

doing was the right thing with the Women, Infants and children program, will understand what is going on with this program. And I think that we ought to continue the debate and the dialogue so that, in fact, the public knows all about this.

Mr. CAPPS. If the gentlewoman would yield, she makes a very good point that it is not easy to lose, and when people lose there is a natural reaction.

But there is another fact here that we should consider, and that is, how many people have had the privilege of serving in this House since the beginning? There have been about 11,500, maybe 11,800 people who have served in the House from the beginning of this people's House.

It is more difficult to get in here if one is of a certain characteristic. That is, how many women have served in this House? I think 165 out of the 11,800?

I do not have all the math down with precision, but I think one-third of the women who have ever served here in the long history of our country, one-third of all these women are here now.

How many African-Americans have served in this House? Less than 100. Less than 100 out of the close to 12,000 people that have been here. How many Members of the Latino community have served in this House? Very, very few. Proportionately very few. And I would think that the majority of those from the Latino community who have served in the House are here at the present time.

What does this say? Clearly, if the Congresswoman's name was not SANCHEZ, this would not be going on. This would not be going on. We need to call that to the attention of the American people because that is wrong. That is immoral. And we are not going to have full democracy in this House when it is so difficult for certain segments of the population to be elected. I think we should call it what it is.

Ms. DELAURO. I think the gentleman is right. I think that the more one takes a look at this, the more one hears about what names are being requested and how many and in what volume.

And I think my colleague, the gentlewoman from California, Ms. LUCILLE ROYBAL-ALLARD, has said they have gone well beyond the 46th District. This is Orange County, and people who in no way are engaged or involved in this particular election, and that it speaks volumes, I think, about what the nature and what the tendencies are. And that is wrong. It really is. It is wrong and it is divisive in this country.

We have a difficult enough time with people coming together and wanting people to be together. We have a bona fide, certified election in the 46th District of California, and we ought to acknowledge that and not put people's ethnicity at the center of what our electoral process is all about. That

really is wrong. It takes us back years and years and years. That is not forward looking, it is backward looking in this country.

Ms. VELÁZQUEZ. At some point, the chairman of the Committee on House Oversight, months ago, announced that not only would they be going after the district of the gentlewoman from California, Ms. LORETTA SANCHEZ, but he mentioned three more districts, all of them represented by Latinos.

They get upset when we bring this issue onto the floor and they say we are playing the race card, but I was elected and I was sworn in and no one contested my race. Why did he have to mention the 12th Congressional District? Why did he have to mention three other districts represented by Latinos who were not contested by any opposition from their own districts?

Mr. EHLERS. Mr. Speaker, will the gentlewoman yield?

Ms. VELÁZQUEZ. I yield to the gentleman from Michigan.

Mr. EHLERS. I thank the gentlewoman for yielding, and I did not come here to rain on her parade. I understand what my colleagues are doing. But I do have to simply rise and voice some concern about the language and the words which were used. And, frankly, I take them personally, to the point almost of wishing to raise a point of personal privilege.

The term "witch hunt" was used to describe this. I am the chairman of the task force attempting to resolve the issue of the contested election in the 46th District. I have tried my very, very best to keep this fair and honorable. We did not initiate it, Mr. Dornan initiated it. We have a responsibility to pursue it.

The issue was raised by the gentleman from California [Mr. CAPPS] that if the name of the gentlewoman from California was not SANCHEZ, this would not have happened. I do not happen to believe that is true, but at any rate that is immaterial to the discussion.

Ms. VELÁZQUEZ. Mr. Speaker, I take back the balance of my time.

On that point, I would say, then, how could the gentleman address the fact that subpoena powers have been given to a private citizen? How does the gentleman explain the fact that the chairman of the Committee on House Oversight in a press conference said that he would go after three other districts that have been duly elected, where Latino representatives were elected? How would the gentleman explain that?

Ms. DELAURO. The gentlewoman is absolutely right, there is no explanation for the direction that this investigation has taken. I have a high regard for the gentleman, but the fact of the matter is that we are 9 months into an investigation. We have spent \$300,000, \$150,000 of the INS's money, going well beyond the 46th District, calling into question hundreds of thousands of Latino, Hispanic names, done

nowhere else in this country. Unprecedented. And providing powers to an ordinary average citizen who lost an election.

People win and lose elections every single year, and when we lose, it is tough, but what we have to do is to get over it. And there is a responsibility on the part of the leadership, whether they chair a subcommittee, whether they serve as Speaker, majority leader, or whatever position they serve in this body, to look at these events and say enough is enough.

We had an election process. We have a certified number, after a recount, bipartisan officials who, quite frankly, those officials have done their job. They took a look at this, they counted every ballot, and they said the gentlewoman from California, Ms. LORETTA SANCHEZ, represents the 46th District. And this body, in response to a former member who says that he lost for some reason, has given him subpoena powers, and that is truly outrageous that this has happened. Again, unprecedented in the history of this institution.

This is a noble institution. My colleague, the gentleman from California [Mr. CAPPS] said only 11,500 people have served in this body. These elections are sacred.

□ 1915

The people's vote is sacred.

Mr. EHLERS. Mr. Speaker, will the gentlewoman yield?

Ms. VELÁZQUEZ. I yield to the gentleman from Michigan.

Mr. EHLERS. I will not take any more of the gentlewoman's time. I just want to say that I will continue this in the next special order. But I do invite all of my colleagues to remain for that. And I will be happy to explain and answer for my colleagues and give the facts of the situation.

Ms. ROYBAL-ALLARD. Mr. Speaker, will the gentlewoman yield?

Ms. VELÁZQUEZ. I yield to the gentlewoman from California.

Ms. ROYBAL-ALLARD. If, in fact, we are going to be hearing the facts, I would also like to ask the question that, if we are talking about 93,000 voters in the 46th district that cast votes for the Sanchez-Dornan election, then why were 1.3 million Orange County voters' records subpoenaed and why were they all Latino names?

Ms. VELÁZQUEZ. Mr. Speaker, I want to thank all of my colleagues for coming here and debating this issue and raising the awareness of the American people in this country. I know that the Republican leadership will have a public relations battle ahead of them. They are going to lose this one, the same way they lost the WIC battle and they lost the disaster relief package debate.

A GREAT DAY IN WASHINGTON, DC

The SPEAKER pro tempore (Mr. HOBSON). 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 would like to begin tonight almost with an apology. This is one of the greatest days in American history, and what we need to be talking about this evening is not partisan bickering back and forth. What we need to be talking about is the great things that have happened out here today.

It truly is an amazing day. It is a day when we look at both sides of Pennsylvania Avenue. The President and the Republicans down here in the House and the Senate, in a bipartisan way, have reached an agreement to balance the Federal budget probably as soon as next year, lower taxes on the American people, something that we all look forward to being able to talk about, and Medicare is restored so our senior citizens, once again for a full decade, can count on their Medicare going into the future. It truly is, for a change, a great day in Washington, DC. We really have some good things to talk about.

But before I get into taking my special order, I would be happy to yield to my good friend, the honorable gentleman from Michigan [Mr. EHLERS].

SANCHEZ-DORNAN ELECTION

Mr. EHLERS. Mr. Speaker, I thank the gentleman from Wisconsin [Mr. NEUMANN] for yielding and simply want to make a few comments about the discussion which just ended.

I was disappointed in the tone of the conversation and disappointed to hear the results, particularly disappointed that all the speakers whom I invited to stay to hear the explanation have decided to leave the Chamber rather than to hear the facts.

In particular, I respond to the last question which was asked; and that is, why were 1.3 million records in Orange County subpoenaed and why were they all Latino? The answer is, they were not subpoenaed and they were not all Latino. How can I respond to questions such as that which totally misstate it?

As I said earlier, this is not a witch-hunt. This is following the law that was established by the U.S. Congress and signed into law by the President of the United States. This is not an attempt to discredit the gentlewoman from California [Ms. SANCHEZ], who was certified as having won the election. And we did seat her, and she has served since that time and is serving her district to the best of her ability.

This is not a partisan attempt. It is simply a response. I wish the previous speakers had remained to hear some of the details of the law. The issuing of subpoenas is not unprecedented. It is the first time it has been done under the current law. But if we look over the 200-year history, we will find that in fact subpoenas have been issued a number of times in contested elections.

Furthermore, I would point out that in the last election we had five contested elections. What is unusual about

this year is that we have only one. Of the five that were filed last year, two I think were serious challenges. The committee dealt with those and, after due examination, dismissed all of them. But the last one was not dismissed for over 20 months. It took that long to verify that the election had been won. But in the meantime, that individual had sat in Congress, had served Congress and, after it was dismissed, continued to serve in Congress.

I certainly want to clarify that this is not an attack on Latinos. As I mentioned in the discussion yesterday, a large number of the names that have emerged are Vietnamese. There are other nationalities present as well. And the names we are holding confidential, at the request of the INS.

We do not at this point know whether this investigation will proceed or how far the investigation will proceed. We are simply following the process that has been outlined. Mr. Dornan filed the contest. The committee did not file the contest. My task force did not file the contest. Mr. Dornan chose to file it, just as five individuals chose to file contests in the previous election 2 years ago. It is not the choice of the Congress as to whether or not a contest is to be filed. It is a choice of the losers in the election.

The subpoena power was not given by the committee. In fact, the committee restricted the subpoenas which were issued to Mr. Dornan by the court. He went to court and asked for the power to send out subpoenas. The first time a magistrate said yes. The opposition to Mr. Dornan went to court and said you are not supposed to do that. The judge ruled, yes, the magistrate should not have issued those subpoenas. And the judge said that he would issue those but under his conditions.

He attached those conditions. We were then asked as a committee to review those by the judge. We did quash some subpoenas. We restricted some subpoenas, and others we let stand. I would point out, also, that the majority of the subpoenas have not been honored. And, therefore, the comments that people have been harassed by this is simply not true. They are simply giving a response in several cases, and particularly the largest cases, saying we do not plan to honor this, or have simply ignored it.

These are some of the facts and I felt it incumbent to present to this body after the previous discussions some of the facts that we are dealing with. I will be happy to answer questions which are addressed to my office about this to try to clarify it as much as possible. But let me emphasize once again, I take personal umbrage at the reference to this as a witch-hunt. It clearly is not.

One might use that term to apply to the 1984 election, which is quite a different situation. I would also point out that there is a Democrat on the task force, the gentleman from Maryland [Mr. HOYER], and my colleagues can

check with him as to whether or not I am attempting to run this task force as fairly as possible and in a bipartisan fashion.

My colleagues can also ask those who attended the hearing we held in Orange County. I received many comments afterward from the audience and participants commending me for running it in a fair fashion, without trying to discredit either party or to shame either one.

Obviously, we asked tough questions of those who appeared before us, including the gentlewoman from California [Ms. SANCHEZ]. Former Congressman Dornan also appeared but very, very briefly and did not give us much opportunity for questioning.

I want to thank the gentleman from Wisconsin [Mr. NEUMANN] once again for yielding and for the opportunity to set the record straight on some of these issues.

Mr. NEUMANN. Mr. Speaker, I rise this evening to talk about some very good news for the future of this country. What a great day this is here in Washington. And I truly have not said that very often.

I came here as part of the class of 1995. We came here because we were like many people in this country, we were sick and tired of the tax increases. We were sick and tired of promises of a balanced budget whose words just plain rang hollow because they had no meaning. We had heard so many times it was going to happen and it did not happen. Then there were new promises made and it did not happen again. And then taxes were raised.

What a great day it is here to bring the news of what has happened out in Washington and how different it is from 1995, looking at 1997. I am here today to talk about what has happened in Washington. It is the budget is balanced. We reach a bipartisan agreement, credit to the Republicans, to the gentleman from Ohio [Mr. KASICH], to the gentleman from Georgia [Mr. GINGRICH], to the leadership here in the House, and to the Senate, also to the President, who could have threatened veto, could have put his feet in the ground and said, we are not going to do any of this stuff, we are not going to listen, we are going to continue infighting.

But credit should be spread all around. It is important we start with the fact that the budget will be balanced by 2002 or sooner. I would like to go on record here and now this evening saying that, if we do not go into a major recession in the next 12 months, the budget is balanced not in the year 2002, but the budget is balanced in 1998.

It is very important to begin with that discussion. Because with that discussion in mind, we will understand how reasonable it is to talk about providing tax relief. Tax relief without a balanced budget effectively means we are borrowing more money from our children's future and letting people keep it and spend it today and not

being responsible for what is happening. But when we understand that, in all probability, the budget will be balanced probably in 1998, 1998 at the latest, short of a major recession, we can also provide tax relief to the American people and do it in good conscience.

I would like to spend a little bit of time talking about that tax relief tonight and going through some of the different aspects of it. Some of them are pretty well known. Some of them are not very known at all. I would like to start perhaps with the most well-known part of the tax cut package, and that is the \$500 per child tax cut.

Let me be very clear on this. It starts January 1 of next year. It is \$400 per child in the first area and \$500 in the years after that. What does this mean to a working family out there in America? Well if you are earning less than \$110,000 a year for a couple and you have got two kids, or let us say you have got three kids in your house, if you are earning less than \$110,000 a year and you have got three kids, what you need to do is next year, on January 1, you need to walk into your employer's office and tell your employer you want \$100 more in your paycheck starting January of next year and you want to keep that money that they were sending out to Washington before.

This is not Washington jargon or Washington nonsense. This is actually what happened out here today in Washington, DC. So a family with three kids should walk in the door next January 1 to their employer and tell their employer they want to keep \$100 a month. That is \$400 per child, times three, is \$1,200 a year, or \$100 a month that they should keep in their own paycheck instead of sending it down here to Washington, DC.

Is it not a great day in Washington when we can talk about that, instead of the 1993 discussion about which taxes we should raise and how high we should raise them. Things have changed out here in Washington, DC. And again I emphasize that this discussion is going on in light of and in addition to a balanced budget probably 3, maybe even 4 years ahead of schedule. What a great day it is here to be talking about these issues.

So, again, for a family of three kids earning less than \$110,000 a year, January 1 next year you walk into your employer and you tell him that you want to keep a hundred bucks more of the money they have been sending out here to Washington, DC. Because the job that they sent us here to do in 1995 is in fact done, and it is good news for the American people.

I want to go on to some of the other things that are in here. The other one that has been well publicized is the capital gains tax reduction. I would like to be pretty explicit on this. There are some different details of this that are necessary for the American people to know about.

If you are a senior citizen and you have a pension that accumulated while

you were in the work force and you are now in a position where you are taking money out of that pension and the money, of course, you put in during the past years has raised in value, you will be paying capital gains on that money.

Before, for every \$100 you made in that pension fund, for every \$100 of capital gains, Washington took \$28 away from you. Starting now, they will only take \$20. So you keep an extra \$8 of your own money. It is not Washington's money. It is your money. You keep an extra \$8 for every \$100 of profit that you made. For every \$100 of profit you made, you keep an extra \$8 in your own home instead of sending it on out here to Washington, DC.

Let me be very clear about that. The capital gains tax rate is going from 28 percent, that it currently is, down to 20 percent for virtually all investments. The only exception to that rule, and if you own real estate, you want to pay particular attention to this exception, if you own real estate and you purchased a building, let us say, for \$50,000 and you have depreciated the building \$10,000, and then you go and sell the building, and let us hope you made a profit, let us hope you sold it for \$65,000, well, the money you depreciated from the purchase price, the \$50,000 down to \$40,000, that is called recapture.

On the recapture portion, you will be paying a 25-percent tax. That tax is lower than it used to be too. I wish it was 20 percent across the board. If I had my way, it would be. But the bottom line is, that portion of the tax is going from 28 to 25. The rest of the tax, the appreciation in the property value, is going from 28 percent down to 20.

So good news for capital gains if you bought stocks and your stocks have appreciated in value, if you bought a piece of real estate and your real estate has appreciated in value and you sell that real estate, then when you report your capital gains, when you report your profit, you pay 20 percent tax instead of the 28 percent that you used to pay.

There are a couple more portions of this that have not been very well publicized that are important to an awful lot of people. And again I will go to the real estate portion of this because there is a very significant change that has occurred in the real estate portion as far as the capital gains tax cut is concerned.

Before, if you owned your own home and you were under the age of 55 and you sold that home, for whatever reason, job transfer or you decided to live in an apartment and save money instead, or your kids have grown and gone away and you are 45 and your last child just left home and the home is now too big for you, so you decide to sell it and own a smaller home. But at any rate, you own this home and you sell it but you are under the age of 55. In the past you paid capital gains. If you bought a home 15 years ago for \$30,000 and you are selling it today for

\$90,000, that would be a \$60,000 appreciation. And in the past, if you were not 55 years old, you would have paid capital gains tax on \$60,000.

Let me make it very clear. This Tax Code changes that. Even if you are not 55 years old, you will no longer pay capital gains on the profit of the sale of your principal residence.

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This is very, very significant to a lot of folks. If you are in a high-priced area in the country and you move to a lower-priced real estate area, you may not take all the money out of the higher-priced real estate that you own in one job; you take a job promotion into an area where home prices are lower, there may be a difference between what you sold and what you keep. You no longer pay taxes on that under this bill. As long as you have been in your home for 2 years and you sell the home, you do not pay taxes on whatever the appreciated value was. Very, very significant change for a lot of people.

One other group of people that this affects that I have been hearing from off and on during the day. I have heard from some empty nesters whose kids are either grown and gone or folks that have not had kids for whatever reason, they decided not to or have not had them yet. This empty nester provision, or this provision where you can be in your principal residence and sell it 2 years later and not pay taxes on the profit affects lots and lots of those people, for what we call empty nesters, those people whose kids are grown and gone but have not yet reached the age of 55. That empty nester can now sell their home and move into a smaller home, if that is what they want to do, they can then put some of the money, the profit away for retirement instead of sending it on out here to Washington, D.C., a very significant change in the Tax Code for a lot of people in this country.

Another portion of the Tax Code that is changed, and some people have been hearing about it, the estate tax has been changed, the exclusion for family businesses and family farms being passed on. If you are a farmer out there in our district and your farm has been in your family for generations, as many of them have in southeastern Wisconsin, all across Wisconsin, and you wish to pass that farm on to the next generation, the exclusion has been raised now to \$1.3 million. And if there are two people in the family, you could pass on up to \$2.6 million total to the next generation. That goes for a small business and that goes for the farms. The \$600,000 exclusion is going up to \$1 million over a period of time.

I want to jump from there to another provision that has been talked about but I am not sure the details have been very well described on it, and that is the education tax credit. I happen to be very familiar with the cost of education. I have one who is going to be a junior in college this year, another one

going to be a freshman in college, another one is a freshman in high school. When I think about these provisions and I think about making the payments every year on these college tuition bills, I know this provision is going to be important to many, many, many people across this country.

Let me start with your first 2 years of college. In your first 2 years of college you get a deduction; this is a tax credit of up to \$1,500 per year, provided you spend \$3,000 total on your college costs. If your college costs are over \$3,000, you will get a \$1,500 tax credit.

It is very important that we talk about the difference between a tax deduction and a tax credit. A tax credit means that if your taxes were \$10,000 before and you get a \$1,500 credit, that means your taxes go down to \$8,500. It literally is a dollar-for-dollar deduction in your taxes.

So the good news is as we look at college students, in your first 2 years it is up to \$1,500 per year in additional help to go to college. Some people do not like this provision in the bill, and I guess I have to look at this and say, well, anything that we can do here in Washington to allow the people to keep more of their own money instead of sending it on out here to Washington I think is a good provision, and I think about all the families across Wisconsin and across America that this provision is going to help, allowing those students to go off to college, and I just think it is a good move in the right direction.

I want to add one more thing in the college tuition part here. In our house, before my kids talk to me about my helping them by signing a note or whatever for them to go to college, they first have to earn \$3,000 and bring it to the table. So in our house, before we start talking about help from other sources, whether it be the government or mom and dad or wherever, first the kids are expected to do something to provide for themselves. If there is one thing I would encourage every parent in the United States of America to do who has students who are either in college or thinking of going to college, I think the best thing that we can do as parents for our kids is to ask them to pay part of the cost of college themselves, because it will teach them many of the things they need to know after college and in some ways it will provide an education that is equally as important as college.

I have found in America today, at least in Wisconsin where we are from, that it is very possible for a student to earn \$3,000 over the course of a year, during the summer, where there are 10, 12, 14 weeks available, and during the school year it does not hurt to work a few hours a week if necessary to make up for the addition. So I would encourage the parents to ask the students first to do something on their own to provide for their own education, but after they reach that point I am happy to say that Washington is going to let

parents keep more of their own money to apply some of that money to a college education.

Let me kind of sum up where we are so far. If you are a family with three kids, you have got one of those children in college and you have got two of them still at home, you are earning less than \$110,000 a year, January 1, next year, I am back to that magic date again, January 1 of next year, if you have got one in college, two still at home, you should go into your employer and not ask for \$100 extra a month to keep in your own paycheck instead of sending it to Washington, you should at that point walk in the door and ask to keep \$200 a month extra because you would get the \$1,500 for the college help; in addition to that you would get \$800 more, \$400 per child in the first year, so just under \$200 a month you keep instead of sending it on out here to Washington.

I smile when I say this, I have a lot of confidence in the people in this great Nation. I know they can do a better job spending their own money than the people here in Washington. This is a great day in Washington, DC.

I want to go on to a couple of other things that are maybe not quite as well publicized out there. One is the individual retirement, the IRA, the expansion of the availability of IRAs. Under the new provisions, for individuals if you earn \$60,000 and up to \$100,000, you will be eligible to start your own IRA. I think that is very important. I heard a lot from the young couples with no children that somehow the Tax Code did not affect them. I would like those people to know that you can open an IRA now and you will be permitted under this American dream IRA to withdraw money that you have saved up, tax free, for purposes of purchasing a home. You will be permitted to put money into this American dream IRA, aftertax dollars; but the accumulation of interest and all the rest on those aftertax dollars that you have put in there, that money stays in there untaxed. And if you are saving to buy your first home, you can take that money out tax free to buy your first home, a great provision for young folks who are looking forward to living the American dream, purchasing their first home. I think it is a very important part of this overall tax package.

The one other part that I want to just mention is the home office deduction availability for a lot of people has been increased. In the day and age that we live in, it is time that we recognize that there are many parents, single parents in particular, who are learning to make their living out of their own home so that they can both be home with their children, see their kids off to school and at the same time earn some of that money. The home office deduction that has been so hard to claim in the past has been put back and there have been some significant changes in that area to help people be able to accept that.

I have been summarizing what has happened out here today. It truly is a great day in Washington, DC. I think this is the first time I have ever been on the floor that I said it is truly a great day in Washington. I have to admit when I came here 2 years ago, I was not sure that I would ever stand on the floor of the House of Representatives and say that it has been a great day in Washington, DC. But to be able to stand here and talk about accomplishing so many things that we were sent here to do, the balanced budget, and we are not talking about 2002 now, although that is the outer bounds of when it may be balanced, the reality of this picture is that if we can finish what is in this budget agreement and hold those spending caps, we are looking at the balanced budget in 1998, in 1999 at the latest, on track, ahead of schedule.

What a magnificent change we have had since 1995 and what a magnificent change it is for the future of this great Nation we live in.

Having said that, I would like to talk a little bit about the past, and then how we got to where we are today, and then where we are going in the future. Let me start just briefly with a little bit about the past.

I almost hate to talk about this on a great day like today because when I do talk about the past, we get a picture of what has been going on out here before the American people rejected what was happening in 1994 and sent a new group out here to control Washington, DC. It is important we understand the difference between a checkbook and borrowing money to buy a house, between Federal deficit spending which is the checkbook, and Federal debt which is the amount of money that gets borrowed. Every year since 1969, this government has spent more money than it had in its checkbook. It reached into your pockets, the pockets of the American people, it collected tax dollars, it put those dollars in a checkbook, then it started writing out checks. But they have not been paying very close attention to how many checks they write out because at the end of the year they overdrew their check book each year. That is called the deficit.

When they talk about balancing the budget in Washington, what they mean is they are going to stop overdrawing their checkbook every year. But when you think about overdrawing your checkbook every year since 1969, it is not hard to figure out that the debt has started to explode. The debt is when they go and borrow money to cover their overdrawn checkbook. It is no different than sitting around your own kitchen table writing out checks to pay your bills and overdrawing your checkbook. Well, that does not work. You have to get the money from somewhere.

What Washington has been doing is they have been borrowing it. This chart shows the growth of the Federal debt, it shows how year after year after

year as they overspent their check-book, they borrowed more and more and more money. I would point out that around about 1980 is when this thing really started climbing. I know all the Democrats out there go, "That's the year that Republican President Reagan took over" and all the Republicans go, "Yeah, that's the year the Democrat Congress spent way too much money." We blame each other out here. It is time we get past blaming each other and it is time we accept the fact that this is a problem facing our Nation and do something about it, and in fact that is what has happened since 1995.

I would also point out that we are about here on this chart right now. The debt facing our Nation has grown to huge proportions. Remember, this is the part that is like borrowing money to buy your house. I have brought another chart that shows how big this number actually is. I am a former math teacher. We used to do these problems in my math classrooms. The debt currently stands at \$5.3 trillion. Even when we are through the euphoria of today, the good news that we have reached a balanced budget and we are lowering taxes, we still have this \$5.3 trillion debt hanging over our heads; \$5.3 trillion divided up amongst the people in the country, if every person were to pay just their share of the Federal debt, it would be \$20,000 for every man, woman and child in the United States. Let me put this another way. This government, the people in Washington, DC, especially before 1995, saw fit to spend \$20,000 of our children's money more than what they collected in taxes from our generation. For a family of five like mine, they spent \$100,000. They have literally borrowed \$100,000 on behalf of every group of five people in the United States of America. Here is the kicker. A family of 5 in America today is paying \$580 a month to do nothing but pay their share of the interest on this Federal debt.

A lot of people say, "Well, I don't pay \$580 a month in taxes, so how could I possibly be paying \$580 a month to pay our share on that Federal debt?" The reality is when you walk in a store and you buy a new pair of jeans or when you walk in a store and you buy a loaf of bread, the store owner makes a small profit on the sale of that loaf of bread to the person that walked in and bought it. Part of that profit gets sent out here to Washington, DC. When you add up all the different parts of the taxes that you pay through society, every family of five in America today or every group of five people is paying \$580 a month to do nothing but pay the interest on the Federal debt. It is staggering.

In spite of the fact we had a great day, we are getting to a point where we are at least balancing our budget, we are not going to keep adding to that Federal debt as we go forward. In spite of the fact that we have had a great day out here today and we have moved

in the right direction, this debt is still hanging over our head after we reach a balanced budget.

It would seem logical to ask how in the world did we get into this kind of a mess. How did we get to a point where a family of five is in debt on behalf of their Government \$100,000? I think that is the next logical thing that should be looked at.

To do that, I would like to refer back to what was going on in the late 1980's and the early 1990's in Washington, DC. This is before what I call the revolt of the American people in 1994, because remember it was 1994 where the American people said, "Enough is enough, we've had it with the tax increases, the broken promises, we're going to try a new party in control in the House of Representatives and in the Senate." First time in 40 years they did that. This is the late 1980's and the early 1990's. This is the Gramm-Rudman-Hollings promises first of 1985 to balance the budget by 1991.

The blue line shows the promises that they made. The red line shows the actual deficits. It is not hard to see in this picture that the promises made were not what they did out here in Washington, DC. So even though they made these promises to the American people, they broke them. When they found out they could not hit these targets, they did what all good people in Washington do; they made a new set of promises. It is no wonder the American people got so cynical about what is being said out of this city. They made a whole new set of promises.

The blue line shows what they promised the second time and the red line shows the broken promises again. It is not hard to figure out why the American people are so cynical. When I call home to my district and I say, "Hey, guess what, the budget's balanced probably next year, maybe the year after at the latest, but certainly before 2002," sometimes people do not believe us. It is not hard for me to figure out why they do not believe it because when I look at the track record of what went on out here in Washington before 1995, it is very easy to see these broken promises. So what happened? Well, they broke the promises; 1993 came and went, there was no balanced budget. But in 1993, a very significant happening occurred. The people in Washington said, "We're going to get serious about balancing the budget, we know how to do it, we're going to raise taxes on the American people because if we just collect enough money out of the pockets of the American people, if we get enough money out here in Washington, we'll know how to spend it best for the people and then we can balance the budget." That was 1993. The tax increase passed by a single vote in the House of Representatives, the tax increase passed by a single vote in the Senate, not a single Republican in either body voted for the bill, the tax increase went through.

That was the best thing that ever happened in a lot of ways. Let me ex-

plain why. The American people looked at this picture and the broken promises and they looked at the tax increases of 1993, and they said, "Enough is enough, we're going to change what is going on in Washington, DC" and in 1995 an amazing thing happened. They elected a new group to control it. They put the Republicans in control of both the House and the Senate.

□ 1945

And interesting things happened, things changed. The Republicans got here, and much like the people that were in control in the past, they gave a set of promises to the American people, too. They said we are going to balance the budget by the year 2002 and not only that, we are going to cut your taxes while we are doing it. And they laid a plan out. I think it is more than fair that at this point the American people should say: "Look, 1995 is 2 years ago you're really in the third year of your 7-year plan to balance the budget. How you doing?"

And I think that is a fair question, and I think it deserves an answer because it helps people see how different things are from how they were before.

The red in this chart, the red columns show the promises made in 1995 by the Republicans when they took over. This is our plan to balance the budget by the year 2002, and in this chart you will notice that in the year 2002 it zeros out, that it is a balanced budget.

This is our promises that we made back in 1995. We are now in the third year. Let us see how we are doing.

Well, the first year came and went. We promised the deficit would be lower than \$154 billion, it came in at \$107 billion. First year, on track ahead of schedule.

Think back to those Gramm-Rudman-Hollings charts I had up here a minute ago. What a change, on track, ahead of schedule.

Second year came. Second year we promised deficits below \$174 billion. This shows \$67 billion. The good news is this is probably going to be \$30 billion. This is great news for America. We are over a \$100 billion ahead.

How in the world did that happen? Well, it is pretty straightforward. We had this working model that we put into place back in 1995. Here is our theory:

Our theory was that if we curtailed the growth of the American spending, we left the money in the pockets of the people, we did not want to hear about tax increases. Instead we curtailed the growth of Government spending. If we curtailed the growth of Government spending, that meant Washington was going to spend less, so they would borrow less. When they borrowed less that meant more money available in the private sector.

Well, if there is more money available in the private sector, more money available means lower interest rates. Lower interest rates would mean people would buy more houses and cars,

and if they bought more houses and cars, other people would have to go to work building the houses and cars and that would be a long ways toward solving the welfare problems because of course they would leave the welfare rolls, go to work and start paying taxes.

The bottom line is that theory, that working theory of curtailing the growth of Government spending so Washington borrows less, leaving more available in the private sector, keeping the interest rates down so people will buy more houses and cars, so others will have job opportunities building those houses and cars, the model worked, and that is why we are so far ahead of schedule here in the second year.

It led to a booming economy, and we hear in the news now that the economy is booming and making us all work absolutely. Part of this is the booming economy that is making it work. Part of the reason the economy is booming is because the interest rates have stayed down, and here is part of the picture why.

Well, that was the second year, on track, ahead of schedule. We are now in the third year. The third year we promised a deficit below \$139 billion, and I would like to make a projection here now tonight. My chart shows \$90 billion deficit next year or in the fiscal year we are now working in. I would like to predict that that number is going to read zero. I would like to suggest that in fact we are going to find out in the next few months that the budget is going to be balanced in fiscal year 1998, fiscal year 1999 at the latest, if we just stay with the economy the way it is now. No big boom, no massive downturn, if it just stays just the way it is right now and we continue to hold spending in check, we will have a balanced budget as soon as next year.

Folks, we are not only on target, we are in the third year of a 7-year plan to balance the Federal budget, and we are not only on track, but we are significantly ahead of schedule to the point where we can both balance the budget and provide tax relief for the American people. Great news for America and, like I said, it is just great to look at these numbers and be able to talk positive about what has happened out here in spite of all the rest of the stuff.

If you were tuned in earlier and you saw the bickering that went on on this floor just before we got here and took over for this hour, all of the partisan bickering aside, everything else that has happened out here, the bottom line is if we look at the war, the war to balance the Federal budget and preserve this Nation for the future generations, we are winning the war right now and it is almost over.

Now I have heard a lot in the news media that the only thing going on is the economy is booming, and in fact there is a lot of folks that would like to say, well, Washington is still so fouled up and the only thing going on is the economy is booming.

Well, I brought a chart with me to help see that in fact there are two parts to this thing working; one is the economy, and certainly we do not want to take anything away from that, but the other one is again things have changed since 1995. In the 7 years before Republicans took over in 1995 the average growth in spending for the Federal Government was 5.2 percent. Since Republicans have taken over and in the first 7 years of the Republicans, including the balance of 4 years have not yet occurred, growth is 3.2 percent. So under the first 7 years of Republican control, 3.2 percent growth. Under the last 7 years, Democrat control, 5.2 percent growth.

Now what does this really mean? There is a couple of things that are pretty significant in this chart.

First, the American people have been told repeatedly that there are draconian cuts in Washington. Well, the first thing I would point out is that there are no cuts. Spending in Washington is still going up by 3.2 percent. But the growth in Government spending has been curtailed by 40 percent. That is about a 40-percent reduction in the growth of Government spending.

That is good news, and that is part of what has led us to success.

On the other side we see in real dollars or inflation-adjusted dollars before we got here was going up about 1.8 percent per year and it is now going up about 0.6, so it has been about a two-thirds reduction in the growth of Government spending.

The idea that there are massive, draconian cuts in Washington programs is nonsense. In fact, do we still have a long ways to go to get the growth of Government spending completely under control? Yes is the answer to that question. We still have a way to go.

There is a lot of very conservative Republicans who are saying the budget agreement is no good because, and you can fill in the blank for what they put in. They would like this blue area to read zero. They would like absolutely no growth in Government spending, and if I were perfectly honest about it, I probably fall into that category. I would prefer less growth in Government spending and let the people keep more of their own money and decide how to spend it themselves. But I do not think that means we should look away from the progress that has been made, and there clearly has been progress made reducing the growth in Government spending, putting us in the third year of a 7-year plan to balance the Federal budget and being on track and ahead of schedule. That is not all bad, that is good, and we are on the right track. We have turned a very significant corner for the future of this great Nation that we live in.

I would like to put this all in perspective another way. If when we came to Washington, DC instead of doing our jobs we played basketball and golf, what would have happened? And that is

what this chart shows. This is what we found when we got to Washington in 1995, when the American people made that change, the revolt of 1994, rejecting the tax increases of 1993, rejecting the broken promises of the early 1990's and late 1980's. This is what we found.

The deficit was about \$175-, \$180 billion at that point, and this red line shows you what would have happened had we decided to play basketball and golf and not done our job out here.

But instead of doing that in the first 12 months we made some progress, and it was—there was no bullets fired but it was just short of a war. Some folks remember what was called a government shutdown and all the negative "cutting Medicare" stuff and all of the negative misinformation that was put out of this city.

We did go through a war. At the end of 12 months this yellow line shows how far we would come if we quit at that point. We could not quit at that point because the job was not done.

The green line shows the plan that we laid in place to balance the Federal budget and again thinking back to the Gramm-Rudman-Hollings and how they never hit their targets. The blue line shows you where we actually are today. This is how much progress has been made. This is what would have happened if we did nothing. This is what did happen in the first 12 months' progress that was made. We did not quit. This is the plan and this is where we are.

What great news for America: We are winning this war. We are winning the war to preserve the future of this Nation. What other Nations could not do with military power we almost did to ourselves by running up such a huge debt that we would have no ability to repay it.

This is not the end of the picture, and again I point out where we had this discussion a little bit after the budget is balanced, when we reach zero, when we are no longer overdrawing our checkbook, the job is not done. We still have a \$5.3 trillion debt staring us in the face, and the logical question is: What are you going to do about that?

Well, before we answer that question I think we ought to pause long enough to applaud the progress that has been made. There has not been a balanced budget in this community since 1969. There has not been a tax cut in this community since 1982. There has been a lot of tax increases, but no tax cuts.

So before we go on to what is next let us at least pause long enough to recognize that from 1995 forward things have changed in this community, and I would encourage anyone watching tonight, and I would encourage my colleagues to congratulate each other on what has happened out here in Washington and the change that has occurred since 1995.

It should be a tribute to the American people is who it should be a tribute to because had they not changed what was going on in Washington by

electing different people, the same stuff would be going on again. There is no reason to believe anything different.

What is next? Well, we still have a \$5.4 trillion debt staring us in the face.

We introduced last week a bill called the National Debt Repayment Act, and what the National Debt Repayment Act does is it recognizes that we are soon going to have a balanced budget, and after we balance the budget it caps the growth in Government spending at a rate 1 percent lower than the rate of revenue growth. By capping the growth in Government spending 1 percent lower than the rate of revenue growth, that creates a surplus. The surplus is taken two-thirds to pay down the debt and one-third to further reduce taxes. It is the National Debt Repayment Act. I am happy to say there is currently about 100 cosponsors in the House of Representatives: NEWT GINGRICH, JOHN KASICH, JERRY SOLOMON, BOB LIVINGSTON, BILL PAXON, a large group of the Republican leadership is already on board as cosponsors. I am happy to say that the Democrats have joined us. It is a bipartisan bill doing what is good for the future of our country. GARY CONDIT, DAVE MINGE, Mr. GOODE from Virginia, a large group, a good number of Democrats have joined us as well, and I am happy to report that we also have the support of one of the Nation's leading Independents in Ross Perot.

So when you start looking at this bill with Republican House leadership on board, Democrats from the House on board, Independents on board, it is time for the rest of the people in this community.

To my colleagues, I encourage you to call our office tomorrow, join us as cosponsors on this bill to repay the Federal debt so that we can give this Nation to our children debt free.

Now with that, I would like to open another topic because there is another very important topic that is directly related to this debt, and that is Social Security. When we repay the Federal debt, we are also restoring the Social Security trust fund, and I think it is significant that we understand what is happening in Social Security.

Every year the Federal Government is going into the paychecks of working Americans and collecting Social Security tax. Well, they are collecting more in tax dollars than what they are paying back out to our seniors in benefits. That is creating a surplus in Social Security. That surplus is supposed to be set aside into the Social Security trust fund; \$75 billion this year alone is supposed to go into the Social Security trust fund.

Now it should be no big surprise to anyone out there thinking back to before 1995 that in Washington, DC when they got this surplus in their hands, they spent all the money. So there is no money left. What they do with that surplus is they put it in their Government checkbook, they spend it in other Government programs, and they then write an IOU for the Social Security trust fund.

So the system is working today, they are collecting more money than they are paying back out in benefits. That extra money though, and that is where the system breaks down, is supposed to be put into Social Security trust fund. Instead, it goes into the big government checkbook, it then gets spent on other government programs. Since there is no money left in the checkbook at the end, they put IOUs down the trust.

And I have got a picture to help see that.

When we think about balancing the budget in Washington, DC, because of the way they are doing it with Social Security, when we say the budget in Washington is balanced, we are effectively getting rid of the reported deficit. What we report to the American people from Washington of a deficit is this blue area on the chart. What we do not tell the American people is that in addition to that we are taking the money out of the Social Security trust fund.

In 1996, for example, the deficit was reported at \$107 billion, and there was \$65 billion more taken out of the Social Security trust fund. Well, the real deficit was \$172 billion, so if we had reported the real deficit, it would have been much larger, and of course when we say we are going to balance the budget, this is my last chart of the evening, but when we say we are going to balance the budget, what we mean is we are going to take that blue area and make it disappear. In the year that we balance the budget we will still be taking \$104 billion out of the Social Security trust fund to make our budget look balanced.

Now we have had all good news here tonight, we have made huge progress in the right direction, but I think we need to understand that we still have a huge problem with the Social Security trust fund.

What is going on is that extra money that is coming in is being used to make the budget appear balanced. We need to enact a bill called the Social Security Preservation Act, and again I would encourage our colleagues if you have not already joined us on this join us on it. The Social Security Preservation Act would require that this extra money, the money for the Social Security trust fund, actually be put into the Social Security trust fund.

Now if out in America that sounds like common sense, I have to admit it sounds like common sense to me, too. In our business had we taken our pension money, spent it on other parts of the business and put IOU's in the pension they would have literally locked me up in jail. It would have been illegal and against the rules. This practice needs to be stopped, and the logical next step after we get to a balanced budget is to stop the practice of taking the Social Security trust fund money.

How does this all tie together? Well, the National Debt Repayment Act, as we are repaying the Federal debt, we

would also be putting real dollars back in place of these IOU's that are put in here. This was money that was taken out, for example, last year. That all becomes part of the \$5.3 trillion debt. So as we are paying down the Federal debt we would also be restoring or putting this money back that has been taken out and spent in other Government programs.

□ 2000

It brings us back to the National Debt Repayment Act. Under the National Debt Repayment Act we would start running surpluses after we reached a balanced budget. We would cap the growth of government spending at least 1 percent below the rate of revenue growth, thereby creating a surplus. With that surplus, one-third goes to additional tax cuts, two-thirds go to paying back the debt.

When we are paying back the debt, it is very, very significant for our senior citizens to understand that we would also be putting the money back into the Social Security trust fund that has been taken out over the last 15 years.

If there are senior citizens paying attention this evening that get angry at this, they are not alone. There are a lot of people in this country that are very upset when they find out that the money that was supposed to be set aside for Social Security has actually been set aside for other programs. I would not say they are surprised, but they are very upset that the process is going on that way.

I am happy to say that either passing the Social Security Preservation Act, a bill we introduced about 2 months ago, or the National Debt Repayment Act, either one of these bills will solve this problem and restore the Social Security trust fund.

So why should our colleagues join us in the National Debt Repayment Act? Good news out of Washington today; turn on any network TV you want to see and you will find that the Republicans and the Democrats have reached agreement on a balanced budget. They are still saying 2002. I am here to tell the Members if we do not go into a major recession, it could be next year, it could be the year after.

The national debt repayment answers the question of what next. What next is after we reach a balanced budget, we start repaying the Federal debt. When we repay the Federal debt, three things happen: First and most important, we get to pass this Nation on to our children debt free. By the year 2026, the entire Federal debt would be repaid and we could give this Nation to our children debt free.

The second thing that happens under this, for the people that are in the work force today, we started with the children and let us go to the next generation up, for people in the work force today, under the National Debt Repayment Act one-third of all surpluses guarantee additional tax cuts.

Just think about this. Instead of a tax cut once every 16 years, under the

National Debt Repayment Act there is a guaranteed tax cut every year from now on, unless we fall into a recession, in which case the bill kicks out. So we are now looking at a debt-free Nation for our children, additional tax reductions for the people in the work force today.

Now we turn to seniors. For our senior citizens, the National Debt Repayment Act means that the Social Security trust fund is restored and they can once again look forward to receiving Social Security. The solvency of the Social Security trust fund becomes real under the National Debt Repayment Act. The IOU's are repaid with real assets.

The Social Security trust fund, by the way, is bankrupt by the year 2012 if this sort of bill is not put into place. Either the Social Security Preservation Act or our National Debt Repayment Act will restore the Social Security trust fund and make it solvent beyond the year 2002.

That is a lot of different information. I have gone through a lot of charts here tonight. I think it would be reasonable to summarize this whole thing by maybe starting with the past, what happened before, summarizing where we are today, and then just a brief review on the future of where we go to next.

The past: Gramm-Rudman-Hollings, promises of a balanced budget that were regularly broken. The late 1980's, early 1990's: promises of targets, we would reach a balanced budget, but no balanced budget. The American people became somewhat cynical. They stopped believing in the people they sent to Washington, and when they told them that they were going to have a balanced budget, the American people quit believing it because they had been misled so many times. That is the past, the late 1980's, the early 1990's.

The American people finally revolted after 1991, the tax increase. That is the past. Broken promises of a balanced budget, the past; tax increases, giving Washington more money so Washington can maintain its programs and still try and balance the budget. The past is tax increases, the past is more Washington.

The present, a very different place. In the present, we are in the third year of a 7-year plan to balance the Federal budget. We are not only on track but we are ahead of schedule, to a point where we may very well have a balanced budget next year for the first time since 1969. We are in a position where, because of the theory of 1995, the theory of curtailing the growth of Washington spending, Washington not having spending growth as high means they borrow less money. There is more money in the private sector. More money in the private sector means lower interest rates. Lower interest rates mean more houses and cars are sold. More house and car sales means more job opportunities for people who build them.

That is the working model of 1995. It is in place and it is working. We are in the third year of a 7-year plan to balance the budget. We are not only on track, we are ahead of schedule. The good news is there are tax cuts coming for the American people virtually across the board.

I would like to just review a little bit those tax cuts, because it is such good news. If you have children in your household and are earning less than \$110,000 a year, on January 1 of next year take the number of children times 400 and divide by 12, and then ask your boss to keep that much of your own money instead of sending it here to Washington.

If you have three kids in your house, 3 times 400 is \$1,200. Divide that by 12, because are 12 months in the year, one-twelfth of that is \$100. On January 1 of next year if you have three kids in your house, walk in to your employer and tell your employer you want to keep \$100 more of your own money instead of sending it to Washington; get your pay raise January 1 of next year, do not wait. You might as well get the money then, instead of sending it out to Washington. The good news, the 400 number goes to 500 the following year.

Capital gains. If you are a senior drawing out of your pension fund and your pension made a profit, if you own stocks that have appreciated in value and wish to sell them, if you own real estate and you are going to transfer ownership, the 28 percent you used to pay in capital gains, it goes to 20 percent for all capital gains with the exception of real estate that has been depreciated, and on that portion of real estate that you have depreciated, it is called the recapture portion, it remains at 25 percent. So it is a 3-percent reduction on that area, it is an 8 percent across-the-board reduction on the rest.

And again, let me translate this. If you are a senior citizen and you get money out of your pension fund and that money has appreciated in value over the last 20 years because you saved up to take care of yourself, called personal responsibility, if you are that senior citizen, and you take \$100 of profit out, instead of sending \$28 to Washington, you only send 20, and you keep the extra 8 in your own house. It is your money.

So I am happy to say in the present we are in the third year to balance the budget. We are on track. We are ahead of schedule. The budget will be balanced probably next year, 1999 at the latest. The good news is you should expect additional tax cuts in the not too distant future.

If anyone out there can figure out a way they are not affected by this tax cut, they need to let us know so in the next round we can make sure anybody missed in the first round gets picked up. If anyone is upset about the tax cuts, I would just encourage them to think back to 1993 when the discussion was about tax increases, and think what a wonderful privilege it is to be

here having a fight about which taxes to cut and how far to cut them.

The future, even after we get to a balanced budget we still have some problems facing our country. The problems are a \$5.3 trillion debt. The problems are the money that has been taken out of the Social Security trust fund. The good news is the National Debt Repayment Act.

What is next? We are going to pay off that Federal debt by capping the growth of Government spending, hear this clearly, not reaching into the pockets of the American people and taking out more tax dollars, but by controlling the growth of Government spending in Washington.

We cap the growth of Government spending at least 1 percent below the rate of revenue growth. That creates a surplus. Two-thirds of the surplus goes to repaying the debt, one-third goes to additional tax cuts. As we repay the debt, the money that has been taken out of the Social Security trust fund is also put back in.

What a great vision for the future of this Nation: a balanced budget, lower taxes, the debt repaid so our children get this Nation debt free, and the Social Security trust fund restored so our seniors can once again be confident as they look forward to their future in the great Nation that we live in.

Mr. HOEKSTRA. Mr. Speaker, will the gentleman yield?

Mr. NEUMANN. I yield to the gentleman from Michigan.

Mr. HOEKSTRA. Mr. Speaker, I thank the gentleman for yielding. I think it is good news, the amount of progress we have made. I came in 1993. We were looking at \$260 billion deficits as far as the eye could see. We were looking at increasing taxes. We were looking at proposals that said to stimulate the economy we have to spend in Washington.

Now, 4 years later, we are in double digits in the deficit.

Mr. NEUMANN. I would ask the gentleman, there is a real important distinction to be made. I ran as a Republican, even though in the past I had voted both Democrat and Republican. I ran as a Republican because the "we" the gentleman was talking about was on the other side of the aisle. Not a single solitary Republican voted for that tax increase in 1993. That was passed with Democrat votes. I think that distinction is very important.

Mr. HOEKSTRA. I thank the gentleman for adding that clarity. He is right, it was passed by Democratic votes, by one vote, I think, in both the House and Senate. But it is a much different vision than what we have now. We are in double digits with the deficit, we are maybe as low as \$20 to \$30 billion very soon, within the next year or 2. We are looking at a surplus budget.

I think my colleague would agree that getting to a surplus budget is really going to free us now to take a look at paying off the debt, paying it down, building a better future for our kids,

building a better future and a more secure future for our seniors.

The surplus budget I think will not only enable us to talk about tax breaks for people who have missed out in this one, but I do think tax breaks the way Republicans believe they should happen, across-the-board tax cuts, rather than picking out winners and losers and carving out these things, which much of this has. But it is very, very good and very broad-based in this tax bill.

But where we want to go is to go to a simpler tax system, a fairer tax system that has lower rates for everyone, so for those that want to invest in a small business or a farm or education or whatever, they make those choices, rather than that heavy inducement from Washington saying, you really ought to go and do this, or, this is what we want you to do. Let people explore their own potential.

I know in my own State, with the automobile industry, we need kids in college, we need high-tech people. We also need the journeyman, the machinists who are now working on high-tech million-dollar machines, making the tool and die equipment we are going to need after the year 2000.

Mr. NEUMANN. Mr. Speaker, we need young people who are going to dream about the future of America, and their dream is not going to be so influenced by Washington control that they can once again open their own minds to think about what they can do, work hard, achieve, get ahead, live the American dream. We need our young people to once again look at this great Nation and see that they have the opportunity, if they work hard, take care of themselves, to get ahead in our country.

That is what made America great in the first place is people who were able to look not with government influence and not to Washington, but were able to reach down deep inside of themselves and figure out what it was that was going to make themselves and their Nation a better place. That is what we need. We need people who are willing to dream again.

Mr. HOEKSTRA. If the gentleman will yield further, Mr. Speaker, I think getting this American dream alive and giving people the opportunity to design and choose for their own future is where we are headed. That is why the decisions and the bills and the legislation that we will pass in the next couple of days are only an initial step for smaller government, more freedom, lower taxes, and enabling people to make decisions that impact their lives, rather than Washington making those decisions for them.

So yes, from 1993, boy, we have turned this ship around. We are headed in the right direction, but this is only the first step, and we have a lot of steps to go to get us to where we need to be and where we want to be, which I think will be a much better place, a much better place for our kids, a much

better place for families. I think it will be an exciting place, because when you take the strains off, people will blossom, they will grow, and we will relive and we will rekindle the entrepreneurial spirit hopefully in every American.

Mr. NEUMANN. Mr. Speaker, one thing that happens out here, and I used to coach basketball, and we would have games like back to back. We would win the first game, and we would right away turn our focus to the next game, and we would forget to stop long enough to realize that we had just won the first game. It was almost like, wow, we won. Let us get going to the next game.

I do think it is important that on a day like today we do pause and we do recognize that we do not have broken promises of a balanced budget; we actually have a balanced budget. We do not have broken promises of lower taxes; we actually have a tax cut and it is very real. It is so real that on January 1 of next year people can walk into their place of employment and reduce the amount of money that they are sending to Washington, DC. It is so real that if they are selling stocks or bonds or drawing pensions today and paying that capital gains tax on that pension money, they can reduce the amount they are sending to Washington and keep more in their own homes right now, today.

We need to pause long enough to realize that we just won this basketball game before we go into the next game. It is a long season ahead, I agree. We have a long ways to go. But each one of these games that we win along the way, they are really not games, it is the future of America we are talking about here. But each time we make one of these significant days, days like today, we do need to pause long enough to acknowledge the successes that have occurred. Sometimes in Washington we forget that.

Mr. HOEKSTRA. If the gentleman will continue to yield, Mr. Speaker, there are a significant number of things in here.

A couple of weeks ago we were debating about the National Endowment for the Arts. I gave a presentation on that. I did not really think Washington should pick winners and losers for what art gets funded and what does not get funded.

We gave this presentation and talked to a group of people in the arts community who said, you know, if you really want to help the arts community, give us the home office deduction, because for many of us our homes are our studios, and that would be a big help to us. Plus then you are not choosing, all of us would benefit from that, so we are not competing for this little grant.

The other thing they said to us, give us a 100 percent tax deduction for health care. We are self-employed. We are entrepreneurs. We are not part of a large group or a large corporation. We need health insurance. We need health care. Let us buy this.

This tax bill will have that in there, both of those features in there for them.

Mr. NEUMANN. Mr. Speaker, would the gentleman go into a little more detail, because I did not cover that very well before about the health deduction for business owners. If you are self-employed and you are buying your own insurance, it used to be that you could not write off the cost of your insurance, but if you worked for a big company somewhere and got it as a benefit, it was a tax-free benefit. Would the gentleman explain that a little more?

Mr. HOEKSTRA. Sure. The gentleman is exactly right. I worked for a Fortune 500 company before I came here in 1993. The company bought health insurance for me and my family. It was tax deductible. If I would have been an entrepreneur, I could not have deducted a comparable cost of buying insurance for myself.

We have modified that. Did we do it last year? I think we did it with the Contract With America, and we said we are going to phase in the tax deductibility. I think we went all the way up to 85 percent over a period of time.

□ 2015

Now, with this bill, we are going to say that as an entrepreneur, as a small business person, as an individual we will be able to fully deduct 100 percent of our health care premiums just like the large Fortune 500 companies do for their employees.

I am not sure of exactly the time line, but it is going to happen and we will get to 100 percent tax deductibility.

Mr. NEUMANN. I was on the other side of that fixture, I was the entrepreneur out there starting my own business and working hard, and it was infuriating that many of the people we were selling homes to were allowed to have that deduction tax free, but somehow individuals out there trying to make it on their own, they were not eligible for the same treatment under the Tax Code.

I am happy to say, I guess if I were to pick one area that I want to go to next personally, where I would like to see additional tax cuts, and what a great discussion this is, where do we go next, what taxes do we cut? How different from 1993 when they were talking about tax increases. I would like to see the marriage tax penalty eliminated.

In our Nation today, if four people are working all at the same job, earning the same money, and two of those people are married to each other and two are not, the two people that are not married to each other pay less taxes than the two people in the same job earning the same money who are married to each other. And that does not seem fair. That is my top target next.

Mr. HOEKSTRA. Just in closing, I think the gentleman is right, the exciting days are in front of us. We will get to a surplus budget. When we get there,

we will have a whole new range of options, debates and issues and new directions that we can talk about and that, I think, is going to be very exciting. I thank the gentleman for doing this special order and thank him for allowing me to participate.

Mr. NEUMANN. Mr. Speaker, I want to close out my time this evening by paying tribute to so many people that are involved in this, from our families and kids who spend time without us so this can get done, to all the people across this Nation who elected a group of people in 1995 that were going to come here to Washington, change what was going on, provide the Nation with a balanced budget, lower taxes, and Medicare restored.

That is what this is all about, and I want to close tonight by paying tribute to all the people that have been involved in this process.

GENERAL LEAVE

Ms. WATERS. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks on the subject of my special order this evening.

The SPEAKER pro tempore [Mr. METCALF]. Is there objection to the request of the gentlewoman from California?

There was no objection.

CIVIL RIGHTS TRIBUTE TO FORMER SUPREME COURT JUSTICE WILLIAM J. BRENNAN, JR.

The SPEAKER pro tempore. Under the Speaker's announced policy of January 7, 1997, the gentlewoman from California [Ms. WATERS] is recognized for 60 minutes.

Ms. WATERS. Mr. Speaker, I rise this evening to begin a special tribute by the members of the Congressional Black Caucus for the late Justice William J. Brennan, Jr., one of the most influential and visionary jurists in our Nation's history.

Before I take time, I would like to yield the first of this hour to one of the leaders of the Congressional Black Caucus, who immediately upon the passing of Justice Brennan said it was important for the Congressional Black Caucus to take this floor and pay tribute to, give honor to the man who assisted this Nation in our civil rights efforts.

With that, I would like to yield to the gentleman from Florida, [Mr. ALCEE HASTINGS].

Mr. HASTINGS of Florida. Mr. Speaker, I am deeply grateful to the chairwoman of the Congressional Black Caucus, the gentlewoman from California, Ms. MAXINE WATERS, my good friend, for yielding to me to begin this special order this evening.

Today, many of us in the Black Caucus and others of our colleagues here in the House and in the other body had the good fortune to be able to go the homegoing celebration of Justice Brennan. Because of the lateness of the

hour, a significant number of our colleagues who wanted to be with us have seen fit to contribute their remarks in the RECORD, and they did, in fact, including the gentlewoman from Florida, Mrs. MEEK, and the gentlewomen from Texas, Ms. EDDIE BERNICE JOHNSON and Ms. JACKSON-LEE, as three that I know.

Mr. Speaker, I rise today to pay special tribute to the life and career of former Supreme Court Justice William J. Brennan, a man who, and I might add I learned today for the first time that that "J" stood for Joseph, a man who epitomized the word "liberal."

As I stand today, I am kind of propelled by the question, what is a liberal? Often we hear that here in this body, the question put, what is a liberal? And we hear it in negative terms when one is identified in that manner.

As I confront with my colleagues the myriad assaults on the liberal causes of equality and justice, and the homilist today, the Reverend John O'Hara, at Saint Matthews Church, at the funeral of Justice Brennan, cited the fact that not only did he stand for equality and justice, but he also brought to that civility. These ideas which most of us in the Black Caucus and many Members of this body have devoted entire careers pursuing, this question then is obviously of paramount importance.

What is a liberal? There are a lot of definitions. Let me offer one. A liberal is someone who is guided by principles of fairness and equality and civility, even when such principles are unpopular. A liberal is someone who stands up for justice and fairness regardless of public opinion. A liberal fights for the rights of individuals, no matter their social, economic, racial or religious circumstance, and often because of them.

A liberal believes that the U.S. Constitution was adopted to expand, not limit, individual freedoms. A liberal would give her or his life to eliminate all forms of second-class citizenship, understanding that until all are free, none are free. Justice Brennan was a liberal, Mr. Speaker.

As a member of the Congressional Black Caucus, a lawyer and a former judge, I am especially proud to honor this distinguished jurist. It is apropos that I rise today. Justice Brennan's belief in the ideal of one person, one vote, and his relentless support of the protection of voting rights for all Americans directly led to a fairer reapportionment of congressional districts.

As I look around this body when it is in full bloom, which more accurately reflects the American people today than it did half a decade ago, I am reminded of the quote, and I learned today at the funeral that the Justice had asked the homilist, Reverend O'Hara, to make sure at his funeral that it be short; and, No. 2, that they play some Latin songs. I did not know of his fondness, and so I looked up a quote: "Si monumentum requires circumspecte." If you would see his monument, look around you.

Justice Brennan's monument is all around us in this great country, and he, through his legacy, has contributed to the diversity of this great body. In the area of civil rights, Justice Brennan joined the late Justice Thurgood Marshall, his judicial soulmate, as the court's most outspoken advocates for affirmative action.

We are about to undertake that debate here. And it would be healthy if all of our colleagues had had the good fortune to read some of the 1,360 opinions that William Joseph Brennan authored as a member of the United States Supreme Court.

For example, in *United States Steel Workers of America versus Weber*, Justice Brennan wrote that it would be ironic "if a law triggered by a Nation's concern over centuries of racial injustice and intended to improve the lot of those who had been excluded from the American dream for so long, prohibited all voluntary race-conscious efforts to abolish racial segregation and hierarchy."

Justice Brennan understood that we still, in America and in the world, live as persons infected with various forms of racism and prejudice. Mr. Speaker, he understood that the only way to remedy the evils of the past would be to take affirmative action to eliminate its ugly and devastating impact on those today.

As all of my colleagues in the Black Caucus who come today to pay tribute to this giant have fought for equality and fairness under the law, I fought for it along with my colleagues, from the courthouse to the statehouse and in the U.S. House. I was certainly, as all of our colleagues are in this Nation, saddened by the departure of Justice Brennan from the court.

Today, however, I remain encouraged that his legacy of individual freedom will be evanescent. As someone who had an opportunity to practice under those decisions, I, for one, am grateful for his legacy.

I must pause briefly, Mr. Speaker, to thank the chairwoman of the Congressional Black Caucus and the members of the Congressional Black Caucus for their efforts here this evening to honor Justice Brennan. I have already pointed to the appropriateness of this special order.

The chairwoman immediately set in motion the request for the Black Caucus and all our colleagues to have this opportunity to recognize a giant who helped all Americans. Justice Brennan shared our ideals, our principles, and our hope for a colorblind society. He shared our vision for racial equality and social justice and, indeed, civility. He believed as we do in the supreme dignity of every individual.

We will continue to build upon that vision as we in the Black Caucus and in Congress fight for the rights of every American, especially the poor, as Justice Brennan did; the disadvantaged, as Justice Brennan did; and the mistreated, as Justice Brennan did. As