Mr. Speaker:

I commend our distinguished Minority Leader for reserving this time to outline some of the key items on the Republican policy agenda for this session of the 102nd Congress. Given the broad legislative responsibilities of the Committee on Ways and Means, many of those important social and economic issues will begin their legislative journey in our hearing room.

While it would be impossible to cover all of those issues in the time we have today, it's important that we highlight a number of items which should receive early attention as the year begins.

**Economic Growth**

Our highest priority should be consideration of legislation to spur job creation and long-term economic growth — issues which were not considered important enough by the majority in Congress to move legislation forward last year. Months of valuable time were wasted in posturing over the symptoms of our economic problems while Republican initiatives to address the underlying causes of those problems were carelessly cast aside.

With the President's support, the House is already in the process of considering an additional extension of unemployment benefits. That legislation should be coupled with job creation initiatives.

Unemployment insurance doesn't create jobs for the unemployed. It helps them cope with the financial concerns which result from unemployment. Economic growth does create jobs. That is why we need to move ahead with rational, responsible policies that stimulate long-term economic growth and provide good, lasting jobs in the private sector for working Americans. Americans want jobs — not just an unemployment check.

This week, the President has again put before the Congress a comprehensive, workable, economic growth agenda without increasing the deficit that drags down our economy. While it contains a number of new approaches, many of its most important provisions have been before us since his first budget submission in 1989.
Had Congress responded to the President's leadership three years ago, today's economic situation would be quite different. His proposals to stimulate economic growth through capital formation, personal savings, research and development and home ownership make tremendous sense today — just as they did when they were first proposed.

Growth Oriented Tax Policy

Tax policy has a profound and immediate impact on the economic direction of this country. Unfortunately, our current tax system frequently works to inhibit economic growth, which, in turn, retards our ability to compete in international markets. We need to reverse that.

Capital gains indexation, a significant capital gains rate differential, alternative minimum tax reform and investment incentives for businesses and individuals are important first steps. They are not the sole answer, but they will help rebuild confidence, stimulate increased economic activity now and help change American attitudes about savings and investment for the future.

Similarly, the Tax Code ought to encourage, not discourage, the development of high technology businesses in the United States and encourage education and worker training. Importantly, if we are going to use the Tax Code to provide incentives, they need to be real.

We currently have a list of a dozen or so tax provisions, that now expire annually, providing tax incentives to stimulate a variety of activities ranging from research and development and low income housing to job training and health insurance for the self-employed. Their effectiveness is limited because taxpayers do not know whether the incentives will last for more than a few months. We urge businesses to take a long-term view, but the Tax Code forces them to do just the opposite.

It is time to review each of the so-called "extenders" on its own merits, turn the most important and effective ones into real, permanent incentives and allow the rest to expire. The Committee has talked about making those tough decisions before — but has repeatedly sidestepped the issue. We need to eliminate that uncertainty this year.

Tax Simplification

Unnecessary complexity is another aspect of our current Tax Code which has taken its toll on the profitability of American businesses and the productivity of American workers.
A recent study by Lytton Research and Analysis estimates that private sector costs of complying with existing tax laws is equal to 65 percent of tax revenues or $618 billion dollars in 1990. Likewise, an earlier study by Arthur D. Little estimated that federal tax compliance consumed almost five and a half billion hours in 1985. This figure is equivalent to nearly 3 million people working full time in order to comply with the Tax Code. That's crazy.

Last year, the Committee on Ways and Means made a modest start in identifying simplification proposals, but even that never made it through the legislative process. A far more comprehensive approach needs to be taken — coupled with a firm commitment to seeing legislation enacted.

Health Care

Let me next turn to the topic of health care — the issue that, after job security, is probably the greatest concern to Americans today.

Public concern over the status of health care in America is one of the most vexing issues facing the Congress. This country has available to its citizens the finest medical care in the world. Nevertheless, the cost of that care is becoming less affordable.

Republicans believe that the qualities of the current health care system should be preserved and that reform ought to be carried out within the context of our values. It is critically important to maintain our private sector approach to health care delivery and to make private health insurance coverage more affordable.

In the short term, Congress should act now both to reduce the cost of health care and to make insurance more available for Americans. In the long term, comprehensive reforms are needed to bring to a halt the current rate of health care cost growth and assure all Americans access to private health insurance coverage.

On the cost cutting side, the first agenda item is medical malpractice reform. Billions are currently spent on defensive medicine. Much of this can be saved if medical liability issues can be settled in a more efficient and reasonable manner. We cannot afford to continue a system where physicians practice in constant fear of being arbitrarily sued, and those suffering injuries from medical negligence hope to be compensated in a lottery-like tort system.

Next, tax policy toward employer provided health insurance needs to be reexamined. Incentives should be considered to promote more cost-conscious health care coverage. On the access side of the ledger, tax credits should be considered to subsidize health insurance coverage for those who are now uninsured and may lack the wherewithal to purchase insurance.
Finally, it is worth noting that two-thirds of the uninsured either work for small employers or are the dependents of those employees. Two of the best means to promote greater employer paid health care coverage are: 1) to provide a 100% health deduction for the self-employed, and 2) to reform the small group health insurance market.

As part of health insurance reform, the Congress should take action to prevent "job lock". Today, many Americans are becoming fearful to seek better employment because of the concern that they, or their dependents, may lose health insurance coverage for chronic illness or preexisting conditions, if they change employers. Reform is necessary to assure all Americans that they will not be penalized if they change jobs. These reforms do not have to wait; they can be passed this year without economic havoc. We urge this Congress, which constantly laments the state of our health care system, to enact these highly effective policies.

International Trade

Another important issue facing us as we begin 1992 is international trade — and our highest priorities in that area will be the successful completion of the two major trade initiatives launched by Presidents Reagan and Bush.

The first is the Uruguay Round of multilateral trade negotiations, an undertaking unprecedented in scope that is now moving toward completion after more than four years of discussions. The second is the negotiations between the United States, Mexico and Canada to achieve a North American Free Trade Area (NAFTA) designed to strengthen the competitive position of producers and workers in our hemisphere.

These agreements must be fair and effective, providing a balance of benefits and opportunities that reduce trade barriers and expand market access for U.S. producers. They also must provide protection from unfair trade practices, as well as sufficient leverage to eliminate such practices where they exist. These agreements should be finalized and implemented as expeditiously as possible because they are expected to greatly expand world trade and create thousands of new jobs for American workers.

Other trade and economic growth initiatives, such as the Enterprise for the Americas, also should be pursued vigorously not only because they expand market opportunities and create jobs but because their aim is to create practical alternatives to the production and sale of illegal drugs. Through enhanced trade benefits to the countries of Central and South America, the U.S. can provide meaningful and crucial support for the war against drug trafficking in that region.
Customs modernization legislation is another top priority for this year. Improvements in the operations and programs of the Customs Service will speed commercial processing and ensure uniformity of classification and entry procedures at all ports. These improvements will also allow Customs to more effectively enforce U.S. trade laws and provide expanded service to a diverse trading community.

Miscellaneous tariff bills have long been important to the Congress. Republican Members have introduced numerous individual bills to lower tariffs and adjust the classification of imported goods. These bills are designed to reduce the costs of components for U.S. businesses, to maximize their competitiveness and to maintain jobs in the U.S.

A final trade initiative that we feel is very important is reform of U.S. trade laws as they apply to non-market economies. The transition of economies in Eastern Europe and the former Soviet Union from state control to market-oriented policies has made certain aspects of our trade laws obsolete. New legislation is needed to ensure that expanding exports from these transitional economies are not dumped or subsidized to the detriment of U.S. industries, either at home or in third markets.

Welfare Reform

Perhaps the greatest social policy accomplishment of the Reagan-Bush years has been the forging of bipartisan agreement that dependency on welfare is a bad thing — bad for taxpayers, bad for parents, and bad for children.

Republicans believe the nation has an obligation to help the unfortunate. We are deeply concerned that the design of government largesse makes it too easy to get and even easier to keep — seductively trapping individuals in a permanent state of welfare dependency. It is our view that American taxpayers want to help victims of misfortune, but that taxpayers expect citizens who receive public benefits to get back on their feet as soon as possible.

Under the leadership of Presidents Reagan and Bush, Republicans were able to start bending the welfare system in the direction of encouraging work. To do this, we needed to make changes both in welfare policy and tax policy. These changes included removing millions of low-income working families from the federal income tax system, providing states with money to train welfare parents for employment, strengthening child support enforcement laws, and providing earnings subsidies to low-income working parents through the earned-income tax credit.
Experts estimate that around 80 percent of children on welfare have fathers who have jobs; these fathers have earnings that average about $15,000 per year. Even so, less than 15 percent of welfare mothers receive child support payments. This is an area which needs a great deal more attention.

While some have proposed a new program of guaranteed federal child support payments, consideration of that costly approach is premature without thorough testing and experimentation.

We also want to explore the effects of providing welfare families with clear signals that the public expectation is for short stays on welfare.

As the welfare system has grown over the past half century, the message given to clients seems to be that welfare is a right. Republicans think the idea of permanent guarantees to welfare benefits is precisely the wrong message to send to young families. Moreover, we have no doubt that American taxpayers do not think they should carry a permanent obligation to give cash, food, housing, and medical care to able-bodied fellow citizens.

We should be moving toward a system designed to encourage self-sufficiency, not dependency. Unconditional benefits should be available for only a limited period of time. Under a new system of time-limited benefits, families would be required to show evidence that they are moving firmly in the direction of self support.

Properly designed programs hold great potential for helping poor and low-income families achieve economic security. Old-style welfare programs that merely give cash or in-kind benefits to people clearly have not solved the problem of poverty in America. But new-style programs that encourage or force people toward self reliance may show great promise.

The recent explosion of welfare reform proposals by more than a dozen states is an indication of interest in this approach. California, Wisconsin, Ohio, Michigan, New Jersey, and Maryland are now proposing, have recently enacted, or are now actually implementing dozens of "New Paternalism" proposals. These include:

--reducing the welfare benefit of parents who do not insure that their children attend school regularly;

--reducing the welfare benefit of parents who do not insure that their children receive regular medical checkups and immunizations;

--ending the practice of increasing the welfare grant of families that have babies while on welfare;
--reducing the welfare benefit of parents who do not show progress toward getting a job and leaving welfare;

--providing increased benefits for parents who accept full-time employment.

We applaud these state efforts. As Justice Brandeis once remarked, states are the laboratories of federalism. This has never been more true than it is today in the area of welfare reform.

We intend to do everything possible to help states gain the waivers from federal law that are often needed before these reform experiments can be conducted. In fact, as in the past, we intend to explore legislative proposals that will grant much greater flexibility to states in their use of federal welfare dollars.

Social Security

Another major item on our agenda is our long-standing commitment to liberalizing and eventually repealing the Social Security retirement earnings limitation, starting with those over age 65.

The retirement earnings limitation may have been well intentioned public policy during the depression, when the goals were to permit and encourage older workers to retire with dignity while creating jobs for younger workers. Today, given the demographics of the work place, it is disastrous public policy.

The Social Security program has achieved almost universal coverage. Over 97% of all workers participate; only a few state and federal employees are covered under other government retirement systems. So, we cannot underwrite the long term financing deficit by extending coverage as we have done historically. It is a closed system, and a shrinking one.

The ratio of taxpayers to beneficiaries has declined from 4 to 1 in 1970 to 3.4 to 1 today, and is projected to decline to 1.8 to 1 by the year 2060. Actually, the Board of Trustees also has a more pessimistic projection of a ratio of 1.3 to 1.

It is in this context that most Republican Members are persuaded that abolishing this last vestige of age discrimination in federal statute is our top priority for the Social Security program.
However, it isn't our only priority. Clearly the disability program needs to be streamlined administratively to ensure a more efficient and more uniform national program. The current claims process, especially the appeals process, simply does not serve the public well.

Further, it is time to focus on the vocational rehabilitation aspects of the program, which have never worked as Congress envisioned when it authorized the payment of VR services from the trust funds. The same demographics that favor the retention of skilled older workers in the economy favor the employment of the trained disabled worker. The Social Security program can better serve both.

**Increased Oversight Responsibilities**

Ways and Means is not only a legislative Committee. It also has a long history of investigative oversight activities that have developed several proposals which should be moved forward.

In 1988 we took the first step in protecting taxpayers by passing the Taxpayer Bill of Rights. While this was a good achievement, more needs to be done. The untold story from 1988 is not what we put into the Taxpayer Bill of Rights, but what we left out of it. It's time we finished the job we began in 1988.

The centerpiece of a Taxpayer Bill of Rights II will be a provision to correct the imbalance between the IRS and the taxpayer in deciding the correct tax liability a person owes. The current law stacks the deck totally in the IRS's favor. It's often said that a taxpayer is "guilty until proven innocent" in dealing with the IRS. We should not have a system which treats the average taxpayer like a criminal suspect every April 15th.

The current system is rooted in the principle that when the IRS makes an assertion against a taxpayer, it is presumed to be correct, unless the taxpayer can prove the IRS is wrong.

The IRS should have to document and substantiate the tax which it asserts against a taxpayer — and no longer be able to make an unfounded assertion against a taxpayer and then win by default when the taxpayer cannot refute it. The IRS would have to take reasonable steps to develop its case in the same way a taxpayer must develop his tax return.

The new Taxpayer Bill of Rights II would end this mismatch between the taxpayer and the IRS. Both parties would have comparable rights and responsibilities in deciding what taxes a person owes.
One of the growing concerns of the Committee is the solvency of the medicare trust fund. There are several initiatives we can enact which would preserve the assets of the medicare trust fund without increasing the burden of beneficiaries or reducing their level of service.

First, we can restrict abusive telemarketing of durable medical equipment to senior citizens by "boiler room" hucksters which costs medicare millions of wasted dollars per year.

Medicare beneficiaries would still have full access to this equipment when prescribed by their doctors. The proposal would be aimed directly at unscrupulous companies presently engaged in what amounts to looting the medicare trust fund.

We should also step up the enforcement of the law on Medicare Secondary Payor (MSP) which says that when a medicare beneficiary also has private health insurance, the private plan should pay any allowable health claims before medicare is called upon to pay. The MSP provision is not being enforced very well by medicare contractors. The result is that medicare is paying claims which by law should have been paid by the private health plan of the beneficiary.

Improved enforcement of existing law could save medicare millions of dollars without increasing the cost to beneficiaries or reducing their services.

Nothing galls the American taxpayer more than the stories of government checks going to deceased beneficiaries. Every month the federal government sends out millions of benefit checks for social security, civil service pensions, military pensions, black lung disability, veterans benefits, etc.

When a beneficiary dies, the checks should stop. The Social Security Administration's work with state departments of vital statistics has resulted in a central clearinghouse for death certificate data. Requiring all federal agencies to use the SSA data base to screen their beneficiary files for deceased persons will save millions of dollars a year without harming any beneficiary.

Mr. Speaker, in conclusion, I would again like to thank our distinguished Minority Leader, Bob Michel, for focusing attention today on issues which we believe should be dealt with early in this Session of Congress.

I believe 1992 will go down as a important turning point for our domestic and foreign policy. I look forward to working with the Minority Leader, the Administration, and the other side of the aisle on the challenges that face us in this upcoming session.