

September 13, 1995, into the CONGRESSIONAL RECORD.

REDUCING THE DEFICIT

In recent years significant progress has been made in reducing the federal budget deficit. When President Clinton took office the deficit was at an all-time high of \$290 billion and projected to continue to rise. But because of the 1993 deficit reduction package approved by Congress and a stronger than expected recovery for the economy, the deficit has been steadily falling. Last year it was down to \$203 billion and this year will be \$161 billion. Because the U.S. economy has been steadily growing, the deficit is now smaller relative to the size of the economy than at any time since the 1970s.

Despite this, the central issue in Congress for the rest of the year will be making further progress on the budget deficit. The reasons are that the country is focused on deficit reduction as a national goal and that without additional steps the deficit will rise again, driven largely by increasing federal health care expenditures. Within two years the deficit could again be over \$200 billion.

BALANCING THE BUDGET

The more the government borrows to meet its debts, the less is available for productive investment, both private and public, and the more we pass the burden on to our children. Earlier this year Congress passed a plan developed by the congressional leadership to balance the budget in seven years. I supported a similar seven-year plan, as well as a balanced budget amendment to help force Congress to stick to the plan. President Clinton proposed a plan that would balance the budget in ten years.

It is questionable how much difference it makes whether we balance the budget by 2002 or by 2005. After several years of steady decline, the deficit between 2002 and 2005 would be so small that it may be viewed as insignificant in an economy as large as ours. What is important is to have a credible commitment by Congress to put into place a mechanism that will control spending and make sure that the actual deficits are on a glide path towards zero. The debate will continue over balancing the budget in seven years versus ten years. A bipartisan budget will probably have to be reached that sets a date somewhere in between.

ECONOMIC PROJECTS

One major question in the budget debate is the credibility of economic projections. Everybody attacks the other person's forecast of revenue and economic growth. Minor differences in assumptions can over the years magnify into huge differences in the projected deficit. All long-term projections about economic growth and revenues are highly suspect and cannot be made with any precision. Generally, since deficits almost always turn out to be higher than forecast, my inclination is to take the more conservative estimates.

Tremendous pressure is placed on those who make economic and budget projections. For example, the new congressional leadership has been pushing the Congressional Budget Office (CBO) to adopt "dynamic" methods, of calculating the effects of their policies, so that their proposed tax cuts and spending reductions would boost projected economic growth beyond the estimates of most economists. But CBO has a reputation for independence, and has not always been cooperative. Last year for example, CBO dealt a crippling blow to President Clinton's health care reform plan by concluding that it would produce far smaller savings than the President had claimed. It recently warned the new congressional leadership that their proposal for moving millions of

Medicare recipient from a fee-for-service system to managed health care would likely not save nearly as much moneys as the leadership wanted. That could undermine their efforts to balance the budget or to deliver a big tax cut.

ECONOMIC GROWTH

The primary goal of deficit reduction is to help create an economy that has strong investments, creates jobs, has a sound dollar, and has low inflation. That is why it is important not only that we balance the budget but how we balance it. We should not gut the very programs that help improve our long-term economic outlook—including education and training, research, and roads and bridges.

It is disturbing that the economic projections made in the budget provide only modest growth for the rest of the decade. Much more attention has to be directed towards what is an acceptable rate of growth for the country and what kinds of investments are needed in order to get that growth. Although the principle of balancing the budget has been adopted by almost everybody, the more fundamental questions about the economy have gotten much less attention and need to be addressed. How do we get more growth in the economy? How do we ensure that the benefits of growth are felt more broadly in our society?

TAX CUT

I also believe that there should not be a tax cut at this time. The reason the new congressional leadership has had to propose such deep cuts in health care and other programs is because of the huge tax breaks they have proposed, and because they are working with less than half of the budget. They have excluded defense, social security, and interest on the debt. Their efforts have been to cut the programs for the poor and lower-income working families. Savings can certainly be had there, but nowhere near the savings the budget resolution suggests without greatly adding to the burden of people of modest income.

The fact is that the tax cut is simply too large for too many who do not need it. Tax breaks should wait until spending cuts have achieved a balanced budget. And we should broaden the base of deficit reduction—for example, cutting corporate welfare and looking for "frauds, waste, and abuse" also in Pentagon programs.

OMNIBUS BILL

The next few weeks will be very confusing. The congressional leadership will be bringing up most of the cuts to balance the budget in one mammoth bill, far bigger than anything that has ever been seen in Congress. It will include a rewrite of federal farm programs, an overhaul of Medicare, welfare reform, major changes in student loans and trade programs, among other things. Members will not be told the contents of the bill until a day or so before the final vote occurs, and will have very limited opportunities to improve the package on the floor. We need to take serious steps to balance the budget, but we need to think through the changes we are making. Poorly thought out policies could be very costly in the long run.

BALANCING THE BUDGET

HON. RON PACKARD

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 13, 1995

Mr. PACKARD. Mr. Speaker, I would like to take a moment to commend my colleagues

here in the Republican led 104th Congress for a most remarkable job over the past several months. We have accomplished many historic changes and the ball is still rolling.

Last November, Republicans promised the American people they would balance the budget and we are well on our way. We started out on the right foot by reducing our own budget by \$207 million. The legislative branch appropriations bill which I authored will make many internal reforms, including cutting the number of congressional staff and eliminating duplicative bureaucracies.

Mr. Speaker, the future looks even brighter. Over the coming months we will have the opportunity to pass major legislation that will enable us to keep our promise of a balanced budget. We will not only save, but strengthen Medicare. We will change the welfare system so that it emphasizes work, family, and personal responsibility, and we will provide tax relief for American families.

This is an ambitious agenda, but we have an obligation to the American people and the generations to come. I strongly urge my colleagues on the other side of the aisle and the President to do their part to help and not stand in the way of reform mandated by the voters last November.

ADHIAMBO ELEMENTARY SCHOOL

HON. BENNIE G. THOMPSON

OF MISSISSIPPI

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 13, 1995

Mr. THOMPSON. Mr. Speaker, it is with great joy and admiration that I salute the faculty, staff, parents, students, and friends of Adhiambo School in Jackson, MS. Adhiambo School which was founded in 1979 is a refreshing alternative to the traditional American school system. The school curriculum is aimed to perpetuate moral attitudes and values by developing children's personalities and characters and instilling brotherliness, kindness and charity. The school provides a nurturing environment while offering a challenging curriculum. During a time when so many negative forces plague our communities, Adhiambo motivates our children through positive cultural images and experiences.

It is rewarding to recognize a success story in the educational system when so many school systems are in decay. Today there are a tremendous number of children in the Nation who do not have the basic tools needed to learn and are not motivated to learn. Adhiambo's students are an exception and they are worthy of praise. Even more astounding is the fact that on December 5, 1994, the building which housed Adhiambo was completely burned down, yet the spirits of the students and staff persevered. On June 27, 1995, Adhiambo moved into its new home and all studies have resumed.