HOUSE OF REPRESENTATIVES—*Tuesday, March 10, 1992*

The House met at 12 noon.

The Chaplain, Rev. James David Ford, D.D., offered the following prayer:

Let us learn from one another, gracious God, and be concerned about each others' needs, remembering one another in our thoughts and prayers. We know that we live in families and communities and are dependent on others for sustenance and spiritual encouragement. In this moment of prayer we recall with honor and thanksgiving those in whose communities we have lived and by whose nourishment we have been fed with heavenly grace and peace. Amen.

THE JOURNAL

The SPEAKER. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Pursuant to clause 1, rule I, the Journal stands approved.

PLEDGE OF ALLEGIANCE

The SPEAKER. Will the gentleman from New Mexico [Mr. SCHIFF] please come forward and lead the House in the Pledge of Allegiance.

Mr. SCHIFF led the Pledge of Allegiance as follows:

I pledge allegiance to the Flag of the United States of America, and to the Republic for which it stands, one nation under God, indivisible, with liberty and justice for all.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Hallen, one of its clerks, announced that the Senate had passed a bill of the following title, in which the concurrence of the House is requested:

S. 2324. An act to amend the Food Stamp Act of 1977 to make a technical correction relating to exclusions from income under the food stamp program, and for other purposes.

The message also announced that the Senate agrees to the amendments of the House to the bill (S. 1467), "An act to designate the United States Courthouse located at 15 Lee Street in Montgomery, Alabama, as the 'Frank M. Johnson, Jr. United States Courthouse'."

The message also announced that the Senate agrees to the amendments of the House to the bill (S. 1889), "An act to designate the United States Courthouse located at 111 South Wolcott in Casper, Wyoming as the 'Ewing T. Kerr United States Courthouse'."

The message also announced that, pursuant to Public Law 102-240, the Chair, on behalf of the majority leader, appoints F. Woodman Jones of Maine and Frank Hanley of Maryland, as members of the Commission to Promote Investment in America's Infrastructure.

The message also announced that, pursuant to Public Law 102-240, the Chair, on behalf of the majority leader, appoints Leon Eplan of Georgia and Wayne Davis of Maine, as members of the Commission on Intermodal Transportation.

INTRODUCTION OF THE DEMOCRACY CORPS ACT

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

Mr. McCURDY. Mr. Speaker, today I am introducing legislation which will offer a bold alternative to recent suggestions on how we should respond to the crisis of the post-Soviet world. This legislation, the Democracy Corps Act of 1992, has bipartisan support and poses a challenge to those who call for America to "come home" and who may cause us to fumble a once-in-a-lifetime opportunity: a chance to help reshape the political and economic future of our former adversary.

The Democracy Corps Act will send teams of professional Americans to the new republics to help democratic reformers in the Commonwealth of Independent States build the democratic and free market institutions that must serve as the foundation for lasting change in these societies. This bill is premised on the fact that free market economies in the republics of the former Soviet Union cannot be sustained without institutions that provide for civil law, property rights, education, and effective public administration.

Mr. Speaker, this legislation builds on the concept the United States employed after World War II when we successfully established some 50 "America Houses" in western Germany. These teams of Americans will work out of "Democracy Houses" and remain in the CIS for 2 years to provide expertise in the development of democratic institutions and the free market. The Democracy Corps will close down after 5 years and, therefore, not create a new Federal bureaucracy.

Mr. Speaker, it is clear that the crisis facing the new, independent republics goes beyond the need to create free market economies and overcome the shortages of food and medicine we so often read about. We have attempted to alleviate some of those humanitarian concerns. But decades of totalitarian rule have traumatized the vast peoples of these countries not only in economics terms but also in their social and political attitudes about the role of government in a free society. Unless those attitudes and values are changed, the prospects for a peaceful transition to democracy in the former Soviet Union are unlikely.

It is in our national interest to ensure that this transition is successful. This legislation is an attempt to move this process forward, and I urge my colleagues to cosponsor the Democracy Corps Act.

DEPARTMENT OF MANUFACTURING AND COMMERCE ACT OF 1992

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

Mr. HENRY. Mr. Speaker, a national strategy for maintaining and strengthening the U.S. industrial base is essential for our Nation's future economic well-being. The global economy poses challenges that are as important to meet today as were the military challenges of our past. We can only maintain our preeminence as an industrialized nation if the Federal Government and the private sector come together as never before to keep our manufacturing base competitive in the international marketplace.

There is no single cure for our dilemma. The recession has prompted a number of simplistic calls for protectionist and isolationist policies. While we must get tough with our trading partners to ensure a level playing field for all U.S. manufacturers, it is dangerous and irresponsible to suggest that foreign trade barriers are solely to blame for our economic woes.

As attractive as rhetoric bashing our trade partners is to some Members of Congress, the fact is that Washington needs to take strong policy actions on a number of fronts to ensure an America that competes, not one that retreats from the global market.

Not only must we break down those barriers that keep U.S. goods out of foreign markets; we need to press forward on reforms that will lower the cost of capital, liability, and health care for U.S. companies. We need to fa-

☐This symbol represents the time of day during the House proceedings, e.g., ☐1407 is 2:07 p.m.

Matter set in this typeface indicates words inserted or appended, rather than spoken, by a Member of the House on the floor.

cilitate technology development. More importantly, we need to formulate policies that will create an efficient means of transferring and applying new technologies from our labs and universities to the manufacturing sector.

We must develop an educational system that will enable future employees to quickly adapt to a continually changing high-technology workplace. Likewise, we need to improve our work force training systems for today's employees. These are critical areas that need to be addressed if we are truly going to improve our industrial competitiveness.

But because we have no coherent strategy or Government office speaking for U.S. manufacturers, we often lose sight of how important our industrial base is to the Nation. Manufacturing is the force that creates jobs, drives economic growth and innovation, determines our standard of living, and ensures our national security. As such, the time has come for the Congress and the administration to end the debate over whether or not we should have an industrial policy. We have one. The only question is whether or not it is coherently articulated, visionary, and comprehensive.

If we choose to open or close our doors to Japanese automobiles, for example, that is part of our industrial policy. If we create a perverse tax incentive system that penalizes savings, that is part of our industrial policy. If we maintain a liability system that forces a machine tool manufacturer to spend five times more on liability insurance than he does on research and development, that too is part of our industrial policy. Before today, though, we were failing to face up to the fact that Government action or inaction has a great impact on our industrial sector. We have lacked a disciplined strategy to ensure our economic well-being into the next century.

Regardless of whether we call it an industrial policy or simply a competitive strategy, as some people have suggested, we must now focus on how we might better coordinate our Federal policies so that they are developed and modified to the benefit of American manufacturers.

As is called for in the legislation I am introducing today, I believe our first step in this process should be to rename the Department of Commerce as the Department of Manufacturing and Commerce. This change must be more than symbolic. It must change the tone of the adversarial dialog that has long existed between Government and industry. It must also help redirect our policies and priorities toward manufacturing and foster the type of public-private partnership that will be increasingly necessary in the world marketplace of the 21st century.

A number of existing Federal programs are aimed at supporting our manufacturing base, and others could be used to do so. But they are often disjointed, duplicative, and difficult to approach—particularly for small manufacturers. Therefore, my proposal would also set up a Manufacturing Advisory Commission to examine the Federal agencies, programs, and offices charged with overseeing manufacturing-oriented research and development, technology transfer, education, and trade policies. This Commission would make recommendations on which programs and offices that are critical to the manufacturing sector should be consolidated into a single Office of Manufacturing.

Over the past several months, I have toured a number of the manufacturing facilities in Michigan. I have listened to scores of complaints and concerns about what the Federal Government is and isn't doing to help them survive. While some manufacturers point to education reform, some to technology application, and still more to trade policy, the underlying sentiment is that it is time for governmental action that puts manufacturing into the forefront of Federal policy decisions. A Manufacturing and Commerce Department would do so.

The feeling out there is that we not only have to compete against growing foreign competition, but we must contend with a Government that's working against us. A manufacturer who recently testified before the Technology and Competitiveness Subcommittee put it this way: "There are times when most of us in manufacturing truly believe that there has been a subsurface dislike toward, and distrust of us. If the Congress and the administration can positively change the tone of the relationship—toward a partnership—it is my belief that this will go a long way toward insuring the future success of manufacturing in the United States."

A Department of Manufacturing and Commerce cannot fix all that is wrong or maintain all that is right with our industrial sector. However, it will set us on the proper course and create a foundation from which we can build a coherent economic competitiveness strategy.

PERMISSION FOR COMMITTEE ON STANDARDS OF OFFICIAL CONDUCT TO FILE PRIVILEGED REPORT

Mr. McHUGH. Mr. Speaker, I ask unanimous consent that the Committee on Standards of Official Conduct have until midnight tonight to file a privileged report.

The SPEAKER pro tempore (Mr. FLAKE). Is there objection to the request of the gentleman from New York?

There was no objection.

LEGISLATION TO LOWER AMERICA'S UNEMPLOYMENT RATE

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

Mr. MAZZOLI. Mr. Speaker, reports tell us that there is a 7.3 percent unemployment rate in the Nation, a totally unacceptable level of unemployment. Something has to be done.

I have two suggestions which I think are doable, and which I believe would have an effect on that rate by reducing it and putting America back to work.

One thing I would like to see happen, Mr. Speaker, is passage of a public works bill. I realize that over a period of some time people have been reluctant to support public projects because these somehow produce leaning-on-shovels kinds of jobs. Actually they are very important and very fulfilling jobs.

There is a bill sponsored by the gentleman from New Jersey [Mr. ROE] that would create many public jobs. The county of Jefferson, the city of Louisville, have 100 million dollars' worth of programs ready to go that could fit under that bill. I hope that bill passes.

I also think, Mr. Speaker, the Tax Fairness and Economic Growth bill should have in it a first-time home-buyer tax credit which I think would jump-start the housing industry and give young Americans a piece of the rock.

So certainly 7.3 percent unemployment is unacceptable. We can lower the rate, and we should win these two pieces of legislation.

JUST SAY IT: $1.5 TRILLION

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

Mr. DELAY. Mr. Speaker, just say it, $1.5 trillion, $1.5 trillion. Don't you like the way it just rolls off of your lips. For some, it takes almost no effort to say $1.5 trillion, it is painless.

Mr. Speaker, even though my colleagues on the other side of the aisle do not find it bothersome to pass a $1.5 trillion budget agreement, the American people will. For they are the ones who pay for this obscene budget by the sweat of their brow.

I am tired of the politics-as-usual crowd robbing Peter to pay Paul. They do not seem to realize that when you take from Peter to pay Paul, Peter ends up laying off Paul. If the ill-advised budget agreement of 1990 taught us anything, it is the lesson that when you destroy growth incentives in the workplace, the workplace becomes a no-place. Instead of going to the assembly line, workers go to the unemployment line.

The Democrat tax and spend budget package uses sleight-of-hand techniques to deceive the American people.

Is that the best my colleagues on the other side of the aisle can do for those they claim to represent, the middle-class, a 2-year tax credit? Come on, the American people deserve more from their elected leaders. They deserve real incentives, real tax relief, and real opportunities, not tax credits in exchange for a $77.5 billion tax increase. My constituents are choking to death on increased taxes. They can not stand further "Democrat" prosperity.

Mr. Speaker, we have only 10 days until the March 20 deadline. Congress has the power to make a meaningful difference in the lives of all Americans. Pass the President's economic growth package and pass out a ray of hope.

THE WRONGFUL DEPORTATION ACTION BY U.S. IMMIGRATION SERVICE

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

Mrs. SCHROEDER. Mr. Speaker, I must say my patience is really running out with the Immigration Service in Denver. On Christmas Eve they delivered a deportation notice to a new widow with a 4-year-old child who was an American citizen. Meanwhile, they have been saying any day they are going to come take her away.

It turns out that the reason she is having all these problems was a prior lawyer gave her very poor advice. There are all sorts of ways Immigration could deal with this, by giving her humanitarian parole, but they refused the pleas, they refused to answer them, and they just seem to want to go their own way.

□ 1210

I want to say that this young woman is now going to be one of the honorary members of our St. Patrick's Day parade in Denver, CO, because everyone in Denver is really incensed about how this woman is being treated.

I certainly hope the Immigration Service takes it upon themselves to review their files, understand what a humanitarian role is all about and really try and reclaim some honor in this incredible case that has gone on and on much too long.

LEGISLATION TO REPEAL SCHOLARSHIP TAX

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

Mr. LEWIS of Florida. Mr. Speaker, the 1986 Tax Reform Act contained many harmful provisions, but fortunately not all of them have been strictly enforced by the IRS. Among these is the provision which taxes college scholarship money used to cover room and board.

Unfortunately, recent newspaper reports say that the IRS is dusting off this provision and may begin enforcing it. The last thing any of us needs in the midst of this recession is a tax increase, even if it is one that was passed 6 years ago.

I'm taking the floor today to urge my colleagues to take pre-emptive action. I am asking you to cosponsor legislation I am introducing to repeal the scholarship tax.

Scholarship money used for tuition and fees, books, and supplies, is still tax-free. Scholarship funds used to pay room and board are just as necessary, and should also be tax-free.

At a time when we are so concerned about our education system and providing our students access to college, we do not need to add to our problems by taxing scholarships.

It's difficult enough for most students to scrape together the money to go to college. Once they have won a scholarship, they do not need Uncle Sam stepping in and demanding a cut.

Let us stop the IRS from enforcing a tax that should never have been passed. Cosponsor my bill to repeal the scholarship tax.

UNITED STATES RESPONSIBLE FOR OWN ECONOMIC WOES

(Mr. APPLEGATE asked and was given permission to address the House for 1 minute.)

Mr. APPLEGATE. Mr. Speaker, when is America going to wake up? We tend to want to bash the Japanese for bringing all their products into this country and buying this country, but it is not their fault. It is our fault. It is the Congress and the administration and we that allow all of this to happen.

If Members have ever read the cartoon, Pogo, he says, "I have seen the enemy, and he is us."

This administration had better start to address the problems that confront this country on trade, on competitiveness, on what we are going to do about research and development, on educating our kids to keep them here so that they can compete instead of inviting our industries to go overseas to take advantage of cheap labor, to allow them to restrict our productivity. Let me tell my colleagues something. The newest unemployment rate is at 7½ percent for the United States and going up. I saw a bumper sticker recently and it said, "Saddam Hussein still has his job. What about you?"

This is an election year, folks, and I think we had better start listening to the people who put us in office.

PUTTING ASIDE PARTISANSHIP TO PASS PRESIDENT'S ECONOMIC PACKAGE

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

Mr. COX of California. Mr. Speaker, there are now only 10 days left before the deadline of March 20 that President Bush set for the liberals in Congress to back off of partisan politics and deliver an economic growth package to his desk.

Is it not ironic that the center pieces of the President's program have a majority in this Congress sponsoring them, and yet we cannot schedule them for a floor vote? On passive loss, over 300 Members of Congress have sponsored legislation to permit once again real estate professionals to deduct so-called passive losses. A capital gains rate reduction commands a majority in this House and in the other body. Tax-free withdrawals from IRA accounts for first-time home buyers has well over 300 sponsors. It would take us 15 minutes to schedule a vote on these items.

Let us not lard it up with all of the other $1.5 trillion worth of spending that the liberals in Congress have included in their budget that passed last week. That budget, I should add, has a built in $300 billion deficit.

There is not much question that the Democrats are still the tax and spend party they have always been. But there is still time, 10 days before the President's deadline, to change and join with us on the other side of the aisle. And there is certainly time between now and the election to stop being the tax and spend party and instead provide jobs and economic growth for the unemployed and other Americans.

TIME TO GET THE OMNIBUS CRIME BILL TO THE PRESIDENT'S DESK

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

Mr. SCHIFF. Mr. Speaker, because of recent events right here in the Capitol Hill area of Washington, many of my colleagues have been demanding more and more effective efforts against the crime problem. We have a device to do that. Both the House of Representatives and the other body have passed their versions of an omnibus crime bill.

Where is that bill today? It got sidetracked in a conference where the majority decided that it would only entertain their proposals and not work with the other side of the aisle, and that doomed the bill at that time to a stalemate.

Mr. Speaker, violent crime is all across the United States, and it is right outside the door of this Chamber. It is time that we set aside partisanship and do something about it, and that means to get the anticrime bill back on track and send it to the White House.

□ 1220

SPENDING THE PEACE DIVIDEND

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Texas [Mr. DELAY] is recognized for 60 minutes.

Mr. DELAY. Mr. Speaker, I take the well of the House for my special order to discuss some things that are starting to come out as a result of passing out of this House a most egregious budget that raises taxes and gives no incentives whatsoever for growth, especially if you cut taxes in one hand and take away that increase in capital by taxing Americans with the other hand. There is absolutely no growth potential there, and that is supposed to be the growth package that the Democrats are going to send to the President before the deadline of March 20 in order to stimulate growth in this country and put us into a climate of creating jobs and creating growth.

Of course, last week it was very evident that the leadership of this House does not have even their own committees well in hand because we had to vote on two options of budgets last week, a plan A and a plan B, because they could not decide on either one of them, and they passed two budgets, one based on breaking down the budget agreement of 1990 and breaking down the firewalls so that they can take the peace dividend and spend it on other programs, and what we are going to try to show today is that all that is doing is once again last week they raised taxes, and this week they want to increase spending, and here we go again, the same business as usual. The American people get the shaft.

Mr. Speaker, it is amazing to me that people really think that there is a peace dividend. The Republican Study Committee produced a paper on March 5 entitled "Spending the Peace Dividend," and I would like to start with that paper, because I think it is very well written and pretty well outlines the problem as we see it today.

In 1990 the Democrats in Congress negotiated this budget deal with President Bush. In exchange for raising taxes, Congress agreed to accept the separate spending caps on defense, international, and domestic discretionary spending through the fiscal year of 1993, and beginning in 1994, the three categories will be merged into one with a single overall cap on spending.

However, the Democrats are now calling for an early end to the separate spending caps. They hope that by breaking down the firewalls between defense and domestic programs, they will be able to spend the peace dividend. Unfortunately, the Democrats' desire to spend the "peace dividend" is based on two flawed assumptions. First, the defense cuts proposed by President Bush are a mere pittance in the face of the extravagant Reagan defense buildup. Second, domestic spending is being starved by the austere spending caps imposed by the 1990 budget agreement.

Now, historically defense spending rises in response to a military crisis and falls when the crisis ends. The peace dividend represents the amount of money made available for other purposes by the reduction in defense spending.

In the past both the rise and the fall in defense spending occurs in a very short period of time. For example, during World War II, defense spending rose from $75 billion in 1940 to $871 billion in 1945. By 1949 defense spending had fallen to $94 billion. During the Korean war, defense spending rose from $94 billion in 1949 to a peak of $359 billion in 1953 before dropping to $265 billion in 1957. During the Vietnam war, defense spending increased to $343 billion in 1968 before dropping to $258 billion in 1972.

Unlike the three previous cycles, the Reagan defense buildup was not a direct response to armed conflict involving U.S. military forces. In fact, the Reagan buildup actually started under President Carter. Defense outlays had been on a steady decline ever since the withdrawal of United States troops from Vietnam. By 1978 defense outlays had fallen to 4.8 percent of the gross domestic product, the GDP, the lowest level since the end of World War II.

Under Carter, defense outlays rose to 5.3 percent of GDP by the time that he had left office in 1981. That represents an increase of $37 billion.

Under President Reagan the defense outlays peaked in 1986 at 6.5 percent of GDP. In constant dollars, defense spending peaked in 1987 at $343 billion. Measured on the same basis as the three previous defense buildups, this represents a $52 billion increase.

In theory, the money saved from reducing defense spending can either be returned to the taxpayers in the form of lower taxes and reduced borrowing or it can be used to finance other Government spending.

Congress has shown a growing propensity to spend the peace dividend. After World War II Congress increased domestic spending by 8 cents for every dollar in defense spending. This level rose to 25 cents after the Korean war. After the Vietnam war, Congress spent $1.09 in domestic spending for every $1 in defense savings.

Following the Reagan buildup, Congress spent $2.30 for every dollar in defense savings. Under President Bush's proposed budget, defense outlays will fall to 4.7 percent of GDP in 1993, which is lower than when President Carter took office.

By 1997 defense outlays are projected to decline to 3.6 percent of GDP. That represents the lowest level in defense spending since 1940.

Now, in constant dollars, defense spending will decline to $246 billion in 1997. That represents a $97 billion decline from its peak in 1987 and a cumulative $512 billion decrease since 1989 when President Bush took office.

Now, President Bush has already proposed a substantial reduction in defense spending, and calls for further defense cuts are based on the claim that domestic discretionary spending is being starved by the austere spending caps imposed by the 1990 budget agreement, when, in fact, under the President's budget domestic discretionary spending is projected to increase by almost $15 billion this year. That is the largest single-year increase since 1978.

The 1990 budget agreement left plenty of room for growth in discretionary domestic spending. By breaking down those firewalls, Congress will destroy any possibility of restraint in future years. While the projected increase in domestic discretionary spending is dramatic, the growth in total domestic spending is almost unbelievable.

Under the President's budget proposal, total domestic spending will rise to $975 billion in 1997. That is $256 billion higher than the amount spent in 1989, and cumulatively total domestic spending is projected to increase by $1.3 trillion above the level when President Bush took office.

Based on the President's budget proposal, domestic spending will rise by $2.55 for every dollar in defense cuts. Unfortunately, given the track record of the Democrats in Congress, the picture will likely get even worse.

The President routinely blames Congress for increasing Federal spending. The Democrats, in turn, point out that if the President was really interested in a balanced budget that he would submit one. However, after clearing away all of the rhetoric, one fact is clear: For the past 10 years, this Congress has routinely sent less than the President requested for defense and more than he requested for everything else.

From 1982, the first budget submitted by President Reagan, through 1991, the last year for which final numbers are available, Congress spent $95 billion less than the President requested for defense and $628 billion more on everything else.

So during the decade of the 1980's Congress consistently spent less than the President requested for defense while spending more than he requested on everything else.

□ 1230

Now that the President has joined together in calling for lower defense spending, the temptation to spend defense money on other programs is greater than ever. However, contrary to the public perception, Congress is already spending the peace dividend at a record pace. President Bush's budget projects that by 1997 defense spending will decline to its lowest level since 1940, measured as a percent of GNP or as a percent of the total Federal outlays. Additional defense cuts below this level should be based on the national security need, not on a desire to fund more domestic spending.

Furthermore, any enthusiasm for a peace dividend should be tempered by Congress' track record to date. American taxpayers can hardly afford $2.55 in domestic spending for every dollar in defense cuts.

Mr. Speaker, what I tried to show here, through the help of the Republican Study Committee, is that if we look at what happened last week, where they raised another huge amount of taxes to the tune of some $77.5 billion and made some attempt to put some growth incentives in there, gave a piddling amount of tax cuts for the middle class—trying to buy off the middle class—and you tie that increase of taxes, taking away from the private sector and putting it into the public sector, and make suggestions of destroying the firewalls so they can take the peace dividend, which does not exist, and spend it on their domestic programs, we can see what is happening here. Indeed, they have raised taxes on one hand, and now this week they are going to have a bill on this floor that removes the spending restraints.

This is the only good thing that came out of the budget agreement of 1990. They are going to remove those spending restraints so they will have an excuse to increase their domestic spending. In fact, this morning, just earlier today, I had group after group coming into my office and salivating over their prospects of getting even more of an increase in their spending budgets than they originally thought would happen this year. They are all over this Hill today and they will probably be all over this Hill until this matter is resolved, putting pressure on Members of Congress to spend money on these special little programs that everybody loves. But I have got to tell the American people, Mr. Speaker, that we do not have the money. There is no peace dividend. When you are running $400 billion in deficits per year, there is no peace dividend. It was spent many years ago. All they want is an excuse to increase spending, especially in an election year, so they can buy off their constituencies to vote for them during this election year. That is the whole goal behind what we are seeing, and it is just amazing to me.

Mr. Speaker, I had to sort of borrow from that grand gentleman from Texas [Mr. ARMEY], the ranking member on the Joint Economic Committee, this material. He has just released these two charts that show what is going on. The American people are being deceived by the majority of this House. The Republican staff on the Joint Economic Committee did a little research on the budget packages, the two growth packages that were presented last week, and I think these two pictures are indeed worth a thousand words. This is a chart that is entitled "Growth Versus Malaise," and what it shows, as the Democrats have proposed to raise taxes, is the effects that the two bills, the Republican alternative in the black and the Democrat alternative on the bottom, would have. It shows what the effect will be on the gross domestic product and what the effect of the growth in this country would be of the two proposals.

On the one hand, we see the Democrat proposal, and over the 5-year period of the two plans it shows that in the first year it loses $3 billion. In the next year the economy loses $8.5 billion, the next year $14.8 billion, and in the next year it loses $19 billion, and the next year $16.9 billion, and then in 1997, if we adhere to this—and we have never adhered to any 5-year plan longer than 18 months—in the last year the economy will have lost $16.3 billion.

Yet if we had passed the Republican plan, we can see above the line the marks of the increase in the economy that would happen as a result of the Republican alternative. We did not raise taxes. What we talked about was cutting capital gains, giving a first-time homebuyer credit, and those kinds of things, and the chart shows that in the first year the economy would increase by almost $13 billion, by $38 billion in the next year, $67 billion in the next, and an increase of almost $93 billion in the next, and an increase in the next of $121 billion, and then in the last year the economy would increase $143 billion.

What does that mean in terms of jobs? Well, it is obvious to anybody with a third grade education that if the economy is losing growth and is in a decline or is losing its increase in growth, jobs are not created at the same rate as if the economy was increasing.

In the chart on the far end entitled "Jobs Creation Versus Destruction," the two lines are compared and we can see that is the extrapolation from what happens to the economy and what happens to jobs. And what happens to jobs in this country is that we lose under the Democrat plan 21,000 jobs in 1992, 62,000 in 1993, 71,000 in 1994, 81,000 in 1995, all the way to losing 103,000 jobs in 1997, whereas if we had passed and made into law the Republican plan, we can see that we increase jobs by 84,000 in the first year, 220,000 the next year, 353,000 the next, 479,000 the next, and then in the last year we increase jobs by 593,000.

There is a real difference between the philosophies of government here, and I think the American people are going to look at the philosophies of government because we are going to make sure that the American people understand what is happening in this Congress as a result of who controls this Congress, Mr. Speaker.

What is happening on the one hand is that we have the age-old FDR-type New Dealism philosophy. In fact, we have heard Members come down here doing "1 minutes," talking about using government to build infrastructure. Infrastructure is very important, but it is not a jobs program. Jobs are created in the short terms of those contracts, but they are not meaningful and lasting. The only way we can create jobs in this country is to allow the American people to hang onto more of their money so that consumers can purchase items when they feel driven to do so and can choose what items they want in their purchases. Then the American businessman and woman can risk their capital and invest in new companies and thereby create more new jobs.

The philosophy on our side of the aisle is that we need a growth package that actually stimulates the economy, but most importantly, in the long run what it does is create a climate in which Americans are free and have economic freedom to build a greater economy. We are shutting down and strangling the economy by raising more taxes and spending more because everyone knows the Government cannot efficiently spend money, and certainly the Government does not risk money in investments that create jobs.

□ 1240

But if you increase the scope of the government, then indeed what you have is pulling out the very lifeblood of our economy, putting it into an efficient system and you are strangling and bleeding our economic engine to the point that it cannot create jobs. That is what is happening in America today. It has nothing to do with the kinds of claims that have been made on the floor of the House where the rich got richer, the poor got poorer, which is another subject that I could get into. Suffice it to say that that is another way of deceiving the American people.

It is amazing that those who claim that the rich got richer and the poor got poorer use the timeframe from 1977, which is the Carter administration, to 1989, the end of the Reagan administration, yet they blame the Reagan administration for 8 years out of that 12 years that they use as the basis for their argument.

Well, the American people are not stupid, they can recognize a sham once they get involved in it and start reading it.

So, the reason I took this special order, Mr. Speaker, was to try to point out or at least begin to point out that, No. 1, there is no peace dividend. You cannot have a peace dividend if you have a $400 billion deficit. It was already spent by Congress years ago.

Indeed what is happening is—what the Democrats in this Congress are proposing is that for every dollar of defense spending that we cut, they want to spend $2.55 on their favorite domestic programs. The end result from raising taxes last week and increasing spending as a result of the tax that will be taken on the floor of the House this week, the American people once again are the losers.

So, Mr. Speaker, we are not going to lay down and roll over and allow this to happen without the American people understanding it. And I think they will speak in November.

WHO SAYS CRIME DOES NOT PAY?

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

Mr. AUCOIN. Mr. Speaker, who says crime does not pay? You know, if you are really rich and George Bush is President, it pays a lot.

Case in point: Yesterday, in an abrupt about-face, Federal banking regulators settled with the junk bond king Michael Milken. Even his own lawyers admit the settlement will leave him and his family with $475 million; $475 million.

Just think about it, it is living proof that the 1980's were a decade of greed, they were a decade of get your own while you can, they were a form of Robin Hood in reverse.

This settlement of $475 million is nearly twice what we spend as a nation to prosecute the S&L fraud every year. It is almost enough to vaccinate every needy kid in this country. It is a year's worth of special classes for 31,000 disabled kids in my State of Oregon.

The Milken case is Reaganomics on parade. And this settlement is one more example of the rest of us picking up the tab for the lifestyles of the rich and famous.

When it comes to what the gentleman from Texas just talked about, about voters having a voice, to say something about these current affairs come November, I am here to say this case is going to be one of those matters in which voters are going to have a very lot to say.

SOME CONCLUSIONS AND OBSERVATIONS ON THE BUDGET DEBATE

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Maine [Mr. ANDREWS] is recognized for 30 minutes.

Mr. ANDREWS of Maine. Mr. Speaker, I have just completed in the last few months my first year as a Member of the Congress of the United States, and I am in the midst, along with other Members of this institution, of my second budget debate.

Mr. Speaker, I have come to some conclusions and observations as I have been through this first year and as I grapple with the budget decisions that we are now facing, and I would like to share some of them with you.

Mr. Speaker, there are moments in this body that this Congress actually sits down and does the very difficult work of analyzing issues, openly and honestly, and actually tries to grapple with those issues not in terms of partisan politics or the battle for 10-second sound bites or what advantage or disadvantage this or that may have on the next election, but there are times when Members of this body actually look into their minds and into their hearts and debate an issue on the basis of what is good for the country and what they really think is the right direction for this Nation.

We saw that spirit live very, very eloquently at this rostrum during the gulf war, when this Congress had to come to terms with probably the most serious decision that any Congress can ever make, and that is the decision to send young men and young women into harm's way.

There are times when that spirit and that focus and that clarity and that sincerity makes its way onto this floor on other issues. But too often, Mr. Speaker, that spirit does not live here and we have challenges and scapegoating and finger-pointing and blaming when we should have responsibility, analysis, openness, and a coming to terms of disagreements and analyzing seriously the issues that confront us.

I would like to take, as an illustration of that, an issue that really demands that kind of approach with our Nation's budget. Last week, for those of you who were paying attention to the debate on the budget, you saw examples of all kinds of debate tactics and strategies on this floor. I think you saw examples of some of the best and some of the worst of our congressional debate.

Some of the best actually occurred, I believe, when the Congressional Black Caucus of this Congress came forward with a proposal for a budget, outlining priorities, outlining spending cuts, and making a proposal for this Congress to take a new direction.

During that debate there were actually moments when Members of the other side who disagreed with the Congressional Black Caucus did not stand and finger-point; they asked questions, they attempted to analyze, and there was a sincere attempt to come to terms with the differences between each side and to try to reconcile differences between each side.

□ 1250

Mr. Speaker, what emerged from that debate was a very key, I think, analysis of what some of the problems are that afflict this body and the debate that often we get engaged in. We heard from one side that, yes, that have a lot of compassion for the people who hurt in this country, and they are preparing and defending social programs that can help those people.

In fact, the gentleman from Georgia [Mr. GINGRICH] actually stood and said that he admired and respected that response to the plight of so many in this country. But he offered a challenge, and that is for my side of the aisle, the Democrat side of the aisle, and particularly the Congressional Black Caucus, to think perhaps more in terms of what he described as capitalism in the Adam Smith sense, and he criticized the approach of solving problems through government bureaucracy and, instead, proposed that we need to focus our attention more on economic productivity. If we could focus our attention on economic productivity, the issues and the concerns that were being discussed so eloquently from the Congressional Black Caucus could be resolved.

Now I think that was a very positive moment here in the U.S. House of Representatives, two sides coming to terms with two different philosophies and approaches, two sides that were sympathetic to the point of view of the other, in an attempt to truly come to terms with one another.

Mr. Speaker, the gentleman from California [Mr. DELLUMS] in particular sought to find that ground. As a matter of fact, there was an invitation by the Congressional Black Caucus to the gentleman from Georgia [Mr. GINGRICH] and others to sit down and discuss those issues further.

I would like to take up the issue of economic productivity and economic strength and propose that perhaps there is some common ground between those who believe that this country has failed to meet its basic responsibilities to its people and has failed to make critical investments in this country, and those who believe that the key to the success of this country and the resolution of so many of our problems is economic productivity. Now what do I mean?

As my colleagues know, we have a problem that is not only a problem for this body, but a problem on Pennsylvania Avenue, in fact a problem in corporate boardrooms all across the country, that too often the vision that is used to address and solve problems is extremely short term. It is in terms of what is going to happen in the next election or the next quarterly profit sheets that are going to be coming out. Too often we fail to look at the long-term economic implications of our decisions and ask the basic question: What will be the long-term implications of budget decision, both in terms of the budget of this Congress, as well as the economy is this country, and, because we fail to ask that question because we forget to frame our debate in terms of our future, we end up bogged down in meaningless debates, and we have terms that really are not going to help us to solve our budget problems.

Mr. Speaker, I think that, if we were to look at this Nation and address seriously the concerns of those who believe in economic productivity, we would look at our budget in a fundamentally different way. We would start asking the question of, if we invest in this education program, what is going to be the return on that investment, both economically and in terms of a budget, not just in this budget year. We know it is going to cost money, but down the road what is it going to generate for this country? If we ask a question about a capital investment, roads, bridges, rail systems, water and sewage treatment systems, and we ask the question, not just what is the impact of this budget decision on this budget, but the impact for this Nation and for this economy long term, we could begin to have a debate about the direction that this country is going and the direction that this country should be going. We have got to distinguish between capital investment that is going to generate a turn in productivity for this Nation in economic strength and regular operating expenses.

Now this is not a radical notion. I have spent just about every single weekend back home in Maine, and I serve on the Committee on Small Business, and I spend quite a bit of that time traveling to many of the small businesses in the State, and, as my colleagues know, it does not take long, when we start talking about what decisions have to be made in a business in order to make that business strong, to start to understand that making a distinction between long-term investment and short-term operating expenses makes a great deal of sense.

I say to my colleagues, imagine, if you will, taking over a business that used to be very profitable but is now in serious trouble. Your job is to turn that business around. What do you do? Well, I would suggest, after talking to many business people in my district, that you're going to do at least two things. No. 1, you're going to look at your expense sheet, and you're going to look at the expenses that you're incurring, and you're going to ask yourself: is this expense absolutely critical to the strength and the health of my business, and, if you find an expenditure that isn't, it may be very difficult to do, but, if you're going to survive as a company, you're going to have to make the difficult decision of stopping that spending that has no relationship to the productivity of your company. Now it may mean saying good-bye to a vendor that you've had for a very long time. It may mean some very painful layoffs. It may mean some very difficult decisions. But if you're going to survive as a company, you're going to have to be willing to make those tough decisions.

Now you're also going to have to look, however, just as importantly, at your business in terms of where you want that business to be. It's called a business plan, and the business plan has a goal, and you look at the things you're going to have to do in terms of investment in that company in order to reach that goal. It could mean new equipment for your company. It could mean a new plant. It could mean training or retraining some of your workers. It could mean a number of different types of investments. But you know, if you're going to achieve your goal and if you're going to put your strategy to work, you're going to have to make investments.

Mr. Speaker, I ask my colleagues, why can't we in the U.S. Congress look at our budget in much the same way? Why do we have to have budget categories that don't distinguish between operating expenses that we may not be able to afford and capital investments that we're going to need if we're going to build productivity for this country? Instead we have budget categories that I believe are obsolete to the goal of getting this country's economy moving again.

Make no mistake. In my view the only way that we are going to solve the budget crisis of this Nation is through economic strength and productivity, and, in order to achieve that, we are going to have to have an economic and productivity strategy for America that involves both holding the line and cutting spending that we do not need on the operating side, as well as making investments in productivity on the capital investment side.

Now we all know, because we have heard from many economists who have testified before this session of Congress, that there is a direct relationship between productivity and private investment from our business world and public capital investment. There is a direct relationship. As my colleagues know, there are all kinds of theories that float around this place, trickle-down, and supply-side, and this tax scheme and that tax scheme.

□ 1300

But we know from experience that if you make capital investments that are going to make the ground on which business operates fertile, you are going to generate private investment. That road, that bridge, that rail system, that sewer line, that water system, that good education system, that first-class training system, those are public investments that generate investment from the private sector. You need both in order for the economy to work, and it does not work if you have the two sides pointing fingers at one another, blaming one another for the collapse of the economy. Both sides have to work together.

This is not a radical idea. We heard in testimony by the Economic Policy Institute of Washington, DC, the testimony of the president of that economic institute, Dr. Jeff Faux, that while Japan was investing over 5 percent of its gross national product to these basic public investments, basic public capital investments, we in the United States were investing less than 1 percent in our infrastructure, our public capital infrastructure.

In my State of Maine at Bates College a professor of economics by the name of Dr. David Aschauer testified in a recent study that he did that if this Nation were to maintain its level of public capital investment at the same level that we made that public capital investment 20 years ago as a percentage of our gross national product, and we continued that public investment right through into today, this would be the result, according to his study. Productivity growth in the United States would be 50 percent higher than it is today; the average profit rate for our businesses would be 22 percent higher; and the rate of private investment would be 19 percent higher than it is today.

In other words, we are being denied the benefit of strong, robust economic growth today, because the wrong decisions about public capital investment were made yesterday.

My point to this Congress as we discuss our budget is that our children and our grandchildren are going to suffer even more tomorrow if we fail to make those critical public capital investment decisions today.

Now, we all may differ as to exactly what those capital investments would be. We all may differ as to what the key might be to economic growth and productivity. But the fact of the matter is that if we restructure our debate in terms of meeting clear goals for America, in terms of economic strength and productivity, and we are not afraid of public investment as a vehicle to get that economic strength and productivity, we could engage in that kind of open debate without the ideological blinders that so often appear on the floor of this Chamber and without the partisan political fingerpointing that oftentimes takes us away from the point of a budget debate that is directed toward the strength of this economy.

When you talk about clear goals for America, economic goals, directions of where we must go, just like that business, we need to have a business plan based upon clear goals. One of the words you hear floating around here, or terms floating around the Congress, is "industrial policy." There goes industrial policy.

We cannot have industrial policy, because industrial policy means that the

Government is deciding who the winners and who the losers are going to be in our economy. We need to have a government that is totally divorced of those kinds of decisions and totally divorced of economic activity.

Well, the reason that our major economic competitors are doing so well is because they do not spend hours and hours haranguing about the term "industrial policy." They understand that unless the Government has a clear vision and a clear goal and works cooperatively with the private sector, their nations are not going to be able to compete as effectively as they might. So they work together and they establish areas of their economy that they want to be second to none. They make investments in the infrastructure necessary to drive that economy, and they make investments in their children's education and training and retraining of their workers. Finally, they generate a direct dividend on that investment through their productivity and growth.

Now, we can stand here all we want and can point fingers at them and blame them for their productivity and their growth and competitiveness in the international marketplace, or we can stop and ask ourselves, are perhaps we framing our debate here in this country in the wrong terms? Perhaps we should not be making those gross distinctions between private and public over here, and never the twain shall meet. Perhaps we should be talking about a cooperative, focused, clear debate and discussion to make those two sides work together so that we can achieve the kind of economic competitiveness that this country so richly deserves and so desperately needs.

We know that job performance rises with education. That is not debatable. We know that. We know that in the first 2 years after training, the productivity of a worker rises four or five times faster than their rate of compensation. That is productivity. And we know that investing in smaller class sizes in our elementary schools and our secondary schools increases the reading and math scores of our children.

But we also know that the United States ended in the decade of the 1980's spending proportionately less on grades K through 12 education than our major international competitors.

We also know that for every dollar that we invest in child immunizations, we can save this Nation $10 in medical costs down the road.

We know that for every dollar that we invest in preschool education and preparedness, such programs like Head Start, we can save $5 to $6 in future costs. Those are real savings, real budget savings. But they only occur when you are willing to make investments and when you are willing to look beyond the next election and into the next few years and into the next few generations, to look for the return on investment that those kinds of spending decisions can make for this country.

We have a one-size-fits-all budget category, like domestic discretionary spending, that completely blurs the distinction between investments we need for tomorrow and budget items, operating expenses, that we just cannot afford to make during tough economic times.

Mr. Speaker, I certainly believe that if we are going to move forward in solving the budget crisis of this country and addressing the economic crisis of this country, we have got to start using budget categories in terms that make sense, in terms of turning this country around.

I would submit that domestic discretionary spending, quote/unquote, as a budget category, everything but the kitchen sink fits into that as far as domestic spending, does not do the job, does not make the distinction between those two kinds of investments, does not give us the chance to have a debate upon the kind of future that we are building for our children, the kind of capital investments we need for our economy, the kind of budget decisions we have to make in our operating side so we can save taxpayer dollars down the road.

We cannot even have that debate if we use budget categories and criteria that are obsolete to what I think should be the real business of this city and of this institution and of our economy—getting this Nation moving again.

Mr. Speaker, we are going to hear a lot of discussion and a lot of debate in the next few days and the next few weeks that is going to try to polarize this institution and Americans. We are going to hear about the public sector versus the private sector. We are going to hear government described as inherently incompetent and bad, or inherently good and able.

We are going to hear talk about the business sector, the private sector of this country, as being either greedy or self-serving, or the key to our salvation.

What we end up with when we debate our Nation's future and our congressional budget and our economy in those terms is a failure to see the forest for the trees.

□ 1310

We fail to recognize that the key to this country's future is not government and it is not business. It is people, and we need both business and government, and the private sector, to tap the tremendous resources of the people of this country and create the economic strength and security that we need.

That is going to mean, No. 1, taking off the ideological blinders. It means that we have to recognize, all of us, the key to our budget crisis, that is, the key to solving our budget crisis, is through economic strength and economic productivity. We also have to recognize, no matter what side of the aisle we sit on, that to be productive we not only have to stop spending on things that we cannot afford. We also have to be willing to make investments in things that we critically need for our future.

In short, we need a productivity strategy for America. We need some clear goals. We need a clear strategy. We need a budget that is based upon that strategy and upon those goals. We need a process that recognizes both the need for investment and the need for savings in our operating budget size.

During the debate last week we heard several times the name of Adam Smith resounding in these Halls. In fact, there was one reference to capitalism in the Adam Smith sense. Adam Smith maintained that spending, public spending for public works and for education, is just as important a function of government as national defense and justice.

Ladies and gentlemen, we have ended the cold war era and find ourselves on the edge of a new era of history. Part of that new era of history means a fundamental redefinition of what national security is, what national strength is, and what international leadership is.

National strength and security and international leadership is not going to be based in the post-cold war era on the number of intercontinental ballistic missiles that we have in our nuclear arsenal. The strength and security of this country and the ability of this Nation to lead the world is going to be based upon the strength and the vitality of our economy and the well-being of our people. If we are going to do the right thing for this country in this post-cold war era and if we are going to do the right thing for our children, and if we are going to truly make this Nation the great Nation that it can become for future generations, then we have got to look beyond the next election in our budget debate. We have got to look beyond the next quarterly spread sheets when the private sector looks at investment decisions. We have got to look beyond the old and obsolete terminology of the budget categories in our current budget and look to a future that is based upon the economic strength and vitality that we so readily need.

Mr. Speaker, let us have a budget process that helps us to debate the issues as they really stand before this Nation. Let us have a process that helps us to make clear and responsible decisions not just for ourselves and for our constituents at home, but for our children and our children's children and generations of Americans to come.

It is time for a new era. It is time for Congress to lead that era.

AMERICA NEEDS SOUND TAX POLICY GOALS

The SPEAKER pro tempore (Mr. FLAKE). Under a previous order of the House, the gentleman from Pennsylvania [Mr. SCHULZE] is recognized for 30 minutes.

Mr. SCHULZE. Mr. Speaker, we have heard a lot lately about tax plans. Every President has his tax plan. The Democrats have a proposal. Everybody else has their ideas on what we should do with taxes. So I have asked for this time to spend a few minutes to discuss tax policy goals.

Usually when we talk about tax policy and tax policy goals people's eyes roll back in their heads, and they think that it is such an esoteric subject that "it really does not affect me." But it seems to me it is about time people started paying attention to tax policy goals.

When we look at these, we first of all I think have to look at the year 2010 and say, "What kind of United States of America do we want for our children and grandchildren in the year 2010?" When I do that, I want an America which is dynamically exporting. We must be an exporting Nation.

We have to be a manufacturing Nation. Service? Yes, we need service, and I am sure a lot of you have read "Megatrends" and "Future Shock" and these very learned books on the direction our economy is going and how we are inexorably grinding toward the service economy.

It seems to me that we must retain a manufacturing base. We could only export service and services for so long, and we can only be the serviceman of the world for so long.

So when we look at tax policy it seems to me that we must have a tax policy which would have as one of its goals a vital or revitalized manufacturing base in the United States of America.

If we are going to have that manufacturing base, these policy goals must include tax policies which would tilt the playing field towards exports. If we look at our tax structure today and compare it with our major trading partners, we would see that our tax policy is slanted more towards favoring imports than it is towards favoring exports. If we could tilt that playing field I would, but I would be satisfied just to level the playing field so that our manufacturers or our exporters would have the same opportunities to export their products and/or services to the rest of the world or to our major trading partners as our trading partners have to export goods and services into our economy.

I think that we must have as one of our policy goals to enhance exports from the United States. Should we be a total service economy? I do not think so. There are many who would say that we had no choice in the matter, that we are moving toward a service economy and we will be the serviceman of the world. I think through the correct tax policies we can revitalize our manufacturing base.

One of our goals must be to have a simplified tax structure. I might parenthetically insert here that you can sort of divide tax policy into individual income taxes and business taxes. I am concentrating today on the business portion of our tax structure and tax policy.

We must look at simplicity. I remember seeing a photograph where one company, in sending its tax return to the IRS, had a stack of papers 7½ feet high. There have been many studies, one not too long ago, which showed that the cost to the businesses in America to send $1 to the IRS was 56 cents. There are others which indicate that it costs more than that.

□ 1320

In 1983 there was an estimate that it was approximately 66 cents for each dollar of revenue raised, and given the increase in complexity since then, we have had DEFRA, TEFRA, OBRA, COBRA, an entire alphabet soup of tax changes since that time, so I saw another estimate that it costs as much as $1.05 in some instances for every dollar that business sends to the IRS.

So we have to have simplicity. I would like to quote Larry Gibbs who is the former Commissioner of IRS from February 1990 when he said,

> * * * an incredible 153 separate amendments to the Internal Revenue Code in the last 15 years, an average of more than 10 separate changes each year for the last decade and one-half, each year's changes seemingly more voluminous than the last—ERTA, TEFRA, DEFRA, REA, TAMRA, COBRA, OBRA, and of course the 1986 act, just to mention a few.

Larry Gibbs, the former IRS Commissioner, said that in February of 1990.

Dr. Jane Gravelle of the Congressional Research Service said, the cost of economic distortions in the corporate tax and again I quote, "was 97 percent the size of the tax revenue." Ninety-seven percent. Is that simplicity? No, it is not simplicity.

Many businessmen have to figure their taxes three times. Nearly everybody has to figure their tax at least twice, and some more than three times. Some legitimately have to keep two or three separate sets of books, which used to be unheard of. So we have increased the complexity of our Tax Code.

Estimates are that we bring in somewhere between $100 and $110 billion a year from the corporate structure in taxes. If somewhere between that 97 percent and a 66 percent, say 80 percent were saved, think of what corporate America could do to modernize if we could make the Tax Code more efficient and allow them to use that money for other purposes. So simplicity must be a goal of tax policy in the coming years.

We have one other problem. As a member of the Oversight Subcommittee of the Ways and Means Committee we have for the past couple of years been looking into a topic called transfer pricing. Transfer pricing is when a foreign corporation will set up a wholly owned subsidiary in the United States and sell products to that subsidiary which in turn sells them to the people of America. But at the end of a year, no matter how much business they do, whether it is $100 million or $500 million, they just do not make any money, they do not make any profit. The products are priced so that they just about break even.

This phenomenon is called transfer pricing. There are those who believe this is sort of a plot that the foreign producer prices his product high enough or so high when it comes into the United States that the wholly owned subsidiary cannot make a profit and, therefore, pays no taxes in the United States of America. It has been estimated that we lose in taxes anywhere between $30 billion and $50 billion a year because of transfer pricing.

I had a meeting with the judges of a tax court to discuss transfer pricing quite some time ago. They said, "Congressman, what you're asking us to do as attorneys, as lawyers, and those learned in the law, is to try to render a decision on those who are making what could be a wholly business decision. Suppose someone, for competitive reasons, wanted to lower his prices and penetrate a market. Now that is a perfectly legitimate way to price your products, and so you are asking us to crawl inside their mind and try to determine whether they are insidiously trying to avoid paying taxes in the United States of America or whether they are just trying to increase their market share by a legitimate merchandising method."

So it is very difficult to say to the judges and the IRS that we want them to stop this. In fact, the IRS now has a special group, and I am sure that it is costing us hundreds of thousands of dollars. We are having some success. Whether we will collect any money I am not sure. But we are having some success in proving in certain instances that transfer pricing was employed in order to avoid taxes in the United States of America.

But as we look at tax policy over the next 10, 15, or 20 years, we want to devise our tax structure so that it will not be easy for those who would perhaps try to use this device to avoid taxation in the United States, that it would not be easy for them to employ this device so that they could avoid paying taxes, and we would not have to spend thousands or hundreds of thousands of dollars chasing down documents, and in some instances sending agents to foreign countries to look at minutes of meetings, having them translated, argue over translation. It is an extremely complex area. So as we develop tax policy goals for the year 2000 and beyond, I want to make sure that we keep transfer pricing in mind and that we develop a tax structure that would negate such machinations.

Another problem that we have seen in the past decade is a plethora of mergers and acquisitions, mergers and acquisitions which sometimes were designed for the tax ramifications alone. I think that we should discourage that type of merger and acquisition. But at the same time, we have to make sure we do not discourage legitimate mergers and acquisitions. If a company wants to purchase another company in order to penetrate additional markets or expand their lines or to round out their merchandising capability, and they intend to benefit from them, that is a legitimate goal and one that we should smile upon and say yes, we want you to do that, especially if it will make them more efficient and make them more profitable.

But mergers and acquisitions which are taken solely for the reason to either raid a pension fund or for tax ramifications or the tax writeoff ramifications of that acquisition should not be encouraged. We know that a fair number of businesses today are suffering under huge overhang of debt because of a foolish merger or a foolish acquisition.

□ 1330

So we should try in tax policy to discourage those nonlegitimate types of business activities.

We absolutely have to keep in mind, as a goal, reduction of the cost of capital. We want American business to enlarge. We want them to grow. We want them to become more productive, and in order for them to do that, they should have available to them relatively low-priced, low-cost capital.

Since 1981 the statistics show the cost of capital in the United States of America has increased by 80 percent. Our cost of capital in the United States of America is twice as much as it is in Japan. The cost of capital in the United States is 60 percent more than it is in Britain.

Why is cost of capital important? Most people, I think, even city dwellers, have at one time or another used a post hole digger, and it is pretty hard work for those who have not used a post hole digger. I think there are two types. There is an auger that you screw into the ground, and there is another that you spread the tines and dig the dirt out of the post hole. Well, a man working diligently for an 8- or 9-hour day can probably, with decent soil, dig maybe 20 post holes a day, but with an investment of capital, that same man, if you can buy a $60,000 tractor with a power takeoff and put an auger on it, that same individual can probably drill 100 post holes in a day, five times as much.

That capital investment, that purchase of that equipment, and when we talk about capital gains, maybe whoever invests that money to make that man more efficient is going to make a few dollars, amen, because it protects his job. I do not care how we get there, but what we have to keep in sight in our long term policy goals in taxation is to lower the cost of capital in the United States of America.

Mr. GEKAS. Mr. Speaker, will the gentleman yield on that point?

Mr. SCHULZE. I am happy to yield to the gentleman from Pennsylvania, my colleague.

Mr. GEKAS. As always, my colleague from Pennsylvania touches upon matters of fiscal policy and tax policy that are right on point, and his long tenure, of course, in the Committee on Ways and Means gives him that special brand of background that permits him to talk with more than just the average know-how.

On the question of the cost of capital, is not the great debate about all of these various tax plans that are being thrown around in the Capital these days, are we not missing the boat when we cannot make clear to the people of the United States that in order to fire up this economy we have got to incite people into a position, business people and investors, where they can invest, because that investment with a proper return to them, just like the gentleman says, let them become millionaires, but with a proper tooling of our fiscal policy to allow these people to invest?

Every time they invest, they sow the possibilities of new jobs. Is that not what it is all about? When we give capital-gains treatment, special tax treatment, toward these large investments, even though they may in the long run reap some profit, my gosh, God forbid profit, are they not in the process also of creating, again, the atmosphere for new jobs? Is that not what the gentleman is trying to get across? Is that not what we who support capital-gains formation and lower interest rates, the cost of capital, are we not interested in new jobs thereby?

Mr. SCHULZE. The gentleman is exactly right, and I thank him for his addition.

Mr. GEKAS. I thank the gentleman for allowing me to speak on the subject, and I would like to join with him in whatever initiatives the gentleman wishes to put on the books.

Mr. SCHULZE. I thank the gentleman for that. Yes, he is right, that the reduction in capital gains is one way to lower the cost of capital.

There are other methods of reducing the cost of capital. The targeted investment tax credit is probably maybe even a more exact method of increasing capital in specific areas, or lowering the cost of capital. Some of our foreign trading partners have other methods of reducing the cost of capital that probably would not apply to us in our free society.

Some of them dictate or control the amount of interest paid on specific saving documents or instruments. The investing people in the United States of America would not stand for that type of control, but if a government wants to say the workers of America can invest in one type of saving instrument and on that type of saving instrument will be paid a 3-percent interest rate and nothing higher, you can see that would create a huge poll of low-cost money for those who wish to borrow it. There are devices like that available to other nations around the world which are not available to us in the United States of America.

As we look at our long-term tax-policy goals, I think the reduction of the cost of capital is one of them. Now, along with that, we want to encourage modernization and encourage more efficient production and productive facilities.

You might say, is that not the same as reducing the cost of capital? Well, not necessarily, because there are other ways to do that.

In the Democrat tax proposal, they expanded the dollar amount of expending for small businesses. I think that went from $10,000 to $25,000. Such a move would encourage, in a small way, modernization and increased productivity on a relatively small scale, but imagine the productivity increases if we developed a tax policy which would allow every business in America to expense every purchase that they made, that if a steel producer wanted to buy a new rolling mill, if they wanted to put in a new electric heating system or melting system, if they wanted to modernize a rolling mill or an integrated operation and they expense that cost immediately, write it off that year, the incentive that that would be to modernize, it would be a tremendous incentive, and as I look at tax policy for the future, we want to do everything we can to encourage modernization, because that will tie in with our other goals of being an exporting nation, of increasing our productivity, and the bottom line is, of course, to provide employment opportunities with the opportunity for upward mobility to all of our people.

Are we going to do that if we are the servicemen of the world? Well, we might if we also at the same time, and the previous speaker here this evening was talking about this, this afternoon, was talking about education, and that is a very important component of our society.

But I think we have to provide jobs for everyone in the spectrum, and we do have to enhance education, because we are going to be in a competitive world, but we also want to provide jobs, or at least the opportunity for a job, for everyone in our society.

□ 1340

And so when we do that, that means that we have got to encourage the enhancement of productivity, we have got to encourage investments in new, modernized facilities, we have got to do it across the board.

So, what did we talk about? We have talked about a goal of a year, somewhere between 2000 and 2010, of being a dynamic manufacturing society with job opportunities for all, by being an exporting nation exporting our goods and services around the world, with markets open to us around the world.

We have talked about enhancing our service economy, yes, along with our manufacturing base. We have talked about simplification as a tax goal. We have talked about the leveling of the playing field in international trade so that our producers have the same opportunity to sell into foreign markets as foreign producers have to sell into our markets.

We have talked a little bit about transfer pricing again; that is kind of dampening the opportunity for foreign nations to game our structure, to game our systems, so that they avoid the payment of taxation.

We have talked about reducing the cost of capital, we have talked about encouraging modernization, increasing productivity. We should do all that, remember, to protect our basic programs, such as social security. We have got to enhance and protect our social security system. If we do all that, it might require something that I have called economic patriotism; we have got to stand up and say what is good for the United States of America, what is good for our children and our grandchildren, what will provide them with the same opportunities that we have had because of those who went before.

So, I would hope that all of us on both sides of the aisle would perhaps give some thought to tax policy goals, and I would hope in future weeks that I will perhaps continue this and be a little more explicit in each of those areas and see if we can work together to develop a package which would achieve those goals and perhaps increase a large degree of economic patriotism.

DEPOSIT INSURANCE REFORM ACT OF 1992

The SPEAKER pro tempore (Mr. FLAKE). Under a previous order of the House the gentleman from Texas [Mr. GONZALEZ] is recognized for 60 minutes.

Mr. GONZALEZ. Mr. Speaker, I realize today that the Speaker pro tempore is performing a duty over and above the call in that he has volunteered to preside during what we call special orders or the closing proceedings of the session of the House.

Mr. Speaker, today I rise because of the fact that I have introduced the Deposit Insurance Reform Act of 1992.

Mr. Speaker, I will append at the end of my statement the bill which is now known as H.R. 4415, to be included in the RECORD.

Mr. Speaker, the fact is that I have been a member of the Committee on Banking, Finance and Urban Affairs since I had the great honor of being elected to the U.S. House of Representatives, about 30½ years ago, when I assigned to the Banking Committee, and have remained there since then. Of course, since 1988 or 1989, officially on January 3, I have been discharging the functions of the chairman of that committee and also chairman of the Subcommittee on Housing and Community Development, of which our distinguished Speaker pro tempore is one of the most effective members, from New York, on both the subcommittee and the full committee level.

Today what I have done is introduce a reform that I have been seeking since the last Congress, which I think is the foremost need if we are going to prevent an out-and-out collapse of this unique but somewhat—in fact, very much—distorted system known as the deposit insurance fund system.

Now, it seems to me that after what we have been experiencing and what some of us, I do not use the word prophesy, because it was not a prophecy, it was a prediction based on facts, based on what we who would be interested in these statistics as members of the Banking Committee were charged with knowing. So, I have been speaking out on this subject matter for quite a number of years and also because I recall vividly as if it were today, effective in 1980, the increase in the amount to be insured in an insured depository institution from $40,000 to $100,000.

Through sheer accident I happened to have been on the floor that afternoon; there were no more than 10 Members present. And the reason I was here was the same reason I am here today. I was waiting to be recognized on the special order that day, when I noticed that the chairman of the subcommittee then, and the following year he was to be chairman of the full committee, but he was chairman of the subcommittee that had jurisdiction of the subject matter because that subcommittee is the Subcommittee on Financial Institutions, Supervision and Regulation. To my amazement, I was sitting right in front of where I am speaking here when I heard the gentleman, the subcommittee chairman, ask for recognition and asked that the Senate bill, I forget its number, be taken from the Speaker's desk and brought up immediately for consideration.

When I heard that it was the Senate bill that had been entertained in the Senate in obedience to one that the House had passed but which I knew the Senate was appending nongermane matter to, as they can under their rule, increasing the amount of coverage, well, I knew we had not had any hearings on it. So, I went to the then-staff director who accompanied the chairman and asked him, and he smiled. I said, "What is this all about?" He just smiled. There were no copies.

So, I had to go to the desk and obtain the copy. Well, while I was looking at it, the motion was made under a unanimous consent request to go ahead and accept the Senate amendments and proceed otherwise in accepting the Senate bill and sending it back to the Senate.

I was amazed when I was reading it to find that obviously the main thrust of that request was to increase the insured amount of deposits from $40,000 to $100,000. I knew we had no hearings on the matter, had no evidence or anything.

But I was particularly sensitive to that because we had had two failures that at that time were very sparse, other than in some circles received very little attention. One was a Franklin National Bank. It was a harbinger, it was a shadow of events coming in the future.

There you had the same combination that we have had since then, but except now in an endemic profusion and in an environment that is hostile to stability where we need it the most, which is in our financial structures and entities and markets.

Nevertheless, it so happened. That was the only consideration that was ever given to that jump-rise. Now, I was not interested in the amount. I knew the argument that inflation this, inflation that, and that it was about time that some increase be given.

□ 1350

When the House bill passed out, it had an increase from $40 to $50,000. But when the Senate appended that incremental increase, that, of course, aroused my concern.

Now the reason I was concerned, to repeat, was that these banks that had failed through a combination of things; the Franklin Bank was the biggest one at the time, and there was nobody assuring me that the same could not happen again. The thing that disturbed me was that the Federal Reserve Board, at a net cost of several billion dollars, or almost several billion, at least a billion and a half, which was really up to that time quite unheard of, actually attempted to bail that bank out, and I raised the question of why and is this the function, as I am raising the question now. Is it the function of the insurance fund to go out and hand pick which institutions it would not only give help, in the sense of giving them a direct outlay, allowing them to stay alive, even though they are dead as a doornail, and, at the same time, for the first time—now up to now I have been able to come before my colleagues and say, "Look. Now that we have all these failures, there's no way we can get around keeping the word of the government," and that is providing the money to the funds; first, the S&L fund known as FSLIC, and now, of course, the BIF or the bank insurance fund, so it can pay out the depositors.

What the people do not know, and many of my colleagues seem to be amazed when I tell them, is that the way they have been paying out has been to pay the uninsured. That is those that have money, a hundred thousand. Well, how many of those are there around? The average deposit in our country is not even $9,000. That is average, median average. So, where is all that payout money going?

So, we had the staff perform a study, a very valuable study, more than a year ago in which we brought out that the FDIC and the others—well, the FDIC as agent, which we made it, closing out S&L's as well, was paying out 99 percent of the depositors. Well, what does that mean? If the average deposit in our country is less than—it is around $8,500, then who is getting that money? Well, it is the sophisticated professional agents of these bank deposits who are sharp enough to know when to pull and who are sharp enough to know that they are going to get their money even if it is over a million or $2 million.

Mr. Speaker, that was never the intent of Congress then, or since, or now. Never have our Congresses passed a law or amended a statute saying that more than that stated amount should be paid out. But it has been done, it continues to be done, and what I want is to address that, as I have wanted for 3 years and have not succeeded.

Mr. Speaker, this is a real issue, yet that is not what the editors of the newspapers tell us is the issue, and then we have, of course, some segments of the banking industry who feel that, unless they are protected some way; that is what they call small, and in some cases the definition of "small" varies from the big ones because of the so-called doctrine of too-big-to-fail, which shortly after that 1980 act incrementally, exponentially, the amount of the covered insurance deposit happened in the shape and form of the Continental Illinois of Chicago where it collapsed in a matter of 3 days when the Japanese and the German investors pulled $8.3 billion out of that bank in 3 days. It collapsed. That was the immediate cause.

The underlying causes were many and manifold, but it was then that Chairman Volcker, the famous Chairman of the Federal Reserve Board—I was excoriated because I dared put in an impeachment resolution to Mr. Volcker. Well, I did it because I wanted to draw attention to what was going on. I wanted to draw attention to how there was this incestuous relationship between what was supposed to be the regulator and certain segments of the banking industry. Not all, just the top. And I pointed out incessantly that the Federal Reserve Board in its wanted independence, when it wants to, is actually not a Federal agency. It is a creature of an obedient tool, the commercial banking system of our country.

But in reality what that translates to is that it is obedient, and it is sensitive and responding to the needs of those top seven or eight big, giant, megabanks we have had, and now with the mergers this country is getting we are headed to the greatest concentration of financial and banking resources in the history of this country.

Mr. Speaker, this is the basic issue since the founding of this Nation, and we are witnessing a complete obfuscation of that sort of fear or that lack of confidence in great overweaning concentrations of that kind of power without accountability, and how do the people get accountability other than through their elected agents and representatives, both in the Congress as well as in the White House? Where else can they go?

But I am sorry to say, because it is the proudest thing I can say with my membership to this great deliberative body, but it is sadness that I feel overwhelming to say that both the Congress and the President seem to have abdicated the Federal Reserve Board as visualized, the Federal Reserve as the fiscal agent of the Treasury. That is not the case.

Just look at who is printing our money. It is the Federal Reserve Board. Every dollar bill or note, every five-dollar bill or note, ten-dollar bill, twenty-dollar bill, fifty-dollar bill, hundred-dollar bill does not say Treasury note. It says Federal Reserve. That means that we are at great risk.

Mr. Speaker, it used to be called Government printing presses pulling out money like some popcorn machine spewing popcorn. Today nobody says anything, and we cannot because there is no question about it. The whole premise of the setup visualized by the 1913 Federal Reserve Act has been perverted.

The reason I introduced an impeachment resolution was very simple. It was to bring attention to the fact that there was no accountability, that the destiny and the future of the financial and banking freedom of the American people was being lost. It was losing control and has. There is no use arguing about that.

Mr. Speaker, it has reached a point where a person such as I has to come up here vainly attempting to bring back to the prime congressional intent a reform of the deposit insurance system. It seems to me that I am on the defensive. How many allies do we have in or out of the Congress? In or out of the committee? How many editorials have come out saying—all I know is one newspaper in Florida. Why, when we tried to offer an amendment to just minimally reform this abuse, our opponents flashed and had hundreds of copies of the Washington Post editorial saying, "That's not the issue you ought to be worried with. You ought to be worried about powers. You, the Congress, will have to give the banking system powers to restore them to health."

Mr. Speaker, this is what we are still hearing, as if it were up to Congress, and, after the fiasco and the horrible dilemma that has been created by that mischievous, fallacious conclusion reflected in the 1980 financial depository institution, the regulatory act and the 1982 so-called Garn-St Germain act, it is exactly what they got.

□ 1400

That is what I said then. I was the only one in the committee who was against that. I was the only one that went to the Rules Committee to argue against what the chairman was presenting. How do you think I felt arguing before the Rules Committee and having my chairman sitting behind me cursing me underneath his breath? The only danger there was that I would lose my pink temper and turn around and knock his head off. Fortunately, I did not, and I am glad I did not.

But the proof is the dilemma we are in. It is not a question of saying, "I told you so." That has never been satisfactory to me. I feel it is incumbent upon us who are charged with knowledge to do more than just speak up, and that is to try to bring about some effective change to what is obviously leading this country and its people down the primrose path of financial and economic serfdom and slavery. We have gone pretty much that way.

Not to get into tangential issues, but as proof patent of how complacent and sleepy-headed we are, where are all these financial experts? Where are all those who wrote those editorials? Where were they in 1980 and 1982? The pitch they had, together with all the industry and the Members of Congress, was that "you've got to pass these laws and give them power so they can be saved."

I said, "You're not saving them. You are dooming them. What you are doing is opening the sluice gates to the old speculators who all through our history have been present."

Why do we have laws? Why do we have government if it is not for the fact that it is a tacit admission that we will always have creditors, we will always have wolves in human form?

We have got to regulate. We have got to watch. When we give the bankers the power to create money or credit, do you mean to tell me that we should not regulate? The banking class is the most privileged in our country. Under our fractional reserve system it has the power to create money, to create credit.

What am I asking for in this bill? Very simply, it is not even to totally protect all depositors. Its purpose is to protect the small depositors, the bulk of those who do not have the means to investigate the safety of a given investment or to diversify their risks across a variety of investments. The deposit insurance system has been distorted. Not only has it been distorted, it has been out-and-out corrupted, and it has become depleted and insolvent.

I pointed this out years ago. How can we call this an insurance fund if we have allowed over 3 trillion dollars' worth of deposits in commercial banks alone? I am not counting credit unions or S&Ls. That is just the commercial banking system. That is over 3 trillion dollars' worth of insured deposits, with a broken fund, insolvent and bankrupt. Is that an insurance fund?

I have been saying this for years. The first time I came on this floor and brought out the statistics which for the first time revealed that we had the potential for disaster was in August 1979. Who listened? Well, I will give some credit, and may his soul rest in peace. There was only one who apparently looked at the RECORD or saw that speech when it was brought to his attention. We did not have TV coverage then. I have been using what we call this great privilege of special orders since the first time after I got sworn into the Congress 30 years ago, to be exact, 30 years and 3 months to the day.

So when you have and you continue to get an expansion in the base of exposure of that fund or any fund, you do not have to be an accountant to know it is bankrupt if the extension is constant as to its exposure and liability and the other side of that ledger, that is, the amount in the fund is not protected or increased in accordance.

So I brought that out in 1979, and I brought out another fact. I brought out in August 1979 the fact that the leading banks in New York in a matter of 1½ years had gone from about $3 billion to over $47 billion in loans at that time to countries that I knew could not pay. Of course, it is always greed. I was then a subcommittee chairman, and I was for 10 years a chairman of the Subcommittee on International Finance. Now, many of these special interest lobbyists are powerful, and they prevailed for many years. They could not fight my election to chairman 3 years ago, but they were there. They did try to make some movement in that direction, but up until then what they would be content with doing was saying, "How could this guy even be considered as a potential chairman? Why, he has no expertise in banking. He never sat on these subcommittees. His expertise is in housing."

Of course, they overlooked the fact that I was the progenitor and the cause of why we got the first international banking law to protect the people, at least minimally at the time, in 1978. And they forgot, except those who are the gullible or those who want to believe it or could swallow it, that if you are a member of a full committee, even though you may be assigned to a certain segment of subcommittees, you are on the full committee and the full committee has to act on every action of the subcommittees, so I would have to be sitting there with every flow of legislation coming out of the other subcommittees. But on top of that and then, of course, being malicious, they never were about to go to the RECORD and see wherein I had participated.

In any event, that is still the case. I still have to face the animosity and the malice of those who are entrenched. We are dealing now with several trillions of dollars on the table, and we know that when you have that kind of money, you are going to have a lot of things happen. The only thing up to now is that we have these powerful segments and we are in a pluralistic world, thank God, but they are so powerful and they are in such a conflicting environment that they cannot get the muscle to ram through a 100 percent in one account without the other side showing a kind of negativism or neutralizing. But what happens is that what the Congress and the committee should have been doing for more than 30 years never got done, and that is the constructing, the creation, the reshaping, and the restructuring of our outworn, contradictory, overlapping, ridiculous so-called system of regulation, regulatory control. Part of it goes back to right after the Civil War. Obviously, after 1945, and particularly after 1960, it was our duty on that committee to face the facts. It was a drastically new world. The new technological expansion of knowledge, like instantaneous electronic communication, was bound to impact on our banking system.

□ 1410

How would we handle it? What was going to be the impact on the dual system, the State and Federal banking systems?

Those are the issues, what kind of banking system do we want for America? Do we want to have one like in England, France, or Germany, where you have just three or four biggy, biggy banks? They call them all purpose banks, or full service banks.

This is what some want here. Fortunately, the bulk of our banks are not interested. In the meanwhile, to even compound it and make it worse, the banks are complaining, and so are other depository institutions, because of what they call new capital requirements or reserve requirements.

Some of them think maybe the Congress had something to do with it. Of course not. Most of what they are complaining about now was a result of an international agreement, the so-called Basel Agreement, from Basel, Switzerland.

But what was that agreement based on? They called the meeting for the purpose of having convergence of capital standards.

Do you mean that a rookie from the Federal Reserve Board was sent over there to negotiate with the Bank of International Settlements, the BIS, the real power in this world ever since after World War I, and of which we are not a voting member?

That commission that forged the so-called agreement on convergence of capital standards was called the Cooke Commission, named after the Bank of England official.

But they snookered the United States. Did the Congress have anything to do with it? No, we did not. This is an Executive action. It was something the Federal Reserve Board, as one of the chief banking regulators, did, and, of course, also the monetary agency.

In other countries they would say it is a central bank, but it is not really. Because if we take Germany, where you have an entirely different tradition, culture, historically and everything else, the German bankers belong to what they call a private bank, like maybe the Bundesbank is a central bank, but you also have three private banks.

But those bankers are not like ours. They look upon themselves also as ex-officio policy partners of the Government.

The reason we are having all these scandals on some of these so-called foreign banks, which is what this is also about, is, that unlike our system, most of those banks are government owned.

Do we want to have that system? What is it America needs in the way of a banking system today? Do we want to be headed to this great, great concentration of banking power? What do we need?

What about the dual system? There are some Members in Congress, and some without, who say their day is gone. The day of the State-chartered banks and all of that should have been finished.

Well, is that what we want? I am just one. I am not the committee, I am just the chairman thereof, and I am not smart enough to tell you how it is. All I can tell is that those areas in which we have clear and preeminent jurisdiction, and therefore responsibility for at least trying to be knowledgeable, is not to defend the banks. What has happened over the years is that even editors seem to think that the Congress is here at the beck and call and for the convenience and aid of the bankers.

Well, let me say we are not. At least I have never looked at it that way. We are here to look after the greatest interest of the greatest number, and in banking matters to the safety and soundness and stability of our system.

America has always had to have a stable, safe, and sound banking system.

Now we have the shock waves, of what? Puzzlement, fear. Fear is no good. Fear is borne of ignorance. But if you fear long enough, you are going to do something. That means loss of confidence.

No system, whether it is ours or the world's, or European, can stand the loss of confidence. Particularly banking. It is based on confidence.

It is just like our public service. I do not have to tell my colleagues that that very, very fine crystal known as credibility, confidence, once lost, once shattered, is impossible to regain.

We know that we can go out and tell one thousand truths. But get caught in one lie, and you have lost credibility.

The name of the game is that, confidence, credibility. If the people lose confidence and credibility in the safety and soundness of this system, what are you going to do? Work out a crisis?

I do not think we are responsible if we wait and not anticipate. I have always been a firm believer in anticipation, anticipatory preparation, so that at least you would have some pincers to handle that hot potato that you know full well is going to come.

Now, in this particular bill here, actually I just feel so pathetically ashamed, because it is minimal. Most people think of deposit insurance coverage as being limited to $100,000. But a family of four can obtain up to $1.4 million in insurance coverage in an unlimited number of institutions.

That is what they call disaggregation of accounts. That is the fancy word for that.

The indiscriminate bailing out of insurance coverage has allowed banks and thrifts to gamble with the taxpayers' money. In fact, they have made the deposit insurance system an entitlement program, entitlement for the banks and their well-being, rightful or wrongful.

This legislation takes one small step toward what? What is the law? Where did this doctrine of "too big to fail" come out of?

Well, in the case of Continental, where the Federal put in $6 billion, if this had happened in another country we would have said that country had nationalized that bank.

But not us. Oh, no, it was private enterprise. We are going to keep it private.

But who? All of the biggies that have the muscle and the political influence. What about the little ones? Yes, they have gone out.

In my State of Texas we have had more banks fail than S&L's, and that is the record throughout the country. Of course, there were many more banks. We have lost some 5,000 banks in just less than 2 years in this country.

Now, do you mean we should sit here and say, oh, well, it is going to all come out all right, if we just whistle past that cemetery, and just say to ourselves it will be all right if we just sit and wait?

It is not going to be all right. It is going to be everything but all right.

At no time has this Congress approved any amendment empowering any regulatory agency to pay out over that stated legal sum in the law. But it started in 1984, with Continental Illinois. Mr. Volcker announced that he would use every single power and resource this country had to save that bank and others. He came before the committee. I had 5 minutes. I asked him one question.

□ 1420

I said, "But, Mr. Volcker, to what extent will you go if you have a succession of big banks failing?"

He said, "I will use every single resource of this country."

This is on the record. This is in the printed hearing of that day's occasion, not what I am saying now in retrospect.

So I then tried to get the chairman to have hearings on the legality of the empowerment of a regulator to do that and pay out more than $100,000. That deal also enabled the man or several of the men who had led that institution to its downfall to go out with golden parachutes of $2 million a year pension. It was not until Chairman Seidman came aboard in 1987, that they put a stop or at least what they could and to the extend they could to the golden parachutes. But the Continental Illinois, look at the record. I could not prevail.

I could not prevail because then as now in some areas, marginalize him. If you ignore him, you know in our country you can have censorship more than like they do in a totalitarian country, or even in England, they have a Ministry of Information and Censorship, as we saw clearly when we had the Falklands incident. But in our country we have the first amendment.

We must remember, the mother country does not. In our country, though, if an event or an occurrence is not reported, how do people know? Is it not then a nonevent? And this is what has been happening.

In some cases, I do not blame the newspaper or the news media because in our system and particularly in the Congress, unless there is debate, unless there is the clash of opinions, it is difficult for the outsider, even a very knowledgeable newspaper reporter, to really fathom.

I am not completely exculpating our news dissemination agencies from informing the people as they should have. I brought out the fact that when the Hunt brothers of Texas, the billionaires, tried to corner the silver market, of course they did what the Federal Reserve agents did.

They went over to England where for 500 years the silversmiths and goldsmiths in England have, I think they know what they are doing, after 400 or 500 years. And the Hunt brothers, in their naivete, thought they could corner the silver market.

In 1869, after the Civil War, Jay Gould and Jim Fiske tried to corner the gold market. And at that time the corruption was rampant, too. And they used President Grant's brother-in-law, Mrs. Grant's brother, and what happened was you had that Black Friday of 1869. They caused the depression at that time.

Well, we had not too much different except this time it was international, the Hunt brothers.

Now, the bad part was that in order to try to corner that silver market, the Hunt brothers tried over $200 billion worth of banking resources. This is where we have gone wrong in our country. Banks used to be chartered. But since the 1950's and the merger acts, banks have been founded on our systems of banks other than through chartering.

The old charter laws used to be very basic. They would say, a bank, if needed, shall be chartered for public need and convenience, not for profit. Of course, you are going to make profit in business. Business without profit is like candy without sugar. We know that.

But what I am talking about is, they fundamentally stated the basic purpose for a bank charter, the great privilege to create money in our country. And that was for public need and convenience.

What public need and convenience? To fire and stoke the engine and furnaces of industry and manufacturing and small business. Our banks retired from that after the 1960's and their so-called transnational developments. The Japanese never have stopped investing in their own industry. Our bankers have. Our bankers went into the high leveraged buyouts.

And like the case of the Hunt brothers, they lost their shirt. And so I put the impeachment resolution after Mr. Volcker, Chairman of the Federal Reserve Board, met in what they thought would be a secret meeting in a Florida hotel with the Hunt brothers and the chairman then of the Citibank or Citicorp, the Walter Wristin, who of course was trying to protect the bank's exposure in that ill-begotten deal.

Well, the rest is history. The stock market is in the dilemma it is because all those factors that were in the equation before 1932 were coming into place as early as the late 1970's and that is what I reported in my special order of August 1979. And then-Chairman Arthur Burns called me the next day after the RECORD was printed and invited me to have breakfast with him the next morning, and I did.

And I knew we were headed for trouble when he wrung his hands and he said, "You are right. And when I tried to tell the bankers at their convention in Honolulu, they almost ran me out of the room."

And I said, "You are chairman of the Federal Reserve Board. You can do a lot about it."

He said, "I don't know what I can do."

I said, "Yes, you can. You have section 14(b) of the Federal Reserve Board. You can demand the reserves."

And I said, "In this case where they are lending Peru," I said, "Peru, it won't even pay the interest."

And he said, "Well, I must say, I agree with you. You are right."

Well, when I walked out of there and this powerful man saying there was not anything he could do, I knew we were headed for trouble. That was August 1979.

Now, what I did was say, "Look, I have added the capitalization structure." That is, what is their capital, their assets in each of those banks? I said, the total assets of these 9 banks is less than their exposure on those foreign country loans.

I said, "Now, I am not a banker, but gosh, how can these big-shot bankers expose that way?"

The answer at that time was, "Oh, this is Arab oil money recycled." I said, "I do not care what it is. These are deposits that have been placed in these banks that you are lending out. You are not acting as an investment adviser to an Arab sheikh. He has got your deposits, and they amount to quite a considerable number of billions of dollars."

Anyway, I hope and I trust that somehow even in an election year, we can get some attention to this desperately needed act of reform that will reemphasize the fact that if the regulators usurp their power in the too-big-to-fail exertion of that doctrine through them, they did so ultra vires, that is, beyond their scope of proper authority.

I could never get my predecessor chairmen to have hearings on that, nor could I ever get the proper legal authorities of the Government. After all, where does one go to ask that question and evaluate it?

□ 1430

The Congress made much progress in limiting the scope of deposit insurance coverage and the attendant liability of the insurance funds when it enacted the Federal Deposit Insurance Corporation Improvement Act of 1991 last November. That bill, to a certain extent, limited the too-big-to-fail policy. I say "to a certain extent." It went long way in doing that, and the only reason we were able to get it was because we had those circumstances happening last year in which the Federal Reserve Board had put in $100 million to the failed Lincoln Savings and Loan. Can you imagine?

We got that, but we also have the least cost resolution of failed insured depository institutions, limited the availability of pass-through deposit insurance coverage for bank investment contracts and other pension plan deposits, and restricted the ability of institutions to accept broker deposits. The insurance coverage amendments contained in the Deposit Insurance Reform Act of 1992 legislation are necessary, this is this bill, to further reduce the liabilities facing the Federal Deposit Insurance Fund and the American taxpayer, and to restore the congressional intent.

Mr. Speaker, I will include at the end of the remarks the Deposit Insurance Reform Act of 1992, a section-by-section analysis, and H.R. 4415, for the benefit of my colleagues who will find it in the RECORD tomorrow.

H.R. 4415—DEPOSIT INSURANCE REFORM ACT OF 1992, SECTION-BY-SECTION ANALYSIS

SECTION 1. SHORT TITLE

"Deposit Insurance Reform Act of 1992"

SECTION 2. AGGREGATION OF DEPOSITS

This section limits Federal deposit insurance to $100,000 per individual per insured depository institution. Specifically, the section amends section 11(a)(1) of the Federal Deposit Insurance Act to require the Federal Deposit Insurance Corporation (FDIC) aggregate all deposits registered under the same taxpayer or employer identification number for purposes of determining the $100,000 limit.

Joint accounts must be attributed equally, unless otherwise specified in account records. Revocable trust accounts must be attributed to the grantor of the account. Deposits maintained by an agent, custodian or person in a similar capacity on behalf of a principal must be attributed to the principal.

New section 11(a)(1)(C)(v) permits the FDIC to issue regulations to make other attributions consistent with the insurance purposes of the Federal Deposit Insurance Act.

The Act requires all deposits to be registered under the taxpayer identification number or employer identification number of each depositor.

The effective date of the amendment is January 1, 1995.

Note that section 11(a)(3) of the Federal Deposit Insurance Act, providing separate insurance coverage for certain pension and profit-sharing plan deposits and IRA's, is not amended by this Act.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Deposit Insurance Reform Act of 1992".

SEC. 2. AGGREGATION OF DEPOSITS.

(a) IN GENERAL.—Section 11(a)(1) of the Federal Deposit Insurance Act (12 U.S.C. 1821(a)(1)) is amended—

(1) in subparagraph (B), by striking "(C) and (D)" and inserting "(C), (D), and (E)";

(2) by redesignating subparagraph (D) as subparagraph (E); and

(3) by striking subparagraph (C) and inserting the following new subparagraphs:

"(C) AGGREGATION OF DEPOSITS.—For the purpose of determining the net amount due to any depositor under subparagraph (B), the Corporation shall aggregate the amounts of all deposits in the insured depository institution which are maintained by a depositor or by others for the benefit of the depositor, as follows:

"(i) Deposits registered under the same taxpayer identification number or employer identification number of one depositor shall be attributed to that depositor.

"(ii) Deposits registered under the taxpayer identification number or employer identification number of more than one depositor shall be attributed equally, unless otherwise specified in the deposit account records, among those depositors.

"(iii) Deposits consisting of a revocable trust or similar account shall be attributed to the settlor or grantor of the deposit account.

"(iv) Deposits maintained by an individual or entity (including an insured depository institution) acting as an agent, custodian, nominee, conservator or in a similar capacity on behalf of a principal (other than an insured depository institution) shall be attributed to such principal.

"(v) Such other attribution to a depositor as the Board of Directors determines by regulation not to be unduly burdensome and costly to calculate; provided that the depositor has control over the deposit account and that such attribution would be consistent with the insurance purposes of this Act.

"(D) DEPOSITOR IDENTIFICATION.—

"(i) IDENTIFICATION NUMBER.—All deposits shall be registered under the taxpayer identification number or employer identification number of each depositor.

"(ii) CONSIDERATION OF ADDITIONAL INFORMATION.—For the purpose of aggregating and attributing deposits under this paragraph, the Corporation may consider additional information contained in the records of the insured depository institution or made available by the depositor.".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect on January 1, 1995.

INCREASING DANGER IN THE NAGORNO-KARABAGH STRUGGLE

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

Mr. OWENS of Utah. Mr. Speaker, I do not often presume upon the time of the House, but my return last evening from Armenia has led me to take this time to discuss what is a very grave and serious situation.

I just returned last evening from a 48-hour visit to Armenia, and conversations with ranking public officials, including President Levon Ter-Petrosian, Prime Minister Gagik Haratunian, and several members of the Armenian Cabinet. In addition I have spoken with a great many other officials and dozens of residents of that beleaguered country. I tried without success for 2 days to visit the enclave of Nagorno-Karabagh by helicopter, but weather and military action combined to make that impossible, to my great regret. Just before I arrived, Azeri forces shot a helicopter evacuating wounded Armenian women and children.

My assignment as a member of the Foreign Affairs Committee Subcommittee on Europe and the Middle East was to ascertain relevant facts and information about conditions there. But my first humanitarian concern was the well-being of the people of that country, more than 3½ million people, who have been victimized for many years by a cruel blockade of most of their food, fuel and other essential resources by the Azerbaijani Government in complete derogation of international law and the charter of the United Nations. It is an irresponsible, reprehensible attempt to bring improper pressure on behalf of their own military action by raising dramatically the level of human suffering among Armenians in both Armenia and Nagorno Karabagh.

Stories of a fierce battle in and around the Azerbaijani town of Khojaly in Nagorno-Karabagh, said to have occurred on or about February 26, were beginning to circulate in the world's press just before my departure from Washington on March 4. Gruesome pictures and reports of the alleged killing of Azeri women and children by troops of the Nagorno-Karabagh Armenian army and irregulars were being publicized. This became an important issue for me to explore while in Armenia.

I conducted many interviews and held many conversations while in Armenia about the grave charges being made, surveyed and read much of the world's press and spoke at length with several newspaper and television correspondents who had actually visited the town of Khojaly shortly after February 26, and interviewed military wounded who had been in the area.

As a result of that inquiry, I have come to believe that a serious breach of human rights did in fact occur at that time, that innocent Azeri women and children were killed, apparently by Nagorno Karabagh Armenians on or about February 26. The number killed has been grossly exaggerated; still, virtually all objective observers place the number of dead at approximately 125 to 200, with at least two-thirds being Azeri regular and irregular army troops.

But whatever the number of dead and wounded, a great tragedy has occurred in what is a continuing sorry and pitiful litany of outrageous incidents of cruelty in that struggle for control of that small mountainous area in Azerbaijan populated by Armenian ethnics. We must all condemn the gross departure from universally accepted standards of war: that the lives of innocent nonbelligerent men, women and children are to be protected. There is little enough of military warfare which bears any resemblance to civility. That practice, above all others, must be respected and departures from it must be condemned.

For those of you who are not familiar with recent events in Khojaly, you should know that just as Baroness Cox of the House of Lords warned us, the Azeris began launching hundreds of GRAD missiles from Khojaly into Stepanakert, the capital. This shelling leveled approximately 50 percent of that capital city, population 80,000. The shelling destroyed hospitals, homes and the Parliament building and killed unknown numbers of its Armenian residents.

If the killings were perpetrated by Armenians, as it appears, they were undisciplined troops from among the Nagorno Karabagh Armenians, acting contrary to usual standards and practices for military engagements which otherwise have been scrupulously adhered to by the Armenian soldiers of Nagorno Karabagh. I deeply regret those killings and condemn the events which culminated in that deplorable travesty.

But the facts are not clear. The American press has relied on Azeri and Turkish accounts to claim that Armenians massacred 1,000 innocent civilians. Yet French, Russians, British, and other independent eyewitness journalists have categorically refuted these reports. They place the total death toll at no more than 200—including military and civilian personnel—and they refute charges that Armenians massacred or mutilated any of the dead. Florence David of French television Canal Linq has described "how the myth of a massacre was concocted by the Azeris."

I have today dispatched a letter to Artur Mkrtichian, president of Nagorno Karabagh, calling upon him and other responsible officials to appoint a commission of impartial and objective individuals of international reputation to conduct an inquiry and report the results thereof to him and to the public. Second, I have suggested to him that he pledge that guilty personnel, if the inquiry finds that in fact such a breach of human rights took place, will be arrested, charged and brought before an appropriate military tribunal. The Armenians, in sharp contrast to the Azeris, have consistently investigated, tried, and punished individuals who, even under the pressures of war, have committed crimes. Only after such an investigation in this case can the world be reassured that the Armenians of Nagorno Karabagh will act with responsibility in their struggle for self determination and independence.

I was chairman of the delegation of congressional observers at the Armenian independence referendum last September. I am also the prime sponsor of legislation to preclude further American diplomatic recognition of Azerbaijan, economic assistance or favorable trade with the United States until the blockade of Armenia and Nagorno Karabagh is lifted and human rights restored. This legislation currently has 43 co-sponsors. That blockade of Armenia is an on-going gross breach of human rights, it is contrary to international law and the United Nations Charter, is considered an act of war and is causing widespread life threatening suffering.

The United States Department has chosen to ignore those violations, in complete derogation of the preconditions for human rights which Secretary Baker earlier assured us must be adhered to before any of the former Soviet Republics would be diplomatically recognized by this country. The Secretary of State is so anxious to build a counter force against Iran from among the Muslim republics and Turkey that he has forgotten the lessons from Iraq.

When America ignores serious human rights violations in pursuit of political purposes, as the administration did in dealing with Saddam Hussein prior to the Kuwait invasion, we lose. That is what is being done in Azerbaijan and Armenia today by the U.S. State Department. I deplore our refusal to insist that Azerbaijan drop its blockade of Armenia and Nagorno Karabagh before we grant Azerbijan full diplomatic recognition and American economic assistance.

I also wish to point out that no one has charged that the Armenian Government of President Levon Ter-Petrosian was involved in the tragic events at Khojaly.

There is increasing danger that the struggles and battles in the enclave of Nagorno Karabagh could bring the two countries of Armenia and Azerbaijan into direct conflict. There is also a more remote likelihood that other countries in the region, most likely Turkey, could enter such an engagement against Armenia. Above all else, we must hope that negotiations can begin immediately to contain this ancient dispute. It is to be hoped that Russian President Boris Yeltsin, who represents the only effective arbitration force in the area will continue his efforts. We all pray that those involved will be successful in averting the full scale blood bath which otherwise looms for that area.

THE REPUBLICAN PARTY IS MAINSTREAM AMERICA

The SPEAKER pro tempore (Mr. FLAKE). Under a previous order of the House, the gentleman from Oklahoma

[Mr. INHOFE] is recognized for 10 minutes.

Mr. INHOFE. Mr. Speaker, in light of the chain of events of the past few weeks, I feel compelled to share with you some conclusions that I have come to concerning the voting behavior of the Democrat and Republican Parties. Because a majority of the media is liberal and not sensitive to conservative causes, there is a distorted message going around America. That message somehow wants to erroneously convey that the Democrat Party is the party of the people.

Interestingly enough, just the reverse is true. It has just occurred to me over the last few months that virtually everything that mainstream America is enthusiastic about is something that has been consistent with the Republican philosophy and not the Democrat philosophy.

What I am saying, and not in a smug way, is that clearly the Republican Party espouses the principles that are agreed to by mainstream America. The Democrat Party, which has been in power in Congress and has run the show for five decades, is no longer understanding of or sympathetic to the feelings and the needs and the desires of mainstream America.

Mainstream America wants a strong national defense, wants voluntary prayer in school, wants tough penalties for crime, and wants a constitutional balanced-budget amendment. Mainstream America does not want federally subsidized abortions, flag desecration, and bureaucratic harassing overregulation of our lives and our businesses.

How do we know that mainstream America has these desires? We know because polling data is very clear. Specifically, according to a January 1992 CBS News-New York Times poll, 67 percent of Americans say it is still important for the United States to maintain a strong military. According to an October 1991 Times-CNN poll, 78 percent of Americans favor allowing children to say prayers in public school. According to an August 1988 CBS News-New York Times poll, 78 percent of Americans favor a constitutional amendment requiring the Federal Government to balance its budget.

According to the Los Angeles Times in a November 1987 survey, federally subsidized abortions are opposed by 64 percent of the people. In a March 1990 CBS News-New York Times poll, flag desecration was opposed by 83 percent of those surveyed. According to a March 1991 National Victim's Center poll, 80 percent of all Americans favor expediting the appeals process for death penalty cases. And, according to a February 1992 Times-Mirror poll, 65 percent of Americans agree that government is involved too much in their lives.

With that overwhelming message being sent by the American people through these national polls, wouldn't it be reasonable to assume that Congress would listen and act in accordance with these desires? Well, at least one party does—the Republican Party. In every case, without exception, when these issues are brought to a vote in Congress, the desires of the American people are overwhelmingly supported by the Republicans and are rejected by the Democrats.

But, don't take my word for it. Let's look at the record. I will present documentation that shows when each of these seven subjects has been brought up, an overwhelming majority of Republicans have supported mainstream America, while a confusingly high number of Democrats have voted in direct opposition to what most Americans want. On page H 3400 of the May 22, 1991 CONGRESSIONAL RECORD, we find a vote before Congress on an amendment for a strong national defense. The vote failed by a margin of 161 to 265, right down party lines. The Democrats voted to weaken our defense system and the Republicans voted to strengthen it.

On May 9, 1989, there was an amendment that passed in the 101st Congress favoring prayer in school and less than half of the House Democrats supported it. In this Congress, on June 5, 1991, there was a vote that dealt specifically with reducing Federal spending thereby balancing the budget, and that failed 171 to 255, right down party lines. An amendment that provided use of Federal military hospitals for abortions passed the House by a margin of 220 to 208 on May 22, 1991, right down party lines. Back in the 101st Congress, a measure to constitutionally protect the U.S. flag failed by a vote of 254–177 on June 21, 1990, right down party lines. Ninety percent of the House Republicans voted in favor of the measure. On November 13, 1991, by a margin of 253 to 177, the Democrats voted to place further governmental regulation on our lives and businesses. On a vote of 208 for and 218 against, a measure to stiffen criminal penalties failed on October 17, 1991. All but nine of the soft-on-crime votes were Democrats. And finally, during last year's defense authorization debate on May 22, 1991, Democrats in Congress voted by a margin of 268 to 161 to make irresponsible cuts in this Nation's defense systems. These are but a few of a multitude of votes that could be used to demonstrate the relative voting behavior of the Democrat and Republican Party philosophies that occur on a weekly basis.

It is unfortunate that the liberal Democrat majority, that has had absolute control of Congress over the past few decades has developed ingenious deceptive mechanisms in the institution to hide their votes. This enables them to make the people at home believe that they are supporting their position while opposing it in Congress. It is an attitude that the leadership of Congress seems to know more about the needs and desires of the people than the people themselves know.

A good example is the method used to hide their votes from the people concerning a balanced budget amendment to our Constitution. Shortly after it was discovered in a USA Today poll in 1987 that over 80 percent of the people in America want a balanced-budget amendment to the Constitution, House Joint Resolution 268 was introduced. House Joint Resolution 268 immediately gained 246 coauthors from over the Nation. I can just envision, at the town hall meetings back home, a liberal Democrat standing up and holding House Joint Resolution 268 in his hand saying, "See here, ladies and gentlemen. This is my name as cosponsor of House Joint Resolution 268." What the Congressman didn't tell these people is that he has no intentions of allowing House Joint Resolution 268 to come up for a vote. How does this Congressman, who is trying to make the people back home believe that he is supporting a budget-balancing amendment to the Constitution, keep from having to vote on it?

It is very simple, the Speaker merely puts it in a committee and then makes a deal with the committee chairman not to bring it up for consideration. The only way that it can be brought up for consideration is for a discharge petition to be signed by 218 Members of Congress. The discharge petition is in the Speaker's desk and must be signed during the course of a legislative day. However, the names of those individuals who sign a discharge petition are kept secret and if a Member discloses the names of other Members who sign the discharge petition, he can be disciplined to the extent of expulsion from membership of the House of Representatives. So House Joint Resolution 268 had 240 cosponsors, but only 140 Members were willing to sign the discharge petition.

Pretty cozy, huh? The Congressman can falsely represent his position to the people at home and never have to vote on the issue. I might add that there is a happy ending to that House Joint Resolution 268 story. Several of us contacted a national publication. While the publication knew we couldn't divulge the names of those who signed the discharge petition, they agreed to print the names of the individuals who coauthored House Joint Resolution 268, but did not sign the discharge petition. We found a loophole in the corrupt institutional system that protects Congressmen from their electorate and as a result of that, we were able to immediately force it out onto the floor and we missed passing a balanced-budget amendment to the Constitution by only seven votes.

These corrupt institutional arrangements have been put in place by the liberal Democratic leadership over the past few decades and it's time that they be stopped.

So, mainstream America, we know that you want a strong national defense, tough crime laws, voluntary prayer in school, and a constitutional balanced-budget amendment and we know that you do not want federally subsidized abortions, flag desecration, and more overregulation of your lives and businesses. We Republicans hear you loud and clear and we are solidly behind you with our voices and our votes.

It is time for America to wake up and understand who is in support of mainstream America and all that it stands for—it is the Republican Party. The Republican Party is mainstream America.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. McCathran, one of his secretaries.

□ 1450

RESCISSIONS OF BUDGET AUTHORITY—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES (H. DOC. NO. 102-201)

The SPEAKER pro tempore (Mr. FLAKE) laid before the House the following message from the President of the United States; which was read and, together with the accompanying papers, without objection, referred to the Committee on Appropriations and ordered to be printed:

To the Congress of the United States:

In accordance with the Congressional Budget and Impoundment Control Act of 1974, I herewith report 30 rescission proposals, totaling $2.1 billion in budgetary resources.

The proposed rescissions affect the Department of Commerce, Defense, Health and Human Services, Housing and Urban Development, the Interior, and Transportation. The details of these rescission proposals are contained in the attached report.

GEORGE BUSH.

THE WHITE HOUSE, *March 10, 1992.*

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. SCHIFF) to revise and extend their remarks and include extraneous material:)

Mr. DELAY, for 60 minutes, today.

Mr. ANNUNZIO, for 5 minutes, today.

(The following Member (at the request of Mr. GONZALEZ) to revise and extend his remarks and include extraneous material:)

Mr. OWENS of Utah, for 5 minutes, today.

EXTENSION OF REMARKS

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

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

Mr. DICKINSON.

Mr. GALLEGLY in three instances.

Mr. GEKAS.

Ms. SNOWE.

Mr. GILMAN in two instances.

Mr. EMERSON.

Mr. BONIOR.

Mr. FALEOMAVAEGA in five instances.

Mr. PEASE.

Mr. FASCELL in two instances.

Mr. CONYERS.

Mr. HOYER.

ADJOURNMENT

Mr. INHOFE. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 2 o'clock and 51 minutes p.m.), the House adjourned until tomorrow, Wednesday, March 11, 1992, at 2 p.m.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

3041. A letter from the Secretary of Agriculture, transmitting a report on the Rural Housing Demonstration Housing Program, pursuant to 42 U.S.C. 1476(b); to the Committee on Banking, Finance and Urban Affairs.

3042. A letter from the Secretary of Housing and Urban Development, transmitting a draft of proposed legislation to amend the United States Housing Act of 1937; to the Committee on Banking, Finance and Urban Affairs.

3043. A letter from the Auditor, District of Columbia, transmitting a copy of a report entitled "Follow-up Review of the Department of Housing and Community Development's Property Management Administration Systems of Maintenance Practices and Financial Controls: FY 1983–FY 1985," pursuant to D.C. Code, section 47-117(d); to the Committee on the District of Columbia.

3044. A letter from the White House Conference on Indian Education, Director, transmitting the report of the White House Conference on Indian Education and statement thereon, pursuant to 25 U.S.C. 2001 note; to the Committee on Education and Labor.

3045. A letter from the Secretary of Education, transmitting notice of final priorities for fiscal year 1992—special projects and demonstrations for providing supported employment services to individuals with handicaps, pursuant to 20 U.S.C. 1232(d)(1); to the Committee on Education and Labor.

3046. A letter from the Secretary of Education, transmitting notice of final priorities for fiscal year 1992—projects with industry, pursuant to 20 U.S.C. 1232(d)(1); to the Committee on Education and Labor.

3047. A letter from the Secretary of Education, transmitting notice of final priorities for fiscal year 1992—vocational rehabilitation service projects for American Indians with handicaps, pursuant to 20 U.S.C. 1232(d)(1); to the Committee on Education and Labor.

3048. A letter from the Secretary of Education, transmitting notice of final priorities for fiscal year 1992—vocational rehabilitation service projects program for migratory agricultural and seasonal farmworkers with handicaps, pursuant to 20 U.S.C. 1232(d)(1); to the Committee on Education and Labor.

3049. A letter from the Secretary of Education, transmitting notice of final priorities for fiscal year 1992—rehabilitation long-term training, pursuant to 20 U.S.C. 1232(d)(1); to the Committee on Education and Labor.

3050. A letter from the Assistant Secretary for Legislative Affairs, Department of State, transmitting its quarterly report concerning human rights activities in Ethiopia, covering the period July 15 through October 14, 1991 and the period October 15, 1991 through January 14, 1992, pursuant to Public Law 100-456, section 1310(c) (102 Stat. 2065); to the Committee on Foreign Affairs.

3051. A letter from the Assistant Secretary for Legislative Affairs, Department of State, transmitting notification of a proposed license for the export of major defense equipment sold commercially to Kuwait (transmittal No. MC-8-92), pursuant to 22 U.S.C. 2776(c); to the Committee on Foreign Affairs.

3052. A letter from the Assistant Secretary for Legislative Affairs, Department of State, transmitting a copy of Presidential Determination No. 92-16 concerning Angola, pursuant to 22 U.S.C. 2364(a)(1); to the Committee on Foreign Affairs.

3053. A letter from the Assistant Secretary for Legislative Affairs, Department of State, transmitting the semiannual reports for the period April 1991 to September 1991 listing voluntary contributions made by the U.S. Government to international organizations, pursuant to 22 U.S.C. 2226(b)(1); to the Committee on Foreign Affairs.

3054. A communication from the President of the United States, transmitting his determination that continued nuclear cooperation with the European Atomic Energy Community [EURATOM] is needed in order to achieve U.S. nonproliferation objectives and to protect our common defense and security, pursuant to 42 U.S.C. 2155(a)(2) (H. Doc. No. 102-200); to the Committee on Foreign Affairs and ordered to be printed.

3055. A letter from the Comptroller General, General Accounting Office, transmitting the list of all reports issued or released in January 1991, pursuant to 31 U.S.C. 719(h); to the Committee on Government Operations.

3056. A letter from the Committee for Purchase From the Blind and Other Severely Handicapped, transmitting a report of activities under the Freedom of Information Act for calendar year 1991, pursuant to 5 U.S.C. 552(e); to the Committee on Government Operations.

3057. A letter from the Chairman, Commodity Futures Trading Commission, transmitting a report of activities under the Freedom of Information Act for calendar year 1991, pursuant to 5 U.S.C. 552(d); to the Committee on Government Operations.

3058. A letter from the Chairman, Consumer Product Safety Commission, transmitting a report of activities under the

Freedom of Information Act for calendar year 1991, pursuant to 5 U.S.C. 552(e); to the Committee on Government Operations.

3059. A letter from the Equal Employment Opportunity Commission, transmitting a report of activities under the Freedom of Information Act for calendar year 1991, pursuant to 5 U.S.C. 552; to the Committee on Government Operations.

3060. A letter from the Executive Director, Federal Energy Regulatory Commission, transmitting notice of proposed changes to an existing system of records, pursuant to 5 U.S.C. 552a(r); to the Committee on Government Operations.

3061. A letter from the Executive Director, Federal Retirement Thrift Investment Board, transmitting a report of activities under the Freedom of Information Act for calendar year 1991, pursuant to 5 U.S.C. 552(e); to the Committee on Government Operations.

3062. A letter from the National Archives, transmitting a report of activities under the Freedom of Information Act for calendar year 1991, pursuant to 5 U.S.C. 552(d); to the Committee on Government Operations.

3063. A letter from the Director, National Science Foundation, transmitting a report of activities under the Freedom of Information Act for calendar year 1991, pursuant to 5 U.S.C. 552(d); to the Committee on Government Operations.

3064. A letter from the Executive Director, Pension Benefit Guaranty Corporation, transmitting a report of activities under the Freedom of Information Act for calendar year 1991, pursuant to 5 U.S.C. 552(d); to the Committee on Government Operations.

3065. A letter from the Chairman, Securities and Exchange Commission, transmitting a report of activities under the Freedom of Information Act for calendar year 1991, pursuant to 5 U.S.C. 552(b); to the Committee on Government Operations.

3066. A letter from the Director, Selective Service, transmitting a report of activities under the Freedom of Information Act for calendar year 1991, pursuant to 5 U.S.C. 552(b); to the Committee on Government Operations.

3067. A letter from the Deputy Associate Director for Collection and Disbursement, Department of the Interior, transmitting notice of proposed refunds of excess royalty payments in OCS areas, pursuant to 43 U.S.C. 1339(b); to the Committee on Interior and Insular Affairs.

3068. A letter from the Deputy Associate Director for Collection and Disbursement, Department of the Interior, transmitting notice of proposed refunds of excess royalty payments in OCS areas, pursuant to 43 U.S.C. 1339(b); to the Committee on Interior and Insular Affairs.

3069. A letter from the Deputy Associate Director for Collection and Disbursement, Department of the Interior, transmitting notice of proposed refunds of excess royalty payments in OCS areas, pursuant to 43 U.S.C. 1339(b); to the Committee on Interior and Insular Affairs.

3070. A letter from the Secretary, Department of Transportation, transmitting recommendations for implementing vessel traffic service systems, pursuant to Public Law 101-380, section 4107(b)(2) (104 Stat. 514); to the Committee on Merchant Marine and Fisheries.

3071. A letter from the Chairman, Merit Systems Protection Board, transmitting the Board's report entitled "Federal First-Line Supervisors: How Good Are They?"; to the Committee on Post Office and Civil Service.

3072. A letter from the Department of the Army, transmitting copies of the report of the Secretary of the Army on civil work activities for fiscal year 1991, Department of Army Corps of Engineers extract report of the Walla Walla district; to the Committee on Public Works and Transportation.

3073. A letter from the Secretaries of Defense and Veterans Affairs, Departments of Defense and Veterans Affairs, transmitting a report on the implementation of the health resources sharing portion of the Department of Veterans Affairs and Department of Defense Health Resources Sharing and Emergency Operations Act for fiscal year 1991, pursuant to 38 U.S.C. 8111; jointly, to the Committees on Armed Services and Veterans' Affairs.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calender, as follows:

Mr. McHUGH: Committee on Standards of Official Conduct. House Resolution 393. Resolution instructing the Committee on Standards of Official Conduct to disclose the names and pertinent account information of those Members and former Members of the House of Representatives who the committee finds abused the privileges of the House Bank, and to provide to other Members information regarding their House Bank accounts. (Rept. 102-452). Referred to the House Calendar.

PUBLIC BILLS AND RESOLUTIONS

Under clause 5, of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. SWIFT (for himself, Mr. RITTER, Mr. MANTON, Mr. RICHARDSON, Mr. SLATTERY, Mr. PEASE, and Mr. ANDREWS of Maine):

H.R. 4414. A bill to establish an Intercity Rail Passenger Capital Improvement Trust Fund, and for other purposes; jointly, to the Committees on Ways and Means and Energy and Commerce.

By Mr. GONZALES:

H.R. 4415. A bill to amend the Federal Deposit Insurance Act to establish a measure for determining deposit insurance coverage that is fair to depositors and taxpayers, and for other purposes; to the Committee on Banking, Finance and Urban Affairs.

By Mr. WHITTEN (for himself, Mr. MURTHA, Mr. SMITH of Iowa, Mr. YATES, Mr. BEVILL, Mr. ALEXANDER, Mr. TRAXLER, Mr. LEHMAN of Florida, Mr. DIXON, Mr. FAZIO, Mr. HEFNER, Mr. AUCOIN, Mr. COLEMAN of Texas, Mr. MOLLOHAN, Ms. PELOSI, Mr. GONZALEZ, Mr. BROWN, Mr. MILLER of California, Mr. CONYERS, Mr. DELLUMS, Mr. NOWAK, Mr. KILDEE, Mr. FRANK of Massachusetts, Mr. KOPETSKI, Mr. KANJORSKI, Mr. TORRES, Mr. FORD of Tennessee, Mr. DEFAZIO, Mrs. UNSOELD, and Mr. MARTINEZ):

H.R. 4416. A bill making dire emergency appropriations to create essential productive jobs, to strengthen short-term economic recovery, to boost long-run economic expansion, and to provide assistance to those who have been adversely affected by the economic downturn for the fiscal year ending September 30, 1992, and for other purposes; to the Committee on Appropriations.

By Mr. HENRY (for himself, Mr. VALENTINE, Mr. LEWIS of Florida, and, Mrs. JOHNSON of Connecticut):

H.R. 4417. A bill to rename the Department of Commerce as the Department of Manufacturing and Commerce, and for other purposes; jointly, to the Committees on Energy and Commerce, Science, Space, and Technology, Education and Labor, and Ways and Means.

By Mr. LEWIS of Florida:

H.R. 4418. A bill to amend the Internal Revenue Code of 1986 to restore the prior law exclusion for scholarships and fellowships; to the Committee on Ways and Means.

By Mr. MCCURDY (for himself, Mr. GEPHARDT, Mr. HYDE, Mr. SOLARZ, Mr. HOYER, Mr. GILMAN, Mr. BEREUTER, and Mr. JONES of Georgia):

H.R. 4419. A bill to provide for a Democracy Corps to mobilize and coordinate the expertise and resources of United States citizens in providing targeted assistance to support the development of democratic institutions and free market economies in the former Soviet republics and the Baltic States; to the Committee on Foreign Affairs.

By Mr. OWENS of Utah:

H.R. 4420. A bill to improve budgetary information by requiring that the unified budget presented by the President contain an operating budget and a capital budget, distinguish between general funds, trust funds, and enterprise funds, and for other purposes; jointly, to the Committees on Government Operations and Rules.

By Ms. SNOWE:

H.R. 4421. A bill to establish a comprehensive recovery program for communities, businesses, and workers adversely affected by the closure or realignment of military installations; jointly, to the Committees on Armed Services, Energy and Commerce, Ways and Means, Government Operations, Banking, Finance and Urban Affairs, Education and Labor, and Public Works and Transportation.

By Mr. SYNAR (for himself, Mr. MOODY, Mr. KLECZKA, Mr. ASPIN, Mr. PETRI, and Mr. GUNDERSON):

H.R. 4422. A bill to establish a Federal facilities energy efficiency bank to improve energy efficiency in federally owned and leased facilities, and for other purposes; jointly, to the Committees on Energy and Commerce and Government Operations.

By Mr. CONYERS:

H.J. Res. 435. Joint resolution to provide for the issuance of a commemorative postage stamp in honor of Louis "Satchmo" Armstrong; to the Committee on Post Office and Civil Service.

MEMORIALS

Under clause 4 of rule XXII, memorials were presented and referred as follows:

340. By the SPEAKER: Memorial of the House of Representatives of the State of Michigan, relative to the Little Traverse Bay Bands of Odawa Indians; to the Committee on Interior and Insular Affairs.

341. Also memorial of the Senate of the State of New York, relative to the 200th anniversary of the U.S. Bill of Rights; to the Committee on the Judiciary.

ADDITIONAL SPONSORS

Under clause 4 of rule XXII, sponsors were added to public bills and resolutions as follows:

H.R. 78: Mr. JOHNSON of Texas.

H.R. 371: Mr. SANTORUM.

H.R. 608: Mr. HOCHBRUECKNER and Mr. BENNETT.

H.R. 609: Mr. FRANK of Massachusetts and Mr. PETERSON of Minnesota.

H.R. 639: Mrs. VUCANOVICH.

H.R. 905: Mr. TRAFICANT.

H.R. 1004: Mr. FRANKS of Connecticut and Mr. SUNDQUIST.

H.R. 1124: Mr. SISISKY.

H.R. 1251: Mr. HYDE, Mrs. BENTLEY, and Mr. MCMILLEN of Maryland.

H.R. 1252: Mrs. BENTLEY and Mr. MCMILLEN of Maryland.

H.R. 1253: Mr. HYDE and Mr. MCMILLEN of Maryland.

H.R. 1473: Mr. STAGGERS and Mr. BOEHNER.

H.R. 1774: Mr. JEFFERSON.

H.R. 2083: Mr. MILLER of Washington and Mr. GORDON.

H.R. 2200: Mr. TAYLOR of North Carolina.

H.R. 2214: Mr. IRELAND.

H.R. 2452: Mr. BACCHUS.

H.R. 2832: Mr. REED.

H.R. 2872: Mr. GALLEGLY and Mr. JONES of North Carolina.

H.R. 2966: Mr. MILLER of California and Mr. LEWIS of Georgia.

H.R. 3026: Mr. MILLER of California, Ms. PELOSI, Mr. MAVROULES, Mr. KENNEDY, and Mr. COX of Illinois.

H.R. 3173: Mr. DERRICK.

H.R. 3330: Mr. BEREUTER.

H.R. 3475: Ms. WATERS, Mr. TOWNS, Mr. AUCOIN, and Mr. OWENS of Utah.

H.R. 3476: Ms. WATERS, Mr. LEHMAN of Florida, Mr. TOWNS, Mr. RAMSTAD, Mrs. LLOYD, Mr. LAFALCE, Mr. KLUG, and Mr. OWENS of Utah.

H.R. 3887: Mr. JONTZ.

H.R. 3952: Mr. SPRATT and Mr. CLINGER.

H.R. 3986: Mr. JOHNSON of South Dakota, Mr. MCMILLAN of North Carolina, and Mr. GUARINI.

H.R. 4013: Mr. KANJORSKI.

H.R. 4051: Mr. MCNULTY, Ms. LONG, and Mrs. UNSOELD.

H.R. 4109: Mr. MARKEY, Mr. ATKINS, Mr. JOHNSON of South Dakota, Mr. ROE, Mr. LIVINGSTON, and Ms. NORTON.

H.R. 4190: Mr. STENHOLM, Mr. CRANE, Mr. SYNAR, and Mr. CHAPMAN.

H.R. 4198: Mr. FIELDS, Mr. HUGHES, Mr. MANTON, and Mr. SMITH of Florida.

H.R. 4228: Mr. MILLER of Ohio, Mr. JEFFERSON, Mr. HOCHBRUECKNER, Mr. DWYER of New Jersey, Mr. KOLTER, and Mrs. ROUKEMA.

H.R. 4234: Mr. JEFFERSON and Mr. RIGGS.

H.R. 4243: Mr. KOPETSKI, Mr. FROST, Mr. VOLKMER, and Mr. GEPHARDT.

H.R. 4351: Mr. JEFFERSON, Mr. HERGER, Mr. KANJORSKI, and Mr. HYDE.

H.J. Res. 371: Mr. ALEXANDER, Mr. BARNARD, Mr. BILIRAKIS, Mr. BROWN, Mr. DOOLITTLE, Mr. DUNCAN, Mr. EVANS, Mr. GONZALEZ, Mr. LEVIN of Michigan, Mr. LEWIS of California, Mr. LOWERY of California, Mr. ROWLAND, Mr. SABO, Mr. BENNETT, Mr. CALLAHAN, Mr. CARR, Mr. CLEMENT, Mr. LEHMAN of Florida, Mr. SAWYER, Mr. SCHEUER, and Mr. WEISS.

H.J. Res. 388: Mr. SABO, Mr. MCNULTY, Mr. FAZIO, Mr. ARCHER, Mr. JOHNSON of South Dakota, Mr. ATKINS, and Mr. CRAMER.

H.J. Res. 410: Mr. SYNAR, Mr. PANETTA, Mr. ANDREWS of Texas, Mr. ORTON, Mr. COX of Illinois, Mr. BALLENGER, Mr. FAWELL, Mr. HENRY, Ms. HORN, Mrs. UNSOELD, and Mr. YOUNG of Florida.

H.J. Res. 424: Mr. LANTOS, Mr. OWENS of New York, Mr. LAGOMARSINO, Mr. DYMALLY, Mr. MONTGOMERY, Mr. LAFALCE, Mr. MILLER of California, Mr. MCDADE, Mr. HUGHES, Mr. MCMILLEN of Maryland, Mr. GUARINI, Ms. PELOSI, Mr. LANCASTER, Ms. NORTON, Mr. OWENS of Utah, Mr. QUILLEN, Mr. RAVENEL, and Mr. STAGGERS.

H.J. Res. 430: Mr. MARTIN, Mr. MRAZEK, Mr. MURPHY, Mr. STARK, Mr. ANDREWS of New Jersey, Ms. HORN, Mr. OWENS of Utah, Mr. PERKINS, Mr. PICKETT, Mr. APPLEGATE, Mr. RIGGS, Mr. RAVENEL, Mr. ANDREWS of Maine, Mr. MCNULTY, Mr. JOHNSON of South Dakota, Mr. EDWARDS of Texas, Mr. SCHUMER, Mr. MILLER of California, Mr. SOLOMON, Mr. STOKES, Mr. RANGEL, Mr. ROE, Mr. BROWDER, Mr. FALEOMAVAEGA, Mr. FEIGHAN, Mr. TRAXLER, Mr. VOLKMER, Mr. WALSH, Mr. LEHMAN of Florida, Mr. SERRANO, and Mr. TOWNS.

H. Con. Res. 89: Mr. SWETT and Mr. MCMILLEN of Maryland.

H. Con. Res. 192: Mr. MAZZOLI, Mrs. MINK, Mr. MAVROULES, Mr. FISH, Mr. NOWAK, Mr. GUARINI, Mr. ANDERSON, Mrs. BOXER, Mr. JONTZ, Mr. NEAL of Massachusetts, Mr. MOODY, Mr. NEAL of North Carolina, Mr. MYERS of Indiana, Mr. VISCLOSKY, Mr. TAYLOR of Mississippi, Mr. BERMAN, Mr. GLICKMAN, and Mr. ENGLISH.

H. Con. Res. 224: Ms. ROS-LEHTINEN and Mr. LEACH.

H. Con. Res. 276: Mr. SAWYER, Mrs. BENTLEY, Mr. COLEMAN of Texas, Mr. TOWNS, Mr. ANDREWS of New Jersey, Mr. CLEMENT, Mr. BREWSTER, Mr. BEVILL, Mr. BROWDER, Mr. LENT, Mr. POSHARD, Mr. GUARINI, Mr. BUSTAMANTE, Mr. CALLAHAN, Mr. DONNELLY, Mr. DOOLITTLE, Mr. FROST, Mr. MONTGOMERY, Mr. FEIGHAN, Mr. HOYER, Mr. ESPY, Mr. ANNUNZIO, Mr. DORNAN of California, Mr. DOWNEY, Mr. GUNDERSON, Mr. HEFNER, Mr. RITTER, Mr. HORTON, Mr. WILSON, Mr. ROE, Mr. LAGOMARSINO, Mr. SMITH of Florida, Mr. FASCELL, Mr. BATEMAN, Mr. MCDADE, Mr. MCMILLEN of Maryland, Mr. HUGHES, Mr. LANCASTER, Ms. NORTON, Mr. OWENS of Utah, Mr. SOLOMON, Mr. HALL of Texas, Mr. LAFALCE, Mr. QUILLEN, Mr. RAVENEL, Mr. RIGGS, Mr. ROSTENKOWSKI, Mr. ERDREICH, and Mr. STAGGERS.

H. Res. 376: Mr. CRANE, Mr. KLUG, Mr. FAWELL, Mr. JACOBS, Mr. MCMILLAN of North Carolina, and Mr. SOLOMON.

H. Res. 391: Mr. MOAKLEY.