

looking at institutional changes. There is no use picking on one person.

The thing that is great about this job is I got to go to the 100th anniversary of Saluda County, and I met a woman who used to babysit STROM THURMOND. She is 103. She said, "I want you to go to the old folks home with me, because they need cheering up." She goes every Sunday and pushes people around in a wheelchair. She has a lot of spirit.

Mrs. SMITH of Washington. Does she still believe in America?

Mr. GRAHAM. She believes in America now more than ever. She saw STROM THURMOND grow up. She said he was a nice young man. That was a great opportunity to see what is good about America. If anybody from the EPA wants to change the water in that area, they had better call me first, because the gentleman that sang the song at the end of the ceremony sang the same song at the 50th anniversary. Senator THURMOND laid the stone at the 50th anniversary when he was Governor, and his babysitter was at the same ceremony, so there is no problem about the water in my district, and they had better stay out of it.

□ 2015

Mrs. SMITH of Washington. It sounds like you are getting real personal on that one. But when you go home you find out the truth of what people are wanting. They want us to be truthful and they want strong reform.

I think that today we turned, you might say, the corner when we put together the coalition that says we are going to ask the leadership to take strong votes before we leave for Thanksgiving on campaign and ethics reform, and we want votes and strong action, moving forward. To me that is a confidence builder for the American people like nothing else because they can trust our solutions. When we go home, they can say, job well done.

Mr. GRAHAM. I am going to go and jog with Senator THURMOND here in a second.

The only thing that will keep us from not passing campaign reform will be the lack of an opportunity to vote on it, because if it gets on the House floor it is going to pass, because nobody wants to face the wrath of the American people on this issue. So I really do believe the leadership is going to give us that opportunity the first part of next year and that when it gets on this floor, you are going to see some amazing votes.

Mrs. SMITH of Washington. And you are going to be one of the ones that pushes it to the top of the hill, are you not?

Mr. GRAHAM. I will be there cheering it on.

Mrs. SMITH of Washington. With that, I thank the gentleman. Good night. It has been a great day for America. We are moving ahead and turning the corner for real reform.

#### PASSAGE OF CAREERS ACT RELATIVE TO ECONOMY IN TRANSITION

The SPEAKER pro tempore. (Mr. GUTKNECHT). Under the Speaker's announced policy of May 12, 1995, the gentleman from New York [Mr. OWENS] is recognized for 60 minutes.

Mr. OWENS. Mr. Speaker, today we passed the CAREERS Act. I was proud to vote against the CAREERS Act. The CAREERS Act is a consolation of job training programs, some adult education programs, and the programs for people with disabilities, the vocational rehabilitation programs. It is all merged into one program and given to the States in block grants.

The problem is that even if you agree that these programs should be merged, there are many small programs—and small is not necessarily bad, small can be very worthwhile—many of the small programs related to job training, like the small programs relate to education, were developed during the reauthorization processes of various reauthorizing committees. They represented a great deal of thought and care and interaction with community groups and professionals.

So many of the small programs that have been wiped out now and consolidated in one big set of block grants were good programs. To judge them by the fact that there were so many and they proliferated is to make a rather primitive assessment of the situation. That, nevertheless, has taken place already. I am sorry to say that the Clinton administration started some of that small is bad philosophy, and it just got of hand.

I agree that some consolidation was necessary and is desirable, especially if you are going to be flexible, and when you consolidate and you give the option to the States as to how they are going to run the programs, they also have something to work with in terms of resources. The problem with this consolidation is that whatever gains you acquire through consolidation, you lose because of the fact that the overall budget has been cut dramatically.

The amount of money available for job training and education programs has been drastically reduced by the same Congress that has focused on consolidation. We have cut \$9 billion from the job training and education programs. The House of Representatives has passed an appropriation bill which cut \$9 billion from education and job training programs.

No matter how you consolidate and how you reconfigure, you have a situation where less will be done. It is impossible to do as much as you were able to do before with such drastic cuts in resources.

I do not believe that throwing money at a problem is going to solve the problem or resolve any problems. Throwing money will not do it alone, but I assure you, you are never going to solve any problems unless you do have adequate resources. You do need some funds.

You do need some reasonable amount of resources to deal with a problem.

Why am I opening with this particular recounting of today's activities. Because I think it is very appropriate in terms of what I have been talking about for the past few weeks. That is, that we are in an economy that is in a state of transition. The economy is changing in very rapid ways. It is changing in ways that are generating a great deal of upheaval, quite unsettling.

We have a phenomenon which is contradictory. The economy is robust and booming. The profits were never higher on Wall Street. The stock market is booming. Corporations are making tremendous profits. Yet at the same time the job market is being squeezed. The amount of jobs available is dropping dramatically, and the quality of those jobs in terms of the income that those jobs produce is changing rapidly. You have a contradictory movement, a Wall Street economy on the one hand, and on the other hand a job market that are going in different directions.

I had talked about this previously in terms of the very consolidated, solidified, economical way in which Lester Thurow stated this whole situation. I cannot help but come back to the quote that I have made several times in the last 2 weeks from Lester Thurow's article that appeared in the Sunday, September 3 issue of the New York Times on the op-ed page. I cannot help but begin with that first paragraph, because it is very appropriate for what happened today on the floor where we were cutting opportunities for people to get education.

We were cutting opportunities for people to be retrained so that they can fit into this new rapidly changing economy. We were cutting opportunities for people to move from the industrial age into the age of information. We were saying that the Government is going to play less and less of a role in preparing people for making these adjustments.

If Government does not provide the resources and the funding for job training programs, if Government does not provide the resources and the funding for adult education programs, then who will? The corporations are not going to do it. The corporations will only train the people they need to do the work they have available at a given moment. They are laying off these people. They are downsizing and getting rid of people who will have to be retrained. They will not devote any resources to those people that they are putting out of their doors, the people they are giving pink slips to.

In the more benevolent corporations, those that have some compassion, they give people a few months' pay and let them go. Some they may even give them half a year or a year of health benefits. In various ways some corporations do try to ease the burden of downsizing and streamlining which affects human beings. But the manner in

which they do this at best is very limited, very temporary in the lives of the people that they are streamlining or downsizing out of a job.

We cannot depend on corporations. After all, corporations and businesses are set up for the purpose of making a profit. They are not humanitarian organizations. They are not social organizations. It is the Government that has to take care of the welfare of the general public.

But the welfare of the general public is not being taken care of. The welfare of those workers that are being victimized by the rapid changes of the age of information technology, they are not being taken care of. You have the results that Mr. Thurow talks about again in his first paragraph, he summarizes it very well.

I quote from Lester Thurow's article from the Sunday, September 3 issue of the New York Times:

"No country without a revolution or a military defeat and subsequent occupation has ever experienced such a sharp shift in the distribution of earnings as America has in the last generation. At no other time have median wages of American men fallen for more than 2 decades. Never before have a majority of American workers suffered real wage reductions while the per capita domestic product was advancing."

Let me just read another paragraph that I read before:

"The tide rose, the real per capita gross domestic product went up 29 percent between 1973 and 1993, but 80 percent of the boats sank."

I repeat, "The tide rose, but 80 percent of the boats sank. Among men, the top 20 percent of the labor force has been winning all of the country's wage increases for more than 2 decades."

To quote another paragraph from Mr. Thurow: "With our global economy where anything can be made anywhere and sold everywhere, the supply of cheap, often well-educated labor in the Third World is having a big effect on First World wages. One month's wages for a Seattle software engineer gets the same company an equally good engineer in Bangalore, India for a whole year."

In other words, you can get a competent, effective, well-educated Indian engineer for 1/12th of the wages you pay Americans, an Indian software engineer.

Software is very important. I need not dwell on that issue. What is driving the information revolution now is not so much the computers and the hardware but it is the ability to make use of the hardware with ever more creative software.

One of the second or third richest men in America is the owner of a software production company. They do not produce computers or hardware. Mr. Gates, Bill Gates, produces software. These software engineers in India will work for one-twelfth the wages of the software engineers in Seattle.

We are talking about an information age revolution which has just begun,

ladies and gentlemen. Those who have college degrees are not any safer than those who are unskilled. Nevertheless, today we had a program on the floor, a CAREERS program which deals with job training and adult education, and we were emasculating the program dramatically through the block grant process, we were pushing the responsibility away from the Federal Government down to the States, and we were in the process of doing that cutting the budgets, also.

The first ripoff, the first emasculation is by cutting the budget. The second ripoff, the second emasculation is to give the power to the States, with very little accountability. I had an amendment on the floor just saying, at least we ought to hold people accountable for mismanagement, patterns of mismanagement. They should be liable, the States should be liable.

That, of course, was a great subject of controversy, just simple safeguarding of the taxpayers' money is a problem because in the process of pushing the money down to the States, we are holding our carrots and incentives to the Governors and the people at the State level, no accountability, you accept this reduced package and you tell us you want it and you applaud it and you support it and we will let you have your way. You do not have to be accountable.

That is just part of the process of washing the hands, like Pontius Pilate washed his hands, washing the Federal Government's hands of the problems and the miseries of people who need to be retrained. Like Pontius Pilate, it is about as heartless in its cold, calculating civilized way. "Let's forget about the dilemma of the workers. Let the States take care of that."

Then we know that the States do not have the capacity, they will have to deal with reduced money, and the myth of State government being more efficient and more effective than the Federal Government is just that, a myth. There are no facts to support that.

□ 2030

State governments have suffered a great deal of corruption, of incompetency. The records of history, newspapers, exposés, go on and on about various things that have happened at State and local levels. Some of the worst corruption in the country has occurred at State and local levels. Some of the most embarrassing bureaucratic nightmares will be found at the State and local levels.

But we are pushing that away and washing our hands of the dilemmas, of the problems of working people in this fast-changing economy and saying that we do not want to be bothered. Let us let the States deal with it. And if the States cannot handle it, we really do not care.

Speaker GINGRICH has said we want to remake America. The question has not been answered directly, remake America for whom? For whom do you

want to remake America? For what purpose do you want to remake America? Who will benefit after you are finished remaking America? Who benefits from your conception of the Contract With America?

According to Mr. Thurow, 80 percent of the American people are not benefited from what is happening now. You cannot blame that on Speaker GINGRICH or the Republicans who control the House and the Senate at this point. It has been going on for 20 years, and so Democrats have to take some of the blame also. The rapidity of the technological revolution, forces that have very little to do with government, may all be blamed and take the greatest share of the blame.

But that is a 20-year phenomenon. Now we have observed it for 20 years. Now we understand that something radically different is happening. We should be blamed if we do not take hold. We should be blamed if we do not develop policies, public policies which are designed to counteract and to soften and to make a more compassionate situation in the midst of all this turmoil and change that is being generated by the technological revolution, economic turmoil.

During the last campaign, the Clinton campaign wisely focused on the economy. "It's the economy, stupid," was the famous slogan that came out of that campaign. It is the economy.

It is the economy. It was the economy during that campaign. It is the economy now. When Speaker GINGRICH says he wants to remake America, what he is saying is he wants to remake the economy of America. That comes first.

We have to keep our eyes on the economy. Keep our eyes on the resources. Keep our eyes on the money. Keep our eyes on the taxes. Keep our eyes on policies which deal with expenditures, appropriations and budgets. Those are the things that matter, and the remaking of America is remaking the way America uses its resources, starting with the way the Federal Government uses its resources.

We have to keep our eyes on this, and I cannot stress that too much, because right now we are focused on the economy, on money, on budgets, on appropriations.

Today, the Republicans took one step further in issuing their plan for Medicare reform. Medicare is going to undergo a traumatic \$270 billion cut; \$270 billion over the next 7 years will be cut out of Medicare. That is a traumatic upheaval. That is a lot of money that has to come out of Medicare.

They are not talking much about Medicaid, but \$180 billion will be cut out of Medicaid, and maybe they will go further. Since neither the Democrats nor the Republicans are focusing on Medicaid, they will take heavier cuts. That is about money and resources and it is about where the revenue and the tax dollars of the United States of America are going to go.

Keep our eyes on that. Keep our eyes on the fact that while we are going to take away from Medicare and Medicaid these hundreds of billions of dollars, we are proposing a \$240 billion tax cut which will go mostly to the wealthier Americans. We are moving resources away from the sick and the elderly and the children and the people who are disabled to those people who are already wealthy and able to take care of themselves. That is the remaking of America. It is not so subtle, if you just keep your eyes on it.

The problem is that it is so obvious and so horrendous, that the Republican majority has no intentions of allowing us to keep our eyes on the economy, on the remaking of America by moving the resources around. They will come with diversions later on as we get closer and closer to the 1996 election.

You are going to hear less and less about the economy and more and more about affirmative action, and more and more about abortion, and more and more about gays in the military, and more and more about set-asides, and more and more about voting rights acts. More and more they will try to divert the attention of the American people by focusing on victims and scapegoats. There will be more and more about how the immigrants are destroying America.

Get ready for all of these diversionary issues. The great smoke screen will be thrown in our way. Start right now to prepare to look through the smoke screen and keep focusing on the economy. Keep focusing on the tax dollars. Keep focusing on the appropriations bills.

Focus on the Contract With America, which never said they were going to take Medicare and take \$270 billion out of it. Focus on the Contract With America which never said that they were going to place a B-2 bomber in the highest priority, and in two big votes on the floor of the House and fight very hard to maintain a B-2 bomber, which nobody wants. A B-2 bomber which the President does not want; a B-2 bomber which the Secretary of Defense does not want and the Air Force does not want; the Joint Chiefs of Staff does not want; only the people who are manufacturing the B-2 bomber and making money off of it, they want it, and the people whose districts benefit from that, and the people who benefit from political action committees that are promoting the B-2 bombers.

Those are the people that want the B-2 bomber. Not the military. There is no smoke screen. You cannot say that we need it in order to defeat the evil empire. We do not need it. Russia defeated itself, along with some pressure and some preparedness from here. We will not take the credit away from American strategy, but it is no longer the excuse to use to maintain the B-2 bomber. And yet the B-2, which may absorb \$33 over the 7-year period, that bomber is given precedence over Medicare and Medicaid, and over school

lunches and over job retraining programs.

Just stop for a moment and consider, \$9 billion was cut from the adult education, job training, vocational rehabilitation programs for the blind, disabled and the deaf, et cetera, \$9 billion. That \$9 billion is just one-third of the cost of a B-2 bomber over a 7-year period. Just one-third of the cost.

That \$9 billion is the cost of four *Seawolf* submarines. A *Seawolf* submarine is \$2 billion. They are pushing star wars. You know, we are going to go back to the pebbles in the sky to defend us from rockets that nobody has the capacity to launch. We are going to have additions being made to the budget of millions of dollars for defense systems that nobody needs.

Think about it all. You know, think about the scare tactics of the Republicans. Medicaid will go bankrupt if we do not do something about it. Yes, Medicaid could go bankrupt if we neglect it, but Medicaid was structured to be solvent 2 or 3 years ahead of time, but nobody thought that Medicaid would have instant solvency by itself. The Government stands behind Medicare and Medicaid.

Medicaid will be funded if you have a Government that cares about health care. We will set our priorities so that we do not waste our money on B-2 bombers or F-22's or *Seawolf* submarines.

The F-22 program will absorb \$12 billion in the next 7 years. We will spend \$12 billion on F-22's, produced in the Speaker's district of Marietta, GA, a district that receives more funds than any other district in the country.

I take time to point that out, because I am from New York City and recently the Speaker renewed his attacks on New York City. They are nothing new. He has been doing that for the last 8 years, but in his new exalted position as Speaker, I thought that he would refrain from his attacks on New York City, which made him famous over the last 8 or 9 years.

And yet we have again attacks on New York City as being a place of welfare waste and you think that it is a danger to the country. The simple facts are that New York City and New York State has always generated more income for the Federal Government than it has received from the Federal Government. The history of New York State is the history of giving to the rest of the country.

There was a time when \$22 billion more was being paid into the Federal coffers than was received back from the Federal coffers. Now, \$9 billion more is coming out of New York State into the Federal coffers than will go back to New York State through any Federal programs.

That is not true of Georgia. Georgia receives \$1 billion more from the Federal Government than it pays to the Federal Government. Certainly not true of Marietta, GA, if you narrowed it down in terms of the Federal con-

tract they have there to manufacture the F-22 fighter plane, and probably some other Federal contracts around. You will find that they are getting far more than they are paying into the Federal coffers.

So, keep your eyes on the dollar figures. If you took each State of the Union and asked yourself the question: How much money does this State pay into the Federal coffers, and how much money does it get back from the Federal Government, you would be shocked.

Many of the States that are screaming for States' control of programs are going to find in a few years that if you are really serious about State control and you lessen the taxation on the States universally across the country, and have each State carry its own weight, you will find it impossible to maintain your State budgets and your local budgets, because the money that you get from the Federal Government, which is a loss from New York, flows out of New York, out of some of the bigger industrialized States, even though they are not as wealthy as they used to be, they are still generating more tax revenue than they are receiving back from the Federal Government.

That money is distributed in programs like Medicare and Medicaid. It is distributed in programs like Social Security too. It is distributed, certainly, in defense contracts, which New York City has almost none, but many of the States that complain about New York City receive very lucrative huge defense contracts.

The money that they receive in the State of Kansas, and some of the other surrounding States that have for years gone to the farmers, or the so-called farmers, the farming industry, the farmer cartels and businesses; the subsidies which average per family between \$30,000 and \$40,000 a year, money that is given not for any service rendered but for not planting corn or not planting grain, not plowing up the field, money that comes as a subsidy from the Federal Treasury, that money comes out of States like New York. That money will not be there if you are really serious about letting States carry their own weight.

Stop and think about it. If you remake America, a lot of people who believe that they will benefit under the assumption that they are not on some form of government subsidy or welfare are going to find that they really are the beneficiaries of a lot of Federal subsidy and some welfare. I would call the farm subsidy program a welfare program that has gone on and on. We should end farm subsidies as we know them. We should get rid of that kind of welfare.

We have some corporate welfare too we should get rid of. But my point today is to keep your eyes on the prize. Focus on the economy. Focus on the appropriations bill. Focus on the budget. Do not let them later on move you

off into a concern for affirmative action, a concern for abortion, a concern for pornographic lyrics.

All of these problems are important. Family values are important. I think Mr. Thurow talks about family values in this article. The title of Mr. Thurow's article, what I am reading quotes from, is "Companies Merge and Families Break Up."

□ 2045

There is a point in here where he talks about the traditional family is being destroyed. I am quoting from Lester Thurow's article, the same man who started out telling us that this country is undergoing radical changes economically and 80 percent of the people are being left out, and only 20 percent are benefiting.

This same Lester Thurow, who is professor of economics at the Massachusetts Institute of Technology, who has written 10 or 15 books, who has testified in hearings in most of the committees here in Congress, such as the Joint Economic Committee, the Committee on Energy, the Committee on Economic and Educational Opportunities, he appeared many times before our committee, so he is well-known here and respected.

He is not a wild-eyed liberal or a radical. He believes in the global economy, he believes in free trade. He was in favor of NAFTA, in favor of GATT, a lot of things that I was not in favor of, but even this Mr. Thurow, who I would say leans toward the right in his economics, talks about the traditional family and ways in which you do not hear discussed here on the floor.

Let me quote from Mr. Thurow's article, which is about the economy. It is about what it means to have an economy which is throwing people overboard, wages are declining, hope is lessening because of the fact that nobody seems to care about the fact that you are undergoing this transition that is so devastating.

Mr. Thurow talks about the traditional family. Let me quote:

The traditional family is being destroyed, not by misguided social welfare programs coming from Washington, although there are some government initiatives that have undermined family structures, but by a modern economic system that is not congruent with family values.

Let me quote that again, quoting Mr. Thurow:

The traditional family is being destroyed, not by misguided social welfare programs coming from Washington, but by a modern economic system that is not congruent with family values. Besides falling real wages, America's other economic problems pale into insignificance. The remedies lie in major public and private investments, in research and development, and in creating skilled workers to ensure that tomorrow's high-wage, brain power industries generate much of their employment in the United States.

Let me just read that again:

The traditional family is being destroyed, not by misguided social welfare programs coming from Washington, but by a modern

economic system that is not congruent with family values. Besides falling real wages, America's other economic problems pale into insignificance. The remedies lie in major public and private investment and research and development, and in creating skilled workers to ensure that tomorrow's high-wage, brain power industries generate much of their employment in the United States.

Today we have on the floor a bill which turned its back on the effort to create skilled workers to ensure that tomorrow's high-wage brain power industries generate much of the employment in the United States.

The CAREERS bill is going in the opposite direction. The appropriations bill which reduced the funds available for education and job training by \$9 billion is going in the opposite direction. The people in charge of the Government are not acting to promote the general welfare as they are charged with in the Constitution. They are not acting to take charge and understand that we are going through a transitional period, and because we are going through a transitional period, the Government and public policies must step in and do what the private sector can never do, what the private sector is not created to do, what the private sector has no duty to do. It is Government's duty.

Before I go on, let me just go back and read a complementary passage from Mr. Thurow related to the family. "Falling real wages," a quote from Mr. Thurow again:

Falling real wages have put the traditional family into play as the one-earner, middle class family becomes extinct. With children needing ever-more costly educations for ever-longer periods of time, the cost of supporting a family is rising sharply, just as earnings plunge.

I repeat:

Falling real wages have put the traditional American family into play, as the one-earner, middle class family becomes extinct. With children needing ever-more costly educations for ever-longer periods of time, the cost of supporting a family is rising sharply, just as earnings plunge.

Continuing to quote Mr. Thurow:

Children exist, but no one takes care of them. Parents are spending 40 percent less time with their children than they did 30 years ago. More than 2 million children under the age of 13 have no adult supervision, either before or after school. Paying for day care would use up all or most of a mother's wages.

This is not a minister talking, it is not a politician talking, this is an economist. This is an economist looking at the hard, cold facts of the way our society has been altered, the radical changes that are being forced on society by the changes in technology and by economic changes. It is not just somebody's morality is automatically lower or his character is no good, there are economic forces at work which are creating a situation where children exist, but no one takes care of them:

Parents are spending 40 percent less time with their children than they did 30 years ago. More than 2 million children under the age of 13 have no adult supervision, either

before or after school. Paying for day care would use up all or most of a mother's wages.

I think it is important to emphasize the fact that Mr. Thurow is not a minister, he is not a politician, or an opportunistic politician, trumpeting family values because that is the appealing message of the day. Mr. Thurow is a hard-core economist, and we should take a look at what he is focused on: The resources, the opportunities to earn a living, income, jobs, and who is the technological revolution going to benefit? That is the question.

Let me just go back for one more minute and repeat again:

Besides falling real wages, America's other economic problems pale into insignificance. The remedies lie in major public and private investment and research and development, and in creating skilled workers to ensure that tomorrow's high-wage brain power industries generate much of the employment in the United States.

I am going to talk about that for the rest of this evening, the remedies. What are the remedies for a transitional economy which has produced a phenomenon where Wall Street and corporations are making the highest profits they have ever made, the economy is booming for Wall Street, while at the other end, workers are getting lower wages, and there are fewer jobs available. The streamlining or the downsizing which creates more profits as you replace human beings with machines creates misery on the bottom.

Nobody wants to stop the information revolution. The industrial revolution could not be stopped. It is foolish to try to stop it, it is foolish to try to put chains on capitalism. Capitalism is the order of the day. But it is up to Government to understand that this is a transition period with an upheaval taking place which is causing a great deal of dislocation and misery, and it is going to escalate and get worse at a more rapid pace, and we as Congressmen, Senators, mayors, everybody elected to office anywhere, we have the responsibility, and if we do not take hold of the burden of the catastrophe that is coming, it will be on our shoulders. We deserve to be blamed.

Mr. Thurow says,

The remedies lie in major public and private investment and research and development and in creating skilled workers to ensure that tomorrow's high-wage, brain powered industries generate much of their employment in the United States.

I think Mr. Thurow is naive if he thinks that private industry is going to invest in that endeavor. Private industry will invest only if they see an immediate profit, and when that is over, they will let it go. It is Government. The remedy lies in major public investment. We have to, the Government has to do it. We have to go in the opposite direction of the bill on the House floor today.

The CAREERS bill should have been doubled in size. Oh, yes, there are problems in making it effective and efficient, there are problems in making

certain that there are jobs for people that are going to be there 10 or 20 years ago. All of those problems are soluble. It is like winning a war, it is like fighting a war, you do what you have to do, you develop the weapons you have to develop, you develop the systems you have to develop. You institute the policies for the training and for the recruitment, everything that has to be done. We are in a war to save America from economic chaos.

One of the things we have to do in order to win this war is to have a new approach to revenue. We have to have the money, the resources necessary. Taxpayers have to take a look at the revenue side of the problem and not just at the expenditure side. Yes, we need some cuts. I am in favor of cutting waste from government. Yes, it may be a good idea to have a balanced budget in 10 years, probably, or a longer period, not 7 years, but we ought to go toward a balanced budget as a way of getting accountability and squeezing the waste out of Government.

Yes, expenditures are always important. We must always be vigilant and make certain that we do not waste our resources, do not waste money, do not waste the taxpayers' dollars. On the other hand, there is a need for tax revenue, there is a need for a fair system of accumulating the revenue you need. The problem is that we are not looking at all at the revenue side enough.

We should take a look at the fact that revenue in America has been left in the hands of the Senate Finance Committee and the House Committee on Ways and Means. Mr. Speaker, these entities are part of a legislative body, but they have far too much power and the power has been abused and misused. They have done a horrendous job over the last 50 years.

The example I give over and over again, and any sophomore in high school can take a look at it, if you take a look at the revenue burden, the way the tax burden was structured in 1943, in 1943, corporations were paying 40 percent of the tax burden, were shouldering 40 percent of the tax burden in 1943, Individuals and families were shouldering 27 percent of the tax burden in 1943. From 1943 to 1995, today, individuals have gone from 27 percent of the tax burden to 44 percent of the tax burden. We are carrying 44 percent of the tax burden instead of 27 percent. In the same period of time, corporations have gone from 40 percent of the tax burden to 11 percent of the tax burden.

The people who are making the money on Wall Street, the profits are going to corporations. The folks who are making the money and getting the benefits of all of the years of science and technology and military research and development and law and order in the United States and wars that have been fought and won by American boys and the American total effort, those benefits are flowing to Wall Street,

they are making the profits, yet they are paying the smallest share of the taxes. They are paying only 11 percent of the tax burden, while ordinary families and individuals are paying 44 percent of the tax burden.

One of the things we should be discussing is the way to balance the budget is to balance the tax burden, bring it down. Yes, give tax cuts. Families and individuals need tax cuts. I am certainly not in agreement with the Republican proposed tax cut which will give tax cuts to the people who are the owners of the corporations and the beneficiaries to the stocks and bonds.

We are giving the tax cuts to the wrong people. People, individuals and families do need a tax cut. We need to bring taxes down for individuals and families. But we do not have to drastically cut the flow of revenue, because we should be bringing up taxes for corporations from the 11 percent, we should go slowly up over a 10-year period and from the 44 percent for individuals and families, we should come down.

□ 2100

We should reach a point in 10 years where the burden is equally shared by corporations and individuals and families. In the process of doing that, you will find more revenue will be generated and less of a burden will be on individuals and families.

Additional revenue generated should be used to do what Mr. Thurow says needs to be done: Major public investment in job training, in research and development and creating new skills, new skilled workers. The money that you get from increasing the share of the tax burden borne by corporations should go into creating skilled workers, adult education, job training programs. That is where the answer lies.

We do not know exactly what the future holds in terms of which industries are going to prevail and what the exact specific occupational titles are going to be. But we have an idea that you are going to need very educated people. People are going to have to have a great deal of computer literacy. There are things we know already. There are things we can do already. But you need resources. You need finances. You cannot be cutting the budget for job training and adult education at a time like this. You should be using the increase in revenues coming from a fairer tax structure to finance the transition.

A massive program is needed. The GI Bill of Rights and the GI program that put thousands of men returning from World War II into colleges and universities and into trade schools, that massive endeavor, that massive undertaking by the American Government has been one of the best investments of public money ever in the history of the Nation or in the history of governments all over the world. They should show you where those trained GI's went, where they went after they left the universities and the colleges, where

they went after they left the trade schools, what they did for the American economy. It should be a lesson, how a concentrated effort in the area of jobs training, adult education, and academic education, many of them went to colleges and universities, how it pays off. We need that kind of massive, intensively financed program now. You can do it without increasing the deficit. By raising the revenue that is produced by corporations, at the same time you can be bringing down the tax burden on individuals.

Several tax plans have been proposed. I want to conclude tonight by saying, my staff is preparing a bill which would call for the creation of a creative revenues commission, a creative revenues commission. We cannot leave it to Ways and Means. The Ways and Means Committee of the House of Representatives has shown that they will take us from a burden of 40 percent for corporations to 11 percent. At one time, under President Reagan in 1982, it went down as low as 8 percent. I serve on that Committee on Ways and Means and I might be accused of shirking my responsibilities. I am a Member of Congress. I stand on this floor. I vote for the bills that the Committee on Ways and Means brings here. But for your edification, it is important that you know that whenever a bill comes from Ways and Means which deals with taxes, there are no amendments allowed. We have never had on the floor of the House of Representatives an open rule for a Ways and Means bill, for bills that relate to taxation. You cannot amend. You can debate, but you have to debate what is brought to you by the committee.

The Senate Finance Committee, I suppose it may be a little different over there, but bills related to revenue and taxation have to originate here. The Constitution, they all come out of Ways and Means first. So Ways and Means and Members of Congress and Members of the House of Representatives and the Senate, we have betrayed the American people, some directly, some indirectly, by allowing a situation to develop where the burden of taxation borne by corporations has gone down from 40 percent to 11 percent. We have swindled the American people. We let the burden on them go up from 27 percent to 44 percent. We need to correct that. We need to address that.

If we cannot address it through the Ways and Means, then perhaps we should do what we are doing with the base closing. Base closings were such a difficult issue until we came up with a formula for retaining the power and the ultimate authority of Congress while at the same time taking advantage of the wisdom of more objective, nonpolitical, nonpartisan people out there. A Base Closing Commission was created. They go through a process. The President is involved and then we have the final say. They come back with rational recommendations. We

can vote them up or down. So the power of the representatives of the people is the final power. But we have a rational product produced by people who are not on the phone with lobbyists, lobbyists in their ears promising all kinds of things that they can deliver on. We are not overwhelmed by the almighty might of corporate wealth in the process of making decisions.

We can deal with the situation rationally. Let the revenue commission, the creative revenue commission take a look at all the proposals for tax reform that are now being proposed.

Senator LUGAR and the CATO Institute have proposed a national sales tax. They propose to replace personal and corporate income tax taxes with a 16 to 24 percent national sales tax on all consumable items except stocks and bonds. The benefits of this, according to Senator LUGAR and the CATO Institute is that it eliminates any complicated tax filing system.

Some of the problems with this is that it is regressive. Wealthy people would pay a smaller share of their income in taxes than lower middle income tax people. We would end up with people with the real wealth paying a smaller percentage of their income, and you probably would have the corporations bearing no greater proportion of the tax burden.

But that is a plan that has been put forward by Senator LUGAR and the CATO Institute. It deserves to be looked at by an objective, rational group of Americans who are chosen for their expertise and their knowledge of the economy and taxes, and they can constitute a creative revenue commission.

The gentleman from Texas, Mr. ARMEY, and Senator SPECTER have proposed a flat tax. The flat tax concept you have heard a lot about. It is not revenue neutral. In the process of enacting the flat tax, as the gentleman from Texas, Mr. ARMEY, is proposing and Senator SPECTER is proposing, if you enact it now the way they propose it, you will end up with a deficit of \$187 billion.

We do not need a taxing plan which creates a greater deficit. The Arme-Specter plan would not treat all income the same. Only wage and pension income would be taxed, wages, the thing that hourly people work for, not the big executive compensation packages and great amounts of money. They would not be taxed. Only wages and pension income would be taxed.

Interest, capital gains, and other forms of unearned income would not be taxed. Wage and pension income would be taxed at a flat 20 percent rate in the first rate, dropping to 17 percent when the proposal is fully phased in. This tax would only apply to earned wages and pension income, as I said before. Corporate income tax would be replaced by modified value-added tax.

In the Arme-Specter flat tax plan, corporations will get away with even

more than they get away with now. They are going to not have to pay any corporate income tax. We are going to have a value-added tax. Businesses would pay a 17-percent tax on their gross sales minus wages paid to employees.

The current deduction for entertainment expenses capped at 15 percent would be 100 percent. Tax withholding would be eliminated. Taxes would be paid monthly by each individual like any other bill. That is the Arme-Specter flat tax plan.

Send the plan on. I do not agree with it. I think it is a continuation of the advantages to the rich and advantages to corporations. But let us send it on. Send the Arme-Specter tax plan to the commission, the creative revenues commission.

There is a value-added tax proposed by the gentleman from Florida [Mr. GIBBONS]. He does not have a specific proposal, but his basic concept is that you can replace income and corporate income taxes with a consumption or value-added tax administered at point of sale by businesses.

Value-added taxes are being used in many industrialized countries, and there is a lot of experience with value-added taxes. Australia and the United States presently are the only Western nations that do not have broad based consumption taxes. All European nations use both consumption and income taxes.

All European nations use both consumption and income taxes together, but they are able to charge less, have less of a burden borne by income taxes because they have the value-added tax which is based on consumption. And generally it discourages people from consuming so much.

Americans consume more than any other industrialized nation. That is why our balance of payments, while we import so much more than we export, because we are always consuming, consuming, and we need more and we buy more from those places which do not consume quite as much. One of the reasons they do not consume as much is because the value-added tax increases the cost of consumption.

So I think it is one that really ought to be looked at very carefully and worked into some total scheme of taxation, of revenue production.

Let the commission take a close look at it. There is the Nunn-Domenici tax. The basic concept is that all income, wages, interest, et cetera, would be treated the same and subject to tax. The taxpayer would not pay any taxes on savings. In other words, savings would be deducted from income before calculating the tax. What you put in the bank as savings would be deducted from your income before calculating the tax. Individual exemptions and deductions would be eliminated.

This plan is silent on what the tax rates for individuals would be. It could maintain progressive rate structure. It might tax the rich at a greater per-

centage than it does the middle class and the poor, but it might not. We do not know. It is not spelled out.

They do say that businesses would be taxed at a 10-percent flat rate and will retain most of the current deductions that they have already. I think it is a grand ripoff. If you are going to let businesses and corporations not only do what they are doing now but get away with even more, right now they are paying 11 percent of the tax burden. We are going to give them a 10-percent flat rate, which means they will be paying less. And while we give them the flat rate, we are going to let them deduct what they deduct now. If they decide to pay the chairman of a corporation or the president of the corporation \$10 million, that is deducted from their tax bill. That is a tax deduction.

There is no way to stop them. If they decide that they are going to up their budget for training and have a vast network of sumptuous training quarters all over the world and move their employees around from one beach to another and call it training, that is deductible. Anything that they decide to do they can make a little sense with, it is deductible.

So not only do they pay a very small percentage, 11 percent of the total tax burden, but they get away already with deductions which are horrific. If individuals could get away with those kinds of deductions, everybody's tax bill would go down a great deal.

What this Nunn-Domenici bill does do is create a powerful incentive for saving. And it is simpler than current law. The great problem with it is what I have just stated. Only the wealthy can save. The wealthy can save. Middle-income people can save. Those who can save more would benefit more. But those who can save the most would be the wealthiest people. So you would have again a skewed system where the system is advantageous for the people who are most wealthy.

Then there is the Gephardt flat tax. The Gephardt flat tax is revenue neutral. It would not increase the deficit as the Arme flat tax would. The Arme flat tax would increase the deficit by \$187 billion. The Gephardt would not increase the deficit. All income, wages, interests, income, et cetera would be treated the same under the Gephardt flat tax plan. All income would be taxed except Social Security benefits.

A 10-percent flat rate would apply to 75 percent of all taxpayers. But progressively higher rates of 20 percent to 34 percent would apply to higher income taxpayers, and all of these rates are lower than the current rates. The only deductions that would be retained by the Gephardt flat tax are the mortgage interest deduction and job related expenses. You could deduct your mortgage interest as you do now and job related expenses.

That coincides with Mr. Thuro's remedy of jobs and job training being a

priority. If it is a priority, then one way the Government can show it is a priority is by allowing individuals to deduct any expenses related to job training. The Gephardt plan eliminates \$50 billion in corporate welfare tax benefits that exist now.

□ 2115

The Gephardt plan requires a national referendum to raise taxes in the future. The Gephardt plan has a great benefit. It would actually reduce taxes for most Americans. You probably have guessed by now that I would say that the Gephardt plan is a superior plan. That is my individual opinion, but let it go to a tax revenue commission. We do not need my individual opinion, we do not need the opinions of the Committee on Ways and Means and the Committee on Ways and Means' schemes that have resulted in a drastic, uneven tax burden being borne by individuals and families versus corporations.

We do not need anybody's opinions. Let them all take a very close look at what is happening with these plans. Let them all examine these plans. They may look at some other creative proposals that have come forward, like we have proposed to tax—instead of selling the frequencies in the air, lease them. Why not lease them and tax the income on them? Why not, if you are going to sell them, put them in a trust fund and use that revenue for some purpose, as they are proposing with the public broadcasting?

Public broadcasting wants a certain portion of the revenue we get from selling the bands in the air, frequencies. There is another word for that. I cannot get it right now. We have auctioned off about 9 billion dollars' worth. Why not have trust funds which generate income? Why not have the savings and loans contribute, at least the \$250 billion that they took out of the taxpayers' coffers, out of the Treasury? Why not have a tax on the financial industry, a temporary tax which is a surcharge on everybody connected with the financial industries, and get back our money that we put into the savings and loan industry? Why not take a look at that?

Why not look at a more rapid reforming of the mining laws, so we stop giving away gold mines and copper mines and coal mines for pennies? We sold a mine recently for \$250 which is expected to generate billions of dollars in gold. There are a lot of things that this tax commission could look at. We need a creative revenue commission to take a look at all these possibilities, to come back to the American people with a new revenue generation plan which will be a plan with enough money to finance the transition.

We are transitioning from the industrial age to the information age. The money to pay for the transition for the job training, for the research and development, can come out of a new, creative revenue tax plan. We can balance

the budget at the same time we generate that income, and this commission is the key. We should accept the responsibility that has been given to us as elected officials, and understand that the problem is our problem. We have to solve it. A creative revenue tax commission would be a great step forward in solving this monumental problem.

#### LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. TORKILDSEN (at the request of Mr. ARMEY), for today until 11:45 a.m., on account of testifying at the North East Fisheries Management Council in Gloucester, MA.

Mr. FIELDS of Texas (at the request of Mr. ARMEY), for today after 2:30 p.m., on account of personal reasons.

Mrs. FOWLER (at the request of Mr. ARMEY), for today until 1 p.m., on account of illness.

Mr. TUCKER (at the request of Mr. GEPHARDT), for today and the balance of the week, on account of official business.

#### 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. KINGSTON) to revise and extend their remarks and include extraneous material:)

Mr. WHITE, for 5 minutes, today.

Mr. SAXTON, for 5 minutes, today.

Mrs. ROUKEMA, for 5 minutes, today.

Mr. GOSS, for 5 minutes, September 21.

Mr. KINGSTON, for 5 minutes, today.

Mr. WELDON of Pennsylvania, for 5 minutes, today.

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

Ms. KAPTUR, for 5 minutes, today.

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

Ms. DELAURO, for 5 minutes, today.

Mrs. MALONEY, for 5 minutes, today.

(The following Member (at his own request) to revise and extend his remarks and include extraneous material:)

Mr. FOX of Pennsylvania, for 5 minutes, today.

#### EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

(The following Members (at the request of Mr. DOGGETT) and to include extraneous matter:)

Mr. GIBBONS.

Mr. MORAN.

Mr. LANTOS.

Mr. JOHNSON of South Dakota.

Mr. ACKERMAN.

Mr. POSHARD.

Mr. LIPINSKI.

Mr. BERMAN.

Mr. JACOBS.

Mrs. MALONEY.

(The following Members (at the request of Mr. KINGSTON) and to include extraneous matter:)

Mr. GALLEGLY.

Mr. BOEHNER.

Mr. FORBES.

Mr. BATEMAN.

Mr. GILLMOR.

Mr. CRANE.

Mr. BARTON of Texas.

Mr. PETRI.

Mr. DAVIS.

Mr. FLANAGAN.

(The following Members (at the request of Mr. OWENS) and to include extraneous matter:)

Ms. HARMAN.

Mrs. ROUKEMA.

Mr. CONYERS.

#### ADJOURNMENT

Mr. OWENS. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 9 o'clock and 19 minutes p.m.), the House adjourned until tomorrow, Wednesday, September 20, 1995, at 10 a.m.

#### EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

1447. A letter from the Secretary of Energy, transmitting the Department's report entitled the "Low Emission Boiler System Program"; jointly, to the Committees on Appropriations and Commerce.

1448. A letter from the Secretary of Transportation, transmitting notification of the actions the Secretary has taken regarding security measures at Eldorado International Airport, Bogota, Colombia, pursuant to 49 U.S.C. 44907(d)(3); jointly, to the Committees on Transportation and Infrastructure and International Relations.

#### REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. ARCHER: Committee on Ways and Means. H.R. 2288. A bill to amend part D of title IV of the Social Security Act to extend for 2 years the deadline by which States are required to have in effect an automated data processing and information retrieval system for use in the administration of State plans for child and spousal support (Rept. 104-250). Referred to the Committee of the Whole House on the State of the Union.

Mr. MCINNIS: Committee on Rules. House Resolution 223. Resolution waiving points of order against the conference report to accompany the bill (H.R. 1817) making appropriations for military construction for the Department of Defense for the fiscal year