Mr. GENE GREEN of Texas. Mr. Speaker, the rescission bill was bad policy. It cuts education programs for children. The rescission bill cuts safe and drug-free schools, drastically reducing the funding to a little less than $10 million.

Yesterday I was honored to be at the White House when the President honored 98 schools who received safe and drug-free school funds for their commitment to education in fighting crime and drugs.

One of those schools recognized was Crespo Elementary, in Houston independent school district, an inner-city school district located in the 29th Congressional District.

When the doors of Crespo Elementary opened in 1992, it was an inner-city school. Everyone expected it to be low performing. In 2 years that school has been recognized as a school by the Texas Education Agency for its academic performance and its positive drug-free environment.

I applaud Crespo's teachers and parents and administrators and students for their active programs. That is what works in this country.

I stand by President Clinton's veto of the rescissions bill on behalf of the 20 million schoolchildren in Texas and the hundreds at Crespo elementary who benefit from the antiviolence and drug funding.

RUSSIAN MISSILE TECHNOLOGY SOLD TO BRAZIL

(Mr. WELDON of Pennsylvania asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. WELDON of Pennsylvania. Mr. Speaker, they say that actions speak louder than words. In the case of the Clinton administration, that appears to be true.

We have heard from the Clinton administration they are concerned about arms proliferation; specifically, missile technology being sold around the world.

But what are their actions? Mr. Speaker, today's Washington Post headline screams out the record of the Clinton administration. ''U.S. Waives Objections to Russian Missile Technology Sale to Brazil.'' We now learn the Clinton administration secretly has given the go-ahead to allow the Russians to begin to export their technology, while next week on the House floor, on the defense bill, we will hear all of these arguments about adhering to the ABM Treaty.

This is the second case where the Clinton administration has waived efforts to stop proliferation of missile technology. Earlier this year they failed to stop the sale of rocket motors to China, which will be used to enhance their cruise missiles.

This is outrageous. Last evening I wrote to the President a two-page letter asking for a full public discussion and disclosure, with the Congress, about the waiver of the sanctions against Russia and Brazil.

GIVING THANKS FOR THE RESCUE OF CAPT. SCOTT O'GRADY

(Ms. JACKSON-LEE asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Ms. JACKSON-LEE. Mr. Speaker, I rise this morning to give thanks for the safe rescue of Capt. Scott O'Grady, the F–16 pilot shot down over Bosnia while flying a NATO support mission.

Captain O'Grady's training was the very best in the world, and it kept him alive for 6 days as he managed to elude hostile Bosnian Serb troops and communicate by radio with the Marine Corp rescue unit that would ultimately bring him to safety.

Though he had suffered some burns to his neck as he ejected from his crippled aircraft, Captain O'Grady never panicked.

He endured hunger and hypothermia while judiciously using his battery-powered rescue radio to call for help.

Both Captain O'Grady and his Marine Corps rescuers from Camp Lejeune performed by the book. They did precisely what their military training had instructed them to do, and thus the prayers of all America have been answered.

Mr. Speaker, it has become fashionable lately for many of my congressional colleagues to criticize our military's readiness, to allege that training has suffered as a result of more streamlined Pentagon spending.

Well, Mr. Speaker, for those who want to justify a return to the days of monstrous defense budgets in the face of deficits and mounting domestic problems, I would like to point to the textbook competence and excellence displayed by American fighting forces in this dramatic episode.

To Captain O'Grady's family, I extend America's warmest wishes.

We share your joy in the safe return of your brave loved one.

And we share your pride in knowing that he is a part of the very best trained, the very best equipped, and the readiest fighting force the world has ever known, and supported by this administration and Democrats of Congress believing in a strong, efficient, effective defense.

URGING CONGRESS TO SHOW RESTRAINT

(Mrs. MEEK of Florida asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Mrs. MEEK of Florida. Mr. Speaker, I stand here today to urge restraint on the part of the Congress on both sides of the aisle, both Republicans and Democrats, to understand when they begin to dismantle the only health care program for the poor that we have in this country, that they should take some pause before doing that.

I think the American public needs to know not what is going on here in Washington and the bills and the resolutions, but they need to know what is not there.

The Republicans want to cut Medicaid by $170 billion, and I listened this morning and I heard some greedy Governors, particularly Governors from Republican States, who want to have all the money dumped in one pile so they can use it as they see fit. And I guarantee you it will not all be used for the purposes for which it is intended.

They show little concern about the impact of these proposals on children, the elderly, and the severely disabled. They are concerned about management and about how they can use this money to make their coffers stronger. They like to cut dollars, but they do not like to create alternatives.

I have heard no alternatives to Medicaid since I have been here.

Mr. Speaker, I urge restraint on the part of the Congress to think about the poor and the underserved.

PERMISSION FOR CERTAIN COMMITTEES AND SUBCOMMITTEES TO SIT TODAY DURING 5-MINUTE RULE

Mr. KASICH. Mr. Speaker, I ask unanimous consent that the following committees and their subcommittees be permitted to sit today while the House is meeting in the Committee of the Whole House under the 5-minute rule: Committee on Agriculture; Committee on Banking and Financial Services; Committee on Commerce: Committee on Economic and Educational Opportunities; Committee on Judiciary; Committee on Resources; Committee on Science; Committee on Small Business; and Committee on Transportation and Infrastructure. Mr. Speaker, it is my understanding that the minority has been consulted and that there is no objection to these requests.

The SPEAKER pro tempore (Mr. LATOURETTE). Is there objection to the request of the gentleman from Ohio?

Mr. WISE. Mr. Speaker, reserving the right to object, the gentleman is correct. The Democrat minority has been consulted and has no objection to this request.

Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. I there objection to the request of the gentleman from Ohio?

There was no objection.

APPOINTMENT OF CONFEREES ON HOUSE CONCURRENT RESOLUTION 67, CONCURRENT RESOLUTION ON THE BUDGET—FISCAL YEAR 1996

Mr. KASICH. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the concurrent resolution (H. Con. Res. 67) setting forth the congressional budget for the U.S. Government for the fiscal years 1996, 1997,

1998, 1999, 2000, 2001, and 2002, with a Senate amendment thereto, disagree to the Senate amendment, and agree to the conference asked by the Senate.

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

There was no objection.

MOTION TO INSTRUCT CONFEREES OFFERED BY MR. SABO

Mr. SABO. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. SABO moves that the House conferees on H. Con. Res. 67, the concurrent resolution on the budget for fiscal years 1996 through 2002, be instructed to agree to revenue levels (within the scope of the conference) that exclude the revenue effects of the Contract With America Tax Relief Act (H.R. 1215), and to insist on the House position regarding the Earned Income Tax Credit.

The SPEAKER pro tempore. The motion is debatable for 1 hour.

The gentleman from Minnesota [Mr. SABO] will be recognized for 30 minutes, and the gentleman from Ohio [Mr. KASICH] will be recognized for 30 minutes.

The Chair recognizes the gentleman from Minnesota [Mr. SABO].

PARLIAMENTARY INQUIRY

Mr. SABO. Mr. Speaker, I have a parliamentary inquiry.

The SPEAKER pro tempore. The gentleman will state his parliamentary inquiry.

Mr. SABO. Mr. Speaker, who has the right to close on this motion?

The SPEAKER pro tempore. The gentleman from Minnesota [Mr. SABO] has the right to close.

Mr. SABO. Mr. Speaker, I yield myself 4 minutes.

Mr. Speaker and Members, the motion to instruct is relatively simple. To my colleagues on the Republican side, one segment of it simply endorses something you did and the Republicans in the Senate did not do, and that is not make cuts in the earned income tax credit. We commend you for it and urge you to retain that decision in conference.

Mr. Speaker and Members, it is rather difficult to find a motion to instruct when you have two very bad resolutions before us.

But, Mr. Speaker and Members, as we begin this process of evolving a budget for 1995 and the next 7 years, we should not start that process of trying to achieve a balanced budget by simply digging the hole deeper with a tax cut aimed primarily at the most affluent in this country.

Over 50 percent of the benefits of this tax cut flow to people with incomes over $100,000 a year. What is the impact of that decision?

I might add that while the Senate does not do that, they do the opposite. They increase taxes for millions of hard-working Americans with the lowest incomes in our country.

Mr. Speaker, the impact of what the House has done and what the Senate is doing is to force deep cuts in a whole host of programs that substantially impact the American public.

Where are the biggest impacts felt? Clearly, in the health area. What we have in the House is a budget resolution that, by the year 2002, would cut Medicare by $86 billion a year, while at the same time the tax cut is costing $90 billion a year, deep and significant cuts in Medicaid, a program that provides health care for the most vulnerable in our society, the poor, elderly, and disabled.

By 2002, the Republican House proposal would have growth in that program at less than 2 percent, when projected caseload is 3 to 4 percent. Clearly, it either means significant numbers of American people would not have health care or else we are transferring significant costs to State and local governments.

Mr. Speaker and Members, what we have before us in the House and Senate budget resolutions are attempts to reward the most affluent in our society, those people who have benefited the most by growth and income over the last 15–20 years. We have had a revolution where income flows to the most affluent in our country. The proposed bill that comes from the House would reward those folks with a significant tax cut while we substantially cut the funding for a variety of health care programs like Medicare, Medicaid, substantially cut back on veterans' health care, scale back training for education, whether it be loan programs for college students, whether it be basic education and training to make sure that our workforce is equipped for the 21st century.

□ 1115

So, Mr. Speaker and Members, as we go to conference, let us not begin by digging a hole deeper that forces unconscionable cuts in health care programs like Medicare, Medicaid, makes our education and training programs such that there would be thousands of students who could not afford to go on to college and to cut programs that train our workforce so they are equipped for the 21st century.

Mr. KASICH. Mr. Speaker, I yield 3 minutes to the gentleman from Colorado [Mr. ALLARD].

Mr. ALLARD. Mr. Speaker, I thank the gentleman from Ohio [Mr. KASICH] for yielding, and I would like to address some of the concerns that were raised from the distinguished ranking member on the Committee on this Budget.

These tax reductions that we have in the budget plan are part of a total package, and let me explain to my colleagues how that works. We have looked very hard in the Committee on the Budget on the subsidies that business receives, whether it is agriculture, small business, dealing with housing, or whether it is even airports; that is in the entitlement and mandatory spending area. We said, Look, if you're going to lean less on the shoulders of government, we have got to give you an opportunity to retain more of your earnings within your business.

I say to my colleagues, Let's take, for example, agriculture. There have been reductions in the agricultural program since 1986, gone from $26 billion down to somewhere around $11 or $12 billion, where we are today, and farmers and ranchers are saying that we have to have regulatory relief. We're willing to step back as far as the subsidies, but give us regulatory relief, give us some breaks on the tax side.

This is not wealthy people. These are hard-working Americans that have gone back on a year-to-year basis and accumulated some wealth in their business, whether it is a small businessman or an agricultural person, and then, when they get around to that stage in their life when they want to retire, then they have all of this income that comes in in 1 year, but it is income that is accumulated over years and years of hard work, and in each individual year that has not amounted to an awful lot, but over a period of 20 to 30 years it amounts to their whole retirement.

So, Mr. Speaker, that is why it is important that we have something like a reduction in capital gains. That is why it is important that we do something with the inheritance tax so that these particular businesses can pass on and remain in the family.

If we want to continue to say that the individual in this country has got to take responsibilities for his own actions, save for his retirement, provide for his own family, we have got to say that the Government takes less and we let the individual keep more, and that is what we are talking about, less Government. That is what the Republican budget is about. As the opposition will say, they want more Government. They think the answer is here in Washington. This is not where the real answers are. The answers are back in our districts, back with families, back with local elected officials.

Mr. SABO. Mr. Speaker, I yield 3 minutes to the distinguished minority leader, the gentleman from Missouri [Mr. GEPHARDT].

(Mr. GEPHARDT asked and was given permission to revise and extend his remarks.)

Mr. GEPHARDT. Mr. Speaker, I rise today to make one simple fundamental point. We can do better than a budget that takes health care from the elderly to pay for tax breaks for the privileged few. I say to my colleagues, ''If you ask me, this budget is not just reckless public policy. It's a repudiation of everything this country stands for and every purpose that we came here to serve.''

Mr. Speaker, tax cuts for the privileged few and budget cuts for the middle class is the most egregious redistribution of income from workers to the wealthy since Republicans ruled the White House, and I suppose this should not come as a surprise because that is what trickle-down economics is really all about, survival of the richest

and feeding everybody else to the economic wolves. The last time the Republicans tried it in the high rolling 1980's, two-thirds of all the new wealth went to the top 1 percent of Americans. The most privileged of the privileged, the decent, hard-working, middle-income families who are the strength and soul of this country, barely got a dime.

And now the Republicans are saying that after a decade and a half of economic disaster and decline for the middle income people it is time to try it all over again. It is time to ravage health care for the elderly and disabled, rob people's pensions, and pass a back-door tax increase. It is time to slash the earned income credit, which nearly 40 percent of all families with children depend upon sometime in the decade to keep themselves out of poverty. It is time to cut education, and increase the cost of student loans and eliminate summer jobs for worthy young people.

Mr. Speaker, this is a dark moment in the history of our House. This budget is so unfair, so extreme, so reckless in redistribution, my guess is that many on the other side even find it offensive. That is why we are offering this motion to instruct. That is why we want this opportunity to build a better budget and a fairer budget.

Mr. Speaker, I ask my colleagues to turn aside trickle-down economics not out of partisanship, but out of an abiding sense of justice, and fairness, and decency and what is right. Vote for this motion. Let us put an end to tax breaks for the privileged few and budget cuts for the middle class. We can and we must do better for the people of this country.

Mr. KASICH. Mr. Speaker, I yield 5 minutes to the distinguished gentleman from Ohio [Mr. HOBSON].

Mr. HOBSON. Mr. Speaker, let me state one simple fact. The Democrats have no budget proposal. We worked long and hard on a budget, and let me state it again.

At no time did the Democrats come forth with any budget proposal from the House. The President had a budget, yes, but did he take the trouble? No, he left us with $200 billion in the hole. He did not offer any response to the problems with Medicare or Medicaid, no proposals at all. So the President punted, just as the House Democrats punted in the Committee on the Budget, and now they have the audacity to come out here when we have proposals to help people for the future of our country, for our grandchildren and our children, and the middle income people in this country, they come out with a motion like this. I think it takes a lot of gall to come out and, while proposing nothing positive throughout this whole process, to come forth and say, ''We want to go a different direction now.''

What we are saying, ''Let's get on board, let's go in a direction for the future of our country, for our children.'' Greenspan says, if we want to have the same kind of life for our children, our grandchildren, we better get about balancing this budget.

Defeat this motion to instruct.

Mr. KASICH. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I obviously rise in opposition to the motion to instruct because I think we have been able to show that we can, in fact, balance the budget, downsize the Government, and give people tax relief.

As my colleagues know, the amazing thing about the budget document that we passed on the House floor is that it is described in Washington as a revolutionary document. But, if we were to take this document and put it on the tables of American families for discussion as they sit down Sunday morning for breakfast, it would not be viewed as revolutionary. Frankly it would be viewed as common sense. The fact is that we are going to grow over the next 7 years from $9 trillion in spending at the Federal level to $11 trillion in spending.

Now some would have us grow with 13 trillion. That is what would happen if we put the Government on automatic pilot. If we were to actually sit down with families at the breakfast table on Sunday morning and explain that the Federal budget—considering the fact that we are running a national debt of almost $5 trillion, is going to grow from $9 to $11 trillion, their question would not be, ''Why isn't it going up to $12 or $13 trillion?'' They would be saying ''Well, wait a minute. If the country is in trouble, if we got these financial difficulties, why should it go up $2 trillion over the next 7 years?''

Well, it is because we tried to put together a document that we thought met the priorities of our country, and had a reasonable chance of being accepted and accommodated the needs of people who depend on entitlement programs. That is essentially it, and we believe that this document, described as revolutionary in this town because anything that does represent change is revolutionary in this town, is nothing more than common sense.

Now we have been dancing around the mulberry bush here since—well, I guess since September when people said it was the ''couldn't, wouldn't, shouldn't'' argument. Well, there is no way that we could balance the budget and provide tax relief to Americans.

Well then, after we showed that we could do it, then the argument was, ''Well, the Republicans, they wouldn't do it. There is no way that they will propose a budget that will cut spending and provide tax relief.'' And now the argument is they ''shouldn't'' do it.

Well, the ''couldn't, wouldn't, shouldn't'' crowd is going to lose this fight because we are, in fact, going to balance the budget, and we are, in fact, going, as we downsize Government, to give people some of their money back.

Now let us kind of talk about the taxes just for a second. Capital gains. I think we could get some amazing studies on this floor that would show how the capital gains argument has evolved to the point where the people say the rich benefit. As my colleagues know amazingly, there are a great number of Americans, for example a husband and a wife who reach the age of 80 who sell a farm. All of a sudden guess what? Their income has gone from $50,000 or $60,000 to about $300,000 because they are selling their assets. Now these are not rich people. These are people who have saved and invested wisely.

I say to my colleagues, I mean they could be your next-door neighbor, if you live in middle or lower income areas. I mean it's very possible, and in many cases likely, but capital gains, as I pointed out before, is—we have the highest capital gains tax in the world. I mean we penalize people to invest. We don't want to penalize people to invest. We want to give people incentives to invest because, as they invest, they create economic activity, and then people get jobs, poor people can get jobs, and then the poor people can get rich, and then they can become the bosses of the investors.

I mean I think the goal in our country and who I focus on every day—the person I focus on every day is the person that gets up, and goes to work, and tries to raise the kids, and saves money—I do not focus on the rich; I am focusing on the person that needs the opportunity to become rich. I do not think we ought to have certain advantages in our society that protect rich people. On the other hand, we should not punish rich people, but what we should do is keep in mind the fact that we need to have an economy that allows people to have maximum amount of opportunity, and capital gains is nothing more than giving people incentives to create economic growth.

Now in terms of the earned income tax credit, and I want to say to the gentleman from Minnesota in regard to the earned income tax credit, I am concerned about what happened in the Senate on the earned income tax credit. What I would tell the gentleman is that there are two things that trouble me in this area. One is the argument that has been coming to the fore lately about the fact that people have been scamming this EITC. If, in fact, there are scams going on in EITC, we got to clean that up. The other argument is, and I am going to commend; in fact with unanimous consent I will enter into the RECORD a study by a guy named Edgar Browning who talks about the effects of the earned income tax credit on income and welfare; and I want to say to the gentleman that the earned income tax credit I think was a Republican creation. It was designed to say that, if you're on welfare, we are going to give you a way to work and not lose all your benefits. I mean I think everybody is for that, but we don't want to create an earned income credit system that creates marginal rates that provide disincentives for people to work.

So I would say to the gentleman that the idea that we ought to go in and start doing major surgery on the earned income tax credit in order to get deficit reduction, I would share the gentleman's concern on that because I am not really excited about the prospect of doing that.

□ 1130

But if in fact there are scams going on in the EITC, or if in effect the earned income tax credit, like many Government programs, has grown so quickly that it is starting to provide disincentives for work, I want to focus on that as well. But the concept of the earned income tax credit, where working Americans can have an opportunity to earn more and not be penalized, I favor. I do not want to pick on people who may not have a lobbyist in this town because we can somehow go and raise some revenue. That is not my interest. I want to do an intellectually honest look at EITC. So I share some of the concerns that the gentleman has.

But I would say in closing that we, of course, want to defeat this motion to instruct because it is the same debate again. I think we have a reasonable bill to cut spending. In fact, it is a positive bill to cut spending that makes some necessary structural changes in this Government, and we are able as we downsize Government to give people some of their money back. That is all very, very positive.

I am paying attention to the gentleman's concerns about the earned income tax credit. It is a legitimate point. I share his concerns. I want to note that for the record. But I would ask the Members to come to the floor, to defeat the motion to instruct, and to move forward with the appointment of conferees and get this conference committee meeting and get the issues resolved.

Mr. Speaker, I reserve the balance of my time.

Mr. SABO. Mr. Speaker, I yield 3 minutes to the gentleman from Washington [Mr. MCDERMOTT].

Mr. MCDERMOTT. Mr. Speaker, I come to this floor to support this motion because I cannot imagine a proposal more devastating to the health care system of this country than the $340 billion tax cut to the well-off which is proposed in the Republican budget.

The greatest travesty of this tax cut is that it is being paid for overwhelmingly by cuts in Medicare and Medicaid, cuts that total almost $500 billion. The Republicans cut $280 billion from Medicaid alone. Every senior citizen will experience an average increase of $1,000 per year in health care costs as a result of the Republican Medicare cuts. Cost of living increases in Social Security will be applied directly to increased health care costs. The effect on senior citizens will be a 50 percent decrease in Social Security COLA's to pay for the tax cut that will give 1 million Americans an average tax break of $20,000 a year.

Now, Mr. Speaker, Medicare and Medicaid are not bloated Government programs. They are health insurance for approximately 70 million Americans, and they have been pared down and pared down, and the benefits have been pared down each year. Medicare spends less than 3 percent of its budget on administration, compared to 30 percent by the private insurance industry.

The Medicare cuts in the Republican budget go to the bone, the muscle, and the artery of the senior citizens' health care system, but they do not effect only senior citizens. As older parents and grandparents are unable to pay these increased costs, the effect of those cuts will spill over onto young families, young families who have had stagnant incomes for the last 10 years as they face the need to educate their own children. It is the young families who will be hit hard by these unnecessary, and I say unnecessary, cuts: $288 billion in Medicare cuts to pay for $344 billion of tax breaks for the rich. It is an even exchange. Take it from senior citizens and give it to the rich.

Now, young families will have to come up with the money to maintain their parents' medical care. If they do not, their parents will lose the insurance coverage they have now under Medicare and they will lose access to the hospitals and physicians that they have always used. The reality is that the Republican tax cuts will force families to take on the medical expenses of their elderly parents, something that has not happened in this country in 30 years.

The Medicaid cuts, on the other hand, to pay for the rest of the tax cuts, will make this problem even worse. There is a myth in this country: Medicaid is not primarily a program for the poorest of the poor women and children. Two-thirds of the money from Medicaid goes to pay for senior citizens' nursing home care. Those Medicare fund cuts will mean that families will no longer have the long-term safety net that they have come to expect, and they will have to either cough up the money or leave their jobs to take care of people in their family who need senior citizen care.

Now, if this was not bad enough, I just left the Committee on Ways and Means, where the Republicans are preparing to get rid of the progressive income tax and shift the costs all down onto the middle class and the lower class. This is a two-pronged approach to shift all the costs onto the middle class.

I urge you to support this motion, because it is a protection not only for senior citizens, but for the middle class, the baby boomers in this country, who are going to get hit with a back door punch they do not see coming. I urge the support of this motion.

Nursing homes cost $40,000 per year. Before these cuts, American families could be secure that if grandma's savings were used up in paying for nursing home care, the Medicaid Program would be there to assure that her care could continue without also bankrupting her children.

With these cuts, that guarantee is gone.

The financial impact is not the only cost American families will feel. Medicare and Medicaid are the main structural beams supporting the rural health delivery system, our Nation's teaching hospitals, urban hospitals, and children's hospitals.

With these cuts, many rural hospitals and children's hospitals will simply close. Teaching hospitals will not be able to continue to train at the same level the next generation of doctors or continue to provide our most sophisticated care. Most hospitals will have to reduce services to everyone and limit nursing care to absorb the dramatic impact of these cuts.

Most hospitals will have to reduce the amount of uncompensated care they give to people without health insurance—a number that is growing every day.

And for what? To improve Medicare? To make our families more secure? To get health insurance to more people? To improve the quality of care?

The answer to all those questions is No, No, No and No. These cuts will not make Medicare more secure or save it for the next generation or make health care better. They will do only one thing. They will pay for tax cuts to the rich while everyone else will pay through the nose for health care for their loved ones.

These tax cuts paid for with Medicare and Medicaid cuts are a devastating attack on the economic and health security of American middle class families. I urge that they be reconsidered under the reasoned light of public responsibility, not the glare of tax cut politics. I urge the adoption of this motion.

Mr. KASICH. Mr. Speaker, I yield 5 minutes to the distinguished gentleman from Arizona [Mr. KOLBE].

(Mr. KOLBE asked and was given permission to revise and extend his remarks.)

Mr. KOLBE. Mr. Speaker, I rise in opposition to the motion to instruct. The effect by excluding the revenue effects of the Contract With America is to deny the tax relief that we give in this legislation. What we have heard this morning from several of the speakers on the other side is the usual class warfare; the idea of it is going to be the rich that benefit, and it is the poor and the middle class that get cut.

It is not an argument with validity, but we have heard it over and over again. And the idea of trying to create this kind of class division in our society is a tired, old argument that I do not think sells anymore.

There are two points I want to make with regard to this, about why we have tax relief in this budget and why I think it is so critical. The first is one that I am asked very frequently when I am home, and I think my colleagues get as well, and it is a legitimate question from our constituents: Why, if the deficit is so important, why are you giving tax relief now? Why do you not just focus on getting the deficit down?

I think I have an answer to that. I think the answer is in the action that

the Senate took on their budget resolution, because the Senate budget resolution gets to a balanced budget in the same time that we do, no sooner, in 7 years. But it does not give any kind of tax relief.

If there are going to be painful cuts in all of this, why should not the people get something back from it? It does not get us any faster to a balanced budget to give no tax relief, so why do we not give some tax relief?

The second is the point that my colleague the distinguished chairman of the committee made earlier, that people deserve to have some of this back. This was brought home to me in a very poignant way by a letter I received this week from a friend of mine. He was a Navy buddy. We correspond at Christmas card time, but this is the first letter I have had from him I think in 20 or 25 years. He lives in New Jersey. He is writing to me, I think out of frustration as much as anything else, telling me why in this last election for the first time he became a Republican.

He says:

My concern is the same as others I know. We obey laws, pay taxes—I had to borrow $8,000 to pay an increase in my 1993 income tax as my employer graduate tuition reimbursement payments were taxed as regular income—practice good citizenship and still recognize our future is increasingly less certain despite how hard we try to prepare. My mortgage with interest payments, property tax and tuition for Karen's education exceed my after tax income. I now have my own deficit to deal with. Barbara's income has to cover my rent and living expenses so I may work in Massachusetts. Automobile, property, and personal casualty insurance exceeds $5,000 annually. And my home has lost 25 percent valuation since 1988. I have difficulty believing that the inadequate and at times inappropriate work by government in regulations, crime and the legal systems has not contributed significantly to those costs. I absolutely resent the incompetence and mishandling of public funds by Government. I dislike the arrogance of some public officials and those politicians who act out their fantasies or beliefs with seemingly total disregard to the consequences we have to live with as they proceed to intrude in our lives and create unreasonable and unfair barriers to opportunity. For too long government has been disconnected from the day-to-day reality that average Americans share and experience.

Mr. Speaker, this letter came to me unsolicited. I cannot think of any words more eloquent than these, anything that has been spoken on the floor of this House during this entire debate, that says it more eloquently as to why we are doing what we are doing, why we are trying to give back to the American taxpayers, to the overburdened, oppressed American taxpayers, some of what they have given. It is time that Americans took back some of what Government takes from them. That is what this budget resolution is about.

Mr. Speaker, I yield back the balance of my time.

Mr. SABO. Mr. Speaker, I yield 3 minutes to the gentleman from Wisconsin [Mr. OBEY].

Mr. OBEY. Mr. Chairman, I am going to urge the House to vote for this motion to instruct. It simply says we ought to drop the tax cuts for the rich in the House bill and drop the tax hikes in the Senate bill on the working poor because of the changes in the earned income tax credit.

It simply says: ''Don't make war on education, don't make war on Medicare, in order to give the wealthy and the super-rich another big tax cut.''

The Federal Reserve has done a new study which has shown what has happened to the Nation's wealth during most of the eighties. It showed that the richest one-half million families, who in 1983 had 24 percent of the Nation's wealth and had $2.5 trillion in wealth, had their wealth doubled to $5 trillion over a 6 year period in the eighties alone, and that their share of the Nation's total wealth went up from 24 to 31 percent.

That means that the richest one-half million families in this country saw their net worths increase by two-and-a-half times as much as the public debt went up during that same period. That increase came because the profitability of their business holdings exploded at the expense of their workers.

During the same period that workers' productivity went up by 15 percent, their wages went down by 10 percent, and that gap between increased productivity and lower wages went right into the pockets of the economic elite of this country. That is the same elite that asked us to pass NAFTA; it is the same elite that asked to pass GATT. But it is also the same elite that refuses to support even table scraps for workers by providing for an increase in the minimum wage and still insists that we cut education opportunities for the kids of those workers and cut Medicare for the parents of those workers and cut Social Security COLAs for the parents of those workers in order to give another break to the people whose average net worth rose from $2.5 million per family to over $5 million per family.

The previous speaker in the well said, ''Oh, don't engage in this class warfare. Tut, tut, tut, terrible thing.'' Well, I have news for you. We have had class warfare in this country for the past 15 years, and the working class has lost. That is what has happened.

Mr. Speaker, I urge Members to vote for this motion to recommit.

Mr. SABO. Mr. Speaker, I yield 3 minutes to the distinguished gentleman from Texas [Mr. STENHOLM].

(Mr. STENHOLM asked and was given permission to revise and extend his remarks.)

□ 1145

Mr. STENHOLM. Mr. Speaker, I rise in support of this motion to instruct conferees, encouraging a budget conference agreement that does not allow for the tax cuts included in the House-passed budget but does include the House position on the earned income tax credit provisions.

I think there should be no doubt in anyone's mind how strongly I fee about balancing our budget. I am committed to finding a bipartisan answer, a bipartisan solution to our deficit problem, a reasonable and responsible path toward a balanced budget.

In my opinion, today the biggest obstacle to these goals is an immediate and enormous tax cut. I am personally committed to the spending cuts required to get to a balanced budget by the year 2002. I am not prepared at this time to vote for the additional spending cuts until I know more about that they are going to do to programs like Medicare and Medicaid, until we know more about the resolve of 218 Members of this body on the policies required before we vote the tax cuts, the easy part of it.

The additional spending cut burden created by the loss of current revenues assumed in the House-passed budget resolution fails to meet the test of being reasonable and responsible. I am extremely concerned by the strains which would be created in the areas of agriculture, health care, and education, as a result of paying for the immediate tax cuts. I give credit to the gentleman from Ohio [Mr. KASICH] because his budget is very credible in specifying where these cuts could come. What I am afraid is, he does not have the troops behind him.

I fear that as the reality of spending cuts of the magnitude required to pay for these tax cuts become more evident over the next few years, commitment to deficit reduction will be abandoned. Meanwhile the politically easy policy changes, the tax cuts already will have been made. Once again, future generations forced to bear even greater debt burdens will be the victims of our irresponsibility.

This dismal scenario is not what inevitably must happen. We have the opportunity to redeem ourselves with those future generations. The conference committee should start by making the difficult spending choices in a responsible way, postponing tax cuts until a balanced budget is first achieved. If such as approach is pursued, I believe there is a much greater likelihood of bipartisan support both of the budget resolution and ultimately of reconciliation.

We have a great opportunity to pass the first balanced budget this Congress has approved for decades. Let us do it the right way. Support the motion to instruct. Let us get the conference off on the right foot.

Mr. SHAYS. Mr. Speaker, I reserve the balance of my time.

Mr. SABO. Mr. Speaker, I yield 3 minutes to the gentlewoman from California [Ms. WATERS].

Ms. WATERS. Mr. Speaker, I rise in support of this motion to instruct conferees on this year's budget resolution. I take the floor not to oppose deficit reduction or even a balanced budget, but to debate budget priorities. Government can be reduced. Spending can

be cut. But we legislators have a responsibility to make spending reductions in a manner that is fair, strategic, and economically wise.

The House Republican budget proposal fails miserably on these counts. First, the tax policy contained in the Republican budget is backwards. This budget reduces taxes by $350 billion over 7 years. At least one-half of the benefits of these tax breaks will go to families earning over $100,000. This is, indeed, class warfare.

Families earning between $100,000 and $200,000 will receive a tax cut of almost $2,500 per year under this budget. Those families earning over $200,000 would do better yet. They would receive $11,266 in yearly tax relief under the House budget plan. This is, indeed, class warfare.

Amazingly, at the same time the same budget increases taxes on millions of working poor people. It does this by reducing the earned income tax credit. The earned income tax credit makes work pay. The earned income tax credit only goes to working families. The earned income tax credit increases people's economic incentive to leave welfare. I cannot imagine the rationale for lowering taxes on Americans who are doing well, who are doing the best, while at the same time raising taxes on Americans who are struggling.

We have heard a lot of rhetoric about welfare reform in this Chamber. The earned income tax credit is among the best work programs for low income Americans there is. It is an outrage that the Republican budget would cut that program back. This is, indeed, class warfare.

On the spending side, the Republicans have made seniors, the disabled, the sick, students, and the poor the sacrificial lambs in their campaign to reach a balanced budget. The simple fact is this, Medicare is being reduced. It is being reduced to pay for a tax cut which would benefit mostly rich Americans.

Nearly $500 billion will be cut from Medicaid and Medicare over 7 years. Seniors and the poor must not and should not be punished by this Congress. We must cut wisely, not indiscriminately.

A budget reflects our national priorities. Unfortunately, I am afraid this budget establishes a set of priorities that are mean spirited, shortsighted and economically foolish. Support the motion to instruct the conferees. Bring families and proper priorities to this budget.

Stop the class warfare. Discontinue this budget.

Mr. KASICH. Mr. Speaker, I yield 3 minutes to the distinguished gentleman from Michigan [Mr. SMITH].

Mr. SMITH of Michigan. Mr. Speaker, I think we should remind ourselves what we are after. We are not just after changes in the way the Federal Government keeps its books. Our goal is to make the United States a better place to live and work and raise our families.

How do we get there? We get there, No. 1, by increasing savings. That will help us achieve more and better jobs. I would like to suggest that the biggest cost over the next 10 years of the tax decreases is a bill that I have been supporting for the last 2½ years called neutral cost recovery.

What this bill does is to say to businesses that—when they buy new machinery or equipment, they can consider that a business expense and can deduct it from the tax base before you figure out how much taxes you owe.

Guess what the economists say is going to happen if you allow businesses to deduct the price of the cost of the machinery and equipment and the facilities that they purchase in the year that they buy it? What is going to happen is, it is going to in effect reduce the price of that equipment by 16 percent and businesses are going to buy more of it. And if we want the great American work force to have better tools, then we are going to have to have some motivation, some incentive to get those tools in the hands of the best work force in the world. And the way we do that is tax policy.

We are dealing with a tax increase 2 years ago that was $252 billion. Our conference got together, said, do we want to have an offset to that $250 billion tax increase? The answer was yes. And we said, How do we want to do it? We want to do it in a way that is going to encourage savings and that is going to encourage capital investment. That is what we did in this tax bill. So to have an amendment that says, do away with the incentives that are going to expand business and jobs by putting better tools in the hands of the American workers, I think, is very shortsighted. As we look at the poor people that need help, our goal has got to be offering those people better jobs.

Mr. SABO. Mr. Speaker, I yield 3 minutes to the gentleman from North Dakota [Mr. POMEROY].

Mr. POMEROY. Mr. Speaker, I rise in support of the motion to instruct which at its heart reaches a balanced budget, directs conferees to reach a balanced budget by 2002 by dropping the tax cuts for the privileged and knocking out the tax increases for the poor.

The chairman, I think, raised a good point. He said we ought to quit talking about this in terms of the formal budget jargon. Let us put it in the context of a couple at the breakfast table. I liked that idea.

I imagine myself talking about this with a couple back in North Dakota at the Sunday breakfast table. I think they would agree that the budget is out of balance, that we ought to do something about it. I would have to agree with them, and I would in fact commend the majority for their efforts to reach a balanced budget.

But how do we get there? I would have to tell them that the House budget starts the road to the balanced budget by a deep tax cut. I think they would ask questions at that point. They would say, that sounds a little bit like digging the hole deeper before you start to fill it up. Like taking a trip on your credit cards before you begin to get your household finances in order. It just does not make sense.

But they might ask a question, intrigued by tax cuts like we all are, who gets it? At this point I would have to tell them, well, if you are an average North Dakotan making $30,000 a year, you will get about 25 bucks a month. But it you are a doctor or someone making over $200,000 a year, you are going to get $1,000 a month: $25 a month for the average guy; $1,000 a month if you make over $200,000 a year.

At that point I believe this couple at the breakfast table would start to say, wait a minute. This thing is stacked against the average working family. This is not fair.

They might also wonder, how are you going to balance that budget and pass the tax cut? Well, I would have to tell them that the House budget plan makes deep, deep, painful cuts in programs as important to North Dakota as Medicare, student loans, the farm program. In fact, I would have to tell them if they were on Medicare they would be looking at paying maybe 2,500 bucks more in out-of-pocket costs than they would have otherwise.

At this point in time, this couple at the breakfast table might say, there has got to be a better way of getting to a balanced budget than that House plan which savages these programs and gives tax cuts which benefit disproportionately the rich. I would have to say there is.

In fact, the Senate Republicans passed a plan that did not have those tax cuts for the most privileged. In fact, the Senate rejected that idea entirely. As we construct a budget, we ought to recognize that the Senate took the better course.

One thing the Senate did that was very objectionable is they added tax increase, one that falls on the poorest working families. That ought to come out. The House did not have it in its plan. And our motion to instruct directs conferees not to impose the tax increase on working families like they did.

What this motion is about is establishing a modest degree of fairness between two flawed budget proposals.

One thing is clear, there is nothing more unfair than the House version, which passes tax cuts for the most privileged, funded by deep cuts in programs important to working families.

Mr. SHAYS. Mr. Speaker, I yield 2 minutes to the distinguished gentleman from Arizona [Mr. SHADEGG], a member of the Committee on the Budget.

Mr. SHADEGG. Mr. Speaker, the last time I rose on this floor to speak about the issue of tax cuts, I said that my colleagues on the other side simply do not get it. Well, in the time that has intervened, they have not learned anything. They still do not get it.

The answer is that American people are not taxed too little. They are taxed too much. In 1950, the year after I was born, the average American family with children paid $1 out of $50 to the Federal Government in taxes. Today that family with children pays $1 out of $4. That is a 1,200-percent increase.

They say it is a tax cut for the rich. I say they are wrong. But let us hear the argument. If they believe it is a tax cut for the rich and if they understand that we have had a 1,200-percent increase in taxes in America to the Federal Government alone, why are they not proposing that we cut taxes for people below the level, that we cut them further for the people they say are the poor and the needy? The answer is, they do not believe in tax cuts. The answer is, they are addicted to spending. The answer is that over the past 40 years they created this deficit and now they said, we could not balance the budget and cut taxes. Well, guess what? We proved them wrong.

My colleague, the gentleman from Arizona [Mr. KOLBE], made the point. We not only balanced the budget, but we lifted the tax burden off the American people at the same time. We must do that. Get it straight. This is not our money. We are not giving back our money. We are letting the working people of America keep their money.

That is the fundamental difference. If a 1,200-percent increase is not enough, what would make you happy? Would it make you happy if we had a 2,000-percent increase in the Federal tax burden or a 20,000-percent increase. If from 1950 to 1994, we went from $1 out of $40 to $1 out of $4, how soon will it be that we are at $1 out of $2. Would it be enough if we took from the average American taxpayer $1 out of every $2 that they earned?

I tell my colleagues, this is the right budget. It is a historic budget. I urge its support.

□ 1200

Mr. SABO. Mr. Speaker, I yield 3 minutes to the gentlewoman from Connecticut [Mrs. KENNELLY].

Mrs. KENNELLY. Mr. Speaker, I rise in strong support of the motion to instruct conferees. I particularly want to speak to the instruction on the earned income tax credit.

Not along ago, we in this House had a very necessary debate about welfare reform. During that debate we could agree on two things. One is that we had to reform the welfare system. The other point that Members on both sides of the aisle consistently agreed on was that we ought to encourage and reward work. This is precisely what the earned income tax credit does. It helps people who work hard for low wages. It rewards them for their efforts, and it makes it possible for them to support themselves, take care of their families, and stay off welfare.

In fact, the earned income tax credit, the reason for it, was the first step in welfare reform, so people who work, work at the minimum wage, have children, can keep enough of their money, and as this gentleman said, it is their money, keep their money and stay off welfare.

Mr. Speaker, I notice that the budget chairman, the gentleman from Ohio, said that he understood what the Senate did was not the right thing. I was very heartened to hear that, because he will fight for us, as this side of the aisle wants to fight, to keep the earned income tax credit.

He also said that the earned income tax credit was a Republican idea. In fact, he is half right. The earned income tax credit was a bipartisan idea which we agreed on in the Reagan years and the Bush years. When President Clinton became President he embraced the idea and funded it to the point that it became a very potent program.

Just yesterday we read that the earned income tax credit works. People do not go on the program and stay on it and keep getting the earned income tax credit. It helps them through rough patches in life. It helps them to keep working, keeps them off welfare, and lets them have dignity.

I find it appalling that the Senate would look to this program that helps working people to pay for other things. I urge conferees on both sides of the aisle to keep this a bipartisan issue, to keep the earned income tax credit, and really back up the idea that people should be able to work and keep their money.

Mr. HOBSON. Mr. Speaker, I yield such time as he may consume to the gentleman from Connecticut [Mr. SHAYS], a very valued member of the committee.

Mr. SHAYS. Mr. Speaker, I thank the gentleman for yielding time to me.

Mr. Speaker, I think this motion to instruct is flawed. It could have been made a motion that I could have liked if it had said to lower some of the taxes, if it had said eliminate one or two of them, if it had said make one or two of them more income-sensitive, particularly the child tax credit. In that case I would have supported it.

If it had said ''Make some changes to the Earned Income Tax Credit, but do not do what they are doing,'' it would have had some merit. What this does is basically say under no circumstance should we have any reduction in taxes. That is an interesting argument and may have some validity, but let us recognize what we are talking about. We are saying that we should not consider a child tax credit. That is a tax credit of $500 per child.

Mr. Speaker, when my mom and dad were raising their four sons, they were allowed to take in today's dollars what amounts to $7,000 per child off the bottom line of their income. If my parents in today's income made $50,000, they would have been able to take $28,000 off their total income. That is what we did for families in the 1940's and in the 1950's.

Today what we allow families to deduct are slightly over $2,000 per child, so we are giving a $500 tax credit per child. When I hear the speakers talk about who will benefit, I am thinking that they must think that everyone who pays taxes is wealthy, because they are going to benefit. I am thinking that there have to be middle class families, middle class families that have children. I am thinking that these middle-class families may have, in some cases, more than one child; maybe two maybe three, maybe four, maybe five. If they have four children, they get to deduct a significant sum of money. They get an actual tax credit of $500 per child. With five children, they will get a significant sum of money back. They are not wealthy, but they are going to benefit. Under this instruction, they would not.

There is a marriage penalty, to make sure married couples do not get penalized. There is a super IRA that allows families to deduct for health care tax-free, and to use it for college and medical expenses and so on. There is even a tax credit for adoption. We want to encourage families to adopt, and we allow a $500 credit. We have an elderly care credit, if you take care of someone who is elderly. Then we have also a capital gains tax exemption.

The capital gains tax exemption, under almost anybody's definition, is going to generate economic activity. However, to listen to Democrats describe the benefits, they say only the wealthy. This is their logic. If we have a family who makes $40,000 a year in what we call earned income, and they have a one-time capital gains exemption of $100,000 to sell their home, they are saying that person is wealthy. They are saying they make $140,000.

Wrong, they make $40,000. One year they had a slight increase, a significant increase in capital gain, probably most of it due to inflation, and we are saying they should not have to pay a significant gain on what really is inflation. We are not talking, in many cases, about wealthy people.

Mr. Speaker, the child tax credit, 75 percent of it goes to families who earn less than $75,000. All of that would disappear if we were to adopt this.

Mr. Speaker, then they get to the angle of talking to Medicare and Medicaid, as if we are going to solve the problem by going forward with their motion. Their motion says ''Do not provide these tax credits and these tax cuts that are paid for, that would generate economic activity and help families.'' Then they are saying that we should not control the growth of Medicare and Medicaid. We should not save it.

Mr. Speaker, if we want to put everyone out of work who works for the health care industry, particularly at hospitals, if we want to tell them to retire in 7 years, if we want to tell people on Medicare after 7 years that the money is going to disappear, because that is what is going to happen unless

we deal with Medicare, the bottom line is we want to save Medicare. We want to preserve it, we want to protect it, and we want to strengthen Medicare.

Why would we want to do that? Why does it need to be strengthened? Because we have the President's own administration, the Board of Trustees of the Federal hospital insurance trust fund, they are the ones responsible for all the money that goes into Medicare part A. Who are these people? Robert Rubin, Secretary of Treasury; the Secretary of Labor; the Secretary of HHS; the Commissioner of Social Security; the Administrator of the Health Care Financing Administration, all President Clinton's appointees. They are five out of the seven.

What did this Board say to us? What the Board said was very direct. They said ''Based on the financial projections developed for this report, the Trustees apply an explicit test of short-range financial adequacy. The HI trust fund fails this test by a wide margin. In particular, the trust fund is projected to become insolvent,'' that means bankrupt, ''within the next 6 to 11 years under all three sets of assumptions.''

What they say in the next page, they say ''Under the Trustees' immediate assumptions, the present financing schedule''—for the fund, the program—''is sufficient to ensure the payment of benefits only over the next 7 years.'' We want to save Medicare by controlling its growth. We want it to grow about 5 percent a year. We want to take Medicaid and we want to say to it, it will grow at 36 percent a year. We want to spend $324 billion more in Medicaid in the next 7 years. Then we have Medicare part A going bankrupt. It goes bankrupt in 7 years. It starts next year. We want to save that. We are going to save it by allowing Medicare to grow at 45 percent in the 7th year, to spend over $659 billion more during the next 7 years than we did in the last 7 years.

We hear the word ''cut'' as it applies to Medicare and Medicaid. Wrong. We are not cutting, we are going to spend more. We are going to spend $659 billion more in the next 7 years. Only in Washington, when you spend more money, do people call it a cut. We are going to spend more.

Then people say ''Well, you are going to spend more, but what about the beneficiaries? You are not going to increase what the beneficiaries get under Medicare.'' We are going to save Medicare and we are going to spend 32 percent more per beneficiary in the 7th year. It is going to go from $4,800 to $6,300.'' Under any test, we are going to save Medicare. We are going to strengthen it and preserve it. We pay for our tax cuts.

Most of the tax cuts go to help families. I am sorry, my assumption is that families have children, and half of our tax cuts go to children. I am thinking to myself, that is wrong? Under the instructions, there will be no $500 tax credit per family. Under the instructions, there will be no capital gains exemption.

Mr. Speaker, I urge my colleagues to defeat this motion and to allow the committee to proceed in order.

The SPEAKER pro tempore. All time on the majority side has expired.

The gentleman from Minnesota [Mr. SABO] controls 4½ minutes, and has the right to close.

Mr. SABO. Mr. Speaker, I yield the balance of my time to the gentleman from Michigan [Mr. BONIOR].

Mr. BONIOR. Mr. Speaker, I thank my colleagues for yielding me this time.

Mr. Speaker, like most Members, I had the chance to go home last week. And when I was home, I met with students. I met with senior citizens. I met with working families.

And all of them asked me the same exact question: Why are Republicans cutting Medicare, Medicaid, and student loans in order to pay for tax breaks for the wealthy?

Why are we cutting programs that help the middle class in order to pay for tax breaks for the privileged few? That is what they wanted to know.

Mr. Speaker, these are good people. They work hard for every dollar they make.

They know the budget deficit is a problem. They know we have to make tough choices as a nation. And they are more than willing to take responsibility and do their fair share.

But is it not fair to cut Medicare and Social Security in order to give tax breaks to the wealthiest people in our society?

Is it fair to cut student loans and school lunches in order to give tax breaks to wealthy corporations?

Is it fair to target the middle class when we are not even willing to close a loophole that lets billionaires renounce their citizenship to avoid paying taxes?

Are these the values we believe in as a nation? The people back home do not think so.

They do not think students should be forced to pay an additional 40 percent for school loans just so a few wealthy corporations can pay no taxes at all.

They do not think seniors should be forced to pay an additional $3,500 for Medicare just so we can give tax breaks to wealthy investors. Only in Republican Washington can you take $3,500 out of the pockets of seniors and then call it an increase.

Only in Republican Washington can you increase premiums, ration care, and limit the choice of doctors and then say you are strengthening the system.

Mr. Speaker, these tax breaks are so outrageous that even the Senate rejected them by a huge bipartisan majority.

So outrageous that 106 members of your own caucus signed a letter that said these were tax breaks for the wealthy.

So outrageous that even the Wall Street Journal urged wealthy investors to ''start salivating.''

So do not come here today and lecture us about how you strengthened Medicare or cutting the deficit. Because we all know you are cutting Medicare for one reason and one reason only: to pay for tax breaks for the wealthy.

Mr. Speaker, this is not what the American people voted for last fall.

I urge my colleagues: Vote ''yes'' on the motion to instruct. Drop this tax break for the wealthy. And stand up for the middle class for a change.

Mr. COSTELLO. Mr. Speaker, I will be brief in my comments today. I want to express my disappointment in the budgets we are considering. I am concerned the budget resolution passed by the House Budget Committee and adopted by the full House, while potentially successful in reducing the deficit, is irresponsible fiscal policy. I did not support the House budget resolution which gives enormous tax breaks to the wealthy while cutting critical Government programs—including a virtual assault on Medicare. And I cannot support a compromise crafted here which furthers these priorities which are inconsistent with the priorities of the majority of my constituents.

I fully support getting to a balanced budget. In fact, I have voted for an amendment to the Constitution mandating a balanced Federal budget. I believe we must end the continued policy of running billion-dollar deficits which add to the national debt that must be paid by our children and grandchildren. The budget resolutions for fiscal year 1996, however, cut crucial programs at a time when our Federal belt-tightening will mandate a greater need for certain programs. I am especially concerned about the deep cuts in education, health, and infrastructure.

This budget is too extreme. It is unfair, and it asks too much of the majority of Americans. I firmly believe we must continue on a serious path toward real deficit reduction. Our $4.7 trillion dollar debt is not a legacy I, in good conscience, can leave to my children and grandchildren which I why I think we cannot afford a tax cut until we reach a balanced budget. However, as we reduce Government services we must protect those who will be hardest hit by such reductions.

I believe if we get rid of the $340 billion tax cut for the wealthy and used those funds to help keep Medicare solvent; if we ask the very wealthy instead to pay their fair share; restore some funding for some of our most needed initiatives, such as student loans; and do not tamper with Social Security, we could reach our common goal of a balanced budget and a healthy economy and a prosperous and bright future for all of our Nation's citizens.

Mr. COYNE. Mr. Speaker, now is not the time for massive tax increases. We desperately need to reduce the growing Federal deficit. The House budget plan's tax cut would reduce Federal receipts by $190 billion over 5 years, $350 billion over 7 years, and more than $650 billion over 10 years. These tax cuts are forcing deep, irresponsible cuts in Medicare and Medicaid—as well as other important Federal programs like student loans and nutrition programs.

On another front, the House Ways and Means Committee is holding hearings today

on replacing the Federal income tax within the next 2 or 3 years. Frequent changes in the Tax Code create uncertainty that hinders financial decisions and reduces economic growth. If we are seriously considering making major changes to the Tax Code in the near future, we shouldn't make dramatic changes in the Tax Code now.

The most responsible policy we could adopt at this time would be no tax cut, but if that is not an option, then the Senate position is preferable. If we are serious about the budget, we shouldn't be enacting tax cuts with revenue losses that explode after the year 2000. In addition, the tax cuts are distributionally unfair—many working class families won't see a penny out of them. If we want to reduce the tax burden on the hard-pressed middle class, we should rethink our approach. In short, for many compelling reasons, I urge the House to instruct the conferees to eliminate the House tax cuts in conference.

One tax provision in particular deserves special attention—the earned income tax credit. The Senate bill would reduce the EITC. The House version—perhaps due to its brutal cuts in welfare, nutrition programs, and Medicaid—would leave the EITC untouched. The conference committee should—in this one case—follow the House's lead and leave the EITC alone.

Hard work should be rewarded, and the EITC "makes work pay"—it offsets the burden of Social Security and other payroll taxes, and it ensures that a household with an adult working full-time will have a higher income than a family on welfare.

The purchasing power of low-income wages has declined substantially since the EITC was created 20 years—for example, the proportion of full-time year-round workers paid a wage too low to lift a family of four up to the poverty level rose from 12 percent in 1979 to 16 percent in 1993. The EITC restores some of that purchasing power. It is wrong to pay for tax cuts for families with incomes over $100,000 by increasing taxes on working families with incomes below $27,000. Honest working families that often hold down several jobs—and yet still struggle to make ends meet—need tax relief a lot more than America's most affluent families.

Republicans from Ronald Reagan and Richard Nixon to ROBERT DOLE and PETE DOMENICI have praised the EITC as the best antipoverty program in existence. Granted, Republicans have often supported the credit in order to resist increases in the minimum wage or to counteract the disincentives created by Government welfare programs; but now that they are in control of Congress and have gutted Federal welfare programs, the need to maintain the credit at its current level is that much greater.

In short, I urge my colleagues to support the motion to instruct conferees. It's not too late to produce a budget that cuts the deficit responsibly without stabbing hard-working middle-class families and the elderly in the back.

The SPEAKER pro tempore. All time has expired.

Without objection, the previous question is ordered on the motion to instruct.

There was no objection.

The SPEAKER pro tempore. The question is on the motion to instruct conferees offered by the gentleman from Minnesota [Mr. SABO].

The question was taken; and the Speaker pro tempore announced that the noes appeared to have it.

Mr. SABO. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

This will be a 17-minute vote.

The vote was taken by electronic device, and there were—yeas 183, nays 233, not voting 18, as follows:

[Roll No. 361]

YEAS—183

Abercrombie
Ackerman
Baldacci
Barcia
Barrett (WI)
Becerra
Beilenson
Bentsen
Berman
Bevill
Bishop
Bonior
Borski
Boucher
Brewster
Browder
Brown (CA)
Brown (FL)
Brown (OH)
Bryant (TX)
Cardin
Clay
Clayton
Clement
Clyburn
Coleman
Collins (IL)
Collins (MI)
Condit
Conyers
Costello
Coyne
Cramer
Danner
de la Garza
DeFazio
DeLauro
Dellums
Deutsch
Dingell
Dixon
Doggett
Dooley
Doyle
Durbin
Edwards
Engel
Eshoo
Evans
Farr
Fattah
Fazio
Fields (LA)
Filner
Flake
Ford
Frank (MA)
Frost
Furse
Gejdenson
Gephardt
Gibbons
Gonzalez
Gordon
Green
Gutierrez
Hall (OH)
Hamilton
Hastings (FL)
Hayes
Hefner
Hilliard
Hinchey
Holden
Hoyer
Jackson-Lee
Jacobs
Jefferson
Johnson (SD)
Johnson, E. B.
Johnston
Kanjorski
Kaptur
Kennedy (MA)
Kennedy (RI)
Kennelly
Kildee
Klink
LaFalce
Lantos
Levin
Lewis (GA)
Lincoln
Lipinski
Lowey
Luther
Maloney
Manton
Markey
Martinez
Mascara
Matsui
McCarthy
McDermott
McHale
McKinney
McNulty
Meehan
Meek
Menendez
Mfume
Miller (CA)
Mineta
Minge
Mink
Moakley
Mollohan
Moran
Murtha
Nadler
Neal
Obey
Olver
Ortiz
Orton
Owens
Pastor
Payne (NJ)
Payne (VA)
Pelosi
Peterson (MN)
Pickett
Pomeroy
Poshard
Rahall
Rangel
Reed
Reynolds
Richardson
Rivers
Roemer
Rose
Roybal-Allard
Rush
Sabo
Sanders
Sawyer
Schroeder
Schumer
Scott
Serrano
Sisisky
Skaggs
Skelton
Slaughter
Stark
Stenholm
Stokes
Studds
Stupak
Tanner
Taylor (MS)
Tejeda
Thompson
Thornton
Thurman
Torres
Towns
Traficant
Tucker
Velazquez
Vento
Visclosky
Volkmer
Ward
Waters
Watt (NC)
Waxman
Williams
Wise
Woolsey
Wyden
Wynn

NAYS—233

Allard
Andrews
Archer
Armey
Bachus
Baker (CA)
Baker (LA)
Ballenger
Barr
Barrett (NE)
Bartlett
Barton
Bass
Bateman
Bereuter
Bilbray
Bilirakis
Bliley
Blute
Boehlert
Boehner
Bono
Brownback
Bryant (TN)
Bunn
Bunning
Burr
Burton
Buyer
Callahan
Calvert
Camp
Canady
Castle
Chabot
Chambliss
Chenoweth
Christensen
Chrysler
Clinger
Coble
Coburn
Collins (GA)
Combest
Cooley
Cox
Crane
Crapo
Cremeans
Cubin
Cunningham
Davis
Deal
DeLay
Diaz-Balart
Dickey
Doolittle
Dornan
Dreier
Duncan
Dunn
Ehlers
Ehrlich
Emerson
English
Ensign
Everett
Ewing
Fawell
Fields (TX)
Foley
Forbes
Fowler
Fox
Franks (CT)
Franks (NJ)
Frelinghuysen
Frisa
Funderburk
Gallegly
Ganske
Gekas
Geren
Gilchrest
Gillmor
Gilman
Goodlatte
Goodling
Goss
Graham
Greenwood
Gunderson
Gutknecht
Hall (TX)
Hancock
Hansen
Hastert
Hastings (WA)
Hayworth
Hefley
Heineman
Herger
Hilleary
Hobson
Hoekstra
Hoke
Horn
Hostettler
Houghton
Hunter
Hutchinson
Hyde
Inglis
Istook
Johnson, Sam
Jones
Kasich
Kelly
Kim
King
Kingston
Klug
Knollenberg
Kolbe
LaHood
Largent
Latham
LaTourette
Lazio
Leach
Lewis (CA)
Lewis (KY)
Lightfoot
Linder
Livingston
LoBiondo
Longley
Lucas
Manzullo
Martini
McCollum
McCrery
McDade
McHugh
McInnis
McIntosh
McKeon
Metcalf
Meyers
Mica
Miller (FL)
Molinari
Moorhead
Morella
Myers
Myrick
Nethercutt
Neumann
Ney
Norwood
Nussle
Oxley
Packard
Pallone
Parker
Paxon
Petri
Pombo
Porter
Portman
Pryce
Quillen
Quinn
Radanovich
Ramstad
Regula
Riggs
Roberts
Rogers
Rohrabacher
Ros-Lehtinen
Roth
Roukema
Royce
Salmon
Sanford
Saxton
Scarborough
Schaefer
Schiff
Seastrand
Sensenbrenner
Shadegg
Shaw
Shays
Shuster
Skeen
Smith (MI)
Smith (NJ)
Smith (TX)
Smith (WA)
Solomon
Souder
Spence
Stearns
Stockman
Stump
Talent
Tate
Tauzin
Taylor (NC)
Thomas
Thornberry
Tiahrt
Torkildsen
Torricelli
Upton
Vucanovich
Waldholtz
Walker
Walsh
Wamp
Watts (OK)
Weldon (FL)
Weldon (PA)
Weller
White
Whitfield
Wolf
Young (AK)
Young (FL)
Zeliff
Zimmer

NOT VOTING—18

Baesler
Bonilla
Chapman
Dicks
Flanagan
Foglietta
Harman
Johnson (CT)
Kleczka
Laughlin
Lofgren
Montgomery
Oberstar
Peterson (FL)
Spratt
Wicker
Wilson
Yates

☐ 1235

The Clerk announced the following pairs:

On this vote:

Mr. Oberstar for, Mrs. Johnson of Connecticut against.

Mr. Yates for, Mr. Wicker against.

Mrs. FOWLER, Mrs. MORELLA, Mr. PALLONE, and Mr. PORTER changed their vote from "yea" to "nay."

Ms. ROYBAL-ALLARD changed her vote from "nay" to "yea."

So the motion to instruct was rejected.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

The SPEAKER pro tempore. Without objection, the Chair appoints the following conferees: Messrs. KASICH, HOBSON, WALKER, KOLBE, SHAYS, HERGER, ALLARD, FRANKS of New Jersey, and LARGENT, Mrs. MYRICK, Messrs. PARKER, SABO, STENHOLM, Ms. SLAUGHTER, Messrs. COYNE, MOLLOHAN, COSTELLO, and JOHNSTON of Florida, and Mrs. MINK of Hawaii.

There was no objection.

GENERAL LEAVE

Mr. SABO. Mr. Speaker, I ask unanimous consent that all Members have 5 legislative days to revise and extend their remarks and include extraneous material on the motion to instruct conferees on House Concurrent Resolution 67.

The SPEAKER pro tempore (Mr. LATOURETTE). Is there objection to the request of the gentleman from Minnesota?

There was no objection.

AMERICAN OVERSEAS INTERESTS ACT OF 1995

The SPEAKER pro tempore. Pursuant to House Resolutions 155 and 156 and rule XXIII, the Chair declares the House in the Committee of the Whole House on the State of the Union for the further consideration of the bill, H.R. 1561.

□ 1238

IN THE COMMITTEE OF THE WHOLE

Accordingly, the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H.R. 1561), to consolidate the foreign affairs agencies of the United States; to authorize appropriations for the Department of State and related agencies for fiscal year 1996 and 1997; to responsibly reduce the authorizations of appropriations for United States foreign assistance programs for fiscal year 1996 and 1997, and for other purposes, with Mr. GOODLATTE in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. When the Committee of the Whole rose on Wednesday, June 7, 1995, amendment No. 23 offered by the gentleman from New York [Mr. ACKERMAN] had been disposed of and the bill was open for amendment at any point.

Pursuant to House Resolutions 155 and 156, 1 hour and 45 minutes remain for consideration of amendments under the 5-minute rule.

Are there further amendments to the bill?

AMENDMENT OFFERED BY MR. GILMAN

Mr. GILMAN. Mr. Chairman, pursuant to the rule, I offer an amendment that has not been printed in the RECORD. I have consulted through staff and the ranking minority member with regard to this amendment.

The Clerk read as follows:

Amendment offered by Mr. GILMAN: In section 2644 (relating to further steps to promote United States security and political interests with respect to North Korea) by striking paragraph (1) and inserting the following:

(1) action by the Government of North Korea to engage in a North-South dialogue with the Government of the Republic of Korea to facilitate progress toward:

(A) holding a North Korea-South Korea Summit;

(B) resuming North-South joint military discussions regarding steps to reduce tensions between North and South Korea;

(C) expanding trade relations between North and South Korea;

(D) promoting freedom of travel between North and South Korea by citizens of both North and South Korea;

(E) cooperating in science and technology, education, the arts, health, sports, the environment, publishing, journalism, and other fields of mutual interest;

(F) establishing postal and telecommunications services between North and South Korea; and

(G) reconnecting railroads and roadways between North and South Korea;

At the end of division A insert the following new title:

TITLE VI—REORGANIZATION OF UNITED STATES EXPORT PROMOTION AND TRADE ACTIVITIES

SEC. 601. PLAN FOR REORGANIZATION OF UNITED STATES EXPORT PROMOTION AND TRADE ACTIVITIES.

(a) FINDINGS.—The Congress makes the following findings:

(1) Supporting American businesses overseas and assisting United States exporters to identify market opportunities is of increasing importance to America's economic health and competitiveness, and to the well-being of American workers.

(2) At least 18 different government-sponsored organizations or agencies spending over $3,300,000,000 exist to provide support to American exporters and international businesses. In the past, poor coordination among these organizations and a lack of accessibility often hindered the effectiveness of the Government's trade promotion activities.

(3) Recent efforts to improve coordination between many of these organizations and to increase their availability to exporters around the country were begun through the Trade Promotion Coordination Council. These efforts appear to have generated some improvement in the Government's trade promotion capabilities.

(4) Broader governmentwide reform efforts and future funding questions currently being addressed in Congress may affect different trade promotion organizations to varying degrees.

(b) REPORT REQUIRED.—In order to fully assess the organizational structure, capability, and spending levels of United States Government trade promotion organizations, the Trade Promotion Coordination Council, not later than March 1, 1996, shall submit to the Committee on International Relations of the House of Representatives, the Committee on Foreign Relations of the Senate, and to other appropriate committees of jurisdiction, a report detailing what steps are being taken to improve accessibility and coordination among all trade promotion organizations and agencies, what additional measures should be taken to further improve the efficiency of and reduce duplication among these organizations and agencies, and any suggested legislative actions that would further improve the Government's export and trade promotion activities.

(c) CONTENT OF REPORT.—The report required by subsection (b) shall—

(1) identify the name, number, function, and budget of all Government organizations or agencies with some responsibility for supporting, advancing, or promoting international trade or United States exports;

(2) assess the amount of exports directly generated by the activities of each organization or agency;

(3) describe the overall impact of the Government's trade and export promotion programs on increasing exports and overseas market share;

(4) identify areas where increased cooperation and interoperability would improve United States export promotion efforts;

(5) identify areas where greater efficiencies can be achieved through the elimination of duplication among the organizations and agencies included in paragraph (1);

(6) identify ways to improve the audit and accountability mechanisms for each organization or agency, with particular emphasis on ensuring independent oversight capabilities for each organization;

(7) assess the trade and export promotion activities of the major trade partners and competitors of the United States, including amounts of tied aid and export subsidization provided by the governments of those trade partners and competitors; and

(8) provide a plan to reorganize the United States trade and export promotion organizations and agencies, with legislative requirements if necessary, in order to more efficiently promote trade, increase organizational assessability, organize bureaucratic effort, and expend public resources in support of American exporters and international business.

In title XXV (relating to international organizations and commissions) insert the following new section at the end of chapter 1:

SEC. 2502. REPEAL OF AUTHORITY FOR PARTICIPATION BY THE UNITED STATES IN THE INTERPARLIAMENTARY UNION.

The Act entitled ''An Act to authorize participation by the United States in the Interparliamentary Union'', approved June 28, 1935 (22 U.S.C. 276–276a–4) is repealed.

Strike section 3412 of the bill (relating to prohibition on assistance to foreign governments engaged in espionage against the United States).

Page 289, add the following after line 26 and redesignate the succeeding chapter accordingly:

CHAPTER 8—OVERSEAS PRIVATE INVESTMENT CORPORATION

SEC. 3275. STUDY ON OPIC PRIVATIZATION.

The President or his designee shall conduct and, not later than 180 days after the date of the enactment of this Act, report to the Congress on the feasibility of transferring the activities of the Overseas Private Investment Corporation to the private sector.

SEC. 3276. PRIVATIZATION OF OPIC ACTIVITIES.

Upon completion of the report required under section 3275, the President is authorized to sell the stock of the Overseas Private Investment Corporation and to take other necessary steps so that all the evidences of ownership of the Corporation are transferred to the private sector, whether through the sale of the Corporation's contracts, leases, or other agreements or rights, or otherwise.

In section 2201, add the following at the end:

(c) USE OF EARNINGS FROM FROZEN ASSETS FOR PROGRAM.—

(1) AMOUNTS TO BE MADE AVAILABLE.—Up to 2 percent of the earnings accruing, during periods beginning October 1, 1995, on all assets of foreign countries blocked by the President pursuant to the International Emergency Powers Act (50 U.S.C. 1701 and following) shall be available, subject to appropriations Acts, to carry out section 36 of the State Department Basic Authorities Act, as amended by this section, exception that the limitation contained in subsection (d)(2) of such