

TRIBUTE TO THE PHILADELPHIA MARTIN LUTHER KING, JR. ASSOCIATION FOR NONVIOLENCE

• Mr. SANTORUM. Mr. President, our nation's children are turning to crime and violence at alarming rates. Perhaps more than ever before, young people need direction from good men and women in their communities who are willing to get involved. They need role models to help them understand that an honest life is not an easy life, but it is a better life. Fortunately, there are people and groups who are reaching out to at-risk youth. Today, I rise to commend the efforts of one such organization. The Philadelphia Martin Luther King, Jr. Association for Nonviolence is making a difference, one child at a time.

On April 4, the anniversary of Dr. King's assassination, the Association for Nonviolence sponsored a "Youth and the Culture of Violence" town meeting. This event brought a cross-section of the community together to discuss violence prevention programs, current statistics on youth violence, and new ideas for training young people to solve their problems peacefully. Teenagers from the Philadelphia area joined community leaders, educators, juvenile justice officers, psychologists, and other concerned citizens in this important outreach effort.

Almost 30 years ago, Dr. King gave his life for his dream of a non-violent world. Through peaceful protest, he changed the heart of a nation. Dr. King's dream of a just, peaceful society lives on through the work of those who continue to teach his principle of non-violence. It is fitting that the organization which bears his name is reaching out and offering hope to a new generation.

Mr. President, I commend the Philadelphia Martin Luther King, Jr. Association for Nonviolence for addressing the issue of youth violence. I ask my colleagues to join me in recognizing the important work this organization has done and in extending the Senate's best wishes for continued success to the men and women who have dedicated their lives to preventing youth violence.●

TRIBUTE TO HENRY P. JOHNSON

• Mr. SMITH of New Hampshire. Mr. President, I rise today to pay tribute to Henry P. Johnson of Meriden, NH, retired plant manager of Dorr Woolen Co., for his exceptional service as a volunteer executive in Krasnador, Russia.

Henry worked on a volunteer mission with the International Executive Service Corps, a nonprofit organization that sends retired Americans to assist businesses and private enterprises in the developing world and the new emerging democracies of Central and Eastern Europe and the former Soviet Union.

Henry helped provide technical and managerial leadership to improve the

lives of the citizens of Krasnador, Russia. He assisted Kubantex, a textile company, to set up a business and marketing plans. Henry was an "international volunteer" for our Nation and has represented our strong democratic beliefs and practices of a free-market economy.

His spectacular display of voluntarism provided active assistance for people in need and helped to build strong ties of respect and trust between America and Russia. Henry's mission will help to end the cycle of dependency on foreign assistance, by fostering private sector involvement in international development.

I commend Henry for his dedicated service and I am proud to represent him in the U.S. Senate.●

MARILYN MOORE, 1997 MISSOURI SMALL BUSINESS PERSON OF THE YEAR

• Mr. BOND. Mr. President, today I pay tribute to an exceptional small business person and fellow Missourian: Marilyn Moore. Marilyn recently received the Small Business Administration's [SBA] 1997 Small Business Person of the Year Award for Missouri. As chairman of the Committee on Small Business, it is exciting for me to congratulate such a respected and dedicated leader from my home State of Missouri.

The SBA honors one small business person from each State at national ceremonies during Small Business Week, June 1-7. These small business owners are acknowledged for their achievements and contributions to the Nation's economy. SBA uses several criteria to select the small business person from each State, these include; staying power, growth in number of employees, increase in sales and/or unit volume, current and past financial reports, innovative product or service, response to adversity, and evidence of contributions by the nominee to aid the community. The small businesses are nominated by trade associations, chambers of commerce, and business organizations. The SBA then selects from each State the business it feels has best met all of the criteria.

Missouri's representative, Marilyn Moore, is president of TeamRehab, Inc., located in Clayton, MO. Her company is dedicated to providing therapy services to physically challenged individuals. TeamRehab uses physical, occupational, and speech therapy to help these individuals, and its services extend to more than 35 nursing home facilities, outpatient clinics, and home health agencies in the greater St. Louis metropolitan area and southern Illinois. TeamRehab was established in 1982 with two employees, and since that time has grown to more than 135 employees. TeamRehab is committed to quality care as demonstrated by its mission to enhance the quality of life and dignity of our clients.

Marilyn's work in the St. Louis community is exemplary, and not only

have TeamRehab's clients benefited from her work, but so have her employees. Marilyn is known for her fairness and commitment to a team effort. Her commitment to this team has proven successful as she continues to help her clients strive to remain as self-sufficient as possible.

Abraham Lincoln stated "Always bear in mind that your own resolution to succeed is more important than any other one thing." TeamRehab's success and accomplishments are testimony to her resolve. She is a role model for all small business owners and I congratulate Marilyn Moore for this well-deserved honor.●

THE BUDGET

• Mr. KYL. Mr. President, I rise to speak for a few minutes today about the budget that passed the Senate a week-and-a-half ago—a budget that I opposed. In particular, I want to discuss what appears to have made it possible for congressional leaders and the White House to bridge their differences and produce a budget agreement that allegedly leads to balance by the year 2002.

Mr. President, it seems to me that it was a projected \$225 billion surge of revenue from a strong and growing economy—an extra \$45 billion in each of the next 5 years—that helped bridge the gap. Without that additional revenue, which was identified by the Congressional Budget Office the night before the agreement was reached, no deal would have been possible.

Of course, the negotiators did not reach balance by applying that revenue windfall to deficit reduction or tax relief, as you might expect. Most of it was used instead to accommodate higher levels of spending demanded by President Clinton and even some in Congress. In other words, balance would be achieved, but at a level of spending \$45 billion higher per year than if all the additional revenue were applied to deficit reduction or tax relief alone. The fact that the budget deal enlarges Government is one reason why I voted against it.

Still, the budget negotiators rightly identified a thriving economy as one of the keys to solving our Nation's chronic deficit problem. And unlike previous budget agreements, they looked to economic growth to provide the additional revenue, avoiding the trap of tax increases, which limit the economy's potential and, in turn, make it harder to eliminate the red ink. They even found a way to provide a limited amount of tax relief.

But with the deal so dependent upon economic growth, and no significant changes in policy to prevent the already lengthy expansion from running its course within the next few years, many of us believe that it will be difficult, if not impossible, to ever realize the extra revenues that the budget agreement depends on to bring the budget into balance.

As you know, Mr. President, the agreement itself provides no tax cuts—no family tax credit, capital gains relief, death-tax relief, or education tax credit. It merely establishes the overall size of the tax cut that Congress will begin writing in a few weeks. It permits a net tax cut of \$85 billion over the next 5 years—a minuscule amount considering that the Treasury will collect an estimated \$8.6 trillion over that time period.

Considering that even the modest tax-cut package congressional leaders proposed earlier this year—a \$500-per-child tax credit, a 50-percent cut in the capital-gains tax, estate-tax relief, and expanded Individual Retirement Accounts—will cost an estimated \$188 billion, it is doubtful that Congress will be able to provide even that level of relief. It is more than twice the net tax cut allowed by the agreement. The limited amount of tax relief is another reason that I voted against the budget agreement.

Rather than spread tax relief so thin that it does no one much good, some of us are now suggesting that we focus relief on just a few things that will do the most good for the economy overall—that is, on capital formation. After all, not one business can begin, not one company can expand, not one new job can be created, not one wage can be increased without the capital to start.

With that in mind, the single best thing we could do would be to provide a deep reduction in the tax on capital gains. Ideally, the reduction should match that which was recommended by Democratic President John F. Kennedy as part of his economic growth plan in 1963—a 70-percent exclusion for gains earned by individuals, and an alternative tax rate of 22 percent for corporations. Ironically, President Kennedy's plan, which I introduced this year as the Capital Gains Reform Act, S. 72, proposed even deeper capital-gains cuts than the Republican Congress passed a year-and-a-half ago.

Capital-gains reform will help employers and employees. The American Council for Capital Formation estimates that a Kennedy-like plan would reduce the cost of capital by at least 8 percent, leading to as many as 150,000 new jobs a year.

It will also help the Treasury. Between 1978 and 1985, the top marginal tax rate on capital gains was cut by almost 45 percent—from 35 percent to 20 percent—but total individual capital gains tax receipts nearly tripled—from \$9.1 billion to \$26.5 billion annually. That may come as a surprise to some people, but the fact is that when tax rates are too high, people merely hold on to their assets to avoid the tax altogether. No sale, no tax. But that means less investment, fewer new businesses and new jobs, and—as historical records show—far less revenue to the Treasury than if capital-gains taxes were set at a lower level.

Research by experts at the National Bureau of Economic Research actually

indicates that the maximizing capital-gains tax rate—that is, the rate that would bring in the most revenue to the Treasury—is somewhere between nine and 21 percent. The Capital Gains Reform Act, by virtue of the 70 percent exclusion, would set an effective top rate on capital gains earned by individuals at about 12 percent.

President Clinton recognized the importance of lessening the capital-gains tax burden by proposing to eliminate the tax on most gains earned on the sale of a home. That is a step in the right direction, but if a capital-gains tax cut is good for homeowners, it should be good for others who save and invest as well. I believe we ought to follow the Kennedy model and provide a permanent, broad-based capital-gains tax cut.

Mr. President, estate-tax relief is the second item that should be accommodated within the limited amount of tax relief available under the budget agreement. I have proposed that such death taxes be repealed outright, as recommended by both the Clinton-sponsored White House Conference on Small Business in 1995 and the Kemp tax-reform commission in 1996.

The respected liberal Professor of Law at the University of Southern California, Edward J. McCaffrey, recently observed that polls and practices show that we like sin taxes, such as on alcohol and cigarettes. "The estate tax," he went on to say, "is an anti-sin, or a virtue, tax. It is a tax on work and savings without consumption, on thrift, on long-term savings." The estate or death tax thus discourages the very activity that is necessary to help our economy grow and prosper.

The tax is particularly harmful to small businesses, including those owned by women and minorities. It is imposed on a family business when it is least able to afford the payment—upon the death of the person with the greatest practical and institutional knowledge of that business's operations. It should come as no surprise then that a 1993 study by Prince and Associates—a Stratford, CT consulting firm—found that 9 out of 10 family businesses that failed within 3 years of the principal owner's death attributed their companies' demise to trouble paying death taxes.

In other words, instead of passing a hard-earned and successful business on to the next generation, many families have to sell the company in order to pay the death tax. The upward mobility of such families is stopped in its tracks. The proponents of this tax say they want to hinder concentrations of wealth. What the tax really hinders is new American success stories.

The Heritage Foundation estimates that repeal will, over the next 9 years, spur \$11 billion per year in extra output, lead to the creation of an average of 145,000 additional jobs, and increase personal income \$8 billion a year over current projections.

Mr. President, I know that my two bills—one providing a deep reduction in

the capital gains tax, and the other eliminating death taxes—will probably not pass in their current form. The small amount of tax relief allowed by the budget agreement will not permit it if we are to provide child-tax credits, education credits, and other tax relief as well. But it is capital-gains and estate-tax reform that could help keep the economy on track, producing the revenues needed to bring the budget into balance.

As President Kennedy put it, "An economy hampered with high tax rates will never produce enough revenue to balance the budget, just as it will never produce enough output and enough jobs." Capital-gains and estate-tax relief should be at the top of the list when it comes time for Congress to write a tax bill in the coming weeks.●

MSGR. KENNETH VELO

● Ms. MOSELEY-BRAUN. Mr. President, it is my pleasure to congratulate Msgr. Kenneth Velo, president of the Catholic Church Extension Society and priest of the Archdiocese of Chicago, as the Joint Civic Committee of Italian Americans honors him on June 7, 1997 as the recipient of the Joseph Cardinal Bernardin Humanitarian of the Year Award.

Monsignor Velo, who was born on Chicago's south side, was ordained as a Catholic priest in May 1973, after attending St. Mary of the Lake Seminary in Mundelein, IL. Monsignor Velo served as associate pastor of St. Angela Parish in Chicago from 1973 to 1980 and as associate pastor of Queen of All Saints Basilica from 1980 to 1981. In 1981, he assisted the Archdiocese of Chicago as assistant chancellor, and from 1983 to 1985 served as vice-chancellor of the Archdiocese of Chicago.

Known for his ability to remember not only names and faces, but the circumstances of the people he encountered, Monsignor Velo was asked by the late Joseph Cardinal Bernardin, Archbishop of Chicago, to serve as the Cardinal's executive assistant in 1985. Monsignor Velo would serve the Cardinal in this capacity for 14 years. Monsignor Velo was, at times, the Cardinal's sounding board, driver, eyes and ears. Ultimately, it would be Monsignor Velo who would orchestrate Cardinal Bernardin's death rites and care for the Cardinal's mother after his death. No one will ever forget the powerful and moving eulogy the Monsignor delivered in memory of his friend.

In 1994 Pope John Paul II, moved by his reputation as a public servant, appointed Monsignor Velo to be President of the Catholic Church Extension Society, a national philanthropic organization that has helped isolated and impoverished missions throughout the United States since 1905. As president of the Catholic Church Extension Society, Monsignor Velo has only reaffirmed his reputation as an individual dedicated to helping others.