

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 gentleman 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

is worthy, but now we are knocking heads with the rich children and the poor children, for most of the tax credit goes to families way beyond your imagination in terms of income.

Those people that are at the lowest income level, who do pay taxes, they only bear 3.5 percent of the benefit of a child tax credit. Twenty-four million children in this Nation would not receive any benefit from the tax credit. What that means simply is we are knocking heads with rich children and poor children. As far as I am concerned, all children are worthy, and there should be an applicable tax credit that goes across the line.

Then the smoke and mirrors that I talked about earlier, because all of the married couples are running to their tax preparers, shouting about the marriage penalty. I believe in family. We should affirm family. It is important that we ensure that people do the right thing, and that is to be married.

But yet this particular tax benefit, in quotes, again the smoke and mirrors game, only provides an average maximum benefit of \$145 per couple, which is less than the current marriage penalty. The average marriage penalty for couples earning between \$30,000 to \$40,000 is \$260, and \$1,540 for couples earning between \$75,000 and \$100,000.

Wouldn't we be better suited to tell you the truth, and tell you that it is more important to invest in your young people, for them to have college loans and work study programs; that we want to ensure that school lunches are maintained; and yes, we want to infuse energy into the economy, so that you will have jobs?

I certainly believe that we must begin to look seriously at making sure that the economy is such that you will want to invest and buy businesses and transfer property. We have to support that. That is the true American dream.

However, let me tell you what happens to this present tax break. For someone earning under \$75,000, oh, you think you are going to get a big lump of money. It will only buy you a couple of tanks of gas for the family car. You only average \$36 a month.

I have been in local government and I have had taxpayers say "The heck with that. I want good parks. I want police. I want fire persons to come to the serious crises, the fires, in the necessary time." Citizens of America believe in government, if it does the right thing, but \$36 a month, a couple of tanks of gas, and then we cut at the very fabric of what we need to ensure that we are good governments.

What does a \$200,000 a year person get? Cadillacs, Mercedes, and BMWs. Let us have the truth be told about this tax cut. Let us tell the American people the real truth and get rid of the smoke and mirrors. Let us work together to get a better tax cut.

THE DIFFERENCE BETWEEN REPUBLICANS AND DEMOCRATS

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

Mr. KINGSTON. Mr. Speaker, if we could sum up what we have been hearing for the last hour on the floor of the House, I think you could just say Democrats love taxes. Republicans hate taxes. Democrats love big government. Republicans hate big government. Democrats love the public sector. Republicans like the private sector.

I won't venture to say that maybe Democrats seem to love poor children and hate rich children, but there does seem to be, in the Democrat mindset, a distinction between a rich child and a poor child, as opposed to loving all children equally.

Let us get back to the tax issues. I think the reason why the Democrats are gripping this tax so hard is because they love taxes. We are taking taxes away from them. You don't mess with their toys. They don't like that. So what do we have?

Ms. JACKSON-LEE. Mr. Speaker, will the gentleman yield?

Mr. KINGSTON. Certainly.

Ms. JACKSON-LEE. Mr. Speaker, I appreciate the dialog the gentleman is raising.

Mr. KINGSTON. I'm going to yield quickly. Don't make a speech on my time.

Ms. JACKSON-LEE. I fully appreciate the comments you have made.

My question becomes, however, if you tax credit falls in a greater percentage to the higher income persons of this Nation, and none of us will talk about children, and does not equally benefit those working families who have children in the lower income rungs, would you not think out of this logic that this is a tax credit for the rich?

Mr. KINGSTON. Reclaiming my time, Mr. Speaker, I guess one of the big differences in Democrats and Republicans is we are not afraid of achievement. You know, if somebody pulls themselves up and they start out of school, and maybe they go to college and maybe they don't, maybe they serve in the military, maybe they don't, but they get a job, and the man and woman hang together and become a family, and they move up into an income bracket, well, I don't think it is right to suddenly say "Ha, your child is now not worth any money anymore."

I say "Go for it. We want that achievement." I know a lot of government bureaucracies which are affinity groups to the Democrat party want more dependents. They tend to fight success. We want to nurture success. We want to say "Go all the way to the top." That is why we want to return, and not even return, just don't take it away to begin with, people's tax dollars from them.

Let me give some very important statistics which I really wish you all would, and I will promise you, any of your Democrats or any of your constituents that would call my office, I will give you a copy of these charts, and I will explain it to you. Let me tell you what these numbers show. When taxes are high, growth goes down. When growth goes down, the deficit increases. If growth and revenue increase, the deficit is lowered.

This is not just JACK KINGSTON and the gentleman from Georgia, NEWT GINGRICH, and the Republican Party, this comes from the Joint Economic Committee, which as you know, is Senate and House Members chaired by, I believe, the Committee on Ways and Means Members, the gentleman from Florida, Mr. GIBBONS on this side, and Mr. MOYNIHAN on the Senate side.

They say "As these increases in productivity, brought about by lower taxes and economic growth, accumulate over time, a gradual expansion of taxable income base generates additional tax revenues." This is straight from here.

Ms. JACKSON-LEE. Mr. Speaker, will the gentleman yield just for a moment?

Mr. KINGSTON. I yield to the gentlewoman from Texas.

Ms. JACKSON-LEE. I say to the gentleman, I, too, applaud excellence. That is why we must give to those who are making \$30,000 and \$35,000 a year, who are working as hard but are yet not getting the tax benefits.

Mr. KINGSTON. Reclaiming my time, I will be glad to yield when we get back on your time schedule.

Ms. JACKSON-LEE. We must realize that the taxes in this country are low.

Mr. KINGSTON. Mr. Speaker, I want to say to the gentlewoman, and learned, and one of the more intelligent Members on the Democrat side, surely you know the wisdom of the chart shown here earlier, saying the bulk of the tax returns go to people who make under \$75,000 a year. What could be better for the middle class?

It was your President who promised the middle-class tax cut. We are just the party who happens to be keeping its feet to the fire on it. Welfare reform, let's end welfare reform as we know it. The President forgot about that, but we are going to help him out with it. The balanced budget amendment, we are going to help him out. The line-item veto, no mention of it for 2 years, but we are going to help him out.

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

Mr. KINGSTON. I yield to the gentleman from Pennsylvania, but you have been not been yielding to us, and I hope you will yield back when you have the time.

Mr. DOYLE. Mr. Speaker, a quick question. You made the statement that when we have tax cuts, that that causes growth in revenues to the Federal Government and helps lower the