

stop talking about human rights in China. It is costing us business. It gives them tools.

I would hope the gentleman from Michigan could be recognized for concluding remarks if he has them. I have concluded my remarks.

Mr. BONIOR. Well, I thank my colleague, and I would just conclude, Mr. Speaker, with this one comment. I want to thank my friend, the gentleman from California (Mr. SHERMAN), the gentlewoman from California (Ms. LEE), the gentleman from Ohio (Mr. KUCINICH), the gentlewoman from Ohio (Ms. KAPTUR), and the gentleman from Ohio (Mr. BROWN) for joining me tonight. I think we have made a compelling case on this issue, and we look forward to engaging the opposition on it as we go forward in the next week before the vote.

I thank my colleagues for their time this evening.

□ 2200

PERMANENT NORMAL TRADE RELATIONS WITH CHINA

The SPEAKER pro tempore (Mr. SIMPSON). Under the Speaker's announced policy of January 6, 1999, the gentleman from Colorado (Mr. MCINNIS) is recognized for 60 minutes as the designee of the majority leader.

Mr. MCINNIS. Mr. Speaker, well, it is time for another evening chat. This evening I have three subjects which I think will be of some interest. I hope to be able to have time to address all three of them. But, in order, I am going to speak a little about the trade agreement.

We have had much interesting discussion this evening about trade with China, the different issues, the economic issues, the political issues; and, so, I too will chime in on that, I think from a little bit of a different angle. But, nonetheless, I will spend a little time on that this evening.

I would like to talk to you again about taxes. As you know, I think it is important that we distinguish out there the difference between the parties, the Republicans and the Democrats, when it comes to tax policy in this country.

My discussion and comments this evening will not be talking about a tax cut today. It will be talking about a little historical tax management and which one of those parties really has the experience to manage our taxes.

Then the third thing which I hope we get time for this evening is a fundamental issue to all of us, and that is education.

Let me begin by talking about China. First of all, let us get the economic factors out of the way for the State of Colorado.

My district is the Third District in the State of Colorado. It is representative of all of western Colorado and some of eastern Colorado. To give my colleagues an idea of the geographic

size, it is larger than the State of Florida.

We have lots of industry in Colorado. We have a lot of industry in business, primarily small business, in the Third Congressional District. We do have some of the world class ski resorts in the Third Congressional District. We have a lot of international tourists.

In fact, the State of Colorado made a conscious decision some time ago to really try to make an effort at marketing on an international basis. We determined in Colorado that tourism is a good industry to have, that it is better than the smoke-stack industry that we had experienced in some years previous. So we wanted to get a mix. And now, as you know, Denver, Colorado, is one of the leading cities in the country with regards to high tech. And, of course, the Third Congressional District, the mountains of Colorado, is known throughout the world for the beautiful and majestic mountains and the views that we have and so on, and the ski areas that we do have.

But China is a factor in the Colorado economy. I think to just get it out of the way, the economic numbers, because this evening we have heard economic numbers bantered back and forth, so at the beginning of my remarks here I will tell you that China is a very important trading partner for the State of Colorado. It is fourth, in fact, as far as the largest amount of exports to a foreign country for the State of Colorado.

In Colorado our agricultural base, which is very, very important for Colorado, whether it is the cattlemen, whether it is the wheat growers, whether it is the corn growers, regardless, the agricultural base in the State of Colorado through their associations strongly support trade with China.

These associations realize that 96 percent of the consumers reside outside the boundaries of the United States of America. Only within our boundaries do we have four percent of the consumers.

Now, some people tonight that you heard preceding my comments will claim they run away from the word "isolationist." They talk about pro-trade. They talk about pro-small business. They talk about international relations. And then they urge you to vote no on the China bill. When the real test steps up there, they are not pro-trade, they are isolationists.

Now, in some cases, maybe isolation works. It has not worked for the United States of America. We thought for sure that we could make Cuba collapse to its knees by isolating that country. Several presidents ago or so, it did not work. Some day we are going to get capitalism into that country. But our choice of isolation is not going to work with China.

We are not going to isolate China. How are we going to isolate them? We are not going to isolate them. Let us face the facts. And the facts in Colorado are economically, economically,

it is a very, very important trading partner.

In the areas that I represent, agriculture is very important. In the cities of Colorado, the largest cities, which I do not represent, high tech is very important.

There are a lot of businesses from small to medium to large in Denver, Colorado, in Boulder, Colorado, in Colorado Springs and Ft. Collins throughout the cities on the front range that think that this China trade is very important for the State of Colorado and for the people of the State of Colorado.

So I am not saying tonight in my remarks that will follow that we should disregard the economic factors of the State of Colorado. They are important. We should not ignore them. It should play an important factor for every congressman's decision when they make that final decision on whether or not to support trade with China.

But what I want to focus about this evening in regards to China is more from a philosophy point of view, I guess, and that is to kind of relate to my colleagues here on the floor my personal experience in China.

Many, many years ago I had the privilege of being selected as one of 10 what they called young leaders in America from across the country to go and visit the country of Taiwan and to go and visit and spend time with their government and, after visiting Taiwan, to go ahead and go across the straits there and visit China and spend time with China's young leaders.

This was a bipartisan group of people. There were five Democrats and five Republicans. And so, we went off on a trip to visit with the governments of these two different countries.

In Taiwan it was very interesting to see what capitalism has done for that country. This is a country that has boomed when it allowed its people the opportunity to improve their life situation, to go and pursue their life dream of having their own business, of being able to make a better mouse trap, of having rewards for their hard work because they come up with a better mouse trap or they have a better invention or they figure out a more productive way to produce.

Taiwan loved capitalism. Taiwan put its arms out and said, we want capitalism in our country. And compare to what has happened in Taiwan to any other country of its size, especially any other country of its size that is socialistic or communistic, compare Taiwan and the economy and the type of lifestyle and the freedoms and the freedom of expression and the art and the music and just, basically, the enjoyment of life in Taiwan, compare it to what you have in China. It is hardly a comparison. It is like between night and day.

What is the answer? Is what brought capitalism to Taiwan isolationism by the greatest country in the world, the United States of America? Was it a conscious decision on behalf of the United States of America to ignore

Taiwan and say, look, the best way to break communism and make sure this new regime that went over to Taiwan is not going to practice communism, the best way to do that is isolate them?

We did not isolate them. We embraced them. We said, try capitalism. It works. Throughout the history of the world, every time we have allowed an individual to make life better for themselves through their own labors, it works. Capitalism has proven itself over and over and over again.

In China, they have been very successful at rejecting capitalism. They have been very successful at rejecting individual rights. They have been very successful in restricting the freedom of movement in their country.

In China, the communists have been very successful in making sure that they cannot form political groups, that they cannot have the freedoms as these people hear about just 90 miles away in the country of Taiwan. China has made sure that it has oppressed its citizens, and it has made sure that it has defied the world.

So what do we do about this communistic country, this country that is huge, huge and growing, by what, 20,000 or 30,000 people a day are born in China? We cannot ignore them. Come on, my colleagues that oppose even acknowledging that China is out there. We cannot ignore them. We cannot isolate them. Figure it out.

Now, I went over to China and I had an opportunity to meet some of their young leaders. And I will tell you what really stood out for me when I was in China was how oppressive their government was, but what encouraged me were some of these young leaders seemed to be enchanted by the idea of freedom and enchanted by the idea of capitalism.

I could really see an optimistic viewpoint in their mind that their mighty country, and they were proud of their country, that their country was beginning to, at least, acknowledge that outside of communism there might be an improvement called capitalism.

I saw their signs of encouragement when I was in China. I went to a school. This school was for the very privileged in their society. In China that is the school teachers, the medical doctors, and the government leaders and their top business executives. So it was a private school.

All of the children were beautifully dressed. And, of course, the Chinese children are beautiful children. I guess all children are beautiful. But, really, their dress and their outfits. But do you know what I noticed in their school what made me feel good that capitalism was getting its foot in the door in Communist China was the fact that on the walls of this school they had paintings of Goofy and Mickey Mouse.

Now, some of my colleagues might chuckle at that. Well, what has that got to do with trade? Think about it.

Through entertainment, through music, and through many other means, capitalism is beginning to seep into Communist China. It is beginning to get in there.

Now, what amazed me the most about these young Chinese leaders is that a couple three months later, I then hosted those leaders in the United States for a period of about 3 days in the Colorado mountains. Now, they had already been to Washington, D.C., and they had seen this fine building. They had seen this fine body in action. They saw the majestic White House and our other beautiful monuments around here. They were impressed. They liked America.

When they came to the mountains of Colorado, we did some things, we treated them. We gave them each a pair of Levi jeans. Back then that was a big deal. We took them on a roundup camp and sang cowboy songs around the fire. They loved it. But do you know what they enjoyed and they were most enthralled about during that time that I had them and they inform me it was the most interesting thing of their entire trip to the United States, which included San Francisco, which included Colorado, which included Washington D.C.? Do you know what amazed them the most? The grocery store.

I took them to our grocery store, our local city market. They could not believe it. We spent 4 hours. I had allotted 25 minutes to go through the grocery store. They spent 4 hours in that grocery store in Glenwood Springs, Colorado. They went up and down those aisles. They could not believe it, all of these different choices of cereal.

Where is your milk? This is all milk? Yogurt two percent. One percent sour cream. They could not believe it. And the eggs, dozens and dozens and dozens of eggs. We went to the cheese selection. They could not believe all the selections of cheese. And cereal. I mean, we literally opened a couple of boxes of cereal so they could taste the cereal. They were enthralled by an American grocery store.

Then I had to convince them that that American grocery store was not for the exclusive or the wealthy people in our society. I am not sure they ever believed me that anybody in our community of Glenwood Springs or anybody that stopped in Glenwood Springs could go into that grocery store and that the prices that we were paying for items in proportion to what we made per month were minuscule in their terms. What a deal. How did it happen?

And do you know, the rest of the time with those young leaders, do you know what we talked about? We did not talk about the indoctrination of communism. We did not talk about how you can stymie freedom of speech. We did not talk about how you can prevent the people from having music and art. We talked just the opposite.

We talked about capitalism. We talked about freedom of expression. We talked about music. We talked about

art. We talked about grocery stores. We talked about the fact you could own your own horses and your own cows and if you wanted to, you could sell them for a profit, if you were a good businessperson, you could make a good living at it. We talked and we talked and we talked.

Now, this story goes on. They then went back to China. I could tell that these people, these young leaders, men and women, were inspired. They really felt an urge that their great country of China could move in a direction that would make it an even stronger country, that they could begin to get their senior leaders to open up their eyes just a little, not dramatic change, because dramatic changes takes time in China.

□ 2215

But it is change, nonetheless, towards capitalism, away from communism.

The last time I ever saw most of them was as they got on that plane. They smiled, they did not want to leave America, in one sense; but in the other sense they could not wait to leave America and get to China, because they wanted to talk to their friends and neighbors about what America had, what America had that China did not have and what America had that China should have. That is why they were anxious to get out of this country.

Well, not too many years later, in fact, just a couple short years, Tiananmen Square occurred, where the government forced down, executed, and, to the best of my knowledge, some of those good friends that I had met were executed as a result of Tiananmen Square. I was very, very bitter. To this day I remain bitter about the way these young people were prosecuted, persecuted and executed by the Chinese government.

It is a tough hump to overcome. These kids, and they were young men and women, they had a lot of promise. They had a lot to take to their country. They did not stay in the United States. They did not want to be Americans. They wanted to go home to their homeland of China and improve the conditions and bring things like small business and capitalism and music and art, open up the world. They never got that opportunity, because the government made sure that they were, as I said, prosecuted, persecuted and executed.

Well, I, for a long time, took the position that the best thing we should do is cut all our ties to China, stop dealing with China. Those SOBs, they killed these people, and you cannot deal with China except through a military takeover at some point, or at least build up your military strength so you never ever have to have China push your own citizens around, and I was convinced that the best thing to do was isolate China.

But I guess with time you begin to think about, is that really working? In

the meantime, what we saw was we saw the Iron Curtain collapse. We saw the Reagan Cold War be successful without the firing of one missile. And as I began to study what broke Russia, what brought Russia to its knees, was it the fact that we isolated them? Was it the fact of our military machine?

Well, both of those factors played into it, and there are other factors I will talk about. First of all, was it the fact we isolated them? We did isolate Russia in some areas, and we should isolate China in some areas, and that is transfer of military secrets.

As you know, the Russians had a very successful spy operation, unfortunately, a couple of traitors in America, U.S. citizens that became traitors. But, nonetheless, we restricted them. We did not allow swapping of even semi-sensitive equipment to Russia. And that is appropriate with China. We should be very, very restrictive about military hardware or civilian hardware that can be converted to military use. We should be restrictive and isolationists in regard to that. If we were not, you could see the proliferation of nuclear weapons going on throughout the world. We have to keep that stuff close to our chest. I am not sure anyone in this room disagrees with that. But when you take a look, did we isolate Russia as a whole, the answer is no. Capitalism began to creep into Russia. That is what happened.

Now, what about the military? Was it our military might that brought down the Russian empire? The answer to that is no. What our military might did, and, by the way, I think every American citizen should be thankful for Ronald Reagan. He stood up to a lot of heat when he called Russia the evil empire. He stood up to a lot of heat when he had our military build up in this country. A lot of people said he was a war monger. Some called him Rambo. Now you do not hear much from those people, because, you know what? Ronald Reagan was right. You need to have a strong military. You need to have the first military in line of every military in the world.

But the military itself did not bring down Russia. What brought down Russia is the heart, the people's heart. Those people in Russia said, you know, there is something better, beyond that wall. There is something better on the other side of the ocean. There is something better about America. What is America doing that they have such good lifestyles?

What is America? The teenagers in Russia were saying look at the teenagers in America. They have this great music. They have these radios. Back then they had these Walkmans. What are they doing in America that we should do in Russia to improve our lifestyle?

Our military strength, make no mistake about it, our military strength kept Russia from attacking us. Our military strength was a critical element in bringing Russia down to its

knees. But the overriding factor that brought Russia to its knees or that the Russian people wanted was freedom. They wanted a taste of life that was a lot sweeter. They wanted the freedom of expression. They wanted the freedom of religion. They wanted a lot of freedoms that had been denied to them. And little by little, through Radio Free Europe, remember, that is how we got in there. Today we are going to get in China through the Internet.

Back in the Cold War days we got in through Radio Free Europe. They turned on these radios, and no matter how hard, no matter how decisively the Russian leaders tried to shut down Radio Free Europe or shut down those signals, those Russian people still had radios hidden. They would pull them out at night and listen to the Americans on Radio Free Europe talk about how good things are and how capitalism can work in your country too, that we are not asking you Russians to become Americans; we are asking you Russians to enjoy the freedoms that Russians deserve.

It was through that kind of effort that capitalism began to sneak in. American music and American music plays a very important part. You may say "that is somewhat exaggerated, Scott." It really does play an important part.

As I travel throughout the world, which I have done fairly extensively, almost everywhere I go it is American music being played, and you know the young people that listen to this music, they have good impressions of America. That is where this good music comes from. It worked the same way in Russia. You begin to see American music. You begin to see American products in the wealthier class. The ruling class in Russia had the use of these products, but the common man out there, they noticed them and they wanted them too.

Then pretty soon the operation of the government control began to collapse in Russia, and, what do you know, the Russian empire fell. Whoever thought that the Berlin Wall, that they would live to see the falling of the Berlin Wall? I never imagined it. But that was a remarkable event in our history.

Well, I think we can apply the same type of standards, and I think we ought to look from the same historical point of view as to China.

Now, what about this trade with China? What do we accomplish? Should we do it? As one of the previous speakers, who loves to talk about corporate America and big corporate this and big corporate that, I mean, you know, it sounds like a broken record. Forget talking about big corporate America. Talk about the small businesses.

Talk about, and I wish my colleague were here, talk about the farms and ranches in Colorado. Talk about the corn growers or the wheat growers. Talk about the people that produce chicken eggs. Talk about our dairy farms. There is a lot of people out

there we ought to talk about that are not big corporations in America, that are not oppressive business entities in America, that are not out to squash the freedoms of American citizens.

There are a lot of people that work very hard. In fact, they probably work a lot harder than we, and we work hard on this floor, and they work harder than we do in their small business.

Trade means something to them. With the advent of the Internet, you cannot be an isolationist. Some of your colleagues, when you hear from other colleagues and they say, "Well, look, I am for free trade. I think we should be in on the international business, but, boy, I am sure opposed to NAFTA, and I am sure opposed to China trade. By gosh, I am opposed to any trade like this."

Come on, you cannot have it both ways. And which way works? Sit down with your colleague, my friends, and say hey, show me the historical basis of where isolationism works, number one, and, number two, tell me how you are going to isolate China. How are you going to do it? You cannot. Isolationism does not work, and you are not going to isolate China.

Now, I have some pretty resentful feelings towards China. I expressed those to you tonight. I lost my friends at Tiananmen Square, so I do have a deep resentment towards the way that those leaders, the leaders at that point in time, treated their young people, and I think that China does have very oppressive human rights, and I think China's communism is not long for lasting. I think in the next 20 years it will break, just like Russia's did. I know I am no fan of China. But it is because of that very fact that I am not a fan of China, that I still contain within my heart some bitter resentment towards the Chinese government, it is because of those reasons that I think we should do exactly the opposite of what my colleagues who preceded me talked about.

I do not think we should isolate China at all. I think the worst nightmare of the Chinese leaders, their worst nightmare, is that their people will begin to get a taste of American music, of American art, of American enterprise, of American freedom of speech, of American freedom of religion.

You know what? That is what those Chinese leaders fear the most. They love it when primarily my Democratic friends stand up here and say isolation or no trade with China. They love you to talk like that, because they know they are too big for you to be any kind of threat at all to them through isolationism. They know you are not going to isolate them. They would just as soon you not try to get freedom in to their people.

My Democratic colleagues, they would just as soon you stand up here and act like this, the ones that oppose this trade. "My gosh, we cannot do this and that with China."

You know, you are taking exactly the wrong track, in my opinion. If you want to break China to its knees, and I want to do that, you begin to put free enterprise into that country. And how do you get free enterprise into that country? You get American products over there. You open up trade with this country.

Now, remember, it is in fact true the EU and a number of other trading entities in this world would love for the United States not to trade with China, because 99 percent of the products that we trade with China are nonmilitary products. So let us take the military issue out right away. That 1 percent of military products, let us not trade it. I agree with you, let us isolate ourselves on the trading of any military hardware. I do not object to that at all. I do not think we ought to give China one bullet. If they have to buy it from the Europeans, let them buy it from the Europeans.

But, that said, the other 99 percent of consumer goods, where is your objection? Do you realize that when the Chinese people get to begin to enjoy American products, whether it is a coffee maker, whether it is a disk player, whether it is the clothes, whether it is just a writing pen, I mean, whether it is a pair of skis, I mean, all of these different things, do you realize what happens when a person who has never tasted freedom gets to feel American enterprise? It is like tasting hot apple pie for the first time. You want a second bite. It sticks with you. You like that cinnamon flavor.

That is exactly what is going to happen with China. And then you know what happens? First they begin to get the taste of American products. They want more. And then they begin to want more. More products? Oh, yes, more products.

But what, more importantly, do they want? They begin to say, you know, we want more freedom of movement in this country. In America they can get in their car and they can travel clear across the country. They are not stopped at the borders. They are not searched at the borders. They can go. Why cannot we do that in China?

In America they can voice their opinion. In America they have got this freedom of religion. That is what begins to seep into this country. If you want to bring China around, do not ignore them, do not isolate them. Let us go in there and improve the situation. Let us go in there and look at it from a constructive point of view.

Now, I have heard some of my colleagues talk about, well, we could be at nuclear war with China. China, we will be at war with China within the next 10 to 15 years. Well, I do not downplay your remarks, not at all. I do not downplay your remarks one bit.

□ 2230

In fact, I think the Chinese are a serious enough military threat that we need to get on the ball over here and

we need to do two things. One, we need to not allow our President to go overseas and agree with the Russian Government to cut our nuclear arsenal below the red line, which is the line that our military experts say is the minimum we need to sustain the safety of American citizens in a conflict. We need to have a military that is second to none and is by a factor of many much more efficient and much more devastating than the Chinese military.

We need to be prepared, if China were ever to move, to defend ourselves and to protect American citizens. So I do not downplay the military threat at all. I think the United States must be fully prepared militarily to take on China or anybody else in this world that possess or exercises a threat against American citizens or our allies.

I think while we do that, we must, as we did in Russia, simultaneously get the word of free enterprise and get capitalism into China. Remember with Russia we had the nuclear missiles. We put nuclear missiles on the European continent. We shored up NATO but while we were doing all of this, we still had Radio Free Europe working. We still had Radio Free Europe. We kept plugging away. We kept trying to get American enterprise in, get American products in behind those Russian borders. It began to seep, it began to crack, and finally it did crack.

With China, Mr. Speaker, instead of saying, well, we are going to be at war with them in 10 to 15 years so let us ignore them, I say different. I say we should approach China, to the extent that we can, and get the taste of freedom to those Chinese citizens because that is one thing the Chinese Government leaders cannot take away from their citizens. Once they get the taste of freedom, it will be just like the Russian empire. Once they get that taste of freedom, no matter how harsh a leader you are, no matter what you do, that freedom will spread like a strawberry patch. It will grow and it will survive the winter and it will grow the next summer and it will survive the winter and it will grow the next summer and it will grow and grow and grow, and that is what will bring China down.

I hope my colleagues this evening who for the sake of politics are saying that they oppose trade with China, listen to my remarks. Here is a person who has a very bitter taste about what China did to his own friends. Here is a person who in his initial years of reaction to China took an isolationist policy, but here is a person who after having studied the Cuban and Russian model has decided the best way to do it is continue to build the strongest military known in the world's history but at the same time getting that taste of freedom inside the borders of China.

TAX MANAGEMENT

Mr. MCINNIS. Well, we have discussed China to the extent that I am going to this evening, but let us move on to a new subject. I notice lately we

have obviously in this country, Mr. Speaker, we have a presidential election going this year, very important election. There has been a lot of, I think, play on words or tricks through the use of semantics about, geez, the Republicans want tax cuts; that is all the Republicans want are tax cuts, and we, the Democrats, we want to keep the money, trust us, we want to keep the money and use it to help shore up Social Security. Well, I want to talk a little more about taxes and tax management, because taxes are an important factor.

I am not advocating that today we go out and produce a massive tax cut for the American citizens. There are some specific taxes that I am going to talk about that are punitive, that are punishing, that are unfair, like the death tax, which the Democrats continue to push and push and this administration not only pushes the death tax but this administration attempts to increase the death tax \$9.5 billion in the budget they gave us this year.

There is a marriage penalty which when we brought up in front of the Democrats, although they had 40 years to do something about it, there is that marriage penalty when we finally got it up here for a vote many of them voted for it. Now we see the Democratic administration opposing it.

It may never be signed. It is unfair. This is a country where we ought to encourage people to be married. We want to encourage families. We do not want our young people to be taxed just because of the fact they are married, and taxed at an unproportionate rate.

There are those kind of taxes that I think we have an inherent duty, as Congressmen, we have a fiduciary duty to our constituents, to be fair to them. The death tax is not fair. It should not be there. It is nothing but a transfer of wealth.

We are not a socialistic society. We do not, in our society, say go to the wealthy or now in our country go to even the lower middle class or the middle class, capture their assets and give them to the people. We are not a society that says go to the people that work and take away from them the fruits of their labor and give it to the people who do not work. That is socialism, and that death tax is darn close to a defining foundation of socialism and it ought to be eliminated.

What I think we should talk about is tax management. Now as we all know, Mr. Speaker, those on the Democratic side had control of this House for 40 years. I think it is very interesting, when we have heard the proposals for Social Security, when those who believe that Social Security, the people who are on it deserve more, the people who will be on it some day deserve an opportunity to enjoy the taste of American enterprise by having personal investment accounts, I find it interesting that the people who managed it, the Democrats, for 40 years and got it into the deep hole that it was in now

are saying to the American people, my gosh, the Republicans have come up with a good idea; run from it, people, run from it.

How dare any of us think of something different to do with Social Security. How dare any of us talk about a person actually having some choice in their Social Security dollars. Trust us. For 40 years we ran the Social Security and we ran it into the hole, but do not change. My gosh, our historical basis, 40 years of lousy rotten management and now, by gosh, the Republicans are proposing a tax change or a change in the management of Social Security. Well, it is the same thing with taxes. Take a look at what has happened to tax management since the Republicans took control.

Now, I generally do not like to get too partisan in my remarks on the House Floor but this floor is designed for partisan debate, and there is a clear distinction between the Republican Party and the Democratic Party when it comes to tax management. In my opinion, the Democrats manage taxes in every way possible to get the maximum tax dollar transferred from the local and State government to the central government or to the Federal Government in Washington, D.C.

Now when we took control, when the Republicans took control, take a look within those 6 years what has happened with tax policy. I will give an example. This could have happened in any of the 40 years that the Democrats controlled your taxes. It took the Republicans to make this tax change, to manage these taxes.

What did we do? The Republican Party, through our leadership, realized that the one property that most people in this country dream of, that really is the largest asset in most of the homes of this country, in most of the families of this country, is the family home. Yet we found out that the family home, under the tax management of the Democrats the last 40 years, that the sale of this property, the sale of the family's largest asset was being penalized. It was being heavily taxed. So we proposed a new idea, and, of course, we had the typical the sky is going to fall, just like we hear on Social Security. Do not try anything new on Social Security. Stick with us. We have had 40 years of rotten management. Stick with us, trust us, count on us.

The same thing with this tax, but fortunately we have the majority, and the Republicans looked at what individuals and couples pay for their home. Now let me say what the old law was. The old law said that if someone sold their home for a profit, in other words if they bought a house for \$1 and they sold that house for \$2, they then had to buy a house of equal or greater value to what they sold the last one. So they bought it for \$1. They sold it for \$2. To avoid being taxed on the \$1 of net profit they made, they had to buy a home that had a value of at least \$2. They had to do it within an 18-month period

of time or they paid a very steep tax on the fact that they were able to sell the family's biggest asset at a profit.

Now there was one exception to that. If one was 55 years old, they got a once-in-a-lifetime exemption of, I think, \$125,000 or \$150,000. We changed that. We believe that the family home is an asset that most families try and build up equity. A lot of families build up equity in their home that they intend to use for their retirement. A lot of families build up equity in their home that they hope to be able to pass on to the next generation. Why penalize the families on their home? And therein is where the Republicans differed with the Democrats on tax management.

So what did we do? Here is what we proposed, here is what became law. Again, let us look, before the Republican tax bill, an individual, this individual bought a house for \$100,000, sold the house for \$350,000. The profit was \$250,000. The tax, the income that would be taxed is \$250,000. Now that is an individual.

Let us take a couple, an example of a couple. Let us say a couple bought a home for \$200,000. Let us say that they sold the home for \$700,000. So obviously their profit is \$500,000. They paid taxes on \$500,000. We changed that. Here is what we did, and every one of my colleagues that owns a home ought to pay attention because every homeowner in America gets a tax break if they make a net profit on the sale of their home; every American. For most Americans, Mr. Speaker, it will be the most significant tax break they have gotten in their life. It is significant.

We went and said, all right, up to an amount of \$250,000 we are going to charge zero taxes. That is for an individual. So if an individual buys a home for \$100,000, sells the home for \$350,000, giving us a profit of \$250,000, the taxes are zero. Remember back here under the Democrat leadership for 40 years, \$250,000 profit, \$250,000 that would be taxed. Our \$250,000 now, in law, our bill on the Republican side, the tax is zero. The American people get to, Mr. Speaker, put those dollars in their pocket.

Now, what happens to those dollars? Number one, they do not come to Washington, D.C. for redistribution. They stay in their community. They either go buy another house or they buy some additional property or they buy a new car or they put it in a savings account in a bank that turns around and loans it to somebody who wants to buy a new car. That is money staying in the community. That is money that is staying in the family.

Under the Democrat management of these tax dollars that money went to the bureaucracy in Washington, D.C. for redistribution. Under the Republican policy, that money stays in the taxpayer's pocket.

For a couple, most homes in America are owned by a couple, we gave that a \$500,000 exemption. So here the couple buys a home for \$200,000. They sell the

home for \$700,000. They make \$500,000. Under the Democrats, they pay taxes on \$500,000. Under the Republicans, they pay taxes of zero, zero.

Now, whenever one hears the Republicans talk about tax management, they hear some of the Democratic leadership talk about, oh my gosh, if we cut taxes we are going to cut education. Why education? Because they have been out there with their polls, and the polls say, look, if you want to scare somebody tell them they are not going to get the education for their kids. Who would not get scared? We all want a good education.

We heard the same kind of the sky is falling in when we did this tax management policy. Mr. Speaker, have any of you who have owned a home, who have enjoyed this tax management, have any of you out there seen a school close or one school in your county, in your city, in your State or anywhere in this country, one school get one less dollar because we let the American family put these dollars back into their pockets instead of transferring them to Washington?

□ 2245

No. What we see is a record surplus in Washington, D.C. This is good tax policy. This is the kind of tax policy that differentiates between the Republicans and the Democrats.

Let us talk about some other tax policy. Again, keep in mind, here is another difference. I talked about it earlier, but it is important to re-note. With death taxes, Mr. Speaker, we know there is a difference in the parties in this. The administration, the Democratic Party in general, not everyone, but in general, supports these death taxes.

They think it is appropriate to go out to somebody who has worked all of their life, paid taxes on their property, in some cases paid taxes one or two or three times, and the instant they die, send in the governments, get in there and raid their pockets. It is called the death tax.

There is a significant difference. The Republicans want to get rid of it. We want to eliminate the death tax. It is not fair. It is punitive. It is on property that has already been taxed. It has already been taxed.

Let us talk about the other tax that we managed to get rid of, a little more successful than we have been with eliminating the death tax. Do Members know what happened? Democrats, as soon as we put this in front of them, they voted for it. For 40 years they had an opportunity to get rid of it and they never even brought it to the floor. Once we got it to the floor, this thing went out with unanimous support. Everybody voted for it. Everybody went back to their districts and talked about, hey, look what we are doing for the seniors. Look how good we have been to the seniors.

Let us talk about what that does. What the tax on the seniors did, as

many know, we have one particular paragraph, beneficiaries, we know this, aged 65 to 69, full retirement age, could only earn up to \$17,000. After that, that is all they could make.

We have an employee shortage. We have a lot of senior citizens who may be senior citizens as classified by age, but they are good workers. They want to be in the marketplace. They want to go to work every day. They are productive.

The philosophy, frankly, of the Democratic Party through their tax management policy, and again, we are talking business, here, and I am not trying to be partisan, but let us talk business, because there is a difference in management. The management that they had frankly was that the \$17,000, it should be limited. Once earnings go over that \$17,000, they should lose \$1 of social security benefit for every \$3 they make in the marketplace.

Was that fair? We said no. We did not think so. Do Members know what the Republican policy management was? Do Members know what the Republicans said about this tax? Here is what we do with it, take away the tax that we are putting on senior citizens who want to work.

I appreciate the fact that all my colleagues on the Democratic side voted for it. But I also question the fact, where has it been for 40 years? How in God's Earth could they justify doing that kind of tax? How do they justify a death tax? How could they justify a tax on marriage penalties, penalizing somebody who is married?

Let me mention another tax that helped our economy. In fact, if we talk to a lot of economists, these economists will tell us that one of the most significant factors in the healthy economy we have today is that when we took control, the Republican tax management philosophy was take capital gains, which was then 28 percent, and drop it, drop capital gains, which is exactly what we did. We took it down to 20 percent.

Now, we heard from the other side, of course, the sky is going to fall down, schools are going to close, we are not going to get our highways, and that this is the wrong time to give money back to the American citizens, even though there is a huge surplus.

Do Members know what happened? A funny thing happened. In the last several years, hundreds and hundreds of thousands of American citizens began to buy mutual funds. Hundreds and hundreds of thousands of American citizens began to invest. They begin to recognize that, hey, this is an opportunity. This is a good economy.

Do Members know what? Capital gains all of a sudden, and that is what we call this, capital gains taxation, all of a sudden the meaning of capital gains grabbed a lot of people's attention. When we dropped it from 28 percent to 20 percent, we had an explosive, an explosive economic growth.

That 8 percent may not sound like much, but wait until one is a middle-

income person or lower-income person and sells some stock and realizes 8 percent of it, gets a tax break of 8 percent.

Did they close any schools as a result of dropping capital gains from 28 percent to 20? No. In fact, what happened was the money to the Treasury went up like this. We saw more movement in the capital markets. We saw capital being created. Now we had more dollars than we ever had for schools. Now we had more dollars than we ever had for highways. Now we had more dollars for a lot of different needs that we have in this country.

That is important. That is important tax management. Education, for example, and I cannot find anybody that disagrees with this, is one of the highest priorities our Nation should have. We should fund it. I think funding it is in part a responsibility of good tax management.

Members will see in this upcoming election, on their side they are going to try and say, my gosh, do not let the Republicans cut taxes. To be fair to those voters out there, colleagues, I think we all need to talk about the kind of taxes that we want to cut.

I think to be fair out there, they need to say, you know, the Republican leadership wants to do away with the death tax. What do you think about it, people? Is it fair to tax you all your life for property you have earned and made through the American system, and then on your death, tax you, take it away from you, force your family to sell it and transfer it to somebody else, to the bureaucracy in Washington, DC?

When we talk about tax cuts by the Republicans and our tax management policy, ask them if it is so wrong to eliminate the marriage penalty. In our country where we penalize people for being married, what is so wrong with eliminating that? When they talk about the tax policy that the Republicans have, ask how many homeowners who sold their homes would, rather than have paid taxes on those in some cases tens and tens and tens of thousands of dollars, would rather have paid taxes and had a lot more faith in sending that money to Washington, DC than being allowed to save that money and use it in their own community?

That is the kind of tax policy we are talking about. It is the same thing with social security. As we go, they go out to condemn us on social security because of the fact that for the first time in 40 years we have somebody willing to stand up and take the lead. We have somebody strong enough that says, I will take some bumps and bruises, but we have to change the course. We have to continue to give security to the people on social security, and we have to give promise to the people who some day will be on social security.

What is wrong with that? They ought to talk about that, talk about the 40 years of management that preceded these tax reductions, these tax management policies. They ought to talk

about the 40 years of management with social security.

My point here this evening is this: All of us, Republicans and Democrats, have a fiduciary responsibility to help fund this government in an efficient and productive fashion. That means that we must deploy good management tactics.

There are times where we may have to have some type of tax adjustment. Do not run away from it. There are times when we have to have a change in the management of social security. Do not run away from it. The best way for us to protect social security for the people today, and every Republican plan I have seen out there gives absolute protection to the people on it today, and frankly, protection from my generation, but it gives promise for the generation behind us. Do not run away from it, analyze it, take a look at it.

I wish they would have analyzed the marriage tax penalty years ago, and what they were doing to seniors who wanted to go out into the marketplace and earn a living. They penalized them for it. I wish they would analyze what they are doing to American families, small businesses, farms, ranchers, with the death tax.

I wish they would analyze some of those things. If they do, they are going to say, look, folks, we cannot give all of the money back, but we can manage some of it. When we manage our taxes, everybody wins. That money stays in the community. It still helps the Federal government. When we keep money in the community, if we want to talk about helping education, keep that money in the local community. That is where we help education.

Mr. Speaker, let me move off the taxes and just kind of wrap up my final comments with some points I think that are important on education.

I am very excited about education this year. I have seen in Colorado what we are doing with education for the first time I think in 12 years. The Governor of the State of Colorado, Governor Bill Owens, has fully, and his legislature, have fully funded education in Colorado.

We have a new program, the Governors' educational reform program, that was kind of like Reagan when he caught holy heck for his defense program, and Governor Owens has gotten some grief on his education reform. Five years from now or 10 years from now we are going to look back at Governor Owens' reform package and say, you know, he was right. He did a good job.

I am excited about education at the Federal level. I am beginning to see that the American people are beginning to focus more and more on the student in the classroom and less and less on the bureaucracy that is built above that student.

I think the American people are beginning more and more to realize that we need to bring discipline back to the schoolroom; that discipline is a necessary tool to teach our young people.

I think the American people, and it excites me, are beginning to say about our schools, you know, uniforms may not be a bad idea. Let us bring uniforms to our schools. Philadelphia, I think, is the most recent one to try it. They caught some heat.

Somebody said, well, it takes away our freedom of expression, but it introduces a form of discipline back in the classroom. I am excited about these things. Had we not had the debates we have had on this floor and the debates that have been held in our 50 States, probably in every school district in this country, our product of education would not have improved.

It needs to improve. This country has got to have education that is second to none. But just like the taxes, we need management. That is why the Republican leadership has spoken so strongly about discipline in the classroom, about uniforms in schools, about fully funding schools, like they have done, like the Republicans did in Colorado.

Why do I keep saying Republicans? Obviously, I am a Republican. I am proud of what we are doing. At one time many years ago I was not so confident that the Republicans were giving education the attention it needs. Now I am concerned that the Democrats are hanging onto the old ways, the ways that have been proven inefficient, instead of letting us put reforms in these schools that will bring back the basics, math, English, school discipline, the reading.

But as a team, I think we can improve education. I am willing to work with them as a team. I think it is an exciting year. I think the next 3 or 4 years will be even more exciting for education.

Mr. Speaker, in final conclusion, let me say to my colleagues, they should not disassociate themselves or disqualify themselves from talking about tax management. We need to manage those taxes. We have been very successful. Do not run away from trade with China. That may be the very way we break China and bring them around to the freedom of America.

Finally, stick with us on our education agenda. We have an agenda that will improve that product to the student in the classroom, that student that will be the next leader of America.

ILLEGAL NARCOTICS

The SPEAKER pro tempore (Mr. SIMPSON). Under the Speaker's announced policy of January 6, 1999, the gentleman from Florida (Mr. MICA) is recognized for half of the remaining time before midnight, or approximately 32 minutes.

Mr. MICA. Mr. Speaker, I am pleased to come before the House again on a Tuesday night to talk about a subject that I usually discuss with my colleagues in the House of Representatives, and that is the problem we face in our Nation and across our communities in America of illegal narcotics.

We also have an incredibly serious problem with drug abuse that is affecting almost every family in our Nation. If we look at the root of the real problems in our society, criminal problems, disruption in families, serious crimes committed, we need look no further than the problem of illegal narcotics.

I know much of the attention of Washington and some of the Nation was focused here on the events Sunday, on Mothers Day. I think that every American abhors violence. I think it is rightful that mothers would come to this city and plead for an end to violence.

□ 2300

I think that everyone who is a rational human being would be against gun violence, gun violence against another human being, using a weapon to destroy life, to harm an individual. So I think we all abhor that. But what we fail to address really is the core problem.

This past Monday, I had the opportunity to attend the National Memorial and Recognition Service for police officers who had been slain. Some 139 police officers across our Nation were slain this past year. Talking to police officers who were visiting from my community and from around the Nation and speaking to police officers and law enforcement officials as I go about my responsibilities as a Member of Congress, they all tell me the same thing; and that is, that illegal narcotics are at the core and again the source of so many of our crime problems, so many of our felonies committed. So many of the people behind a weapon whether it is a gun, a knife, some other instrument of death and destruction are motivated by illegal narcotics.

In fact, in hearings that I have conducted as chair of the Subcommittee on Criminal Justice, Drug Policy and Human Resources, hearing after hearing, we have heard individuals testify that illegal narcotics contribute to crime, disruption of our social life. That is 60 to 70 percent of those behind bars, and we now have some 2 million Americans behind bars, are there because of a drug-related offense.

Most of these offenses are not mere possession of small amounts of marijuana. They are not small drug offenses, in some localities misdemeanors. These are multiple felonies. One really has to try hard, according to a New York State judicial survey of those surveying in that State taken last spring. That survey indicated most of the people in New York State prisons are there because of multiple felonies. One really has to try hard to get in prison in some of our jurisdictions, and it takes multiple and very serious offenses to be there.

There are exceptions to that, and we have heard testimony of tough minimum mandatory sentencing. But for the most part, illegal narcotics drives crime in this country. Not only does it

drive murders, but it drives drug-related deaths.

In the last recorded year, 1998, we do not have the 1999 figures yet, 15,973 Americans lost their life as a direct result of illegal narcotics, consuming illegal narcotics. These are not the flashy news reports that one sees that are publicized, say, with the action of a young child shooting a young child with a handgun. These are silent, nonetheless deadly incidents of overdose, of young people in the numbers three and four times those lost in one incident in Columbine, a horrible national tragedy. But that horrible national tragedy is repeated three and four times each day if we count all of the drug overdoses across this country.

Our Drug Czar, General McCaffrey, has estimated that the deaths, if we took into account all of the causes related to use and abuse of illegal narcotics, would exceed some 52,000 a year, an incredible impact. As much of an impact as our last major conflict, international conflict, the Vietnam War. Again, a deadly problem for this country and for our society and sometimes pushed into the background.

The march that was held on Sunday focused on violence and in particular gun violence. The media stories, as I have recounted over the past month or two, have focused on several incidents involving guns. A 6 year old shooting a 6 year old, and again the focus was the gun. But the real problem was the 6 year old came from a crack cocaine family. The 6 year old came from a family whose parent was in prison because of narcotics, serious narcotics offenses, an environment that was harmful, an environment that provided the motivation and the setting for a 6 year old to commit mayhem.

Then of course the media focused on, I believe it was, a 12-year-old who brought a gun to school and had all of his fellow students on the floor and threatened them. When asked why he brought that gun to school, he said it was because he wanted to join his mother, be with his mother. She was in prison because of a drug offense. Another tragedy.

Most recently, we had in Washington, D.C., during the spring and Easter Passover break a horrible incident when African American families in our Nation's capital were celebrating a day in our National Zoo; and what took place there was mayhem among young teenagers, I believe a 16 or 17-year-old teenager who fired the weapons in that case, wounding a number of individuals. The focus was again on the gun.

But here is another young individual in our Nation's capital, the victim, not just of gun violence and participating in gun violence, but coming from a home of drug violence. His father is in prison because he was part of a Washington, D.C. drug gang. That is a sad event for our Nation's capital.

But, unfortunately, that sad event has been repeated for the last decade day and day and day again. I cannot