

CITIZEN PROTEST OF THE
INTERNAL REVENUE SERVICE

The SPEAKER pro tempore. Under the Speaker's announced policy of January 7, 1997, the gentleman from Louisiana [Mr. TAUZIN] is recognized for 60 minutes as the designee of the majority leader.

Mr. TAUZIN. Mr. Speaker, tonight we gather in a special order on a special day. Today is of course April 15, the day the tax man cometh, and as I speak Americans across this land are scrambling to reach the post office by midnight tonight, scrambling to fill out those last forms and read those last instructions and those complicated booklets, trying to fulfill their duty as an American and to file their income taxes as required by law.

Tonight I am joined in this special order by my dear friend and colleague from Colorado DAN SCHAEFER. DAN SCHAEFER and I just came back from Boston, MA earlier today. We traveled to Boston, MA, the site of this Nation's birth of freedom for a very special reason on this April 15. Today in Boston Harbor DAN SCHAEFER and I were joined by three of our colleagues who came to Boston and have joined us in support of a very important idea that we wanted the Nation to begin thinking about and to begin debating this year.

We journeyed to Boston, to Boston Harbor, in commemoration of an event that occurred on December 16, 1773 in that very same harbor, and we gathered at the site at Boston Harbor where in fact the birth of liberty, the birth of freedom, the idea of America first came to reality.

In that harbor in Boston, Congressman DAN SCHAEFER and our colleagues literally reenacted that event of December 16, 1773. We got aboard the brig, the Beaver, which is a replica of the original brig, the Beaver, that was there along with two other ships, the Dartmouth and the Endeavor, both of which were there to—I am sorry, the Eleanor, the Dartmouth and the Eleanor, both of which were there docked at the harbor along with the brig, the Beaver, filled in tea shipped in by companies in Great Britain under a monopoly arrangement and subject to a tax on tea that the colonists found great fault with.

As you know, on that fateful evening about 50 colonists, led in part by young Sam Adams and many other patriots including John Hancock and the likes of Paul Revere, gathered together as sons and daughters of liberty meeting at the Green Dragon there in Boston Harbor and determined to resist this foreign taxing power and determined to assert their rights as citizens of this country, citizens of colonial America then to determine their own destiny apart from this power in Great Britain that was determined to tax them without representation.

On that fateful evening, dressed as Mohawk Indians, they docked those ships, boarded those ships rather, and

tossed the tea into the harbor in an event that clearly led to Lexington, clearly led to Concord, clearly led to American independence, clearly began the process by which this great Nation was founded, founded on those principles of liberty and freedom and the fact that citizens of this country were indeed masters of their fate, that government would always be their servant.

And so today we gathered in Boston Harbor, new sons and daughters of liberty, gathered there with citizens from across America to declare that on this day we begin the process of debating here in this country, here in this Congress, whether it is time indeed to take on the taxing power of this Government and declare our personal freedom again.

Today we dumped the U.S. Tax Code in a tea box into Boston Harbor in a deliberate protest announcing our decision today to file the Schaefer-Tauzin bill which is the first bill filed along with the one we filed last year to repeal the income tax of America, to abolish the IRS, to repeal in fact all income taxes in this country, including gift and inheritance taxes, and replace them all with simple, straightforward national retail consumption tax.

I am pleased to yield to my friend, the principal sponsor of the legislation, who joined me and our colleagues in Boston Harbor for this demonstration of citizen protest against the U.S. tax system and its taxing agency, Congressman DAN SCHAEFER.

Mr. SCHAEFER of Colorado. I thank the gentleman for yielding, and this truly was an eventful moment, I feel, and four other Members also feel what happened.

Some people have called this a radical move. I call it revolutionary, and if we started the revolution today, I am proud of it. It is going to take people all across this country joining us in this endeavor to get this Tax Code out of our hair once and for all and go to a very sensible tax that we now will allow the American people to decide on how they are going to pay their taxes, not the IRS and not Congress anymore. And I think when we start talking about this from coast to coast, north to south, people are beginning to come aboard.

A year ago the debate had already begun, and since then we have been on talk shows, radio, TV, all of us have, and it is starting to gel, just the people who were there today that were holding up the placards were from California and from Texas and from Oregon and Florida and Arizona and everywhere, and they made a long trip. There was an 88-year-old gentleman who came in from Houston into Virginia, drove 8 hours to get up to Boston.

Now that is dedication.

Mr. TAUZIN. Mr. Speaker, I thank my friend.

Also joining us tonight for this special order is another gentleman who joined us in Boston. In fact he preceded

us. He went the night before, he was so excited to be a part of this event, the honorable Congressman from the great State of Georgia, CHARLIE NORWOOD.

Mr. NORWOOD. I thank the gentleman from Louisiana [Mr. TAUZIN] and I am delighted to be here tonight with the gentleman from Colorado [Mr. SCHAEFER] and the gentleman from Louisiana [Mr. TAUZIN], and in fact I have been delighted to be with you all day. It has been one of those exciting and exhilarating days, and I agree with both of you. It was a little part of history today.

As a school boy I always fantasized being one of those Indians that dumped the tea into Boston Harbor originally, and I have to tell you that I thoroughly enjoyed myself today as we made a statement across the country saying that the present tax system will not do any longer; the American people have had enough of it, it is unfair, it is too complex, too complicated, and we need to take a step like we took today in an effort to do the wonderful things we are doing.

I mean, how can you not be for anything that will repeal the corporate income tax, the personal income tax, the inheritance tax, capital gains, gift tax? I mean, how can you not be for that, knowing that we are going to very nicely fund the country on a 15-cent sales tax, and I hope tonight we will talk about this a little bit and help explain to the American people more details in your fine bill.

Mr. TAUZIN. I thank the gentleman, and let me first announce that what we started today was most importantly a debate on the current tax system. Most importantly what we did today was to say to all Americans that you ought to seriously consider and not trivialize, seriously consider whether or not the income tax system that we in this Congress vote on yearly and change every other Congress, the income tax system which is the basic funding mechanism for this government in Washington is a good system for this country or whether it is a bad one; and if it is a bad one, to seriously consider with us a national grassroots effort to educate America and, more importantly, the Members of this Congress and the Senate who are going to make the difference if they vote correctly to one day consider abolishing this system in favor of a better one. That is the first decision we have to talk about: Is the current income tax system good for this country or is it bad for this country?

So I suggest we do that first. Let us have a discussion, if you will, about why the current income tax system is a bad tax system for a country in this century, about to enter a new century in an increasingly globally free trade economy. Is this a good tax system for citizens who are filling out those forms tonight? Is it a good tax system for workers who are out there struggling to feed their families, educate their kids and leave something for their grandchildren and others to enjoy

when they pass away? Is this a good system or is this a bad one?

I yield to my friend from Colorado.

Mr. DAN SCHAEFER of Colorado. I thank the gentleman for yielding very much, and I think when we all do town meetings out there we talk about a lot of different things, but I do tell you one thing. The issue that gets everybody going very, very quickly and very, very favorably is talking about this tax system.

Now they know that when they go and make out those taxes and mail them in today that they should sprinkle holy water on it before they mail it because who knows what is going to happen? There have been a number of polls out. You take your taxes to a CPA. He figures them out. He figures them out, or she figures them out; then you take them to 15 other CPA's, and they will all figure them out different. So who is wrong and who is right? And the IRS will tell you it is a different figure altogether.

There is one thing right there, and, my colleagues, when you get on these talk shows, and the one thing that I continually say is how would you like to take all of that money that was withheld from you in your last check and put it in your pocket, and you could decide whether you want to spend it or save it or whatever you want to do? It is yours. If you consume it, if you buy a television set or if you buy a piece of furniture or a suit of clothes, sure you are going to pay a 15 percent tax. But everything else is gone, and I just say that the American people are the ones who are pushing this one and we have to be the catalyst to make it grow.

Mr. TAUZIN. I yield to my friend from Georgia.

Mr. NORWOOD. Mr. Speaker, I would also like to point out: Is this a good system? I note that I certainly do not understand the Tax Code or the system, and I am not sure that my taxes were right today. I have what I consider one of the best CPA's in Georgia, and he readily tells me, "Well, I don't understand this tax code, I'm not sure if I have it right. I can call on the IRS and ask them if they know what the system is all about, and they say, 'Well, I'll give you an answer, but I'm not sure if we have it right.'"

The IRS tried to correct that and purchased a \$4 billion computer and after trashing a \$4 billion computer they say, "Well, the computer doesn't understand if we have it right," and I am struck by the quote from Albert Einstein: The hardest thing in the world to understand is our income tax system.

Now if Mr. Albert Einstein cannot understand our system—and I do not think we have a lot of Mr. Einsteins over at the IRS—how do we expect the average person in the 10th District of Georgia to have submitted their taxes today without considerable fear?

Mr. TAUZIN. I thank my friend. Let me point out that the IRS tax code, ac-

cording to editorial IRS, the problem is power of Investors Business Daily, April 11, 1997. The IRS contains now in its code and regulations 5.5 million words, 17,000 pages. It was a pretty hefty chest we throw over into Boston Harbor today. It is so complex that it is a wonder anybody understands it.

In fact in 1986, if you recall, Ronald Reagan offered us a plan called simplified income taxes, and that plan was passed. It reduced the rates of taxation from 14 down to about 2. Well, guess what has happened since 1986 again? Since 1986 this Congress made 4,000 individual changes in that income tax code of 1986. It is now up to five rates and growing daily, and today we are told that Americans have to work on average until May 9 just to pay taxes in America—if they can figure them out and file their forms correctly.

□ 2045

And if the tax, if the tax forms are filed, and the IRS decides that you did something wrong, guess what happens in America? Unlike a Federal court, where you might be indicted and yet presumed innocent until a jury finds you guilty, with the IRS we created, you are guilty until you prove yourself innocent. It is the most un-American system I think we could ever devise in a country that was founded on the principles of liberty and freedom, as our forefathers who gathered in Boston Harbor thought about a country all those years back to 1773.

In short, what we are saying is that the Income Tax Code is not only incomprehensible to most of us and to experts, it has become a burden on our society. In fact, in America, we spend nearly 300 billion of manhours preparing those tax forms.

In the Kemp Commission report filed just recently, last year I think it was, the Kemp Commission reported that the small businesses in America, they will spend \$4 for every \$1 they send the Government tonight, just doing the paperwork, just doing the records and the procedures that lead to the filing of that tax form.

In short, we have a system that is out of control; we have an agency that is un-American. It is time to seriously consider replacing it with a better system.

I yield to my friend from Colorado.

Mr. DAN SCHAEFER of Colorado. Mr. Speaker, I thank the gentleman for yielding.

I took the liberty of going back and pulling up the 1913 tax forms. Now, this was a surprise. There were 14 pages of explanations. Now, only 14, my friend from Louisiana, and the forms that you fill out were withholding, deductions, and what you had to pay, three forms. Now, I do not know how many are in that Tax Code, but it was very, very heavy when we lifted them in that one single tea box with that chain around it today.

So what has happened, and the gentleman is exactly right, we go back to

that 1986 bill. We have over 8,000 pages now of codifications, rules, regulations, and everything else stuck in there, and I do not know how anybody can figure anything out of what we have.

So that is what is bad with it. It is too complicated. It is just too complicated. That is what we want to do, is simplify it.

Mr. TAUZIN. Mr. Speaker, I will give my friend a better reason why the Income Tax Code that we run this Government with is lousy for every working American.

The Income Tax Code that we run this Government with, that only taxes your income, it taxes your spending, it taxes your saving, it taxes your investments. It taxes your gifts to your children, whether you are alive, or if you are trying to give it to them when you die through inheritance. It taxes you on the same money over and over and over again.

Now, why does it tax you more than once? Let me explain that. It taxes you more than once because once you paid your taxes, once they have been withheld from your paycheck and you go out into the marketplace and try to buy something in this society, if you dare to buy anything made in America, if you can find anything made in America on the shelves of the store in your town, you are going to pay an IRS premium on that purchase.

How much? Economists tell us that the cost of the IRS system, the cost of all of this filing of all of this paper, all of these manhours, all the taxes that are paid by the farmer, the miner, the forester, the manufacturer, the shipper, the wholesaler, the retailer, by the time that box of cereal reaches you at home, so much taxes and cost to the IRS have been applied to the manufacturer of that product that you paid 10 percent to 15 percent more as a hidden IRS cost in everything made in America.

Now, here is the real tragedy. If you buy something made foreign, if you buy an imported product, you do not pay that tax. So guess why we buy so many foreign products in America? Those foreign products coming in in a free trade GATT society come into America without having to pay the income tax load, because the countries where they are shipped exempt them from the VAT taxes they impose at home. Those taxes come in untaxed to America and compete on the shelf with a product made by American labor that bears a 10 to 15 percent hidden IRS tax on it.

We wonder why so many jobs are leaving America. We wonder why so many Americans are buying foreign products, why so many retailers are reaching out across the globe to find products to bring into this country instead of manufacturing them here. We wonder why Pat Buchanan stirred up America, the peasants with pitchforks, to complain about the GATT Treaty. It was not the treaty that was at fault, it was our Tax Code that said in America

we are only going to tax American labor, we are only going to tax American products, we will not tax foreign products coming in.

How do we change that? We cannot change that with an Income Tax Code under the GATT Treaty. We can only change it if we get rid of the income tax and impose a common tax on the purchase of goods made in America and goods brought in, imported into this country.

How serious is it? For every \$1 billion that we lose in export trade, 19,000 American jobs are lost; 19,000 Americans are out of work, because our Income Tax Code, for every \$1 billion of foreign trade that we lose.

How many of those billions could we attract back to home if we suddenly ended this 10 to 15 percent IRS cost on the products we make in America? How many families could have a job again? How many people could be productive again in this society? How many manufacturers could be hiring people instead of laying people off if we simply had a Tax Code that treated people fairly in America?

In short, we are talking about an Income Tax Code that taxes us when we earn money; it punishes us when we save money, because it taxes our interest earnings; it punishes us when we invest, because it taxes our investment earnings and our capital gains; it punishes us if we buy America; and it rewards us only if we buy something imported into this country, manufactured in some foreign country.

What a lousy Tax Code. Who would want to keep such a Tax Code? Who in this body, given a choice to substitute that Tax Code for one that treated American labor and American products fairly, that taxed both the import and the domestic product equally, like most other countries do, and that send our exports into the world without the cost of the IRS on their back? Who, given that choice, would not vote for it tonight, today?

Well, the truth is, we have a lot of educating to do. We have a big job, starting this day, starting in that Boston Harbor to educate Americans about just how lousy this Income Tax Code is, how depressing it is to the U.S. economy, how it damages American workers, how it literally discriminates against American products, not only in our own market, but all over the world.

A Tax Code like that deserves to get ripped out by its roots, it deserves to get dumped in Boston Harbor, and it deserves to get abolished by this Chamber.

I yield to my friend from Georgia.

Mr. NORWOOD. Mr. Speaker, if the gentleman would yield for a question, because I think he made a very good point, but if he will walk me through it a little bit where I can perhaps understand it a little better.

What we are saying is an end-use consumption tax. That means, for example, the farmer goes out and buys a tractor and seeds, and he pays no tax

under our bill. He plants his seeds and produces the wheat. He pays no tax. He ships the wheat to a miller. From the miller it goes to a baker, and from a baker it goes to the retail outlet. All the way along the line now, there has been no tax under our bill. Is that a correct statement?

Mr. TAUZIN. Mr. Speaker, the gentleman from Georgia is accurate. So what the gentleman from Georgia is explaining is the alternative to the income tax, what we describe in the Schaefer-Tauzin bill as a national retail consumption tax.

The gentleman is correct. Under our concept, there is no tax on the income earned by the individual or by the business. There is no tax on any of the processes that produce a product in America. The only time there is a tax is when the product is eventually sold for consumption, and it does not matter whether that product is made in America or imported into this country from foreign lands. When it is bought for consumption in America, our bill would provide a 15-percent retail consumption tax in the place of all those other taxes that currently burden us so badly.

Mr. NORWOOD. Mr. Speaker, is the gentleman saying our consumption tax bill will increase jobs, so if we do the same scenario with a tire, and we get to the point where we are ready to export that tire, that tire then does not have that 15 cents' worth of taxes on it, does it?

Mr. TAUZIN. Mr. Speaker, the gentleman is exactly right. The gentleman is exactly right.

Under the current Income Tax Code, when we manufacture any product, let us take that box of cereal, all the way from the farmer all the way to the retailer, when that product is sold in foreign commerce today, it bears all the costs of the IRS in its price.

That is why it fails to compete when it gets overseas, because guess what happens if you ship it to England? In England they put another tax on it, so it is taxed in England and it is taxed in America. When England sends a box of cereal to America, they exempt that box of cereal from their value-added tax. We do not tax it when it gets here, so it comes in tax-free.

In short, our products are at a great disadvantage with our Income Tax Code, and, in short, if we changed it to what the gentleman from Colorado, [Mr. DAN SCHAEFER] and I have recommended, that box of cereal would enter the market in Great Britain, let us say, without a single IRS tax on its back. It would get the VAT tax when it got there, but it would compete fairly against the English box of cereal that also had a VAT tax on it. In short, we would equalize our products in the marketplace, establish a fair playing field in exports, and we would create American jobs the likes of which we have not seen in decades.

Mr. NORWOOD. Mr. Speaker, what happens to the box of cereal produced

in England then that is shipped to our country for sale?

Mr. TAUZIN. If it is produced in England and shipped to America, the value-added taxes that would be imposed in England are exempted. They are actually rebated back to the producer, and that box of cereal enters America without the value-added tax on it, and it sits on the shelf right next to the box of cereal that was produced in America with all of those income taxes on it. So one has a 14- to 15-percent disadvantage. Which one is it? The American product.

The same thing is true when we send that box of cereal to England. It carries that 14 and 15 percent IRS tax on its back, and it gets the English value-added tax on it, and it sits on the shelf next to the English product that only has a value-added tax. Guess who suffers a disadvantage? The American product again.

So when Pat Buchanan was running around complaining about how free trade was damaging American workers and sending jobs overseas, he was right, but the real culprit is not the GATT Treaty, the real culprit is our tax laws which penalize every worker in this country, every American product, whether it is sold domestically or in foreign lands.

Mr. NORWOOD. Mr. Speaker, the gentleman from Louisiana makes the point here then that if we go to the consumption tax, we have almost a 30-percent spread in products that will be produced in this country going our way. That is what you mean by, it will increase jobs in this country, because we are better able to compete; therefore, we will have more jobs in this country.

Mr. TAUZIN. Mr. Speaker, the gentleman is right. We do not have to penalize ourselves in a free trade global environment. What we ought to do is treat ourselves as well as we treat any foreign product, but we do not. We penalize ourselves at home, and then we penalize our products when we sell them abroad, and the penalty is 20- to 30-percent.

Now, I would ask my colleague to tell me how, with a 20 or 30 percent penalty, America cannot see its jobs continue to fly overseas and why, if we could get rid of that penalty, those jobs would come back home.

I yield to my friend from Colorado.

Mr. DAN SCHAEFER of Colorado. Mr. Speaker, the gentleman mentions in a couple of cases with this box of cereal, and I think it is very, very important that the American people understand, this is not a value-added tax. A value-added tax is a terrible way of taxation. All along, every time a product changes hands, there is a new tax added on it. This is not a value-added tax.

The second thing that is wrong with this system that we have is this lousy inheritance tax that is out there. People work all their lives to build a farm or a business or whatever it is, and

they want to finally give it to their children. The IRS steps in, takes 50, 60 percent of that hard-earned money that people have labored over.

Mr. TAUZIN. The gentleman forgot a step. It is hard-earned money that they have already paid taxes on.

Mr. DAN SCHAEFER of Colorado. That is exactly right.

I want to make one other point, and the gentleman from Louisiana already has, and this is bringing jobs in.

□ 2100

If we look at the people in this world, and we have talked to them, who are international marketers, they say, do you realize what would happen if you passed a piece of legislation like this? Manufacturers in foreign countries would say, we can come over here, build a factory, create jobs, turn around and export, no taxes. But, the important thing is that we are creating a lot of jobs, and that is all good for the American economy.

Mr. TAUZIN. Mr. Speaker, I think we have concluded and we should all conclude that the American income tax system is far more complicated than we could understand. Even Albert Einstein could not understand it. But it has reached a point in this historical setting where it has been amended and tinkered with so many times that it gets more complicated every time we see it; that it has become so incomprehensible that Americans tonight, I am sure, are struggling to fill out all those forms, as we struggle every year; that April 15 has become a day of tyranny in this country, a day in which we indeed wanted to celebrate the birth of our Nation's freedom in Boston Harbor by declaring that today we begin the process of educating Americans and the Members of this body on why the income tax is terrible for this country, and why we ought to seriously consider repealing it, removing it, and substituting an alternative in its place.

We are not alone. We are not alone. There are many others who are joining in as cosponsors. Let me tell the Members the wonderful truth. The wonderful truth is that the person in this House most responsible for writing tax policy, the chairman of the Committee on Ways and Means, the honorable gentleman from Texas, [Mr. BILL ARCHER] is a supporter of this concept. He is a driving force behind all of our efforts to talk about repealing the United States Income Tax Code and the IRS and replacing it with a better model, one that works better for America and for every worker in this country, every family, every income earner.

The gentleman from Texas, the chairman of the Committee on Ways and Means, today has started that process of examination. We hope that over time, as more and more Members become knowledgeable about how rotten this system is, and how there are better alternatives out there, then perhaps one day we can have a vote in this Chamber, the kind of vote I earlier de-

scribed, where as patriots, new sons and daughters of liberty, we do in this Chamber what we illustrated could be done in Boston Harbor, we dump this income tax system and replace it with a much better, simpler, flatter rate system that Americans can live under with dignity and pride and a full exercise of the freedoms that those patriots so dearly fought for way back when our country was first thought of.

Mr. Speaker, I yield to my friend, the gentleman from Georgia [Mr. NORWOOD].

Mr. NORWOOD. Mr. Speaker, just a couple of thoughts, and what we might discuss. If we find this consumption tax bill is law and people are able to save once again, they are not penalized for doing so. In other words, their compounding of their money is not taxed, and they would have great incentives to save. If our saving dollars increased in this, I think it is pretty reasonable to suspect that interest rates come down.

The other part of this bill that I think is so important that will prepare us for the 21st century is that people will have an incentive to invest in plants and factories and stores, because if they should happen to make a profit, they get to keep the profit, not send it all to Washington, at least until it is consumed. That, to me, is the answer for the 21st century as we compete with China and Asia and different parts of this globe, is give our own people incentives to build and invest, so we build our own plants and factories.

Is that not what the gentleman's consumption bill is trying to do?

Mr. TAUZIN. Mr. Speaker, the gentleman is abundantly correct. Let us talk about this alternative now. Let us talk about several alternatives that people have talked about to the United States Income Tax Code.

We have heard a lot about the flat tax. It was proposed, of course, in the Presidential campaign by Mr. FORBES, and our colleague, the gentleman from Texas [Mr. ARMEY] has a flat tax proposal before this body. The flat tax is simply a flattening of all the IRS rates, the five rates we currently have, into a single flat rate. It also imposes a single flat rate on all businesses. I think it is a 17 percent, in that bill, on individuals, a 20 percent on businesses. So it is a vast improvement upon the current complex code.

Is there a problem with that alternative? Yes; the problem with that alternative is that the 17-percent rate has to go up considerably when we start providing the necessary deductions for the home mortgage interest, perhaps for medicine and other things. The bottom line is that the real problem with the flat rate proposal is that it is still an income tax, and an income tax is an income tax is an income tax. It can become a fat, complicated tax after a few congressional sessions.

Most importantly, it is still a double taxation system. It taxes personal income once when you earn it, and it

taxes your spending on American products again, because it includes that 20 percent tax on American manufacturing and business. It is not a tax that is equally applied to foreign imported products. So it again discriminates against the American workers and the American product. So while it is an improvement over the current tax and the current income tax structure, it is not yet the best answer.

So what is the best answer? I am not sure what the best answer is yet, but I will tell the Members what the best answer we have come up with so far, in my opinion, is: It is the Schaefer-Tauzin bill.

What we have proposed in this bill is the complete elimination of the income tax, both on individuals and on businesses; the complete elimination of income taxes on savings accounts; the complete elimination of income taxes on capital gains and other investments; the complete elimination of taxes on gifts to our children, to charities, to anything; the complete elimination of taxes on inheritance, the kind of gifts we make to our children when we eventually pass away and want to leave them something which we have tried to build for them during our lifetime; and, finally, it is a tax that will apply to both domestic and foreign products.

How do we do it? We do it by substituting all of those taxes that we repeal with a simple 15-percent tax on the final purchase for consumption in America of products and services.

How does that work, and why did we come up with 15? We came up with 15 percent because, according to the National Taxpayers Union, 12.9 percent on goods and services consumed in America produces the same amount of money that the current income tax code produces, along with gift and inheritance taxes and a host of excise taxes, which we also repeal.

At 12.9 percent, in other words, we could make this Government whole. It would be revenue-neutral. A 12.9-percent retail consumption tax would produce the same amount of money that the current taxes that I have described produce as a group.

Why have we chosen 15 percent? We chose 15 percent because we thought it was important in a national retail consumption tax to do several things which were critical to our society.

First, we wanted to make sure that no one who earned income below the poverty line would be adversely affected by a retail sales tax. So at 15 percent, we have enough money collected so we can reduce FICA taxes for all citizens on their earnings up to and including the poverty line for their family.

In short, we have taken the regressivity argument away. We have taken away the argument that this sales tax proposal will adversely affect those who earn below the poverty line. In fact, we hold people below the poverty line, in fact, all the earners, completely harmless from the effect of the tax on poverty-earned income.

Second, the 15 percent helps us to fund two important features of the bill. One is a continuation of the exemption of the home mortgage interest deduction, critical to a society that favors the purchasing and ownership of homes, in a society where family life and families are critical.

We have also continued in this bill the exemption for moneys spent to purchase an education, for training and education, because we consider this just as we would consider purchases made to produce products, as part of the cost of being productive in our society.

So at 15 percent we take care of the educational expenses of being a productive society, we take care of the home mortgage interest deduction, and we protect income below the poverty line, and yet we still produce, with the retail consumption tax, the same amount of money that the current income tax system produces to run this government, along with all the other taxes I mentioned: taxes on gifts and taxes on inheritance, taxes on capital gains and corporations in America.

In short, we provide in this bill, which will become, very soon, H.R. 2001, we provide the complete elimination of this income tax which so burdens America tonight, the abolishment of the IRS, and a simple, flat retail consumption tax that is fair to all Americans and that will increase the productivity of this country, and create for the first time parity, equal treatment, for American jobs, American labor, and American products in this import-export free market world.

Is that a better alternative? I suggest it definitely is, but if Members have a better one, if they have an alternative that is even better than this one, we are anxious to hear it.

What we wanted to do in Boston Harbor today, CHARLIE, was to begin this debate; to get Americans to focus tonight, on this awful day the tax man cometh, on whether or not we, as sons and daughters who have inherited this enormous land of liberty and freedom, are willing, indeed, to tackle the difficult job of dumping this American income tax system and replacing it with one that is fairer and better for our country and better for our economy.

Is that worthwhile? Is that worth doing? I suggest to the Members that it is. I suggest that this alternative, the Schaefer-Tauzin retail consumption tax for America, is a much better alternative than any one you will hear about, any one you will read about, that I know of. If there is a better one out there, I am anxious to find it.

Mr. Speaker, I yield to the gentleman from Georgia.

Mr. NORWOOD. Mr. Speaker, I want to talk about the price of goods that could occur under the consumption tax.

Presently, if a loaf of bread is a dollar, we have to generally earn \$1.28 to go buy that loaf of bread. Now, under the consumption tax bill, we are going

to eliminate 30 cents of that dollar that is in the process of getting to the loaf of bread that is in taxes that companies and farmers and retailers and millers normally pay, as well as the compliance part.

What, I would ask the gentleman from Louisiana [Mr. TAUZIN] is going to happen to the cost of bread when you eliminate that 30 cents out of the dollar?

And I just use one example here. It is true in gasoline and many other products. But what is going to really happen to us now with that cost of bread when you take out 30 percent of the cost?

What do we think that the American citizen would end up paying then for that same loaf of bread that previously they had to earn \$1.28?

Mr. TAUZIN. Well, let us start out with the notion, CHARLIE, that every citizen that buys that loaf of bread suddenly has more money to buy it with.

I want you to look at your tax statement or look at your pay stub this week. Look at how much money is taken out in withholding taxes from your pay stub. I would like everyone in the chamber to do that. Look at the amount of money that you finally got as your salary. Look at how much money the Government took before you even saw your salary in the form of withholdings, and imagine tonight that instead of the Government withholding that money from you, imagine it all came to you, that you had all those withholding taxes now to spend to buy that loaf of bread. You would have a lot more disposable income in your pocket as a family to buy that loaf of bread.

Second, the gentleman is right, when we repeal the income tax effect on products produced in America, we reduce that cost significantly. And if the cost of the income tax system is 15 or 30 percent of that loaf of bread, in a competitive marketplace, what quickly happens is that bread competitors, all of whom want you to buy their bread, start competing against one another; and because they have a big margin now with profit to work with, they tend to lower their prices to attract customers away from one another.

So, in the normal course of events in the competitive marketplace, prices begin to fall, prices of American products begin to come down in our society. And as those prices come down, you have more money to buy those products with and you pay that 15 percent sales tax when you consume it, you are much better off than in this current system where you are paying taxes on your incomes paying for much higher products in the marketplace, and then also having to pay taxes on the interest earnings or the gifts or inheritance taxes that may come from whatever money you have left after you get through saving what little you can save in this society.

In short, prices under our bill are likely to come down, are likely to mod-

erate as competition weeds out this excess profit and as consumers take advantage of prices and competitors in a marketplace where costs are coming down instead of going up.

Mr. NORWOOD. Mr. Speaker, today being tax day, everybody has at least a copy of their returns in their hand. Perhaps they still have their returns. But today might be a good day to look at what happened in last year's tax bill and compare it to what might happen under our consumption tax bill.

I mean, would you not take your income, and then from that income you would deduct any state or local taxes that you paid, you would be able to deduct from that income the amount up to the poverty level because that is exempt, I think it is \$15 or \$16 thousand, any money that you might set aside out of that income for savings that would be deducted; and you simply multiply 15 percent times what is left.

And I think it would be a neat exercise for every American in this country today to look at their tax bill today and see what the difference would mean to them and their families if we were doing a consumption tax in this country as opposed to income tax.

Did I leave anything out?

Mr. TAUZIN. Mr. Speaker, the gentleman left one thing out, the thing we just talked about, the fact that not only will that tax bill come down, every American at every income level does better under this plan, but the fact that the cost of American products also come down simultaneously.

Mr. NORWOOD. I think we can show a difference even if you say the cost will not come down, but we all know it will.

Mr. TAUZIN. Even if the cost did not come down, Americans would come out better.

I am often asked, what about Americans who are not earning an income? What about Americans who are retired?

First of all, most retired Americans are earning an income. They are collecting money that taxes were delayed upon and later on taxes are collected upon, pension incomes, what have you. All those taxes on that income are repealed under our bill.

□ 2115

So that seniors who have taxes due on money that have not paid taxes yet, that are scheduled to pay taxes later, those taxes are repealed under our bill.

The Social Security tax, the tax on Social Security earnings is repealed under our bill. The taxes earned in money markets or investments made by seniors for their later years are repealed under this bill. Most importantly, most seniors who are under Social Security or other subsidy programs, pensions, have COLA adjustments to protect them against any impacts this tax may have upon the price of anything. We think prices are going to go down but if they do not, CPI adjustments take care of that.

In short, we think every income category from those who retire all the way to those who are earning in our society at full levels are going to be better off under this bill. And I invite Americans to do the exercise you talked about, look at what taxes you paid this year. Look at what taxes you paid under this income tax system. And look at what happens under this bill. If you need a copy of the bill, call our office or contact us here, we will make sure you get a copy. Examine it to see whether or not you are not better off under this bill.

My idea is that you are going to find out you are not only better off, you are much better off. You do not have to keep forms anymore. You do not have to keep records anymore. You do not have to worry about the IRS audits anymore. You do not have to worry about April 15 anymore. You do not have to file any forms.

You decide how much taxes you pay by deciding how much spending you do above poverty for things you want. You decide how much taxes you will not pay by deciding to save or invest instead that money. You are masters of your own fate.

This Government, this Congress is no longer telling you how to live, what to save, how to spend. It is not saying who is going to get a tax break and who will not. From now on under this proposal there is a simple rate. You decide how much you want to pay by deciding how much you want to spend instead of saving or investing above that poverty line.

If you live below the poverty line, the bill protects you from the effects of this tax. You get all the benefits of lower prices and no income tax and you are protected from the effects of the sales tax. You are much better off if you are retired, as explained. I think you are better off, too.

Let me tell you why America is better off. We are down to three people working in this country for every two people who are retired under Social Security. You wonder why Social Security is looking like it is going to be in trouble as we turn the century? You wonder why Medicare is going bankrupt in this society?

We have got fewer and fewer workers supporting an aging population. That is a prescription for problems. That is a prescription for disaster. How do you change that? You change that by having more workers in your society, by encouraging jobs back into your country.

How do you do it with an income Tax Code that breaks the back of anyone who wants to make anything in this country, that penalizes you at 10 or 15 percent against any product imported into this country? You change it by repealing that Tax Code and by substituting in its place a Tax Code that gives American products not a disadvantage but a real advantage in our marketplace and every export marketplace.

Do you know what you do then? You start creating three and four and five workers for every retired American. And do you know what you do then? You stabilize Social Security and Medicare. You protect seniors in the future in a way that we cannot even think about protecting them today as we squabble over trying to balance the budget and save Medicare from bankruptcy.

In short, changing the Tax Code is the best prescription for putting this country back on a growth economy where workers are protecting their seniors with contributions to pension funds and Social Security systems and Medicare trust funds.

In short, this is the best medicine I know for America. On April 15, when we are all suffering because of this income tax system, when we are all suffering through having to meet these deadlines, this is the best prescription to make us well again. This is the best prescription to make this country strong again, to grow it again, to create the jobs every day we are sending overseas and to bring them back to America where this country can be strong. Is this worth debating? You betcha. Are we serious? You betcha. Do not dare not take us seriously.

We are finally in this Chamber debating the real question of whether or not we are going to keep this income Tax Code or repeal it. What a wonderful day. What a wonderful start in Boston Harbor. What a wonderful night it will be when we stand in this Chamber one day and we get a chance to put our cards into those voting machines and actually vote on repealing the IRS and abolishing the income Tax Code for America and giving us a Tax Code that works for us instead of against us.

Mr. Speaker, I yield to the gentleman from Georgia (Mr. NORWOOD).

Mr. NORWOOD. Mr. Speaker, our time is coming to an end. I agree with the gentleman. It has been a wonderful and exciting day. I have been so pleased and honored to participate in that project.

But in summary, I would simply say that our present tax system, and all Americans would agree, is simply too complex. It is too difficult. In addition to that, we spend way too many non-productive hours in this country trying to prepare for taxes, trying to avoid taxes, just being caught up in the whole taxing system that this Congress for years has used to slowly but surely take away individual freedoms.

I know, and I have not been here long, but I know my life often is driven by the Tax Code and what is done here in Congress to try to get me to do this or go that way, and to me it simply is taking away freedoms.

In addition to that, the system is simply unfair. We have thousands and thousands of dollars tied up in a cash economy, not to speak of the money that the drug dealers do not pay at all in any kinds of taxes. Most Americans say today that they feel they are pay-

ing more of their hard-earned money than they really wish to pay for Congress. Yet tonight we sit here and we talk about a great opportunity to change our tax system and go to a very simple system that will increase and improve jobs in this country.

It is going to let every American have more money in their own pocket, not because they are not having to pay so much up here, but because prices in this country can come down. And think how wonderful it is to think that April 15 could be just as fine a day as July 15. I mean that alone is worth a great deal of effort.

What about the growth that you are talking about in our country and the investment that is going to occur when we quit penalizing capitalists. That is what we are, are we not, we are a capitalist country where people invest their dollars and hope to make a profit. And they do not want to make the profit for the Federal Government or either the banks. And we are talking about lowering the interest rate so people can keep more of their money. Then maybe more than anything else, we are talking about personal freedoms, and this bill gives us an opportunity to control our own lives without 535 people in Washington telling us what to do from the minute we get up to the minute we go to bed, not to speak of the 125,000 IRS agents out there that are constantly observing to make sure that we do all the things that they want us to do.

I hope the American people will take this very seriously. And if they believe in what we are doing or if they want more information or if they need to talk to their Congressman or Congresswoman or their Senator, just send them a tea bag. Just send them a simple little tea bag saying, yes, I want to change the tax code as we know it today. They do not even have to write them a note. They are going to know what they mean. They are going to know that they want an alternative taxing system to the present unfair system.

It has been a great pleasure and a great honor to be with the gentleman from Louisiana [Mr. TAUZIN] today.

Mr. TAUZIN. Mr. Speaker, I thank the gentleman. I want to thank him for accompanying me and our colleagues to Boston and for being such a great voice on this issue tonight and, I am sure, as we go into future debates on it.

I think you have really set the tone for us to conclude this special order because you talked about personal freedoms and liberty. That is what Boston Harbor was all about, and that is what this debate is all about.

Congress is not going to repeal the income Tax Code easily. The income Tax Code is where the power in this place exists. It is where we reward our friends, punish our enemies, play the class warfare games. Give a tax credit to this group and take it away from this group. Reward you today; take it away from you tomorrow, 4,000 changes since 1986 alone.

Congress is not going to give up this power easily. What we are talking about is giving power back to the American people by abandoning this system where Government in Washington tells us how to live and where you instead would make the decisions in your own life by deciding how much taxes you pay dependent on how much you spend as opposed to how much you save and invest.

And I think it is important, as we think about that notion of freedom and liberty, to again remember the contributions of those early patriots. Paul Revere met the night before the Boston Tea Party at the Green Dragon with his friends. He met knowing that what he was going to do the next day would be considered treason by the British.

I want to tell you what that meant for these men. For treason a man could be hanged and then revived, this is awful, have his guts drawn from him like a chicken's and be cut into four quarters to be hung in the drying wind and sun. This is awful but I quote it only because that is the risk those patriots took in Boston Harbor, December 16, 1773. They risked their lives, their liberty, their personal fortunes to make a statement that this place, which eventually became America, was a very special place on earth where people counted first, where they were the masters and government was the servant, where a taxing authority had to answer to them, where their family and their futures were more important than the wishes and whims of a government authority somewhere far away.

So they entered those ships that next day and dumped that tea into the harbor, covered with paint and war paint, dressed like Mohawk Indians. They did it to protect themselves from discovery. We found out later who many of them were.

Today, as we met in Boston Harbor, we did not have to put on war paint and dress up like Mohawk Indians. We went as citizens of this country, some of us Members of this Congress. We went as citizens in front of the cameras, proud to show who we were in a country where our freedoms and liberty have already been protected for us by so many who have given their lives for us to have that chance today to stand in Boston Harbor and to demonstrate against this Tax Code.

And today I think it only fitting that we remember them, that we were able to stand in that harbor and stand on that boat and throw the U.S. income Tax Code into the Boston Harbor in our protest today without having to be covered with war paint because we have inherited a country of freedoms and liberty.

If we are true stewards of that wonderful inheritance, if we are true sons and daughters of freedom in this country, do we dare less than enter this debate with the same kind of fervor and commitment that those early patriots gave to the effort? Do we do less than preserve for every American that sa-

cred gift of freedom and liberty handed down to us?

Can we do less than urge Americans to join with us in a new revolutionary spirit to become new sons and daughters of liberty in this great society and to demand that this Government in Washington stop its burdensome tax practices that hurt so many American workers and so many American families and abolish an income tax system that is not right for this country, that is abundantly wrong for us, and to substitute in its place a simple, fair, flat rate that Americans can live with and that we can grow with and that we can expand our personal freedoms and liberties rather than seeing them constantly contracted by constant revisions and adaptations of that awful code?

Tonight on this tax day, we call upon this body to begin the deliberation, to begin the discussion and to take on the task of preserving and enlarging those liberties and freedoms that those men and women in Boston Harbor put on the line for the rest of us who have followed them.

Earlier tonight we heard a special order about Jackie Robinson and the enormous contributions he made to opening up this country. It is fitting that we always look back at those who sacrificed for the rest of us. For every American tonight suffering under this income tax system that is oppressing this Nation and oppressing every job and every worker in this country and every family who is struggling to survive as jobs continue to leave our society to go to foreign shores, for every one of us, we look back upon those patriots with admiration. And we look upon their efforts as in some way urging ourselves to begin to emulate them, thinking of how we can perfect those liberties and those freedoms.

I suggest to you tonight the most important contribution we can make to the continued success of this country and to the enlargement of those freedoms and liberties would be to do in legal terms what we did physically today. We would dump that Tax Code into Boston Harbor. Yes, we had to retrieve it back because to leave it down there would be awful pollution of that harbor. We had to pick it back up. But we dumped it symbolically in that harbor today as we asked Congress to consider to begin the debate on realistically passing a bill to dump the U.S. income Tax Code and the IRS in favor of something that is fairer and better for our country.

□ 2130

We start this debate on tax day, but this is not the last my colleagues have heard of us. Americans are going to rally across this country, I predict. There will be tea parties across America before we finish, and there will be citizens organized as sons and daughters of liberty in this modern age who will assist us, and eventually we will have that vote. We will have that

chance to speak for those patriots and for every American patriot who believes that it is time for us to end this awful and oppressive tax system.

TAX RELIEF FOR ALL AMERICANS

The SPEAKER pro tempore. Under the Speaker's announced policy of January 7, 1997, the gentleman from Missouri [Mr. HULSHOF] is recognized for 60 minutes.

Mr. HULSHOF. Mr. Speaker, last week the newly elected Members on the other side of the aisle held a press event, with the minority leader in tow, to complain about the legislative pace of this Congress.

As the Speaker knows, on this side of the aisle, newly elected Members have, since back in February, taken to the floor of this House each week that we have been in session to talk about solutions instead of pointing out problems. We have been accentuating the positive, success stories that are alive and thriving in each of our congressional districts across this great Nation.

We have spoken passionately about ways to renew our communities, how government can be a partner rather than as a parent. We have promoted efforts to talk about our pro-family agenda and ways to enact regulatory relief.

Tonight, it is no secret, Mr. Speaker, that with millions of Americans we train the white hot glare of the spotlight of this House onto the Tax Code.

I have spoken to several constituents by telephone who have been supportive and yet have been very angry as they have made their way to the post offices across the Ninth Congressional District of Missouri. And even as some may be tuned in with pencils worn down and erasers worn thin and piles of tax forms and instruction booklets scattered about, Mr. Speaker, our message tonight should be one of hope, because today on the floor of this House, in this hall, we have a couple of victories to pass along to the American people, two victories and a minor setback. And, again, we hope to focus on the positive.

One of those was the House Resolution that was actually introduced by another freshman GOP member, a friend and colleague, the gentleman from Pennsylvania [Mr. PITTS], expressing a sense of Congress that American families deserve some much needed tax relief.

I see that my friend from New Jersey is in the well of the House. I know the gentleman spoke very eloquently earlier today about this resolution, and I would yield to my colleague from New Jersey.

Mr. PAPPAS. Mr. Speaker, I thank the gentleman for yielding, and I thank him once again for providing the leadership as president of the freshman Republican class, for giving us each the opportunity to come to the floor and to talk to each other, but also to the American people that are watching, about what we hope to accomplish here as Members of Congress.