

and the opportunity for future generations of Americans to enjoy the prosperity that this generation has enjoyed hangs in the balance as to whether or not politicians here can make tough choices about how to get our budget deficit under control.

One way that we will never get our budget deficit under control is to give tax cuts just when we are beginning to make progress on the deficit. I am fortunate to have been in the U.S. Congress fighting for deficit reduction, and we have seen, for the first time in 3 years—3 years in a row, first time since Harry Truman was President—where the deficit has actually been cut, we have begun to make progress.

I voted for a balanced budget amendment, a Democrat voting for a balanced budget amendment. That was the easy part. Anyone can vote for a balanced budget amendment. The difficulty is actually balancing the budget, and there is no way that you can balance the budget by the year 2002 if these ridiculous tax cuts are approved by the Congress.

Now the revenue losses to the year 2000 are significant, but the 10-year losses approach \$700 billion. It is impossible to balance the budget while providing tax cuts to the tune of \$700 billion at the same time, and the irony is everyone in America gets it. People across America do not really think that you can balance the budget by drastically cutting taxes. But what makes this tax cut so tragic is that it cuts the taxes for the wealthiest Americans while enduring a deficit reduction.

Let us balance the budget to a plan to make tough choices over the next several years, and all you have to do is look at projected Federal spending to realize that nonsense about cutting discretionary spending, that we can even balance the budget by cutting children further or by cutting education programs. There is not enough discretionary spending in the budget to do it.

We need to get real about how we are going to cut this deficit. If the choices were easy, politicians in past years would have done it already. This is about difficult choices, and a bidding war over tax cuts for the middle and upper classes has to be avoided if we are going to confront these issues.

The pandering over tax cuts is threatening any chance for deficit reduction. We need to make investments in certain areas, and cutting school lunch programs, and cutting child care, cutting worker retraining, is not the way to prepare future generations to compete.

The Carnegie Corp. did a study last year that showed we are not investing nearly enough in children. You do not balance a budget by cutting children and giving tax breaks to those who are the wealthiest in society.

The Republicans claim that their tax cut will be fully paid over the next 5 years. Let me tell you they have only

come up with enough cuts, \$189 billion, to pay for the first 5 years, and \$100 billion of those are not even specific.

I would hope that we would get real in this discussion. Let us cut taxes and have a debate about cutting taxes after we balance the budget.

Mr. Speaker, the American people get it. I do not know why the Republicans in this House do not get it.

GENERAL LEAVE

Mr. BAKER of California. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks, and include extraneous material, on the special order of the gentleman from Illinois [Mr. HASTERT].

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

THE FIRST STEP ON THE ROAD TO A BALANCED BUDGET

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California [Mr. BAKER] is recognized for 5 minutes.

Mr. BAKER of California. Mr. Speaker, I was very much interested in the previous speaker's remarks until at the end he became shrill and partisan as usual, and I have to say that we believe that you have to balance your approach toward balancing the budget just like you have to take incremental steps, and that is why the Contract with America did not say we are going to balance the budget first time you make us a majority because we knew that is impossible. We talked about the year 2002 and how we were going to work and take that first step on the road of a thousand miles to balance the budget. The problem is not that we can cut, because the gentleman had it absolutely right. He said we cannot have just tax cuts for the rich, we cannot have just that, and we do not want to denigrate this debate over who is going to have the biggest tax cut for the American people, and then in the next breath he said, "But we can't cut discretionary spending either because there is not enough money in discretionary spending to balance the budget."

So how was he going to balance the budget?

Mr. Speaker, the answer is, "You're going to do both. You're going to slow down the growth rate of government spending from its 6 to 10 percent rate and get it down closer to the 6 percent growth in income that this Nation has each year, even during the recession."

"Do you think, if you went to the American people," I ask you, "and said, 'Do you think your Federal taxes are just about right? Are they too high or are they too low?'" ; what would the American people say to you, Representatives?

The answer is they would say they are too high.

In 1950 this Federal Government took 5 percent of Americans' income. In 1970 this government took 16 percent of Americans' income. In 1990 we are taking 24 percent of the average American's income. So we are paying today, at the 1970 level, an average family, if we could pay at the 1970 level, the average family would have \$4,000 more to spend.

At the same time we are running up a huge debt because we have not even slowed down in our spending, and the debt, which is today over \$4 trillion, will leap to about \$6 trillion by the year 2000, and by 2010, which is historically when the baby boomers all run from one side of the boat to the other, from the paying side on the Social Security, from the taxpaying side, to the retirement side and the drawing of Social Security. We will have a national debt each year of \$6.7 trillion. Debt is going to consume America.

How do we get out of this debt? The answer is we are going to reduce taxes, and we are going to reduce taxes on the producers, even business, and the reason is that is where you create jobs, that is where you put people to work and create taxpayers to bring more revenue to this Federal Government. If we could increase this Federal Government's revenue by 1 percent a year, we would balance the budget about 4 years sooner than the 2002 than we are going to be able to balance it through cuts and through the small tax decreases we are going to have in capital gains.

The budget deficit is projected by the Clinton administration to continue growing into the future without a solution. Interest on the debt today is some several hundred billion dollars. But between 1995 and 2006 we are going to pay \$3.9 trillion in interest. That is money we could have spent on our children. That is money we could have spent on problems that we have today—80 percent of the Americans want a balanced budget, and this gentleman says, "You can't cut your way out."

My answer is, "You've got to grow your way out." Americans will pay a lot just in interest on the debt that builds up their entire lives. In 1974, Americans paid a hundred fifteen thousand in their lifetime in interest on the national debt. This year, 1995, a child born today, will pay \$187,000 in interest on the national debt.

I yield to the gentleman from New York [Mr. OWENS].

□ 1930

Mr. OWENS. Is the gentleman aware of the fact that during the last 12 years, beginning with Ronald Reagan that debt accelerated greatly? Jimmy Carter, when he left office, left a national debt of less than \$100 billion.

It rose to almost \$400 billion under President Reagan, who counseled that lower taxes would mean increased revenue. It never happened, and the deficit exploded.

Mr. BAKER of California. The correct answer is when Jimmy Carter left there was \$1 trillion worth of national debt and now there are \$4 trillion, but your point is well taken.

Pick the President you like the least. Over the last 26 years we have had how many Presidents? Seven. So I would pick out Jimmy Carter who was playing on the tennis court, and you would pick Ronald Reagan who you say would sleep through all the Cabinet meetings. Then you take Bill Clinton who despite all the rhetoric on cutting the budget is going to add a trillion dollars. Pick the President you want.

Mr. OWENS. What amount of debt was accumulated under each President?

Mr. BAKER of California. Pick the President you want. This Congress for 40 years has had its foot stuck on the accelerator. We appropriate, we spend. Heal thyself.

THE TIME IS NOT RIGHT FOR TAX CUTS

The SPEAKER pro tempore (Mr. BILBRAY). Under a previous order of the House, the gentleman from Pennsylvania [Mr. DOYLE] is recognized for 5 minutes.

Mr. DOYLE. Mr. Speaker, I was born and raised in, and now represent western Pennsylvania and I can tell you that in our region we remember the 1980's very well—we remember the huge tax cuts that were enacted under the guise of stimulating the economy, under the guise of increasing revenues, but the corresponding spending cuts needed to keep the budget under control never took place. What happened? In western Pennsylvania we watched as the Federal budget deficit quadrupled from 1 trillion to over 4 trillion and brought on an economic downturn from which we have not recovered. Now we see that the new Republican majority in Congress wants to do it all again—enact huge tax cuts before we make the necessary cuts in spending. It sounds like the same mistakes made in the 1980's are coming back again in the 1990's.

The Republicans want to enact a bill of massive tax cuts that they claim is designed to help the middle-class. Let it be perfectly clear that this is one Member who believes the best way to help the middle-class, and everyone else for that matter, is to reduce our monstrous Federal debt. Since we are just beginning to make some progress in this area, I do not believe it is the right time for any tax cuts and I am confident that most of the country and the people in my district would agree that we must stay focused on reducing the deficit rather than exacerbating the problem by enacting tax cuts that we cannot afford.

Still, when we actually examine this Republican plan, my opposition to it grows even stronger because there is no question in my mind that these proposed tax cuts will in truth, benefit the

wealthiest Americans at the expense of the middle and lower classes! A Treasury Department study has shown that the wealthiest 1 percent of Americans will derive 20 percent of the benefits under this bill. In fact, over half—51.5 percent—of the tax benefits derived under the Republican proposal will go to benefit families with annual incomes over \$100,000. This is plainly and simply—an outrage.

Adding insult to this injury, the Republicans have made their "tax credit for families with children" nonrefundable. This means only wealthy families will be able to take full advantage of the credit while low and middle-income Americans lose out again. I heard one of my friends on the other side of the aisle say that the Contract With America wanted to make a statement that children have value, but with this provision, a family of three with one child, earning \$15,000 a year would get a \$90 credit, not \$500. A family of five including three children, earning \$22,000 a year would get \$375 not \$1500. I guess under the contract, a child's value is determined by the wealth of his or her parents.

As I said before, I do not believe the time is right for tax cuts of any kind—but for the Republicans to propose a plan designed to help those who need it least while it hurts those who most need help is not only foolhardy—it's reprehensible.

I urge my colleagues to oppose this proposal, and I yield back the balance of my time.

PRO-SENIOR TAX PROVISIONS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Florida [Mrs. FOWLER] is recognized for 5 minutes.

Mrs. FOWLER. Mr. Speaker, I would like to highlight a number of pro-senior provisions which are contained in the Tax Fairness and Deficit Reduction Act. H.R. 1327 not only reduces the tax burden on American families, it repeals the Clinton tax increase in Social Security, raises the Social Security earnings test limit, and provides tax incentives for the purchase of long-term care insurance.

The failed notion that Government knows best how to spend people's money has given us a Government that is too big, taxes that are too high, and a huge debt to lay at the feet of our children. The American people have subscribed to a new idea of government—that people and not bureaucrats know best how to spend and invest money. They have sent a clear message that they do not want Government policies that over-burden the taxpayer while encouraging dependence on Government support.

These provisions are in line with the philosophy of smaller government and fewer taxes. At the same time, the bill is distinctly pro-senior. First, the bill would repeal the tax increase imposed by President Clinton's tax package of

1993. It would provide needed relief to seniors on fixed incomes, whom the administration labels as "wealthy." Senior citizens with incomes of more than \$34,000 a year are not rich. Seniors face escalating costs for housing, medical care, and prescription drugs and the Clinton tax increase made it even more difficult for many seniors to fend for themselves.

The repeal of this provision is also important because it scales back a very dangerous precedent. The Clinton tax on Social Security actually transferred money away from the Social Security trust fund. Revenue raised from the increased taxation on Social Security benefits is not returned to the Social Security Trust fund. We heard lots of talk from opponents of the balanced budget amendment that Republicans were going to raid Social Security, but ironically, it is President Clinton who has set the standard for raiding the trust fund.

The Tax Fairness and Deficit Reduction Act will also raise the Social Security earnings test limit. The earnings test is a penalty imposed on seniors—our most valuable and experienced resource in the work force—who choose to continue working after they turn 65. Social Security recipients earning more than the current limit of \$11,280, will have \$1 of benefits reduced for every \$3 over the limit. That means that low to middle income seniors will face marginal tax rates of 55.65 percent—when you consider the 15 percent Federal income tax and 7.65 for FICA. That is unfair and discriminatory policy that will end under H.R. 1327.

The current earnings test sends a clear message to seniors: Do not work. It will not pay, which is not the message we should be sending.

Finally, this legislation encourages the purchase of long-term care insurance. Too often, senior citizens who have exhausted their resources or rely solely on Social Security as a primary source of income—perhaps because the earnings test discouraged them from continuing to work—must spend down their resources to become eligible for long-term care under the Medicaid program. There must be a better way, and I believe encouraging the purchase of long-term care insurance will allow more seniors to keep their assets and independence from Government support.

Mr. Speaker, these three provisions will greatly benefit seniors, and at the same time encourage self-reliance. I look forward to having the opportunity to support these changes when we consider H.R. 1327 on the House floor this week.

THE REPUBLICAN TAX CUT IS IRRESPONSIBLE

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Texas [Mr. GENE GREEN] is recognized for 5 minutes.