days, it goes back to May 26 and, my colleagues, it even should be earlier than May 26.

There has been suggestions that the tax breaks go to big business. With all due respect, I suggest to you, Mr. Speaker, that taxes placed on business are passed on in the price of their products. Right now between the regulations and the taxes that we charge business, they are paying every year $750 billion. That is twice the amount that you are paying on increased costs of the goods and services you buy compared to what you spend in your tax bill. It is bad enough, in the next couple weeks, as you sit down and figures out your tax bill of what you have to pay this Federal Government to operate its huge, overzealous, overbloated government, but just think for a minute the price, increased price that you pay for the products in this country because of the regulations that cost $500 billion a year to that business that they pass on to you in increased costs of their products, to the additional $250 billion that we change those businesses in taxes.

If they are not successful in passing it onto you and I, the consumers of this country, then they go out of business. So I guarantee you, they price on that product.

Let me show you what we are doing to business in this country on taxes. On the far-right column, you see in the United States we charge our business on our capital gains tax rate the marginal rate is 28 percent. You compare that to France, it is 18 percent; Germany totally exempts their businesses; Japan is down to 20 percent; U.K. exempts the first 5,500 pounds and after that charges 40 percent.

We are overtaxing our businesses. We are losing businesses that, No. 1, go out of business; that, No. 2, decide to go to another country to operate. We cannot continue to place our businesses at a competitive disadvantage with what other countries in the world are doing.

I request my colleagues to look at this tax bill of what is good for business and jobs.

Mr. SAXTON. Mr. Speaker, will the gentleman yield?

Mr. SMITH of Michigan. I yield to the gentleman from New Jersey.

Mr. SAXTON. I just want to be recognized to ask the gentleman a question. And that is, as you pointed out, correctly, our capital gains tax rate is high. Mr. SCHUMER was just talking about the alternative minimum tax.

When corporations or businesses are charged these taxes, how do they recoup the money that they have sent to the Government? Where do they get the money to send down here to Washington, DC for the politicians to spend?

Mr. SMITH of Michigan. They increase their price of toys and toothbrushes and automobiles and everything else. The only thing that that business can do is pass on that cost.

Mr. SAXTON. It is the consumer that ends up paying higher prices so businesses can pay taxes to send to Washington for the politicians to spend.

Mr. SMITH of Michigan. Yes, and I think the important point is, we cannot place our businesses at a competitive disadvantage with other businesses in the world. We have got to encourage them to buy the equipment and machinery that is going to make their employees more efficient. If you put good tools in the hands of our workers, they are going to outproduce anybody on Earth. And we have got to have a tax system that encourages that action by business.

Mr. KINGSTON. Mr. Speaker, will the gentleman yield?

Mr. SMITH of Michigan. I yield to the gentleman from Georgia.

Mr. KINGSTON. I was on the board of directors of a corporation before I came here. I know from talking to other business people that generally you decide how much profit you are going to make. Everything else is overhead, your payroll, taxes, everything else. I think you can successfully argue that corporations are not going to pay taxes regardless of what the rate is because it is a pass-through cost, just as the gentleman from New Jersey and you have said. It all goes back to the consumer so we are just playing games when we say it is corporations.

Mr. SMITH of Michigan. It is a hidden tax.

EFFECTS OF THE TAX CUT

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Colorado [Mr. SKAGGS] is recognized for 5 minutes.

Mr. SKAGGS. Mr. Speaker, we are now into the home stretch, I think to the relief of Members on both sides of the aisle, the home stretch of the 100 days. And as has been announced by the Speaker, we are able this week to appreciate in all of its glory the crown jewel of the contract, the tax bill that the Members of the Republican Party are going to bring to the floor later this week.

I think it is important for the country to understand in this week in which we are finally able to pull all of this together to understand who are the winners and who are the losers in this entire contract exercise.

Particularly with regard to the tax bill, we should be under absolutely no illusions that this bill certainly fulfills the promises that have been made over the months and years by the GOP to its supporters. That distribution is accurately reflected in the chart here to my right.

About half of the benefit from this tax legislation will go to the top 10 percent in this country, about a five-to-one return. The Wealthiest 5 percent get about a 7-to-1 return, getting about over a third of the benefits of this tax legislation. The wealthiest 1 percent, a 20-to-1 return.

I am sure that this nice return on investment was made possible in part, as we are learning more and more about the very intimate relationship between many special interest lobbyists in Washington and the drafting of legislation being brought to the floor by the new majority party, despite their protests about a new way of doing business, makes it all the more understandable why we had such a hard time at the beginning of the session getting them to take seriously the efforts that many Members on our side were trying to make to take up gift and lobbying reform.

I wish we would not be having these kinds of pie charts and demonstrations of exactly who gets the benefits from these tax breaks, if some of the very well-intended moderate Members on the majority side of the aisle had been more successful in getting their leadership to pay attention to the inequities in this bill.

Mr. SAWYER. Mr. Speaker, will the gentleman yield?

Mr. SKAGGS. I yield to the gentleman from Ohio.

Mr. SAWYER. Mr. Speaker, I rise because in fact as we are doing this, we are taking, in order to finance these kinds of tax breaks, at least $13 billion from the pockets of Americans who are trying to send their kids to school, to higher education. I would not raise this except for the fact that we have been here before.

This Nation a century ago made a fundamental decision, when we looked around the country and we saw 200 institutions of higher education largely for the sons of the very wealthy in this country and we saw the railroads expanding westward, we said that in order to build a nation as fast as we are expanding, we need to elevate our skills. And so we took from some of those expanding railroads and we invested those dollars in the largest single expansion of higher education this Nation has ever seen.

It did not quit even until today. And with it we have created the skills that have defined the American century.

Today we run the risk of reversing that decision, of giving back those dollars to those corporations in ways that they may not need and absolutely depriving Americans from the chance to continue, at a time when it has never been more important, the increasingly important effort to raise job opportunities and standard of living with the ability to bring skills to the American workplace. We have been here before, Mr. Speaker.

Mr. HOKE. Mr. Speaker, will the gentleman yield?

Mr. SKAGGS. I yield to the gentleman from Ohio.

Mr. HOKE. Here is my question for you——

Mr. SAWYER. I was in the middle of a sentence, but that is all right.

Mr. HOKE. Mr. Speaker, I apologize to the gentleman.

Mr. SAWYER. The fact of the matter is that today, the fundamental underpinnings of Federal aid to higher education in the form of Stafford Interest-Deferred Loans, Perkins Student Loans, College Work-Study programs and Supplemental Education Opportunity Grants are really the equivalent today of what those land grant colleges were 100 years ago. In order to sustain that growth into the next century that we developed in this century, in order to have the kind of productive leadership that has defined the American era, in order to extend that American era into the leadership of a redefined world, it seems to me that the last thing we need to do is to take those $13 billion out of Americans' pockets and to give them back in the form of tax breaks that we do not need.

DISCUSSION OF THE TAX BILL

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Ohio [Mr. HOKE] is recognized for 5 minutes.

Mr. HOKE. The question that I wanted to ask the gentleman was if he was aware that 39.2 percent of all Federal income tax paid is paid for by only 3.3 percent of the taxpayers, the top 3.3 percent of taxpayers pay 40 percent of the taxes?

That being the case, the numbers that you quote there, they are, you know, made to appear, and I do not know if the numbers are right on the floor. You know on the floor we see all kinds of stuff and people make averments that God only knows if they are true or not, but I will assume your chart is correct.

It only stands to reason that the people making more money are going to get more dollars back when you consider the fact that you have got 3.3 percent of all returns, all individuals paying income tax paying 40 percent of the taxes. This is the way, this is the way our system works.

The problem is that we do not have enough people at the top, if you tax them completely, if you leave them with just a, you know, a minimum wage, it still does not solve our deficit problem.

What has happened is that we have year after year after year continually eroded to a greater extent the amount of money that is being paid by middle-class working American men and women. That is the problem we have in our tax system.

Mr. SKAGGS. Mr. Speaker, will the gentleman yield?

Mr. HOKE. I yield to the gentleman from Colorado.

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Mr. SKAGGS. I think the gentleman's point begs the question. One, are we doing deficit reduction? We are not. The tax bill, as the gentleman knows, is going to bust the deficit.

Mr. HOKE. Mr. Speaker, reclaiming my time, I want to recognize the gentleman from Massachusetts [Mr. OLVER], who my good friend from Georgia [Mr. KINGSTON], borrowed a minute from, and I want to give him back his minute, if he will take it quickly.

If not, I yield to the gentleman from Georgia [Mr. KINGSTON] while the gentleman from Massachusetts is moving to the microphone.

Mr. KINGSTON. Mr. Speaker, it is important for us to realize that lower taxes, specifically lower capital gains taxes, increase revenue, and that does not come from the Republican Party, it comes from the Congressional Budget Office. A young fellow named Steve Robinson and I spent the whole day tracking this.

This chart is busy, and it is very difficult to see it, but generally what it shows is, remember back in high school sines and cosines and that go like this: Basically when the tax revenue is high, the capital gains tax is high, and let's say the capital gains tax is low, it goes like a wave, then the tax revenues are the same thing.

At a high tax rate, the revenues are low. At a low tax rate, the revenues are high. It goes like that. There is an absolute relationship between the two. It is not voodoo economics. This actually goes back to——

Mr. HOKE. What you are saying is there is a direct correlation between raising rates and lowering revenue, lowering rates and raising revenue?

Mr. KINGSTON. That is exactly right. That is the point I was trying to make.

Mr. HOKE. Mr. Speaker, I yield to the gentleman from Massachusetts [Mr. OLVER].

Mr. OLVER. Mr. Speaker, I thank the gentleman for yielding to me.

I'm not sure how many economists or how many economics books would agree that there is a direct proportion of the nature that you have just described. I do not think there are very many of them that do.

However, it is clear that what is happening here is that $15 billion, for instance, of the elimination of the tax, the alternate minimum tax on corporations, which you would give back $15 billion to corporations, would be taken by the Republican proposals as $15 billion directly from financial aid for American students, who really do cut across the middle class in this country.

Mr. HOKE. Mr. Speaker, I am going to reclaim my time. It does not answer the question, and frankly, that disinforms, it confuses the public. In a word, being polite, it fogs the facts, at the very least.

Mr. Speaker, I want to quote a very famous American, and I'm not going to say who it is, but I want to quote some of the things that he said in the not very distant past at all.

First of all, he had said ''Our present system exerts too heavy a drag on growth. It siphons out of the private economy too large a share of personal and business purchasing power. It reduces the financial incentives for personal effort, investment, and risk-taking.''

He goes on to say ''Our tax rates are so high as to weaken the very essence of the progress of a free society, the incentive for additional return, for additional effort.'' Then he says ''I am confident that the enactment of the right tax bill will in due course increase our gross national product by several times the amount of taxes actually cut.''

Who was this unrepentant supply-sider? Who was it? Jack Kennedy. That is who it was. He knew that by reducing tax rates, you increase revenue.

THE TRUTH ABOUT THE BUDGET AND TAX CUTS

The SPEAKER pro tempore. Under a previous order of the House, the gentlewoman from Texas [Ms. JACKSON-LEE] is recognized for 5 minutes.

Ms. JACKSON-LEE. Mr. Speaker, I am really taking the time because I think that, beyond the comments about jewels and gold and crowns, we have a very important obligation to the American people really to take our reasonable time to be reasonable, to let you understand the facts.

I know there have been a lot of cross signals, a lot of rebutting of what the tax cut really means, but I would simply like to suggest that all of us of reasoned mind can argue about Social Security and the exemptions that may be proposed in this particular tax legislation, and the value of it.

My question becomes: What is the rush? Because as we look at what can help senior citizens, and I certainly have supported programs to improve the conditions of senior citizens, and to ensure that the maximum income that they may earn as working senior citizens goes into the maintenance of their quality of life, but that is not really the issue. We've got a murky water here, muddy waters, if you might.

First of all, no one will acknowledge that the revenue being reduced by this tax cut, without the Democratic alternative, is some $650 billion over 10 years. Many of you would listen to that number and begin to say ''Well, it's way beyond my comprehension.''

What is not beyond your comprehension, however, is the necessity for me to assure you that your grandchildren will not have a deficit so overwhelming that they will have no quality of life.

The importance when I speak to working people in my district, they are true Americans, they are patriots, because they believe in this Nation. They want us to be prepared militarily. They want to have the opportunities for affordable housing for their citizens. They want to make sure that those young people seeking an opportunity can do work study and college loans, but yet, rather than giving them those opportunities, we are burdening them with a deficit that is so overwhelming it is incomprehensible.

Let me explain to you again, as I had the opportunity to talk to the gentleman from Illinois, I like the idea of a child tax credit, because every child