

States Constitution, have been deprived by final actions of Federal agencies, or other government officials or entities acting under color of State law; to prevent Federal courts from abstaining from exercising Federal jurisdiction in actions where no State law claim is alleged; to permit certification of unsettled State law questions that are essential to resolving Federal claims arising under the Constitution; and to clarify when government action is sufficiently final to ripen certain Federal claims arising under the Constitution, which was referred to the House Calendar and ordered to be printed.

CONGRESS SHOULD EXERCISE OVERSIGHT REGARDING IRS

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

Mr. OWENS. Mr. Speaker, I suppose the item of the day in terms of significant news is the fact that the Democratic minority leader has decided to also throw his lot in with those who want to make the highest priority of reforming the IRS, the Internal Revenue Service. I want to get on board, too. I cannot think of any American out there who does not think that we could improve the Internal Revenue Service in some way, and hopefully in a way which relieves us of some of the unjust items that have affected us in the past in some way.

But, in all seriousness, it is long overdue. The IRS has been neglected by Congress for too long. Congress, in general, is delinquent in its oversight responsibilities for the Federal Government. In the 15 years that I have been here, I have watched how time is frittered away and it is always the item which captures the most headlines for the moment that gets the most attention, while the important functions of government, and the gigantic agencies of government, like the Internal Revenue Service, they go on and on and they get very little oversight.

I suppose that is why IRS stumbled into a \$4 billion blunder in the setup of their computer operation in an attempt to computerize themselves. Not enough Congressmen were watching. Not enough outside independent monitoring was going on, and there are probably numerous other areas in the IRS which need reform.

Mr. Speaker, I certainly hope that the debate on IRS will not degenerate or remain at the level that it is. It is sort of standing at a very low level. We are interested more in paper clips and rubber bands and operations that are at a very primitive level than we are in the total philosophy that guides IRS and the total setup of policies that emanate from the Congress through the Committee on Ways and Means and the Senate Finance Committee.

I hope that the debate about IRS will be a long and fruitful one. I hope that it will be a very thorough one, and I hope that we will look at all aspects of what is happening with our Internal Revenue Service, what is happening with our revenue collection processes.

Revenue has always been, and I have said this many times before, neglected by people who are progressives, liberals, whatever we want to call us these days. We have never spent enough time looking at revenue collection, taxes, tax policies, and that has caused some serious problems, the fact that there has never been a balanced debate or the kind of attention focused on the revenue process that we should have.

For the past few years, I have been insistent that we take a hard look, an intense and thorough analysis of what is going on with respect to revenue collection. I was fascinated. I am not on the Committee on Ways and Means, I am on the Committee on Education and the Workforce. I am concerned primarily about why there are no funds for programs like the school construction program. I am concerned about the fact that while we are lumbering along with an antiquated education system in some obvious ways. It needs help from the Federal Government and we are not supplying that help. I am concerned about our priorities and why we continue to give the impression to the American people and the world that we are a bankrupt Nation or almost a bankrupt Nation when it comes to the area of education, in the area of youth employment or a number of other worthwhile programs. We always have enough money for defense and we increase the defense budget, but we do not have enough for education.

So, my concern for expenditures related to positive programs like building schools led me to take a closer look at the revenue side of the equation and several years ago, I became fascinated by the fact that our income tax collection process, our income taxes produce a large amount of taxes from individuals and families and a much smaller percentage from corporations.

Corporations are where the money is, so I was fascinated by the fact that at present about 11 percent, of the last figures I looked at, the records that I saw, 11 percent in 1996 of the income tax collected was collected from corporations, while four times that much was collected from families and individuals, 44 percent.

So, the policies and the laws which govern and guide IRS are of very great interest to me. How much of that inequity in collection, inequality in the collection between corporations and families and individuals is due to the fact that Congress made the wrong kinds of laws, or the laws are imbalanced, they are not in balance in terms of collections from corporations versus individuals and families. How much is doing to the wrong policy? The wrong philosophy? And how much might be

due to IRS and its administration, its implementation of the policies that have emanated from Congress? Is IRS delinquent in the way it pursues collection of revenue from corporations? Does it spend too much time, an inordinate amount of time pursuing families and individuals and shy away from pursuing collection of taxes from corporations because they are so big, they are so complicated, they have lawyers, they have tax accountants?

We have all seen in the past remarks made by people in the executive branch of government concerning the need to focus on collecting taxes where we can collect them more rapidly. I think in the Reagan administration there was a statement made that IRS should not waste so much time with corporations, it takes too long to get the collection. Middle-class people are the people who will respond when the IRS goes for the collections. If there are problems, then pursue middle-class taxpayers and we will get a better return, a more rapid return in terms of collection.

How much of that permeates the modus operandi of the Internal Revenue Service?

Those kinds of questions I would like to see raised and answers.

There is another aspect of the debate which I think also I have raised before and we should take a hard look at, and that is how fair is our revenue collection policy and how fair are the procedures?

When we have a situation which has persisted for a long, long time, more than 10 years, we will talk about just the last 10 years, but it is probably the last 20 years that we have had the situation with respect to New York City and New York State. We have a situation where big cities like New York City and big States like New York, industrial States, have consistently paid more into the Federal coffers, the Federal Treasury, than they have gotten back. The balance of payments has been way out of kilter consistently over the years. I have discussed it on the floor of this House on several occasions.

Senator MOYNIHAN quite a number of years ago started making a study, an analysis, of which States are in a position where they are paying more into the Federal Treasury than they get back in terms of Federal aid. So it has become a very thorough kind of analysis, and now it is supported by the John F. Kennedy School of Government at Harvard and they produce a nice booklet every year and the latest version of the booklet I have in my hand. It is entitled "The Federal Budget and the States: Fiscal Year 1996," the 21st edition.

□ 2115

I was wondering before about how long we have done this, 21 years. For 21 years this study has been done, and Senator MOYNIHAN does it now in conjunction with the John F. Kennedy School of Government. It is available,

and I hope that certainly the policy-makers in States like New York, New Jersey, Connecticut, the States that find themselves paying enormous amounts more into the Federal Treasury than they are getting back in terms of Federal aid, New York State is not so bad.

This year we only paid \$14 billion more into the Treasury than we are getting back. In the past it has been \$16 billion and at one point it was \$23 billion more was being paid by the taxpayers of New York into the Federal coffers than they were getting back in various forms of aid. This ranges all across the board, all forms of Federal aid.

So it is interesting that New York State columnists and New York State legislators, Congressmen, city councilpersons, assemblymen, State Senators have never been that concerned about this imbalance. Senator MOYNIHAN first made a speech about it at a community college in New York State, New York City. He was hoping it would attract the attention of the press, but it did not.

The press, over the last 21 years, has basically ignored a basic injustice in revenue collection and distribution. We do not get back nearly as much as we put in. New York State now ranks third among those who suffer from this imbalance. At the same time New York State now ranks third in the amount of poverty that it has. That is pointed out in Mr. MOYNIHAN's statement here. It is an important piece of irony.

I am sort of stimulated and led to return to this discussion, and maybe I will be repetitious and say things I have said before here, but I am led to return because there was a columnist in the New York Post on Monday, October 13, who happened to single me out in his discussion of the New York economy and in his discussion of the fact that this piece of literature is produced every year and that New Yorkers seem to ignore it.

Mr. Fred Siegel, a columnist for the New York Post, I do not know much about Mr. Siegel, I have not read him that often, but I think it is interesting that he pointed out in his column that we have this situation where the economy of New York City is in serious trouble. It is ready to fail.

The point he was making primarily was that in the present mayoral election in New York City, we have a municipal election, borough president Ruth Messinger is running against incumbent Mayor Rudy Giuliani. He was stating that in this election there is very little talk about the economy of the city. The discussion of the economy of the city does not focus at all on the fact that New York City and New York State are in the situation where they continue to pay more into the Federal Government's coffers than they get back.

And during the course of his discussion, he says that this is a subject that officials should be addressing, the

mayor and his opponent should be addressing it. And he also pointed out that the Members of Congress should be addressing this subject. Particularly, he says Representative MAJOR OWENS devotes his time to long rambling and incoherent speeches on poverty and welfare reform before an empty House Chamber. I was stimulated, of course, to respond to Mr. Siegel and I think that Mr. Siegel and all the columnists in New York City's papers, the Times, the Daily News, the Post, columnists, reporters, Mr. Siegel has thrown out a challenge to elected officials.

I would like to throw that challenge back to the columnists and reporters. Why is it that the editors, the columnists, the reporters of New York City and New York State refuse to accept the fact that we are being swindled and that we are a donor State to an ungrateful set of States out there who make speeches on the floor criticizing New York all the time.

Why do we continue to accept the drain from New York State without putting up a fight, even if we can do no more than have a rhetorical fight at this point? Certainly the people of the State ought to be aroused by the columnists as well as by elected officials and begin the debate. We do not even have a debate now. There is really no challenge.

I have quotes here from Mr. Siegel and other columnists who think that New York's Congresspeople are not interested in this problem and we have done nothing in the past. I do not know about my colleagues in the Congress from New York, but I have the proof here that I have consistently spoken about this very problem. I only went back one year, 1996, and I found three occasions where I talked at considerable length about the problem of the drain of dollars from New York State and New York City: March 12, 1996, March 22, 1996, and April 16, 1996. I talked at length about this very problem. I quoted from the statistics from the previous edition of this book, the Federal Budget and the States.

I would like to say Mr. Siegel and all the other columnists and the editorial boards of the New York Times, the New York Post, get a copy. It is a fascinating book. It was made even simpler to read this time. Join the few Members of Congress and other political leaders who are aware and who are discussing this matter.

Mr. Siegel is to be congratulated. He put his finger on a very important problem in terms of the mayoral election. There is not enough discussion about New York's economy. His article appeared in the Post, as I said before, on Monday, October 13, and is entitled "New York Economy Ready to Fail but City Politicians Do Nothing to Stop the Hemorrhage of Wealth."

I am just going to quote a few items from Mr. Siegel's column. He is really writing about the mayoral election and that is his primary concern. He criti-

cizes both candidates for mayor, the democratic candidate, Ms. Messinger and the incumbent Mayor Giuliani. He even throws in the candidate for the Socialist Workers Party, Olga Rodriguez, and says she at least talks about the economy, even though she is still trying to fight the October revolution. Talks about the kinds of things that have been discredited in terms of the fall of the Soviet empire.

But he does talk about it, and I think it is a proper point of start, a jump-off point for a bigger discussion. And I hope that other journalists and editors will pick up and we can really begin to deal with the problem.

Quoting from his article, Mr. Siegel says, and I quote, on Thursday, the Federal Reserve Chairman, Alan Greenspan, warned that the economy is on an unsustainable track. Less cautious observers suggest that stocks are overvalued by 20 percent. Is there a crash in the offing? Probably not. But there does not have to be for the city to suffer. Should the market drop to 6000, a level that just a few years back was unthinkable high, the city will start to slide into a fiscal meltdown.

What Mr. Siegel is saying is that the present prosperity of the city, such as it is, and it is a spotty prosperity, certain neighborhoods have not enjoyed it at all, but overall the city looks good on paper. The mayor has just announced a surplus of more than \$150 million. The Board of Ed has announced a surplus of more than \$150 million. The Transit Authority has announced a surplus. These are all bodies which inflicted heavy taxes on the backs of the poorest people in the city, heavy suffering on the backs of the poorest people in the city.

The Transit Authority raised the fare from \$1.25 to \$1.50, and people going to work every day can feel that in their pocketbooks in terms of poor people having to pay \$1.50 to ride the subway or the bus. But now they come up with a surplus. And that is a whole other discussion.

The mayor has cut numerous programs in neighborhoods. He has cut back drastically on the hospitals, city hospitals, a number of other places where tremendous cuts were made. And the most devastating cuts of all were, of course, made in education. We are suffering mightily as a result of those cuts. But we now have a surplus, and part of the reason given for the surplus is because the stock market is booming. And New York City and New York State have a tax on stock market transactions. Every time there is a transaction, we reap revenue.

So what Mr. Siegel is saying is that that will not go on for much longer. We cannot expect to prosper or to have our budget balanced indefinitely by the gyrations of the stock market. We have to do something better than that. And I agree with Mr. Siegel on that point.

The low rate of job growth, I will quote Mr. Siegel again. Beyond the halo of Manhattan prosperity, unemployment is 11.4 percent in Brooklyn,

12.6 percent in the Bronx, total employment, according to a report from the State Comptroller's office, has grown by 1.1 percent over the past 3 years and New York State as a whole. That may be good for New York but it is considerably less than half the national rate of 2.7 percent. We are at the peak of the national business cycle, but the gap between the city unemployment rate and the national unemployment is the highest in recorded history.

To sum up and clarify, I am reading from an article by columnist Fred Siegel that appeared in the New York Post on October 13, entitled New York Economy Ready to Fail but City Politicians do Nothing to Stop the Hemorrhage of Wealth. In this column he mentioned my name and said that while this is going on, we are neglecting the problem of the fact that we have a hemorrhage of wealth and people like Major Owens make long, rambling and incoherent speeches on poverty and welfare reform before an empty House Chamber.

My speech, I assure, is not incoherent at all. Step by step I am saying that I agree with you that we have neglected, as political leaders and as columnists and editors, we have neglected a major problem. I hope that your article and my speeches here, which are not different from the kind of speeches I have been making all along, will spark a debate among New Yorkers so that they can get themselves together and understand where the enemy is and go out and demand a just sharing of Federal revenue.

We are \$14 billion in the hole this year, \$16 billion last year. And it has gone as high as \$23 billion, where \$23 billion more has been paid into the Federal coffers than we received back.

At the other end of the spectrum, we have New Mexico, which receives the greatest amount per capita of Federal aid above the amount that it puts in.

□ 2130

We have places like the Speaker's county in Georgia, which is one of the highest per capita recipients of Federal aid. We have the great State of California, which has a booming population, but compared to New York, their balance of payments has gone way down because they are the recipients of disaster aid.

If it is not a mud slide, it is a hurricane or an earthquake that leads to Federal money being pumped into California's economy. And California now is contemplating El Nino and the results of El Nino and what El Nino might do to the weather, and the weather may lead to some catastrophic natural disasters.

I am all in favor of people being helped when they have natural disasters, but this may be one of the areas where States should go it alone and not have to come to the Federal Government for a handout. It is certainly a very unfair situation for certain States to continually have floods and earth-

quakes and various catastrophes that they know are going to happen and they are not prepared for them. As a result, their economy is rewarded by enormous amounts of money being pumped in to deal with those disasters.

Somebody should do a study on California's economy, the amount of damage done, the estimate of the damage versus the amount of Federal aid that flows in and the amount of Federal aid combined with the amount of local and State aid, and we might find that disasters are really a great benefit in kind of a perverse way.

I am not going to go into it in too much detail, but all of these things need to be looked at when we start criticizing the kind of economy we have in New York. And it has been the subject of a great deal of criticism, which I will quote in a few minutes.

But I want to continue and complete Mr. Siegel's article. Mr. Siegel goes further and says the low rate of job growth accounts in part for the facts that despite the city's image of wealth and power, 2 million New Yorkers live in poverty. Two million New Yorkers live in poverty. An average household income, adjusted for the cost of living, is about 16 percent below the national average. These numbers will only grow in the case of a recession.

I want to repeat that, quoting from Fred Siegel's article, the low rate of job growth accounts in part for the facts that despite the city's image of wealth and power, 2 million New Yorkers live in poverty. And the average household income, adjusted for the cost of living, is about 16 percent below the national average. These numbers will only grow in the case of a recession.

He has already quoted before that unemployment in Brooklyn is 11.4 percent; unemployment in the Bronx, 12.6 percent. While the city's overall economy is benefiting from the stock transfer tax and the city has a surplus in its budget, rampant poverty is still there. And New York State, as a whole, now ranks third in terms of being among the poorest States in the Union having the greatest amount of poverty. Two million New Yorkers living in poverty.

Mr. Siegel goes further and says that the growth of wealth and power in the high-tech West has been one of the two massive transfers of wealth and power undermining New York's position in the national economy. The shift of economic power to the West is matched by the continuous movement of Federal dollars to the South.

Senator PATRICK MOYNIHAN just issued his 20th annual study of the balance of payments between various States in the Federal Government. Well, Mr. Siegel, it was not the 20th, it was the 21st balance of payment study between various States and the Federal Government. For the 20th consecutive year, the average New Yorker sends roughly one thousand more to Washington than he or she gets back, and it is even worse for New Jersey and Connecticut, residents of New Jersey and

Connecticut and the surrounding metropolitan region.

The South, by contrast, is the big net winner. Continuing to read from Fred Siegel's article of October 13 in the New York Post, "Did this massive redistribution of resources come up in the mayoral debate? No. Is it a pressing matter for our daffy delegation of Congress?" And he goes on to criticize Congress Members from New York for not paying attention. Even drops my name, as I have just read before.

But I am not guilty, and Mr. Siegel, I would like to join with you, as I said before, in stimulating the most voluminous, thorough, intense debate possible about this whole matter.

Successful institutions, Mr. Siegel says, like successful people, learn from their pasts and adapt to new conditions. Neither of the major candidates seems capable of the adaptations necessary to stem the flood of wealth and influence away from New York.

And, like Mr. Siegel, I am baffled by the fact that New York leaders, politicians, clergymen, columnists, editorial writers for years on end continue to ignore what is contained in this book. The Federal budget of the States contains a graphic picture of the wealth flowing out of New York State into the rest of the country.

We could use \$14 billion. Our economy could certainly benefit from \$14 billion being sent back. Or even \$7 billion. Let us take half. Maybe there should be some kind of revenue-sharing provision written into the Tax Code where States are always given back at least half of what they put in beyond what they normally get back from the Federal Government.

Maybe that would be a creative idea and maybe it would be acceptable to everybody, because the people in this Chamber who yell the loudest about States' rights are the ones who seem to benefit the most from this imbalance. The Representatives of the recipient States are the ones who talk most about States' rights and the need to have States do it on their own, go it on their own, do not interfere, no mandates. If we do not want any mandates, that might be a good idea. But why should we have Federal dollars flowing in large amounts into the States who do not want Federal interference?

Now, certainly the tradition of the Northeast and New York State supplying more in terms of its contribution to the Federal budget than it gets back is a tradition that was not blindly initiated. I think Franklin Roosevelt and people who developed the New Deal knew very well that the rest of the country needed help and they deliberately came up with policies that related to taxes and expenditures which spread the wealth across the country. The greatest beneficiary of the New Deal were the southern States, and they still are the greatest beneficiaries of the way that we distribute Federal dollars.

The New Deal was something that New Yorkers were proud of, and for

years progressives and liberals have always been proud of the fact that money has flowed from the northeastern States, the industrial States, out into the rest of the country. And we have taken care of the national interest that way. However, in the past few years, New York and the big cities like Chicago, in an industrial State like Illinois, and New York and New Jersey, and these big industrial States that have big cities are being constantly criticized for serving as a drain on the Federal Treasury.

People who don't look at the figures tell us that New York is a great drain. I do not know where his assumptions came from, but the gentleman from Georgia [Speaker GINGRICH] more than once on the floor of this House over the last 10 years that I have been here has been particularly focused on New York City and New York State as being wasteful of Federal dollars.

I think that at one point in 1995 he stated that New York was quote, "Saddled with a culture of waste for which they want us to send a check." New York was saddled with a culture of waste for which they want us to send a check. Who is us? Send it from Georgia? Georgia is a recipient. They get more money from the Federal Government than they pay in. How would they send a check to New York? We continually send the check for the rest of the country.

The Federal Government is not going to bail out the habits that have made New York so extraordinarily expensive, quoting the Speaker again. The Speaker stated that the Federal Government is not going to bail out the habits that have made New York so extraordinarily expensive.

Conventional wisdom came to be believed on the floor of this House that New York was a financial sinkhole. New York was inefficient, wasteful, a drain on the public purse. I suppose that the Congressmen and Senators from New York have a lot of blame to bear. They must bear the burdens of blame for allowing this to happen, when we have the figures here for the last 20 years which show that New York has not been a burden on anybody. We have been the donor of large amounts of taxes flowing into the rest of the country.

Now, in the days of FDR, it was a conscious transfusion. They consciously decided that the northeast States, and New York among them, should help to supply the money needed to sustain the economies of the rest of the country. What started as a transfusion, a voluntary transfusion, has now become bloodsucking. It is really sucking the blood of a dying economy.

Mr. Siegel is right, the New York economy needs help. It is the last place that should have to continue to send out billions of dollars that do not come back. Speaker O'Neill used to say that all politics is local. All income taxes are local and many other taxes are

local, but certainly income tax. People live in a locality. They live in a city, a village or a State. They pay their taxes, and they flow up to the Federal Government.

The Federal Government does not generate any taxes. In Washington, we print dollars, paper, but those paper bills are symbolic of the revenue that is collected from across the country. So it comes out of the localities and the States. It comes from New York, the billions come, and they do not go back in any just way to a State that now needs it to come back.

There was a time when we did not need it, but we need it now, and the Members of the congressional delegation of New York ought to lead the fight to get into this debate about the Internal Revenue Service, a discussion of how revenue is distributed in America. Nobody has a right to take from one set of localities and give to another unless there is some kind of formula, some kind of rationale.

It is now a habit. It is not a voluntary transfusion, it is bloodsucking. We have to stop the tax sucking, the bloodsucking, and look at the dying economy of New York City and reroute the blood, reroute the taxes back into the economy of New York City.

Let me just read from Mr. MOYNIHAN's introduction to this year's edition of this wonderful book that comes out every year, *The Federal Budget and the States*. In his introduction he says some interesting things. He talks about, a little bit about the history of taxes, income taxes, for example.

An income tax was proposed by the Secretary of the Treasury, Alexander J. Dallas, in the Madison administration as a means of financing the War of 1812. The war ended before anything was agreed, but the idea was in place and the legislation with respect to income tax was enacted in the Civil War and continued until 1872.

Legislation that put the income tax in place actually had been conceived as early as Madison's administration during the War of 1812, but it was enacted in 1872. In that period, New York alone, quoting from Mr. MOYNIHAN's report, New York alone paid one-third of the entire tax when the tax first began. Massachusetts and Pennsylvania each contributed about 13 percent, thus approximately 60 percent of the total revenue collected came from only three States.

Historically, the northeast has taken care of the rest of the country. It started that way and it still is that way. I am sure that at different points in time it has been voluntary, it has been given freely, but now we have a situation where ungrateful recipient States are like jackals criticizing the policies and economies of the donor States.

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Mr. MOYNIHAN continues in another section where he talks about the 16th amendment. There was legislation that established the income tax, but that

only lasted until 1872. Later on, in 1913, the 16th amendment was ratified, in 1913. It provided that Congress shall have power to lay and collect taxes on incomes from whatever source derived without apportionment among the several States and without regard to any census or enumeration. The 16th amendment, in 1913. That is a long period of time between amendments. The 15th amendment had been passed in the 1800's. We had the 13th amendment, which freed the slaves, the 14th amendment, which established equal rights, and proposed to punish the people who rebelled against the Government. That part is always left out. There is more in the 14th amendment about punishing the rebels than there is about equal rights. But nevertheless the 14th amendment.

Then the 15th amendment which gave the right to vote to the newly freed slaves. Then it was not until 1913 that we had another amendment to the Constitution. That amendment did what legislation had started before, it enshrined in the Constitution the power of Congress to lay and collect taxes on incomes from whatever source derived without apportionment among the several States and without regard to any census or enumeration. The States in the Northeast could have objected at that time. They might have had the power to stop it at that time, but they did not because they had this spirit of being responsible for the rest of the Nation. They also made some assumptions about the fact that at that time a large percentage of the funds collected by the Federal Government were going into the Armed Services, the military budget and a large part of that military budget was being spent in the big northeastern States. To continue from Mr. MOYNIHAN, his introduction:

"It may be noted that this was the First Amendment to the Constitution to be adopted since the time of the Civil War. The regional conflict never ceased. The time simply came when the poorer regions were assumed to have the better of the argument and the votes. The programs that followed may have been a good idea when New York was singularly the most prosperous state in the Nation and these programs were an act of social conscience designed to uplift the downtrodden or unenlightened elsewhere. We sent the money to Washington, received precious little in return and felt very good. Somehow as late they don't seem to show as much gratitude as they used to."

A very important statement. New Yorkers gave freely because they wanted to uplift the downtrodden or unenlightened elsewhere, the money went to Washington, the New Deal moved even faster, and yet we got little back in terms of gratitude. Mr. MOYNIHAN is to be congratulated for his thoroughness and his diligence over the years in staying with this subject and getting the most objective analysis

possible so that the figures that we quote here are generally accepted as credible. We have a situation, however, when we look at all of the available numbers, the quote from the report now is very apt, quoting again from Mr. MOYNIHAN's introduction:

"We will have more to say about this subject at another time but consider for the moment the logic of the 95 percent minimum return advocates. He is talking about transportation and the fact that there has been a great complaint about States which pay the gasoline tax not receiving 95 percent of the money back in terms of highway and transportation funds. Take it a step further. If the Federal highway program exists merely to collect gasoline taxes and return them precisely to where they were paid, why bother."

Quote from Mr. MOYNIHAN again: "Let the final word be that of Gerald B. Solomon of our 22nd Congressional District in the Upper Hudson Valley of New York. Mr. Solomon happily is also the chairman of the House Committee on Rules." Quoting from Mr. SOLOMON, "Anyone who thinks that their State is being short-changed because they don't get back what they contribute in a gas tax is ignoring a whole series of factors and should take a hard look at New York. New York pays \$18 billion," he is quoting the previous years, "\$18 billion more in Federal taxes than we receive in Federal funds. If they want to raise a stink, then let's redo the formulas for everything. New York could use an additional \$18 billion." End of quote from Mr. GERALD SOLOMON, Republican from the State of New York's 22nd Congressional District.

When we look at the mix of defense expenditures, gasoline taxes and return for transportation costs, the expenditures for Medicaid, aid to families with dependent children or welfare, when we look at the whole mix and put it together, military expenditures, also, New York still comes out as a donor. It gets back more from Medicaid and Medicare than most States, but we are forced to pay 50 percent of the total Medicaid-Medicare costs, whereas in Mississippi the Federal Government pays 70 percent and the Federal Government only pays 50 percent of our costs. Per capita we have a larger number of people so we get back more Medicaid and Medicare funds than probably any other State per capita. But when we balance that off against what we get back for transportation, military contracts, when it all is balanced out, the taxpayers of New York in 1996 were still paying into the Federal Government \$14 billion more than they received back. This is worthy of a debate.

Mr. Siegel, get yourself a copy of the book, arouse your fellow journalists and editors and let us go to work. Let us take a close look at the pages of a book which spell out the situation State by State and educate the people of New York as to what is the problem with respect to their taxes not returning to improve their quality of life and

how are they being swindled. Let us look at Alabama on page 1. Alabama is a recipient State. They receive far more than they pay into the Federal Government's coffers. Alabama continues to retain its positive fiscal relationship with the Federal Government with a balance of payments surplus of \$1,421 per person, the eighth highest in the Nation. They get back \$1,421 for each person in the State than they pay in. Relative low per capita income results in tax collections of about 13 percent below the national average. Alabama ranks fourth in the Nation for payments to individuals and 14th for defense spending, leading to overall Federal spending that is 16 percent higher than the national average. The State of Alabama receives 16 percent more, its Federal spending, receipt of Federal funds is 16 percent higher than the national average. It has consistently been that way for a long, long time, certainly the last 10 years. Our dollars flow to Alabama. Alabama is not grateful. Alabama talks a great deal about States rights and not having people outside interfere.

The State of Georgia, let us read the synopsis on the State of Georgia. Georgia is almost equal to the national averages for both taxes and spending, varying by less than 1 percent in each direction. It began and ended the period from 1981 to fiscal year 1996 with moderate balance of payments surpluses. In the early to mid-1980's, rising Federal tax payments fueled by economic growth outpaced the State's success in attracting defense dollars, with the result that its balance of payments surplus fell slightly. The dramatic decline in defense spending in the late 1980s dropped the State into a deficit position in fiscal year 1988. Defense spending increased in fiscal year 1992 and went up again in the past year, so Georgia ends the 16-year period with a balance, a small balance of payments surplus of \$66 per capita and a rank of 27th. Over the years, Georgia has received per person as high as \$434 more per person than it has paid in and it presently receives \$66 more when you take the whole State into consideration. In a previous year, this book zeroed in on some counties and they found that the county that Speaker GINGRICH represented was the county that received the highest per capita in amount of Federal spending than any other county in the country.

New Mexico ranks at the very top. It is number one when it comes to recipient States. New Mexico receives more than any other State in the Union. New Mexico, the synopsis reads, leads the Nation with the greatest balance of payments surplus. Per capita Federal spending is about 45 percent above the national average, assisted by strong defense spending. While the average State receives about \$865 per capita in defense spending in fiscal year 1996, New Mexico received nearly 3 times that, \$2,400 per person. The State also ranks high for intergovernmental as-

sistance, particularly Department of Interior grants to minerals management and Native American programs. Per capita income is very low and tax collections are about 23 percent below the national average. They collect very little, send very little to the Federal Government but the amount that they receive is the greatest in the whole country. In past years they have cited New Mexico as also being the recipient of a tremendous amount of agricultural subsidies. The agricultural subsidies also were driving the amount of per capita Federal spending in New Mexico up. They have always had an interesting record. If we look at the record of New Mexico all the way from fiscal year 1981 to fiscal year 1996, they have always been above the \$2,500 mark in terms of per capita. For each person in New Mexico, they receive more than \$2,500. It generally has run much higher than that. \$3,048 per person in 1981, \$3,005 in 1985, \$3,313 in 1986, \$3,421 in 1987, \$4,464 in 1988 and on and on it goes, always very high in terms of what they receive per person versus the amount that they pay in.

Likewise, on the other end of the spectrum, New York has always had a negative balance. We have received less consistently since 1981 per person. The \$14 billion overall from 1996 translates into \$773 we receive less per person in New York than we pay in. That is what the overall figure of \$14 billion translates into on a per capita basis. In 1981 it was \$312 less. It went as high as \$1,016 per person less in 1989, \$1,101 in 1994, \$1,070 in 1995, receiving per person in New York that much less than we are paying into the Federal coffers. New York once again finds itself among the States with the largest per capita balance of payments deficits. The deficit fell by about 20 percent in fiscal 1996 but the total deficit of \$14 billion still ranks third in the Nation. New York ranks near the bottom for most Federal spending, almost 12 percent below the national average of 1996. Defense spending has fallen sharply since the mid 1980s and New York ranked 46th in defense spending last year. New York's success in attracting grants to State and local government can be traced to Medicaid assistance, AFDC and surface transportation grants. New York ranks 12th in the real per capita income and tax collections are about 4 percent above the national average.

I know that statistics can be boring and maybe these are boring but they are certainly not incoherent. There is a story here that we must listen to in the statistics. Mr. Siegel and other journalists have to pay more attention to these statistics. New York is to be applauded for the fact that this year its economy, partially as a result of the booming stock market, New York State, its economy is such that they have placed in the budget more money for schools, more money for education. It has also voted to launch a bond issue for school construction, more than \$2

billion bond issue to help construct schools. It is to be applauded for as a State moving ahead to try to fill the gap. In New York City in 1996 we had 91,000 children who did not have a place to sit in a classroom. This year we cannot find out the number because this is an election year in New York and they kept secret the exact number of children who did not have a place to sit. The estimate is that at least there were 80,000 who did not have a place to sit at the start of school.

□ 2200

They have to shuffle about and find places in the hallways and the closets, and, in some cases, the bathrooms were converted in order to have a place for the kids to sit. Again, we continue to have a situation where some children are forced to eat lunch at 10 o'clock in the morning because the school is so overcrowded until the lunchroom cannot take all the students. They have to have three or four lunch periods, so the first lunch period has to begin at 10 o'clock in the morning. That is child abuse, to force a child to eat lunch at 10 o'clock, but that is the case in a number of schools in New York City.

So New York State has begun, at least to do more than just wringing its hands about its need for more schools. New schools, renovated schools, et cetera, will do more when we get the bond issue passed. But in the meantime we are paying more money into the Federal coffers than we are receiving back. The Federal Government ought to float a school construction initiative.

The President proposes a mere \$5 billion over a five-year period, and that was dropped out of the negotiations. We need to come back to that. We need to understand that if we are not willing to launch a school construction initiative to make sure of the schools across the country.

The General Accounting Office estimates that the problem is about \$120 billion in infrastructure needs across the whole country. There are rural schools, suburban schools, a number of places where they need new schools, not just in the inner-cities. The total tab would be, according to the General Accounting Office estimate, about \$120 billion. Here we had a proposal in the State of the Union message for a mere \$5 billion and they dropped that.

If you are not willing as a Nation through the Federal budget to deal with the problem of school construction and some other acute problems in places like New York, then give us our money back. Give us back the \$14 billion or give us back half of it. We can solve our own problems.

We have a situation where it is an involuntary transfusion. It is blood sucking, really, when you have a State which has an acute poverty problem, a city like New York, which has 2 million people who are poor out of a population of close to 8 million, but 2 million are poor. We need our money back.

I want to repeat and emphasize the fact that this is not stated enough by journalists, by columnists, by editorial boards in New York City and New York State. When Mr. Siegel says that this Congressman is one of those who has not addressed the problem, I want to read and close out with a couple of quotes from my previous statements on the floor of this House.

I think just last March 12, 1996, I made the following statement: New York State is a State in the Nation which provides the greatest amount of surplus in terms of Treasury. When you compare what New York State receives from the Federal Government, what it receives from the Federal Government in terms of aid, it is much less than it pays in. That has been true for the last 20 years.

This is my quote from last year. In 1994, the last year they had figures available, New York State paid the Treasury \$18.9 billion more than it got back from the Federal Treasury in State aid. New York was the most generous of the States. We were at the very top in 1994. I quoted from the booklet in 1994.

This was, for the benefit of Mr. Siegel and the other journalists who want to check it out, this is in the CONGRESSIONAL RECORD, March 12, 1996, H-2117.

On that same date, I made several statements about Medicare and Medicaid. If New York State stood alone, it would be in receipt of \$18.9 billion that it does not have now. If you gave us back the \$18.9 billion in 1994 that we paid into the Federal Government, which was greater than the amount we got back in terms of aid, we could solve our budget problems. In fact, just give us back half that amount.

I am like a broken record, the same things I am saying tonight, I have said it many times before. It is not incoherent, Mr. Siegel. It is repetitious, I confess, but it needs to be repetitious because nobody seems to pick up on these important messages. If we had \$9 billion, the New York State budget could be balanced and you would have a lot left over. We could take care of our own summer youth program, our own construction problems. If you give us back the greater amount of money we pay in, we could stop waiting for the Federal Government.

I mention this because the criticism on the floor of the House repeatedly aims at New York and calls New York a welfare State.

I think during that same discussion I talked about the Speaker's home State of Georgia, meanwhile, is one of the large number of southern largely Republican States that receives far more from the Federal Government than they send out in taxes.

I quoted Mr. MOYNIHAN at that time. Mr. MOYNIHAN said, "I told Mr. GINGRICH, what are you talking about my friend? In Atlanta 59 percent of the children are AFDC, Aid for Families with Dependent Children. In a single year, where do you think that money

comes from?" By the way, Atlanta is in Georgia, and in case somebody doesn't have his geography straight, Atlanta is in Georgia, and Atlanta is the Speaker's home state. Those are some comments, but there are many, many paragraphs where I expanded on the same argument.

Also, for the benefit of Mr. Siegel and any other journalist who wants to criticize this for not speaking out on this subject of providing leadership, on March 22, 1996, I announced I was going to have a town meeting, and the subject of the meeting was the fiscal future of New York City.

The discussion begins with a discussion of what is happening here in Washington, because the fiscal future of New York City is inextricably interwoven with the policies of general aid here in Washington, our capital. I am going to start by talking that New York City is often discussed on the floor of the House of Representatives. People often talk about New York City and New York State. It is a favorite target of the Speaker of the House. Speaker GINGRICH often refers to New York State and New York City as a welfare state and a welfare city. For that reason, the people of New York need to understand the perspective of our relationship with Washington better.

I again repeat, we are called a welfare state and a welfare city. We are often accused of being a drain on the Nation, and yet New York City pays taxes to the tune of \$9 billion more into the Federal Government and New York State pays another \$9 billion, a total of \$18.9 billion in 1994.

The total of New York State and the city for that year was \$18.9 billion. The year before that, in 1993, it was \$23 billion more to the Federal Government than we received back from the Federal Government.

Mr. Speaker, I said at that time, it is baffling. We do not understand why Members on the floor of the House like to single out New York City. New York City and New York State are often singled out for its high expenditures for Medicare and Medicaid.

Well, after we take away our high expenditures for Medicaid and Medicare, which are the highest in the country, I will admit that, and I can think of no more noble way to expend public funds than by taking care of the sick and the infirm and the elderly in nursing homes, no more noble way to expend funds. But we do not waste money when we take care of the sick and the infirm.

In closing, I want to repeat and sum up, so that nobody will accuse me of being incoherent, this discussion is very much related to the topic of the day, the IRS and revenue collection. Revenue collection and the IRS should not be a discussion that takes place in a trivial manner. Let us talk about the philosophy of taxation and revenue collection, the implementation of that philosophy and how that impacts on the states that are now donors, while other states are traditional recipients.