kids' events over the course of their careers, dedicating their lives to this company.

□ 1715

They are now finding themselves in a very difficult position as we go through this restructuring to where many of them have taken a buyout and were promised a supplemental to get them to Social Security, and now through the restructuring they may not only lose their pensions, but they are also going to lose their supplemental. They are also losing their health care. And this is a group of people that contributed to this company, contributed to this country, for many, many years, and deserve to be heard.

Our community that has suffered all of these blows can only stand so much. And here are another 15,000 salaried workers across the country, but probably about 1,000 in our community, that have done the right thing, have paid their taxes, paid their property taxes to fund the schools and the libraries, supported the communities, did the right thing, and now are being extremely hurt by the situation.

So I, along with many others in the Ohio delegation, Senator BROWN and others, Representative BOCCIERI and Representative CHARLIE WILSON, MARCIA FUDGE, a lot of others, have been spending time trying to raise awareness and push the auto task force to consider these 15,000 people across this great country who have contributed in such a significant way to the auto industry, and we want to make sure that the auto task force recognizes that as these decisions are being made, some already are made, that they are made fairly and equitably; that these people who have served the company as significantly as others get the same kind of recognition, the same kind of support, and they are not asked to bear the brunt of the whole burden.

As the new GM tries to reinvent itself and get back up on its feet, it is important that they don't lose, and I think it is important for the auto task force to recognize this, Mr. Speaker, that they don't lose a core constituency of General Motors consumers. Former employees who have been loyal to the company, 15,000 of them, should not only be considered, but it is a basic tactic for marketing purposes. These are people who want to be loyal to General Motors, who want to be supportive of General Motors, and feel like they are being forced to bear a major brunt of this.

Again, I rise today because I have lived and worked here, and these are people who have coached me growing up and been involved in all of our lives and are such a critical component to our community. Many times I have risen on this House floor to talk about the workers and the unions and how the Amwells and the Youngstown Steel Doors and the UAW workers and the steelworkers have been hurt, but workers are workers, and these people deserve to be heard just as much as anyone else.

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

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

The SPEAKER pro tempore. Under a previous order of the House, the gentlewoman from Ohio (Ms. KAPTUR) is recognized for 5 minutes.

(Ms. KAPTUR 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 Texas (Mr. PAUL) is recognized for 5 minutes.

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

TOUGH LOVE FOR CALIFORNIA

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

Mr. MCCLINTOCK. Mr. Speaker, the Governor of my home State of California has called for the Federal Government to underwrite as much as $15 billion of revenue anticipation notes that the State has to issue to avoid bankruptcy. I think that would be a colossal mistake. Such an act would not only put at risk billions of dollars that our country cannot afford, it would actually make California's fiscal condition worse.

Today, California faces a paradox. Despite record levels of spending and record levels of borrowing, it can no longer produce a decent road system or educate its kids or lock up its prisoners. Those who blame the recession for California's budget crisis profoundly misunderstand the nature of that crisis.

Even before California's revenue began to shrink, the State government was running a chronic $10 billion deficit and piling up unprecedented debt. The recession was merely the catalyst. The underlying cause is rampant mismanagement of the State's resources.

California spends about $43,000 to house a prisoner per year, while many States spend just half of that. California spends over $11,000 per pupil, but only a fraction of that ever reaches the classroom. California has one of the most expensive welfare systems in the country, and yet one of the worst records in moving people off of welfare.

That has never seemed to bother California's legislature or its Governor. They are like the shopkeeper who leased out too much space, ordered too much inventory, hired too many people and paid them too much. Every moment that shopkeeper covers his shortfalls with borrowing and bookkeeping tricks.

Ultimately he is going to reach a tipping point, where anything he does makes the situation worse. Borrowing costs are eating him alive and he is running out of credit. Raising prices causes his sales to decline and there is only so much discretionary spending that he can cut.

That is California's predicament in a nutshell. California's borrowing costs now exceed the budget of the entire University of California, and the reason for their loan guarantees is their credit is exhausted. They have just imposed the biggest tax increase by any State in American history, and it has actually reduced their revenues and made the budget gap wider.

Although there are many obsolete, duplicative or low-priority programs and expenditures that the State can and should abolish, there aren't enough of them to come anywhere close to closing California's deficit without directly impacting basic services.

Sadly, California has reached the terminal stage of a bureaucratic state, where government has become so large and so tangled that it can no longer perform even basic functions, a warning to all of us here in this House, I might add. Simply stated, there is now no substitute for a fundamental restructuring of the State's major service delivery systems and restoring the efficiencies that once produced a far higher level of service at far lower costs than what we see today.

Now, restoring that efficiency is going to require the Governor and the legislature to wrest control from the public employee unions, to dismantle the enormous bureaucracies that have grown up over the service delivery system, and to decentralize administration and decisionmaking, to contract out services that the private sector can provide more efficiently, to rescind the recent tax increases that are actually costing the State money, and to roll back the regulatory obstacles to productive enterprise.

These are the changes that cannot be implemented overnight and that will not begin to produce results for some time, and that brings us to the fine point of the matter. What Churchill called history's ''chilling words'' are about to be pronounced on California's failed leadership: Too late.

The Federal loan guarantee or bailout may be the only way to buy time for the restructuring of California's bureaucracies to take effect, but the discussion remains academic until and unless the State actually adopts the replacement structures, actually unburdens its shrinking productive sector and presents a credible plan to redeem the State's crushing debt and looming obligations. Without these actions, Federal intervention will only make California's problems worse by postponing reform, continuing unsustainable spending and piling up