

Exports of U.S. goods and services now total about \$14.4 billion and support over 200,000 American jobs. My fellow Americans, these are a lot of jobs which would have been in jeopardy should we have not renewed China's MFN status.

This House did the right thing by renewing China's MFN status today, and I applaud all of my colleagues who voted with me to sustain it.

Thank you, Mr. Speaker.

#### TAX FAIRNESS

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

Mr. OLIVER. Mr. Speaker, I had spoken earlier today and got part way through some data that I was trying to give out, so I am going to pick up somewhere close to where I had been at that time because I did not have time to finish what I had been talking about.

Let me go back and point out that, in the next few days, we are going to be entering into an extremely important debate; and in those next couple of days, we are going to learn a good deal about tax fairness in America and we are going to learn something about the heart and soul of the two major parties, mine, the Democratic Party, and the Republican Party, the other party here in this body of Congress.

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We are going to find out who the two parties are willing to defend, who each of the parties serves and who each of the parties is willing to fight for.

The debate is going to be a long and very controversial, very acrimonious one, I would guess, because it has to do with exactly how we reach a balanced budget in this country.

I thought it would be instructive to speak about something that had appeared in USA Today, on the front page of USA Today, the weekend edition, where the front page cover story of the weekend edition is entitled, "So How Much Money Does It Take To Be Rich?"

Basically, it is a story of what it is like, the struggle that families at the upper end of the scale have to go through in order to become wealthy in this country. They use a number of examples. I would just like to mention some things out of this story.

One of the things that really struck me as quite remarkable is that in 1997 there are now 3.5 million American families who have assets of \$1 million or more. That is 3.5 percent of all families. Only 20 years ago, there were only 350,000 families who, in inflation-adjusted dollars, had that kind of income.

In any case, I want to just mention several of the families who were given as examples here. One is a gentleman from California who has \$1 million in stocks and bonds, and who lives in a \$500,000 house and drives a Lexus and takes several expensive vacations, the

paper lists that he takes several \$8,000 vacations each year. He comments that it is not yet to the point where he can take a trip to Europe or Canada for a whole summer. "A real millionaire would be able to do such things."

And then there is another, a couple from Oregon who have about \$2 million in liquid assets, plus \$2 million in a 6,000-square-foot city house and a beach front home as well. Each year they take vacations. The gentleman in that family says with another \$2 million in assets, he would worry less and travel a bit more and do more charitable work.

And then there is a family, as an example, who happen to be in South Carolina, who sold their personnel staffing company last year and now have about \$3.5 million in investable assets, plus \$3.5 million in nonliquid stock, and they own two homes, one a beach home. They own a Porche, a BMW, and a \$120,000 sailboat. The man in this family says that they do not consider themselves rich. They are just not there yet. He says he probably would reach that magical mark where he could admit that he was rich when he could afford a \$5 million jet.

And then there is another family where the gentleman here had \$7 million worth of stock and bought a \$3 million custom built yacht, and then a year later he sold his stock for \$35 million and bought a \$2.5 million personal jet.

That is an indication of the people who are in that upper 3.5 percent, those people who have million-dollar incomes. I use that as an indication merely to highlight the fact that the Republicans and the Democrats have very different ways that they would give their tax reduction.

The two parties have agreed that we should balance the budget by 2002. The two parties have agreed what the total amount of tax reduction ought to be. What is now the question is how we would distribute those tax breaks.

The fact of the matter is that if we break it down to six families, with one of those families being a family that has over \$100,000 a year in income, and that includes all of the examples that I gave, out of those six families, the Republican plan would give one family two-thirds of all the tax reduction. Those other five families, two of those families have incomes of less than \$25,000 a year. Under the Republican tax plan, they would get exactly zero out of the tax reduction program.

The remaining three families, with incomes lying between \$25,000 and \$100,000, the great middle class in this country; and, by the way, a lot of us believe that we are middle class if we have lower income than \$25,000, and some believe they are in the middle class if they have income above \$100,000. But that half of the total population between \$25,000 of income and \$100,000 of income would get one-third of the total tax cut.

That is what the argument is about. Because on the part of the Democratic

proposal as opposed to the Republican proposal, the one family which in the Republican plan gets two-thirds of all the tax cut, all those families which have over \$100,000 of income a year and include the hundreds of thousands of millionaires in this country, the 3.5 million millionaires, that one family under the Democratic plan would get 25 percent of the tax reduction. They would get \$1,500 on average per year.

The two families at the lower end of the scale, with income less than \$25,000 a year, and they pay all kinds of taxes, they pay payroll taxes and sales taxes and excise taxes and gasoline taxes and all sorts of things, they would get, those two, one-third of the American population with incomes under \$25,000 a year, they would get about 20 percent of the tax breaks that come from the Democratic plan.

And the three, the great middle class between \$25,000 and \$100,000 of income per year, under the Democratic plan that group of half of the American population, that group would receive 55 percent of the tax reduction that would come from the agreed-on tax plan that both parties have agreed, but we are just arguing about who should get it.

I have to ask America, because this question is going to be asked again and again and again over the next few days, whether we should give two-thirds of all the tax breaks to the families with more than \$100,000 of income per year; or whether we should give the middle, the great middle class, between \$25,000 and \$100,000 a year, 55 percent of the tax breaks that are to be given under the plans that are going to be debated over the next few days; and whether in fact it is fair for us to give no tax break at all for the one-third of all Americans who have incomes below \$25,000 a year but represent working families with kids, young families, families and households that are headed by women, whether it is fair to give them nothing as the Republican plan would do, or whether it is fair to give them some of the tax break as well.

The SPEAKER pro tempore (Mr. JONES). Under a previous order of the House, the gentlewoman from North Carolina [Mrs. CLAYTON] is recognized for 5 minutes.

[Mrs. CLAYTON addressed the House. Her remarks will appear hereafter in the Extensions of Remarks.]

#### EXTENDING ORDER OF THE HOUSE OF MAY 7, 1997, THROUGH TUESDAY, JULY 15, 1997

Mr. HASTERT (during special order of the gentleman from New Jersey, Mr. PALLONE). Mr. Speaker, I ask unanimous consent that the order of the House of May 7, 1997, as extended on June 12, 1997, be further extended through July 15, 1997.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

There was no objection.

#### DEMOCRATIC TAX CUT PROPOSAL

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, following up on the gentleman from Massachusetts who just addressed the House previously, I think that I need to stress that the unfairness of the Republican tax scheme really has not gone unnoticed out in the real world, beyond the city of Washington. People have really caught on to the fact that the Republican plan is blatantly skewed to help the rich, and the bad news for the Republican leadership here in Washington is that the grassroots really understands what is happening and what we will be voting on in the next 2 days here in the House of Representatives.

The people are asking us to do the right thing. I would maintain that the Democratic tax cut alternative is far superior when you deal with the concerns of the average American working family.

This week as Democrats we are trying to illustrate in human terms the implications of the Republican tax scheme since we are going to be voting on this over the next 2 days. I wanted to start out this evening by using the example of a woman from New Jersey, Debra Hammarstrom, who is a resident of Toms River, NJ, in Ocean County. She is a divorced mother of two children living on a single income. I actually have photographs of her daughter here and also of her son. These are her two children, Ms. Hammarstrom's two children. She recently wrote, and I want to quote a section from her letter, the reason was, quote, to stress the importance of how a child tax credit would help to offset some of the financial burdens that come with raising a family on a single income.

She is concerned that the child tax credit that the Republicans have proposed here will simply not help her even though it should. Ms. Hammarstrom earns \$21,500 in her job as the benefits coordinator for Visiting Home Care Service of Ocean County, NJ. She pays for child care, \$105 a week, or \$5,460 a year, so that she can work.

To quote again from Ms. Hammarstrom's letter, she says, "Unfortunately the Republican child tax credit proposal is targeted against those who need it most, those who are just one step away from falling into the welfare system. We are working poor who work to pay for child care, food and a roof over our family's head and nothing more. The child tax credit should be given to financially benefit the child, and I think a child from a lower income family would benefit greatly by receiving the credit. However, my family would receive no bene-

fit at all from the proposed child tax credit."

That is the Republican tax credit. They do not give it to her in her case, another member of another working family.

The Republican bill denies the \$500 child tax credit to more than 15 million working families because it does not let them count the credit against their payroll taxes. These payroll taxes are the taxes that are deducted from a worker's paycheck. Everyone understands that. But some of our Republican colleagues, including Speaker Gingrich and the chairman of the Committee on Ways and Means, the gentleman from Texas [Mr. ARCHER] have claimed that working families who qualify for the earned income tax credit are welfare recipients.

Mr. Speaker, I maintain 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 President Ronald Reagan himself praised the EITC program as a great incentive for helping people make the transition from welfare to work. To call these families welfare recipients is simply dishonest. To deny the \$500 child tax credit to these families who need it the most is cruel and shows that the Republicans do not care about giving tax relief to millions of moderate income families. We are going to be highlighting some of these families like Debra Hammarstrom and her children tonight and over the next 2 days as this Republican tax proposal comes forward.

Mr. Speaker, I am very pleased to see that our Democratic leader the gentleman from Missouri [Mr. GEPHARDT] is here tonight to join with this special order and I would like to yield to him at this time.

Mr. GEPHARDT. I thank the gentleman from New Jersey and appreciate the opportunity to be able to participate in his special order on this very important question.

As the gentleman knows, we are here today to illustrate why the vote we will cast on the Republican tax cut plan this week is one of the most important votes that will be taken in this Congress and for many years.

When the House takes up the Republican vision of tax relief, we will oppose it because well over half the benefits go to the top, or wealthiest 5 percent of taxpayers.

We ask the Republicans to simply listen to the words of the people that they profess they are helping, the hardworking, middle-class taxpayers instead of wealthy contributors and corporate special interests.

There is a different way to provide tax relief than rewarding traders of stocks and bonds for a bull market brought on by the Democrats' economic recovery. The Democratic tax cut targets tax relief to the people who are raising children and agonizing over how they will be able to send them to college when they are ready.

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The Democratic tax cut targets tax relief to people who are selling their homes, the biggest investment, I might add, for most middle income taxpayers.

The Democratic tax cut gives tax relief to families who are struggling to keep the family business and the family farm in the family to succeeding generations, and the Democratic tax cut responsibly holds down the cost of this targeted tax relief that our children and our families will not have to bear the burden for paying for it later. We do not want to explode the deficit down the road as we once did. We want to keep the budget in balance.

Beyond all of the complex statutory language that goes into the Tax Code, the spread sheets and the revenue estimates from congressional scorekeepers, we have to ask ourselves what this bill is really for, what is it all about? Is it an economic experimentation giving the wealthy, who already have a huge advantage over middle class taxpayers, the lion's share of the benefit with the hopes that it would trickle down eventually to the rest of the people in the economy, or should it be about offering average ordinary taxpayers a helping hand by putting more money back in their pockets to raise their kids and send them to college?

I think the Democratic tax cut is fair because it targets tax cuts on those who need them the most. More than two-thirds of the Democratic tax cut goes to the truly struggling middle income and lower income families who make less than \$57,000 a year.

In sharp contrast, 57 percent of the tax cut in the Republican bill goes to the top 5 percent; that is, people making over a \$109,000 a year. Let me repeat that: 57 percent, more than two-thirds, in fact 66 percent, of our tax cut goes to families who earn less than \$57,000 a year, but 57 percent of the Republican tax cut goes to the top 5 percent of wage earners; that is, people earning over a \$109,000 a year.

The Democratic tax cut alternative is better for working families, as the gentleman from New Jersey [Mr. PALLONE] has said. For example, it targets the per child tax credit on hard pressed families making less than \$57,000 a year and ensures that millions more children will qualify for the credit than under the GOP bill.

The Democratic tax cut is better for education. It provides \$37 billion in education tax credits for working families compared to only \$22 billion in the GOP bill and larger education tax credits for millions of working families than the GOP plan.

The Democratic tax cut alternative is better for the deficit. Unlike the GOP bill, the Democratic alternative does not have a lot of backloaded provisions such as the indexing of capital gains and backloaded individual retirement accounts that will explode the deficit in later years.

The Republican rush to a vote this week leaves precious little opportunity