

became quite obvious to me that, yes, teenage smoking is a problem. But it is not nearly the problem in America that is caused by the use of illegal drugs and alcohol among young people today. As a matter of fact, if we visit any juvenile facility around the United States, on the average 63 percent of juveniles in every juvenile facility were using drugs on a regular basis before going to that facility.

I firmly believe that while teenage smoking is a problem, the major problem facing teenagers today is the use of illegal drugs and alcohol. Yet despite that, the mobilization against a single legal industry, the tobacco industry, by a President, a Vice President, a former FDA commissioner, Surgeon General, trial lawyers, 40 State attorneys general, and other organized groups may be a first in America.

The wartime fervor with which the antitobacco movement pursues its aims, its deployment of extreme measures, including punitive legislation and coordinated lawsuits, is unprecedented in our country. The issue is much more than simply teenage smoking and the reduction of teenage smoking. These groups want to punish this industry.

Now, last July representatives of the tobacco companies sat down with 40 State attorneys general and various trial lawyers and various health care groups and under the auspices of the White House to see if they could reach an agreement to reduce teenage smoking in America. And they did reach an agreement, and it was a historic agreement in many ways. And yet I would say that I doubt that 1 percent of the American people know what the tobacco industry agreed to do in those negotiations. I want like to review that for the American people this evening.

First of all, the tobacco industry agreed that they would pay \$368 billion every 25 years forever. And from that money, some would go to the States to reimburse them for Medicaid costs, but a lot of the money would go for programs to help teenagers be educated about tobacco, to help teenagers stop smoking this product and maybe not even begin to smoke it.

Second of all, the industry agreed that the FDA, the Food and Drug Administration, would be able to regulate tobacco, going far beyond the FDA rules to regulate tobacco initiated by former Commissioner Kessler. The agreement went far beyond that.

In addition, the industry agreed that a third-party entity, a health care entity, would be able to set goals to reduce teenage smoking each year by a certain percentage point. And if the industry were not able to reach that goal, if the goal was not reached, the industry would pay \$80 million per 1 percentage point that that target was missed. That is even considering that the industry does not necessarily control teenage smoking. Yes, we live in a country that even teenagers have some responsibility and can make a decision of are they going to use the product or

not, knowing full well that it is not healthful to use. But the industry agreed they would pay \$80 million for every percentage point missed.

In addition, they agreed to pay \$5 billion a year into a trust fund for payments to pay off court judgments. In addition, they said that they would voluntarily sign consent decrees waiving their constitutional right to advertise their product.

In addition, they said they would sign consent decrees to voluntarily waive their right to lobby the Congress. Every constituent, every citizen in America has a right to lobby the Congress, to petition government, and they agreed to give that up too.

But despite all of those things, the antitobacco groups now are going forward and saying "We want more out of this industry." I want to urge them to focus more on helping us reduce teenage smoking and the use of illegal drugs and stop trying to punish an industry.

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Maryland (Mrs. MORELLA) is recognized for 5 minutes.

(Mrs. MORELLA addressed the House. Her remarks will appear hereafter in the Extensions of Remarks.)

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Pennsylvania (Mr. WELDON) is recognized for 5 minutes.

(Mr. WELDON of Pennsylvania addressed the House. His remarks will appear hereafter in the Extensions of Remarks.)

THE BALANCED BUDGET

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

Mr. NEUMANN. Mr. Speaker, I rise tonight to talk about an issue that is very much on the forefront in America. We are hearing a lot about the fact that the budget is finally balanced. We know that in 1995 when many of us came here there was this discussion that we were going to balance the budget by the year 2002, and now we are hearing in America that the budget is balanced today.

That is good news for the American people, and I would like to spend most of the hour tonight talking about what it actually means to have a balanced budget and how Social Security fits into this discussion. And I guess most important of all, like I found out in my town hall meetings back home, we had 14 of them over the last week, how it is that Washington's idea and definition of a balanced budget, albeit the same since 1969, is very different than what the people in Wisconsin think and probably what most of America thinks in terms of a budget being balanced.

I thought I would start with a chart that shows what it was like in 1995 when we first got here. In 1995 when we first got here, the President made a budget projection and he presented us his version of what we should be doing. This red line shows where the deficit was headed in 1995 when we got here, if we had played golf, basketball and tennis instead of doing our job. But we did not play golf, basketball and tennis. We fought hard to get Washington spending under control.

Over a two-year period of time we brought the growth rate of Washington spending down by virtually 50 percent. In two short years it came from 5.2 percent, that is how fast it was growing when we got here, down to 2.8 percent. That is how fast it is growing today.

This yellow line on the chart shows what happened in our first 12 months in office, and my colleagues can see the deficit projections were coming down already after only 12 months in office.

The green line shows what we had hoped to accomplish, and that is the plan that we laid out when we got here to get to a balanced budget by the year 2002. And virtually all of America heard about it, but our constituents said, "I do not believe they are going to do it." That is what they said back home.

The facts are in, and for the last 12 months running we not only got to a balanced budget by 2002, we are actually there four years ahead of schedule. Remember, this is the Washington definition of a balanced budget. For the last 12 months running, the United States Government spent less money than they had in their checkbook for the first time since 1969.

Now, when I get into this discussion about how this relates to Social Security, many of us are not going to like the Washington definition very well. But this should in no way take credit away from the fact that this has been done for the first time since 1969.

□ 1900

In 1969, I was a sophomore in high school dating the young lady who now happens to be my wife so I know that was a long time ago, the last time this actually happened, and America should be cheering for this. We have come so far in such a short period of time.

I would like to focus on what this actually means because there seems to be a lot of disagreement, and Lord only knows, a lot of misunderstanding on exactly what this means when we say we have a balanced budget. I would like to start with exactly what Washington's definition of a balanced budget is.

I come from the business world. This is the first office I have ever held. We were a home-building business. We would not have defined it in the same way that Washington does out there in the business world. Washington looks at the total number of dollars coming in, at the total amount of taxes the American people pay. They add up all of that money coming in. Then they

look at their checkbook, and they figure out how many checks they wrote out. And at the end of the year, for the first time there was actually more money coming in than what they wrote out in checks.

Again, make no mistake, this side of the picture, the dollars coming in, is clearly a result of a strong economy. So let us not give any politicians credit for these dollars coming in because, in fact, that is the hard work of the American people. That is the people that get up in the morning, go to work every day of the week, and earn a salary, and then send taxes to Washington. It is their money that we are talking about. And with the economy very strong, welfare reform was passed, able-bodied welfare recipients have returned to the work force. Those folks started paying taxes in, and that is why the amount of money coming in has been very strong.

But that is not the end of the picture. On the other side, the money going out, the rate at which that money is going out, the growth rate has been slowed by 50 percent in these 3 short years.

Together those two things have led us to a point where we have what Washington calls a balanced budget. I would like to go further with the definition because it is important that everyone understands exactly what they mean by a balanced budget so we understand just how far we have to go. And the rest of this discussion should in no way take any credit away from the fact that this has actually happened for the first time since 1969.

To understand what actually is happening in this budgetary process, I would encourage my colleagues to think of a pension fund, and think of a business running a pension fund; only in this case the pension fund is Social Security.

What I have on this board is the total dollars coming in being collected out of the American taxpayers' paycheck for Social Security. We are collecting \$480 billion for Social Security this year; that is, when you look at your pay stub, if you are out there, a hard-working American, you look at your pay stub, that money coming in for Social Security equals \$480 billion. The total amount being paid back out to our senior citizens in benefits is \$382 billion.

This is not really hard to understand. It is very much like your checkbook if you sit down at your kitchen table. If you have \$480 in your checkbook, and you write out a 382-dollar check, your checks do not bounce. It works fine. As a matter of fact, you have \$98 billion left in your checkbook.

What is going on in Social Security is that \$98 is supposed to be put into a savings account. We all know that people in my age group, the baby-boom generation is rapidly heading toward retirement, and there is lots of us. As a matter of fact, there is lots more of us than there are seniors today.

When we get to the retirement years, since there are so many of us, it means

there will be more money going out than what there is coming in. It is exactly the opposite of the picture that we have today. The idea is this \$98 billion goes into a savings account, and it is much like we do in our own family. When there is more money going out than what we have coming in, we then go to that savings account, get the money out, and Social Security works. That is how Social Security is supposed to work today.

Now, I would like to point out that these two numbers, they turn around in about the year 2012. So from now through 2012, we have more money coming into the system than what we are paying back out. As a matter of fact, the rest is supposed to go into a savings account.

When I am in my town hall meetings back home in Wisconsin, it did not matter if I was in Beloit, Janesville, Kenosha, Racine or Burlington, wherever I was, I would ask the question, what do you suppose Washington does with that \$98 billion that they have extra coming in from Social Security? They would all start laughing, and they would say, well, obviously they spend it. The right answer; that is exactly correct. The American people understand that, and they know that is what is going on out here.

Let me be very specific on how it works out here. That extra \$98 billion comes in. Think of this middle circle as the big government checkbook because that is where it goes. It gets deposited directly into the big government checkbook. Washington then writes checks out of their big government checkbook. Remember the first picture we had up here. When the dollars in equals the dollars out, we call that a balanced budget.

You see, however, what is wrong with that picture. That balanced budget, those dollars going into the big government checkbook, those dollars going into that checkbook, include this Social Security surplus. When they look at the dollars going out of that checkbook, it does not include a check going down here to the Social Security Trust Fund. So when we talk about a balanced budget in Washington, D.C., please do not shoot the messenger; this is the way it has been defined for many, many years before I got here, all the way back to 1969. They have defined this thing to be, with these extra dollars coming in, if we can just get this checkbook so we are not writing out more checks than what we are taking in, we are going to call that a balanced budget. That has been the definition.

Remember, since 1969, we have not even balanced the budget even utilizing the extra money coming from Social Security. So while it is an important and a first step forward, I think most people in America would understand and realize that in order to truly balance the budget, we need to write a check out of that checkbook down here to the Social Security Trust Fund so

that there is actually real money in the Social Security Trust Fund.

What we do today, that \$98 billion goes into the big government checkbook. They spend all the money out of the big government checkbook. And since there is no money left to put a check down here, we simply write an IOU to the Social Security Trust Fund. That IOU, let me be very technical about it, that IOU is called a nonnegotiable treasury bond.

A nonnegotiable treasury bond is very simply something that cannot be sold. The problem with this is if you have got a bond in there that cannot be sold, and we get to the year 2012, remember that is the year where there is more money going out because us baby-boom generation people are getting there so there is more money going out than what there is coming in. If this thing is full of IOUs, nonnegotiable, nonmarketable treasury bonds, the question that most logical thinking people would ask is: Where are they going to get the money from in 2012 to keep Social Security going?

There is only three possible answers to that: One is they can raise taxes on the American workers. That is a bad idea. The second one is they can simply borrow more money, and that is a bad idea because that makes the situation worse for our children. The third one, of course, is to reduce spending elsewhere in Washington, and I mean I think that is a great idea. But the problem with that idea is, what is the probability of it actually happening as opposed to simply going out and borrowing the money.

The real point here, what needs to be done in Washington, D.C., and we have written the legislation to do it; I see my good friend from Minnesota has joined me, and in spite of the tie he has on, I am going to invite him into this conversation. But I would like to just point out that we have written legislation that would specifically take that \$98 billion extra that is coming from Social Security and put it directly down here into the Social Security Trust Fund.

The bill is called the Social Security Preservation Act. It is H.R. 857, and it effectively stops the government from spending money that is supposed to be set aside for Social Security. This means when we get to the year 2012, the government can go down here to the Social Security Trust Fund; we will have negotiable treasury bonds; that is, a treasury bond that anybody can go to their local bank and buy.

When I was at our town hall meetings, I asked our seniors if they knew what a treasury bond was. I would say at every meeting we had three or four that actually owned treasury bonds because they had bought them at their local bank. What we are suggesting we do is put that right down here in nonnegotiable treasury bonds, regular T bills that you can buy at your local bank. Then, when 2012 gets here, we simply go to the trust fund, sell the

treasury bond, get the money, and Social Security is solvent.

I need to be very specific on this, though, because while that solves the problem in 2012, this works much like your home checkbook. If you overdraw your checkbook this month, you go to your savings account and you get the money, and you put it in your checkbook and make good, everything is fine. But then next month, you overdraw your checkbook again, go to the savings account, get the money, and everything is fine. But if you keep doing that month after month after month, which is what happens in Social Security beyond the year 2012, eventually what would happen to your savings account, of course, is you would run out of money.

In the Social Security system, even if all of the money is in the trust fund that is supposed to be there, including repayment of the money that was supposed to have been put there in the first place, even if all of that money is there, their savings account reaches zero in the year 2029. So that is why we are hearing all of this discussion about Social Security today. Two thousand twelve, we are okay if there is really money in the Social Security Trust Fund.

If H.R. 857, the Social Security Preservation Act passes, and the trust fund is full of real money, we are okay in the year 2012. But our savings account runs out of money, much as your personal savings account would eventually run out of money if you kept overdrawing your checkbook; the Social Security Trust Fund savings account also runs out of money in the year 2029.

I yield to the gentleman from Minnesota (Mr. GUTKNECHT).

Mr. GUTKNECHT. I would like to thank the gentleman for yielding to me, and despite the tie, I am delighted to be with you tonight. I just want you to know my brother gave me this tie so if he is watching back home, he will know what you had to say about it.

Mr. NEUMANN. That was a compliment.

Mr. GUTKNECHT. I want to congratulate you for all that you have done; not so much just in balancing the budget, because I think members of the Committee on the Budget, and you also are on the important Committee on Appropriations. I do not know of anybody who has fought more to balance the budget, to fight wasteful Washington spending than you have.

I am glad you are talking a little tonight about Social Security and Medicare and seniors issues because you are not only a cosponsor of the Social Security Preservation Act, but you are also a very important proponent of trying to solve the notch issue. I know that I and many of my colleagues, I expect, I heard you mention that you had town hall meetings during the Easter break as well. Almost everywhere I went when I met with seniors, someone raised the issue of the notch baby problem. And I do not know if you spent

any time talking about that, but this is really an issue, particularly now, I think, that at least we are moving towards a surplus using the old accounting method here in Washington; that maybe this is the time, this is the year we can finally do something to bring about some fairness to those folks who are called notch babies.

I have a particular interest, perhaps a parochial interest, if you will, in this issue because my father is a notch baby. Every so often when I am home for a family reunion or weekend, whatever, he reminds me that notch babies have been treated unfairly by the system. And up until this point there have not been many Members in this House, or in this city, who have been willing to seriously deal with the issue.

I just wanted to congratulate you. I am a proud cosponsor of H.R. 3008 for the first time giving some kind of lump sum payments, and I think the bill originally called for a \$5,000 lump sum payment. I am not certain if ultimately that will be the number, but clearly the time has come to recognize the inequity and perhaps you want to talk a little bit tonight about the notch-baby problem. I suspect there are many people who are watching who have a very strong interest in it.

Mr. NEUMANN. Well, when we wrote the notch bill, we wrote it very different this time. As a matter of fact, when I have been on the floor of the House sometimes Members have said this has been discussed before, and we cannot do anything about it. But we wrote the notch bill very different this time than in the past.

In the past, when they proposed fixes to the notch problem, and let me make it very clear, I have got the numbers in my office on this. The notch babies are not getting an equitable monthly payment in Social Security when compared to other people who have paid exactly the same amount into the system. When we wrote the notch bill this time, we went to other parts of the budget and we said, look, this is not right what is happening to seniors here. We are going to reduce spending over here in order to provide the money necessary to correct the notch problem that is very real.

And the bill we wrote does two things. It gives our senior citizens the option of one of two things: They can either correct their monthly payment, or get to a monthly payment that is approximately equal to other people who have paid the same amount into the system, or they can take the \$5,000 lump sum payment paid over a 4-year period of time. It would be their choice as to which one of these two that they were to receive.

But the gentleman is absolutely correct. The senior citizens that were born in those years that are commonly called the notch babies, they are certainly not receiving a fair payment back in the Social Security system. I personally think it is high time something got done about it. The group that

came in in 1995, this is really the first time we are starting to discuss this in depth. The problem should be fixed and it should be fixed today.

Mr. GUTKNECHT. Just for the Members who may not know, these are principally people born between the years 1917 and 1926. And there is almost something cynical about this.

Most of my seniors are not particularly cynical people, but it does almost seem as if Members of Congress in the past said, well, if we just let this thing go eventually all of these people will die off, and it is not a problem anymore. I hope that we are bigger than that. I hope we are better than that. I think, hopefully, we can find the funds this year within the budget to take care of those people.

I would also like to talk a little bit about how important and the work that has gone, and I am not certain how many of your slides you have shown tonight talking about the seriousness of the debt and how far we have come. I think we need to remind ourselves once in a while that under the old accounting standards, and going back to about 1964, and what we call the unified budget, we have literally taken those excess Social Security funds and used them to mask the deficit.

Now, some people say that happened because people back in the mid-1960s wanted to hide the cost both of the Vietnam War as well as the great society. And this was a way of being able to spend the money without having to recognize the trust fund obligations that we had ultimately to Social Security. So I think the time has come, because we have come so far with balancing the budget. We have eliminated over 300 programs. We have cut the rate of growth in Federal spending in the last 3 years by almost 50 percent. We are closer today, and probably you have done a better job even than the Congressional Budget Office in terms of predicting where we would be relative to the balance and ultimately to a surplus.

□ 1915

Mr. NEUMANN. Mr. Speaker, reclaiming my time, if we look at what is happening in America today and we look at the revenue growth rate and the spending growth rate, and to most American citizens they do not want to know about all that stuff, that is our job to know that stuff, but when we look at what is actually happening out there today, the surpluses, by the old definition, will exceed the amount of money that is necessary to be put aside for Social Security in the near term.

Let me make this very, very clear. Even setting Social Security money aside, we will be running surpluses by the year 2000, 2001 as large as \$250 billion. Take out the Social Security money and we still have got a \$150 billion surplus by the year 2001 or thereabouts. And I think it is very important that the American people engage

in this debate right now as to what they would like to see done with this surplus.

And, again, let us be real about this. If we go into a recession, this is not going to happen. If we have a war, this is not going to happen. But if things keep going the way they are right now today, if we do not have a major economic downturn, we are looking at surpluses that are large enough to set aside the Social Security money the way we should and still have about \$150 billion left over.

Mr. GUTKNECHT. If the gentleman would yield further, though, there is one more caveat that he did not mention; and that is that we do not return to spending normally. The pressure to spend in this town, the propensity of Washington to spend money that is not ours, it is so easy to spend other people's money and it is even easier to spend the money of people who are not yet born.

We have our friend the gentleman from South Dakota (Mr. THUNE) joining us.

I want to share one more thought. All of us are no more than one generation removed from the farm, and this is something I talked about in some of my town hall meetings in terms of balancing the budget and ultimately paying off some of that national debt. And my colleague and I are cosponsors of a bill which, ultimately, if we could get the Congress to agree to it, would actually pay off the debt. Let me share before we yield to our friend from South Dakota.

Historically, particularly people out in the farm understand this, that the American dream was to pay off the mortgage and leave our kids the farm. And what Congress had been doing for the last 30 years is we have been literally selling off the farm and leaving our kids with the mortgage. And it is time that that change.

Mr. NEUMANN. That is what this picture really shows. This picture shows the growing debt facing the United States of America. From 1960 to 1980, it did not grow very much. But from 1980, that is where that huge growth rate has been. Where we go to with this discussion of surpluses beyond the Social Security money, that is, even if we set the Social Security money aside, is still a surplus of \$150 billion. What it does is put us in a position where we can start dealing with paying back some of this debt. We can start dealing with putting the money back into the Social Security Trust Fund that has been taken out basically over the last 15 years.

It is important to note when we look at this debt picture that part of the red that we are seeing in this debt picture is the Social Security Trust Fund money that has been taken out over the last 15 years. So, as we start repaying the Federal debt, we can also put the money back into the Social Security Trust Fund.

I guess if I were to look at this surplus personally, I would say we have

three major problems facing the United States of America, and my colleagues might join me in this. I think the three problems we have facing America, economically at least, are the debt of \$5½ trillion, and we ought to be making payments on the debt, much like people would make payments on their own home mortgage.

Taxes are too high in America. Americans pay \$37 out of every \$100 they earn in taxes at some form of government level today. Would it not be nice if we could get that back to where it was in 1955, say to \$25 out of every \$100 they earn?

And the third problem is the Social Security system. Because even if we are paying down debt, getting all the money into the trust fund that belongs there, we still have the long-term problem out in 2029 where, ultimately, the Social Security savings account runs out of money.

So those are three problems that need to be fixed, and the debt needs to be repaid. Taxes are too high, and they need to be brought down, and we need to restore the Social Security Trust Fund. And, of course, the gentleman is a cosponsor of a bill, the National Debt Repayment Act, that literally takes the surpluses and divides it equally amongst those three categories for purposes of paying down debt, restoring long-term Social Security and lowering taxes on Americans.

I yield to the gentleman from South Dakota (Mr. THUNE).

Mr. THUNE. Mr. Speaker, I want to thank the gentleman from Wisconsin for yielding, and I would suspect, and the gentleman from Minnesota here, my colleague to the east, and I would guess that their congressional districts are not very much unlike my State of South Dakota, and I represent the entire State.

But I would like to credit the gentleman from Wisconsin for the exemplary leadership he has taken on this issue. Because I think one of the reasons that we are having this discussion today is that the class that my two colleagues came in with back in 1995 got this spending situation into control and basically injected a new discipline into the process out here, and I think that has helped propel us to where we are both in terms of the economy and what we are going to be able to do to address the debt situation.

In fact, the gentleman from Minnesota made the comment earlier that there is CBO and OMB and there is always this raging debate about whose numbers are more accurate, and I think we ought to have the Neumann rule. The Neumann law would be the one that works, because I think he has proven in the past to be the most accurate predictor of what some of these economic assumptions and what some of these budget numbers are going to be.

But let me just say, because I think it is very important to note what my colleagues are attempting to do here,

and that is to put us on a path to fiscal responsibility in the future so we do not end up selling the farm out from beneath our children and grandchildren.

Many of the proposals that the gentleman from Wisconsin, I am a cosponsor of one as our friend from Minnesota, address this issue in a very systematic way and start working down debt, paying down debt, lowering taxes and again in a very systematic, disciplined and deliberate way, so that in the next 30 years we will have eliminated this.

It is a novel concept in this town to talk about spending only 99 percent of what you take in; and, ultimately, what we are going to have to do if we are going to get this under control is limit the amount the Federal Government takes in the first place. Because both my colleagues have noted that once it ends up in this town, it is going to get spent; and the only way we can avoid that is to leave the money at home and make the Federal budget smaller and the family budget bigger. And, again, I think that has been the objective of many of us here in this Congress.

It was interesting to me because, as I traveled the State of South Dakota this last week, I heard a lot about commodity prices; and there was a concern about wheat and corn. I am sure my colleagues all heard that, too, some about transportation funding, because that is important in my State, a number of issues that were brought up.

But I walked into a gas station in Aberdeen, South Dakota; and as I was going up to pay for the gas, the lady at the checkout said, "You know, Congressman, working families need lower taxes." She went on to explain that she and her husband both work. They are raising children. They are trying to educate their children. They are trying to put away a little money for retirement. And she understands full well that the way that we liberate and help working families in this country is not by forcing more government solutions down their throat but by allowing them to keep more of what they earn so the decisions about their daily lives, the things that affect them, like education, like retirement, like health care, like child care, are decisions that they are able to make.

That again I think is the direction in which the gentleman from Wisconsin in his legislation moves this country, and that is a very positive one. Because, again, I believe it shifts power and control and authority out of this city and back home; and that is something that the liberals have a big time with.

Mr. NEUMANN. In one of my town hall meetings, and my colleague mentioned this, bring the taxes down, we had a person sitting there and he was clearly not what we would call a supporter of Mark Neumann, and he said, "We don't need lower taxes. We don't need tax cuts. We need higher paying jobs." And I am thinking to myself,

higher paying jobs, is that not for more money in our take-home paycheck and is that not exactly what the tax cuts do is provide more take-home pay for those workers? But somehow they have got this ingrained message we need higher paying jobs.

Well, the facts are, the reason they need higher paying jobs is because the Government overtaxes them. If the Government would let them keep more of their own money, it effectively creates a higher paying job by letting them keep more of their own money.

That family my colleague was talking about, did he go through the tax cuts we just passed to them? How many kids do they have?

Mr. THUNE. Well, I should have. I did not ask specifically how many. But I should have walked through the things that happened last year and how she and her family are going to benefit from that.

You go across the board in my State of South Dakota, because we are basically small businesses, farmers, ranchers, and you look at the death tax and rolling that back and the capital gains tax and rolling that back and the family credit and Hope scholarship, all of these things were done with an eye toward allowing working families to have more control over their own future.

Mr. NEUMANN. Let us be very, very specific. Let us assume that this young lady that my colleague talked to at the gas station had three kids. Next year, when they figure out their taxes and their family and they get to the bottom line, they subtract off \$1,200, \$400 for each one of those children under the age of 17. That was the tax cut package that was signed into law last year. If they have some in college, they will get to the bottom line of their taxes and for a freshman or sophomore they subtract off \$1,500 to help pay for that college tuition.

I had a bunch of high school seniors out here in the last couple weeks from a couple of our different high schools around and I asked them, did you know that next year when you go to pay your college tuition your parents are going to get a \$1,500 tax credit? That is, they figure out how much they would have sent to Washington and they subtract \$1,500 off the bottom line to help pay for their college. A lot of them do not even know about it yet, but this is there and available. Juniors and seniors, it is 20 percent of the first \$5,000, or \$1,000.

My colleague mentioned the capital gains, rolling it back. Let us be very specific. The amazing thing to me in our town hall meetings, and, remember, this is not Republicans in our town hall meetings. This is Republicans, Independents, Democrats. It is Americans, which is exactly the way town hall meetings should be. They are open and publicized and everybody comes.

When I asked the question, "How many in this room own a stock, a bond, or mutual fund or participate in a 401(k) retirement plan," it is amazing.

I would say it is 99 percent in those rooms. And the next thing I say is, "By the way, I hope if you invested in stocks or bonds or mutual funds you made a profit, because that is what your investment is all about and that is right."

The capital gains tax reduction that we passed last year means that if they make a profit, say they make \$100 selling some stock they own, instead of sending \$28 out of that \$100 to Washington, they send \$20. And if they are earning less than \$40,000 a year, and it is amazing again, the number of people earning less than \$40,000 a year that have also invested in stocks and bonds, if they are earning less than \$40,000 a year, instead of sending Washington \$15 out of the \$100 they made, they only send them \$10.

So these capital gains, I like to put it in real family perspective. Let me bring a Janesville family in since we talked about a South Dakota family. They have got two kids at home and a freshman in college. This family, when they go to do their taxes next year, they subtract off \$400 for each one of the kids that are still home and \$1,500 for the college freshman. That is a total of \$2,300 that they keep in their home, in their family, instead of sending it to Washington.

I always like to ask the next question. The next question I always ask them is, "So who do you suppose could spend this money better, us out here in Washington or you in your family in your own home?" And there is just a chuckle around the room because we all know the answer to that question.

Mr. GUTKNECHT. I think sometimes we have to remind ourselves, and I know that my colleague was back in South Dakota and was probably watching some of the debates when we first got into this fight about balancing the budget and allowing families to keep more of their own money while we were trying to save Medicare and a lot of the critics and cynics on the other side said, first of all, you cannot do it. You cannot balance the budget. You certainly cannot balance the budget and provide tax relief. And, above all, you cannot balance the budget, provide tax relief, and save Medicare.

Then sometimes the cynics said, well, if you give these tax cuts it will only benefit the wealthy and particularly as it relates to capital gains. I mean, that was the argument. I am sure my colleague heard it. There were ads run. There was almost hysteria around this town that if you provide capital gains tax relief, it will not do much for the economy but it will help the wealthy.

Well, we did not pay attention to the cynics. We did not pay attention to the critics. We had to ignore them. And, ultimately, what happened? Well, we are balancing the budget. We have the healthiest economy we have seen in 30 years, the lowest unemployment rate.

And perhaps the best news of all, partly because of our welfare reform,

and I know the governor in Wisconsin has probably done more than almost any other governor, we have done a good job in Minnesota, and I think they have done a good job in South Dakota as well. But nationally, when we passed welfare reform and sent a lot of the decision-making back to the States and all that we did was require work, personal responsibility and encourage families to stay together, that was welfare reform. We block granted it. We ended the Federal entitlement, which existed for 60 years.

And a lot of the critics and cynics on the other side said, "You are going to pull the rug out from these people. People will starve. People will be thrown out in the streets."

Well, let us look at the facts. Let us look at what has happened. 2.2 million American families have moved off of welfare roles and onto payrolls.

□ 1930

I will tell the gentleman a story from my district. I was meeting with some teachers. After school, we talked about Title I, and we talked about some educational programs.

Finally, one of the teachers said, you know, of all of the things you guys have done since you went to Washington, I think the most important is this welfare reform. I said, really. Tell me about that.

She said, well, let me tell you about one of my students. Let us call him Johnny. All of a sudden, Johnny started to behave better. He had a better attitude. He was a better student. He even carried himself better. Finally, she said, I asked Johnny, is there something different at your house? Johnny said, yeah, my dad got a job.

We forget sometimes, those of us who have had at least one job since we were 15 years old, that a job is more than the way we earn our living. A job helps improve and affect our entire life, and it affects everybody in the family.

Through a stronger economy, by lowering capital gains tax rates, by allowing families to keep more of what they earn, by encouraging work and personal responsibility, the great news is, not only have we saved money, but we have saved people. We have saved families. We have saved kids from one more generation of dependency and despair.

Mr. Speaker, I yield back to my friend from Wisconsin.

Mr. NEUMANN. Mr. Speaker, a very exciting thing. When I was in our district and I toured one of the centers where they help people leave the welfare and get into the workforce, they did not talk to those families about the first job or only the first job they were going to get. At this work center, they talked to them about the first job and showed them how, if they were successful at the first job, they could have a second job, and how then there was a promotion waiting. They literally went to the fourth job for these families that were leaving welfare.

If citizens stay on welfare, they are destined to receive only what the government decides to give them. But if

they go into the workforce, they have the opportunity to receive a job promotion and create a better life for themselves and their family. That is what welfare reform is all about. That is the exciting thing in welfare reform.

Mr. THUNE. Mr. Speaker, if the gentleman would yield, I would also add, and I think, again, it is something that my colleagues all were responsible for doing when they came here back in 1995 to reform the welfare system. But it started with a principle, and that is that the welfare program ought not to be measured, its success ought not to be measured by how many people we get on welfare but how many people we get off. And that is a value. Hard work is a value and personal responsibility. That translates into a public policy which has produced the exact results that we thought it would.

I think that is a great tribute to the work that my colleagues did when they got here. Of course, we in 1996 and 1997 and following, we were able to join them and continue down that road.

I think, in many respects, if we look at the success in the economy, and there has been a lot of talk about who should get credit for the booming economy. The President says it was his budget. It was his 1993 budget which, of course, included \$250 billion in tax increases which I have a hard time thinking have a lot to do with an economic recovery.

Since the Republicans took control, since this majority took over in 1995 and we made some of the tough decisions on fiscal policy and getting our fiscal house in order, the markets have recognized that. We look at what the markets have done. But before the election in 1994, the DOW was at about 3800 points; today, it is over 9000.

So to suggest for a moment that that was all a result of the 1993 tax increase I think begs the question. The question is: What about all the hard work that was done by this Congress when they came in, made those hard fiscal choices, which the markets recognize, interest rates started coming down? And the general attitude in this town, for a change, was, we are going to do what we can to lower the tax burden so people can make investments, keep more of what they earn. That unleashed a whole new round of investment. We are seeing the renaissance of a lot of that decision making.

I think, frankly, in fairness, we need to give credit where credit is due. Those of us who joined this Congress back in 1995 deserve a great deal of credit.

Mr. NEUMANN. Mr. Speaker, reclaiming my time, I think what the gentleman talks about, and I showed this chart earlier this evening, but when he talks about what happened, and they said the 1993 tax increase somehow solved this problem. This is in 1995, 2 years after the tax increase, where the deficit was going when we got here. This is the President's budget proposal in April of 1995. This is where the deficit was going.

It is not the tax increase that solved the problem. It was a combination of a strong economy coupled with controlled Washington spending, getting the growth rate of Washington spending under control.

The yellow line is our first 12 months here, the green line is what we hope to do, and the blue line, reaching balanced budget 4 years ahead of schedule, is what has actually happened.

Mr. GUTKNECHT. Mr. Speaker, if the gentleman would yield, the truth of the matter is the facts speak very loudly. In fact, I often quote John Adams, one of the people who helped write our Constitution. He said, facts are stubborn things, and the facts are overwhelming. That is that if tax increases alone would have balanced the budget, we would have had a huge surplus long ago.

As the gentleman indicated earlier, when Washington gets its hands on the money, the history has always been that it spends it. Not only does it spend it, but let me give my colleagues one more statistic that people forget.

On the last 30 years, on average, for every dollar that Congress took in, it spent an average of \$1.22. Since we took control, since the Republicans took control of this Congress, that number is down to a \$1.01. I think, with this budget, it will actually be about 99 cents. If that is not a clear-cut difference, I do not know what is.

Mr. NEUMANN. Mr. Speaker, reclaiming my time, I think the other thing that needs to be kept in mind here, from 1969 to today, we have had other strong economies but never got a balanced budget. Lord only knows, we have had more than enough tax increases between 1969 and today. That is how we have got the high tax rates we have got today.

Neither the tax increases nor the strong economy, by themselves, have led us to a balanced budget. It has been the controlling of Washington spending coupled with that.

We talked about some solutions here like welfare and getting us to a balanced budget. I want to drop back to Social Security for a minute because, long term, we still have this Social Security problem that, even if we get the money in the Social Security Trust Fund by passing the Social Security Preservation Act, in the year 2029, they still run out of money. The Social Security Preservation Act solves it from 2012 to 2029.

I would like to, just for a minute, focus on some of the discussion that is going on here. I found when I was talking to the American people and I said Democrat Senator PATRICK MOYNIHAN has a plan on the table, everybody knew who Democratic Senator PATRICK MOYNIHAN was. They had very little knowledge of what his plan was, other than he was a person who usually worked with seniors.

I think it is important, and let me be very specific about this, I do not support this plan, but I think it is impor-

tant the American people understand what it is that Democrat Senator PATRICK MOYNIHAN is proposing, because it is the number one plan in terms of solves Social Security. It goes back to the old ways.

Here is what it does. It first lowers the cost of living adjustments to senior citizens by 1 percent. I found all our seniors in our town hall meeting knew what the cost of living adjustments were. The plan lowers cost of living adjustments by 1 percent.

It increases the retirement age from 67 to 70. It raises the taxes on Social Security benefits. And here is how he does this in the plan. He looks at how much is paid into Social Security over the years. Anything we get out over and above that amount is 100 percent taxable.

So it is a monumental tax increase on our seniors. It lowers the benefits being paid to our seniors up front by recomputing the number of years from which we base our initial payment.

The part that he is getting a lot of support for, and even some of my conservative friends are supporting him, because it takes the 12.4 percent Social Security tax that is being paid today and it lowers it to 10.4. That is where the support is coming from.

A lot of people are seeing that reduction from 12.4 to 10.4 as something that is good. His idea is that, if people get that extra 2 percent in their pocket, they can put it away and take care of themselves in their own retirement.

That sounds very good, but we need to understand that, if that happens, we no longer have solvency past the year 2012, and the system is now bankrupt in the year 2012. So I do not support this plan. But I think it is important that the American people have the opportunity to understand what is in the plan.

I would like to give my colleagues some modern thinking. This new Congress that has come out here and solved Medicare without raising the taxes by looking at things like diabetes and realizing that it was much cheaper and much better for our senior citizens to provide preventive care than it was to wait until a senior citizen got very sick because of diabetes, solving Medicare problems with common sense solutions that did not just throw money at the problem.

There is a proposal out here right now, and I am not 100 percent ready to say I support it, but let me just go through the proposal because it is so different than anything else that has been talked about in terms of solving the Social Security problem.

Here is what the proposal does. It says, first, we are going to set aside the money that is coming in for Social Security today. So we take that extra money that is coming in, we put it in a savings account. We solve the short-term problem in Social Security immediately by putting that money away.

We then look at surpluses over and above that amount of money for Social

Security. So Social Security goes on just exactly as it is today. We look at surpluses above that amount that is coming in. We take those surpluses, and we take part of the surplus, and we give it to each American over the age of 18.

Every American is getting their share of it over the age of 18, seniors and nonseniors. The catch here is that, if they are under 65, they get their share of the surplus in the form of a check to a 401(k) type savings account. The only stipulation, it is their money, they decide where they invest it, they can put it in a stock or bond or mutual fund or CD, where they invest it is their decision, but the only stipulation is they cannot take the money out until they reach age 65.

So we look at the surpluses over and above Social Security. We divide a part of those surpluses amongst all Americans over the age of 18. If citizens are under 65, they get a check. The check goes to their 401(k) plan. The only stipulation is they cannot take the money out until they retire.

What if they are over 65? If they are over 65, they simply get their share of the surplus in the form of a check. Because, of course, if they are over 65, it would not make sense to set up this 401(k).

Even though it is completely separate from Social Security, here is how that helped solved the long-term Social Security problems. For seniors today or for younger people when they reach 65 and start drawing on this account, half of whatever they get counts back against what they would have gotten in Social Security, and the other half is simply theirs to keep.

Again, the idea here is we look at surpluses over and above the Social Security surplus. We divide it up amongst the American people.

I talked to my brother about this, and he says, you know, Mark, my company is doing really well. We have a pension and profit-sharing plan. This is sort of like America is doing real well right now. If America is doing real well, I mentioned before, that within 3 or 4 years even, setting Social Security aside, we could look at surpluses of \$150 billion.

Let me translate that. \$150 billion is roughly \$600 for every person over the age of 18. So that \$600 check, or part of that check, depending on how much we allocate to Social Security, would simply go into that 401(k) plan on behalf of everybody under the age of 16 or directly to the senior citizens for those that are over 65.

Again, half of whatever they get, either when they start drawing it at 65 or half of that check that they are getting today if they are over 65, counts back to that Social Security. That is how we solve the long-term Social Security problems.

When we look at that next to the idea of cutting the cost of living adjustment or raising taxes on seniors, these ideas are common-sense,

straightforward, business-sector solutions to a very difficult problem. It is done without raising taxes on the American people.

Mr. THUNE. Mr. Speaker, if the gentleman would yield, I did a lot of talking about that very proposal just to get a feedback and reaction from the people of South Dakota as to what they thought about that. Because, as the gentleman noted, we have to do something to address this very serious problem in the years as we get down the road. Today, obviously, the gentleman has laid out a plan which would protect us, but, ultimately, we have to do something that is consistent with a couple of principles which he mentioned.

First of all, we have to save this system. There are so many people. In my State of South Dakota, for example, we have an elderly population very dependent upon it. And to make the basic statement that they will be protected, the safety net is there, they will continue to receive Social Security benefits as they are today and then even perhaps, in addition to that, with respect to whatever the surplus check might be, but that we do not touch that aspect of it.

But what we allow is we say the surplus that comes into Washington, rather than allowing Washington to spend it, because, once it comes in here, as we mentioned earlier, somehow Washington will find a way to spend it, that the only way that is consistent with our values, and that is allowing more people in this country to keep more of what they earn, to make decisions about their future, to put it in a retirement account, a Social Security plus account that will accumulate, get the benefit of compound interest, and, over time, we would dramatically increase the amount of retirement income that people who are paying in today would receive.

Again, I think, ultimately, that is something that merits serious consideration. The gentleman said it is a proposal. It is something that has been laid out there. But when we compare it with the alternative, the Democrat alternative, which is a tax increase on seniors, clearly this is something which not only protects people who are currently on the program but allows us to harness the surplus dollars that are going to come in and put them to work for the people of this country.

Mr. NEUMANN. Mr. Speaker, there are two other benefits that I would like to point out in this plan.

If there is a 20-year-old today and he started putting money into this plan and his account grew and at age 45, for whatever reason, something happened, he is married, he has got a couple kids, and he dies, whatever money is in that account is passed on to his spouse or his kids. It is his money. It does not go anywhere else. It is his money. It would literally be passed on to his spouse.

The other wonderful thing in this plan, as far as I can see, is that it

makes each and every American citizen tied into helping us control Washington spending. Because, as both of my colleagues have mentioned, if this spending goes back out of control like it was when we got here, there are not going to be any surpluses.

The key here is keeping that spending under control. If every American citizen is getting a piece of that surplus, like my brother says, pension and profit sharing, if every American citizen is tied into that surplus, we will quickly get their support to help us keep Washington spending under control.

To me, that is what government should be all about. It should be all about the American people being actively involved in the decisions we make. They will provide the impetus necessary for us to keep this spending under control.

□ 1945

Mr. GUTKNECHT. I really think that for many years we labored under some unwritten law, if you will, that no good deed goes unpunished. If you worked you were punished, if you saved you were punished, if you invested you were punished, if you grew a business and hired people, you were punished.

In fact, even in the Medicare system those areas, regions of the country, and I think we all come from areas where we have had relatively low health care costs, as a result, in terms of the Medicare reimbursement schedule we were punished. And that was really the unwritten rule of Washington, and what we are trying to do is change that and try to reverse some of those perverse incentives.

And if we do that I think that long term, and as you say, if we can come up with a Medicare system and a Social Security system which uses market principles and the doctrine of enlightened self-interest to get more people to feel as if they are stakeholders in the system, in the long run we will have a better system which provides more value to consumers or to Social Security people, recipients of Medicare treatments, whatever. And that is what we are really trying to do, is reverse those age-old perverse incentives which have been created here in Washington.

Mr. NEUMANN. I think at this point if we could, we have been talking a lot about these economic problems and the solutions, and I think we have hit on the three economic problems facing America.

We must restore the Social Security system. Our seniors have a right to get up in the morning knowing their Social Security is safe.

We need to pay down the Federal debt. Our children deserve to inherit a debt free Nation and reduce the tax burden on American workers.

I would like to jump over to the social side for just a minute, and I would like to talk about a couple issues over on the social side and I would like to start with education, because we recently received a report that tells us

that our kids are number 21 in the world in education. And I want to talk about a vision for our Nation's future that does not bring us back to the top 10, I want to talk about a vision for America that brings our kids back to number 1 in the world, and I think that should be our target. Not back into the top 10 in the world; I want our kids to be the best educated kids in the entire world, and that should be our goal.

But you know where we get into conflict here, and we are hearing this in the news today, we get into this conflict that somehow the right way to get education problems solved is for Washington to come running into the picture and Washington to develop new spending programs. Washington is going to hire new teachers and Washington is going to build new schools.

What that means is Washington is taking control of the education system, and I think that is exactly what has led us to number 21 in the world. If we want to turn the education system around, the right answer is to get the parents back involved in the education process of their kids.

Parents should be choosing where their kids are going to school, what their kids are learning and how it is going to be taught. If we really want to solve the education problems facing the United States of America, we need to re-empower our parents to be actively involved in where the kids go to school, what they are taught and how it is taught.

There is a side benefit, and this came out in a study that was recently published out here. They looked at 12,000 teenagers across America, this was in the Washington Times, I believe it was April 10, but they looked at 12,000 teenagers across America. And as you might expect, if you look at 12,000 teenagers you find some with crime, you got drug problems, you got teen pregnancy, you got teen smoking, you got all the social problems that we hear about Washington trying to solve.

But when they looked at this study of 12,000 teenagers and they looked at crime, they found the number one predictor of whether a student or a teenager was going to be involved in crime was parental involvement with the child. They found the number one predictor of whether a student was going to be involved in drugs was the parental involvement in that teenager's life. Teen pregnancy, same thing. The number one predictor of whether or not a teenager was going to be involved with teen pregnancy: parental involvement and the like. Teen smoking, same thing.

So when you really look at this and when we think about these concepts that we are talking about here tonight, getting education back up to number one in the world, how do you do that? You get the parents back involved in the decision-making process in education. The outcome will solve a lot of other problems that Washington thinks the right answer is throwing money at.

The right answer is not throwing money at it; the right answer is getting parents back involved in the lives of the kids.

And I do not think Washington should mandate that parents have to spend 2 hours a day with their kids, although it might not be a bad idea. That is not what I think we should do. But what I do think we should do is relate this to the other side of this discussion we have had.

When the tax rate went from \$25 out of every \$100 that people earned to \$37 out of every \$100 people earned, that meant in many cases the parent was going to be forced to take a second and even a third job, and when the parents are working at that second and third job, that means that when they get home they are either too tired or there is no time to spend with those kids. So when we talk about reducing the tax rate on American workers, what we are really talking about here is getting it back to a point where the families do not have to take that second job, so at least we empower the parents to have the opportunity to be more actively involved with their teenagers so that those teenagers are less likely to be involved in drugs, crimes, teen pregnancy, teen smoking, lots of the other social ills facing America.

That is how this whole vision for America ties together. If we can get the tax rate down, empower the parents to at least have the opportunity to make the decision to get back in their kids' lives, we will see a lot of other solutions.

I want to give a very specific example, and this is a case I am very familiar with. It is good friends of ours. Christmas time comes in this family, and they are a middle income family, it is a true story. They live from paycheck to paycheck, but they are a middle income family. When Christmas comes, the mother in the house takes a second job. You know why she takes a second job? Because that is how they pay for their Christmas presents.

Now just think about a different picture for a minute. Instead of this mother leaving her home and leaving her family at this most important time of the year, instead of doing that, if we could bring this tax rate down so they could just keep that extra \$12 out of every hundred they earn in their home in the first place, that mother does not have to take that job. It is a second job in this case. She does not have to take the second job, and when she does not take the second job, she has more time available to spend with the kids.

More time available with the kids on the part of a parent is the single most important factor in determining whether we will have crime problems, drug problems, teen pregnancy, teen smoking, all of these things that we here in Washington somehow think that we here in Washington can solve. It is baloney. The way to solve these problems is get the parents and empower the parents to be actively in-

involved in their kids' lives. It is the most important thing that we can do, and it is how the economic discussion ties directly into the social problems facing America today.

Mr. THUNE. If the gentleman will yield on that, you made one comment there which I think is really very much on the mark. You know our children need a learning environment that is safe and drug-free, and we are losing the war on drugs in America today, and we are not seeing leadership in trying to snuff that out. And we need to have leadership at the presidential level, at the congressional level, at the community level, at the schools, in the families and the churches to address what has become a very, very serious issue.

And again a case in point in my home State of South Dakota, and we have often thought that we are somewhat immune from a lot of these problems that you see in bigger cities. But the fact of the matter is that a lot of the small communities across South Dakota are having to come to grips with the fact that drugs are not only accessible, they are readily available, and that kids are regularly using them.

And there is a small town for which just recently the survey was done and of the high school kids, 28 percent, almost a third, said they used drugs more than 4 times a month. That is a staggering statistic in South Dakota and certainly across this Nation. We have a very serious problem that we need to eradicate.

And frankly again it is not going to be, I do not think necessarily a bill that we pass, but it is going to take leadership that we all have to be a part of in community antidrug coalitions and school-based programs and really going after this in the same way that we have common enemies in the past. Because in my view it is a very, very serious insidious threat to the future of our country, to the future of our young people, and something that we are not attacking head-on and we need to, and it starts at the top.

Mr. NEUMANN. Reclaiming my time, and I would just go back to this survey, and I would keep going back to what the survey found: The single most important determining factor in whether or not a teenager is going to be involved with drugs is the involvement of the parent in the teenager's life. The right answers to these problems are empowering our parents. That is our role. Get us out of their way so they are not sending all their money out here in taxes, they do not have to take that second job; get out of the way so the parents can spend more time with their kids.

And, I mean, I am not naive enough to think that all of a sudden we lower taxes, parents spend more time with kids and all the problems go away. I mean, I am not that naive. But when you start looking at how you actually go about turning around a Nation that has been headed in the wrong direction, certainly parental involvement in the kids' lives ought to be our top priority.

And one more thing on this social side that I think is very important. Five years ago we did not even know about this topic, but we know as a Nation about it today. It is partial-birth abortions. And if you start looking at America and where we are today and where we are going to, if we turn our back on this issue, I do not see how we can solve the rest of the social issues facing our Nation.

A partial-birth abortion is a third trimester, seventh, eighth or ninth month abortion where the baby is literally partially delivered and then at the last second the baby is killed. I just do not understand how we as a Nation can go on allowing this to happen now that we know about it. Frankly, when I was elected I did not know what it was, but I know now. And when you start looking at these social ills facing America, I think we have to accept that that is part of the problem facing our country, and I think we need to end it.

I have got about a minute and a half left, and I would just like to kind of sum up this kind of vision for where we are going to. If you like, a Republican vision for the future of this great Nation that we live in. How are we going to go about restoring this Nation?

Let me go through on the economic side first very quickly. Restore the Social Security system so our seniors can get up in the morning knowing their Social Security is safe. I think every senior is entitled to that. The debt. Our children deserve a debt-free Nation, so let us start making payments on the debt much like you would repay a home mortgage. Taxes are too high on our families all across America, so let us get that tax rate back down from \$37 dollars out of every \$100, at least down to \$25 out of every \$100 that American workers work so hard to earn.

On the social side, let us get education, let us make that our top priority. Let us get education back up to number one in the world, and do this by involving the parents and giving parents the opportunity to choose where their kids go to school, what it is they are taught and how they are taught it. And when the parents get involved in the kids' lives, making those decisions about education, the automatic outcome is that extra parental involvement in the kid's life, that leads to lower crime rates, fewer drug problems, fewer teen pregnancies and less teen smoking.

This is the right direction to move America, and while we are done with this, let us make sure we end partial-birth abortions. And let us then pass this vision on to the next generation and this great Nation we live in.

Mr. GUTKNECHT. If the gentleman will yield, finally what you are really saying is what Vaclav Havel, the first freely elected Prime Minister of Czechoslovakia, said shortly after he was elected. He said in the end all politics is moral.

Balancing the budget, saving Medicare, saving Social Security and stop-

ping partial-birth abortions in many respects are all about regaining some of that high moral ground, and if you ask Americans what is really wrong in this country, they will many times say it is the unraveling of the moral fabric of this country. And so all of the things we have talked about tonight really, at the end of the day, are about morality.

THE TOBACCO AGREEMENT

The SPEAKER pro tempore. Under the Speaker's announced policy of January 7, 1997, the gentleman from New Jersey (Mr. PALLONE) is recognized for 60 minutes as the designee of the minority leader.

Mr. PALLONE. Mr. Speaker, tonight I want to talk about the tobacco agreement, which of course has been much in the news lately, particularly during the last 2 weeks when Congress was not in session.

As everyone knows I think by now, during the congressional recess the tobacco companies pulled out of the agreement and have essentially refused to do any future negotiation at this point on the agreement. And I think the reason they did that is because they did not like the looks of what was developing here in Congress, and basically have declared war on all legislation that does not have their blessing.

In his April 8 announcement that his company was pulling out of the agreement, RJR Nabisco CEO Stephen F. Goldstone declared, and I quote, that the legislative process as far as tobacco is concerned is broken beyond repair.

Well, Mr. Speaker, I think this declaration is wrong and it is also rather arrogant. Congress does not need and I do not believe will wait for the tobacco industry to pass legislation to protect our children. Even the Republicans I think would agree with me on that.

But what the Republicans cannot agree on and I am particularly talking about the Republican leadership, is what form tobacco legislation should take here in Congress, and particularly in the House. Big tobacco dollars have produced a fissure in the Republican Party on how to approach tobacco legislation.

Senator JOHN MCCAIN, as I think many of us know, authored legislation that was approved recently by the Senate Commerce Committee by a 19 to 1 vote, very lopsided. The Senator's bill, while not as strong as measures that are being pushed by Democrats here in the House and also in the Senate, is at least a step in the right direction, and I want to commend him for that.

Among other things his bill generates \$516 billion from the tobacco industry over 25 years, and it would raise the price of cigarettes by \$1.10 over 5 years, strengthen Federal regulation of tobacco products, and impose penalties on the tobacco companies if teen smoking rates do not decline in the coming years. And this is bitterly, this legislation by Senator MCCAIN is bitterly opposed by the tobacco industry, and

after a lot of twisting, turning and flip-flopping has also been now opposed by Speaker GINGRICH as well.

□ 2000

Yesterday's New York Times, I thought, was very interesting in recounting Speaker GINGRICH's history on tobacco since the GOP took control of the House of Representatives in 1994. The Speaker's comments on tobacco reported in the Times, the Times said in its editorial that the Speaker has been "a model of inconsistency."

I just want to read from the article that was in the New York Times, because I think it clearly illustrates whose side Speaker GINGRICH is on.

"Shortly after Republicans won control of Congress in 1994," the article says, "Mr. GINGRICH announced that his party would end an investigation of the tobacco industry that had begun under the Democrats. Mr. GINGRICH called David A. Kessler, then Commissioner of the Food and Drug Administration and the leading spokesman of the antismoking forces, a thug and a bully." This is what the Speaker said about Mr. Kessler.

I would like to point out that since that time, a steady stream of documents concerning the marketing of cigarettes towards children and the deliberate manipulation of nicotine have been flowing from the tobacco industry. The recent release of 39,000 documents in the Minnesota case will surely bring more disturbing revelations.

A lot of this has come up in the Committee on Commerce that I am a member of, and it has been reported on a bipartisan basis. So the notion that Mr. Kessler was wrong in being critical of the tobacco industry, I think, now has been totally repudiated. Clearly, Mr. Kessler was right, and there is no question that the industry was targeting children and deliberately manipulating both its marketing as well as the statements it was making about nicotine and the negative aspects of nicotine.

Continuing again in yesterday's New York Times article, it reports that early this year, after a 2-day Republican Party retreat, Mr. GINGRICH would say nothing about his position on tobacco legislation except that reducing teenage smoking was important and that lawmakers needed to be careful to avoid a contraband market in cigarettes. But a few weeks later, Mr. GINGRICH said there was no sentiment for in any way eliciting favorably to the tobacco companies.

Then, as we go on with Mr. GINGRICH's flip-flopping and changing his position, in a speech to the American Medical Association about a month ago, this was before our Congressional recess, he called for tough and sweeping tobacco legislation. In March, the Washington Post reported that Mr. GINGRICH had warned tobacco lobbyists that he would not allow Democrats "to get to the left of me on tobacco legislation."

Now, of course, this past weekend, most recently, the Speaker completely