

future. And he knew that he was going to help Santa Barbara County and San Luis Obispo County.

Tonight, those counties have lost a great Congressman. California has lost a great scholar. The Nation has lost a model public servant. So tonight's tribute to Walter, with the flags at half-mast, it is also about patriotism, but not so much about the protection of the land of Walter's forefathers as it is about the preservation of the land of Walter's children.

Walter, look around you right now. I know up there in heaven, next to you is my father, who is former State Senator Fred Farr. He passed away just a few months ago. You two are probably sitting right now chuckling. With the passing of so many good Democrats, you are probably saying, the Lord is just trying to make a more perfect union.

Good night, Walter. Good night, Lois. Good night, kids. We love you.

TRIBUTE TO THE LATE HON.
WALTER H. CAPPS

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

Mr. SHERMAN. Mr. Speaker, the day after WALTER died, I had a chance to join a number of our colleagues in recognizing him here. And I jotted down these few words just an hour or two after I learned of his death. And I thought that maybe when I came back to join with my freshmen colleagues, DON or WALTER, I would have something better to say. But, frankly, I do not.

So, with apologies to anyone who has heard me speak of WALTER in the last couple of days, I will say it again. This country lost a leader of depth and integrity. Just a couple days ago, this House lost one of our own. Lois, Laura, Todd, and Lisa lost a husband and a father. And, like several of my colleagues here today, I lost a role model and a friend.

WALTER CAPPS was the professor that we called a freshman. Most of us come here to Congress hoping that, once we are here, we will make some contribution of which we can be proud. WALTER CAPPS came here having already done more than we can hope to do.

As so many have pointed out, he was perhaps the most popular professor in the history of the University of California at Santa Barbara, where he did not just teach well what had been taught before, but invented courses, wrote books. If he never had come to this House, he would have been a major leader in the life of his district.

Now, like many new Members to this House, I often seek advice, a few hints. And when I wanted to know what was the smart political thing to do, I never went to WALTER. But when I sought wisdom and thoughtfulness, a way of looking at things that is different from today's headlines or yesterday's poll

results, I sought out WALTER CAPPS. And he was always there.

We who hold elective office are often viewed as cynical manipulators of public opinion or as slaves to public opinion. We are depicted as knowing more or caring more about the politics of an issue than the substance. You can say what you want about most of us, but you cannot say all of us. Because, for a short time, WALTER CAPPS served in this House and he was everything you want us to be. He was the best of us. He will be missed.

Mr. Speaker, I yield to the gentleman from Oregon [Ms. HOOLEY].

□ 2215

Ms. HOOLEY of Oregon. Mr. Speaker, I thank the gentleman for yielding.

I would like to also enter into the RECORD a tribute from the gentleman from Ohio [Mr. HALL], as follows:

Mr. HALL of Ohio. Mr. Speaker, I rise to pay tribute to the late WALTER H. CAPPS. Not only has this country suffered a great loss, but we, his colleagues, have lost a model of an ethical and decent politician. We can all be thankful for the perspective that WALTER brought to us in his 10 months in the House, and he will be greatly missed by us all.

WALTER provided us with a unique understanding of society through his spiritual and philosophical nature. He was not afraid to see the bigger picture; to engage public policy from a collective point of view. This was demonstrated to me by his sincere and enthusiastic support of my bill for congressional apology for slavery. WALTER's dedication to the people he represented, and his principled campaign practices show the signs of a disciplined man. But most importantly, he will be remembered as a true scholar and a gentleman, with an undying love for humanity.

To me, WALTER CAPPS will be remembered as a teacher; not only for the 33 years that he enlightened our youth with spiritual ideas at the University of California at Santa Barbara, but as a role model of the kind of person we need here in Washington. One who taught the values of democracy and moral character through his actions, and shared his knowledge and devotion to decency through his words. My prayers are with his wife and children.

Ms. HOOLEY of Oregon. Mr. Speaker, I would also again like to thank the gentleman from Wisconsin [Mr. NEUMANN] for so graciously allowing us to do this at the beginning and again yielding time.

As irreplaceable as Walter Capps will be for the Members of the House, his loss will I am sure be deeply felt by his district. We express our heartfelt condolences to them. We also grieve with Walter's family, his wife Lois, his children, Todd, Laura and Lisa and the rest of his loved ones. My colleagues and I are happy that he shared himself with us even for so short a time. I can only imagine that in the fullness of time, those that had known him longer will bless and hold dear each day they had the pleasure of his company. Our prayers are with all of you. Walter, we loved you. You will be missed.

THE DEBT, THE DEFICIT, AND
SOCIAL SECURITY

The SPEAKER pro tempore (Mr. MCCOLLUM). Under the Speaker's announced policy of January 7, 1997, the gentleman from Wisconsin [Mr. NEUMANN] is recognized for 60 minutes as the designee of the majority leader.

CONDOLENCES TO FAMILY OF LATE HONORABLE
WALTER CAPPS

Mr. NEUMANN. Mr. Speaker, I would like to also begin this night by expressing my condolences to the family of our colleague, Mr. Capps. I cannot count how many times my wife has said to me that she hopes that our 24 years of marriage will allow other folks around us to see that it is all right to find the right person in your life and to spend your entire life together. We also have 3 kids, and I am sure listening this evening, that Mr. Capps certainly provided a role model for many, many, many people not only in California but all across America. Married to the same woman for 37 years is something that many people should look to in this Nation for a role model. Again I cannot count how many times my wife Sue has said, "Let's hope people see that it is all right to be married to the same person," that that is the way things should be. Again, my condolences to their family and to the kids that are involved here.

Mr. Speaker, this evening I had reserved the hour primarily to talk about some budget matters. I guess last week we had a situation develop in our district where we were in dire need of some help from some folks. I gave my parents a call. My mom and dad said, well, we are going to be there instantaneously. They said they were going to drop everything they were doing.

So to start tonight rather than start on the budget stuff, I thought I would talk about a matter that is of the utmost importance not only to my parents but to other seniors like them all across America. It is an issue that has almost been put on the back burner out here in Washington and many different fronts, and that is Social Security. I thought I would start tonight by talking a little bit about what is happening in Social Security and then go to a solution as what we need to do about it, first, what is happening in Social Security.

I know many senior citizens rely on Social Security all across this great Nation of ours. The Social Security system in 1983 was set up so that it started collecting more money than what it pays out to seniors in benefits. The idea with Social Security was they would collect this extra money, put it aside in a savings account and then when the baby boom generation hit retirement, they would go to the savings account, get the money they need and still make good on the payments to our senior citizens. So it is kind of like you do in your own house where when you have got extra money coming in you put it in a savings account. Then when you overdraw your checkbook you go

to the savings account, get the money out and make good on it. That is how the Social Security system is set up.

In fact, in 1996 the Social Security system collected \$418 billion in taxes. That is, they went into the paychecks of working families all across America and they collected, they brought out here to Washington \$418 billion. They only sent out checks to our senior citizens of \$353 billion. Again, this is a program that basically is working. They collected \$418 billion, they sent out \$353 billion in checks to our senior citizens, and that left \$65 billion that was supposed to be set aside into the savings account. This program if it was run properly, if this is what would be happening and it would be run right, is working just fine. The problem, and it should serve as no great surprise, that out here in Washington when they got that extra \$65 billion, here is what they did. We get the money out here in Washington, we put it in the big government checkbook, in the general fund out here in Washington. They have been overdrawing the general fund, that is the deficit, they have overdrawn the checkbook out here where this money has been put every year since 1969. So what they do is they get this \$65 billion, put it in the general fund, then they overdraw the general fund or the checkbook so there is no money left to put into that savings account for Social Security. So what they do instead is simply put an IOU down here in the Social Security trust fund. What has happened out here is they have collected this extra money like the system is supposed to work, they have paid out the benefits to seniors, paid out less than they collected, but instead of putting the money into the Social Security trust fund the way it is supposed to be done, they have put it in the general fund instead, they spend all the money out of the general fund, then at the end of the year they simply make an IOU entry into the Social Security trust fund.

We have developed legislation in our office, and to many of my colleagues this will not seem like it took Einstein to figure this out, it really did not, it is the same thing that every business across America does with any kind of a pension fund that is similar to Social Security. Here is what our legislation does. It simply says that this \$65 billion that is collected in Social Security over and above what is paid out to our senior citizens in benefits be put directly into the Social Security trust fund. It is a very, very simple concept and it is what I used to do back when we had a business in the business world before I ran for office.

Again, what our legislation would do, and it is called the Social Security Preservation Act, is simply take the extra money that is coming in for Social Security and actually put it aside in the Social Security trust fund. Let me be a little more specific. What we would do with this extra \$65 billion is we would buy negotiable T bills like

any senior citizen in America can go to any bank and buy right now today. So instead of having IOUs down here in the trust fund we would then accumulate these negotiable treasury bonds, a T bill, much like anybody in this Nation can go to the bank and buy. The idea in doing this would be to accumulate this kitty of money the way it was set up, the way this system was set up and designed to work. If we were to accumulate that kitty of money, Social Security would be safe all the way to the year 2029. By not accumulating that kitty of money, there is a shortfall in Social Security not later than the year 2012. Let me say that once more. If this money were collected and put down here in the trust fund the way it is supposed to be, instead of put into the big government checkbook, if it went straight to the trust fund, Social Security as we know it today would be solvent all the way to 2029. Under the current system where the money is put into the general fund instead of into the trust fund, and all the money is then spent out of that general fund and IOUs are put in the trust fund, that is the current system, Social Security is in serious trouble not later than the year 2012. We can see the urgency of this sort of activity.

Again, this bill is called the Social Security Preservation Act. It seems very fitting tonight that we would mention that when we have cosponsors from both sides of the aisle supporting the Social Security Preservation Act.

I would like to point out also how this impacts the budget process out here in Washington, because it is very important to understand. We are on the verge of having our first balanced budget since 1969. Every year since 1969, the people that have been out here in Washington have spent more money than what they had in their checkbook. That is, they overdrew the checkbook. When they overdrew the checkbook they went to borrow the money to make good on checks and they have been borrowing money every single year since 1969. Here is how the Social Security system relates to this budgeting process. In Washington, since this extra \$65 billion is in their checkbook, they call their checkbook balanced even though they are using the Social Security money as opposed to putting it away where it belongs.

Let me show that in picture form. When Washington talks about a deficit, and they were talking about a fiscal year 1996 deficit of \$107 billion, what they do not tell you is that in addition to that, there is \$65 billion that has been taken out of the Social Security trust fund, so the real deficit for 1996 was \$172 billion, not \$107 billion that was reported to the American people.

What does all that mean? Balancing the budget for the first time means getting rid of this blue area by Washington definition. When we say in Washington we are going to balance the budget by 2002, we mean the blue area is going to be gone. But in that

year 2002 to get to a balanced budget, they are still taking, in that year it would be \$104 billion out of the Social Security trust fund. It is very important for people across America to understand that when Washington says they are going to get to a balanced budget, they will still be using the money out of the Social Security trust fund in their big general fund checkbook to make that checkbook look balanced. So even after we get to a balanced budget, we have a long ways to go to actually restore the Social Security trust fund.

I am happy to say we have legislation currently pending that we have written in my office that will put this money that has been taken out of Social Security back into the Social Security trust fund. We have written the Social Security Preservation Act that will start putting the money away immediately. In addition to that, we have written what is called the National Debt Repayment Act. The National Debt Repayment Act looks ahead, sees that when we are going to have surpluses, takes the surpluses, one-third for tax cuts, two-thirds for debt repayment, and as we are repaying that debt the money that has been taken out of the Social Security trust fund would get put back in the Social Security trust fund and Social Security would once again be solvent for our senior citizens.

I want to turn from there and address the bigger problem and look at just how far we have come in the last 2 years. I think it is very important as we talk about this to understand where we were in 1995 when for the first time in a long, long time, 40 years to be exact, Republicans took control of the House of Representatives and the Senate. What I have got with me here is a chart that shows the growing debt facing this great Nation of ours. It is important to see that from 1960 to 1980, the debt grew very little. But from 1980 forward, this debt has grown right off the chart. As a matter of fact, in 1995 when we got here, it was my first year in office, the debt was all the way up here. It was a very, very serious problem and it was growing fast.

Just to take this out of the partisan realm, I realize that when I point to 1980 as the year this thing started climbing rapidly and it is very clear in this picture that that is the year it started climbing very rapidly. I understand that all the Democrats say, "Well, that's the year Ronald Reagan was elected to office, therefore, it's the Republicans' fault." And I understand all the Republicans say, "Well, it's that Democrat Congress that could not control their spending habits and therefore it's the Democrats' fault." The facts are it does not matter whose fault it is, it is our responsibility as Americans to solve the problem. We are here in this chart and it is time that we as Americans accept our responsibility and do what is right for future generations in this great Nation

that we live in and solve the problem. I used to be a math teacher. I guess it is fitting tonight to have another former professor here on the floor. I used to teach some college classes as well as junior high and high school. We used to use these numbers in our class to talk about how large the debt really is. We used to talk about these in our math class and use it for a number of placement discussions. This is the amount that the United States government has borrowed on behalf of the American people. This is our debt today. It is \$5.3 trillion. Again, this is what we used to do in our math class. We used to divide the debt by the number of people in the United States of America and in fact we would find that the United States government has borrowed \$20,000 on behalf of every man, woman and child in the United States of America. Let me say that once more because it is a pretty staggering number. The United States government on behalf of the American people has borrowed \$20,000 on behalf of every man, woman and child in the United States of America. For a family of 5 like mine, that means they have borrowed \$100,000. Let me say this a different way. That means they collected \$100,000 less in taxes than what they spent out here in Washington basically over the last 20 years. For a family of 5 like mine, they borrowed \$100,000. Here is the real kicker in this thing. A lot of people out in America go, "So what? So what if the government has borrowed all this money?" Well, there are a bunch of answers to the so-what, not the least of which this is our responsibility as a Nation to pay back, but the so-what is more immediate than that. A family of 5 like ours is sending an average of \$580 a month to Washington to do nothing but pay the interest on the Federal debt. A lot of people out there say, "Well, that's not us. We don't pay \$580 a month in taxes." They forget that when they walk into the store and do something as simple as buy a loaf of bread, that the store owner makes a profit on that loaf of bread and part of that profit gets sent out here to Washington, D.C. An average family of 5 in the United States of America today is sending \$580 every month to Washington to do absolutely nothing but pay the interest on the Federal debt. That is a very real problem. It is a problem that is taking money out of the pockets and the paychecks of workers all across America, and it is a problem that we as a Nation need to address.

□ 2230

This is where we were in 1995, and this is really the problem that we came into. I think it is important to understand how we got there. To point this out, I think it is important to think back to the late eighties and early nineties, what was going on, what sorts of promises were being made to the American people. Many folks remember the Gramm-Rudman-Hollings Acts.

They did the first one in 1985, the second one in 1987. Lots of folks remember the promises of the Gramm-Rudman-Hollings Acts. So I brought that with me tonight. This blue line shows what the Gramm-Rudman-Hollings Act promised to do with the deficit.

I think it is important to note by 1993, under Gramm-Rudman-Hollings, they promised we would have our first balanced budget since 1969. The red line shows what happened. If I get upset when I talk about this, it is because this is what brought me out of the private sector and caused me to spend 4 days a week away from my family as opposed to home doing the things I normally do, living with my family in Janesville, Wisconsin.

This red line shows what they did. They did not keep their promises. They promised we would balance the budget along this blue line, but the people here decided they could not control spending, and the red line is what they actually did.

So we get out here to 1993, they see that they have broken their promises, and what do they do? They say, well, we can't control spending out here in Washington, so there is only one thing left to do, and that is raise taxes.

In 1993, we got the biggest tax increase in American history. They raised the gasoline tax by 4.3 cents a gallon. The kicker with the gasoline tax increase, they didn't even spend it to build better roads. They spent it on Washington spending programs. So they got to 1993 and looked at this picture and said, well, this debt is really growing. We have to do something about it.

The right answer, I am going into the pockets of the American people. We will collect more money out of their paychecks, get it out here to Washington, and surely, surely, that will lead us to a balanced budget. That was the 1993 solution.

It was not only the gasoline tax. Senior citizens might recall that they increased Social Security taxes on the Social Security money they received. All sorts of tax increases were implemented as part of that 1993 tax increase package.

So this was the picture we were looking at in 1993. Promises of a balanced budget, that had clearly been broken, and the biggest tax increase in American history. The American people rose to the occasion and said enough of this. We are not going to tolerate this anymore. And they sent a new group of people to Washington.

Well, we have been here for 3 years now. Came in with that group that came in 1994 and was sworn in in 1995. We have been here for 3 years. I think it is reasonable that the American people start asking what has that group done? Are they any different or just the same old thing doing the same old thing, breaking their promises like what was going on before 1995?

The facts are, the American people should be evaluating this Congress and

they should be asking the question have they done anything different?

Well, I brought the chart with me to show what is going on. When we got here in 1995, we laid out a plan to balance the budget as well. This blue line shows the promises we made to the American people. In fact, the blue line shows we were going to get to a balanced budget in 2020, and I have to tell you, when I went home to my district, and I said we are going to balance the budget by the year 2020, they all went, yea, sure, because they were accustomed to this and the broken promises.

But the facts are we are now in the third year of our plan to balance the Federal budget. We are not only on track, but ahead of schedule. We are so far ahead of schedule, in fact, that we will have our first balanced budget since 1969 probably in fiscal year 1998.

If everything continues the way it has during our first two years in office for one more year, we will in fact have our first balanced budget since 1969. We didn't do this while raising taxes. We, in fact, did this coupled with the first tax cut in 16 years.

I want to spend a little time on the tax cut in just a minute. But, before I do, I wanted to talk about why this picture is possible, because when you look at this picture and you understand what led to the change in 1993 that was broken promises and raising taxes, then you look at this picture, and you see we are on track balancing the budget probably 4 years ahead of schedule, and at the same time reducing taxes, a lot of my constituents go, Mark, the economy is so good, you guys are out there trying to look good in the face of the great economy we are in. That is nice, but not entirely true.

The economy is doing really, really well, but the reason this picture works is not just cause the economy is doing well. We have had good economies between 1969 and today. Every time in the past when the economy got good in the past, Washington saw extra money coming in, and this will not be hard to convince the people of, because it is so obvious. When the economy was good in the past and extra money came into Washington, Washington simply created a new Washington spending program and spent the money.

It is important to understand that being in the third year of a seven-year plan to balance the budget, getting to balance four years ahead of schedule and lowering taxes the at the same time, partly it is the economy.

But there is more to it than that. The growth of Washington spending before we got here was 5.2 percent annually. This is how fast spending was growing before we got here in 1995. This is how fast spending is growing now.

This is a very different picture. In the face of a very strong economy, with more revenue than expected coming into Washington, this Congress said we are going to slow the growth rate of Washington spending. We didn't go out and come up with a whole bunch of new

Washington spending programs. Just the opposite. We are squeezing the growth rate of Washington spending at the same time there is extra revenue coming in. In fact, let me give you a couple very little known facts.

In 1996, our first fiscal year, we actually spent \$28 billion less than was promised. In our second fiscal year, we spent \$25 billion less than was promised. I challenge each one of my colleagues to go and get the budget resolution that we passed back in 1995. Do not take my word for it, go and get it. Then see what was promised and see how we actually spent less.

Again, when I am out with my constituents and I tell them this, I swear half of them get it and check it out, because they can't believe it actually happened. Washington said what they were going to spend and actually spent less money than they said they were going to spend. At the same time we were spending less money than we said we were going to spend, \$100 billion plus of extra revenue came in. That is why we have the picture where we are able to both balance the budget ahead of schedule and reduce taxes at the same time.

This picture is absolutely essential in understanding that it is not only the good economy, and the good economy is certainly part of it, it is also Washington slowing the growth rate at the same time that extra revenue is coming in. In fact, in real dollars, we have slowed the growth rate of Washington spending from 1.8 percent to 0.6 percent. The growth rate has been slowed by two-thirds in two short years.

This is a monumental accomplishment, especially in the face of all the extra revenue that came in here that was unexpected.

Now, I am going to go to the next item. With this picture still here, I am going to go to the next thing, that most of our constituents do not understand when I am talking with them out there. It is like you are going to cut taxes, Mark? Is that another political promise? Is that where we are at?

No, that is not where we are at. The taxes have been cut. The bill is signed. For the first time in 16 years, people should start keeping more of their money rather than sending more of their money to Washington, D.C.

Let me be specific. First off, this tax cut package is heavily weighted towards education, as it should be. Education is extremely important for the future of this nation. It is heavily weighted towards families. Let me start with the families.

In January of next year, the families with children under the age of 17, keep \$400 per child more in their own home, rather than sending it out here to Washington. Translation: If you have a child under the age of 17 in your home, you should go to your place of employment and start keeping \$33 a month more in your take-home pay instead of sending it to Washington, D.C. \$33 a month, well, that is \$400, divided up

over the 12 months. You can start keeping the extra money in January of next year.

There are 550,000 families in Wisconsin alone eligible for this \$400 per child tax cut. But I have a fear. I have a fear that people will not believe the tax cut package is real and they will send all that money out to Washington instead of keeping it in their home.

They will not make the effort in January to go in and actually keep the extra \$33 in their own paycheck, instead of sending it out here. I am very much afraid of what is going to happen if Washington gets their hands on the money. So I would strongly encourage all of our constituents to go in and change their withholding, so they keep that extra money in their own home.

Education. We would hope a lot of families, and I know I was talking with a family at church with three kids. I know the first thing they said to me is Mark, when I get that \$400, I know exactly what I am doing. I am putting it into a savings account to save for my kids' education.

Good news. We have established something called an education savings account that works much like an IRA. You can put up to \$500 per year per child into an education savings account to save up for the kids as they are growing up for when they reach college age.

Now, I a lot of times call this the grandparents account. There are a lot of grandparents that talk to me and say we wish we could do something for our grandkids. Well, the account is set up so that the grandparents could literally put up to \$500 per grandchild away to save up for the kids' education when they reach the age of 18. What better gift from a grandparent to a grandson or a granddaughter?

So the education savings accounts I think are very, very important. But we did not stop there. We understand that for many working families out there, when the first or second or third child goes off to college, paying those college tuition bills are very, very difficult and a huge burden on our families.

So the tax cut package also contains a college tuition credit of up to \$1,500 per college student. In the vast majority of the cases, if you have a freshman or a sophomore in college, next year you will send \$1,500 less to Washington. You will keep it in your own home and use to help pay for the kid's college education.

For a freshman or sophomore, you get the first \$1,000, plus half of the second \$1,000, or \$1,500 total. For juniors and seniors, it is 20 percent of the first \$5,000, up to \$1,000 total.

It is interesting, with this \$1,000 college tuition credit, I was out at a meeting, I believe in Waukesha, Wisconsin, and somebody came up to me and she said well, we are married, we are both working, and I am going back to school. Does the college tuition that I pay, this is now a young couple, does the college tuition that I pay qualify

for a 20 percent reduction in my taxes? Do I get my 20 percent back?

The answer to that question is yes. The answer to that question is if you are a young married couple and one or both of the spouses has returned to college or tech school for purposes of bettering themselves and making themselves also qualified so they can get a job promotion and provide a better life for themselves and their family, if that is going on, does that college tuition cost qualify for the 20 percent tax credit?

The answer is definitively, yes it does. I want to make it very clear here, we are not talking about a tax deduction. We are talking about a tax credit. You fill out your taxes, you figure out how much you would have paid in taxes, and you subtract this number off the bottom line.

This is not a deduction, this is a tax credit. Figure out how much tax also you owe, subtract \$400 per child.

Let me put this another way. For a family of five, whether they be in Janesville, Wisconsin, or wherever in this great Nation of ours, you have two kids at home and one off at college, that family will be pay \$2,300 less in taxes next year.

This is real money. This is not a political promise. This is a bill that has been signed into law. The tax cut package is passed. A family of five, three kids, one is a freshman in college and two still at home, will literally pay \$2,300 less in taxes next year.

Translation: Instead of sending \$2,300 to Washington out of their paycheck, you keep the \$2,300 in your own home. I would like to have anyone stand up and explain to me why it is they think that Washington can spend that \$2,300 better than that family of five out there in America, because that is what this is really all about. There are very few people that voted against the tax cut package on either side of the aisle, I might add.

I had a call this morning, or yesterday, actually, and I was reading it this morning, from one of our constituents, that talked about how there is help all the way through government except for those hard-working families struggling to make ends meet.

Well, I would point out that the \$400 per child, the college tuition tax credit, the education savings account, those are all aimed specifically at those folks.

Let us try one more thing though for the young couples or for the young singles that are working, because I hear a lot about this, that there is nothing in this for a young couple or a single who is working.

There are actually several things that impact that group very specifically. There is what is called the Roth IRA. You see, we find many of our young couples or singles that are saving for either future education or to buy their first home. In the Roth IRA, it works much like an IRA, you can put up to \$2,000 per year per person into the

Roth IRA. If you do not take the money out between then and retirement, the money accumulates, the interest and dividends, whatever you have put it into, accumulates tax-free all the way to retirement, and, at retirement, you take the money out absolutely tax free.

However, for those young couples or for those young singles in the work force, if you decide that you would like to buy a home, you can take out up to \$10,000 out of this account specifically for the purpose of buying your first home. If you decide you want to go back to college and further your education or tech school and further your education so that you can qualify for a job promotion, a better life for yourself and your family, you can literally go into the Roth IRA, take the money out and use it.

□ 2245

So you put the money away into a savings account, the money accumulates tax-free, and then you can take it back out for a first-time home purchase, for education, or if you do not take it out at retirement, you can take it out then absolutely tax-free.

This is also a very important feature for many of the empty-nesters, the folks whose kids are grown and gone. Typically they are in a 401(k) at their place of employment already, and they are looking at this tax cut package going, saying, what is there available for me?

The Roth IRA is the real answer. Even if you are in a 401(k), and this is very new as it relates to IRA's, even if you are in a 401(k) already you still qualify for the Roth IRA. You can start saving additional money for your own retirement. Remember, whatever accumulates in this Roth IRA, when you reach retirement, you take it out absolutely tax-free.

A couple of other things in this tax-cut package that I think are worth mentioning, always keeping this picture in mind and understanding that the reason we are able to cut taxes is because we have slowed the growth rate of Washington spending at the same time the economy is very strong. It is this picture that has put us in this position where we can have this great discussion about the fact that the budget is balanced for the first time since 1969 and we are lowering taxes.

For folks that own their own home and have lived in that home for 2 years or more, and this affects many, many senior citizens, you may now sell that home and not owe any Federal taxes, in the vast majority of the cases. Let me say that once more. For your personal residence, if you have lived there 2 years or longer, in the vast majority of cases there will be absolutely no taxes due.

This affects all sorts of folks in our society. If a person is in a place of employment and they have an opportunity to take a better job and provide a better life for themselves and their

families, and they take this job transfer that requires them to sell their home, in the past they may have suffered a capital gains debt to the Federal Government when they sold their home. Now if they have lived in that home for 2 years, there are no taxes due.

It also affects senior citizens in many, many, many cases. Many senior citizens took their one-time exclusion when they reached age 55. They then sold the bigger house that probably they raised their kids in and bought a smaller home, and they are still in that home. But since they have used their one-time exclusion, when they sell that home, that home has appreciated in value, and they would have owed taxes to the Federal Government on that appreciation.

Not anymore. There is no more one-time exclusion at age 55. Even if you took the one-time exclusion, our senior citizens can now sell that home that they moved into after the age of 55 at the appreciated value, and pay no money to the Federal Government in taxes. This is a major, major change.

Capital gains. We are finding today that more and more people are starting to save for themselves and their own retirement. The capital gains tax rate in most cases has been reduced from 28 to 20 percent. For the folks in the lower income bracket who have saved for their retirement, to take money out that has been in a capital gains situation, it has been lowered from 15 percent to 10 percent.

So if you are in a \$41,000-a-year income bracket and you take money out, that is treated as capital gains. The rate dropped from 15 to 10. If you are over the \$41,000, the rate dropped from 28 to 20. The good news is it is going down to 18.

I would be remiss not mentioning the changes for farmers and small business owners passing those businesses to the next generation. I cannot tell Members how many folks have talked to me in my district about the fact that when they want to pass a farm on from one generation to the next, but the tax burden is so great that they cannot possibly do it.

Under the Tax Code, that has been changed, and 90 percent of all farms may be passed from one generation to the next without paying Federal tax on it. This tax break also applies to many of our small businesses.

I have kind of stopped in the middle of this bigger discussion of what was going on back in 1993 and before: broken promises and not getting to a balanced budget, the tax increases of 1993, and how things have changed.

In fact, we have slowed the growth of Washington spending in the face of a very strong economy, and that, in fact, has actually led us to both a balanced budget 4 years ahead of schedule and the opportunity to have these tax cuts that I just talked about. This is a wonderful, wonderful situation to be in in terms of a change that has occurred

out here in Washington in 3 short years.

The next thing I get from my constituents back home is, typically, "Well, Mark, it is not your doing. If you had done nothing, this all would have happened, anyhow." So I brought another chart with me to show exactly what would have happened if in fact when we got here in 1995 we played golf and tennis or basketball and did not do our job.

This red deficit line shows in my first year, this is where the deficit was going when I got here. This red line shows what would have happened had we not done our job. The yellow line shows where we were at the end of 1 year. So after a year of struggle we had brought this red line down to the location of the yellow line.

But we had a dream. We had a dream that we could actually balance the budget and lower taxes at the same time, restore Medicare for our senior citizens. That was our dream. This green line shows that dream. That green line shows how we were going to get to our balanced budget by 2002. The blue line shows what is actually happening.

Again, we can see what would have happened had we done nothing. What would have happened had we quit at the end of 12 months, what we hoped to do, that is the green line, and what is actually happening. Again, we are in the third year of this plan to balance the budget in 7 years. We are so far ahead of schedule that it would now appear that in the fiscal year 1998, we will reach our first balanced budget in more than a generation. I was a sophomore in high school the last time the Federal budget was balanced. So this is good news.

I think it is important that we understand that we are winning. We are winning the battle of getting to a balanced budget, but I do not think we should forget the earlier conversation about social security. I began the hour this evening by talking about social security, and how the money that is supposed to be in that social security trust fund, that extra money that has been collected that was supposed to be set aside, has been spent on all sorts of different Washington programs, and how even after we get to a balanced budget, they are still using that social security money.

I would like to now present the long-term solution to getting that money that has been spent back into the social security trust fund, and the bigger picture here is to not only get the money back in the social security trust fund, but to pay off that \$5.3 trillion debt that has been run up so that our children can, in fact, leave this Nation absolutely debt-free. That is my dream for the future of the country. My dream for the future of the country and for the next 10, 15, 20 years of our generation's time here serving our Nation, my dream is that we will actually pay down the Federal debt, restore the social security trust fund, and continue

to lower taxes on our working families and our workers all across America.

Here is the plan. Here is how it works. It is called the National Debt Repayment Act. Remember, it has three purposes: for workers, lower taxes; for senior citizens, restore the social security money; and most important of all, for our children, give them a Nation that is debt-free. Let our legacy to the next generation be that we have actually paid off the Federal debt, much like you would pay off a home mortgage in the business I used to be in, where we used to build homes.

Here is how it works. After we reach a balanced budget, we cap the growth of Washington spending at a rate at least 1 percent lower than the rate of revenue growth. After we reach balance, that is this point in the chart, we cap the growth of Washington spending, that is the red line, at a rate at least 1 percent slower than the rate of revenue growth. That is the blue line. That in fact creates a surplus. It is pretty easy to see in this chart. If spending is going up at a slower rate than revenue grows, it does in fact create this surplus.

We use the surplus in two ways. One-third of that surplus is dedicated to additional tax cuts for the workers. I might add while we are on this one-third, there is a bill introduced here that I am a strong supporter of and a cosponsor of that would literally sunset the IRS Tax Code as we know it today.

When I went through all of these tax cuts, a lot of my constituents back home will say, Mark, that is very complicated to understand all that. They are right. There are 20 volumes of Tax Code today. There are 20,000 pages of Tax Code. I challenge anyone to fully understand what is in that Tax Code.

So as we talk about these tax cuts, as we talk about using one-third of this surplus and dedicating that to additional tax reductions for workers all across America, as we have that discussion, I think it is important that we throw in the mix that we would like to sunset the IRS Tax Code as we know it today and replace it with a system that is simpler, fairer, and easier for people to understand.

The bill currently would sunset the Tax Code as we know it today in the year 2001. I think that is a great idea. Why 2001 instead of tomorrow? I think we need to have a discussion and come up with a system that is in fact simpler, fairer, and easier to understand.

When I am out in our town hall meetings, a lot of my constituents start nodding their head with the "Yes, sure," thing again. But the reality is if we can actually balance the budget 3 or 4 years ahead of schedule, if we can lower taxes for the first time in 16 years, and make that tax cut very, very real, is it that hard to believe that we can also change the IRS system so it is simpler, fairer, and easier for folks to understand?

Certainly redoing the IRS code is easier than getting to a balanced bud-

et. Certainly redoing the IRS code is easier than getting the people in this community to start spending at a slower growth rate. It has got to be easier to redo the IRS.

It is going to get done. I am very optimistic as we talk about using one-third of these for tax cuts, it will facilitate that move to an easier, simpler tax system, a fairer tax system. The other two-thirds of this surplus, remember, we cap the growth of Washington spending at least 1 percent below the rate of revenue growth, that creates a surplus. One-third is dedicated to tax cuts. Two-thirds is used to repay the Federal debt.

This works much like paying off a home mortgage. I used to be a home-builder. When folks would buy one of our homes, the last thing we would do is go to a bank, and they would sign a mortgage on their home, and they would then start making payments on their home on a very regular basis. Over a 30-year period of time, they would pay off the mortgage.

That is exactly what we are suggesting that we do with the Federal debt. In fact, under this bill, if we enact it the way it is written, cap the growth of Washington spending at least 1 percent slower than the growth rate of revenue, we would in fact pay off the entire Federal debt by the year 2026.

It is a 29-year period of time. Folks are very familiar with the 30-year home mortgage. So it is like you set up on a repayment plan of the home mortgage, and whatever is left over gets returned to the people in the form of tax cuts. That is what our bill does. Again, it is called the National Debt Repayment Act.

I think it is real important for us to understand that as we are repaying that Federal debt, as we are paying off the \$5.3 trillion, part of that \$5.3 trillion is the social security trust fund. So as we go through this plan and we actually pay off the Federal debt, the money that has been taken out of social security and spent on all kinds of other Washington programs in fact gets repaid to the social security trust fund. In repaying the money to the social security trust fund, social security once again becomes solvent for our senior citizens all the way to the year 2029.

This has another impact, and it is a very, very real impact. Remember the \$580 a month that an average family of five is paying to do nothing but pay the interest on the Federal debt? As we go down this road and we start paying down the Federal debt, each time we make a payment on the Federal debt, that means there is less interest due the next year.

So the idea here is that as we go through this and we start paying down the Federal debt, each year we should be able to cut taxes even further, because there will be less interest that needs to be collected from our working families.

Think about this for a dream for the future of our country. Think about a

dream where we actually pay off the Federal debt, we leave our children a legacy of a debt-free Nation, we restore social security for our senior citizens, and each and every year as we go forward we take one-third of this surplus and we lower the tax rate on our workers all across America.

People talk about the problem in Medicare. When I came here in 1995 Medicare was scheduled to be bankrupt in the year 2001. No one in America, I cannot believe anyone in this entire country, missed the Medicare ads that were run during the last 2-year period of time, where all sorts of misinformation was put out about the Medicare system. But the one thing that was true was that if absolutely nothing was done, it would have been bankrupt in the year 2001.

We have restored Medicare for at least a decade, but at least a decade is not good enough for Medicare. I would like to point out that as we go through this program and we pay down the debt, the money that is no longer needed for interest we can use for tax cuts, but certainly we would prevent the Medicare system from going bankrupt after that decade that it has currently been restored for.

So we can now count the Medicare program without going into the pockets of the workers, taking more money and raising taxes again. This dream for the future of this country, it includes a restored social security for our senior citizens, it includes Medicare for our senior citizens, it includes a Nation where our children inherit this country absolutely debt-free. It includes a legacy of a debt-free Nation.

For the workers out there, they are not forgotten. For the workers out there who have borne this huge tax burden, taxes can come down each and every year as we go forward. Do not forget the other part of this, where we reform the IRS Tax Code. We dump the Tax Code we have right now, lock, stock and barrel, and put in a new tax system that is easier, simpler, and something that people can understand, and maybe they can even fill out their own taxes again.

I would like to kind of wrap it up tonight by just summarizing what we talked about. I started the hour tonight talking about social security, and how the social security system is collecting more money than it is paying back out to our senior citizens in benefits each year, but that money is currently being spent on other Washington programs. That is wrong. That needs to be stopped.

We talked about how this thing started happening. We talked about in fact how up through 1993 there had been promise after promise after promise, the Gramm-Rudman-Hollings bills, Gramm-Rudman-Hollings II in 1993, the 1990 tax pledge, our balanced budget pledge, the 1993 balanced budget pledge, promise after promise after promise of a balanced budget that never materialized.

The past contained broken promises of a balanced budget, and the final straw came in 1993 when they raised the gasoline tax, and they did not spend the money in building roads; when they raised social security taxes. That was the final straw. People finally said, enough. We have had it with the broken promises, we have had it with tax increases. We want Washington to get their house in order and control the growth of Washington spending.

We want a smaller Washington, less involved in our lives. That happened in 1994 when they put a new group in charge. We are now 3 years into a 7-year plan to balance the Federal budget. I am happy to report that in the third year, we will probably reach a balanced budget this year, but certainly 3 or 4 years ahead of schedule. We are not only on track to balancing the budget, keeping our promise, but we are 3 or 4 years ahead of schedule. We are going to reach our first balanced budget this year since 1969, and at the same time we are reaching that balanced budget we are providing the first tax cut in 16 years.

□ 2300

A tax cut that is heavily weighed toward families and education. \$400 per child under the age of 17; \$1,500 college tuition credit, freshmen and sophomores; \$1,000 college tuition credit for continuing education beyond the freshman or sophomore year. The Roth IRA to save for education, for a first home, or for retirement that when investors take the money out, it is absolutely tax free. The money accumulates tax free, and when they take it out, it is tax free.

Mr. Speaker, these are very, very real tax cuts; not a political promise. The tax cut bill has been signed into law. It is done. It is the law. Taxes are going down for the first time in 16 years. Think of this contrast. Broken promises of a balanced budget before 1995. Higher taxes, 1993. The biggest tax increase in American history. A balanced budget, first time since 1969. Three years into our 7-year plan we hit balance. Tax cut, first time in 16 years.

Mr. Speaker, it is significant. It is real. It is done. What a changed place Washington actually is as we stand here. But we are not done. This is not the end of the picture. This is not over. We still have dreams for the future of this country and where we are going. Our dream is not only to get to a balanced budget, but to pay off that Federal debt. And in paying off the debt, we restore the Social Security Trust Fund. In paying off the debt, we put ourselves in a position to allow us to pass this great Nation on to our children absolutely debt free, a legacy of a debt free Nation for our children.

Equally important, as we are going through that process we gradually reduce the tax burden on our working families and our workers all across America. That is our dream for the fu-

ture of this great Nation that we live in.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. MCNULTY (at the request of Mr. GEPHARDT), for today after 7:45 p.m. and the balance of the week, on account of official business.

Mr. MANTON (at the request of Mr. GEPHARDT), for today after 5:25 p.m., on account of personal reasons.

Mr. YATES (at the request of Mr. GEPHARDT), for today after 5:30 p.m., on account of personal reasons.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. BERRY) to revise and extend their remarks and include extraneous material:)

Mr. KUCINICH, for 5 minutes, today.

Ms. CLAYTON, for 5 minutes, today.

Mr. ALLEN, for 5 minutes, today.

Mr. SANDERS, for 5 minutes, today.

Ms. NORTON, for 5 minutes, today.

Mr. MCNULTY, for 5 minutes, today.

Mr. MALONEY of Connecticut, for 5 minutes, today.

(The following Members (at the request of Mr. DUNCAN) to revise and extend their remarks and include extraneous material:)

Mr. DUNCAN, for 5 minutes, today.

Mr. ENGLISH of Pennsylvania, for 5 minutes, today.

Mr. THUNE, for 5 minutes, today.

Mr. WELDON of Pennsylvania, for 5 minutes, today.

(The following Members (at their own request) to revise and extend their remarks and include extraneous material:)

Mr. FARR of California.

Mr. SHERMAN.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

(The following Members (at the request of Mr. BERRY) and to include extraneous matter:)

Mr. NEAL of Massachusetts.

Mr. BONIOR.

Mr. LIPINSKI.

Mr. KUCINICH.

Mr. KLINK.

Mr. KIND.

Mr. LANTOS.

Mr. WAXMAN.

Mr. HAMILTON.

Mr. HILLIARD.

Mr. MCNULTY.

Mr. LEVIN.

Mr. ETHERIDGE.

Mr. MURTHA.

Mrs. TAUSCHER.

Mr. ORTIZ.

Mr. ACKERMAN.
Mrs. MEEK of Florida.
Mr. TOWNS.
Ms. MILLENDER-MCDONALD.
Mr. PALLONE.
Mr. SERRANO.
Mr. HASTINGS of Florida.

(The following Members (at the request of Mr. DUNCAN) and to include extraneous matter:)

Mr. GILMAN.

Mr. FORBES.

Mr. NETHERCUTT.

Mr. SMITH of Michigan.

Mr. DAVIS of Virginia.

Mr. WELLER.

Mr. BURTON of Indiana.

(The following Members (at the request of Mr. NEUMANN) and to include extraneous matter:)

Mr. ROTHMAN.

Mr. LATOURETTE.

Mr. MCINTYRE.

Mr. BLUNT.

Mr. PACKARD.

Mrs. KELLY.

Mr. GREEN.

Mrs. MALONEY of New York.

Mr. DEUTSCH.

SENATE CONCURRENT RESOLUTION REFERRED

A concurrent resolution of the Senate of the following title was taken from the Speaker's table and, under the rule, referred as follows:

S. Con. Res. 37. Concurrent resolution expressing the sense of the Congress that Little League Baseball Incorporated was established to support and develop Little League baseball worldwide and that its international character and activities should be recognized; to the Committee on International Relations.

ENROLLED BILL SIGNED

Mr. THOMAS, from the Committee on House Oversight, reported that that committee had examined and found truly enrolled a bill of the House of the following title, which was thereupon signed by the Speaker:

H.R. 2013. An act to designate the facility of the United States Postal Service located at 551 Kingstown Road in South Kingstown, Rhode Island, as the "David B. Champagne Post Office Building."

SENATE ENROLLED BILL SIGNED

The SPEAKER announced his signature to an enrolled bill of the Senate of the following title:

S. 1277. An act to amend title I of the Employee Retirement Income Security Act of 1974 to clarify treatment of investment managers under such title.

BILL PRESENTED TO THE PRESIDENT

Mr. THOMAS, from the Committee on House Oversight, reported that that committee did on this day present to the President, for his approval, a bill of the House of the following title: