to in subsection (b) the functions of the Administrator relating to administering activities conducted by the Small Business Administration in the region of the United States located generally along the border between the United States and Mexico.

RECOGNITION OF NATIONAL WEEK OF THE CHILD

HON. CHARLES E. SCHUMER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 3, 1995

Mr. SCHUMER. Mr. Speaker, one of the pleasures of serving in this body is the opportunity we occasionally get to recognize truly outstanding citizens of this country. Today I am especially pleased to recognize a group of citizens that are essential to the vitality of this country but are often overlooked, our children. I am happy to announce that the week of April 24, 1995, has been designated National Week of the Child.

As a father of two daughters, I know first hand the joys of raising children. My legislative successes pale in comparison to the rigors and joy of helping my children learn to take their first steps and learn to read. Sadly, I must pause to reflect on the tragedy in Oklahoma City as children lost their lives in an act of senseless violence. I am reminded that our children need to be protected as well as nurtured in this uncertain world.

This week we recognize that to do right by our children we must make sure that opportunities are available to all children to receive a good education, pursue any career, and to lend this Nation to greatness. Every child in America deserves to realize his or her full potential. They must be able to live and study without worrying about the basic necessities like food and shelter that many of us take for granted.

By declaring this week as the ''Week of the Child,'' we are making it clear that we understand the need to dedicate ourselves to developing this country's most precious resource—our children.

TRIBUTE TO JUSTIN C. GORDON

HON. PAUL E. GILLMOR

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 3, 1995

Mr. GILLMOR. Mr. Speaker, I would like to take this opportunity to recognize an exceptional young man from my district who has recently accepted his appointment as a member of the Class of 1999 at the U.S. Military Academy.

Justin C. Gordon will soon graduate Keystone High School after 4 years of outstanding academic achievement as well as extracurricular involvement. While in high school Justin has distinguished himself as a leader among his peers. He is an outstanding student and patriot.

Mr. Speaker, one of the most important responsibilities of Members of Congress is to identify outstanding young men and women and to nominate them for admission to the U.S. service academies. While at the Academy, they will be the beneficiaries of one of the finest educations available, so that in the future, they might be entrusted with the very security of our Nation.

I am confident that Justin Gordon has both the ability and the desire to meet this challenge. I ask my colleagues to join me in congratulating him for his accomplishments to date and to wish him the best of luck as he begins his career in service to our country.

DEFICIT REDUCTION

HON. LEE H. HAMILTON

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 3, 1995

Mr. HAMILTON. Mr. Speaker, I would like to insert my Washington Report for Wednesday, April 12, 1995 into the CONGRESSIONAL RECORD.

A PRIORITY ON DEFICIT REDUCTION

The House recently considered two bills to reduce taxes, a leadership bill and a minority party bill. I opposed both. My view is that before Congress cuts taxes it should reduce the deficit. The United States is currently $4.8 trillion dollars in debt. It makes no sense to borrow even more money to pay for a tax cut. We must reduce the deficit. I favor tax cuts, and would like to vote for them, but I believe our top priority should be cutting spending and balancing the budget.

THE TAX BILLS

Without doubt, the tax cut bills are attractive. Over five years the minority party bill would cut $32 billion in taxes with, among other things, tax deductions for higher education expenses and an expansion of Individual Retirement Accounts (IRAs). It would attempt to offset these tax cuts with a promise to save $25 billion in discretionary spending over the next five years, with another $7 billion in savings from other measures, including eliminating the tax break for wealthy Americans who renounce their citizenship.

The leadership bill would instead cut taxes by $189 billion over five years, and another $452 billion in the following five years. Tax reductions include a cut in capital gains taxes, expanded IRAs, elimination of the minimum tax on corporations and a tax refund of up to $500 per child for families making up to $250,000. This bill also makes a promise to cut discretionary spending—by $100 billion over five years. Additional cuts assume $62 billion in savings from welfare block grants, $10 billion from Medicare, and other cuts for a total of $187 billion. This bill passed the House.

NO SPECIFIC CUTS

The tax cuts in both of these bills are specific, but most of the spending cuts are unspecified and little more than promises to avoid increasing spending in the future. These bills cut taxes now, and their proponents promise to cut spending later. That is what they said in 1981 when the national debt was less than $1 trillion. Today it is approaching $5 trillion and steadily increasing at the rate of $1 trillion per presidential term. Experience shows that spending cuts should come first.

NUMBER GAMES

I am concerned about how the House-passed bill is designed to reduce federal revenues by $189 billion in the first five years and then $452 billion in the next five years. This approach is used because House budget rules require offsetting spending cuts only in the first five years. The bill is 2½ times more costly in the second five years, but it does not include even a promise to reduce spending in those later years. These manipulative procedures are one reason we need to put spending cut money in the bank before we cut taxes.

TAX BURDEN

I agree with my constituents who say that taxes are too high. Federal, state, and local taxes consume a larger share of the average family's expenses than housing, food, clothing, and medical costs combined. High taxes discourage economic growth and savings. However, the national debt is a greater drag on the economy. One-seventh of every tax dollar pays interest on the national debt. Government borrowing drives up interest rates, increasing the cost of mortgage payments, student loans, and car payments. Deficit reduction is a huge tax cut for our children.

I understand the popular appeal of tax cuts, but have been pleased to note that a majority of Americans say they prefer balancing the budget to cutting taxes. The American people have their priorities exactly right. Proponents of tax cuts say Congress can cut spending enough to provide both. They argue that a tax cut leads to sufficient revenue growth to balance the budget. Recent economic history should make us extremely dubious of those arguments.

DISTRIBUTION

While there is much debate over how much the tax bill benefits the wealthy, and the statistics can be quite confusing, all agree that the great bulk of tax benefits would go to those who are better-off. The tax bill accelerates the widening gap between the rich and everyone else. When coupled with the recent spending cuts tilted sharply against the working poor, the result is an unfair transfer of resources from the needy to the rich. The U.S. Treasury estimates that half of the tax breaks would go to families making more than $100,000 per year—the top 10% of all taxpayers, and just 5% of Ninth District residents. Overall, the average family in the Ninth District would receive less than $300 a year from this bill, while families making over $100,000 a year would receive an average of $4,300.

ECONOMIC GROWTH

This bill also creates many new tax shelters that distort investment decisions and make the economy less efficient. Many provisions simply tell investors to put their money where they could get the biggest tax break. Leading business economists tell us that is a formula for economic stagnation. Sensible tax policy would encourage investors to put their money where it could produce valuable goods and services.

I support capital gains cuts that are focused on increasing long-term investment. But the structure of the capital gains tax cuts in the bill makes no distinction between long-term investment and short-term speculation, and the bill repeals the current small business investment credit. The tax rate for long-term small business investment increases under the bill from 14% to 19.8% to pay for a bigger cut for large corporations. This bill would reduce the national savings rate.

I also question the need for a short-term economic boost. The country is in the middle of one of the most successful periods of economic growth in its history. The economy has grown so swiftly that the Federal Reserve has raised interest rates 7 times to keep inflation in check. Surely stimulating more rapid growth would result in either more interest rate hikes or increased inflation. My view is that deficit reduction will be more effective at increasing long-term investment and economic growth.