all Lorraine County Community College students are on some type of financial aid, nearly 5,000 students per quarter.

At a school like Lorraine County Community College, which is an absolute jewel for Lorraine County in terms of job training and people going back to school and getting more education and people going straight from high school onto LC to go to college, Lorraine County Community College has literally thousands of part-time students, hundreds and hundreds of single parents who are students, hundreds of people from a very diverse cross section of the community.

What these cuts to middle-class students mean, what these budget cuts mean on student loans is that many of these students that are now at Lorraine County Community College will be saddled with heavier and heavier debts as they are struggling to work part-time and go to school part-time and raise their children and some of them simply will give up.

□ 1900

These cuts to middle-class students are part of the Republican Contract on America.

Let me briefly discuss the winners and the losers in the Republican Contract on America. The winners are people like Rupert Murdoch. Rupert Murdoch got a $63 million tax break, Australian-born, American-naturalized-citizen Rupert Murdoch. Another winner is American billionaires who are the recipients of $3.6 billion, thanks to the Republican Contract on America, American billionaires who renounced their American citizenship and got this tax break. Other winners are people making $200,000 a year.

The Republicans have called middle class not what people in my district would term middle class. Those are other winners who get a major tax break under the Contract With America.

Another major winner is America''s largest corporations, which in the mid-1980's had enjoyed so many tax loopholes that many of them paid no Federal taxes. Ronald Reagan and the then Democratic Congress put on them an alternative minimum tax so those corporations at least paid some tax. That tax loophole has been recreated under the Republican Contract for America.

Mr. KINGSTON. Mr. Chairman, will the gentleman yield?

Mr. BROWN. I yield to the gentleman from Georgia.

Mr. KINGSTON. I was just hoping that in your list of winners you would include 87.5 percent of the American people who will benefit from this $500 per child tax credit. It is a pretty significant group in the population of the country that will benefit from the Contract With America, and I would hope my friend from Ohio would mention this large group of our citizens.

Mr. BROWN of Ohio. Let me answer that.

The fact is that, in spite of all the Republican charts, they have called people making $200,000 a year middle class. The tax cuts are mostly for them when you add in that one particular tax item plus the money for Rupert Murdoch plus the $3.6 billion that people renounced their citizenship plus the alternative minimum tax repeal.

Now, I want to make sure I have this right with the Rupert Murdoch situation. You have got an Australian billionaire who has come to the United States, gotten American citizenship so that he could buy a television network and so that he could buy a major book publishing house and cut book deals with American politicians. Then you have American billionaires who have renounced their citizenship so they can get $3.6 billion in tax breaks.

Perhaps if Rupert Murdoch is really, really smart, after he has become an American citizen and got this $65 million, he will be able to renounce his citizenship and get part of the $3.6 billion.

The fact is, this is ludicrous. Perhaps Mr. Murdoch and perhaps some of those American billionaires that have partaken of the $3.6 billion by renouncing their citizenship will come to Lorain, to my hometown with me, and explain to students at Lorain Community College why in fact their student loans are being cut, will explain to students at Tennyson Elementary in Sheffield Lake, OH, why school lunches are being cut, will explain in Elyria, OH, to young people who have had summer jobs in the past why there are no more summer jobs programs because of these Republican cuts.

It simply does not make sense. It is not fair. It is not right.

I ask, Mr. Speaker, that the House reconsider some of these measures that the Republican Contract With American is all about.

THE CONTRACT WITH AMERICA WILL BENEFIT THE MIDDLE CLASS

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

Mr. KINGSTON. Mr. Speaker, I wanted to comment, just a few comments on my friend who spoke previously in front of me.

I think that it is important that as we debate and talk about the situation in America today that we try and leave class envy and prejudice out of it. I know it just sounds so appealing to say everybody's billionaires and millionaires. I guess because you are successful you become guilty of overachievement; therefore, you should be overtaxed equally.

Maybe that is the Democrat mantra; but, as I was pointing out earlier, the distribution of the $500 per child tax credit—and you know what, Mr. Speaker, I am going to go ahead and move down to the easel because I was not intending to show this, but let us go ahead and make sure. All right.

You know, I know the Democrats do not like our charts, and there is reason they do not like our charts. They do not like the truth. When you are pushing propaganda, you do not like to have people stand up and say, well, here is a source that is a neutral source that comes from the Tax Foundation. It is not the Republican party. It is not NEWT GINGRICH's office. But that 87.5 percent of the people who benefit from this middle-class tax cut are people under $75,000 in income. That is pretty much middle class. You know, it is a very mainstream tax credit.

Now, here is on the capital gains tax. Most of the people who will be benefiting, this larger column, make under $50,000 a year. I hope that when we reconvene in May that we can get away from this class envy and this if you do well we are going to attack you because you have done something wrong along the way. I like to believe that people who are successful have done so usually by helping others, by selling a quality good or delivering a service that is needed in America today.

Now, let us talk about the Contract With America, which I know the press and a lot of folks on the other side of the aisle do not like. But the Contract With America, if you go back to when it was introduced in October, everyone said, well, this is cute, but it will never get passed, nobody is really interested in it, and the Republicans are the minority party and will not make a difference.

Well, that was in October. November, what happened? It was passed. And then for the first time in history the media started calling it Contract With America instead of Contract for America. That was a big step within the national liberal media.

Then, by December, what had happened? Instead of people saying, hey, the November elections are over with, ho hum, let's go home, they said this is really different, we are going to have some changes, we are going to have some fundamental changes in Washington, DC. These folks have a campaign promise that they are telling people put on your refrigerator door, call us, follow up, make sure that we follow through on our promise to you that we made on the campaign trail.

And now all the new freshmen, all the sophomore class, all the senior Republicans delivered. But, more importantly, Mr. Speaker, 70 percent of the items on the Contract With America passed with bipartisan support.

Democrats joined in. Why? Not because they are in love with NEWT GINGRICH but because their constituents wanted these items. This is what 60 to 70 to 80 percent of Americans want: smaller government, fewer regulations, more personal freedom, get the government off my back, lower my taxes. And that is what the Contract With America is all about.

When we reconvene, Mr. Speaker, we are going to tackle the budget. Now, the third largest item on the budget, the third largest expenditure, is interest on the national debt, interest paid to bondholders of our debt. In 2 years that interest alone will be more than our military or defense spending, which means you are paying more interest in the year 1997 on the national debt than you will for the Army, the Navy, the Marine Corps, the National Guard, the Air Force, and all of them combined.

We have got to do something about it, and it is a bipartisan problem. We got here by bipartisan action, and we have got to get out of it that way. When we pay so much interest on the national debt, your taxes go up, you have less money to put into education or health care, the interest rates go up.

Alan Greenspan, Chairman of the Federal Reserve, says it makes as much as a 2 percent increase in the interest rate on your home mortgage, on your automobile mortgage, and it is inflationary.

We have got to address this problem. It is not going to be easy, but it has got to be done across the board, it has got to be done in a fair manner, and I hope, Mr. Speaker, we can do it in a bipartisan manner.

Just to give you an idea, farm programs in the year 1986 had a spending level of $26 billion. Today, they are $10.6 billion. And yet agriculture is better than ever. We have a lot of food today, Mr. Speaker. If we can do that with agriculture, we can do it with the rest of our Nation's budget. I look forward to being a part of that process.

THE PIECES OF THE CONTRACT DO NOT FIT TOGETHER

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

Mr. SPRATT. Mr. Speaker, tomorrow the Republicans in the House will celebrate the completion or at least the passage through the House of their Contract With America.

I do not like to rain on anybody's parade, but I have to predict, as the parts of this contract which were passed separately are pieced together, I am afraid we are going to find that all the pieces do not fit. Particularly I think there is going to be a misfit when it comes to fitting together revenues and expenditures, the budget, and fulfilling the prediction of a balanced budget by the year 2002.

I say that because yesterday in the final act of this contract we adopted a bill called H.R. 1215, which will reduce the tax revenues that flow into the Government by $189 billion over the next 5 years and by $630 billion over the next 10 years.

I think it is fair to ask here in the Congress, out in the country, how do we do that? How do we cut taxes by $630 billion and increase defense spending as the contract seems to promise or at least hold defense spending constant and at the same time bring the budget into balance by the year 2002?

Well, one way the bill proposed yesterday and passed yesterday offers is to lower what we call the cap on discretionary spending, nonentitlement spending by $100 billion cumulatively over the next 5 years. Before the vote yesterday, the chairman of the Committee on the Budget, Mr. KASICH, sent to us an illustrative list of domestic spending cuts that totaled $100 billion showing how we could get $100 billion out of discretionary spending over the next 5 fiscal years. None of these cuts has been voted on yet, and it would be miraculous to me if half of them were ever approved.

But let's take the list that Mr. KASICH proposed at face value and note this about it. It very conveniently ignored or failed to note anything at all. It was silent on the issue of defense spending, and yet defense spending constitutes fully half of discretionary spending. Discretionary spending is right now about $545 billion. Defense spending is about $270 billion.

Mr. KASICH has said elsewhere that he would like to see defense spending frozen at its current level of about $270 billion a year. What I would like to do tonight is just explore the consequences of that. Let's put the other sphere on the first sphere, defense spending and discretionary spending, domestic discretionary spending together and see what happens.

If we combine the lower caps, that $100 billion lower cap, which are provided for by H.R. 1215 with a constant outlay stream of $270 billion for defense every year, an outlay freeze, we see from this first chart which I have here that we will need to make $41.4 billion in budgetary cuts, in nondefense discretionary programs in fiscal year 1996. And that begins, in effect, next month because that is when we begin the budget for fiscal 1996.

As you can see on this chart, these cuts in nondefense programs would have to rise to $66 billion in fiscal year 1998, and that constitutes a 23.5-percent cut below the current budget level of expenditure, 23.5 percent of student loans, 23.5 percent of Head Start, 23.5 percent of ag programs, job training, the Drug Enforcement Agency, the FBI and the Federal court system. Over the course of this year we would have to take off 23.5 percent and over the course of 5 fiscal years the cuts in nondefense spending required by holding defense spending constant at this year's level would add up to $187 billion, which is $87 billion more than the chairman of the Committee on the Budget spelled out in the illustrative list that he sent out to us yesterday.

There is a second chart I have here that depicts the same story, only in a different way. You can see from this chart, the blue line at the top is the proposed level of discretionary spending for domestic programs, nondefense programs, and President Clinton's budget. It runs from $260 to $280 billion, and it is roughly flat between $275 and $280 for 5 fiscal years.

But if we make these changes I am talking about it drops immediately from $260 to $220 and from $280 down to about $220, a $60 billion cut, very severe reductions.

The term defense freeze sounds sort of noncontroversial, benign, uneventful, but the purpose of these charts is to show you that it will trigger deep nondefense spending cuts because of the linkage between something we call budget authority and outlays. Budget authority are what we budget, what we pass around here every year. Outlays are what the government actually spends. And there is a difference between the two because we have to put up lots of budget authority, particularly for defense programs, and yet it takes the Department of Defense years in building a carrier to spend out all of that budget authority.

□ 1915

There is a difference between the two. Because discretionary outlay is a cap, an increase in defense budget authority requires a 1-to-1 decrease in the budget authority of nondispensed accounts. Anything you put in defense, you have to take out of nondefense.

An outlay freeze seems to say, well, we just hold things like they are. But a defense outlay freeze means anything but the status quo for a nondefense program.

The cuts I have just gone over assume a hard freeze, that is, a flat freeze on defense spending. It would not be adjusted up or down except for inflation.

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

[Mr. HOKE addressed the House. His remarks will appear hereafter in the Extensions of Remarks.]

The SPEAKER pro tempore. Under a previous order of the House, the gentlewoman from North Carolina [Mrs. CLAYTON] is recognized for 5 minutes.

[Mrs. CLAYTON addressed the House. Her remarks will appear hereafter in the Extensions of Remarks.]

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

[Mr. MICA addressed the House. His remarks will appear hereafter in the Extensions of Remarks.]

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

[Mr. OWENS addressed the House. His remarks will appear hereafter in the Extensions of Remarks.]