The majority party here recognizes that the kind of growth that we would like to see economically is, in a sense, demonstrated by Milton Friedman's remarks in his article, because we would like to see our economy continue to grow, and for individuals to prosper as they once did. That is exactly why we think it is very important to balance the budget and to reduce taxes.

Mr. Speaker, a lot was said around here this week about reducing taxes. We believe that it should be done in an extremely fair way. That is why, as this chart to my left shows, 76 percent of the tax relief that the Republican party has presented to the American people and in fact passed goes to people who make less than $75,000 a year. They are the workhorses in our economy. They are the families who sit around the dinner table each night and talk about the day's activities. They are the families that also plan for their tomorrows.

We wanted those people to have the benefit of the tax cuts. That is why we did it in a very balanced way, as the next chart also demonstrates. This shows American taxpayers from the lowest income 20 percent, through the highest income 20 percent. We tried to balance our tax cuts so we would not change the distribution of who pays how much in terms of the total tax load that is sent here to Washington, DC.

Mr. Speaker, under the current tax plan as it exists today, 63 percent of the total dollars that are sent here are paid by the highest 20 percent. That is way over on the other end there, demonstrated by the red bar. The yellow bar shows that under the Republican tax plan, 63 percent will still continue to be paid by the highest 20 percent.

The same is true of the next percent, the percentage between 60 percent and 80 percent. Under the current tax plan passed in 1993 by the Democrats and Bill Clinton, 21 percent of the total tax load is paid by that quintile, as we call it, and under the Republican tax plan, 21 percent will be paid by that same quintile. The same is true of people who are in the third quintile, in the second quintile, and in the very lowest quintile, which does not change either.

So as we move toward a smaller Government, as we move toward a less expensive Government, as we move toward an economy that is what it used to be, we believe it should be done in a balanced and fair way. That is what my friends on the other side of the aisle have been disagreeing with throughout this week.

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

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

EXPRESSING APPRECIATION TO NORM THOMPSON, ITS EMPLOYEES AND ASSOCIATES, FOR THEIR CONTRIBUTION AND EFFORTS TO HELP WEST VIRGINIA FLOOD VICTIMS

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

Mr. WISE. Mr. Speaker, during today's long and sometimes contentious debate we often look for good news. I am happy to say that as the legislative day draws to a close, I have good news to report to the House of Representatives, good news and also some thanks to offer; thanks to the company Norm Thompson, a well-known national mail order business whose corporate distribution center is in Kearneysville, WV, relatively close to Washington, DC, about an hour and a half's drive from here in Jefferson County, because week after next Norm Thompson is going to make an $800,000 donation to a West Virginia charity to assist flood victims.

That $800,000 donation is going to take the form of 44,000 units of men and women's clothing and footwear to be distributed to flood victims throughout our State of West Virginia. Norm Thompson will partner in this endeavor with Roadway Express, and they will transport the merchandise free of charge from the Norm Thompson distribution center in Kearneysville to Charleston, WV, on the other side of the State, for distribution by the West Virginia Commission for National and Community Services.

Mr. Speaker, this is an extremely important gift and effort by Norm Thompson. Five times within the last year and a half West Virginia has been torn by major floods. I have one county in my congressional district, Randolph County, that has four times in the last year and a half been declared a Federal disaster area. We had four floods in 1996, and then again in February of 1997 a flood that tore through 16 counties, including many of our most populous areas.

So this effort by Norm Thompson and the hundreds of men and women who work for this corporation, headquartered in Oregon, but with its major warehouse distribution center in West Virginia, this effort will assist thousands of West Virginians as they recover and begin to rebuild their lives.

I think it is important to note that the chairman, John Emrick of Norm Thompson, said the donation is the first of many planned, noting the number of floods that West Virginia had had, and also saying, it is important to match our donation to the immediate needs of helping flood victims get back on their feet again. They are donating this to the West Virginia Commission for National and Community Services, a nonprofit corporation. They will in turn distribute this across the State.

Norm Thompson is a relatively new member of our corporate community in West Virginia, a very valued one, but already employing hundreds of West Virginians. I know, having met personally with the CEO and the other top management, as well as many of the employees, I know how excited we are in West Virginia to have them as a corporate citizen.

I want to thank Norm Thompson and its many employees and associates for making this gift possible, and for their obvious commitment to West Virginia; not only for doing good business, but for being a good citizen, corporate and otherwise. I know that thousands of West Virginians as well thank Norm Thompson for this extremely generous gesture. We look forward to working with them in the future.

We thank them for recognizing needs that are present and we are excited about the opportunities that Norm Thompson offers, not only, as I say, in business, but also in being a member of our corporate community.

The SPEAKER pro tempore. Under a previous order of the House, the gentlewoman from Texas [Ms. JACKSON-LEE] is recognized for 5 minutes.

[Ms. JACKSON-LEE of Texas addressed the House. Her remarks will appear hereafter in the Extensions of Remarks.]

DEMOCRATS AND REPUBLICANS SHOULD USE THE SAME NUMBERS TO COMPUTE THE BENEFITS OF THEIR RESPECTIVE TAX RELIEF PLANS

The SPEAKER pro tempore. Under the Speaker's announced policy of January 7, 1997, the gentleman from Minnesota [Mr. GUTKNECHT] is recognized for 60 minutes as the designee of the majority leader.

Mr. GUTKNECHT. Mr. Speaker, I rise today to talk about tax relief, tax relief which, in my opinion, and I think in the opinion and view of the vast majority of American families, is long overdue.

We were talking earlier with some of my colleagues about college commencement addresses. Some of us are asked to give a commencement address during the late spring and early summer of the year, and most of us do not remember who the commencement speaker was at our own commencement, particularly our college commencement.

I am one of the few who probably does remember, because the director of the United States Census was there to give our commencement address when I was in college. It was interesting to look back about what it was like growing up then, and the difference then. I was a baby boomer. I was born in 1951.

The Speaker that spoke at our commencement address, the director of the United States Census, told us on that day that there were more kids born in 1951 than in any other year. I represent the peak of the baby boomers. I remember, we were talking about what it was like to grow up in the 1950s.

One of the important things when we talk about taxes is to remind ourselves of how much has changed since I was growing up and since the baby boomers were growing up, because when I was a child I was fortunate enough, my father worked in a factory, I am a blue collar guy, and my folks were able to raise three boys on one paycheck. Part of the reason they could do that, Mr. Speaker, was because the largest single payment they made was their house payment.

Today, unfortunately, the average family pays more in taxes than they do for food, clothing, and shelter combined. Let me say that again, because I do not know if most people really, I think they know that down in their bones, but I do not know if they have really internalized what that all means. But the average family in America today spends more for taxes than they do for food, clothing, and shelter combined. So this Congress has been working very hard to balance the budget, to save Medicare, and to provide tax relief to working families.

We are having a rather interesting debate here the last several weeks over who would really benefit from these tax cuts. Frankly, I think we need to spend some time talking about how relatively intelligent people can reach entirely different conclusions about who benefits most from this tax relief.

I would like to talk a little bit today about our tax plan, our method of coming to these conclusions, how we actually do the arithmetic to come to some of these conclusions, and compare it to exactly how our friends on the left are doing the calculations. We are talking about real income for real families and real tax relief.

What some of our friends on the left are using is imputed income, potential taxes, and potential tax relief. I think if we could all use the same set of numbers, whether we are going to use one set or the other, if we use just the same set; if we want to use their set of numbers let us go ahead and do the calculations that way, and then let us do the calculations our way, and let the public decide for themselves who is right, who is telling the truth, and whose tax relief will benefit them the most.

Let us go through what the tax relief package that the House has passed and sent to conference is. First of all, the centerpiece of our tax relief package is a $500 per child tax credit. A lot of people get confused between the tax credit and a tax deduction. A credit is money that you get to keep. If you pay taxes you get a credit. That is money that will be yours at the end of the process. So this is a credit. It starts out at $400 next year, and it would go to $500 ever year thereafter. Generally now the President agrees with this formula.

There is also nearly $35 billion in post-secondary education incentives. Again, as a baby boomer, and I have one who just graduated from high school, I have one in college and one who is just starting into high school, and I can understand more than anybody the high cost of higher education. I think a lot of families that have children my age understand how difficult and how expensive it is to send kids on to post-secondary education. I think that is a great benefit to working families.

There is broad-based capital gains tax relief. Again, what we want to do is make it easier for families to save and invest for themselves. This is where sometimes our friends on the left get a little upset, because they say, well, this is tax cuts for the rich.

□ 1445

The truth of the matter is there would be some wealthy people who would benefit from it. I will get down in a later chart to show you just how much benefit the Congressional Budget Office and the Joint Committee on Taxation say there really is for that group of people. Cutting capital gains is not about helping the wealthy. It is about helping middle-class families become wealthy because the only way that you can save and invest for your future is if you in fact put some of that money away. What we want to do is make it easier for people to do that. Unfortunately, what Washington has done for the last number of years is they have operated under a sort of an unwritten rule that no good deed goes unpunished.

If you work you get punished. If you save you get punished. If you invest you get punished. What we are trying to do is reverse some of those perverse incentives.

We also want to make it easier for people to use IRA's and to withdraw from those IRA's for educational expenses. There is also a significant reduction in the death tax. This is a tax that is particularly onerous to people who own a farm, who own a small business. They would like to leave that farm or that small business to their families.

So those are the cornerstones of the tax relief package that passed the House and is currently in conference committee. I would like to talk a little bit about what this tax relief package means and how the various points actually are scored and who benefits.

According to the Committee on Ways and Means, and I think these numbers have been scored both by the Congressional Budget Office as well as the Joint Committee on Taxation, which are the official scorekeepers on matters like this, this package is aimed directly at Americans in the middle-income brackets.

In fact, we say, and I think we can prove that over 75 percent of the benefit in this tax plan goes to families earning less than $75,000. I want to talk about real earnings because that is also one of the problems we have in this debate because we are talking about real earnings, real taxes, real tax relief for real families. We will get into that in just a few minutes.

The way this thing has been scored and, if you break it out, those families under $20,000 a year will benefit to the tune of about $5.5 billion in this tax relief package. Those between $20,000 and $75,000 will get about $83.5 billion worth of tax relief in this package. Families earning between $75,000 and $100,000 will get about $19 billion worth of the benefits, and those earning between $100,000 and $200,000 would benefit to the tune of $6.7 billion, and those earning over $200,000 would only get $1.4 billion worth of savings under this plan.

As I said earlier, over 75 percent of the tax relief in this package goes to families earning less than $75,000. I am not saying that. That is what the Joint Committee on Taxation has said. So why do we hear so often from our friends on the left that this tax package is designed to benefit those that they call rich?

Part of the reason I think is they use something that is called imputed income or family economic income. Let me try to explain how that works. This all started a number of years ago; I think the Treasury Department even under the Bush administration was trying to figure out a way to calculate family income in a different way. Why they do this, I have no idea. I want to read a quote from someone most of you who are watching and most of my colleagues that are here, watching back in their offices will recognize. I will do this first. I will read the quote, and then I will tell you who it is from.

''Finally, a few words about Federal taxes and what some of the great minds at the U.S. Treasury are thinking about. The Treasury likes to calculate the American people's ability to pay taxes based not on how much money we have but on how much we might have or could have had. For example, a family that owns a house and lives in it, the Treasury figures if the family didn't own the house and rented it from somebody else, the rent would be $500 a month. So they would add that amount, $6,000 a year, to the family's so-called imputed income. Imputed income is income you might have had but do not. They don't tax you on that amount. The IRS doesn't play this silly game. Instead, the Treasury calculates how much they could take away from us if they decided to. If that were the system, consider the possibilities. How about being taxed on Ed McMahon's $10 million magazine lottery? You didn't win it, you say, but you could have. The Treasury Department must have something better to do. If not, there is a good place for Clinton to do some spending cuts.''

Now, that is what David Brinkley said on ''This Week With David Brinkley'' on February 28, 1993. And as our friend Ronald Reagan would say, former President Ronald Reagan, there they go again. We are starting to use imputed income or family economic income to calculate how many people are wealthy. That is why the difference between what the Census says and what the Treasury Department says are so is so different. The Census Department says there are about 11 million American families that are above $100,000 in income. The Treasury Department says that number is 22 million. Americans sitting at home wonder how in the world could two Federal agencies come to such incredibly different answers.

The reason is, and the answer is, family economic income or imputed income that David Brinkley talked about.

Now, some of the people have said, again you have probably heard it on the House floor, again, tax cuts for the rich. But as the chairman of the Joint Economic Committee, the Joint Committee on Taxation has said, currently if you divide the population of the United States, all of the taxpayers into five groups of 20 percent each, the lowest 20 percent right now of the economic group in the United States pay 1 percent of all the taxes paid in America. After this tax relief is calculated, they will still pay only 1 percent of all the taxes paid.

The second quintile currently pay 4 percent of all the taxes paid in the United States and after this tax relief goes into effect, they will still pay 4 percent.

The third quintile, it is 11 percent. It remains 11 percent. The fourth quintile, 21 and 21, and finally that top 20 percent of income earners, the top 20 percent of taxpayers in the United States currently pay 63 percent of all the taxes paid in America.

The interesting thing is, according to these calculations done by the Joint Committee on Taxation, if this tax cut plan that passed the House were to go into effect signed by the President, there would be no change. The top 20 percent would still pay 63 percent of all the taxes paid in America.

I think it is important, and I will come back to this chart in a minute, I want to talk about this whole notion of imputed income. If you take that calculation, if you take a family, in fact we did a quick calculation of a family in my district. If you put that all together, and you can take a typical family and let us call them the Joneses who live in my district that earn approximately $32,500 per year. The Jones' mom works, dad works. They have a youngster that is in high school and they have one who is just entering college. They make $32,500 a year. That is what they really make. But if you use this imputed income, you literally can take that family from $32,500 a year and you can easily get that over $50,000 a year. That is not money that they have. That is money that they might have if they sold all their interest in their IRA's, if they converted their pension funds to cash, if they rented their house, if they had a sale lease back on their house and could get the rent on their house somehow back to them; it is a convoluted way to go.

The interesting thing is, if you take that to its logical conclusion, you literally could raise that family into a much higher tax bracket. So if our friends on the left want to use imputed income to calculate people's income and push more people into the wealthy brackets, we are doing some calculations to find out what would they pay in terms of taxes under their tax plan with imputed income.

The answer is, over half of the families in America, if you used their calculations and their imputed income statistics, over half the families in the United States of America would actually see a tax increase under the Democrat tax plan.

That is interesting, is it not? That is a side of the story that has not been told.

The other side of the story is, and we have tried to mention this, but if you use imputed income to do those calculations, the only people in the United States of America who may be guaranteed under their plan to get a tax cut are people who pay no taxes.

Mr. Speaker, I submit that that is not my definition of fairness. I doubt if it is the definition of fairness that most Americans have.

Mr. Speaker, I know that there is a lot in this business, there is a lot of using statistics and so forth to justify a particular point of view. I do not expect the American people necessarily to believe me. In fact I think the American people are cynical and they should be cynical because politicians down through the years have not always told the truth, the whole truth and nothing but the truth. But I would encourage people to calculate the tax cut for themselves.

Any of you who would like to get a copy of this worksheet, there is one on a Worldwide Web page so that people can actually, through their computer, do their calculations themselves. If you do not have access to a Worldwide Web page, if you do not have access to the computer and the Web, we will actually mail one out to you. If people call us or write we will send them a worksheet so they can calculate it for themselves. They can decide for themselves how much the tax relief is worth to their family.

It is a fairly simple calculation. First of all, how many children do you have in your family that are under the age of 17? You fill in the blank. In 1998, you multiply that times $400. In every year thereafter you multiply it times $500. That is how much you will get to keep of your tax money.

Line 2, amount of capital gains. If you have a capital gains, if you have a gain, if you have sold a stock or a bond, if you have income, if your family income is more than $41,200, you multiply that times 8 percent because that is going to be your savings under the plan that passed the House.

If your family income is less than $41,200 per year, you multiply that times 5 percent. That is the capital gains tax relief and that is how much you will get to keep with this plan.

Finally, how many children do you have in their first 2 years of either college or vocational school? Those children are worth $1,500 in tax credits to you.

We have done some calculations for different families in our district and the differences range anywhere from obviously, one child that is under 17, it is worth $400 next year, but for the average family in my district, this calculation works out to over $1,000 a year that that family will get to keep and spend on their family to invest and save for their future.

That is what this tax relief is about. That is why I think it is important for America. In the end, one of the goals is to make certain that we have a strong economy on into the next century.

We have been very fortunate; 2 years ago this Congress when we passed our budget resolution, we said that in fiscal year 1997, I am going back 2 years, in 1995, this Congress said that we would spend no more than $1,624 billion dollars in the fiscal year 1997.

The good news is, we are actually going to spend this year $1,622 billion. So for the first time in my memory, the Congress is actually going to end up spending less than it said it was going to spend just 2 years ago.

The news gets even better because in that same time frame, because the economy has been stronger, there is more consumer confidence, there is more confidence in the business community, the economy has been much stronger than anyone would have predicted just 2 years ago; as a result of that, we have produced an additional over $100 billion in revenue to the Federal Treasury. We have spent less. We have taken in more and as a result, we projected just 2 years ago the Federal Government would have a deficit this year of over $174 billion. The truth is, according to our estimates, it would be about $70 billion. There was a published report earlier this week that shows that the deficit could be as low as $50 billion or even less. That is good news. We want to make certain that that keeps going in that direction and by offering some tax relief, by allowing families to keep more, to spend more, to save more of their money, we in fact can keep this strong economy, we think, long into the future. One of the other benefits of a strong economy is that we are moving families off welfare rolls and onto payrolls.

I think one of the greatest accomplishments of the 104th Congress was the welfare reform that we passed that requires work, that requires personal responsibility and gives the States an awful lot more latitude in how they can work to encourage people getting off the welfare rolls and onto payrolls. The good news is since that welfare reform plan passed, and the President talked about this a couple of weeks ago in his Saturday radio broadcast, the good news is there are 1,023,000 fewer families who are trapped in the welfare cycle, that have moved off welfare and onto payrolls; 1,023,000 fewer families are on welfare today than just 1 year ago.

□ 1500

That is a huge benefit to all of us. And I have said before that the real goal of welfare reform was not about saving money, even though we will save money to the Federal Government, to the State governments and everyone else, but the real goal was not about saving money. The real goal was about saving people. It was about saving families. And most importantly it was about saving children from one more generation of dependency and despair. And that is really what the welfare system was about.

But if we are to keep the strong economy growing, we are going to have to encourage more investment, we are going to have to encourage more saving, and we are going to have to allow families to keep and save and spend and invest more of their own money.

I just want to talk briefly, too, about the progress we are making, because sometimes it is easy to forget in the heat of the battle. If we look at all of the red bars here, that is how much we said that the budget would be out of balance in each of the next 7 years. When we passed our original 7-year budget plan in 1995, we said that the deficit, for example, this year, would be $174 billion. Right now it looks like it will be less than $70 billion; it could be less than $50 billion.

Now, when we update this, we will probably change these numbers slightly. But the good news is if we look at the blue bars in each of the years, we are clearly now running well ahead of schedule and, frankly, I think if we can keep the economy going at anywhere near the economic growth rate that we have today, we will balance the budget not by the year 2002, but, in fact, we will balance the budget probably by the year 2000 or maybe even earlier.

And when we get to that point, what we have to really talk about, in fact we need to begin that debate today, and I congratulate my colleague, the gentleman from Wisconsin Mr. MARK NEUMANN, who has offered the National Debt Repayment Act, because I think that should be our next goal. It is not just about balancing the budget. It has to be about paying off that $5.3 trillion worth of debt we have accrued and will fall on the shoulders of our children and our grandchildren.

Frankly, if we are willing to exercise the fiscal discipline that this Congress has been willing to discipline itself to over the last several years, not only could we balance the budget ahead of schedule, but I think we can begin the process of actually paying off the national debt. I think that that is a goal that is worth fighting for, I think it is a goal that the American people can understand, and I think they will recognize we can ultimately set a goal and stay on that course of actually paying off that debt so that we do not have to pay over $200 billion a year in just interest on that debt.

And I tell an awful lot of people back in my district when I give speeches that if we actually do all the calculations, we find that all of the personal income taxes, all of the personal income taxes, collected west of the Mississippi River, now goes to pay the interest on the national debt. That is a very scary statistic. The tragedy is, before we got to Congress in 1994, the elections of 1994, that line was moving further west every single year. Now we are at least beginning to push that line backward.

And I think we should have a goal of actually paying off that debt. Because I think there is nothing better that we could leave our kids than a debt-free future. So I encourage my colleagues from both sides of the aisle to join us in that great effort.

I would hope they would cosponsor the legislation of the gentleman from Wisconsin, the National Debt Repayment Act, because what it does is, very simply, it says as we begin to reach a surplus in the Treasury, which we think we can no later than 2002. But, frankly, we think if things continue to go anywhere near where we are right now, it could actually be before that, but when we have reached that goal and disciplined ourselves to restrict the growth in spending at 1 percent less than the growth in revenues, and that does not require draconian cuts, we will still see spending at the Federal level growing faster than the inflation rate, but it will not be growing as fast as it has in the past.

So if we slow the rate of growth in spending and get control of entitlements, we cannot only balance the budget, but we can pay off the national debt and, at the same time, take a third of those surpluses and apply them to additional tax relief so that American families can keep and spend more of their own money.

Mr. Speaker, I know a lot of my Republican colleagues are headed for airplanes and it is a getaway day, and we are all eager to get home, but I want to close by saying that I am very proud of the work that is being done in this Congress. I know that sometimes the American people see some of the debates and some of the arguments here on the House floor and they sometimes miss the big picture. But the big picture is that before 1994 the United States and this Congress was headed in the wrong direction. We were spending more than we took in.

In fact, from 1975 to 1995, for every dollar that Washington took in, it spent $1.22. Today, now, we are still not quite to a balanced budget, we are still spending more than we take in, but we are down to $1.04.

If we stay on the path we have set over the last several years, we will get to that balanced budget ahead of schedule, we will do it under goal, and we are going to allow families to keep more of what they spend and earn. Because for 40 years Washington had it wrong. For 40 years Washington believed that Washington knew best; that somehow they could spend money smarter than American families; that a Federal department of housing was better than a family department of housing; that a Federal department of human services was better than a family department of human services.

Now, there are still legitimate needs of the Federal Government, and there are still people who are dependent on the Federal Government, and we are not talking about pulling the rug out from under people. But we are talking about people getting a little gentle nudge so that we reinforce some of those time-tested principles, things like faith, family, work, thrift, and personal responsibility. Those are the things I think Americans want us to underscore, but for too long under the liberal agenda what we did was we undermined those values.

The good news is I think the tide is turning. The tide is clearly turning. We are on our way to a balanced budget, we are saving Medicare, and for the first time in 16 years we are going to allow families to keep and save and invest and spend more of their own money. That is the direction I think the American people want us to go, that is the direction we are going, and with the help of the American people, we are going to win that fight.

SAVE TIAA–CREF; STOP TAX HIKES ON THE ACADEMIC COMMUNITY

The SPEAKER pro tempore (Mr. GIBBONS). Under a previous order of the House, the gentleman from Massachusetts (Mr. McGOVERN) is recognized for 5 minutes.

Mr. McGOVERN. Mr. Speaker, the Teachers Insurance Annuity Association-College Retirement Equities Fund, which has been dubbed TIAA–CREF for short, provides retirement benefits exclusively for employees of U.S. colleges, universities, independent schools, and other nonprofit educational and research organizations. Nearly 2 million current and retired employees at over 6,000 institutions nationwide are served by TIAA–CREF. Participating institutions contribute amounts on behalf of their employees where they are invested in self-directed, tax-exempt accounts. Upon retirement, the amounts accumulated are used to purchase annuities to provide lifetime income. Like other pensions and annuities, distributions to retirees are taxed as ordinary income when received.

Now, I do not know how many of my colleagues are aware of this fact, but the House Republican tax bill would repeal, would repeal the tax-exempt status of TIAA–CREF's pension program. TIAA–CREF would then be treated for Federal tax purposes just like stock life insurance companies. While this change would raise about $1.2 billion in