

When stocks, homes, farms or small businesses are sold by an individual, an estate or a trust for more than what the seller paid for them, the seller pays a 28 percent tax on the difference in price—the long-term capital gain. While this is less than the current maximum tax rate on ordinary income, 39.6 percent, the 28 percent capital-gains tax rate still causes some holders of capital assets to refrain from investment transactions that could stimulate the economy and create jobs.

Republicans once talked of reducing the capital-gains tax rate to as low as 15 percent as a way to encourage reinvestment. Now they seem resigned to the idea that a reduction of 8 percentage points may be the best they can do.

A capital-gains tax cut is difficult to accomplish because Democrats keep pounding on the idea that only rich people receive income from selling property—a claim that never seems to die no matter how many times it is proven false. House Democrats have said they are willing to consider reducing the tax on the gains from the sale of a small business or family farm but not the tax on the gains from the sale of other capital assets.

Many Americans have legitimate concerns about the excessive compensation going to some large-corporation chief executives—people who receive millions of dollars annually, sometimes even when their company's performance is flat. Republicans are still smarting from the campaign by Democrats who said Republicans were going to "gut health care for the elderly to fund a tax cut for the rich," a campaign that was based on a lie.

For these reasons, some Republicans are skittish about taking a hard line on a capital-gains tax cut.

Bipartisan support exists for a \$500-per-child annual tax credit for families, though there is disagreement over the level of annual income at which to cut off the credit. Democrats want to draw the line at \$75,000. Republicans favor a ceiling of \$100,000. Republicans are challenging the Democratic contention that poor families who do not pay income taxes ought to get the per-child credit anyway, in the form of a government check. There also is disagreement about the age of children for whom the credit could be claimed, with the White House and various factions in Congress proposing top ages from 12 to 18.

President Clinton's proposal for tax breaks tied to college expenses also is difficult for politicians to resist. Democrats want \$35 billion in tax credits and deductions for families sending children to college. Families would receive a tax credit of \$1,500 for each college student or deduct from their taxable income up to \$10,000 a year in college expenses. Republicans offer a more modest plan, with credits for 50 percent of tuition costs up to \$3,000 a year.

The final version of the tax legislation is likely to include the popular per-child and college-tuition credits in some form, even though the credits are not large enough for individuals to have much stimulus effect on the economy. Moreover, they probably will have to be modified to fit within the target number of \$135 billion in tax cuts. (A proposed \$50 billion in tax increases would leave \$85 billion in net tax relief over five years.)

Prospects for cutting the capital-gains tax rate to 20 percent are dim. A cut in the inheritance tax rate and an increase in the amount (currently \$600,000) that can be passed to heirs free of federal estate tax also are generally opposed by Democrats.

That is disappointing. Republicans are right about the job-creating potential of a significant capital-gains tax cut and the fun-

damental fairness of reducing the effective inheritance tax rate. Instead, taxpayers with children are likely to get a modest credit of limited value as an incentive to new investment.

The overall tax-cut package could be a similarly bland compromise—a far cry from the bold \$200 billion tax cut originally advocated by the GOP.

#### CAN PEOPLE OF FAITH DIFFER ON MFN FOR CHINA?

**HON. DONALD A. MANZULLO**

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

*Thursday, June 19, 1997*

**MR. MANZULLO.** Mr. Speaker, political and religious persecution continues in China. These human rights violations, spotlighted as Congress considers extending its trade status with China, are appalling to everyone. But the question of whether we should keep the trade door open or isolate China in trying to bring an end to these abuses is far from unanimous, especially among the faith community.

First, it is important to recognize that the most-favored-nation trade status—up for a vote in Congress in late June—is a misnomer that gives no special treatment to China. In fact, MFN is the normal, unprivileged trade status held by every other nation in the world except six.

But some within the religious community believe even normal trading practices with China are unconscionable. Family psychologist James Dobson and his Washington-based Family Research Council, led by Gary Bauer, former domestic policy adviser to President Ronald Reagan, believe that cutting off trade with China will send a message that will convince the Chinese Government to halt the persecutions of Christians and other people of faith.

Others, however, insist a public Christian stance against MFN is not in the interest of the church in China and will seriously hamper the efforts of Christians from outside China who have spent years seeking to establish a Christian witness among the Chinese people. In fact, they fear the human rights violations will be exacerbated if we cut our ties with China, thereby removing our Western influences from this emerging democracy. Those who share this belief include Joseph M. Stowell, president of the Moody Bible Institute; Don Argue, president of the National Association of Evangelicals; and the China Service Coordinating Office, an umbrella group representing more than 100 missionary groups, many in China, including the Institute for Chinese Studies at Wheaton College's Billy Graham Center.

The United States Catholic Bishops Association issued a statement opposing renewing MFN trade status for China, though not all the bishops agree with the statement. Ironically, Hong Kong's official Catholic newspaper, the Sunday Examiner, reported new contacts between Beijing and Hong Kong's Catholic hierarchy, which could be a major step toward an official recognition of the Catholic Church inside China.

And then there is Father Robert Sirico, president of the Action Institute for the Study of Religion and Liberty, and a signatory to previous advertisements by the Family Research

Council protesting religious persecution in China. "Just as religious freedom offers the best hope for Christian social influence, economic freedom is the best hope for spreading that influence around the world," said Sirico, who supports MFN.

Others, such as Ned Graham, son of evangelist Billy Graham and president of the missionary organization East Gates, believe the religious leaders opposing MFN should temper their language in speaking on the situation because it has the effect of bringing more persecution upon the church in China.

As a believer in the freedom of worship and as a United States Congressman, I have written numerous letters and protested religious persecution in Russia, Kuwait, Romania, China, and other parts of the world. I wrote to Secretary of State Albright to ask her to raise the issue of religious persecution during her visit to Russia and China. I cosponsored and voted for legislation that condemned human rights abuses against religious believers around the world. That resolution urged the President to create a special advisory committee for religious liberty abroad or to appoint a White House special advisor on religious persecution. This battle does not just involve Christians around the world. The persecution of one faith is persecution of all faiths. And wherever and whatever religious beliefs are persecuted, public officials must speak out.

I believe we must engage in trade with China and still publicly condemn their human rights abuses. It is important to remember where China has been and where it is today. Thirty years ago, millions of people were executed following political sham trials in the cultural revolution. Now, thanks to the influence of foreign companies, more Chinese people have the opportunity to work without the shackles of state control. The American presence in China is a force for good, where the vast majority of firms pay their workers higher than average wages and offer a host of benefits, such as health care, housing, recreation, education, and travel. I spoke with the granddaughter of Dr. Sun Yat-Sen, who overthrew the feudal Manchu Dynasty in 1911 and was the first provisional president of the Republic of China. She told me of the many positive changes in China, from the disappearance of neighborhood spies to the destruction of the internal passport system, which prevented people from moving from one job to another or from one town to another. Missionaries with whom I speak say while persecution continues, the churches continue to grow. It is important not to isolate China.

While MFN does not grant China a special trade status, it also does not grant China any special trade rules. While trading with China, we must use our enforcement tools to stop improper trade practices. We did this recently to help Brake Parts in McHenry County, IL, when some Chinese companies were selling brake rotors at below market prices. I advised Brake Parts to file a complaint with the International Trade Commission, which issued a punitive order against those Chinese companies. If goods are found to be made in prison labor camps, then we should enforce our own laws to prohibit their sale in the United States. If the Chinese throw up trade barriers against United States sales in China, then we should impose trade sanctions and retaliate against the Chinese by imposing stiff tariffs.

The debate over China is good. Democracy is at its best when well-meaning people of

good intentions are involved on differing sides of an issue. I thank God that in America we have the freedom to debate this issue.

#### PERSONAL EXPLANATION

### HON. MICHAEL P. FORBES

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 19, 1997

Mr. FORBES. Mr. Speaker, on Wednesday, June 11 and Thursday, June 12, I appreciated being granted an excused absence due to a serious illness in my family. Due to that absence, I missed several rollcall votes.

Had I not been unavoidably absent on June 11, I would have voted in the following manner pertaining to amendments to H.R. 1757, the Foreign Relations Authorization Act.

"Aye" on rollcall vote No. 201, an amendment to express the sense of Congress condemning the policy of Palestinian policy of imposing the death penalty for any Palestinian who sells land to a Jew.

"Aye" on rollcall vote No. 200, an amendment to prohibit funds made available under the Foreign Assistance Act for fiscal years 1998 and 1999 for the Russian Federation if that country transfers an SS-N-22 missile system to the People's Republic of China.

"Aye" on Rollcall vote No. 199, an amendment to prohibit foreign assistance to any country that assists the Libyan Government in circumventing United Nations sanctions. On May 8, Muammar Qadhafi defied the United Nations ban and flew to two neighbors countries.

"Aye" on rollcall vote No. 198, an amendment expressing the sense of Congress that Romania should be considered eligible for assistance under the provisions of the NATO Participation Act of 1984.

"Aye" on rollcall vote No. 197, an amendment expressing the sense of Congress that the United States Government should not prohibit the importation, sale, or distribution of Cuban cigars in the United States, or cigars that are the product of Cuba, at such time as the Government of Cuba has (1) freed all political prisoners, (2) legalized all political activities, and (3) agreed to hold free and fair elections.

"Aye" on rollcall vote No. 196, an amendment to express the sense of Congress that the militant organization Al-Faran should (1) release Donald Hutchings and four western Europeans from captivity; (2) cease and desist from all acts of hostage-taking and other violent acts within the state of Jammu and Kashmir in India.

"Aye" on rollcall vote No. 195, an amendment to require the President to impose financial transaction restrictions on the Government of Sudan and to express that it is the sense of Congress that the religious persecution and support of terrorism by the Government of Sudan is unacceptable.

"Aye" on rollcall vote No. 194, an amendment to restrict assistance to foreign organizations that perform or actively promote abortions and prohibiting the use of any funds authorized in the bill to be made available for the United Nations Population Fund in any fiscal year unless the President certifies that UNFPA has terminated all activities in the People's Republic of China, and during the 12 months

preceding such certification there have been no abortions as the result of coercion associated with the family planning policies of the national government or other governmental entities.

"Aye" on rollcall vote No. 193, an amendment to prohibit payment of U.S. arrearages to the U.N. until the U.N. complies with requirements that U.N. employees comply with child and spousal support orders issued by the U.S. courts.

"Aye" on rollcall vote No. 192, an amendment expressing the sense of Congress that the government of the Ukraine should be commended for their decision to relinquish the nuclear weapons in its possession after the demise of the Soviet Union, for declining to participate in the construction of nuclear reactors in Iran, and for taking a positive and cooperative position with regard to admission into NATO.

"No" on rollcall vote No. 191, an amendment requiring the Secretary of State to report to Congress every 3 months listing all complaints by the Government of Cuba to departments and agencies of the United States concerning actions taken by U.S. citizens or the U.S. Government.

"Aye" on rollcall vote No. 190, an amendment to require the President to report to Congress on any border closures or the use of an economic or commercial blockade by or against any of the new independent states of the former Soviet Union against any other country.

"Aye" on rollcall vote No. 189, an en bloc amendment consisting of several amendments: (1) expressing the sense of Congress that Peru should respect the rights of prisoners to timely legal procedures; (2) directing the State Department to monitor human rights progress in Ethiopia; (3) establishing special envoys to promote mutual disarmament; (4) expressing the sense of Congress that Taiwan should reconsider its proposed deal to transfer low-level nuclear waste to North Korea; (5) expressing the sense of Congress that the administration should support the Prime Minister of India in strengthening ties with the United States and that the President and Secretary of State should call on the President of Belarussia to defend and protect the sovereignty of Belarussia, (6) authorizing a congressional statement in support of Taiwan's efforts to be admitted to the World Trade Organization; (7) requiring the State Department to report to Congress on allegations of persecution of Hmong and Laotian refugees repatriated to Laos; (8) instituting "buy American" requirements; and (9) calling for the withholding of assistance to countries that provide nuclear fuel to Cuba.

"Aye" on rollcall vote No. 188, an amendment to prohibit funding for UNESCO World Heritage and Man and Biosphere programs.

"No" on rollcall vote No. 187, an amendment to strike the bill's provisions which establish new responsibilities for the office of inspector general at the State Department.

"Aye" on rollcall vote No. 186, an en bloc amendment consisting of several provisions: (1) allow non-Foreign Service Government employees to perform consular functions; (2) specify qualifications for the position of Assistant Secretary for Diplomatic Security; (3) change the authorized strength of the Foreign Service; (4) change the provisions of the bill concerning return of persons to countries

where they may be subject to torture; and (5) a technical amendment regarding the ecclesiastical patriarchy in Istanbul, Turkey.

"Aye" on rollcall vote No. 185, an amendment to require the State Department to report to Congress by March 1 of each year a listing of overseas U.S. surplus properties for sale and require the amounts received from such sales to be used for deficit reduction.

"Aye" on rollcall vote No. 184, an amendment to require the State Department to maintain records on each incident in which an individual with diplomatic immunity from the criminal jurisdiction of the United States under the Vienna Convention committed a serious criminal offense within the United States.

"Aye" on rollcall vote No. 183, an amendment to end funds for continued TV Marti broadcasts to Cuba at the end of the current fiscal year if the President certifies that continued funding is not in the national interest of the United States.

"Aye" on rollcall vote No. 182, an amendment to express the sense of the Congress that the United States broadcasting through Radio Free Asia and Voice of America increase to continuous, 24-hour broadcasting in Mandarin, Cantonese, Tibetan, and that broadcasting in additional Chinese dialects be increased.

"Aye" on rollcall vote No. 181, an amendment, consisting of several amendments offered en bloc to strike the provisions of the bill allowing the State Department to retain for operating expenses up to \$500 million in immigration, passport, and other fees. The amendment would raise authorized funding levels in the bill to compensate for the loss in operation funding.

"Aye" on rollcall vote No. 180, an amendment to modify the bill's provisions to consolidate certain foreign affairs agencies into the State Department.

"No" on rollcall vote No. 179, an amendment to reduce the authorized spending levels in the bill for fiscal year 1998 and fiscal year 1999 to the amount appropriated in fiscal year 1997.

"Aye" on rollcall vote No. 178, an amendment to prohibit funds made available under the Foreign Assistance Act for fiscal years 1998 and 1999 for the Russian Federation if that country transfers an SS-N-22 missile system to the People's Republic of China.

Had I not been unavoidably absent on June 12, I would have voted:

"Aye" on rollcall vote No. 203, making emergency supplemental appropriations for recovery from natural disasters, and for overseas peacekeeping efforts, including those in Bosnia, for the fiscal year ending September 30, 1997.

"Aye" on rollcall vote No. 202, proposing an amendment to the Constitution of the United States authorizing the Congress to prohibit the physical desecration of the flag of the United States.

#### AMENDING IMMIGRATION AND NATIONALITY ACT, H.R. 1961

### HON. BENJAMIN A. GILMAN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 19, 1997

Mr. GILMAN. Mr. Speaker, I rise today to introduce H.R. 1961, a bill which would amend