

Accordingly the Committee rose; and the Speaker pro tempore (Mr. SHIMKUS) having assumed the chair, Mr. LINDER, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 2160) making appropriations for Agriculture, Rural Development, Food and Drug Administration, and Related Agencies programs for the fiscal year ending September 30, 1998, and for other purposes, had come to no resolution thereon.

#### SPECIAL ORDERS

The SPEAKER pro tempore. Under the Speaker's announced policy of January 7, 1997, and under a previous order of the House, the following Members will be recognized for 5 minutes each.

#### TAX RELIEF FOR MIDDLE CLASS FAMILIES

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

Mr. KINGSTON. Mr. Speaker, I wanted to talk to my colleagues tonight about taxes. I think it is very, very important to understand why the working middle class families of America need tax relief. Here is a chart that I hope everyone can see that shows in the 1950's the average American family, of average income, paid about 6 percent Federal income tax. In 1994, it was 23 percent Federal tax burden. Today, the Federal tax burden, 1995, is 39 percent. As my colleagues can see, the working middle class families are paying higher taxes than ever before in history.

We need tax relief. Because the less taxes people pay, the less taxes families pay, the more time they can spend with each other. One of the key benefits of that is so that moms and dads can spend time with their children and impart information and help raise them.

□ 2115

Now what does our tax relief bill do? Our tax relief bill gives 76 percent of the tax relief to middle-income families making between 20 and \$75,000. That is this big chunk right here. That is who is getting the tax relief. That is who needs tax relief. I think that we should get over class envy, but it is very important to point out that most of the tax relief, 76 percent, goes to people earning or families earning between 20 and \$75,000.

Now over a 10-year period of time, if you look at the tax relief, you can see that 90 percent of the tax relief goes to family and education or families for educational purposes. Seventy-five billion dollars in tax relief for educational uses over a 10-year period, and \$150 billion over 10 years for the \$500 per child tax credit; that is a huge tax reduction, and it all goes for the right purposes.

Now we got a big debate going on that you may hear about, about the tax bill, and that is why I invite Members of Congress and members of the public to look this up on the Internet. Find out what the family tax relief plan could mean to your family.

I am going to say what the Internet number is. It is <http://hillsouth.house.gov>, and there is also a Senate page that you can get too, but today you can look up on the web page exactly what this tax relief bill could mean to you for your \$500 per child tax credit, HOPE scholarship, for your children to enter an education, your IRA dream savings account expansion.

There is a lot to it, and I would urge members of the public to look it up on the Internet.

And, Mr. Speaker, I will be happy to yield to my friend from Pennsylvania. Mr. FOX of Pennsylvania. I understand the gentleman yields.

Mr. KINGSTON. Yes.

Mr. FOX of Pennsylvania. Mr. Speaker, I think the fact is that this has widespread support among the public and also Congress. Was this not the agreement that the President has made with Congress to move forward with this family tax plan?

Mr. KINGSTON. Yes, and it is very interesting that the gentleman will point out that the President is working with the Republican Party on a bipartisan basis to give this middle class tax relief.

There are Members, liberal extremists, on one fringe element of his party who is against tax relief for the middle class, but for the most part this is a bipartisan middle class tax relief bill.

I yield to the gentleman from Pennsylvania.

Mr. FOX of Pennsylvania. Not only will it help seniors with the estate tax assistance and also helps with the capital gains tax to grow jobs and the economy, but the education tax credits will help families send students to college.

I know my own district, 108,000 families will benefit from the \$500 per child tax credit.

So this is an idea whose time has arrived.

Mr. KINGSTON. Absolutely, and I know in my First District that I represent of Georgia it will give tax relief, we figure, to about 300,000 people in the coastal Georgia area alone.

But you know the more money you have as a wage earner, the more money you have in your pocket, because we as a confiscatory government take less of it, that means you are going to spend more. You are going to buy more shoes, more shirts, more records, you are going to go out to eat more. When you do, businesses will expand because of the demand. When they expand, they create more jobs. When they create more jobs, more people are working, more people are paying taxes, fewer people are on welfare, and cutting taxes, therefore, is very consistent with the goal of deficit reduction.

Mr. FOX of Pennsylvania. You are absolutely right.

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

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

#### REPUBLICANS ON THE SIDE OF THE WEALTHY WHILE DEMOCRATS ARE FIGHTING FOR MIDDLE-CLASS FAMILIES

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

Ms. DELAURO. Mr. Speaker, yesterday Speaker Gingrich stood in the well of this House and he invited, as my colleagues just did, the American people to visit the House Republican web site, calculate their estimated tax savings under the Republican plan. So I thought let us see how the average working taxpaying mother with two kids would fare under the Republican plan.

So I entered in an income of approximately \$25,000. I received an error message saying that they could not calculate her savings. Perhaps that is because this family would get a big fat zero, no tax break at all under the Republican tax plan.

Then I entered in the data for someone making \$1 million a year, half of that in capital gains. The Republican calculator had no problem figuring out their tax break, \$40,000.

That is right, a millionaire gets \$40,000 back, and the average working taxpaying mother gets nothing, gets zero.

The Washington Post editorial this morning hit it right on the nose, and I quote: "The Republicans have written a tax bill tilted heavily toward the better off."

If anything, this was an understatement. The Post labels their editorial, and I quote again, "Tax Trash," which perfectly describes the Republican tax bill. In fact, there are so many bad things in this bill it is hard to know where to begin.

But let me tell you the story of three young people which drives home the point of how unfair this Republican tax proposal really is.

Today I received a visit from three students: Anthony Dugdale, Scott Saul and Lori Brooks. They are all graduate students at Yale University in my hometown of New Haven. These young people took the train all night from Connecticut for the express purpose of protesting the fact that in this bill the Republicans actually raised taxes on graduate students in this country, and they brought with them the signatures of 600 other graduate students protesting this provision in the Republican tax plan.

These students are rightly outraged that Republicans are planning to reward their hard work as research assistants and teaching assistants by raising their taxes on the grants and the tuition waivers that they receive. These young people, if you heard them speak today, are committed to education, they are committed to working in their community, they are committed to a teaching profession. Under the present tax program a student receiving a \$10,000 cash stipend for being a teaching assistant and a \$20,000 tuition waiver would only be taxed on a stipend. If the student pays 15 percent of his or her stipend in taxes, \$8,500 remains for living expenses. Under the Republican plan, the stipend and tuition waiver will be taxed; that has not happened in the past, leaving the student with only \$5500 to live on. This is a \$3,000 or a 35 percent cut in the student's net income.

Mr. Speaker, these are youngsters from working middle class families trying to make their way and to be able to get a higher education. Calling waivers and grants financial incentives, which is what the Republicans are calling these waivers, this equates these young people with what they are getting in terms of a higher education tax relief with company cars and other perks given to the top corporate executives in this country. In reality, taxing grants and tuition waivers will penalize America's future educators and public servants.

I will tell you that these young people and their families are being squeezed in order that my Republican colleagues can provide a tax break to the richest corporations in this country, the Exxons, the Boeings. They would repeal the alternative minimum tax. That is the rate at which the richest corporations pay taxes in this country. They will repeal their tax obligation or scale it back, therefore providing up to \$22 billion in a tax break, and they would, in fact, raise the taxes on graduate students in this country.

Mr. Speaker, it is unfair, and it is wrong, and it should be defeated.

Mr. Speaker, I include for the RECORD the Post editorial.

#### TAX TRASH

The Republicans have written a tax bill tilted heavily toward the better-off. The Democrats, led by the president, have rightly called them on it. No matter that in agreeing to the budget deal earlier this year, they were paving the way for what they now deplore; they have the Republicans on the defensive.

The Republicans in turn have adopted a new technique. Rather than argue as they might have done in the past about the virtues of the bill, they engage in distortion. It used to be otherwise on taxes. The question of who would benefit from a bill—who would be the first-order beneficiaries—would be left to the professionals. They would put together so-called distribution tables according to fairly well-accepted principles. Then the politicians would argue about the fairness of the bill, or lack of it, from an established base. Defenders of a bill such as this might say it was necessary to encourage sav-

ings and investment and thereby stimulate economic growth, or that it would have the useful effect of limiting governmental growth in that if the government had fewer revenues it would be less disposed to spend. Or they might make the political argument, faint echoes of which are still heard, that those who were charging unfairness were indulging in the somehow seamy politics of envy and class warfare.

All fair enough, but now the argument is in a different place. The people who wrote this bill aren't defending its distributional consequences; they're denying them. The plain facts are that the bill over time would not just mainly benefit the better-off but would cost the government revenues it can't afford; the bill is carefully written in such a way as to make the revenue loss look small at first. Then it soars. It's not just the Treasury (and thereby the administration) that says so, using accepted methods and conventions of analysis. The Congressional Research Service and the vast majority of other analysts do so as well. Congress's Joint Committee on Taxation says otherwise. The JCT was once the great redoubt of integrity in such matters. It has been converted into a political parrot.

Everyone understands that this is a backloaded bill. Its short-term effects are not reflective of its likely long-term consequences. It will take 10 years or more for its main provisions to begin to have their full effect. The JCT staff nonetheless persists, at the behest of its masters, in putting out five-year estimates whose principal function is to distort that effect. It violates its own proud tradition in doing so. It uses illusory accounting to make the capital gains and other tax cuts in the bill appear for a time to be tax increases.

There is always some gamesmanship surrounding tax bills. Inflated claims are made. One side will tell you that the entire economic future depends on passing a certain provision, and the other will tell you that the same future depends on defeating it. But there used to be a basis of trust underlying the debate as well. You could be confident that at a certain level you were being told the truth about the consequences of a bill. In their trashing of the estimating process in order to justify a tax policy that doesn't deserve to survive, the Republicans have destroyed that trust. That may be the worst consequence of this legislation, which already was awful enough.

#### EUROPE SHOULD NOT MEDDLE IN THE INTERNAL AFFAIRS OF U.S. BUSINESSES

THE SPEAKER pro tempore. Under a previous order of the House, the gentleman from Washington [Mr. METCALF] is recognized for 5 minutes.

Mr. METCALF. Mr. Speaker, the objection of the European Union to the merger of the McDonnell Douglas and the Boeing Co. is unreasonable and will not be tolerated. These two wholly owned American companies intend to merge early next month. The review reputedly conducted by the European Commission was, in fact, controlled by Airbus Industries and its member nations. The decision by the EC is threatening the U.S.-European relationship. If it continues, it will have damaging effects now and into the future.

The stand of the European Union is unacceptable for several reasons. First, the parties involved are both wholly

owned United States companies with a global customer base. Second, the objections raised by the European Union regarding the abandonment of exclusive contracts awarded to Boeing is inappropriate. Airbus Industries was an eligible competitor for each of the three contracts and was not awarded them based on the decisions by the specific companies. Airbus never objected to carrier requests to make contracts exclusive in return for reduced prices until they lost out in the contract. In fact, even the European Commission objected only after the agreements were concluded.

It is inappropriate to risk United States jobs because the free market worked its will. In fact, the initial long-term contract from U.S. Airways was awarded to Airbus; that is, the initial long term contract was awarded to Airbus prior to these agreements. That is right, Airbus created the very ideas of exclusive contracts.

The proposal by the European Union to require Boeing to divest of their interest in McDonnell Douglas commercial aircraft is unacceptable as well. The United States Federal Trade Commission conducted a thorough review of the proposed merger and concluded that McDonnell Douglas is no longer able to sell enough commercial aircraft to raise significant concerns about the loss of its competition. Last year McDonnell Douglas was responsible for only 4 percent of the global commercial airplane business.

The divestiture by Boeing of the McDonnell Douglas commercial aircraft business would have severe ramifications worldwide. First it threatens Americans' jobs that are tied into the continued support of McDonnell Douglas aircraft by the Boeing Co. Further, McDonnell Douglas' commercial aviation division cannot maintain itself as an independent company, and previous efforts to sell the commercial aviation division have been unsuccessful. Therefore, any divestiture would threaten the safety of McDonnell Douglas commercial aircraft already in service if the commercial division was to close.

The last thing this Congress should support is the divestiture of McDonnell Douglas' commercial aircraft because it would result in the loss of over 15,000 American jobs, that is 15,000 American jobs.

Mr. Speaker, it is vital to the health of the United States to downsize through mergers the military industrial base as we celebrate the end of the cold war period and adjust military budgets accordingly. Because of the large defense business that will be conducted by the Boeing Co., any action by the European Community is an infringement on the sovereign rights of the United States to provide for U.S. national security.

Mr. Speaker, over 80 percent of Americans agree with me that Europe should have no say in the internal dealings of two American companies. I urge every Member to contact my office and