

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.

Today, I say to the gentleman, is an important day for all Americans, and it is an important day for a good friend of mine, Jim Flannery, an accountant, who is also celebrating his birthday today. It is particularly unique to have someone in that line of work who has today as his birthday.

Our tax system, our Tax Code, is complex, and I am told, although I have not counted, that there are 17,000 pages of IRS laws and regulations, approximately 480 IRS forms, and even the instructions to the 1040 EZ are 28 pages long. I know the gentleman from Missouri had earlier today held that book, that was probably about that thick, of the IRS regulations.

The IRS spent \$4 billion on a computer system recently that was referred to as the tax system's modernization computer program, \$4 billion, and I am told that it does not work.

The average American family pays approximately 19 percent of their income in Federal taxes, which is significantly higher than the single-digit percentages just a few decades ago.

The gentleman is absolutely correct, the resolution that the House passed today was, while it was a sense of the Congress, I think it was very, very important to demonstrate to the American people that we are serious about providing for real significant across-the-board tax relief for the American people.

I am disappointed that the tax limitation amendment, the constitutional amendment, failed today, but I am hopeful that, again, we can continue to speak about that and that kind of a measure. I believe, as most State legislatures in our Nation have adopted that, that that would be something that at some point in the not too distant future this Congress could address and approve to send to the States for their ratification.

The tax resolution that we passed was, as I recall, passed by a 412 to zero vote, and the Taxpayer Protection Act was also passed today by the same margin, which makes it a crime for IRS employees to snoop in people's files.

A member of my staff said they saw in a newspaper article that the actor Tom Cruise had his file snooped in as well. And people, whether it is Mr. Cruise or anyone else, certainly deserve the privacy that that Taxpayer Protection Act would afford.

Tax Freedom Day is one that we will be celebrating, which, if I am not mistaken, is May 9 this year, 2 days later in the year than it was last year.

Earlier, when we debated the resolution, I had a chart here that showed the calendar for 1997 and reflected January 1 to May 9 circled in red, each of those days, and that is the amount of time that the average American spends working to go pay their taxes, whether it is Federal taxes or taxes at lower levels of government.

People are fed up. And I certainly am looking forward to working with the

gentleman. I know, as a member of the Committee on Ways and Means, the gentleman is intimately involved in reviewing reforms to lower taxes for American families.

A couple of other things that I wanted to mention, and maybe we could talk about those a bit, are the number of tax reform measures that many of us have introduced in this Congress. I introduced two myself, the first one on the first day I served, and we were sworn into office on January 7, that would reduce the capital gains tax by 50 percent and then seek to eliminate it, phase it out 1 percent a year for the next 14 years, significantly lower the corporate capital gains tax, and to raise the estate tax to a million dollars to help many family-owned businesses and farms to be passed from one generation to the next.

More recently, just a few weeks ago, I introduced H.R. 955, which deals with the home office deduction and would, I think, correct what has been an inappropriate interpretation by the IRS of the home office deduction applicability to allow those that have legitimate home-based businesses, that may not see their customers or their patients or their clients within their homes, to take that deduction.

I am very pleased there have been a number of other Members that have joined as cosponsors and would encourage those that are here that may not have joined as cosponsors to consider doing so.

Mr. HULSHOF. If the gentleman would allow me to reclaim my time on that, during the Easter recess, when we had the opportunity to go back to our districts, the gentleman from the Second Congressional District of Missouri [Mr. TALENT], who is the chairman of the Committee on Small Business, held a field hearing and invited me to attend and to participate. I found it extremely interesting.

One of the things he talked about and that we had testimony about was just what the gentleman just mentioned, and that is the home office deduction.

We had some women who testified that they were trying to juggle family responsibilities and, at the same time, wished to join the work force. Several of them had children that were in their teenage years, and some who had actually gone on to college, and they had wanted to start their own businesses and do it from their home.

Of course, with modern technology, when we have fax lines and we have the copying machines and being able to do so many things over the Internet and on the computer systems, they wanted to establish their own businesses in their homes so that they could still juggle their responsibilities with their families, yet they were fearful to do so because, as one of them told us in this field hearing back in St. Peters, MO, she was fearful of an audit by the IRS; that she had been told by a tax accountant, and probably some very conservative advice passed along to her,

that this is a red flag. She was told that taking a deduction for home office expenses, a percentage of the home that is dedicated to business as well as other expenses, that this is like waving a red flag in front of an IRS agent.

So there were many, I believe, who testified that day who had qualified deductions but chose not to take those deductions due to fear of an ultimate audit.

The gentleman talked about a couple of facts, that it seemed there were a lot of papers and publications on this day, and he talked about all the pages and numbers of words.

I took note of a survey that was recently conducted as to those who would prefer having root canal surgery in the dentist office or an IRS audit. Forty-seven percent said they favored root canal work, and 40 percent said an IRS audit. I guess the others were torn between those two attractive alternatives.

I applaud the gentleman for promoting a measure and introducing that measure in this House.

Mr. PAPPAS. I appreciate that, and I wish the gentleman would not mention root canal, because I have to have some wisdom teeth removed and he has just reminded me about that.

But getting back to the discussion we are having on home-based businesses, I have heard of a statistic that there are over 14 million home-based businesses in our country today. Of those that are starting, those people that are starting businesses, new businesses, over 70 percent of them are women.

There are many families, whether they are single-parent families or two-parent families, that would find a home office deduction being helpful to them to assist them in raising their children, saving the expense, or not having to have the expense of day care, which would again give them greater flexibility. I think all of those things are critically important.

I look forward to working with the gentleman and the other members on his committee to move legislation such as this, but I think it is absolutely critical for our country to have permanent, across-the-board tax relief, capital gains tax reduction, not estate tax but it is really a death tax.

There are so many family-owned farms in my district and small businesses where there are people, men and women, who have worked their lives to be able to pass that business or that farm on to their children and just face the likelihood that that will not take place because of the tax bill that their kids would see. I view it as a family-friendly measure. I view it as an environmental measure.

There was a rather large farm in the central part of my district. Fortunately, we have a farm preservation program in our State, which has joined with the counties, and the development rights were purchased by the State and the counties to pay to the heir of the farmer, and we were able to see that farm preserved.

She did not want to see that farm sold for development, nor would her parents have wanted to see that take place, but she faced the estate tax bill which had to be paid, and she had two options: She had the option of selling it for development, which she did not want to do; and, fortunately, we have the option of selling the development rights, or her selling the development rights, so that farm is now preserved.

But there are many other people who are not in that position. I certainly want to work with the gentleman in doing what I can to see that people like that and families like that are given greater options and are not penalized for working hard and trying to better themselves, the opportunities for themselves and their families.

□ 2145

Mr. HULSHOF. I appreciate the gentleman's efforts. I know that in a special order speech just prior to ours that our more seasoned colleagues took to the floor and began the debate, or facilitated the debate about having major reform, whether that means going to a consumption-based tax or to a flat income tax, and certainly that is a debate that we need to bring the American people into with us, to hear their ideas and concerns. But I also believe in the short term that we need to provide some meaningful tax relief.

You talk about the home office deduction. I think that is a very realistic way, for those that are still perhaps tuning in, Mr. Speaker, gnawing on their pencils, wondering about trying to squeeze out those last few deductions before the clock strikes midnight and they get their forms down to the post office.

Another I think that has been talked about in this House is a 100 percent deduction for those individuals who are self-employed who purchase health insurance. As it is right now, those that are employers, that have a company that purchase health insurance for their employees, and certainly we encourage making health care accessible to those working men and women, but the fact is that those bosses get to deduct as a business deduction the full cost of the premiums that they pay to cover their employees. Such is not the case for those that are self-employed, and those that are truly seeking the American dream do not have the opportunity to take a similar deduction for their own health insurance, and I think this is a way to craft some relief in the short term that can really make a meaningful difference in the lives of those Americans.

Mr. PAPPAS. Just one concluding point because I know there are other Members here who want to participate in this discussion. There hopefully are many people around the country that are watching this debate as we take part in it. I would encourage them if they have not completed their tax returns, that when they do, if they may take a moment and just write a note to

their Member of Congress or their Member of the Senate, and if they agree with you and with me and with so many other people that are here to talk about this very important issue, I might encourage people to enact the kind of tax reform measures that we have been speaking about.

Mr. HULSHOF. I think, Mr. Speaker, certainly tax burdens for working families have reached new heights in recent history. As my friend pointed out, the first 120 days of our calendar year we toil and labor simply to pay the tax bill. Certainly we need to provide some relief, even in the immediate future. But I know there was one measure that we did bring up on the floor today that would have provided, I think, a more forward vision, Mr. Speaker, as far as future lawmakers who gather in this body, to make it more difficult for them to raise taxes on the American people. I know that there are many States that have a tax limitation constitutional amendment.

In fact, if I am not mistaken, the State of Arkansas has such a tax limitation amendment. I know my friend from Arkansas also spoke very forcefully this afternoon during that debate. I would be happy to yield to him for what comments he would like to make.

Mr. HUTCHINSON. I commend the gentleman from Missouri for the excellent leadership he has provided, not just the freshman Republican class but also a broader range than that, of Members of Congress on this tax issue and tax limitation.

I did want to talk for a moment about the tax limitation amendment that received 233 votes in this body today. I was disappointed that it did not receive the two-thirds vote necessary in order to refer this constitutional amendment to the people of this great country. But it did receive 233 votes of the Members of this body. I think that it is important that we continue to educate the American public, that we continue to talk about this tax limitation amendment, because I believe that it is something that is necessary to ward off additional tax increases, to make it more difficult to pass tax increases in the United States. The tax limitation amendment is very simple, that it requires a two-thirds vote of the House and the Senate in order to raise taxes.

I want to say quite frankly that I was reluctant. I think too often we go to constitutional amendments to solve our problems. I think they should be reserved for serious national problems in which we have a framework difficulty with our founding document that we need to adjust. I believe that such is the case with the tax limitation amendment. I believe we have a serious national problem today that should be addressed, and that is why this amendment is necessary.

Whenever Congress has had the choice of either raising revenues or slowing the growth of spending, they have always had to raise revenues in

order to move forward and not decrease spending.

I believe that there should be, if there is a fair approach to it. Sometimes when you have a budget problem, sometimes you raise revenues, sometimes you decrease spending. We do that in our family budgets all the time. But the history of Congress is that we have never reduced spending. We have never slowed the growth of government. Instead, we have always decided that we need to raise the revenues. So Congress has historically taxed more and spent more, and I believe this is a serious national problem.

In Arkansas, the average Arkansan pays \$7,000 per worker in taxes to the government. This might not be much in Washington, D.C., but in Arkansas it is a lot of money. It is one-third of the average paycheck.

And so I think it is a serious problem, as the gentleman pointed out, that the Tax Foundation has indicated that we work until May 9 just to pay our tax bill, and it is the latest tax freedom day ever. If you compare this in history, in 1902, tax freedom day came on January 31. This year it is not 31 days into the year, but it is 128 days into the year. It is because we have not been able to control taxes.

There have been a number of arguments that have been proposed that say we should not have this tax limitation amendment. One of them is that, well, our Founding Fathers never imposed a supermajority requirement. Well, that is true that they did not in reference to the income taxes, because our Founding Fathers did not have the income tax. They simply restrained the Federal Government and said it does not have that power, and so it was a power that did not even exist when our Founding Fathers wrote the Constitution of the United States. It was in 1913, in which the people of America adopted the 16th Amendment that did give the power to Congress to impose the income tax. Yet we have seen it increase consistently and consistently, never going down for a long period of time. That is why this two-thirds vote is necessary.

I think that that amendment was good. I am disappointed that it did not get the two-thirds vote. I hope that Congress will readdress it in the future.

Let me just conclude on what I believe is very, very important, and that is restoring faith to the American worker, to the American people. We have had broken promise after broken promise when it comes to taxes. With every broken promise, this Government loses the faith of common Americans. Increasingly they see Washington, DC, as a hollow city, built upon hollow promises. Shall we in Congress lead for a change and accept responsibility for this loss of faith? Or will we, like hollow men, offer excuses and then return to the campaign trail in another year to yet again promise great things?

I know that because of the leadership of people like the gentleman from Missouri and the other good Members of this body, that we will not do that. Let us be committed to tax reduction, tax relief in the form of capital gains tax reduction, reducing the inheritance tax, \$500 per child tax credit, and we can start to restore the faith of the average American. That is what I believe is important on this tax day.

I thank the gentleman for allowing me this opportunity to address this issue.

Mr. HULSHOF. I thank the gentleman. A couple of points that I would like to make, and even ask a question of the gentleman. Does the State of Arkansas have such an amendment?

Mr. HUTCHINSON. We do. Whenever we imposed the income tax in Arkansas, we required a supermajority in order to increase it, a supermajority of both houses of the general assembly, and so with that we have not turned to increasing the income tax. It is very difficult to do. It is not impossible to do it. Because it takes a bipartisan effort to do it. You have to have a broad base of support to do it. So it is not a hurdle that cannot be risen over but it is something that slows down tax increases. It has worked well in Arkansas. It has served our State well.

Mr. HULSHOF. I know that at various town hall meetings back in Missouri during the district work period that we had some discussions about the upcoming vote that we had today on the tax limitation amendment. There were some questions about exigent circumstances or what about at times of emergency or times of war, and that safety feature was in this constitutional amendment had it passed, for exigent circumstances such as war or military conflict or situations that would require an immediate access to substantial Federal revenues, that that could be done by a simple majority vote. Yet again, I also note with interest, as the gentleman pointed out, that on this vote, on the tax limitation amendment, while it did pass by a simple majority of 233, earlier in the day when we had the sense of Congress expressing a strong desire that American families deserved tax relief, I think that passed unanimously, with well over 400 votes. So if we deduct, then, the 400 votes of those Members who believed that the American people deserve tax relief and yet only 233, there are about 170 or so that were not willing to step up to the plate, if you will, on this issue that would have had a very forward vision for the future of our country.

Mr. HUTCHINSON. If the gentleman would yield for just a moment, I will elaborate on that. One, we can reach this consensus in Congress on areas that there is great unanimity on, on which there is a great national interest on. In fact, tomorrow we have what we call suspension votes in this Congress, in which you have to have a two-thirds vote to suspend the rules and pass the

legislation. We do this routinely. Tomorrow I believe we have 4 or 5 votes under the suspension calendar which will require a two-thirds vote, and we are going to do it. We are going to reach that level.

And so I am confident that this Congress, working together, if there was exigent circumstances that we had to increase the revenues of our country for a multitude of purposes, that we could do it in a bipartisan fashion and get the job done.

Mr. HULSHOF. In fact, if memory serves me, that earlier because of such an emergency situation regarding the safety of airports and the fact there was a shortfall in the airport trust fund or the safe harbor rule, that there was an extension of the airline fee that was extended for another year. If memory serves, that passed by a two-thirds majority vote.

Mr. HUTCHINSON. That is exactly correct. That passed by two-thirds. It was done then, and it can be done. And so the argument that a two-thirds majority requirement, a supermajority requirement for raising taxes puts an impossible burden on this Congress to raise taxes is really fallacious. I do not think it has merit. I think it is really a question of whether you believe that the American people are overtaxed or not. I believe, as I know the gentleman does, that they are overtaxed. We need to turn back the tide.

Mr. HULSHOF. I appreciate the gentleman's comments.

I see that our friend from Colorado, our patriot, has joined us. I would be happy to yield to my friend from Colorado.

Mr. BOB SCHAFFER of Colorado. Good evening. I thank the gentleman from Missouri for yielding.

I am curious if the gentleman recognizes this. Before people get too confused, this is the red and white stripes without the stars. I am curious whether the gentleman recognizes this. Many people do. I assure the gentleman that around the founding days of our country, the British understood full well what this banner was. This is the flag of liberty. This is the flag that the Sons of Liberty had flown and had organized under. The Sons of Liberty, of course, being the ones who initiated the Boston Tea Party. I keep this flag in my office as a constant reminder, as well as several other things that I will be happy to share with the gentleman and others today, reminders that I keep in my office in the Fourth Congressional District office of Colorado, across the street, to remind me and my staff and all those who enter that office every day what our job here is and what the challenges are for the country and for the people that we represent, not just in Colorado or Missouri but throughout the country as well.

The Sons of Liberty have been mentioned several times today. In fact, some of our colleagues went up to Boston and dumped the entire Tax Code into the Boston Harbor. I am going to

leave this hanging up here. I hope people do not confuse this with our American flag, but let me tell the gentleman why recalling the Sons of Liberty and this banner are so important today and why I hope that more and more Americans begin to identify with the theory behind this, the theme behind the flag of liberty, the spirit of the revolution and what caused it to initiate. Because I have to tell the gentleman that we as Americans tolerate far more than what the colonists tolerated back 220 years ago. The terms which launched the Revolution against the British was the Stamp Act, the intolerable acts, these acts which, yes, resulted in excessive taxation and taxation without representation, but nowhere near the extent of confiscation that our tax policy represents today.

They were in larger colonial cities, they sprang up in American communities, they largely opposed the Stamp Act of 1765. They circulated patriotic petitions, they harassed British tax officials, they denounced British tyranny and organized mass protests against increasing British control of the colonies. New York and Boston had the largest and most active Sons of Liberty chapters. They celebrated the opposition to the Stamp Act, August 14, 1773, they flew this flag over the tent where they were meeting. It consisted of 13 stripes, alternating red and white, the flag's popular design, of course, before and after the Revolution. In fact, as my colleagues can see, this largely resembles with the addition of the stars to represent those colonies and eventually States, represents our U.S. flag today.

□ 2000

Again I keep this in my office, I keep this plaque next to it, and I invite people to stop by and take a look at that and recall what it is that unites us today. You know the clock is running. It is 10 o'clock here in Washington, DC, in the eastern time zone; 2 hours left for tax filers who have not made it to the post office yet to file their tax forms. In the central time zone they have got 3 hours. In the Rocky Mountain time zone, where my constituents live, they have 4 hours left. And so the clock is ticking, and it reminds me, since we talked about early Americans, I want to spend a little bit of time on a personal level speaking about some of the early Americans of my family.

A couple of the other things I keep in my office are pictures of my grandparents. Now this is a picture of my Grandma Bednar. She is the little one here. She is just a few months old. This is a picture taken in her hut that she was born in up in Canada. She was Ukrainian and immigrated to the United States several years later with this man here who ended up being her husband.

Now when they came here to the United States the Federal Government taxed their family at 3 percent of total income. Now 3 percent, when you think

about that, and this is in fact one of the reasons they came here, for the search of liberty and the search of freedom and the opportunity for honest hard work and self-determination and self-sufficiency, and they achieved that, I have to say. I am very proud of these beginnings, and they have an awful lot to do with, I think, why I am here and what I think about when I think about America. And I think often about how hard they worked, what they created for our country.

These are the people who are much like your parents, grandparents or anybody else in America. They are the ones who built the roads, who built the schools, who largely put the face on America as a place where we really do look within for internal greatness. In fact they are the reason the rest of the world still looks to us today for leadership and guidance because of what we represent.

Now I can contrast what they came to America for, opportunity and liberty, taxed at 3 percent of their income in order to pay and fund for the Federal Government which they deeply believed in and were firmly committed to, and I contrast that with this crew here. These are three of my children; I have one more at home. And my family, as most American families, as opposed to the 3 percent that Americans paid, in family, of their income that they paid in taxes back in the early forties, my family pays 40 percent of our total family budget to taxes, and I say that as an average American. That is what most Americans who have 2 hours left in the eastern time zone pay their taxes, that is what they pay.

I also am reminded in that same Ukrainian heritage; I keep in close contact with lots of people who come from Ukraine and have immigrated to the United States; there is a man named Ivan Stebelski who lives out in Colorado, a very good friend of mine. And one day we were speaking about the revolution here in the United States and contrasting that with what occurs throughout the rest of the world, why he left Ukraine to come to the United States, and we talked about tax policy obviously. He mentioned that, and I asked. I said, "Well, why don't the people in these oppressed countries just revolt?" This is prior to the revolution in those countries. "Why don't they just revolt and stand up against the tyranny of their government and oppressive taxation and so on?"

He said something that I remember especially this evening. He said that the strategy of the Communists and the Soviets was to keep their citizens occupied by standing in line for groceries, for food, to comply with the rules and regulations to pay taxes. He said people who are spending their time standing in line have no time to make revolution.

And so I think of that vision, and I think of that image and how similar that vision is to what most people are

going to see tonight when they are lined up at the post office to make the Government-imposed deadline to get their taxes filed in time to avoid any penalties of their Government, 40 percent of their family income. And let me just put that into real numbers as those are people perhaps keeping one eye on their Government tonight and the other eye on their tax forms. Americans this year will spend in excess of 5.4 billion hours complying with their tax forms, 5.4 billion hours, and along with that that 5.4 billion hours compels \$200 billion every year in compliance costs.

Now these are not dollars that go to Uncle Sam, come here to Washington. These are dollars that go to tax preparers and accountants and attorneys of all sorts to help people understand just what these tax rules say.

We are still smarting, frankly, from the last two tax increases of the Bush administration and in the Clinton administration as well in 1990 and 1993, that latter one being the largest in the history of the United States. It raised \$285 billion, and we are paying for that not just in our taxes today, but we pay for that in, as I mentioned, compliance costs. We are also paying that in lost jobs, forfeited income, lower living standards, anemic economic security, good farmland that is taken out of production, on, and on, and on.

We just cannot afford it anymore, and for anybody who believes that we cannot talk about balancing the budget in this Congress and at this point in time without a discussion of—without also engaging in a discussion of tax cuts, they are just wrong.

In fact I would suggest that we, as Americans, look back to the Kennedy administration, the Reagan administration, two Presidents of different parties, different viewpoints politically who proved that, when you cut taxes and implement pro-growth economic policies, that you in fact earn more revenue, generate more revenue through economic productivity to the Federal Government to allow us to put toward the task of balancing the budget.

So we do need spending cuts certainly; there is no denying that, and we need to focus on that. But at the same time, and I say simultaneously, we need to focus on tax relief as well in an effort not just to provide relief but also to stimulate economic growth.

Our deficit, \$5.5 trillion, and I would submit a challenge to anybody here tonight to show that our deficit was caused by not taxing enough. This policy we have of confiscatory tax policy sapping 40 percent of the average family's income tonight, this very night, is the final step in that effort, is just unconscionable. It needs a change. I know it is something that people in Colorado care very deeply about, and it is the primary mission they sent me to accomplish, was to remember the value that went behind this flag and what it stands for, the flag of liberty, the sons

of liberty who flew it proudly, risked their lives, as a matter of fact, and, again I submit, for far less than what we are willing to tolerate as Americans today.

We need a rebellion of sorts. We need to use the occasion of April 15, tax day, to launch small rebellions in every community. Politically I am speaking. I am not suggesting people get up in arms again or risk their lives directly. We do not need to do that today thanks to those grandparents that I mentioned before and others like them, but to resolve tonight that they will no longer vote for politicians who go to raise taxes in Washington, will no longer vote for elected officials who will go to Washington or their State legislature or county commissioners or city councils to increase spending and waste and so on and to make it a personal point to get politically involved personally, not just to vote, but to be angry customers of their Government, to be demanding customers, and, when all else fails, to run for office themselves. I hope that that is what we are able to inspire here today along with the very clear and decisive message that this tax system is undeniably broken and it needs to be fixed, and I think we are just the people to do it.

Mr. HULSHOF. I appreciate the gentleman's historical and personal perspective and I think put it very well especially the contrast with your grandparents and then the future of this country as evidenced by your young children.

The gentleman mentioned that the clock is ticking, and I think symbolically the clock is ticking. It is not that Americans are not taxed enough, because clearly they are overtaxed. The fact is that Washington spends too much and should spend less, which those discussions we will get to have in the weeks and months ahead, and I appreciate my friend from Colorado.

And I also see that another son of liberty, if you will, from the State of Texas [Mr. SESSIONS] joins us in this Chamber, and I would be happy to yield to Mr. SESSIONS.

Mr. SESSIONS. Mr. Speaker, I thank my freshman friend from the State of Missouri, Mr. HULSHOF.

It is great to be here. I would like to continue this discussion that we are having, and my colleague talked about that we spend too much money. It is not just the tax system but that our Government in this Congress does not have the discipline in order to rein itself in.

Our message is plain and simple today, April 15. Our tax system is too complex, and taxes are too high, and, as we speak tonight, there are those in our country that are struggling tonight to try and finish out that IRS tax form to comply with the law.

And before I begin some formal remarks that I have, I would like to talk about this complex Tax Code, and I think that Americans that are out there tonight struggling with filling

out their taxes to comply should know that we in Washington, at least freshman Republicans, are trying to do our best to hear them and do something about it.

Those people who fill out their tax forms tonight are not by themselves. In 1993 the IRS gave out 8.5 million wrong answers to taxpayers who were seeking help with their taxes. In other words, someone who was struggling like tonight in those final few hours in order to comply, picking up the phone and calling the IRS, or perhaps earlier today, the IRS gave out 8.5 million wrong answers to people who are trying to comply.

There are 17,000 pages of IRS laws and regulations, there are 480 separate IRS tax forms, it requires 136,000 employees at the IRS and elsewhere in the Government to administer our tax laws, and it costs \$13.7 billion by the IRS and other governmental agencies simply to enforce and oversee our tax laws. That should tell us that there is a problem.

As a member of the Committee on Government Reform and Oversight, we have had testimony from the IRS where they talked about spending \$4 billion, upwards to 6, but \$4 billion is what they have told us of spending to try and put together a computer system, the big IRS computer system in the sky. The bottom line is that they could not do it. The reason why, the Tax Code is too complex. If you cannot put something and flow chart it and put it in a computer, then you cannot make it work.

Mr. Speaker, what we are dealing with is a tax code that is too complex and taxes are too high.

I would now like to, if I could, enter into some formal remarks that I have that I believe will once again bring back the point about what we are talking about when we talk about taxes or tax system, balancing the budget and certainly our appetite to spend money in this country.

I believe that the budget, balancing the budget, is all about discipline, the discipline to do the right thing, the discipline to tell the American people the truth. With annual revenues of the United States of over \$1.45 trillion, the Government spends more than \$1.6 trillion each year. That means that our Government spent \$4.3 billion every day, \$178 million every hour, and \$3 million each minute. But more importantly, it means that the President and Congress cannot do what American families do every single day, and that is only spend what they have.

This year the President, as is required by law, sent his budget to us here in Congress. When he delivered his budget, he told the American people and us here in Congress that his budget would be balanced by the year 2002. But that is not the truth. We have now learned that the President wants to send us and will send us a budget that will not be in balance until well after the year 2002. In fact, the Congress-

sional Budget Office recently announced that the President's budget will leave a \$69 billion deficit in the year 2002. Mr. Speaker, the President's budget also utilizes gimmicks, accounting gimmicks, that I believe he should be ashamed of.

The bottom line is it is going to require serious and tough decisions on spending priorities to balance the budget. The responsible thing would be to parcel out spending cuts over a period of time that it will take to balance the budget. Instead, the President's budget makes all the serious cuts in services to the American people long after he is gone.

That is right. The President is not going to suffer with us, but he is going to leave the pain for that person that is in the White House while he is back in Arkansas. I do not think that this is leadership.

This country has a great history of standing up to whatever challenges God has sent our way. When we were oppressed, we fought for independence against overwhelming odds. When tyranny threatened our neighbors, we stood up against it and conquered it twice. When poverty sapped our Nation's energy, we rose from it to retain our place as the greatest Nation in the world. Today we face similar challenges.

I would like to, if I could, take us back to just a few weeks ago when his excellency President Eduardo Frei of Chile spoke to this august body, and he spoke to this joint session of Congress, and he gave us a good bit of advice about how Chile is handling their problems and their future. He began by saying:

I want to share with you why we Chileans are ever more satisfied with the dividends of freedom, why we do not look back, why we wish we had been a part in the new history, the history of mine kind of is now beginning to be written. In other words, what he said is we look ahead, we do not have to look behind, and I am going to tell you why. Chile was in a period of stagnation and suffered many of the budgetary perils that exist in the United States today.

□ 2215

But Chile got the discipline and rose above that. Chile has sustained 14 years of growth, averaging 7 percent annually. Real annual wages have risen over 4 percent each year. Per capita income has doubled in Chile in the last decade. Chile's savings rate is now close to 25 percent.

All of this has been achieved not in spite of, but as a direct result of, and continuing with, 5 consecutive years of balanced budgets and fiscal surpluses.

I listened to President Frei and I was impressed by how he described the character of the Chilean people and its leaders. He said, we have learned to be patient. Chile does not begin anew with each election, but rather, we build on creativity and our work. We are well

aware that we have a unique historic opportunity to achieve full development in a free market of political freedom. We value our achievement, but we give equal attention to the challenges that are ahead of us.

Our President, President Clinton, I do not believe has that same belief in the American people. I do not believe that he believes we have the same fortitude as the people of Chile. He does not believe that the American people have the patience to put our fiscal house in order, but I do. I think the American people will rise to this occasion as they always have, and I can tell my colleagues that as we stand on tax day 1997, talking about freedom, talking about opportunity, talking about our families and talking about freedom that can be enjoyed for generations, I believe that we can look to a model, another model that is in this world, and that is the Chilean government. Free people make great decisions.

Mr. Speaker, I want to fight for freedom, because I think it is the thing to do.

Mr. HULSHOF. Mr. Speaker, I appreciate the gentleman and his comments. I also note with interest, as he pointed out, the Internal Revenue Service saying the difficulties they have had regarding the expenditure of our tax money for the tax system's modernization effort, and the gentleman mentioned his committee. I too was serving on the Subcommittee on Oversight of our committee, the Committee on Ways and Means, and we were examining on that occasion a couple of weeks ago the budget that the IRS was wanting us to consider.

I noted with interest that they made a request for an additional \$1 billion over the next 2 fiscal years for additional capital expenditures. Yet, as we talked about, the monies that we have spent, and certainly as the clock is ticking and people are actually writing checks out tonight to put into an envelope to send to the Internal Revenue Service, my question is perhaps we should look to simplify the Tax Code rather than to invest additional of our tax monies into computer technology.

Certainly computer technology is needed, but at the same time I think we need to look at paring down this very complex and complicated and massive Tax Code in an effort to provide some relief. I thank the gentleman.

Mr. SESSIONS. Mr. Speaker, the gentleman has hit upon the key to the entire debate and that is, our Tax Code is too complex. We cannot expect the IRS to make something pretty of it when it is simply ugly. We must have the determination, people who got elected to Congress and who gave our word to the American people that we were going to go to Washington and do something that would be good for the taxpayer.

The Tax Code of the United States is the problem. Let us tell the truth about it, let us tell the American people. They know they are dealing with it

here. Let us not be afraid to tell the truth. It is a problem and we can do better. A flat tax or a consumption tax is far better, and that is the direction that we are headed. I hope the American people hear us tonight.

Mr. HULSHOF. Mr. Speaker, I thank the gentleman, and I see that my colleague, the gentlewoman from Kentucky [Mrs. NORTHUP] is here.

While she is making her way to the microphone, there was, Mr. Speaker, as you know, some additional good news that we had today. Yes, the tax limitation amendment did not pass, but yes, we did pass overwhelmingly the sense of Congress to provide tax relief.

In addition, Mr. Speaker, we passed today the Taxpayer Browsing Protection Act, which I think is certainly necessary in light of the conversations we have had about this investment in the computer technology and equipment for the Internal Revenue Service. We did pass today by a two-thirds majority vote a measure that would protect the individual taxpayers, that would make it a crime in the Internal Revenue Code for an IRS agent or employee to inspect tax return information without authorization.

In addition, this bill mandates that employees that are convicted of browsing or, as some have said, snooping or intruding upon our confidential information that those employees be dismissed from office or discharged from employment.

The reason that we had this discussion last week, the General Accounting Office gave us information that over 1,500 cases of unauthorized inspections of taxpayer records occurred between 1994 and 1995. Even though the agency had implemented a zero tolerance policy, it has largely been ineffective and, therefore, this bill hopefully will solve that problem. That was a silver lining to this very dark day of tax day 1997.

I see my colleague and friend from Kentucky is here, and I would be happy to yield to her.

Mrs. NORTHUP. Mr. Speaker, I thank my honorable friend from Missouri, Mr. HULSHOF, for the opportunity to share with my freshman majority party colleagues that are talking about taxes and the tax burden that so many of our constituents have told us that they have become very angry about.

The truth is, if I had to describe the one issue that is the most uniting issue in my district it has become taxes. I really think that that is unique to this year. I think that there have been questions about taxes, complaints about taxes as long as people have been paying them.

Over the years there have been a variety of concerns, but somewhere over the last 4 or 5 years the American public began to believe that truly Congress was going to direct their attention to the tax burden that we pay and that we were going to address that issue, resolve that issue, and find a way to lower their taxes, a variety of their

taxes. There are particular taxes that are very unpopular in this country.

As Congress has moved into its third year under the direction of this leadership, there seems to be some frustration and some concerns that we have not addressed the issue yet. So tonight I would like to take this opportunity to make some suggestions about how we might go about in a government of bipartisan control, of bipartisan work, to resolve the impasse of tax cuts and government spending so that we can truly address the questions and the concerns that so many of our constituents have.

First of all, public policy and dealing with public policy is a very imperfect world. I think most of us, when we were elected, we came to Washington and if we had a perfect world we would wrap up in one tight package a spending bill that would substantially reduce spending, and we would also reduce taxes for the American people. We would put it together in one package, we would send it to the President, and it would be passed.

I think that we could look into the last 2 years of history and know that that is a very difficult thing to achieve. In fact, bill after bill was vetoed. There never was any agreement, and the issue is so big, when we package it all in an omnibus bill, that it is very difficult to discuss with the American people all of the ways that we are trying to comply with their wishes.

So maybe we ought to go about, as has been discussed recently, separating the issues of the budget and the tax cuts, not because we do not believe in both of them and not because we believe that one should foreshadow the other, but because we believe both of them on their own merit have the support of the American people.

First of all, let us look at the budget and the budget that we need to pass. It is our responsibility to pass a budget and to decrease spending. Most people that have run for Congress in the last couple of years have said that the Government spends too much money. Then let us scour every agency.

Sitting on the Committee on Appropriations, I can look at the agencies that come before me and see the terrible waste, the millions, the billions of dollars that are wasted. Mr. Speaker, sometimes we keep spending that money because there is the idea that somehow it is there. It reminds me as a mother of six children what it would be like to give each one of my children a \$10 bill to go into a candy store. There would be no limit. They would not stop buying until every last cent were spent.

That is what we are doing in government today, but the money is just not there. Somebody is sacrificing and paying and writing that check to the Federal Government.

So because we agree the Government is too big, because we believe there is too much bureaucracy that is a part of our programs, because we believe there

are many areas where we could block grant this money to States and local governments and have more effective programs that better address the problems, because we believe there are obsolete programs, because we believe there are overlapping programs that could be combined, because we believe there is waste that is costing all of our people money, let us go back to the budget with the idea in our minds that we are going to eliminate every excessive program, every program that can be eliminated, not because we are looking towards tax cuts, but because the American people and we believe government is too big and that we need to make it smaller, make it more streamlined, make it more effective. Let us put those ideas before the American people. Let us write them up in a budget, let us send them to the Senate and to the President and let us see if he will sign a bill that reflects what we are all talking about: smaller government.

Let us deal with programs that are insolvent and make them solvent. People believe Medicare should be solvent. People believe Social Security should be solvent. Let us deal with those problems, separate from tax cuts, and make those programs solvent, all of those things, because they are the right thing to do. The American people are clamoring for it.

At the same time on a parallel track, let us start talking about each and every tax cut that have been mentioned to the American people, what they are talking about and asking us for.

Let us talk about the \$500 tax credit for families with children. That is the most pinched group of people in our society today. They have young children. They have not had a time in their life where they could save money and build a nest egg. They drive their car all the time to get their children to school, to get to work, to get their children to the doctors, all of the things, the demands that are on young families.

They are the people that go to work, they pay their taxes, and they wait to buy tennis shoes for their children until they have the money in the bank. Those are the families that are most concerned about how they are going to make it. They are the most frustrated about the fact that they get up every day and they go to work and they do all of the responsible things, they pay for day care for their children, they pay their taxes, and they do not know whether there will be the money to take their family on a camping trip this year.

□ 2230

Let us give them that \$500 tax relief. Then let us move to capital gains. Let us send that to the President, in every form. We can start with the perfect form. If that is not what he wants, then let us move to a phase-in, let us move to the different kinds of capital gains tax, and let us move to every form that

hopefully the President will eventually sign.

Mr. Speaker, I believe that if we put both of these issues separately before the American people that there will be strong support for both of them, and that we can describe them and communicate with the American people in a way that will build the consensus we so badly need.

Mr. HULSHOF. Mr. Speaker, I thank my friend, the gentlewoman from Kentucky. I see our time is about to expire.

Just to conclude very briefly, once again, those of us on the GOP side, newly elected Members, it is our goal to end this tax trap. It is our goal to help the American people, as we have heard here tonight, earn more money, to be able to keep more money so they can do more for their families and communities.

Earlier today a friend of mine on the other side of the aisle said, what about the loss of revenue? Mr. Speaker, Washington's loss is the American family's gain. We stand committed and ready to achieve that measure.

COSCO: A COMMUNIST CHINESE-OWNED COMPANY

The SPEAKER pro tempore (Mr. TAYLOR of North Carolina). Under the Speaker's announced policy of January 7, 1997, the gentleman from California [Mr. CUNNINGHAM] is recognized for 60 minutes.

Mr. CUNNINGHAM. Mr. Speaker, I do not plan to take the whole time. My colleagues just spoke on the issue of our generation and future generations on taxation, and as important as it is, I feel it is very important that we bring up another subject. That is the subjugation of the United States by a Communist-owned company, and control of.

What I would like to do tonight is talk on the facts. Those facts are based on when I served in the U.S. Navy, I served on 7th Fleet staff and was responsible for all Southeast Asia countries, the defense of, not only in the training exercises, but in the real world threat.

For example, in Team Spirit in Korea, we ran exercises involving our allies in the defense of Korea. That involved our reserves, that involved all of our friendly assets that we had to bear if North Korea came across a line. But at the same time, I had access to some 13 linguists that monitored North Korea's frequencies to give us an idea of real threats.

For example, my last year there, the two Mig 21's came over across the line and defected, and we were responsible for that as well. While at Navy Fighter Weapons School my job was to plan and coordinate not only offensive but defensive impacts and invasions of Southeast Asian countries, so I come tonight with experience and fact. I would like to give those tonight to the Speaker to make his decision, as I hope the American people do.

Cosco is a Communist-owned, Communist Chinese-owned company. Its purpose is ship containers in and out of major ports all over the world. Recently, California has been devastated by the President's defense cuts. We have lost over 1 million jobs. The additional BRACC cuts in base closings and realignments have cost thousands to millions of jobs in the State of California. The people of Long Beach have lost thousands of those jobs, as we did at Kelly Air Force Base, as we did at El Toro and Miramar, and the shifting of different assets.

In that process, the people of Long Beach are looking for help. They have mouths to feed just like anyone else. They have children to send to college. They have been devastated from these cuts in national security in base realignment and closures.

What I plan to show tonight is a direct link between the White House fundraising with China and assets that have gone in favor of Communist China that could pose as a national security threat to the United States. I have intelligence reports that state so. I have facts that also state so, and I would like to make that case this evening.

First, Mr. Speaker, let us look at Long Beach perspective. Again, people have been devastated. They are without jobs, and they need help.

Mr. Speaker, I would say that all of my colleagues on both sides of the aisle that are opposed to a Chinese Communist company taking over Long Beach Naval Air Station would be more than willing to do everything we can to help Long Beach recover those jobs, but not to a Communist-controlled nation of the Chinese Republic.

Cosco's ships fly flags of the People's Republic of China. The port lease with Cosco will provide Cosco with its own terminal. Major imports from China to Long Beach include toys, sporting goods, footwear, apparel, electrical parts, and machinery.

But Mr. Speaker, that is not all. Last year, it was Cosco that delivered to the State of California 2,000 AK-47's. The company that builds the AK-47's, the company that negotiates the trade of AK-47's around the world, the company Cosco, all set up by the PRC, the People's Republic of China, owns. They do not report to department heads. Their CEO is Communist China, all owned and coordinated and controlled by Communist China. Yet, they delivered over 2,000 AK-47's into our country, with the intent of selling these arms to our inner cities to disrupt, to disrupt our inner cities, and disrupt our political environment within the United States of America.

At the same time, the Clinton White House accepted both Cosco and the gunrunners themselves in a White House coffee. I will later show the direct tie between the \$366,000 that was conducted to the DNC by the White House recipients and Chinese investors to allow Cosco to gain this favored status.

Long Beach Naval Shipyard closed as a result, as I said, of the additional base closures and lots of jobs were lost. We have a long way to protect those. I would also like to point out that during the bid to reclaim Long Beach Naval Shipyard, the marines lost a bid for the site to a China Cosco firm, and I quote from the Washington Times:

Several officers in the Marine Corps have raised questions about why the Clinton administration favored turning over a military base in Long Beach, CA to the Chinese ocean shipping company, Cosco, over the protest of marine reserve battalion made homeless by the 1994 Northridge earthquake. Briefings on the firm fail to convince many of its members. The CIA, the Office of Naval Intelligence, and the Coast Guard reinforced the view that Cosco's strong link with the Chinese Government is a fatal flaw in its proposal to deliver the base to a company.

Mr. Speaker, there is a current report, an updated report from the FBI, that states that Cosco is currently actively involved in placing intelligence officers, spies, in all of their ports of call. That is a national security interest.

Cosco has enjoyed a 15-year access to Long Beach Naval Shipyard. I have no problems with that. My problem comes with Cosco taking over complete control of the 145 acres in which they will control access of every ship there. Every cargo container that comes off there, they will place it. They will have control of who sees where that cargo goes, where it is stored, what time of night it goes out, and who receives it.

Mr. Speaker, if we give China that opportunity, we are going to see an increase of illegal aliens in which two Cosco ships forced, in the last Congress, two ships owned by Cosco shipped in illegal aliens, the Chinese, it was in the newspapers, along with the AK-47's. At the same time, you remember it was a Cosco ship that plowed into the port recently and nearly devastated the port in another U.S. facility.

We cannot discuss the actual details of that intelligence briefing as it would not be prudent and it was a classified briefing. But I want to mention that two of the representatives that represent, and I understand their needs, they represent the people that are looking for jobs, one of those individuals stated that, and I quote, "All intelligence agencies that briefed us have assured us that Cosco represents no threat to our national security."

I want to tell you, Mr. Speaker, it is an untruth, the fact that the same intelligence briefers, the CIA, the National Security, the Coast Guard, have all stated that no such comment was ever made and ever intended. And as a matter of fact, they were very, very upset at the dear colleague press release.

Why? Because they stated that this is a policy issue for them to discuss, and they would never say that there is a national security interest, nor would they say that there is not.

So I would submit that is not the case and that after careful deliberation