

ANOTHER LOOK AT ISSUES OF ECONOMIC GROWTH AND A CAPITAL GAINS TAX CUT

The SPEAKER pro tempore (Mr. COOKSEY). Under a previous order of the House, the gentleman from California [Mr. DREIER] is recognized for 5 minutes.

Mr. DREIER. Mr. Speaker, I know the hour is late, but I would like to take just a few minutes to discuss an issue that was being raised earlier by my friend, the gentleman from Pennsylvania [Mr. FOX] and a wide range of other Members who were here discussing the need for us to look at the issue of economic growth. And also I wanted to respond in part to some of the statements that were made just a few minutes ago by my friend, the gentleman from New Jersey.

As we look at the tax package that is moving forward, one of the things that has been discussed is the need for us to pursue a policy that does in fact encourage economic growth, and at the same time recognizes the need to increase the take-home pay of working Americans.

The fact is, there is an important part of this package which, frankly, I wish had gone further, but because of the constraints imposed by the budget agreement it did not go as far as I would like to see it go, and that is one that relates specifically to the capital gains tax.

On the opening day of the 105th Congress I was pleased to join with both Democrats and Republicans in introducing a bill that is numbered H.R. 14. The reason I remember it is that it takes the top rate on capital gains from 28 percent to 14 percent. Mr. Speaker, our goal was to recognize that the tax on capital is one of the most punitive taxes of all, that hurts most not those who are very rich, and I think we have pretty well succeeded in throwing that ludicrous argument out in which people have said reducing the tax on capital gains is nothing but a tax cut for the rich. We have, I believe, very successfully thrown that out because, as we look at the empirical evidence that we have, we have found that roughly 56 percent of those who are realizing capital gains have incomes that are less than \$40,000 per year.

If we look at those, those people are obviously not considered rich. What are they? They are people who have homes that may have appreciated in value, they have a mutual fund, they are retirees, they are small business men and women who are the backbone of this country.

I believe that reducing that top rate on the capital gains tax will in fact, based on evidence that we have, increase the take-home pay for the average family in this country by \$1,500. Why? It will come about because of the ensuing economic growth. We have got not just theory, which so many have people have said, oh, this is all based on theory, but we have actual facts.

Take this entire century, and go back to the early 1920's. Andrew Mellon

was the Treasury Secretary under President Warren J. Harding. At that time there was a reduction in tax rates, it anticipated the tremendous boom of economic growth that we saw through the 1920's, and, guess what, we even saw an increase in the flow of revenues to the Treasury.

Our great chairman of the Committee on Ways and Means, the gentleman from Texas [Mr. ARCHER] has referred to the fact that this capital gains tax cut is going to increase the flow of revenues to the Treasury. Why? Because of the fact that we do not simply subscribe to that view that the pie is one size and can only be cut up in those little pieces. We subscribe to the view that the pie can grow.

We are enjoying strong economic growth today, but I am convinced that it can be significantly stronger, because there are many Americans who have not been able to benefit from the economic growth that we have seen. Of course, I am referring to those who are in the inner cities in our country.

We see this great talk that has been coming forward from both the President and the Speaker of the House about the need for us to look at the very serious societal problem that we have as race, in race relations. It seems to me, Mr. Speaker, that one of the key things we should do is recognize that a problem that exists in the inner city is primarily due to a lack of capital investment. Reducing the top rate on capital gains is going to play a big role in encouraging investment in a wide range of areas, and I believe it will provide a real boost to those who are in fact in the inner city.

Mr. Speaker, reducing the top rate on capital gains is going to be a win-win all the way around. It is not a tax cut for the rich. It in fact is something that benefits working Americans and at the same time will encourage the \$7 to \$8 trillion that we have locked in from people who are literally afraid to sell because the tax rate on capital gains is so high today, they will be encouraged to move that.

That capital will play a role in providing the much-needed boost in many parts of this country where people have not been able to benefit, and we will see from that growth an increase in our attempt to move on our glide path towards balancing the budget.

Mr. Speaker, I just want to underscore the importance of this, and say that I hope very much that any of my colleagues who have not joined with the 160 to 165 Democrats and Republicans on board on this will in fact become cosponsors of H.R. 14, and continue to work towards a broad-based reduction in capital gains.

I yield to my good friend, the gentleman from Pennsylvania [Mr. FOX].

Mr. FOX of Pennsylvania. Mr. Speaker, I just wanted to take this opportunity to agree with the sentiments of the gentleman, because tax reform is the key to making sure that prosperity for all Americans will come about in this session.

COMMUNICATION FROM THE HONORABLE BOB WISE, MEMBER OF CONGRESS

The Speaker pro tempore laid before the House the following communication from the Honorable BOB WISE, Member of Congress:

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, DC, June 19, 1997.

Hon. NEWT GINGRICH,
Speaker, House of Representatives, The Speaker's Rooms, Washington, DC.

DEAR SPEAKER GINGRICH: This is to formally notify you pursuant to Rule L (50) of the Rules of the House that I have been served with a subpoena issued by the Circuit Court of Hardy County, West Virginia, in the case of *West Virginia v. Cook*, Crim. Action No. 97-F-20.

After consultation with the Office of General Counsel, I have determined that the subpoena relates to my official duties, and that compliance with the subpoena is consistent with the privileges and precedents of the House.

Very truly yours,

BOB WISE,
Member of Congress.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. ACKERMAN (at the request of Mr. GEPHARDT) for today after 4 p.m. and the balance of the week, on account of official business.

Ms. DEGETTE (at the request of Mr. GEPHARDT) for today and the balance of the week, on account of official business.

Mr. MANTON (at the request of Mr. GEPHARDT) for today before 12:30 p.m., on account of medical reasons.

Mr. POMEROY (at the request of Mr. GEPHARDT) for today and the balance of the week, on account of official business.

Mr. YATES (at the request of Mr. GEPHARDT) for today after 8 p.m., on account of personal reasons.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. KINGSTON) to revise and extend their remarks and include extraneous material:)

Mr. BOB SCHAFFER of Colorado, for 5 minutes each day, today and on June 25.

Mr. JONES, for 5 minutes, today.

Mr. HORN, for 5 minutes each day, on today and June 20.

Mr. METCALF, for 5 minutes, today.

Mr. SANFORD, for 5 minutes, today.

Mr. KINGSTON, for 5 minutes each day, on today and June 25.

Mr. FOX of Pennsylvania, for 5 minutes, today.

Mr. FORBES, for 5 minutes, today.

Mr. SOUDER, for 5 minutes, today.

Mr. GRAHAM, for 5 minutes, today.

Mr. EHRLICH, for 5 minutes, today.

Mr. EHLERS, for 5 minutes each day, on June 23, 24, 25, and 26.

Mr. PAPPAS, for 5 minutes, today.

Mrs. NORTHUP, for 5 minutes, today.

Mr. GUTKNECHT, for 5 minutes, today.

Mr. THUNE, for 5 minutes, today.

Mr. NEY, for 5 minutes, today.

(The following Members (at the request of Mr. CAPPS) to revise and extend their remarks and include extraneous material:)

Mr. BONIOR, for 5 minutes, today.

Ms. WOOLSEY, for 5 minutes, today.

Ms. BROWN of Florida, for 5 minutes, today.

Mr. DAVIS of Illinois, for 5 minutes, today.

Mr. DICKS, for 5 minutes, today.

Mr. PASCRELL, for 5 minutes, today.

Mr. ROTHMAN, for 5 minutes, today.

Ms. PELOSI, for 5 minutes, today.

(The following Member (at his own request) to revise and extend his remarks and include extraneous material:)

Mr. DREIER, for 5 minutes, today.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

(The following Members (at the request of Mr. CAPPS) and to include extraneous matter:)

Mr. WAXMAN.

Mr. TOWNS.

Mr. VENTO.

Mr. ENGEL.

Mrs. MALONEY of New York.

Mr. PASCRELL.

Mr. ANDREWS.

Mr. KUCINICH.

Ms. Sanchez.

Mr. DELLUMS.

Mr. GEJDENSON.

Mr. BLUMENAUER.

Mr. STOKES.

Mr. TRAFICANT.

Mr. EVANS.

Mr. SHERMAN.

Mr. MARKEY.

Mr. HAMILTON.

(The following Members (at the request of Mr. KINGSTON) and to include extraneous matter:)

Mr. BEREUTER.

Mr. LEACH.

Mr. COLLINS.

Mr. FORBES.

Mr. GILMAN.

Mr. MANZULLO.

Mr. FOX of Pennsylvania.

Mr. YOUNG of Alaska.

Mr. LAZIO of New York.

Mr. FRANKS of New Jersey.

Mr. SPENCE.

Mr. COBLE.

Mr. BOB SCHAFFER of Colorado.

Mr. QUINN.

Mr. GOODLING.

Mr. RADANOVICH, in two instances.

(The following Members (at the request of Mr. PALLONE) and to include extraneous matter:)

Mr. GREEN.

Mr. UNDERWOOD.

Mr. PACKARD.

Mrs. MINK of Hawaii.

Mr. ENGLISH of Pennsylvania.

Mr. LEWIS of Georgia.

Mr. ENGEL.

SENATE BILL REFERRED

A bill of the Senate of the following title was taken from the Speaker's table and, under the rule, referred as follows:

S. 923. An act to deny veterans benefits to persons convicted of Federal capital offenses; to the Committee on Veterans' Affairs.

ADJOURNMENT

Mr. DREIER. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 11 o'clock and 28 minutes p.m.), the House adjourned until tomorrow, Friday, June 20, 1997, at 9 a.m.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

3864. A letter from the Under Secretary for Domestic Finance and Acting Chairman of the Thrift Depositor Protection Board, Department of the Treasury, transmitting a legislative proposal to terminate the Thrift Depositor Protection Oversight Board; to the Committee on Banking and Financial Services.

3865. A letter from the Director, Defense Security Assistance Agency, transmitting a copy of Transmittal No. 97-B, which relates to the Department of the Army's proposed enhancements or upgrades from the level of sensitivity of technology or capability of defense article(s) previously sold to Korea, pursuant to 22 U.S.C. 2776(b)(5)(C); to the Committee on International Relations.

3866. A letter from the Acting Chairman of the Council, Council of the District of Columbia, transmitting a copy of D.C. Act 12-92, "Ivy City Yard Fixed Right-of-Way Mass Transit System Designation Temporary Act of 1997" received June 18, 1997, pursuant to D.C. Code section 1-233(c)(1); to the Committee on Government Reform and Oversight.

3867. A letter from the Acting Chairman of the Council, Council of the District of Columbia, transmitting a copy of D.C. Act 12-91, "International Registration Plan Agreement Act of 1997" received June 18, 1997, pursuant to D.C. Code section 1-233(c)(1); to the Committee on Government Reform and Oversight.

3868. A letter from the Acting Chairman of the Council, Council of the District of Columbia, transmitting a copy of D.C. Act 12-93, "Motor Vehicle Excessive Idling Fine Increase Temporary Amendment Act of 1997" received June 18, 1997, pursuant to D.C. Code section 1-233(c)(1); to the Committee on Government Reform and Oversight.

3869. A letter from the Acting Chairman of the Council, Council of the District of Columbia, transmitting a copy of D.C. Act 12-88, "Closing of a Public Alley in Square 484, S.O. 90-272, Temporary Act of 1997" received June 18, 1997, pursuant to D.C. Code section 1-233(c)(1); to the Committee on Government Reform and Oversight.

3870. A letter from the Acting Chairman of the Council, Council of the District of Columbia, transmitting a copy of D.C. Act 12-

87, "Assessments Initiative Procedures Temporary Amendment Act of 1997" received June 18, 1997, pursuant to D.C. Code section 1-233(c)(1); to the Committee on Government Reform and Oversight.

3871. A letter from the Acting Chairman of the Council, Council of the District of Columbia, transmitting a copy of D.C. Act 12-86, "Closing of a Public Alley in Square 253, S.O. 88-107, Temporary Act of 1997" received June 18, 1997, pursuant to D.C. Code section 1-233(c)(1); to the Committee on Government Reform and Oversight.

3872. A letter from the Acting Chairman of the Council, Council of the District of Columbia, transmitting a copy of D.C. Act 12-85, "Children's Defense Fund Equitable Real Property Tax Relief Temporary Act of 1997" received June 18, 1997, pursuant to D.C. Code section 1-233(c)(1); to the Committee on Government Reform and Oversight.

3873. A letter from the Acting Chairman of the Council, Council of the District of Columbia, transmitting a copy of D.C. Act 12-90, "Motor Vehicle Biennial Inspection Fund Act of 1997" received June 18, 1997, pursuant to D.C. Code section 1-233(c)(1); to the Committee on Government Reform and Oversight.

3874. A letter from the Acting Deputy Assistant Secretary for Fish and Wildlife and Parks, Department of the Interior, transmitting the Department's final rule—National Capital Region Parks, Special Regulations (National Park Service) (RIN: 1024-AC61) received June 17, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Resources.

3875. A letter from the Director, Office of Sustainable Fisheries, National Oceanic and Atmospheric Administration, transmitting the Administration's final rule—Fisheries of the Exclusive Economic Zone Off Alaska; Yellowfin Sole by Vessels Using Trawl Gear in the Bering Sea and Aleutian Islands [Docket No. 961107312-7021-02; I.D. 061697A] received June 18, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Resources.

3876. A letter from the Chairman, Surface Transportation Board, transmitting the Board's final rule—Railroad Consolidation Procedures—Modification of Fee Policy [STB Ex Parte No. 556] received June 18, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

3877. A letter from the Secretary of Veterans Affairs, transmitting a draft of proposed legislation to amend title 38, United States Code, to permit VA to retain and use, for the purpose of providing medical care and services to veterans, all amounts recovered or collected as a result of medical care and services furnished by VA; to the Committee on Veterans' Affairs.

3878. A letter from the United States Trade Representative, transmitting a draft of proposed legislation to promote the growth of free enterprise and economic opportunity in the Caribbean Basin region, to increase trade and investment between the region and the United States, and to encourage the adoption by Caribbean Basin countries of policies necessary for participation in the Free Trade Area of the Americas; to the Committee on Ways and Means.

3879. A letter from the Secretary of Agriculture, transmitting a draft of proposed legislation to facilitate the administration and enforcement of voluntary commodity inspection and grading programs, the tobacco inspection program, marketing orders and agreements, and the commodity research and promotion programs; jointly to the Committees on Agriculture and the Judiciary.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk