WAMP. If the gentleman will continue to yield, Mr. Speaker, under this agreement, which I now believe at some point will be signed into law and enacted and the people will actually receive this tax relief, 767,000 children in the State of Tennessee alone will qualify so that their parents receive a \$500 tax credit in the coming year. That is incredible, just to think about 767,000 just in the State of Tennessee.

There was a lot of debate on the floor today about who is wealthy and who is not wealthy. Working families in this country, just because you have a job and own a home, a lot of the definition we heard today, if you own your own home you were classified by their definition today as wealthy. I hope you do own your own home, regardless of what it is worth. Home ownership is a great thing in this country, something that should be held up for hope and for opportunity as a goal that people should have.

I do not care if that single mom I was talking about earlier is making \$18,000 a year or \$30,000 a year, but if she has children 16 years old or under she needs that relief right now. That is going to help her, and I think it is going to stimulate our economy.

Then the other two areas of tax relief that I really believe in that are part of this agreement is increasing the level of death tax on families for assets. In my part of the world in Tennessee, many parts of my district are rural, where families own a farm. That farm has risen in value. It is called inflation that brought it up. They did not pay that much for it, but they have had it for a long time. They did not pay that much for it. They did not have that much to pay, but maybe they got it from their parents, and now the farm is worth more than \$600,000, so if their parents die they would have to sell the farm, many of them, in order to pay the taxes, sell the family farm. That is unfair. This is an unfair tax. We should continue to lift that exemption as high as we can take it.

Then the capital gains tax is being reduced, the rate, and it is an unfair tax, too, because it is another tax on inflation. Other industrialized countries that we compete with in a global economy do not even have a capital gains tax rate, like Japan and Germany. We need to not tax inflation. We need to have incentives for people to save and invest that stimulates the economy.

We have an argument in this country over supply-side economics or not, but the fact is tax relief in the right way stimulates the economy and generates more revenue than it ever costs on the budget side. I really believe this is a step in the right direction.

I appreciate the gentleman's time tonight. I have enjoyed our colloquy. I hope the American people maybe better understand what we are trying to accomplish in good faith in this city at this critical moment in our great country's history. I hope the gentleman has a grand Fourth of July back in Minnesota.

Mr. GUTKNECHT. Mr. Speaker, I thank the gentleman from Tennessee. It has been a great hour. It has gone very fast.

I would just like to close by saying this, this is an important first step. This was a very important week for American families, because we are beginning to restore accountability to government. We are starting to encourage more personal responsibility. We are sending more of the authority, the responsibility, and the resources back to neighborhoods and communities, and most importantly, to families.

As I said earlier, for 40 years Washington had it wrong. Washington thought that Washington knew best. For 40 years both the bureaucracy and the debt ballooned, and what happened? Our social problems got worse. The real answers to most of our social problems cannot be found here in Washington. They are with our families. That is what this week was about. That is what our budget is about. That is what our tax plan is about. Our families in America are winning now, and with their help, we are going to keep them winning.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. YATES (at the request of Mr. GEPHARDT) after 12 noon today, on account of personal reasons.

SPECIAL ORDERS GRANTED

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

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

Mr. BONIOR, for 5 minutes, today.

Mr. FRANK of Massachusetts, for 5 minutes, today.