

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 hard-working, 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

for the American people to react to these competing visions for tax relief, but before we cast this vote I really believe that every Member should engage in a dialog with our constituents and ask them how these two very different tax plans would help them. If we would do that, I am confident that the majority of those in the middle class and at the lower income levels who comprise 90 percent of America's taxpayers will find that the Democratic tax cut plan offers the greatest tax relief for America's middle-income families.

Now before I end I would like to pay attention for a moment here to a gentleman who lives in my district. His name is Ben Naes. He is an impressive young man from Barnhart, MO. He is a 21-year-old student. He graduated just a couple of weeks ago from Jefferson Community College. He majored in chemistry and hopes to pursue a career in either chemistry or biochemistry. He worked his way through community college over the past 2 years with the support of his parents, his father Roger, who is an iron worker, and his mother Tony is a retailer at Grandpa's Department Store. His parents are very proud of him, as they should be because he worked summers as an iron worker's apprentice, and while his parents financially supported him he earned a 3.9 grade point average and recently was accepted to Southeast Missouri State University so he could go on and get his 4 year degree.

The question we ask tonight is how would Ben Naes fare under the two tax proposals that will be before the House later this week. As a community college student Ben's family paid \$1,500 a year for 30 credit hours to the community college. Under the Democratic alternative tax cut proposal Ben's family would have received \$1,100 a year tax credit this year if it had been in effect to defray Ben's education costs. The Republican plan would have only given \$750 a year credit. So under the Democratic plan, \$1,100 for Ben Naes and his family; under the Republican plan, \$750 for Ben Naes and his family. The Democratic plan would mean that Ben's family would have more money for school supplies, expenses and ultimately more time to spend together as a family because they would not have to go out and earn that \$600 difference.

Now when Ben begins attending Southwest Missouri State this next fall, his family will pay \$2,900 a year for tuition to that State institution. Under the democratic tax cut proposal Ben's family would receive a tax credit of \$580 toward that \$2,900 of tuition, but under the Republican plan there would be no benefit at all because, as the gentleman knows, under the Republican plan there is no help for the third and fourth years of college, only for the first two.

Now as a parent of several children who are attending college right now I can tell you that \$600 a year is a big deal. It makes a significant impact in paying for higher education and assur-

ing that your child is going to get that much needed educational degree which has a direct benefit in terms of how much money they can earn after college.

So the contrast, I would conclude to the gentleman, could not be clearer. For Ben Naes the Democratic bill is much, much better. For community college, for going on to State college, he gets real tangible benefits, as does his family. The Republican bill, much less advantage, and in the third and fourth year of college, nothing, absolutely a big goose egg while people at the top who are earning \$200,000 and \$300,000 and \$400,000 a year would get thousands of dollars of tax benefits that frankly they have not asked for and that certainly they do not need as much as Ben Naes and his family in Barnhart, MO.

So the gentleman is, I think, bringing a very clear and cogent and important message tonight in this special order to the American people and our constituents who really need to know the difference between these two competing tax cut visions, the Democratic tax cut or the Republican tax cut, and I certainly hope that we can convince a majority in the House to vote for the Democratic tax cut plan which would be much, much better for my constituents back in the Third District of Missouri.

Mr. PALLONE. Mr. Speaker, I certainly want to thank our Democratic leader for being here tonight and pointing out the major differences between this Republican tax cut plan and the Democratic alternative tax cut plan, and what we are really trying to do tonight, which the gentleman from Missouri did very well, is to bring this home and explain how it affects real people, and I think that the word is getting out to the country about the differences here and why this Republican tax plan is basically bad for the average working person.

I just want to say briefly, and then I want to yield to the gentlewoman from Connecticut, I just received a letter today from the president of Rutgers University, which is the State university in New Jersey, the major university in the State and the main campus of which is in New Brunswick in my district, and the president, the Rutgers president, expressed deep concern over the Republican bill, the one that came out of the House Committee on Ways and Means, and if I could just read a couple lines from this? He goes into very great detail about how it impacts a lot of students, but he says, and I quote, "that the higher education community was encouraged by the bipartisan budget agreement reached by the President and congressional leaders because it put the country on track to a balanced budget while targeting tax relief to families struggling with the cost of higher education. Chairman Archer's bill, however, reduces this tax relief and imposes new burdens on students and families," and he goes into the de-

tails which I will not get into at this point.

But it is real. These are real people. There are thousands of students at Rutgers in my home State of New Jersey who are impacted by this and really had hopes based on what was agreed to that this was going to be something that was really going to help the average working family meet the costs of a college education, and now the President and many others are very disappointed when they read what the Republicans have in mind here.

I yield now to the gentlewoman from Connecticut.

Ms. DELAURO. Mr. Speaker, I thank my colleague from New Jersey, Mr. PALLONE, and I am proud to be here before the House of Representatives with you tonight and the minority leader of the House, Mr. GEPHARDT and my colleague from Texas, Ms. JACKSON-LEE, and we also have the gentleman from Massachusetts, Mr. OLVER here, and there may be several others joining.

I think it is important to keep repeating over and over again that in fact there are two tax cut proposals that are on the table that are up for discussion. There is a Democratic proposal and a Republican proposal, and it is important for the country, and I was happy to hear my colleague from New Jersey say, because I, too, believe that the word is beginning to get through of, in fact, who benefits from these two tax cut proposals, working middle class families, which are the center and the core of what the Democratic tax cut proposal is all about, or the wealthiest 5 percent of the people in this country, which is where the Republican proposal focuses its time, its attention and the bulk of its resources.

And I am delighted that the minority leader focused on the issue of education. It is my firm belief that any budget proposal that is passed by this body should help working middle class families, families who are striving or those families who are striving to make the leap into the middle class. These are families who are working hard, they do play by the rules, they scramble every week to pay their bills. They want what every family wants in this country, that shot at the American dream. That is what all our parents looked at and worked so hard for, a chance to make their kids' life a little bit better than their own, and the center of all of that, and I know in so many families, was the ability to be able to get your child an education, a decent education. It was the great equalizer. It could make a difference in what your child's future would be all about because it is education that opens doors to people in this country. It is the key to the opportunity. And it is more probably, particularly more important now in this global economy which requires up-to-date skills and lifelong learning so that when American families are looking for tax relief, they are hoping for a few more dollars

to help send their kids to school and give them the shot at that American dream.

The Democratic Members of this body are in favor of tax relief, and I am going to repeat that over and over and over again. We support tax cuts that would mainly benefit the folks who need them, working American families, and that is why the bulk of benefits under the Democratic tax proposal go to families making under \$75,000 a year and why we are committed to giving average families the tools that they need to be able to afford to send their kids to school.

We have talked a lot on this floor in the last several months, in the last couple of years in fact, that government cannot do everything for people. But in fact what government can do is to help to provide the tools to working families in this country to help them to meet the challenges that they face in their lives. And education of their kids is one of those challenges. Republicans talk the talk on education tax cuts, but they simply do not walk the walk.

In the balanced budget agreement the Republicans agreed to \$35 billion for the President's education initiatives. Instead, they have provided \$22 billion to education proposals to help middle class families. The remaining funds are reserved for families who can already afford to set money aside for their kids' education.

Let me just tell my colleagues about one of these American families who needs help in sending their kids to school.

This picture here is of a young woman who lives in my district, Angela Salay. Angela comes from a middle class family in a small town in my district, Durham, CT. Angela graduated from high school just last week, and she is looking forward to attending Middlesex Community College in the fall, and she plans to transfer to a four-year college after her first year. Angela and her family are looking forward to the help that she might be able to get from a HOPE scholarship, \$1,500 to help pay for the cost of college.

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Angela's mom has already paid to send Angela's two older sisters to college. The family estimates that the cost of her tuition will be approximately \$1,800. Under the Democratic bill, when the law is fully phased in, Angela would get a HOPE scholarship for \$1,500. Even next year, when the bill is partially phased in, Angela would receive an \$1,100 HOPE scholarship.

Under the Republican bill, Angela's scholarship would only be \$900, \$600 less than what she could receive under the Democratic proposal.

Let me also show my colleagues another photograph. How about these young people celebrating that they graduated from high school. From left to right they are Gill Hissan, Sara Hansen, Darcey Knoll, Stephanie Mor-

ris, Eiator Ciatta, and Tony Capiello, and they graduated last week from high school. They are now beginning to plan, and their families are trying to plan, for how to get them to college.

The average tuition for a 2-year public college in Connecticut is \$1,646. Ninety-one percent of the cost of this tuition, \$1,500, would be covered under the Democrat's plan and the HOPE scholarship. Under the Republican bill, the average student in Connecticut would only be eligible for an \$824 tax credit, which is only 50 percent of the cost of tuition.

Mr. Speaker, these differences might not seem that big to my friends on the other side of the aisle or their wealthy friends, but a few hundred dollars is a lot of money to their parents, to Angela Salay's parents, especially teenagers who are spending their summers working, trying to make some money for college. These are the kids who are flipping burgers, bagging groceries, and probably only making the minimum wage. These are the people that we need to be helping.

When we take a look at why our colleagues on the other side of the aisle are only willing to pay half the cost on the HOPE scholarship, on an education tax cut, it is because what they want to do is to be able to phase out an alternative minimum tax, the alternate minimum tax, which allows the richest corporations in this country to come out with a zero tax obligation, the richest corporations.

That is what they have proposed, and the bulk of their tax breaks are focused on the 5 percent of the richest people in this country, people who make over \$250,000 a year. That is why the tax cuts for working middle-class families have been cut back or restricted in order to be able to make it easy for the people at the higher end of the scale. That is wrong. It is simply wrong to do that.

We need to be providing working middle-class families with those tools that they need to help their kids and themselves meet the challenges in their lives. These folks, quite honestly, they are not asking to wipe out their tax obligation. That is not what they want. Some of the richest corporations in this country would like to have a zero tax obligation. They want to pay their fair share of taxes. They want the opportunity to get some help, to make sure their kids can compete and succeed.

Like my parents and the parents of my colleagues who are here tonight, someday they might see Gill or Sara or Angela have the opportunity to serve in the House of Representatives and be able to represent people and be able to pass on and give some help to others. That is what they want for their kids. We owe them no less, to pass the Democratic alternative on a tax cut plan.

Mr. Speaker, I want to thank my colleague, the gentleman from New Jersey [Mr. PALLONE], for this special order tonight.

Mr. PALLONE. Mr. Speaker, I thank the gentlewoman. I notice that she and our Democratic leader constantly refer to the working middle class, and that is really what this is all about. The Democratic tax cuts would basically target the working middle class. That is the way it should be.

We have mentioned, the gentlewoman has mentioned over and over again, this is a balanced budget bill where we have limited resources, because we are trying to balance the budget. Those resources need to go to the working middle class, not to the big corporations, not to the top 1 percent of the people in this country.

One of the things that really bothers me, and I just wanted to mention it, and then I will yield to our friend from Texas, is that the strength, if you will, of America, I was always taught, was the fact that we have a large and growing middle class; that we do not have this huge gap, if you will, between the rich and the poor. And I think that we need to encourage the middle class. We need to help people who are working in the middle class.

One of the things, if I could just mention briefly, because again I think that now the media is giving this Republican tax plan some very serious analysis, there was an article that 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."

In that editorial, or in that article, 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, now these are still working people, that those 40 million at the lower end of that middle-class spectrum would actually lose money, with the effect of widening the already growing gap between the richest and poorest families.

That has been one of the real problems we have had in the last few years, is this gap between the rich and the poor keeps getting bigger and people drop out of the middle class. We cannot let that happen.

Ms. DELAURO. Mr. Speaker, if I could make one more comment, because my colleague is right, the press is beginning to report these stories and to show this Republican tax proposal for what it is.

Just so that people do not think that it is just from a Democratic perspective that this tax proposal is being described, I just would like to quote a conservative political commentator, Kevin Phillips. This is what he has said, and he said this just last week on June 19:

Republicans are determined to slash the capital gains tax, the estate tax, the corporate alternative minimum tax and some other provisions important to the people who write the campaign checks.

I thank my colleague for letting me get that in.

Mr. PALLONE. Mr. Speaker, I yield now to the gentlewoman from Texas [Ms. JACKSON-LEE].

Ms. JACKSON-LEE of Texas. Mr. Speaker, I thank the gentleman from New Jersey. I am going to ask as we proceed with this debate, I am going to ask the American people to do something that we always try to encourage our children not to do, and that is I am going to encourage them to leave their television sets on for the next 48 hours. If I could, I will ask them to stay tuned to this debate. This is one of the most important discussions in this century.

I want them to reflect as we debate on the gentlewoman from Texas, the West, New Jersey and Connecticut, Massachusetts, and the Midwest; I do not want anyone to perceive this as a narrowly defined discussion of your special interests or my special interests.

One of the things that has concerned me greatly as we have proceeded to work on this tax bill, and let me give great compliment to the process of the Democratic Caucus under the leadership of the gentleman from Missouri [Mr. GEPHARDT], our leader, and the gentleman from New York [Mr. RANGEL] on the Committee on Ways and Means and that team, there was a definitive effort to come out on the side of all working Americans.

What has saddened me in this debate, even Members that I have had the opportunity to talk with, define this as Democrats not wanting to work with those individuals who have made themselves prosperous, and that is not correct. I want to set the record straight. The record is very, very clear. The economy is booming. The deficit is down. A Member was quoted as having stated that, if we do nothing, the deficit will continue to go down.

Many of our large corporations are extremely prosperous, and I am not envious; I am gratified that we have proven under the Democratic President that our economic policies do work. Let me emphasize that, a Democratic President with Democratic policies, we have come together to balance the budget. But yet, now, we have a time to move away from the class warfare that has been defined, categorizing people in one pocket versus another, instead of respecting them for working.

We have now set aside those who make a certain income and have classified them as on welfare. I know there are people in the midwestern belt, the western belt who go to work every day and make \$22,000 and are proud, working, middle-income Americans. We need to applaud that.

In the Republican bill, those folk are not being helped. If we just simply look at the Republican bill, 19 million families making over \$100,000, that is who gets the bulk of the money. And the poor folk that are working, and when I say poor folk, I am saying the ones who are out there every day making the engine of this economy work, right over here, not getting the benefit of a tax cut.

Mr. Speaker, I am saddened when we say that working Americans making less than \$15,000 a year, there are 15 million of them, they are taxpaying wage earners. They pay Social Security tax. How many of us have opened our envelope and said, my goodness, I cannot take it anymore. Those folk who work are paying Social Security taxes, payroll taxes.

Our Republican friends think these folks are not credible, are not worthy of a tax cut, that they should not be given the \$500 per child tax credit and that those who make over \$250,000 a year should get the benefit. And I am not trying to suggest that we should not be complimentary, if you will, of those who have toiled and may have benefited by investments or benefited by tenure on their job and making \$250,000 a year, but we should not take away from those hard-working folk, wage earners.

This Democratic alternative responds to them; 91 million families benefit under the Democratic alternative, individuals making under \$100,000 a year, and over here we see where the balance really comes.

The Republicans' math is not really good, for those who make less than \$15,900, they say, they do not need a \$500 a year child tax credit, but those making \$250,000 should get it.

Let me personalize this. In my own district, in the 18th Congressional District in Texas, the median household income is about \$22,000 a year, but these are hard-working folk who go to our colleges and our community colleges. Will the Republican bill help them? No, it will not. Will the tax cuts they are proposing help the majority of my constituents? Will the Republican cuts help the majority of Americans? How much and how long do we have to call out for Republicans to stand with Americans?

This is where the American people must leave their television sets on and they must forcefully and effectively decipher what the engine is that drives this economy. It is including all of the people. It is putting everybody inside the bowl. It is letting everybody come to the table. That is the distinction between what we have.

The Democratic alternative calls for three-quarters of their tax breaks going to people making less than \$100,000 a year. There are tax cuts for small businesses, there are tax credits for parents for all of our children. There are tax breaks for families that are trying to send their children to college.

Interestingly enough, one of my universities, colleges that serves the working constituents in my district, the University of Houston downtown campus opened up a new facility today. How excited Dr. Max Costelia was that he was going to have greater opportunity for youngsters from working families to go to the University of Houston downtown campus.

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But yet, the Republican plan does not allow for the benefit of the \$1,500 HOPE scholarship, which would help a college like the University of Houston downtown, and most of our other community colleges.

This is a time when we have to listen. I am asking that that television set dial stay on this debate, and that we explore this together as Americans.

I am gratified to be working with some 59 Members who are part of the Congressional Children's Caucus that I am privileged to now chair. I realize that education is the equalizer in America; that once we take away the opportunities of education, once we say those working families making \$22,000 cannot get the kind of HOPE scholarship, the kind of \$1,500 infusion of capital to help their young people rise up the ladder of success, then, yes, we are bending, yielding, being crushed under the class warfare that is being raised up by the Republican tax bill.

I want a bipartisan approach. With that, I would ask that my Republican friends begin to look at the discrepancy: 91 million families with the Democratic alternative, the complete opposite with the Republican alternative. Do not turn your television sets off. Join us in this debate. I thank the gentleman from New Jersey for his leadership, but I am crying out for those to listen. This is now a time when we can debate for the future, but we can move forward together.

I would hope that this Democratic alternative would be the one that my Republican friends will see is the one that really carries America over into the 21st century across the bridge, but it carries us together. I think that is the key of what we want in passing tax legislation and keeping this economy going.

Mr. PALLONE. Mr. Speaker, I want to thank the gentlewoman from Texas, and particularly because she really is pointing out the distinction between these two plans. I think it is important to stress that Democrats want tax cuts, but we want them to benefit the working middle class. That is what this debate is all about, because the Republican tax cuts are mainly going to the wealthy.

Mr. Speaker, I yield to the gentleman from Massachusetts [Mr. OLVER].

Mr. Olver. Mr. Speaker, I thank the gentleman for yielding. I appreciate that very much. I wanted to follow, because my colleague, the gentlewoman from Texas, has raised some issues here on the fairness aspect.

It has to be stressed again and again, people do not understand here that this debate is not about whether we are going to have a tax cut or not going to have a tax cut. It is a debate about who it is that is going to get the tax cut. The balanced budget agreement, the agreement, that has been reached. The two alternatives that will be before us in the next couple of days have equal amounts in terms of tax cuts over a 5-

year period. It comes to roughly \$100 billion of tax cuts available for roughly 100 million families in total. The charts that the gentlewoman from Texas has show 110 million, but that is in roughly the right form.

We are both for the tax cuts, the size of the tax cuts, but not as to exactly where it goes. We need to stress again, though, that of that 19 million families that have over \$100,000 a year, that represents one out of every six families in this country.

Every one of us, and everyone who is watching here tonight and everyone who is in the gallery still at this hour, knows families whose incomes fall across the scale, families who have over a \$100,000 income available, and families who have, at the other end of the scale, between \$25,000 and that \$100,000, and families who are below the \$25,000 of income.

What is hidden in that Republican chart there is that while one out of six families get two-thirds of the tax break that would come, among the 91 million families, and the gentlewoman from Texas has already mentioned it, there are 40 million families among those 91 million families who get zero, they get no tax cut at all, and in many cases they are going to end up with a tax increase.

Mr. Speaker, those are working Americans, in most instances. They are families that are headed by women, with a single parent. They are young families starting out at early jobs with relatively low wages who would like to raise a family, who would like to have children, and give those children the best of everything that America has to offer. They are blue collar families. They are families with under \$25,000 of income a year. They get exactly zero.

Mr. GEPHARDT. If the gentleman will continue to yield, Mr. Speaker, on the point the gentleman from Massachusetts is making, a lot of people in this debate have said that the Democrats are calling for class warfare in the way we argued this tax bill.

If Members think about what the gentleman just said, that we have people earning \$20,000 and \$18,000 and \$17,000 a year, and under the Republican bill they would not only maybe not get a tax cut, it would even increase their taxes, while families earning over \$200,000, \$300,000, and \$400,000 a year would get the lion's share of the tax cut, I say that is class warfare. We are not raising class warfare, we are commenting on the class warfare that exists in the Republican bill.

It is mindless to me that in 1997, after the last 10 years of economic history in this country when the top 1 percent have seen huge increases in their income, and God bless them, I am happy they have been able to earn that income, but when they have had that kind of income increase, to say they get the lion's share of the tax cut, but people at the bottom and in the middle who have been working very hard and standing in place over these last 10

years and have not seen income increases, they should get very little or nothing, that is class warfare. That is what we are trying to comment on and bring to the attention of the American people.

As the gentlewoman from Texas has said, we are going to make a big decision here in the next 48 hours. It is a decision that will affect every American family in a profound way. Often we say what we do here does not have a direct connection to the people. The decision that is made in this Congress in the next 48 hours will have a direct connection with families all over this country, and we are up on our feet tonight because we want the American people to be engaged in this dialogue.

If people who are watching this and listening to it will simply talk to their Representatives in the next 48 hours, they can have an impact on the outcome of this bill. This bill is not decided. The Democratic alternative might pass. It might get more votes than the Republican alternative. So if people want to be part of representative government, they have a chance in this 48-hour period to be part of making this decision which will affect every one of their lives in a profound way.

I think the gentleman from Massachusetts has made a very profound point, and I thank him for it.

Mr. OLVER. To follow up on that, Mr. Speaker, to go back to where I was, in fact, polling, which is something that is continually being done, the people at the top do not express with any strength that they need great tax cuts. They are already making very large incomes, doing extremely well in the economy that we have been seeing.

The people who are telling us that they really need tax cuts are in fact those folks with under \$35,000 a year of income, under the middle income in this country, and particularly young families trying to start out, and particularly those who are working mothers, who are the heads of their own households. Those are the families that need the tax reduction, the tax break, the tax cuts that we have.

Our plan, the Democratic plan, among those five out of six families that fall into the 91 million families, our plan gives to those 40 million families that have less than \$25,000 or so of income, we give them a substantial tax cut that will help them, exactly the people who need it the most.

Really, I had to smile at the leader's comment about this being class warfare. In fact, it is exactly the opposite. It is the Republican plan which is conducting class warfare, and we have merely, as the gentleman said, commented on it. We have made it public, in essence.

Ms. JACKSON-LEE of Texas. Mr. Speaker, I see other colleagues have joined us, if the gentleman will yield for a moment.

I think that the singular mark we would make in these 48 hours, I would

just simply like to emphasize the people we are trying to help, they work, they work, they work. I think it is unfair that people who shop in stores that we may not shop in, or may not shop in because you are at certain levels, but buy groceries where you do not have to buy groceries, live in places where you may not have to live, but pay their rent, buy the groceries, and buy the clothes for their children, should not be considered people who work every single day, even though their salaries are under \$25,000. They contribute to the economic engine of this Nation. I think that is very important.

Mr. Speaker, I rise today because we are about to take up a bill called by the Republicans the Taxpayer Relief Act. If you look closely at this bill, a better name would be the Rich get Richer Act.

This is no secret, Mr. Speaker. It's in all the newspapers, it's Republican payback time. It's no secret who the Members on the other side of the aisle represent. More than half the benefits of the Republican tax plan go to people who make an average of \$250,000 a year. The next 25 percent of their tax breaks go to those making more than \$100,000.

And who gets the crumbs, Mr. Speaker. Who is shortchanging the American working families? As is the usual case when the Republicans talk about relief, they talk about helping their wealthy friends. They are now working to cut the taxes on the profits made from the sale of stocks and bonds beyond the amount of taxes paid on wages, they are working to end the corporate alternative minimum tax, they are working to give IRA tax preferences to the top 20 percent of taxpayers, and they are working hard to cut the taxes on estates that would benefit the top 2 percent of estates.

Mr. Speaker, the numbers are clear for the Republicans. Help the high incomes, help those in the highest tax brackets and the Republicans know that they can help themselves. They know that the big corporations will help them if they end the alternative minimum tax so some of our largest corporations can avoid paying any taxes again. We closed this loophole some time ago and now they want to open it up again. It is no secret who is dancing with the Republicans, where their bread is buttered.

This is the part that cuts out working Americans making less than \$15,900, 15 million working, tax paying wage-earners who the Republicans say are getting welfare if they are given the same \$500 per child tax credit that Republicans say their friends making more than \$250,000 should get.

Let's do the Republican math—make less than \$15,900 and you don't need a \$500 per child tax credit—make more than \$250,000 and you do need the same tax credit. It doesn't take a rocket scientist to see where the Republicans are coming from.

In my own district, in the 18th Congressional District in Texas, the median household income is about \$22,000 a year. Will the Republican bill help most of them? Will the tax cuts they are proposing help the majority of my constituents? Will the Republican cuts help the majority of American? How much do the Republicans think the American people will stand for?

This is where the American people can see the clear differences between the Democrats

and the Republicans. The Democratic plan—the plan authored by the distinguished ranking member of the Ways and Means Committee, Representative CHARLES RANGEL—is a plan that gives tax relief where it is needed—to working families, hard working taxpaying families.

The Democratic alternative calls for three-quarters of their tax breaks going to people making less than \$100,000 a year. There are tax cuts for small business owners, there are tax credits for the parents of all of our children, there are tax breaks for families that are trying to send their children to college. Sure, the Republicans have their education tax plan, but it wouldn't help those going to our community colleges much.

Democrats have a fairer plan for capital gains cuts—the Republican plan now means that for wealthy investors, they will pay a lower effective rate on the profits of the sale of their stocks than a moderate income family pays on their wages. Democrats would allow those who are forced to sell their home at a loss some tax relief—the Republicans don't. Democrats target a fairer capital gains cut for small businesses and farmers. Our estate tax relief is aimed at giving families who want to pass on their small businesses a break rather than the well off who don't really need these kinds of tax cuts.

Mr. Speaker, it is time for the American people to draw the line in the sand. It is time for the working families out there to be heard. It is time to stand up and be counted. Who does this House of the People stand for? There is nothing more basic than taxes and the difference between the Republican tax package and the Democratic tax package is plain for Americans to see. It is time to stand up and really be counted.

Mr. PALLONE. I just wanted to stress again, all this is in the context of balancing the budget. We have very limited resources here because we are trying to balance the budget. It is a question of fairness. We have to be helping the middle class. We have to be helping working people, not primarily the wealthy, because we have limited resources.

Ms. DELAURO. Mr. Speaker, if the gentleman will yield, just to add about the importance of the debate and the critical nature of it and why we ought to be spending a lot of time talking about this and debating it is because those tax cuts that are going to be provided to the wealthiest 5 percent, people making over \$250,000, or to the largest corporations in this country, some of the capital gains taxes that are talked about, not targeted to a small businesses and small farmers, small farmers that the Democratic alternative talks about, these are irreversible.

So that the gains for these folks at the top end will keep exploding, as the leader pointed out a little while ago, and they cannot be changed mid-stream. So that it would then continue and follow that those folks who are not at that level, who are making \$25,000 or under, they are going to be frozen in ways in which we can never help them to move from, because we have, from this tax cut proposal that the Repub-

licans have offered, locked in these enormous profits for people at the other end of the scale. It is indeed a very critical debate that is going to occur here in the next several days.

Mr. PALLONE. It could, in effect, result in the budget, the deficit, ballooning, once again. So we would actually defeat the very purpose of this bill, which is to balance the budget.

Mr. Speaker, I yield to the gentleman from Ohio [Mr. STRICKLAND].

Mr. STRICKLAND. I do not come to this Chamber for special orders very often, Mr. Speaker, but there are some times when I think those of us who have been sent here to represent our constituents have a responsibility to speak out. This is one of those times.

My friend, the gentleman from New Jersey, indicated that the Republican plan could explode the deficit. We have worked hard as Democrats. In 1993 in this Chamber, Democrats took the tough action that reduced our deficit from nearly \$300 billion a year down to less than \$60 billion a year now. Democrats did that. We were the fiscally responsible party. If the Republicans have their way with this tax bill, after the year 2002 the deficit can explode. These are irresponsible plans that the Republicans have.

I come from a poor district. The average family income in my district is less than \$22,000 a year, and the Republican plan will do almost nothing for the people that I represent. Not many of my constituents earn \$200,000 or \$300,000 or \$400,000 a year, and yet tomorrow in this Chamber we will make decisions that will redistribute wealth.

The rap on Democrats has been that we want to redistribute wealth, just as they have called us the party that engages in class warfare. But as my friend, the gentleman from Missouri [Mr. GEPHARDT], has said, this is not class warfare, but the fact is that the Republican plan will redistribute the wealth of this country, and this growing gap between the super rich and the rest of America will get ever greater, and it will be accelerated.

So I am here tonight to join with my friends just to say that I am very concerned about this tax plan that the Republicans have put forth, because it is deceptive. It is attractive in certain ways, and they can stand on this floor and they can say we are giving a tax break to the American people, but they are not specific about who benefits.

I think as Democrats we have a responsibility to talk about the fact that we need to advocate and work for and stand up for America's working families, those families in my district. Represented by the pictures here tonight are people who deserve a break, and they need Representatives who will be willing to stand for them. So I am here tonight just to say that I am proud to be a Democrat tonight. I am proud that when we compare our tax plan to the Republican tax plan, it is very clear that our tax plan gives tax breaks to working Americans, and their tax plan

will give most of the benefits to the super rich, and that is just simply unfair.

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Mr. PALLONE. Mr. Speaker, I appreciate the gentleman's comments.

I yield to the gentlewoman from California [Ms. MILLENDER-MCDONALD].

Ms. MILLENDER-MCDONALD. I came in to speak on the special orders about one thing, but when I got here and I looked at these charts, I am forced to speak with my colleagues and the Democratic leader in support of the Democratic tax cuts. I am so proud that the Democrats put forth a tax cut that spoke to tax cuts for the working-class families, those families I represent in California. My families do not make much more than \$26,000 a year. The Democratic tax cut speaks to that. But these charts really do show the disparity between the Democratic tax cuts and the Republican tax bill that absolutely does not speak to the working-class families who I represent.

I was really taken aback as I looked at the Republican tax bill and saw that they had really snuffed out the \$16 billion that we had put in for the children's health plan to really support at least half of the 10 million children who are uninsured. And we had initially said the \$16 billion would at least help 5 million of those children. Now the Republican tax bill has taken that away, and the amount of money that will go for the few uninsured children, which is only about 100,000, will be sent to the States to let the Governors take hold of this. That is criminal at best because the Governors will not give that money to the children who need the health care.

I am proud to stand with my colleagues today to look at the disparity of these two tax plans. The Democratic tax cut speaks to the working-class families, the ones whom I represent. The Republican tax bill is a disaster, not only for those working-class families in my district but for the country as well. I stand with the Democrats on our tax cut bill, and I will be here to vote against the Republican tax bill.

Mr. PALLONE. Mr. Speaker, I thank the gentlewoman and yield again to the gentleman from Missouri [Mr. GEPHARDT], the Democratic leader.

Mr. GEPHARDT. Mr. Speaker, I want to go back to the issue of education for a moment and say that in my view, and I think in all Democrats' views, and I hope in many Republicans' views, education is the most important issue in front of our country. I was recently talking to some people from Silicon Valley, and they told me that they are right now unable to hire the people that they need. One executive told me he has had an ad in the paper all over the country to find people who are computer literate and can work in their plants, and he has not gotten an answer for the ad.

He is now going to high schools because he needs college graduates. He is

literally going to high schools and trying to find well-qualified high school students to try to draft them into his company before they can go to college. It is kind of like with basketball players that are drafted into the pros before they can go to college.

I have labor unions in St. Louis that are going into the high schools and recruiting young people to come to apprenticeship programs, something that has not happened in our country, certainly in St. Louis, in probably 40 years, maybe longer. We have a 4.9 percent unemployment rate nationally. In some States we have a 2-percent unemployment rate right now tonight in June 1997.

The great shortage in the country is not tax breaks for people who have done very well and are doing well. The great shortage in the country is mentally capable human beings who can take the productive jobs in our companies and create more economic growth and productivity so that our economy does even better in the future. And so the reason the President feels so strongly about these education tax cuts is they go to the heart of what is most needed in our country. And to go back to our people that we have talked about tonight, we, the kids in the middle class, kids trying to get in the middle class need tax breaks in order to go to college and to go to community college so they can get the mental capabilities, so they can be productive citizens and take these jobs that our corporations so desperately are looking for talent to fill.

When the President said that he would not sign a tax bill, that does not have \$35 billion of education tax cuts, he said it because of that fact. Our bill has \$37 billion of tax cuts for education. The Republican bill has \$22 billion of tax cuts for education. It is not going to be signed by this President because it should not be signed.

Again, the No. 1 need in the country is education, education, education is what we need. And we need our tax cuts to go to people so they can get education.

When I was a young person, my dad was a milk truck driver in St. Louis. We were of those lower middle income families. My mom was a secretary. Every month they would take their money and put it in a savings account so my brother and I could go to college, the first ones in our family that had been able to go to college. When we finally got into college, we had to borrow money from the church, Third Baptist Church in St. Louis.

I will never forget, my mother and I went down and saw the pastor of the church and we asked for a loan. They had a little scholarship fund, and they gave us a loan so that I could pay my tuition at the university. We did not have tax cuts then. And we did not have student loans, and we did not have Pell grants then. It was a long time ago. I am getting up there. But the only way we could do it is if we go

to the church and borrow the money. And tuition at Northwestern University, where I went, was \$1,500 a year.

What does a family today who is earning \$25,000 and \$20,000 and \$30,000 and \$17,000 do to get their child even to community college or to State college, much less a private university that might cost 5 or 10 or 20 or \$30,000 a year?

When we are talking about this conversation that we are having, I say to the gentlewoman from Houston, with the American people tonight, and I hope we will have over the next 48 hours, this is what is at stake. It is whether or not the kids of this country who come from middle income and lower middle income and poor working American homes will have the ability to go borrow the money and get the money together to go to college so they can be productive citizens. That is what is at stake.

There are not enough churches out there to do what happened to me. I hope there are some and I hope they can give loans to kids like I got a loan, but I am sure that there are not enough out there to get this done.

This is a big deal. It is a big deal for the future of the American economy and the American people. I hope and pray that we can get this point across to the American people in these next 48 hours, and they will stay tuned in, as the gentlewoman from Houston has said, and that we will get their attention and they will respond. They will pick up the phone and they will write or they will send e-mail or they will send a letter or they will go to the office of their Congressperson, whether they are Republican or Democrat and say, we want a tax bill that helps average families and helps education and really helps the future of this country.

I thank the gentleman.

Mr. PALLONE. Mr. Speaker, I want to thank our Democratic leader for saying it so well. I think we only have another minute or so left. I yield to the gentleman from Ohio [Mr. STRICKLAND].

Mr. STRICKLAND. Mr. Speaker, I want to respond to my friend from Missouri. I taught at a small State school before I was elected to this body. Under the Democratic plan, students going to that school would qualify for \$1,500 per year for the first 2 years of college which would basically pay for the cost of tuition at that institution. But under the Republican plan, that student would get probably \$600. That just simply is wrong. It is breaking the agreement. As I understand it, the President was assured that we would have a \$1,500 per year tax credit for the first 2 years of college. I urge my colleagues to make an issue out of the fact that education is important and the education part of this deal has been broken by the Republicans.

THE ECONOMY

The SPEAKER pro tempore (Mr. Jones). Under the Speaker's announced

policy of January 7, 1997, the gentleman from Wisconsin [Mr. NEUMANN] is recognized for 60 minutes as the designee of the majority leader.

Mr. NEUMANN. Mr. Speaker, I planned on rising tonight to talk about our debt and deficit and how we will balance the budget and how important it is to our children's future that we do balance the budget and talk also about a bill that we will be introducing about paying down the debt, but before I do that, I have been listening to the debate here tonight and I would like to open this evening by reminding the American people that 3 or 4 short years ago this debate was not about how much we could reduce taxes.

In 1993, I hope everyone remembers, the other side was in control. But the discussion was not about how much and which taxes should be reduced. In 1993, we passed the largest tax increase in American history. This debate has changed entirely. And whether we agree or disagree with all the different aspects of the tax bill, I think it is very, very important that when we look back on 1993 and we remember the other side was in control at that time, the debate was about entirely different topics.

It was not about how much or which taxes to cut. Instead it was about which taxes to increase and how far should we raise them.

You remember the gasoline tax? They said it was only a tax increase on the wealthy, but you were wealthy if you had an automobile and you stopped at the gas pump and filled up your car. Or if you were on Social Security earning \$34,000 a year, your taxes were increased.

Somehow in this debate tonight we have totally lost sight of the fact that a few short years ago, with the other side in control, the entire debate was about how much higher taxes had to be to even begin to reduce the deficit. The debate tonight is about which taxes we should reduce and how much should they go down as we reach a balanced budget.

How far we have come in 4 short years, really since 1995, when there was a change out here. The American people dictated that there was to be a change. I think in the next election the American people should really remember this difference and remember this debate tonight and remember the entire discussion out here and think about whether they want to go back to the 1993 model, where the debate is about how much your taxes should be raised and which ones should be raised, or whether they like this 1997 debate much better.

As we get into this debate and even as we may disagree with each other a little bit, would you prefer the 1997 debate? We are actually balancing the budget. And at the same time we are balancing the budget, we have curtailed the growth of government spending to a point where we can both balance the budget and reduce taxes at the same time.