

scale and will include it for the RECORD at the conclusion of my remarks.

Mr. Speaker, I also want to point out that this legislation as drafted would apply only to individual taxpayers and not to corporate taxpayers. I believe this is good fiscal and tax policy because it limits the cost of this legislation and targets the tax relief to help middle-income families most in need of this assistance.

For many years we have heard many in business, agriculture, economics, and politics argue that a high capital gains tax rate locks in capital and discourages investment that might otherwise be put to work in more productive investments and thus spur greater economic activity.

While I have questioned whether capital has remained on the sidelines, I do believe that the low differential between marginal income tax rates and the 28 percent capital gains rate along with the effective tax of inflation does lock up capital and discourage some investment, particularly in long-term instruments that might otherwise occur. This legislation is aimed to address such inefficiencies in the current code while not providing a windfall for short-term speculation and adding to the deficit.

First, it will reward individual investors who make economically productive long-term investments rather than short-term speculative ones. I believe someone who holds an investment for a period of time should receive more favorable tax treatment on their gains than someone who turns over assets on a short-term basis. The investment in a fledgling company which takes many years to develop but could become the next Microsoft should receive a more favorable benefit than a gain earned over a 6-month period due to a runup in the capital or credit markets. Further, by racheting the rate downward the longer the holding period, we help offset the inflation penalty which results with a fixed rate. And we avoid the difficulty of indexing against the original basis. This legislation will reward investments in small businesses and agriculture, which require long-term commitment and are our Nation's primary engines of economic growth and job creation. It may also affect long-term interest rates in a positive manner. It will encourage Americans to make the investments necessary to start and expand such businesses.

Second, this legislation will provide incentives for Americans to save for the future and prepare for their retirement. There is widespread agreement among economists that our savings rate is too low, slowing our economy and putting at risk the comfortable retirement Americans desire. This legislation will happy address this need for increased savings and provide a more secure retirement for Americans in the future.

Most importantly, this legislation will achieve these benefits without putting the goal of a balanced budget out

of reach. Broader capital gains tax relief would be simply too costly, requiring offsetting revenue increases or budget cuts that are unrealistic and imprudent. If we try to do too much, we will put a realistic balanced budget out of reach, encouraging the use of gimmicks and rosy scenarios. This legislation represents the kind of capital gains tax relief we can afford in the context of balancing the budget.

This legislation takes a responsible, balanced approach that will encourage prudent investment and savings and reward those who invest for the long-term, while still allowing us to balance the Federal budget. I still believe that our first priority must be to balance the Federal budget. However, I am also of the belief that inclusion of a modest, commonsense capital gains tax relief legislation which is fully paid for can and should be part of the balanced budget.

Mr. Speaker, the chart referred to in my remarks is as follows:

Sliding Scale Capital Gains Proposal

| Assets held for the following period: | Percent ¹ |
|---------------------------------------|----------------------|
| More than 1 year | 28 |
| More than 2 years | 26 |
| More than 3 years | 24 |
| More than 4 years | 22 |
| More than 5 years | 20 |
| More than 6 years | 18 |
| More than 7 years | 16 |
| More than 8 years | 14 |

¹ Would be subject to the lower of the current law capital gains rate or the rate listed.

**PASSING THE AMERICAN DREAM
ON TO OUR CHILDREN**

The SPEAKER pro tempore. Under the Speaker's announced policy of January 7, 1997, the gentleman from Florida [Mr. SCARBOROUGH] is recognized for 60 minutes.

Mr. SCARBOROUGH. Mr. Speaker, I came up today to talk about passing the American dream on to our children.

We have heard so much today, and it appears that people have been getting together on the other side of the aisle for some time the past couple of weeks trying to figure out a strategy, where to take their party over the next 2 years. We heard a lot more talk about children. In fact, that is what we heard over the past 2 years, constant references to children, children, children. We have got to help children.

I can tell you as the father of a 9-year-old boy and a 6-year-old boy, I have got to say that our children's future has got to be our top priority. Like my parents, I want to ensure that my children and all children have an opportunity to achieve the American dream, an opportunity. In America we cannot guarantee the outcome, but we are at least responsible in ensuring that all American children have the opportunity to achieve the American dream.

There have been fights over the past two decades, three decades on how we ensure that all American children have

the opportunity to achieve the American dream, battles over affirmative action, battles over quotas, battles over other issues. But those have been fights of the past. Unfortunately, the fights that we are going to be waging in the future may be trying to figure out how to make sure that any American children can achieve the American dream.

Because, you see, a fiscal crisis, a financial cloud hovers over this country that is so tremendous, so great, so frightening that all of our children face an economic Armageddon in the next 20 years.

□ 1500

Right now we are \$5.6 trillion in debt, and it has gotten so out of hand that few Americans can even begin to fathom what \$5.6 trillion means to the next working generation. One way to put it is an illustration, and I heard it earlier today, and I have heard it before and used it before. To try to understand what a trillion dollars is, or \$5.6 trillion is, think about this:

If you made \$1 million every single day from the day that Jesus Christ was born 2,000 years ago until today, you would not make enough money to pay off our Federal debt, a million dollars every day for 2000 years.

But the news gets worse. If you made \$1 million every day from today until the year AD 4000, and added all that money up on top of the million dollars a day that you made over the past 1,000 years, you still would not have enough money over that 4,000-year timeframe making \$1 million every day to pay off our Federal debt.

And yet I hear people come up and get behind that microphone and actually have the audacity to tell us how much they love children, when at the same time these are the same people that are opposing our attempts at a balanced budget amendment or a balanced budget that would restore fiscal sanity to the United States of America.

I see some younger people here in the audience, and unfortunately I have some bad news for them. If you think it is going to be bad enough trying to pay off \$5.6 trillion, wait until the baby boomers start retiring in the year 2010. Then your chances are completely eviscerated unless the adults in this Chamber start behaving like adults very, very soon.

You see, the Senate had a bipartisan commission put together 3 years ago, headed by a Democrat, Senator KERREY. And you know what they figured out? They figured out that, unless we balance our budget and take control of financial spending in Washington, DC, that the average American—now get this—the average American is going to be paying 89 percent of their income to the Federal Government by the year 2020.

Now, I do not know how many people are planning to be alive in the year 2020, but I know I am planning to be here, and I pray to God that my children will be here. But what is it going

to be like if we live in an America where the Federal Government gets \$9 of every \$10 that we earn?

Mr. Speaker, we are not making this up. This was a bipartisan commission that came to this realization. And every day that we wait, every day that we delay, every day that we steal money from our children's pockets to pay off political promises that we have made to the hacks and cronies that lobby us day in and day out is an opportunity lost. And as this country slouches toward the 21st century, as we slouch toward an economic Armageddon that will crush our children's opportunity to have the same shots at the American dream that we had, we miss an opportunity, and we betray those very children that people that get up behind these podiums claim to be so interested in.

Mr. Speaker, I really do not know how to explain it to my children. I do not know how to explain it to friends' children. I do not know how we are going to do it 30 years from now. They are going to ask us: What did you do when you had an opportunity to actually save America? How did you vote? Did you get on the floor? Did you speak against the travesty when the press was ignoring it? When the politicians were afraid to come close to it, what were you doing? And I will have to tell them that, while some of us actually cared enough to stick our necks out on the line and try to make a difference, there are others that simply lacked the moral conviction and the courage and the discipline to do it.

Mr. Speaker, I have got to admit right now that I am somewhat ashamed to be associated with some Members of the U.S. Congress, and it greatly pains me to say that. I have only been up here for a few years. I was a middle-class father of two sitting on the couch back in 1994 when I decided I wanted to get off the couch, I wanted to come to Washington and I wanted to make a difference. Nobody knew who I was. I had never run for political office before. I did not come from a wealthy family. I did not have anybody that would bankroll my campaign. I just had ideas. I wanted to contribute to this country. I wanted to save my children from the future that they appeared to be facing because politicians were stealing money from their pockets and from their generation's pockets to pay off their political friends.

So I got involved, and it was not until I got up to Washington that I understood part of the problem. I understood that not only were there politicians that were opposed to the Federal Government living by the same rules that the middle class, where you only spend as much money as you take in, but that there were actually people in this Chamber who would make one promise while they were campaigning for office and then, when they got to Washington, DC, would do what we call the bait and switch, which for the rest

of America is illegal. For the rest of America, if an advertiser does a bait and switch, they get sent to jail.

But in Congress I guess that is OK because there is a Senator back in 1994, who in November 1994 promised that if she got to Washington, DC, again, if she was reelected again, that she would support the balanced budget amendment. Well, she got elected in November 1994, and 6 weeks later she came to Washington, DC.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore (Mr. COLLINS). Would the gentleman suspend? The Chair must remind the Member that he is to refrain from references to Members of the other body and to direct his remarks to the Speaker.

Mr. SCARBOROUGH. Mr. Speaker, I was not making references to any specific Member, and I might use this not to address this Speaker, but I must suggest that I am offended by the continued double standard that appears to be occurring in this Chamber where just 2 hours ago a Republican Member was mentioned by name several times and the Speaker did absolutely nothing—not this Speaker, but another Speaker did absolutely nothing when this speaker was mentioned by name several times. And yet when I mention by reference another Member, then all of a sudden I am called down.

I have seen this occur for 3 years, and I am getting a little tired of it—not from you, sir, but from other people in this Chamber.

The fact of the matter is that another Member's name was mentioned repeatedly by a Democrat. I did not hear a Parliamentarian say anything about it, and I counted seven times while watching on TV. I finally had to call the cloakroom to get something done.

I come here today, and I mentioned somebody in the abstract; nobody would even be able to identify this Member that I brought up. And yet my words are called into question. I am not questioning my colleague. I am just questioning what has been occurring for the past 3 years.

I ask for a little fairness and a little evenhandedness. I will refrain from any more specifics.

But I will say that there have been several Members that have made promises on the campaign trail, have promised their people, looking into their eyes: I will support the balanced budget amendment. And then they get elected, and they break their word, they break their oath, and it has happened up here over the past few years time and time and time again.

Mr. Speaker, I really do not care whether they are Republicans or Democrats, conservatives or liberals, Senators or Congressmen. All I care about is the impact that these broken promises are going to have on my two boys and on the next generation.

I ask the question, is there any shame left in America when people can just talk out of both sides of their mouth, knowing that the end result will be a future economic calamity for America and for America's children? Regrettably, I have got to say that time and time again we have seen it happening, and it has got to stop.

There is a letter that was written to Members of Congress and was written by the Secretary of Agriculture. He wrote in this letter to Members of Congress: "A balanced budget amendment would in all likelihood set up a fierce struggle for limited Federal resources."

Now let us just examine the words limited Federal resources. Do you know how limited the Federal Government's resources are? Does anybody know how much money we give the Federal Government every year? It is \$1.7 trillion, and where does that money come from? Well, it comes from middle-class Americans who are now spending 50.2 percent of their work year to pay off taxes, fees, and regulations put on them by the Government. It also comes from businesses, from corporations, from people that are creating jobs. Unfortunately, we take it from the dead, we take it from the productive members of society who actually make a profit and create jobs. But in the end, most regrettably, we take it from our children and our grandchildren, and we steal not only from the living but from the unborn, from future generations.

There is nothing limited about the Federal resources that we have, nothing limited at all as we continue to pay farmers not to plant their crops, as we continue in America to pay people not to work, as we continue to shovel corporate welfare across this Nation and across the globe, as we continue to pay for foreign aid.

Just a couple of days ago, weeks ago, decided that we wanted to get involved in family planning and funding abortions across the globe. Do not tell me that our resources are limited. Our resources are not limited. It is our discipline that is limited.

We do not face a deficiency in the wallet, as George Bush said. He had it backward. We face a deficiency of will. We face a deficiency of discipline. We face a deficiency of honor. And if we do not get a handle on this financial crisis that is robbing from my boys and your children and your grandchildren and future generations, they are the ones who are going to have to pay and they are the ones that are going to ask you 30 years from now: What did you do about it? What difference did you make? And you can make a difference; every Member in this Chamber, Mr. Speaker, can make a difference. But they are going to have to have a little discipline, they are going to have to be a little less selfish.

I asked for leadership from the President of the United States. In 1994 the President opposed our efforts to balance the budget. In 1995 we put the first