Is providing families with a $500 per child tax credit, giving money to the most privileged? Definitely no again, especially when 74 percent of the benefits go to families earning less than the $75,000. Actually there should be no cap at all.

I guess the liberals have to engage in class warfare because liberal Democrats are the party of failed promises and broken dreams. This is the only defense they have, since, for over 30 years they have done nothing to slow spending, just raise taxes.

Look at the facts. President Clinton promised middle class tax cuts in 1992 and failed to deliver. But he did pass the largest middle-class tax increase in history.

And after the last election, the President and the minority leader proposed tax cuts, only now to withdraw them.

The President promised deficit reduction but his current budget continues $200 billion deficits from now to eternity.

Mr. Speaker, Republicans have kept their promises, and the liberal Democrats have kept their tired rhetoric. It is the Republicans that will lower taxes, balance the budget, and downsize Government.

Republicans are showing the Nation they have the courage and integrity to create a stronger America.

BASEBALL STRIKE OVER

The SPEAKER pro tempore. Under the Speaker's announced policy of January 4, 1995, the gentleman from Illinois [Mr. DURBIN] is recognized during morning business for 5 minutes.

Mr. DURBIN. Mr. Speaker, I have two different messages this morning. First, let me say this.

After months of interminable negotiations and public relations one-upmanship, the baseball strike appears to finally be over. On both sides during the course of this strike we have seen our share of heroes and cads. May I, as a lifelong baseball fan, give the baseball owners and the players a word of advice?

Your generation of owners and players has been entrusted with an American institution as venerable as any in our country. America has now endured this strike, the loss of a world series and threats of another lost season with amazing equanimity. Now please put this sad chapter in our Nation's history behind us and play ball.

TAX CUTS FOR THE WEALTHY

Now, let me switch to the political side, if I might, for a moment.

The gentleman who spoke before me kicked off the week in a series of speeches which you will hear from both sides of the aisle about the so-called Republican contract and the first 100 days of the 104th Congress. I have taken to this floor many times during the course of this debate on the Republican contract and for the most part have been critical of the proposals on the Republican side. I voted for a few. I voted against many more.

But let me say at the outset that even though I disagree with many elements in the contract, I certainly disagree with the procedure by which it has been brought to the floor, I have viewed the last 95 days or so as exciting, interesting, and really one that has brought new enthusiasm to this House of Representatives and for that I would like to salute the Republican leadership. They have brought to this floor ideas that have been debated.

The reason I am in public life is because I like the battle of ideas. And, boy, we have sure had a lot of them on the floor over the last several weeks, and we are going to have a big one this week.

In the last few months we have had suggestions from the Republican side to create orphanages. Now there was a concept people had not heard of in a long time. They finally gave up on that idea, but they kicked it around for a while.

They had a proposal they did not give up on to cut the school lunch programs. Unfortunately, that is one that is going to have to be taken care of either by the Senate or the President.

And now they are still working on the concept of cutting student loans for kids from middle-class families who want to go to college and trade school and improve their lives. I certainly hope my Republican friends have second thoughts about those.

But the item for debate this week is one that has already been touched on and that is the so-called Republican tax cut package. Keep in mind, ladies and gentlemen, that every politician would love to stand before you in this well and back home and say, ladies and gentlemen, for this campaign, I present to you a tax cut. And, of course, the crowd will applaud. Everybody loves a tax cut.

But, frankly, if you take a close look at this tax cut from the Republicans, it is a lot different story than it first appears.

The gentleman who spoke a few minutes ago talked about the small-change items in the tax bill that generally do benefit good people, senior citizens and working families and people who want to save for their futures. He overlooked the fact that 51 percent of the benefits of this tax bill do not go to those folks. They go to the wealthiest people in America. The privileged few are going to score again.

And you know who is going to pay for it? Once again, working families all across this country. Because you cannot give a tax cut without paying for it. You are going to add to the deficit.

So the Republicans want to add $178 billion to the deficit over the next 5 years and then over $400 billion in the 5 years following that. So it will cost us over $600 billion for this little tax cut deal.

The last time we had a tax cut proposal this big was when President Ronald Reagan was in the White House. He said it was going to cure America's problems. We all know what we got for it, the biggest national debt in the history of the United States of America. It was a tax cut that did not work.

And I am afraid this one is the same. Let me just give you one example.

The Republicans eliminate what is called the alternative minimum tax. Now this is a tax on wealthy, profitable corporations in America which was imposed several years ago because we found out that some pretty smart lawyers and accountants had figured loopholes in the Tax Code, and many of the most profitable companies in America, billion dollar enterprises with millions of dollars of profit, were not putting a nickel in the Treasury. They took advantage of this wonderful economy and this system of government and did not pay a penny in taxes.

We said, you know, whatever happens you have got to pay a minimum tax to really contribute to the growth in the country and to pay the bills.

We put the alternative minimum taxes on the books. The corporations paid their taxes for 5 or 6 years. Along come my Republican friends, and they say, ''That is unfair. We want to get back to the old days when profitable big corporations would not pay any taxes, where they could get off the hook completely.''

That does not make much sense because in order to give that break we have got to continue to cut important programs in education and nutrition.

SUPPORT FOR THE TAX RELIEF ACT

The SPEAKER pro tempore. Under the Speaker's announced policy of January 4, 1995, the gentleman from Georgia [Mr. NORWOOD] is recognized during morning business for 5 minutes.

Mr. NORWOOD. Mr. Speaker, I rise today in support of the Tax Relief Act because it is the right thing to do for America. We will put money into the hands of hard-working people who need their own money to make ends meet. We will provide tax relief for working seniors. But more than anything else we will do this week, we will draw a line between the two parties. We will make it crystal clear to the American people which party fights over big government and big spending and which party wants you to have more of your own money.

Mr. Speaker, that we are doing the right thing for America should be obvious—we will pass a $500 tax credit. Families with children earning less than $25,000 will have their entire Federal income tax liability eliminated by the tax credit. We will lower the burden on married couples struggling to get by, by passing a tax credit for married couples. We will pass the American dream savings account which will allow hard-working families to save money for college, or a home, or health care tax free.

We will raise the earnings cap on seniors to allow them to hold a job without facing an outrageous tax bill. Under current tax law, a senior who makes over $11,000 will face a marginal tax rate of 56 percent, that is more than the tax rate for millionaires. We will send the right message to working seniors—that it is good to work at any age, unlike the current negative message that says the Federal Government will penalize you for working.

Mr. Speaker, the Tax Relief Act will provide tax incentives for people who purchase long-term health care. We will also provide a tax credit for people who provide long-term care at home for an elderly relative. We will increase saving in this country by encouraging IRA investment.

Simply put, we will provide tax relief for millions of average Americans who will greatly benefit from the opportunity to keep more of their hard-earned money. And that is what separates us from the Democrats.

Mr. Speaker, the Democrats will argue that we are giving tax breaks to the rich. Of course they defined rich. That the Democrats hate the rich is a given. We could talk about why for hours, but there is a far more troubling aspect to the Democrats argument. Time and time again, we hear the Democrats arguing for bigger government and more of your money.

During the unfunded mandates debate, the Democrats argued that the Federal Government knew best and the States should follow our orders regardless of the cost. During the regulatory reform debate, the Democrats argued that Federal regulators needed their dictatorial power. When we argued for greater local government control during the crime bill debate, the Democrats argued that the faceless bureaucrat knows best. And when we took power away from the Federal bureaucrats who run the welfare system, the Democrats screamed from the roof tops that we were starving children, which could not have been any further from the truth.

Mr. Speaker, this debate over the Tax Relief Act is not about rich or poor, it is about control. When we vote for you to have more of your money, for you to spend your money on your children or your home or your retirement, you control more of your money, and government should do less. There will be fewer unfunded mandates, less regulation, less control over crime and welfare spending by the Federal Government. Less of all the things Democrats hold dear. The Democrats want your money to fund big government programs. When we give money back to you, they lose control. They want to keep your money. We want you to have more of the money you worked hard for, it is just that simple.

NO NEW TAXES ON FEDERAL EMPLOYEES

The SPEAKER pro tempore. Under the Speaker's announced policy of January 4, 1995, the gentleman from Virginia [Mr. WOLF] is recognized during morning business for 5 minutes.

Mr. WOLF. Mr. Speaker, as the first Member of Congress to introduce the family tax credit in the 103d Congress, I am troubled with the tax bill we will vote on this week which includes a much-needed $500 tax credit for families with children on one hand but also includes a payroll tax increase on Federal employees on the other. Federal employees are virtually all middle-class taxpayers. We promised no tax increases on middle-class Americans. And I am personally very disappointed to be put in such an untenable position.

I was calling for the family tax relief in the 102d Congress and the 103d Congress when Republicans in the White House and many in Congress would not give it the time of day. Yet my bill for family tax relief garnered bipartisan support for 263 cosponsors in the 102d Congress. Raising taxes to fund a tax cut was never part of the picture.

So why sully our tax package now with a tax increase? President Bush did not balance the budget by raising taxes and neither did President Clinton. We will be breaking our promise in the contract not to raise taxes. Therefore, I hope that it will not only be those Republicans with large numbers of Federal employees in their districts who will oppose payroll tax hikes own certain groups but all on our side on the aisle who signed the contract as well as those Democrats who oppose increasing taxes on the middle class.

We are repealing in this bill the Social Security tax increase which the Democrats passed to balance the budget because it hit many middle-class retirees. Why repeat that mistake by picking on another group? And why repeat the disasters of the past in breaking promises on tax increases?

A fundamental tenet of the Contract With America is the commitment to no new taxes. Once we cede the tax issue in any area we will be open to the argument that it is OK to raise taxes; it just depends upon whose.

We should not be talking about raising anybody's taxes. But this bill singles out Federal employees for a dramatic increase in payroll taxes. For example, an FBI agent, who everyone in this body would call if your wife or husband or children was kidnaped, an FBI agent with two children earning $50,000 will pay an additional $250 a year to the Federal Government even with the $500 tax credit. This is a $1,250 hit without the tax credit.

The provision that was put into the bill is even more onerous than the provision proposed in the Committee on Government Reform and Oversight and that was unable to even make it out of committee. There were only 2 days of hearings on this very complicated issue and, quite frankly, there was still many issues unresolved. This is not a good precedent to be setting.

Furthermore, most management experts will tell you that as you are downsizing it is important not to demoralize the remaining staff. Let me just say it again. As you are downsizing it is important not to demoralize the remaining staff. Hitting Federal employees across the board with a payroll tax like this in conjunction with downsizing efforts will have a devastating impact on morale at a critical time.

What Federal employees? FBI agents, DEA agents that are keeping drugs out of schools, CIA agents, Secret Service agents that would stop the bullet that kills the President of the United States like Timothy McCarthy who saved President Reagan's life. Cancer research at NIH.

When you downsize you treat the people you keep well and you do not demoralize them. This issue of unfunded liabilities in the Federal pension system is still open to considerable debate. The Congressional Research Service reported that the trust fund balance is adequate to provide needed budget authority on an ongoing basis. The combined funded and unfunded liabilities of the old retirement system is the amount that the Government would have to pay all at one time if everyone who is or who has ever been a vested CSRS participant could demand a check for the present value of all the benefits to which they would be entitled from that time throughout retirement until their death, taking into account future pay raises they might receive and cost-of-living adjustments after retirement.

□ 1300

As the CRS noted, ''This event cannot happen in the Federal retirement system.'' Federal pension obligations would not just come due all at once, at one time.

Furthermore, given the large downsizing effort in progress, the pension liabilities will be dramatically reduced in coming years, and this is just one more reason why it is particularly unfair that Federal employees will see the huge jump in their payroll tax. Some of them will be gone before this pension even vests.

Instead of including this complex issue in this tax bill, perhaps we need a bipartisan commission to look at it. I am asking that the tax increase provision be removed and that we complete the final plank in the contract without any tax increase.

I include for the RECORD a memorandum and letters to Mr. Darman.