

longer have the confidence they once had in our system. It seems clear unless we change that, we will undermine this institution and all other institutions of this democracy.

When people hear about \$50- and \$100,000 contributions, they sit back and say, well, my participation does not matter. Why should I volunteer when somebody can write a check for a quarter of a million dollars? Why should I send in \$50 or \$75 or \$100? It is going to disappear in the flood of money that is coming into politics.

We spend too much time raising money. We are losing our voters because of the money in the campaign, and it just is destroying the very fabric of our political system.

Now, what should we do? I think, one, we should make sure we do not rig the system to just give more power to those people who have money. The way I think we solve that is by picking an amount of money that the average citizen could participate in the political process.

I think there ought to be a \$100 bill, a piece of legislation which I will enter in the next several weeks which will limit contributions to \$100. I then want to put a tax on advertising, on television, radio and newspaper ads and use that money for a match to make that contribution about \$700 worth of cash.

Then we need to limit spending. We have to have enough so that a new person can challenge an incumbent. But we do not want to spend our entire lives chasing money and doing fundraisers rather than representing our constituents or maybe even spending some time with our family.

The political crisis that is here is one of confidence in the institutions of this democracy. My parents survived Hitler and fled the Soviet Union to come to the United States, not simply because of its economic success but because this was a country that guaranteed freedoms and provided for participation in its democracy. Young people and old people alike believe they can no longer access this democracy unless they have a political action committee, unless they have thousands of dollars to give.

Let us give this democracy back to the people. Let us limit campaigns to \$100 from an individual. Then I think we will find volunteers flowing back into the political system and participation of average Americans. This should not be a race about money. It ought to be a race about getting people into the system.

□ 1900

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

[Mr. DREIER addressed the House. His remarks will appear hereafter in the Extensions of Remarks.]

The SPEAKER pro tempore. Under a previous order of the House, the gen-

tleman from Maine [Mr. ALLEN] is recognized for 5 minutes.

[Mr. ALLEN addressed the House. His remarks will appear hereafter in the Extensions of Remarks.]

TAX CUTS FOR MIDDLE CLASS AMERICANS

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

Mr. EHRLICH. Mr. Speaker, I rise today in support of the Taxpayers Relief Act and to talk about the class envy and the class warfare and the strategies that the American people and the producers in this country are absolutely sick of. I want to talk about it in the context of three particular taxes that we will be debating tomorrow in great detail.

First the capital gains tax, Mr. Speaker. Cutting capital gains helps middle-class people, clear and simple. People who pay capital gains need the ability to understand that they should not be penalized for being successful in this society, Mr. Speaker.

Consider these important facts from the Congressional Budget Office: About half of all families in this country own assets such as stocks, bonds, real estate, and businesses that generate capital gains. The elderly, and this is bad news for the generational warfare types in this House, the elderly realize a disproportionate amount of capital gains.

In 1993, those over 65 in this country realized 40 percent of all capital gains, although they make up just 12 percent of the population. They also paid 18 percent of all capital gains taxes. A Joint Economic Committee report in 1993 found that one-third of all taxpayers reporting capital gains had incomes of less than \$30,000.

Why do folks in this country, who love to punish producers, who love to punish people who undertake risk in this society, why do they want to not index capital gains? Inflation is an unfair tax on producers in this country. To fight the indexation of capital gains, in my view, is grossly unfair.

The nonrefundable tax credit we have heard other speakers tonight talk about, this aspect of the child tax credit. Democrats claim the Ways and Means bill is unfair because it offers a nonrefundable credit to middle-income families. Over 18 million low-income families in this country receive a tax break already. It is called the earned income tax credit, and we spend \$26 billion on that earned income tax credit.

Now folks on the other side of the aisle say that low-income workers should receive another tax break because they pay FICA taxes. And I hope the American people are listening to this argument tonight and tomorrow and in the weeks ahead. Payroll taxes are different from income taxes.

Income taxes, which low-income workers do not pay because of the

earned-income tax credit, go to general revenues and are used for Government programs, for general revenue purposes. FICA taxes are earmarked for Social Security and Medicare. Revenues from FICA taxes go to the Social Security Trust Fund and are used to pay benefits under Medicare and Social Security.

Today, low-income workers, like all workers, are required to contribute to the Social Security system. They will receive all of what they pay into that system and more in the years ahead. And it is a very interesting difference between the parties when it comes to fairness, this concept of fairness.

The Democrats seem to define fairness as follows: Middle-income earners, in addition to financing the earned-income tax credit, should also subsidize the retirement and health benefits of low-income workers. In essence, they say it is unfair for the working poor to contribute to the Social Security and Medicare system which will return benefits to them when they retire.

Those of us on this side of the aisle define fairness as follows: All working Americans with kids deserve a tax break. Middle-income workers should not be responsible for subsidizing the payroll taxes paid by low-income workers. We all benefit from Social Security and Medicare, and we all need to contribute our fair share.

Last, the great class warfare attack of 1997, the alternative minimum tax. The AMT passed originally in 1986, Mr. Speaker, as part of the Tax Reform Act of 1986, with all good intentions to make sure that truly individuals wealthy and corporations could not avoid paying taxes, and I am fully in support of that have goal.

But I go to the factories, as many of us do, we talk to the small business people in the capital-intensive industries in this country, and they have got a problem with the alternative minimum tax. Like so many provisions of the Tax Code, the AMT has produced unintended consequences.

Let us be clear what the bill of the Committee on Ways and Means does not do in the way of alternative minimum tax. Under current law, the alternative minimum tax treats investment in business machinery and equipment as income rather than as an expense.

Under the proposal, it does not exempt the wealthy from paying taxes, it does not exempt companies from paying taxes. No companies with taxable income will be able to avoid paying taxes. We should all recognize this simple fact. Enough of class warfare. Enough of class envy. Let us go give a break to the producers and middle class of this country.

REPUBLICAN TAX CUT PACKAGE

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California [Ms. WATERS] is recognized for 5 minutes.

Ms. WATERS. Mr. Speaker, the reconciliation spending bill that we just

passed leaves me deeply concerned about this Congress and where we are heading. The spending package violated the letter and the spirit of the budget agreement and hit hardest at the working and poor families of our Nation that struggle every day to get by.

Before I speak about tomorrow's vote on the unfair Republican tax cut package, I want to say a few words about what we as a body have done in voting for this budget reconciliation spending bill.

While there are many serious attacks on working families in the spending bill, like privatizing portions of Medicaid and food stamps, slashing the Federal funding for those hospitals who serve a disproportionate share of low-income patients, and block-granting children's health care, one of the most serious attacks is against the minimum wage and workplace protections for workfare participants.

The budget reconciliation bill condemns working welfare recipients to second class citizenship. The bill specifically states that benefits provided to these workers in their jobs are not to be considered wages or compensation. With this devious language, the bill denies these hundreds of thousands of hard-working mothers and parents the rights that all American workers now enjoy, and it denies these workers the enforcement and remedial protections of the Fair Labor Standards Act. This is wrong. It must not be retained in the final passage of the bill.

Tomorrow we turn our attention to the other half of our Nation's budget, the tax cut package. The Republican leadership have made their priorities known with their budget proposals.

Their \$835 billion tax cut package gives the wealthiest Americans the largest tax benefits and pushes the poor further into poverty. The wealthiest 20 percent of the U.S. population would receive a whopping 87 percent of the net benefits. But the bottom 60 percent would share only 4 percent of these tax benefits. In fact, the poorest 20 percent of the population that has only 4.5 percent of the Nation's after-tax income would receive none of the gain.

Most of the tax cuts benefit upper-income people. Open-ended estate tax cuts would benefit only the richest 1.5 percent of families. They give the wealthiest Americans deficit busting capital gains tax breaks. In addition, the Republicans have the audacity to propose that these tax breaks for the wealthy be indexed for inflation. And this is the same leadership that is opposed to cost-of-living increases for working Americans.

At the same time, the Republicans' proposal denies the working poor the tax relief they guarantee the rich. The Republicans took the President's education tax package, including the HOPE scholarship, and undermined its goal of reaching the neediest students. The Republican plan would cover only

half of tuition costs, even for the first 2 years of college.

The bill also denies the \$500 per child tax credit to over 15 million families. It does this by denying the full benefit of the child tax credit to the poorest of working poor, those who are eligible for the earned income tax credit. Contrary to what the Republicans allege, it is only those that are employed and pay payroll taxes that are eligible for their earned income tax credit. They deserve all the help they can get, and this bill denies them this much needed help.

We should not forget that the budget deal was a serious compromise from the President's original budget proposal, which many of us felt fell short of the Nation's needs in many critical areas.

For example, the measly \$5 billion requested by the President for education infrastructure, that is, to fix up the Nation's schools, schools with no air conditioning, schools where the heating systems are broken, schools where windows and roofs need repair, all of this was denied, taken off the table because the Republicans said no.

But at the same time, conservative estimates put the real cost of addressing the infrastructure problem at over \$100 billion, and we could not get them to agree to \$5 billion. And what about a real jobs program that pays a living wage, instead of trying to pay the working poor subminimum wages and deny their workplace rights?

Let us be clear, this Republican tax bill is an outrage. We will all end up paying dearly for it in the end. It will make it much more difficult it address our Nation's real problems.

I urge my colleagues to vote against this unfair tax cut bill and reject this attack on working Americans and poor Americans.

TRIBUTE TO BISHOP EDWARD T. HUGHES

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

Mr. PAPPAS. Mr. Speaker, I rise today to pay tribute to Bishop Edward T. Hughes, the Second Bishop of Metuchen, NJ. Just this past Sunday, the 22nd of June, I attended a mass to celebrate his 50 year anniversary of ordination into the priesthood.

Over the past 50 years, Bishop Hughes has inspired, educated, counseled, and guided thousands in countless ways. So many of the people that I represent have been touched and aided by his kind words and actions. On a daily basis, Bishop Hughes has in a special way comforted those in times of sorrow and been an instrumental part of the joy and happiness of many families and individuals.

Bishop Hughes is a loving man that shepherds his flock with care and gentleness. He is an outspoken defender of the unborn and a foe of rac-

ism and bigotry. He fully understands the importance of his mission in spreading the word of God to his community. He has devoted his life to being a shepherd for the Lord by spreading spirituality and grace.

Through his good works and deeds, he has touched all those who have been in his presence. In today's fast paced environment and a world that is often filled with sadness and violence, he demonstrates how each of us can find a place for faith and remember what is good and right.

It was in early life that he, in 1938, at the tender age of 18, dedicated his life to serving Jesus Christ and entered St. Charles Seminary. Since that time he has used his wealth of knowledge to teach history and act as a positive role model for many young people.

Pope Paul VI recognized his outstanding service in 1976 and appointed him auxiliary Bishop of Philadelphia, and he was ordained Bishop in July of that year by John Cardinal Krol. As Bishop he met new challenges head-on and demonstrated his leadership on a national level, most recently as chairman of the National Conference of Catholic Bishops Implementation Committee for the Catechism of the Catholic Church.

In December of 1986 Pope John Paul II recognized what so many Roman Catholics in New Jersey and Pennsylvania had and named Bishop Hughes chief shepherd of the Diocese of Metuchen which consists of nearly a half million faithful. The Diocese has seen unprecedented growth during the Bishop's tenure. He has dedicated more than 15 churches and blessed numerous other facilities.

The Bishop has a keen sense of social responsibility and has reached out to community shelters, clinics, and other agencies of assistance to help those in need. He truly does the Lord's work.

Today there is an increased importance placed on cultural diversity and understanding. The Bishop has reached out to the Hispanic, Asian, African-American, and Portuguese members of the community and increased cultural understanding among these groups while spreading God's love of all people.

The Diocese of Metuchen has been very fortunate to have him as their Bishop; and on behalf of the citizens of the 12th District of New Jersey, I would like to offer my congratulations and thank the Bishop for the time that he has devoted to the people of the Metuchen Diocese.

Bishop Hughes' motto is "Rejoice in the Lord always," and his life and service have truly been a model of just that.

□ 1915

The SPEAKER pro tempore (Mr. TIAHRT). Under a previous order of the House, the gentlewoman from Florida [Ms. BROWN] is recognized for 5 minutes.