□ 2040

CAPITAL BUDGETING AND ITS RELATION TO THE BALANCED BUDGET AMENDMENT

The SPEAKER pro tempore (Mr. GEKAS). Under a previous order of the House, the Gentleman from West Virginia [Mr. WISE] is recognized for 5 minutes.

Mr. WISE. Mr. Speaker, tonight what I would like to discuss is capital budgeting an its relation to the balanced budget amendment of the Constitution, for one of the amendments that will be on the floor tomorrow will be the amendment that I appreciate the Committee on Rules making in order, my amendment, the Wise amendment, that says that the budget must be balanced by the year 2002. It takes Social Security off budget, and it puts in place capital budgeting for physical infrastructure. A real mouthful. What does it mean? It simply means that it permits that kind of investment that produces much more economic return than it costs. It permits investment to be included in any kind of balanced budget approach.

It recognizes there is a difference between the dollar that you spend for consumption and the dollar you spend for investment. I call this the family budget amendment, because what it does is to recognize what the American family does. The American family sits down at its kitchen table every month to balance the checkbook and it writes out checks for the heating bill, the food bill, the doctor, whatever that consumption, and also those investments that the family made because it was important for the family to be able to grow in the house, the investment for the car, and the investment for the college education.

What is the significance of capital budgeting? I have two charts that I think tell this story well. What we are talking about here is being able to account for our infrastructure, our roads, our bridges, or highway systems, our airports, our water and sewer systems, those things that make us grow, to account for them in the same way every State and business does.

What is it important? The first chart, I think, bears this out. Studies are now showing, and these studies are now showing and particularly from Dr. David Aschaur, that there is a direct correlation between productivity increases and capital budgeting and infrastructure investments.

Because the United States has not been investing at the same rate that it once did in its roads, its bridges, its infrastructure, its productivity has been essentially a flat line of 1 percent growth a year since the year 1978. And yet look what has happened to Canada, Italy, France, and Japan who are all investing far more in relation to their gross domestic product that the United States. The United States is investing somewhere around 1 percent, and it sees about a 1 percent productivity gain a year. Japan has consistently invested 4 to 5 percent, and it sees a corresponding productivity increase.

Incidentally, Japan, with half the population and about 60 percent the size of economy of ours, has productivity growth far exceeding.

The next chart, I think, is also important. It shows it a little differently. These are all different countries, and it shows the percent of gross domestic product that they put into their public infrastructure, and then it also shows growth of those economies, and once again, you see the United States a flat line relative to all the other nations, and so you can see the more you invest in your infrastructure the more return you get in productivity which means your economy grows, your payrolls grow, your jobs grow.

We do not have that system here. What I am asking for in this balanced budget amendment is that we recognize investment, that we recognize investment in physical infrastructure, that we recognize what all of these other nations do, and that we create an incentive for investment.

People do not want the balanced budget amendment simply to cut a deficit and yet at the same time leave us in bankruptcy. What they want is a balanced budget amendment to bring us to truly end our deficit but at the same time to do it so that we are a growing economy.

You cannot do it if you are going to shut off this kind of investment. And so what we will do with our balanced budget amendment is to say Social Security is off budget, and most importantly, capital investment will be recognized for physical infrastructure, not for other things. It is not a grab bag you can count your way out of any problem, but for physical infrastructure only, highways, roads, bridges, airports, water, and sewers, buildings, those kinds of things.

In the domestic budget, discretionary budget, $60 billion roughly goes to capital investment. That is nondefense. If you choose to include defense in there as well, the battleships and those things that protect us, aircraft carriers, the fighters and so on and amortize them over the life of the asset, then you are talking about another $60 billion, but I think you are talking about something else as well.

Right now there is a disincentive, strong reasons not to do this kind of investment, because it is not rewarded in our Federal accounting system.

Under our budget amendment, it is rewarded. It is recognized. Is this something radical, different? Please check every State. We say we want to model this after the States as well as the families. Please check every State. You will find every State has a capital budget. The United States can do the same.

NUTRITION AND THE FAMILY-FRIENDLY CONGRESS

The SPEAKER pro tempore. Under a previous order of the House, the gentlewoman from North Carolina [Mrs. Clayton] is recognized for 5 minutes.

Mrs. CLAYTON. Mr. Speaker, there is much talk in this House about this being a family-friendly Congress. What constitutes a family-friendly Congress. Is it just that we are given a schedule which allows us time to spend with our families? This of course is very important to all of us. But as leaders we have the responsibility of also being friendly to the families which we represent. In being friendly to these families, we should be able to ensure them that they will be given the option of meeting their basic needs—such as clean water to drink, fresh air to breathe, and food to eat. During the recent debates on the unfunded mandates, we have discussed in great detail the clean water and fresh air issues. It is now time to focus our attention on nutrition.

I believe that we have come to a consensus on both sides of the aisle that our current welfare system needs major reform. But reform should be directed at moving people out of poverty—not into poverty. The President said on last evening, we need a lean but not mean government. It should not mean cutting nutrition programs which are essential to the well-being of million of our citizens—the disadvantaged, our children, our elderly and the disabled. These are the groups of people who in many instances cannot fend for themselves and need assistance for their basic existence. They are not asking for much—just a little sustenance to help them through the day—to keep their children alert in class or help the adults be productive on their jobs. I am speaking specifically of the nutrition programs which in many cases provide the only nutritious food many of our Nation's poor receive daily. We are all aware that poor nutrition breeds poor development in children and low productivity in adults. I am not necessarily speaking of the homeless population—I am speaking of those people who, although they are working, are still struggling to make ends meet—and cannot afford to feed their families—one-fifth of families receiving food stamps are working families who have gross incomes below the poverty level. Aren't these people suffering enough? Can we in good conscience say to these citizens that feeding your family is not important to the Members of Congress.

Currently the Food Stamp Program serves over 27 million people in the United States—over half of them are children—51 percent. Seven percent are elderly. The program allows only 75 cents per person per meal—75 cents per person per meal—when was the last time you were able to buy a 75 cent lunch in the cafeteria? Have you noticed the price of a McDonald's happy meal lately? Not even a happy meal for