The people in my district are tired of seeing the majority of tax breaks go to those at the top. People working hard every day deserve tax relief, and I am going to be fighting all this week to help make sure that they are the ones that receive it.

DEFICIT REDUCTION

The SPEAKER pro tempore. Under the Speaker's announced policy of January 21, 1997, the gentleman from Michigan [Mr. STUPAK] is recognized during morning hour debates for 3 minutes.

Mr. STUPAK. Mr. Speaker, when I first got here back in 1993, it was August of 1993, the Democratic President and the Democratic House put forth a deficit reduction plan. At that time we did not receive any votes from our friends on the other side of the aisle. We received no Republican votes.

Mr. Speaker, that deficit reduction plan that we passed in 1993 has worked. The deficit of this country was 290-some billion dollars. We are now down to $67 billion. We are on the verge of finally balancing this budget. Many of us feel, since we are so close to balancing this budget, that there should be no tax breaks until we actually balance the budget. Unfortunately, because of agreements made, we are going to have a balanced balance agreement, at least we have a blueprint, and now we can see the problems developing in that blueprint. Now we have two tax bills. One would give huge breaks to the wealthiest 5 percent of this country while working families struggle to make ends meet.

Mr. Speaker, underneath this 5-year balanced budget plan we have one bill for entitlement reform and one bill for tax breaks. But if we are going to give tax breaks, they must be limited, they must be targeted, and they must benefit families. Unfortunately, the GOP tax plan benefits the wealthiest 5 percent of this country. By that I mean those people who make more than $250,000 a year.

On Monday, Mr. Speaker, the New York Times warned that the GOP plan would, and I quote, ''Shower tax cuts on the Nation's wealthiest families.'' But as conservative political commentator Kevin Phillips, who worked in the Reagan White House, warned last week, he said that the Republicans are determined, quote, ''to slash the capital gains tax, the estate tax, the corporate alternative minimum tax, and some other provisions important to those people who write campaign checks.'' He said that on the Morning Edition of National Public Radio on June 19.

Last Sunday, this past Sunday, President Clinton urged Republicans instead to work with Democrats and pass a tax bill that, quote, ''meets the real needs of middle-class families providing help for education, for child rearing, and for buying and selling a home. That is the kind of targeted tax relief we should have.''

Unfortunately, Mr. Speaker, the Republican tax bill has and will have a devastating impact on working families. This week we are probably going to have this debate even more on the House floor. This week the Center for Budget and Policy Priorities finds that the combined GOP tax bill and budget bill gives a $27,000 a year annual windfall to the top 1 percent of this country. The top 1 percent gets a $27,000 windfall, and the bottom 20 percent of American families will lose, will lose, Mr. Speaker, $63 under the Republican tax plan.

TAX FAIRNESS

The SPEAKER pro tempore. Under the Speaker's announced policy of January 21, 1997, the gentleman from Massachusetts [Mr. OLVER] is recognized during morning hour debates for 3 minutes.

Mr. OLVER. Mr. Speaker, in the next few days we are going to learn something about tax fairness here in America. We are going to learn something about the heart and soul of the two major political parties, my party, the Democratic Party, and the other party, the Republican Party. We are going to learn who each of those parties defends and who each of those parties serves and who each of those parties is willing to fight for.

Mr. Speaker, almost 2 months ago, the President and the budget leadership from the two major parties reached agreement on a balanced budget by the year 2002, and they agreed on a tax cut, to boot, in that process. Now there is a lot of disagreement as to exactly who is supposed to get that tax cut, but the amount of the tax cut is agreed upon by both parties over a 5-year period and a 10-year period.

Let me put that at family level. There are roughly 100 million families in America, and the agreement calls for roughly $100 billion of tax cut over 5 years. That is roughly $1,000 per family.

Now, the Democratic Party and the Republican Party have different plans for how that tax cut is supposed to be given to the American people, and I want to compare the Republican plan with the Democratic plan by treating 20 families, just 20 families across the income scales, from the lowest income level to the highest income level, where under the agreed plan there is roughly $2,000 to be distributed to 20 families.

Mr. Speaker, in the Republican plan, the highest income single family among those 20 families, out of the $20,000 that is to be distributed, would get about $8,000 out of that. And if we add the next three families to it, so we have the four highest income families out of the 20 spread across the whole spectrum of American life, they would get almost two-thirds of the tax reduction. Four families out of 20, 20 percent of the families, would get two-thirds of all of the tax reduction.

In the Democratic plan those same four families would get $6,000 among those four families, or about 30 percent of the tax reduction. At the other end of the scale, the eight families at the lower end of the income brackets, which represent 40 percent of all Americans, they would get zero out of the Republican tax reduction plan. In the Democratic tax reduction plan, they would get almost 25 percent of the tax reduction.

TAX BREAKS FOR THE WEALTHY

The SPEAKER pro tempore. Under the Speaker's announced policy of January 21, 1997, the gentleman from New Jersey [Mr. PALLONE] is recognized during morning hour debates for 3 minutes.

Mr. PALLONE. Mr. Speaker, sometimes a cartoon says it all, and over the weekend a cartoon appeared in the Home News and Tribune and the Asbury Park Press in New Jersey and its message was right on target. It shows two characters from the TV show ''The Simpsons'' both reading the newspaper with the headline, ''GOP Tax Plan''; but Mr. Burns, as a representative of the rich, says, ''Excellent,'' while Homer Simpson, as the symbol for the middle class, can only respond by saying ''Duh.''

This really sums up the way the American people will react to the tax bill being pushed by our Republican colleagues. If taxpayers happen to be wealthy, if they are somebody who does not have to worry too much about making ends meet or paying for their kids's education, then this plan is for them. If, on the other hand, they are part of the vast majority of the American people in the middle class or the lower end of the income scale and they could use a little help, well, under the GOP plan they are just out of luck.

Another generalistic analysis appeared in yesterday's New York Times under the headline ''Study Shows Tax Proposal Would Benefit the Wealthy,'' with the subhead, ''Wider gap is seen between rich and poor.'' The Times reports that the 5 million wealthiest families in our country would gain thousands of dollars, while the 40 million families with the lowest incomes would actually lose money, with the effect of widening the already growing gap between the richest and the poorest families as a result of the Republican tax plan.

The Times article cites a study that was conducted by the Center on Budget and Policy Priorities of the tax plan approved by the Republicans last month in the House Committee on Ways and Means. And although the Committee on Ways and Means' Republican staff disputes the Center's study, the Republican staff calculations conveniently cover only the first 5 years before the big tax breaks for the wealthy start to kick in well into the next century.

The rapid growth of these provisions favoring the wealthy, phased in later to hide their true extent, indicates that the revenue cost for this Republican tax scheme will explode in the outyears threatening not only the balanced budget that the Republicans claim to support, but also threatening vulnerable programs such as Medicare and Medicaid.

Mr. Speaker, I have to say that far more outrageous than these tax breaks for the wealthy is what the Republican tax plan does to the least affluent working families, those struggling just to get in or stay in the middle class. The Republican bill denies a $500 child tax credit to more than 15 million working families because it does not let them count the credit against their payroll taxes. Those are the taxes that are deducted from a worker's paycheck.

Some of our Republican colleagues have claimed that working families who qualify for the earned income tax credit are welfare recipients and, Mr. Speaker, this is an outrage. The people who qualify for the earned income tax credit are working people, as the words ''earned income'' attest.

No less a conservative than Ronald Reagan himself praised the EITC as a great incentive for helping people make the transition from welfare to work. And I have to say, Mr. Speaker, this week we are trying to illustrate, as Democrats, in human terms the implications of the Republican tax scheme.

I have in New Jersey a woman named Debra Hammarstrom, a resident of Toms River, New Jersey. She is the divorced mother of two children. I am going to continue this later, Mr. Speaker, because I am very opposed to this tax plan.

HOW RELIABLE IS THE CONSUMER PRICE INDEX?

The SPEAKER pro tempore. Under the Speaker's announced policy of January 21, 1997, the gentleman from Florida [Mr. STEARNS] is recognized during morning hour debates for 5 minutes.

Mr. STEARNS. Mr. Speaker, I rise today to talk about something that has received a great deal of attention today, and that is the consumer price index, or CPI. Basically, what I am doing today is calling for a hearing here in Congress so that we may better understand it.

The CPI is known to most Americans as the most notable measure of inflation. A number of Federal Government programs are regularly adjusted to account for changes in the CPI, including the Social Security, veterans' benefits, Federal retirements, and the income tax rate schedule. The CPI is also employed in the private sector as a price or lease escalator.

Unfortunately, the CPI, which has so many important consequences for all Americans, is also greatly misunderstood. Most Americans do not know what the CPI stands for, much less how it is calculated and what its consequences are.

As a matter of brief instruction, the CPI is a Bureau of Labor Statistics measure of inflation. Established by the BLS in 1913, the CPI is based on a number of sample surveys. The surveys estimate the purchasing power and patterns of typical households, the shopping patterns, the prices on goods and services purchased by these households. In short, it is a Labor Department check on 71,000 different items at 22,000 different retail outlets.

Because of its enormous base and its political neutrality, the CPI has always been considered reliable. As a result, the CPI permeates every aspect of our daily lives and is embedded in nearly every essential Federal budgetary matter. It is estimated that changes in the CPI affect the incomes of over 70 million Americans.

Mr. Speaker, given this far-reaching effect, consensus over the accuracy of the CPI results in inevitable turmoil. All of a sudden Americans are either richer or poorer, benefits are either overstated or understated, income taxes are maladjusted, the poverty line is incorrect, and on and on and on.

Such a scenario is not only confusing but troubling. Unfortunately, such is the current climate. Last year the celebrated Boskin Advisory Commission issued a Senate-ordered report that estimated the CPI overestimates inflation by 1.1 percent per year. Instantly, Americans are wealthier, taxes are too low, the economy has been growing faster than we thought, and the budgetary world is just a little bit rosier.

Or is it, Mr. Speaker?

Certainly, the CPI is not perfect. How can the commission measure inflation without an error? The answer is simple. They cannot. It is generally understood that the CPI is not perfect, that it does, in fact, overstate inflation to some degree. Nevertheless, it is foolish to assume that the error is fixed at 1.1 percent. Probably it is much lower some years; much higher in other years.

The CPI is a complex measure of the real rate of inflation. As such, it is not an accurate cost-of-living measure. Put simply, the CPI is not subjective, while the cost or benefit of living is.

Economists cannot put a price or a cost on quality-of-life issues. For example, it is obvious that medical care is more expensive than it was 30 years ago, but it is also better. Diseases are better understood and easier to diagnose. Surgery is less dangerous and we simply live longer and healthier lives. So while the costs may have increased, so did the benefits or goods.

In simple terms many of the goods, although the same in theory, are truly quite different; a comparison of apples to oranges.

This is just one of a number of apparent blind spots on the CPI, blind spots that are recognized by everyone including the Boskin Commission. So while the Boskin report certainly recognizes deficiencies of the CPI, it also notes the folly in attempting to put an exact figure in the change in the cost and quality of living. Those who point to the report as evidence of a need to adjust the CPI are quick to point to the CPI's admitted deficiencies, but are slow to point out that the discrepancy is inherently subjective and impossible to calculate.

Lawrence Katz, a Harvard University economist and the former top economist at the Labor Department, warns against quick adjustments in either direction. He warns that it is ''logically inconceivable'' that the bias has been a consistent 1.1 percent for an extended period of time. In other words, inflation and the standard of living are going up but not at the same rate and not even at the same pace.

To say the least, we should be very careful about what we are doing. It would be far better for our country if we were to return the debate surrounding CPI revision to the economists and to the universities where it belongs. Congress should instead address the real problems that face our Nation by balancing the budget and paying off the national debt.

Nevertheless, Mr. Speaker, I urge my colleagues to consider and to study the CPI in great depth and, Mr. Speaker, I call for a hearing here in Congress so that the American people can better understand the experts.

WHO BENEFITS FROM THESE TAX CUTS?

The SPEAKER pro tempore. Under the Speaker's announced policy of January 21, 1997, the gentlewoman from Connecticut [Ms. DELAURO] is recognized during morning hour debates for 5 minutes.

Ms. DELAURO. Mr. Speaker, this is an important week in the House of Representatives. There is going to be a discussion and a debate and a vote on a tax cut. Democrats and Republicans are supporting tax cuts. I will repeat that. Democrats and Republicans are supporting tax cuts. The issue and the discussion and the debate will be about, from these tax cuts, who benefits? Who are the people in this country who are going to be the beneficiaries of this tax relief or these tax cuts?

In fact, Mr. Speaker, there is a difference between the Republican tax cut proposal and the Democratic tax cut proposal. The Republican tax proposal hurts working, middle-class families. That is the truth, plain and simple. While my colleague on the other side of the aisle will stand in the well of this House and say otherwise, it is not, in fact, the truth.

Here are the facts about the Republican tax proposal. Let me just mention recent, within the last couple of days, newspaper articles that talk about these tax proposals. Quote: Before Congress votes on anything, however, it should get its facts right. The Republicans present bogus, false, bogus, wrong tables suggesting that their tax package is fair. The tables