per child yet their children are not graduating, they are not reading and they are not succeeding. Schools in New York: Some of the schools that I visited, $2,200 to $2,500 per child, and they are very, very successful. More spending does not always equal better.

We need to focus on how we spend it, not how much money is being spent. That is what Education at a Crossroads is doing: Visiting communities, talking to people, finding out what is working, finding out how effective the Federal programs are, and then going back and identifying what we need to do in Washington to straighten out our bureaucratic mess so that we can help our kids.

The focus of this whole issue cannot be the Department of Education or the other 38 agencies that are trying to educate kids. It cannot be a bureaucratic focus. It cannot be on this town. The focus has to be on kids around the country.

□ 1445

The problem that we have in Washington today and the problem that we maybe have in our country today is if we go back and take a look at this graphic: Where education in this country is supposed to be, parental involvement and local control, independent of Washington interference, so that programs in classrooms, in instructional materials, in instructional lessons can be tailored to the needs of every individual child in every individual community.

What we have found is that rather than local control, these 39 agencies in Washington that are trying to educate our kids have made the street that some of you may walk down to get to work every day, which we fondly call Independence Avenue, when you take a look at who is lining the sides of that street, it is all the bureaucracies here in Washington, and the end result is one of these days we may have to rename it, not Independence Avenue but Dependence Avenue because all of these agencies are fostering local dependence on Washington bureaucracies before they can do anything. That is why parents are frustrated.

This is ironic. Why are parents frustrated? Kids cannot do math so we are going to have 100,000 new tutors. They are going to be administered by an agency that cannot even keep its own books. All parents are frustrated because they want to give their children a chance to receive a quality education and we stand in the way.

We are investing a tremendous amount of money in education. But too often it seems like that money is wasted. It is not getting to our kids and it is going to inefficient systems, so it is wasted. Think of how much money is spent on administrators and education bureaucrats. Think of how little money actually reaches the kids. Like I told you earlier, 60 cents of every dollar gets to our children.

I yield to my colleague from Florida.

Mr. SCARBOROUGH. I do not want to take up too much of the gentleman's time, but I will just briefly say, he talked about Dependence Avenue and the bureaucracy, the Federal bureaucracy on Dependence Avenue, the Department of Education bureaucracy.

I think one of the finest examples of how Americans' dollars, tax dollars, come up to Washington, DC to these huge Federal bureaucracies and do not get back home is the example of the Department of Education who 2 years ago said that they had to cut their budget by $100 billion to keep schools across the country safe from caving in and collapsing. But in that same budget where they cut $100 million from the safe schools part of the program, they added $20 million just to improve their single bureaucracy building on Independence Avenue.

So here we have an example not of robbing Peter to pay Paul, but an example of the Federal bureaucratic machine robbing our children to feed bureaucracy instead of doing what needs to be done in education. I applaud the gentleman for actually having the courage to stand up and say enough is enough to this nonsense, and I thank the gentleman for yielding.

Mr. HOEKSTRA. I thank my colleague from Florida for those comments. That is why parents are frustrated. They want to give their kids a quality education, and at the end of the day they see us taking care of bureaucrats and bureaucrats not taking care of their kids, taking care of Washington but not taking care of Holland, MI. And it is kind of like, well, we never really wanted you to take care of Holland, MI, in the first place, but you took all of our money and you sent it to Washington and now to get it back we need to do what you want us to do and then think of the results.

What is happening? How much money is spent on education? Consider the results. Half of American children cannot read, cannot meet the minimum expectations for math and reading. We spend more money per child than nearly every other industrial country, yet our children simply are not learning the way we would like them to.

Think about this. Why are parents frustrated? Why are parents frustrated? They want to give their kids a quality education. Fewer than half of all dollars spent on public education are spent in the classroom. Fewer than half. Low test scores, frustrated parents, kids who are not learning, plenty of money, fewer than half the dollars are spent in the classroom. They are spent on bureaucrats, on support personnel, on administration buildings, but less than half are spent on children in the classroom.

Parents, local control, that is most important about getting our kids to learn. We must restore the crucial parental role in education. Parents have the right to choose the school that is best for their child. Parents have the right to choose the best school for their child. Parents have the right, not bureaucrats assigning kids. Parents pay for it, it is their tax dollars, it is your tax dollars. Tax dollars should go to the schools of the taxpayers' choice.

Remember, at the end of the day, more does not always equal better. Only in Washington is that accepted, that more equals better. In the rest of America, it is fairly common knowledge that more does not always equal better. It is not how much money is spent, it is how we spend it. When we spend a dollar and only 50 cents goes into the classroom, the answer may not be spending $1.20 to get 60 cents in the classroom. It may be taking a look at the dollar and saying 50 cents of overhead, that may just be too much. Maybe we can take that dollar and maybe we can find another dime for our kids if we take it out of the bureaucracy, maybe if we take it out of the paperwork shuffle between local school districts, State bureaucrats and Washington bureaucrats. Maybe if we take it out of that system, maybe if we simplify it and we make it 200 programs instead of 760 programs, maybe if we make it 2 agencies instead of 39 agencies, maybe we could just find that extra nickel or that extra dime for our kids. It is not how much is spent, it is how we spend it. Today we are spending way too much on the wrong kinds of things. We need to get the money into the classroom.

THE LONG-TERM CAPITAL GAINS SAVINGS ACT

The SPEAKER pro tempore (Mr. COLLINS). Under a previous order of the House, the gentleman from Texas [Mr. BENTSEN] is recognized for 5 minutes.

Mr. BENTSEN. Mr. Speaker, I rise today to introduce legislation, the Long-Term Capital Gains Savings Act, that takes an innovative and I believe economically correct approach to capital gains tax policy. This legislation seeks to reward long-term economically productive investment and encourage Americans to save for the future.

I might also add that I have been one who has voted consistently for a balanced budget and said we should put off tax cuts until we balance the budget. I still think that is a prudent policy, but as we see both the administration and the leadership of the Congress moving in the other direction, I think it is also prudent that we lay out markers of what would be good tax policy.

This legislation is identical to S. 306 introduced by Senator WENDELL FORD in the other body and would provide for the maximum capital gains tax rate to be adjusted downward the longer an investment is held by the taxpayer. For every year an asset is held, the tax rate would be reduced by 2 percentage points down to a rate of 14 percent after 8 years or more. The top rate would remain at 28 percent for investments held less than 2 years. I am attaching a chart outlining this sliding

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

	Percent[1]
Assets held for the following period:	
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