

agree upon certain ground rules. The rules limit consideration of bills placed on the Private Calendar only shortly before the calendar is called. This agreement adopted on June 17, 1997, the Members of the Majority Private Calendar Objectors Committee have agreed that during the 105th Congress, they will consider only those bills which have been on the Private Calendar for a period of 7 days, excluding the day the bill is reported and the day the calendar is called. Reports must be available to the Objectors for 3 calendar days.

It is agreed that the majority and minority clerks will not submit to the Objectors any bills which do not meet this requirement.

This policy will be strictly enforced except during the closing days of a session when the House rules are suspended.

This agreement was entered into by: The gentleman from Wisconsin [Mr. SENSENBRENNER], the gentleman from North Carolina [Mr. COBLE], the gentleman from Virginia [Mr. GOODLATTE], the gentleman from Virginia [Mr. BOUCHER], and the gentlelady from Connecticut [Ms. DELAURO].

I feel confident that I speak from my colleagues when I request all Members to enable us to give the necessary advance consideration to private bills by not asking that we depart from the above agreement unless absolutely necessary.

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

(Mr. KINGSTON addressed the House. His remarks will appear hereafter in the Extensions of Remarks.)

VOLUNTEER SUMMIT FOR MONTGOMERY COUNTY, PENNSYLVANIA

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

Mr. FOX of Pennsylvania. Mr. Speaker, I rise to address the House tonight to inform my colleagues of a very exciting opportunity taking place in my district, the 13th District of Pennsylvania. We are going to be hosting the Montgomery County Promise, which is an extension of the President's summit.

As my colleagues may know, the President's summit took place in April, and here in my district we are going to be having a followup summit September 19 and 20 at the Fort Washington Expo Center at Fort Washington, PA.

This should be an exciting opportunity for all civic, governmental, educators, clergy, everyone from all walks of life to participate in by gathering the top public and private sector volunteer activists to focus our already exciting and active volunteer base in Montgomery County, to focus in on the most important issues facing us for the next decade.

I joined today in announcing this with some very important people from Montgomery County who will be at the forefront in making sure the plans for

this event take place in a very professional way and, most important, involve our youth in making a lasting difference in their lives.

Dr. Norah Peters of Beaver College, of Pennsylvania, in Glenside, who is an expert in the field of voluntarism and has conducted extensive research on the subject for the past 15 years. She joins Betty Landman, the President of the university, in working with us on this important event.

We also have Louise Elkins, from the Volunteer Center from southeast Pennsylvania, and Mary Mackie, the director of community services for the United Way of southeastern Pennsylvania.

We were also joined by Clarence Rader, who has been very active as the leading light in the Business/Industry School and Partnership program, and has been very active in the business circles of Montgomery County in Pennsylvania.

Richard Byler from the Community Action Development Commission, Major Carl Carvill of the Salvation Army, Joanna Smith of the Association of Retarded Citizens of Montgomery County, Linda Millison of the Retired Senior Volunteer program, Bertha Johnson and Cathie Randall from Head Start.

All these individuals have worked together for our mission to promote improved collaboration among community-based organizations, schools, corporations, the media, communities of faith, and government to make Montgomery County a better place for our youth.

The enthusiasm we have in moving forward these goals cannot be emphasized enough. The goal is by the end of the year 2000 that thousands of more young people will have access to all five fundamental resources that will maximize their success: First, an ongoing relationship with a caring adult; safe places and structured activities; a healthy start; marketable skills; and opportunities to give back to the community.

Among the cosponsors already committed to this important function are the Montgomery County Chamber of Commerce, the Lutheran Brotherhood, the Indian Creek Foundation, the Foster Grandparent program and numerous hospitals. Those interested in serving can contact us through the Montgomery County Promise, P.O. Box 26, Norristown, PA, 19404, or contact the office at 610-275-4460.

I should point out that our major goal is not only to have more people volunteer but to have more of our youth take an active voice in congressional activities, governmental activities and community activities, and to establish permanent mentoring programs in the various professions and businesses throughout our State.

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And also develop for the first time under one roof where all the volunteer groups, over 600 volunteer groups and

800 nonprofits, can meet for the first time in an opportunity to exchange ideas, to have forums, to have our keynote speakers, and to have demonstration programs where we will show within the community just how much spirit and enthusiasm we have to make sure our youth have the chance to become the leaders they want to be to achieve vocationally, educationally and in every way possible the kind of life where they can be all they can be.

We look forward to an exciting event, and we hope that other Members of the House will do similar in the sense that they will have their own follow-through summits based on the President's summit we had in Philadelphia.

THE REPUBLICAN TAX CUT PLAN AND THE BUDGET BILL

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

Mr. PALLONE. Mr. Speaker, tonight I would like to talk about two issues which I believe are related. First is the analysis, if you will, of the Republican tax cut plan, which I believe mainly benefits the wealthy and how the Democratic alternative is much better for the average family, the average middle-income family in this country; all of this, of course, in the context of the budget bill and the efforts we are now making in committee and eventually on the floor next week to work out a budget bill and the tax cuts that are a part of that budget bill.

Second, following up on what I spoke about earlier today during morning hour, what happened with regard to Medicare in the matter of MSA's, or medical savings accounts, being incorporated in the Medicare Program as part of this budget package to the detriment I believe of the Medicare Program and, at the same time, the Republican leadership's failure to provide funding for low-income people who currently receive Medicaid funding to pay for their Medicare part B premium. All of this is in the overall context of the budget bill.

As my colleagues know, when we passed the budget resolution about a week or two ago, it was pretty much a bipartisan vote. I voted for the budget resolution because I am very concerned that we need to balance the budget, we need to be concerned about spending and we certainly, at the same time, need to provide some tax cuts or tax breaks to the average American. And so, as a whole, the budget resolution seemed to make sense.

However, what happens is that after the budget resolution passes, both the House and the Senate and eventually the President have to get together on an implementation bill, if you will, that will show where spending takes place, where tax cuts take place, what kinds of changes are going to take

place with entitlement programs like Medicare and Medicaid.

And essentially what we are doing now is getting down into the details of how we are going to balance the budget and how we are going to be fair in our tax and spending policy. This is where now there are starting to be divergences, or differences I should say, between the Republicans and the Democrats on a number of these issues.

I wanted to start off if I could by talking about the Republican tax cut plan. There is a new study that was done by a nonpartisan research organization called Citizens for Tax Justice, and they basically found that the Republican tax cut plan that was unveiled by the Committee on Ways and Means last week overwhelmingly benefits the richest Americans, while giving little essentially to middle-income families and actually raises taxes paid by lower-income families.

If my colleagues look at this chart, which I know some of my Democratic colleagues have been pointing to today during the special orders, we can see basically what Citizens for Tax Justice is saying. This graph compares the Republican tax plan and the Democratic alternative. And if we look at various income brackets, and I will start on my left, we can see that for the lowest 20 percent, and that is people whose average income is \$6,600 or less, the Republicans actually provide a tax hike, whereas the Democrats are providing for a 4.2-percent tax cut. Again, for the second lowest 20 percent of American families average income, \$15,900 or less, again the Republicans would provide for a tax hike, Democrats would have a tax cut of 11.4 percent.

Now as you get into middle-income brackets, this gap if you will, at this level the Republicans are starting to provide a tax cut for middle-income families at 20-percent below the \$26,900 average income. But again, although the Republican tax cut is 4.4 percent, the Democratic tax cut is 19.1 percent, significantly higher. Same thing for the fourth 20 percent, those making \$44,500 or less, Republican tax cut 14.5 percent, Democratic tax cut 39.6 percent.

Now, as we get into the higher income categories, we see that there the Republicans are actually providing a much larger tax cut than the Democrats. At the 15 percent of the people who are below \$75,500, in other words, between \$44,000 and \$75,500, the Republican tax cut is 24 percent, the Democratic is 14.4 percent.

Then when you get to the very top 5 percent of American families who are making \$247,200 or above, there is a huge difference, with the Republicans providing a 57.9-percent tax cut and the Democrats only a 12-percent tax cut.

Now I think this pretty dramatically shows that the Democrats, in general, are trying to work out these tax cuts so that they benefit the average person, whereas the Republicans are basically weighting the tax cuts toward the

higher income families in America, which is not the way this is supposed to be.

Remember, this is being done, Mr. Speaker, in the context of a balanced budget plan. We are trying to balance the budget. We are trying to provide fairness here in doing so. It certainly does not seem fair to me to make most of the tax cuts benefiting people who are of means, who are in these higher income brackets.

In fact, according to the Citizens for Tax Justice study, 41 percent of the total tax cut benefits the top 1 percent of the taxpayers. These people have incomes over \$241,000 with an average of \$644,000. Under the Republican tax plan, they would realize a net tax cut averaging \$21,576, particularly when all the capital gains indexing provisions are fully effective.

I do not want to keep giving my colleagues all these figures, but just as an example, with the capital gains tax cut, which is, of course, the one that if you skew it a certain way has the greatest potential for helping people who are wealthy, according again to this study by Citizens for Tax Justice, the capital gains tax cut that has been proposed by the Republicans would be worth \$13,976 per year to a family making over \$350,000 per year but only \$17 to the average family in the middle of the income distribution with an income of about \$27,000.

Now some Republicans argue that an across-the-board capital gains rate cut and indexing are middle-class tax relief because about half of the tax returns reporting capital gains income are filed by people with income less than \$50,000. But this is wrong because, in fact, because most liquid financial and other capital assets are held by upper income people. They realize the most capital gains, and the vast majority of American families will see very little economic benefit, either direct or indirect.

One of the things, of course, to look at in all of this is the capital gains tax cut, because, as I said again, that is where if you do not frame it specifically for middle-income families, particularly with regard to giving most of the relief for a sale of a home, they you can get into a situation where the majority of this tax cut goes to upper-income individuals.

I would like to now talk a little bit if I could about the Democratic tax alternative, which I think is a far better alternative and a lot fairer because it targets the tax cuts on those who need them. More than two-thirds of the Democratic tax cuts go to the truly struggling middle class and lower income families making less than \$57,500 a year. It is basically better for working families. It is better for education. It is better for the deficit.

Just to give my colleagues an example here, which we have cited before, the typical working family in 1998, under the GOP as opposed to the Democratic proposals, this is a family who has an average income of \$24,000, the

family has one child age 10 and one child age 19. The 19-year-old is attending his first year of community college with an annual tuition of \$1,200.

Remember, one of the major focuses of the Democratic tax cuts and the President's plan when this all started during the budget negotiations was to make sure that we were providing relief for middle-income families that have to send their kids to college, because that is where a big bulk of their expenses go when they have kids in college.

Well, under the GOP plan, there is a HOPE scholarship that is for the first 2 years of college that basically gives the family back \$600, and the child tax credit provision gives them nothing because they do not qualify due to nonrefundability and the earned income tax provisions.

On the other hand, the Democratic alternative gives them instead of \$600 for the HOPE scholarship \$1,100, which is phased up to \$1,500 by the year 2001 toward the end of this 5-year budget cycle. And with regard to the child tax credit, again, the GOP bill gives them nothing. The Democratic alternative gives them \$300, which is phased up to \$500 by the year 2001, which is again toward the end of the 5-year plan.

But there are many other ways in which the relief is concentrated on families of middle income, and I would like to get into some of those perhaps later this evening. But I see my colleague, the gentlewoman from Connecticut [Ms. DELAURO], and I wanted to yield to her if I could.

Let me just say one thing with regard to homeowner tax relief. The Democratic alternative provides \$5.7 billion of tax relief to homeowners. It includes the President's proposal to exclude up to \$500,000 of profits, capital gains, on the sale of a home, and the exclusion would be \$250,000 for single taxpayers. It also allows losses on the sale of a home up to \$250,000 to be written off as a deductible loss against taxes.

Now I mention this because again I want my colleagues to understand that the Democratic alternative does provide capital gains tax relief, but it does it primarily to homeowners. And that is where the middle income, the average person is more likely to benefit from the capital gains tax cut. Because really, for most of them, the only time they are paying capital gains tax is when they sell their home.

What we are saying is that rather than the Republican plan, which basically would provide relief to all kinds of capital gains across the board, let us focus in on the homeowner because that is where most middle-income people see a capital gains tax and would most benefit from some sort of cut or relief on that particular type of tax.

Mr. Speaker, at this point I would yield to my colleague, the gentlewoman from Connecticut [Ms. DELAURO], who has been a leader essentially, really the outstanding leader in

bringing home to the Members of this body why this Democratic alternative is much preferable to the Republican plan that has been put forward.

Ms. DELAURO. Mr. Speaker, I want to thank my colleague from New Jersey [Mr. PALLONE] for his leadership on this issue and am proud to join with him, and I am hopeful that we will be joined by other Members this evening.

But I think that it is important to note what my colleague was talking about and there should be a discussion about the two tax cut plans and, in fact, who benefits from each. I think it is critical to note that, while our colleagues on the other side of the aisle are going to try to make a case that Democrats are not providing tax cuts for working families, whether, in fact, the Democratic alternative is precisely focused in on working, middle-class families with education, with the child tax credit, with estate taxes and inheritance, or the death tax, as my colleagues on the other side of the aisle like to talk about it, capital gains, specifically directed to working, middle-class families, to small businesses, to small farmers, to the people in this country who have been carrying on their shoulders an enormous tax burden.

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In addition, these are the folks who are scrambling week to week, month to month to pay their bills.

I think it is fair to say that a comprehensive tax bill truly in fact says a lot about our priorities and our values, both as a Congress and as a Nation, so that in fact the public has the opportunity to look at both tax plans and to engage in the debate and determine who is on my side. They should, as that chart makes clear here, when we have a comparison of the Republican tax plan and the Democratic alternative tax plan, of who is on the side of working middle-class families in this country.

If my colleagues might recall also, in the last session of the Congress, the Republicans talked about the crown jewel of the Contract With America and they do not these days talk either about crown jewels or contracts with America, but the cornerstone of that document was a \$245 billion tax cut, essentially for the richest people in this country, and paid for primarily by a \$270 billion cut in the Medicare program.

They have come up with a new proposal which once again I think when it is laid out side by side, one can take a look to see that they are continually to be on the side of the wealthiest Americans. Under the Republican bill, over half the tax benefits go to the top 5 percent of Americans, those making over \$247,000 a year. An additional quarter of the tax cuts go to families making between \$75,000 and \$250,000. The rest of the American people, those making less than \$75,000, have to share what is left over. That is right. They

have to share what is left over. Under the Republican plan, the 80 percent of the Americans at the lowest end of the income scale receive less than 20 percent of the tax benefits.

I know my colleague from New Jersey concurs in this. This is simply wrong. What we need to be about is to provide tax relief to those families who could really use it, hardworking, middle-class American families. As is so often talked about in these debates, this is not my conclusion or my colleague from New Jersey's conclusion or the conclusion of the Democrats on the Committee on Ways and Means who all voted for this Democratic tax cut alternative. These are not my words. I offer as evidence, if you will, of what we are talking about in determining who is on the side of the wealthiest 5 percent of this country or who is on the side of working middle-class families the Philadelphia Inquirer dated Thursday, June 12, 1997, and the headline, "Bill Archer's gift horse: The Congressman's tax-cut plan looks good now, but in the long term, only the rich will benefit."

"Average Americans would be the biggest winners, say U.S. Rep. Bill Archer, under his new tax-cut plan. He's got a break out that shows three-quarters of the tax relief going to households that earn less than \$75,000 a year.

"Sounds nice, but it's bogus. What he unveiled this week ought to be called the Tax Relief for the Monied Class Act."

This is the Philadelphia Inquirer.

June 11, 1997, The New York Times. "A Favor-the-Rich Tax Plan."

"To finance cuts in capital gains and inheritance taxes, Mr. Archer has held tax benefits for others to a minimal level. The tax-writing committee has come up with a proposal that barely eases the strain on middle-class families while showering the rich with benefits."

The Washington Post. "A Bad Tax Bill Gets Worse."

So that paper after paper after paper indicates in fact that what we have seen once again is that the focus of attention of this tax cut proposal is on the richest 5 percent of the people who live in this country, the wealthiest 5 percent, and those who are working and struggling as middle-class Americans find themselves in a situation where they are not going to get any relief. The fact of the matter is that Democrats have proposed—

Mr. ARCHER. Will the gentlewoman yield on that?

Ms. DELAURO. I will in a moment. The Democrats have proposed an alternative tax package whose benefits are targeted to middle-class families. The message from House Democrats is that in fact we are on your side, we are on the side of families struggling to try to make ends meet. We are on the side of families who worry about paying their bills each month, putting food on the table and still having enough left over to afford health care for their kids. We

are on the side of families hoping to tuck away a few of their hard-earned dollars each month for their children's education or for their own retirement. These are families who truly in fact deserve some tax relief.

This is not a partisan issue, quite frankly. This is an issue in which we have an opportunity to come together as a Congress in order to provide much needed tax relief to people in this country. I think when we have the opportunity on the floor of this House to go through post-secondary education, K through 12 education, the family credit, total relief for families in this country, the death tax and capital gains taxes, that we ought to in fact opt for Main Street instead of Wall Street.

I want to turn this back over to my colleague from New Jersey who controls the time in this special order.

Mr. PALLONE. I want to thank the gentlewoman and explain that I have to yield next to the gentleman from California [Mr. WAXMAN].

Mr. ARCHER. I was hoping, if the gentleman would just yield briefly, that we could have some degree of debate on this very important issue while the time is available. I would like to enter into that debate.

Mr. PALLONE. I yield to the gentleman.

Mr. ARCHER. The gentlewoman has commented that our tax bill would shower benefits on the rich and yet, interestingly enough, 93 percent of the tax relief in our bill goes to taxpayers who have under \$100,000 in expanded income, not just AGI, but expanded income.

Where does this number come from? This number comes from the Joint Committee on Taxation, which is a nonpartisan, professional organization that advises both the Democrats and the Republicans in the Senate and in the House.

Where do the figures come from in the gentleman's chart? They come from the Treasury's analysis, which is an arm of the President. The Treasury's analysis makes you rich because it arbitrarily assigns to you the imputed value, rental value, of a house that you own, and says you get income off of it every year. Now, no American would believe that. No American who is a homeowner would say, "Gee, I'm rich because I get rental value on the house that I live in."

They also assign an arbitrary figure of "we know you haven't declared certain income, so we're going to arbitrarily increase your income by an amount that we think is appropriate." They put middle-income taxpayers into a rich category and then they say these benefits that go to middle-income taxpayers actually are going to the rich. The American people will not accept that. The reality is that the Joint Tax Committee that has distributed our tax bill, where 93 percent goes to taxpayers under \$100,000 and 76 percent goes to taxpayers under \$75,000 is clearly, clearly not showering benefits on the

rich. It is too bad that the Treasury analyses are used rather than the commonsense, nonpartisan Joint Tax Committee.

Mr. PALLONE. I yield to the gentleman from Connecticut.

Ms. DeLAURO. Mr. Speaker, what is interesting about the Joint Committee, and I hope the chairman will stay because the Joint Committee has refused to tell us how they reached the distribution numbers, and as the Philadelphia Inquirer and other newspapers and other documents have pointed out, the costs are hidden; because, in fact, what happens in this charade, if you will, is that the first 5 years we do have people who will be selling off assets and there will be some revenue to the government, and the other half, the second 5 years, is when this deficit explodes off the chart.

What I would like to do is to yield to my colleague who sits on the Committee on Ways and Means who has been part of the deliberations and can address some of these issues.

Mr. PALLONE. I yield to the gentleman from Washington.

Mr. McDERMOTT. Mr. Speaker, I appreciate the gentleman giving us the opportunity to discuss this tax bill. I think what the gentleman from Texas has suggested is misleading, because the Joint Tax Committee has a proposal where they show how the taxes are distributed. But they never put in the full impact of the taxes unless they are fully phased in. What is really deceptive about this tax bill and why it is really bad is that in the outyears, that means beyond the year 2007, this explodes. What they did was they made very few changes and sort of said, "But we'll phase it in 5, 6, 7, 8, 9, 10 years from now."

Most of the people who voted for this do not expect to be here when the deficit is re-created, as it was after the 1981 tax bill. The fact is that if we look at the charts that the gentleman has there, it is very clear that the bottom 40 percent gets nothing.

I offered an amendment in the committee on an issue that is a very familiar one and, that is, the marriage tax penalty. Let us say you are a couple. You make \$30,000 between you. You make \$15,000 apiece. If you file together, you pay 10 percent more tax. This was in the Contract With America. Two hundred some odd Members of this House signed the Contract on America and said we want to get rid of the marriage tax penalty because we want to encourage people to get married. We are very worried that all these children are being born out of wedlock. So we want people to get married.

But the Tax Code is much more advantageous to you if you do not get married. If a couple makes \$20,000, now, let us say the man makes \$14,000 and his wife who goes out and works, does some baby-sitting or whatever, makes \$6,000, they have got \$20,000 of income. They pay a penalty of 48 percent more taxes if they get married. They are

much better to stay apart. I would recommend on a tax basis, if I were a tax consultant, to a young couple, "Don't get married, for heaven's sake. You're going to pay 48 percent more."

They put it in the Contract on America and said, "We're going to go out there and do what's good for families." But looking at this tax bill, 58 percent goes for people making more than \$247,000. That is not the family making \$20,000 trying to get by.

This tax bill is simply those figures up there, that use Treasury figures or their figures, if they gave the total figure of what the impact was, it would be clearly skewed to people at the top of the income bracket.

My view is that amendments like the marriage penalty ought to be what we give people. That would get people at the bottom end of the scale. Because people making \$20,000, \$30,000, are down in those groups at the bottom of the gentleman's graph.

Another one I offered in the committee, or was going to offer but nobody wanted to deal with it, is the whole FICA tax. People say, "Well, they don't pay any income tax; look, we've given them this earned income tax credit and all this so they don't pay any income tax." But everybody pays FICA. That comes out of everybody's tax. My view is that we ought to give a break to people on their FICA tax.

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Again, that would put all the benefit down at the level of under \$75,000, but this tax bill they brought to the floor, they are bringing to the floor next week, is simply neither family friendly nor small business friendly because another amendment that I offered in the committee was: "Why can't you deduct the total cost of your health care if you purchase it?"

Now a big company, if they buy insurance for you, if Boeing or General Motors, they deduct it 100 percent. But if you are a small business person out there, maybe you hire one or two people, you are running a little catering business or something, and you buy health insurance, you cannot deduct the 100 percent. Why? Because big people can and little people cannot? I guess, because they turned that amendment down on a party line vote, they said, and it was the number 1 issue of the National Federation of Independent Businesses.

The small business people said we want 100-percent tax deductibility. But it was turned down in the Committee on Ways and Means for this bill that benefits the rich, and I think that it is very important that you have these kind of discussions out in public so that the public can understand and begin to learn what is really here.

When you talk about the estate tax, the so-called death tax, everybody says, well, gee, I am going to die; I would like to pass a few things on to my kids. Well, if you have got \$600,000 worth of stuff to pass on to your kids,

it goes for free, simply for free. There is only 1.6 percent of the families in this country that pay the death tax, 1.6 percent.

Now you think that is the people at the bottom who are making 20 grand or 30 grand? We do not know who they are, but they are folks who have millions and millions and millions and millions of dollars, and those people are in here asking for a tax benefit at the same time that we put a marriage tax penalty on a couple making 20, 25, \$30,000.

Mr. Speaker, there is something wrong with a tax structure that does that, and I think that this bill makes it infinitely worse. So I commend my colleagues for coming out here and raising these issues.

Mr. PALLONE. I appreciate the gentleman's comments, and I want to yield, but I just wanted to say I think one of the most important things that you raised tonight, and I am getting this back from my constituents, is the fact that the Republican proposal will essentially explode and cause the deficit to balloon in these outyears, because after all, the whole premise of this budget debate is to balance the budget, and when I tell my constituents, and it is not just me; the gentleman from Connecticut read the various editorials in major newspapers around the country; when they read that and they find out that this Republican proposal will actually 5 or 6 or 10 years from now cause an even greater deficit, they are outraged.

And I just briefly, because I am reading just from this document from the Center on Budget and Policy Priorities, and they say that, specifically they conclude that although the cost of the GOP bill is held at \$250 billion in the first 10 years, the costs would explode to between \$650 billion and \$750 billion in the second 10 years, and basically they talk about how these provisions, these backloading provisions, if you will, have a common characteristic that they provide most of their tax cut benefits to high income individuals and that essentially they make heavy use of gimmicks delaying effective dates, slow phasing, and timing shifts and revenue collections to minimize the revenue losses these tax cuts caused during the first 5 years, but then beyond they balloon. And to me that is the most outrageous aspect about this.

Mr. McDERMOTT. One of the things that really is distressing about that: If you think about when that is, 10 years from now will be 2007. You add another 5 years, and you are at 2012. That is when the baby boomers are going to be getting to Medicare and Medicaid, and if the deficit explodes right as they reach retirement, all these 30 and 40 and 45-year-old people right now who are saying, well, by God when I get to 2010, I will at least have Medicare and Social Security. If the tax provisions in this bill explode in our budget in 2012, or thereabouts, there is going to be another Congress in here looking to cut

away on those programs at the very time when those people are depending on it.

And that is why people around here are saying, well, we are doing this for our children, we are doing this for our children. You mean we are laying a bomb for our children in the year 2012 that we are going to light in here and wait for it to explode out there in 15 years, just when our kids will be at the point of trying to educate their kids and they will be looking at us and saying what are we going to do about mom and dad?

Mr. PALLONE. And that is exactly what most people think that we are avoiding with this balanced budget bill, that we are talking austerity measures now to help the people later down the road, the kids, the grandchildren, and in fact it is just the opposite.

I yield to the gentlewoman.

Ms. DELAURO. Just a point, because my colleague from Washington talked about, we had talked about for a number of years here, trying to provide small businesses with the opportunity for 100 percent deductibility under health care costs.

In my State of Connecticut, and I am sure in Texas and in Washington State, the engine of growth has been small businesses. This was an opportunity to give relief to small businesses, which they on a party line vote, as I understand, means all the Republicans voted together against the small business deduction of 100 percent on health care costs.

In addition, because when we are talking about where their bill is focused, this is one that I have the hardest time believing. We all know that in today's economy we have men and women who are in the workplace, two parents, and not because they both want to work, they have to in order to make ends meet, and that means that they have to have their children in child care. And we talk a lot about trying to make child care affordable, sliding scales, good quality care, evaluating child care because we know today that parents have to rely on child care so that they can both work.

I think one of the most egregious things that happened in this bill that the Republicans have put out, it would just say to the bulk of our families in this country who have both mothers and fathers in the work force that what you get in terms of a dependent care credit on your child care you can claim credit on your taxes for your child care if you both have to work, that what they are going to do is they are going to cut that by 50 cents. They are going to cut it in half.

Mr. McDERMOTT. For every dollar that they get, it will now be 50 cents?

Ms. DELAURO. That is right, for every dollar they get as a credit they are going to cut that in half. So you are trying to say to people: We want to try to provide you with some help. You are the folks who need it, you are struggling. At the same time they of-

fered to eliminate taxes on the richest corporations in the country, to give them a zero tax obligation, and at the same time we are going to cut the per child tax credit for child care. It just gives you a sense of proportion.

Mr. McDERMOTT. It is not very family friendly.

Ms. DELAURO. As to who is family friendly or not.

Mr. PALLONE. I thank you both, and I would like to yield at this time to the gentlewoman from Texas.

Ms. JACKSON-LEE of Texas. Mr. Speaker, I thank the gentleman from New Jersey, and I wanted to pick up where the gentlewoman from Connecticut and gentleman from Washington were so pointedly focusing on, I think, the discrepancies between the Democratic alternative and what has been represented as a tax bill that is supposed to be responsive to all Americans, and I would just like to add my opposition frankly because I think one problem is that the pace at which this particular tax bill moved was a pace that did not allow deliberations and consideration, did not allow the input of those most needing the positive impact of a tax cut, and I cannot help but agree in totality, 100 percent.

When I go home to the district, the people that I hear from are small business persons who every Chamber that you meet with says small business is the backbone of America. How many times do we have to say that? Small business is the backbone of America, whether it is two people, one person, a few people. Small businesses are the ones that come into our community and hire people to work.

In this instance we had a circumstance where the estate tax does not respond to small businesses. I just want to highlight the difference in the funds. The Republican plan offers \$3.6 billion in tax cuts. We in the Democratic side representing and recognizing that we are dealing with a balanced budget and not trying to blow up—I want to use the term “blow up” the deficit in the outyears—have \$2 billion.

Now let me emphasize the difference. We have a situation where you can get an immediate relief for family-owned businesses for \$400,000 in extra exclusion tax for family business assets. Immediate; let me underline that: Immediate. On the \$3.6 billion side, where you blow up the deficit in the year 1999, you can get \$1 million credit, but not until the year 2007.

I am speaking to small businesses today, 1997, not 2007, and then to find out that the deficit will be steadily going up, the one deficit that all of us have been talking about, the one that the Republicans have been talking about and indicated that that will go up in 1999. This estate tax on the Democrats will allow family owned businesses interest with value up to 2 million plus with no estate tax in the case of a married couple.

That responds to the major concerns that we have found when we go home

and talk to constituents, every day constituents, and I would like to follow up as well on the hundred percent deductibility for health care. The gentlewoman from Connecticut, the gentleman from Washington mentioned something that you hear all the time. Most of what you hear is the employees of small businesses saying I wish we could have health care. You find the owners of small businesses saying, “You know what? I like my employees. They do a good job for me. But the overhead is such that I couldn't pay them a salary if I had to pay for their health care. But I want to give them health care.”

Now what sense does it make not to support the backbone of America's job creation over the last decade, small businesses, with not giving them a hundred percent deductibility? First of all, it allows you to cut the costs of health care. It allows you further to insure that the employees, mostly employed by small businesses in contrast to major corporations, have health care coverage, and the small businesses will continue that coverage, not get it, stop it, get it, stop it because they cannot cover it because they get a hundred percent deductibility. I consider those common sense provisions offered by Democrats and yet not received by Republicans.

Let me add another point of concern that I have. I am certainly in support of the alternative that we have offered that says that it provides and allows the \$500 child credit that the administration is offering, but let me say that there are other aspects of education that I think is important that the Democratic alternative offers to Americans, and that is where we most need a lift, the K through 12. You hear all the time the infrastructure, the support services for educating our children K through 12. The important issue is that we must emphasize building from the bottom-up.

Our plan, the Democratic plan, allows for education costs, free capital for K through 12 schools, tax incentives for enterprise zones like partnerships between public schools and distressed areas and the private sector.

All the time you hear chambers and community groups talking about working with our schools. Well, I think it is important that we give them the kind of incentive that will allow them and help them to work with our schools. That does not happen in the Republican bill, and I think that that chart clearly says it. That chart indicates that most of the Republican benefits go to the extremely wealthy.

I would like to put that in because I do not want the Democrats to be perceived as not encouraging the working class, the middle class, moving upward. We want that. That is what capitalism represents, and that is not fair to label us as individuals who do not want to see people get ahead.

□ 1900

But it is important to know who we want to get ahead, and to realize that this economy is a good economy. That is why the large corporations are doing so well. That is why the Dow is unimaginable. People cannot even understand what is going on with the Dow.

We are not doing poorly in this country, but we are letting the middle income, the working people, do poorer. We are taking away from the working poor the incentive to continue working by eliminating the EITC, the earned income tax credit. How foolish when it benefits our economy, because they are not only saving but they are infusing capital back into the economy as consumers.

Mr. Speaker, I would say to the gentleman from New Jersey, let me thank him first of all for bringing us together on this very important issue, and just acknowledging that all of the fine print throughout the country in terms of newsprint is emphasizing that this Republican tax plan is a tax plan for the wealthy. It is not Democrats saying it, it is individuals who have analyzed this in good faith.

Therefore let me just note that this article out of, I believe, the Wall Street Journal has indicated "The tax bill's complexities often aid the wealthy." It goes on to recount many instances of where this bill focuses on helping the wealthy.

Then, of course, the bill seems to go into areas, as I note, that do not seem to coincide, if you will, with tax relief. It seems to coincide with tax attack. It says "Not all of the boomerangs in the bill are invisible. One would require that labor unions report to their members on a special form the percentage of the members' dues that are used for political activities. The unions say this reporting would cost them more than \$20 million."

This is not necessarily a tax issue, but what we find is that this bill is all over the lot. I simply say to the Republicans, let us get back to the business of drafting a bill that works for working America, middle-income America, that applauds investment in small businesses, that says good health care is good, that says that elementary school education, middle school, secondary and high school is good, leads you into college, and also says that we applaud the American men and women who have small businesses, we want to give them small business and estate tax relief, because that family has invested in America.

That is what I think we should be doing. That is the kind of tax bill that I think the Democratic alternative represents. I think that is the kind of tax bill that we here are speaking to on the floor this afternoon. I think it is very important that the American people understand that and be able to support the right kind of tax relief.

Mr. PALLONE. I want to thank the gentlewoman from Texas, and particularly emphasize again that in many

ways what I think the Republican leadership is trying to do is to pull the wool over the American people. They talk about capital gains and estate tax relief. We know in certain circumstances if it is targeted, that can be very beneficial to certain middle-income people.

But the problem is that through various gimmicks essentially what they are doing is having across the board, if you will, changes in capital gains and estate tax, and then using gimmicks so the amount of money that is available, particularly after the first 10 years, grows. What that essentially does is gives most of the relief to wealthy individuals.

What we need to do, and I think that is what all of us are doing tonight, we need to point out that we are in favor of capital gains tax cuts, we are in favor of estate tax cuts, but we want them to be targeted. We want the capital gains tax cuts to be targeted to the average homeowner, as the gentlewoman pointed out. We want the estate tax relief to be targeted to family owned businesses, small businesses, farmers, those who need this kind of relief.

Mr. Speaker, I just think it is very important for us to continue this discussion and make our colleagues and the public understand, because too often people just hear tax relief, capital gains, estate tax, and they think somehow that is going to benefit them. It does not unless we do it in a way that benefits and targets so it helps the average person. That is what the Democratic alternative is really all about.

Ms. DELAURO. If the gentleman will continue to yield, Mr. Speaker, I think the gentleman made the point that it is like the debate about a balanced budget, and where we have had agreement on both parts of the Democrats on a balanced budget.

The devil is in the details. It is more than in the details, because both a budget and a tax bill reflect, as I said earlier, the values and the priorities that we hold as a Nation and where we want to try to focus our priorities, where we want to focus limited resources.

No one is saying that we have, and we do not have, all of the money in the world to do everything that everyone wants. That is not the case at all. No one is suggesting that. Also, no one is suggesting that government has to do everything for people. But in fact, government should be charged with helping people with some tools that they need when they face difficulties in their lives.

Tax relief is a tool to help people who are struggling to make this fight. I think there are one or two pieces where we can really see the contrast in a Democratic focus and a Republican focus. That is, Mr. Speaker, today employers can offer to employees up to about \$5,200 in educational assistance which is not taxed. This is a provision

that needs to get extended year by year.

What the Democrats do here is they say that they will permanently extend this expired provision of the Tax Code that says it will allow employees to accept up to \$5,200 in employer-provided educational assistance which is not taxed. Also what the Democratic proposal says is that this is good for graduate education as well as undergraduate education.

The Republican plan only extends the provision until the end of the year, and does not include graduate education. We are about the business of trying to provide people with the educational tools that they need so that in fact they can earn a living, make a living for their family, progress, be able to pay their taxes, and be productive and contributing members of society. That is what people want to do. In the basic issue of the education assistance provided by employers, they would exclude graduate education and they will not extend this provision on a permanent basis. This is unfair to people.

At the same time, they will allow for inflation on capital gains and what they call indexing in the second 5 years of this proposal, which in fact, as my colleagues have pointed out, gets us right back to a deficit which we have spent the last several years trying to dig out of.

Mr. Speaker, I must say one more thing about the deficit. I think one of the biggest contributions to getting the deficit down to where it is today has been the Democratic budget of 1993, where in fact it has allowed for an economy, and I might just parenthetically add that this was a piece of legislation only supported by Democrats. There was not one Republican vote for this piece of legislation.

Economists have said that this allowed for interest rates to come down, this has allowed for the opportunity for the deficit to come down, and in fact, provided the kind of an economy where we can focus our time and attention on a balanced budget agreement and where we can focus our time and attention on a tax plan which can benefit working middle-class families in this country.

Ms. JACKSON-LEE of Texas. If the gentleman will continue to yield for a moment, Mr. Speaker, to add another comment, I believe the gentlewoman has really isolated and highlighted this issue of distinction, if you will, between the approaches given by both the Republican plan and the Democratic plan. Let me add a point to expand on the capital gains.

It is noted that the Republican bill would lower the top capital gains rate, now 28 percent, to 10 percent for taxpayers with incomes below \$41,200 and 20 percent for those who are better off. The main beneficiaries of the 10 percent rate, the tax experts say, this is out of the Wall Street Journal, would not be middle-income taxpayers selling a modest amount of mutual funds. Instead, it would be wealthy families who

are selling stock to pay for their children's tuition.

We are not denying that there should be the opportunity for children to go to college, but what we want to distinguish is how the middle-income, the working family, does not get the same equal benefit. I think that is just key in what we are trying to do here.

There are various loopholes about how this capital gains transfer by the richer family being able to give the stocks over to the children, getting a benefit, and then the children being able to sell it and use it for college, that does not happen when hard-working middle-income families just want to sell a few mutual funds, they do not get the same benefit as the richer population.

I think that is extremely important, as well as, let me add, the fact that this is a 422-page bill. I noted that part of it has reporting requirements for unions. This is a complex set of new laws that are coming into being.

I always thought that one of the things that we in Congress wanted to do was to simplify the Tax Code, to simplify the process, and to allow those working families and small businesses to be able to pay taxes and to have taxes cut or tax relief in a simplified process. That is not the case with this new 422-page proposal offered by the Republicans.

Mr. PALLONE. Mr. Speaker, we do not have much time, but if I could just summarize, I think we pretty much pointed out first of all why the Democratic tax cut alternative is fairer, because it essentially targets tax cuts on those who need them.

As was pointed out by the gentleman from Connecticut [Ms. DELAURO], we are talking about scarce resources here. This is a balanced budget plan. We want to give tax cuts where they are needed. That is really essentially what the Democrats are all about: making it fair, making it primarily for those who need them. It is obviously a lot better for working families.

We talked about the per-child tax credit. We talked about how it is better for education, because it gives more money to people who have the need, whether they are in the first 2 years of college or they are in 4 years of college, whether they are in graduate education.

Lastly, and certainly no less important, is it is so much better with regard to the deficit. I think there is the really telling point, if you will, when I talk to my constituents. When they listen to what the gentleman from Washington said, if we go through this process and at the end of this process, 10 years from now, we end up with an even larger deficit than we have now, basically we are lying to the American people.

Ms. DELAURO. Shame on us.

Mr. PALLONE. That cannot be. We just have to keep pointing it out every day on the floor, as we are doing now,

and hopefully ultimately our colleagues will listen and understand why the Democratic alternative is better.

Mr. Speaker, I just want to thank the two gentlewomen for participating, but we are going to have to do this a lot more.

Ms. DELAURO. I think it is worth doing, and we thank the gentleman for his leadership on this issue.

THE QUESTION OF RACE AND REMARKS BY PRESIDENT CLINTON

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

Ms. JACKSON-LEE of Texas. Mr. Speaker, I want to say that there are many things that we come to the floor of the House to discuss, and many times we do have a difference of opinion, because this is the nature of the democratic process.

Allow me to speak very pointedly on an issue on which I am going to call for a bipartisan response and a joined and open-minded response that takes into consideration the intense feelings held by many in this Nation on this question. That is the question of race, and the remarks that were made by the President of the United States this past weekend.

Mr. Speaker, I do not view his remarks as being political, though I know the commentary has reached all levels of debate. I do find his words to be important and instructive, for it is noteworthy that we are only 3 years now away from the 21st century. His remarks, if summarized, asked America how they wished to be defined, whether we wanted to go into the 21st century being defined as a divided nation, a nation that could not help heal its wounds and heal the divisiveness.

So I want to applaud the President for calling to our attention the fact that now is the time, as was asked by Dr. Martin Luther King, if not now, then when, for us to come and speak clearly, resoundingly and positively, about bringing this Nation together. I applaud that.

I imagine that over the year's debate, with the commission that he has constructed to carry this forth, that there will be many points of view being raised.

□ 1915

In fact, I believe that there will be many groups that will further articulate what that means, action items, economic development, education of our children, the elimination of drug addiction in inner cities, rebuilding of our infrastructure, creating jobs, helping small businesses get access to capital. All of that will be part of the larger solution. But no one can take away from the importance of the problem and the importance of discussing the problem.

That is why I think it so very important to acknowledge this debate and

his raising of this debate and his proudness as well as courage in raising it comes the possibility of failure. Already so many have cast their lot on the failure side. I cast mine on the success side.

I would ask the Speaker and I would ask Members of this House that they rise up and support this effort in a bipartisan manner. Therefore, talk about color-blindness and eliminating affirmative action and legislation that is being announced to eliminate all Federal affirmative action should now be stopped itself; cease and desist, until a full discussion can be taken to determine whether or not now is the time to eliminate affirmative action. I would say resoundingly not. The facts are there. Eighty percent decrease in admissions in the University of California system. Not one single African-American admitted or accepted into the University of Texas School of Law. Let me say, accepted, but yet only one admitted and none attending in fall of 1997. So there is data to suggest that we do have a problem in making sure that women, African-Americans, Hispanics and Anglos, Asians, and others who come from diverse backgrounds are all in the circle.

There was an article noted in the Houston Chronicle on June 17, 1997, written by NEWT GINGRICH and Ward Connerly. They seemed to try to emphasize, in defending opposing affirmative action and as well not rising to the debate that would help bring us together, that other issues are important. Let me say that I agree that we must educate our children. Let me say that I agree that we must do other things, Mr. Speaker, to ensure that we bring us together.

But let us not forget, Mr. Speaker, that we can do it by discussion and then solving the problem and, yes, we can do it by an apology. Let us work together to solve the problems of racial divide.

JUVENILE CRIME

The SPEAKER pro tempore (Mr. HAYWORTH). Under the Speaker's announced policy of January 7, 1997, the gentleman from Florida (Mr. MCCOLLUM) is recognized for 60 minutes as the designee of the majority leader.

Mr. MCCOLLUM. Mr. Speaker, tonight I come to talk for a few minutes wearing my hat as chairman of the House Subcommittee on Crime. The reason that I do is because I have been engaged in discussions over the past few days and several weeks, for that matter, with respect to juvenile crime, where we are going with it, why the bill H.R. 3 was shaped the way it was to reform the juvenile justice system, and what is going to happen generally in relationship to the whole issue of crime in the United States and drugs, which are present on the minds of most Americans on a rather continual basis unfortunately.

I thought that we should start this discussion for a minute by putting