in the deficit reduction package we did. We helped out those who needed help; $2,300 she receives.

Under the Democratic bill that we passed earlier, she would get $600 from the child credit for 1998, 1999 and 2000, in addition, to her earned income credit. So she would get about $3,000. This is a mother, two children, trying to work and stay off welfare. So we are going to give her approximately $2,900.

Under the Republican bill, what would she get? Nothing. Nothing. In fact, she loses money because they take money away under the earned income tax credit because she already has an earned income tax credit. The $600 she would have received, they take away. The poor get poorer and the rich get richer. We in the middle class get squeezed.

How about a community college student? We were talking about education, the gentleman from Illinois and others did. Let us take a college student who completes his first year of college. Tuition in my district is about $1,400 a year. Parents making $75,000 a year; under the Democrat bill, his parents would have received for that first year of college tuition about $1,100 in tax credit for his community college. He would be eligible for 20 percent tax credit for tuition costs in his 3d and 4th year.

Under the Republican bill, what do they receive for sending their son to community college for $1,400 a year annual tuition? He would receive $800, not the 1,100 we would give, and the third and fourth year they get nothing. There is nothing there. What do they do for the 3d and 4th year if they want to get a 4-year degree?

So these proposals we speak of, the tax breaks, have to be very targeted, very specific, and be real to the people we represent. That is what I think the Democrat plan does. We do not want to see the rich get richer but we hope they would help us out.

We took the tough votes, and I just wish that we would just finish balancing the budget and if there is money left over, give some tax breaks. But if we are going to give these tax breaks, then let us make sure the folks who need the helping hand, not a handout but a helping hand, get a little help. We are a rich country, we are doing well, the economy is doing well. Can we not help out the folks who need a little extra?

These figures about median family income, that is my district. I have the top half of Michigan, 43 percent of Michigan. It is a large State with a median income of only $27,000. That is what we are talking about. These are not folks who have all kinds of stocks in the stock market, do not have to worry about capital gains tax or estate taxes over $600,000. That is just not the folks I represent. And I would hope those are the folks we help out instead of the rich getting richer and the poor getting poorer and the middle class getting squeezed.

Again, as I say, I was down writing and signing some letters and I could not help reminding myself that 1993 was pretty bleak around here. We took the tough votes and we are on the verge of balancing. Let us balance this budget and worry about the tax breaks later, but if we are going to do it, let us be very specific for the middle class.

I thank the gentleman from New Jersey for all his hard work in this area, and the rest of my colleagues joining me here tonight, and I enjoyed the opportunity to discuss this tax package and where we have been and where we are now.

Mr. PALLONE. Mr. Speaker, I want to thank the gentleman from Michigan for those remarks and really bringing home how this Republican proposal impacts the average American and why the Democratic alternative is so much better.

I will end with this. I want to thank all my colleagues for participating in the special order tonight and really urge that my Republican colleagues will come along to the Democratic alternative and support it. It is not too late. We are in the process of doing the budget reconciliation now and certainly hopefully we can come together on a tax package that benefits the average working American.

TAX CUTS

The SPEAKER pro tempore (Mr. CHRISTENSEN). Under the Speaker's announced policy of January 7, 1997, the gentleman from Mississippi [Mr. PARKER] is recognized for the remaining time before midnight as the designee of the majority leader.

Mr. PARKER. Mr. Speaker, I appreciate the opportunity to be able to come before the House and discuss some issues of importance, and I must tell my colleagues that I have enjoyed listening to my colleagues over the last hour talk about their view of the tax situation that we have in this country and what their views are as far as cutting taxes.

I appreciate the fact that they are now in a position and their party is in a position where they are supporting tax cuts. That means a lot to me. That is very different than what we had experienced in the past. But I also think that it is very important that people understand exactly what we are talking about as far as the tax cuts that the Republicans are presenting.

Now, my intention tonight is to talk about the death tax and the repeal of the death tax, but for all my friends on the other side of the aisle who are discussing tax breaks and how they feel they should be done, it is very important that we talk about the facts about the taxes. They are all honorable people. They believe strongly in their views, and I can appreciate that, but let us talk seriously about what is exactly happening.

I have to tell my colleagues that I think the average American in this country understands that people who pay income taxes should get a tax cut if we are going to have tax cuts. Now, there has been a lot of talk about this class warfare thing. And I heard some of my colleagues say we do not want class warfare, we do not want to create any types of problems as far as the different socioeconomic classes in this country.

Even though they do not intend to do that, that is exactly what they are doing when they start playing this game as far as taxes. Because what they do not say is this: In 1972 we had a Republican President by the name of Richard Nixon, who began a program called reverse income tax. It has since been renamed EITC, the earned income tax credit. It was a wealth redistribution program, which was an odd thing for a Republican to do, but Richard Nixon was not a strong conservative; he was somewhat liberal in a lot of areas. So he determined that he would have and present a program that was referred to as reverse income tax.

What they did was they took individuals who were at the poverty level and that paid no income tax and returned money to them that they had not paid. That is EITC. Those people who are getting EITC, they were getting it then and they are still getting it today. That was 25 years ago. They are still getting the earned income tax credit. People who do not pay income tax are receiving a check from the Federal Government for taxes they never paid, and they get that money every year at tax time.

Now, I am not going to argue that point. Even though I am not a fan of EITC, I will not argue that point. But we have watched the Federal Government take money from people for no reason. We have seen the Federal Government take money and waste it, trillions of dollars. Those individuals have worked and earned that money and they have sent it to Washington. And now we have Members of the other party, Members across the aisle who are saying, hey, what we want to do is we want to give even more money to those that do not pay income tax.

Well, I think the average American in this country believes that if they pay income tax, it is time for them to get a break. It is time for the Federal Government to realize that they have been paying the bill; that they have been paying income tax for years and they have not gotten a break. It has been 16 years since they have gotten any type of break in their income tax.

So let us be clear about what we are talking about. We are talking about individuals who pay income tax getting a tax break.

□ 2315

We are not talking about individuals who do not pay income tax. They are still going to receive their EITC, and people need to realize that. We need to move away from this point of saying we want the working poor to get a tax

break. The individuals that members of the other party are talking about do not pay income tax. They already receiving EITC, reverse income tax.

We are talking about the people in this country who take money out of their pocket every week, out of their children's hands, out of the needs of their families, and they are sending it to Washington. It is time for them to get a break.

Let me address one other thing that I heard tonight about the alternative minimum tax. We in this country have screamed, and yes, especially the liberals, they have screamed and yelled for years about businesses in our country not reinvesting. They have talked about businesses not putting money back into their own companies to buy new equipment, to modernize, to become more efficient, to create goods and products that they can sell, and because of that we have seen our industry base in this nation deteriorate. Now I have heard tell, all of this, I have heard some of the people in the last aisle were talking about how terrible it is for the AMT, the alternative minimum tax.

Understand what the chairman of the Committee on Ways and Means did. He removed, in his bill he removed that part of alternative minimum tax which dealt with depreciation. What that said was this, and if you are in business you understand this but those that are not in business do not.

Mr. KINGSTON. Mr. Speaker, will the gentleman yield?

Mr. PARKER. I yield to the gentleman from Georgia.

Mr. KINGSTON. Mr. Speaker, is the gentleman from Mississippi [Mr. PARKER] suggesting that most liberals in fact work for government, therefore, have not the slightest clue what it is like to be in the business world? Is that what the gentleman is suggesting?

Mr. PARKER. Mr. Speaker, I suggest that most people in this country do not understand business.

Mr. KINGSTON. Well, if the gentleman would continue to yield, I would suggest that most of the government employees do not understand what the small businesses that provide most of the jobs in America are up against each day because of increased Government bureaucracy and regulations, and they do not understand why businesses might need a more favorable tax code in order to create more jobs for working people.

Mr. PARKER. Let me tell my colleague, the gentleman from Georgia [Mr. KINGSTON], an interesting thing. The change in the depreciation on the alternative minimum tax, let me tell him what it means.

If you have got a business and you reinvest in equipment, you have a depreciation which is not a gift from the Government, but the Government allows you to reinvest and you subtract, over the life of that equipment you subtract the amount of cost that you have invested so that you can provide more jobs, so that you can produce more products, so that you become more productive.

The amazing thing about it is that with the alternative minimum tax on the depreciation side, what has happened through the years is that even though you get this depreciation, you are in a situation where you lose that depreciation by paying a minimum tax even though you are investing in your business.

Now what I find fascinating is you cannot have it both ways. The liberals in this country do not realize, or even if they realize they do not want to talk about the situation in which we find ourselves where companies are penalized for investing in their companies. If they invest in their companies, they are going to have to pay an alternative minimum tax. So what they do is, in order to come out ahead, they do not invest in their company and therefore they do not get the depreciation. They may pay the alternative minimum tax but they are not penalized.

Mr. KINGSTON. If the gentleman would yield, and, therefore, they create less jobs.

Mr. PARKER. And they create less jobs, and also businesses wind up leaving this country because they cannot make it in the environment in which they find themselves.

Mr. KINGSTON. But this tax relief plan is about the middle class and creating jobs, and what we have is, a lot of liberals are against that and therefore they are against job creation.

Mr. PARKER. Exactly. Now what I wanted to talk about tonight and why we have all joined together is talking about the death tax, which I think is the most un-American tax that our Government has ever put on the American people. Understand, prior to 1916 the Federal Government had never used the death tax unless we were at war, and they used it because our exports were not as great, we did not have taxes that we could collect.

So from a standpoint from national security, we used a death tax in order to get enough money in order to fight a war and remain free. That occurred until after the turn of this century in 1916. At that point we instigated a death tax which was very small, and it has increased over a period of time and it is now at a level of 55 percent at the top level.

It does exactly what the President of the United States has said he does not want to do. The President of the United States, the Honorable Bill Clinton, has said over and over again, we do not want to have people who play by the rules, who get up every morning and go to work, who work hard, to be penalized. We want them to be treated fair. I agree with him.

But what we have done as a Congress through the years is that we take people, and they are frugal, they save, they do without the luxuries, and they turn around and when they die, the Federal Government comes and says, ''We want what you have saved. We want to take what you have done your own self, by the sweat of your brow, we want it now. We do not want you to be able it pass it to your children.''

Mr. RILEY. Mr. Speaker, will the gentleman yield?

Mr. PARKER. I yield to the gentleman from Alabama.

Mr. RILEY. I thank my good friend, the gentleman from Mississippi [Mr. PARKER] for yielding.

Mr. Speaker, it is interesting that as a small businessman for the last 32 years, one of the reasons I ran for this office is I am absolutely convinced that if there is going to be job creation in this country, it is going to have to come from small business.

When we listen to what the other side said tonight, the way they portrayed this tax cut, it would lead us to believe that they really do not believe that most of the jobs that are created in this country come from small businesses. When we look at the larger corporations and they are continually downsizing, if we are going to maintain this growth we have got to do something to stimulate these small businesses.

For 32 years I ran several businesses, and I believe I understand what most small business people are going through today. One of the things that I am absolutely convinced of, we have to have a return on capital, we have to reward risk taking, and I think that is what we are beginning to see on this side of the aisle.

There are so many things out there that completely complicate and retard the growth of most small businesses in this country. Until we return to the philosophy that says we are going to encourage entrepreneurship, until we return to that philosophy that says we will reward the person that goes out and takes a risk, I do not believe that we will ever have the growth that we need in this country.

Whether it is the alternative minimum tax, whether it is the tax rate or the death tax, the three combine to become a deterrent, and that deterrent I think is spreading across this country today.

I listened last week to a story that was told in the well about a man who for 35 years got up every morning, went to work, paid his taxes. He worked hard. He raised a family. He played by the rules. After 35 years he wanted to take a break, so he sold his business and paid 28 percent capital gains tax at the latter part of the year. A few months later he found out that he had a brain tumor. A few months after that he passed away.

And after paying 28 percent, his family ended up paying an additional 55 percent to the government. So within a period of almost 9 months, 35 years of work was reduced to approximately 20 percent that his family had to retain.

Mr. PARKER. Mr. Speaker, would the gentleman yield?

Mr. RILEY. I yield to the gentleman.

Mr. PARKER. Mr. Speaker, that is one point that people do not understand. See, people in this country could have a severe problem and they do not even know they have got it. I listened to people a while ago in other special orders. They believe what they say and they talk about capital gains being for the wealthy. But I am going to tell my colleagues what is interesting. Do the people in this country understand what capital gains is? I think a lot of them do not.

I will give an example. Take somebody, and let us say they are 25, country people, and they go out and build them a house, and say they build this house for $25,000 and they keep that house for 30 years. Now that house over a period of 30 years has appreciated in value, and let us say it gets up to $100,000 by today's numbers. Now that is not an unheard-of figure. In parts of the country it would be more than that.

But my question is, they started out with an initial investment of $25,000. Now they got a house that is worth $100,000 and they are proud of. They paid for it and had a small note on it. But when they sell that house, do they realize that they have to pay capital gains?

The real question is, would they agree with me that the Federal Government does not deserve one-third of the increase in the house? They started off with the $25,000 investment and now the house is $100,000. If they sell that house, does the Federal Government deserve a check for one-third of $75,000? Do they deserve a check for $25,000?

Well, my personal view is that the Federal Government does not deserve that. My point is that the Government created inflation, which increased the value of the house and it deflated dollars. But does the government deserve that check?

I am going to tell my colleagues, you can take some mighty liberal people in this country and ask them that question and they will tell you in a heartbeat, ''I do not think the Federal Government deserves that.'' That is what we are talking about when we talk about capital gains. It can hit home mighty quickly.

And in the business, a lot of people have small businesses and they have no concept of how the Federal Government is going to evaluate that property when they die. They can have severe economic consequences of the cost whenever that death occurs and not even know they have a financial problem.

Mr. RILEY. Mr. Speaker, will the gentleman yield?

Mr. PARKER. I yield to the gentleman from Alabama.

Mr. RILEY. Mr. Speaker, there is one other primary point that needs to be made. I believe that we are taking a segment of our society out of the market, out of being risk takers. A person over 50 years of age today that makes an investment that will pay back over the next 15 to 20 years, if he is already in this 55 percent tax bracket, what incentive is there for him to go out and risk 100 percent of his capital on a venture that may or may not come to fruition? What incentive is there for him, if the most that he will possibly leave his children is 20 or 25 or 30 percent, but he has the possibility of losing 100 percent?

I think that we are taking a segment of our society who want to remain productive, who want to remain active, I think we are removing them from being the entrepreneurs that I think this country has to have.

Mr. PARKER. I agree with the gentleman.

Mr. TALENT. Mr. Speaker, will the gentleman yield?

Mr. PARKER. I yield to the gentleman from Missouri.

Mr. TALENT. Mr. Speaker, I appreciate the gentleman getting the time and doing this special order on taxes. I have been meaning to come over and have not been able to participate in one of these.

I am just so pleased that we are finally passing bipartisan tax relief for the American people. And the position that is a bipartisan position on this bill, as anybody could tell who looked at the vote, is the affirmative position in favor of this tax relief. We are going to end up passing this tax bill coming out of conference with support from both parties.

I believe the President is going to sign it, and I think we are going to pass this bill because the American people need it and deserve it. I would like to say what I think about this measure because I think it is one of the best things we are going to do in this Congress.

We look at the trend of the last generation before the 1994 election, and I think this is what the American people were so angry about in 1990 and 1992 and 1994. It was a trend where Washington sucked the money and resources and the power away from the American people to here, and then used it often to uproot their most basic values and traditions.

□ 2330

You know the Bible says where your treasure is, that is where your heart will be also, and it was clear that the regime that used to run this place, the treasure they wanted in Washington, because that is where their heart was. And look what it did to the tax burden of the American people.

I mean my parents started out in the early 1950s. The average American family in the early 1950s was paying about 2½ percent of their income in Federal taxes, 2½ percent. Today that same average family in my district earning in the mid-$40,000s pay about 25 percent total of their income in Federal taxes. If they were paying at 1970 levels, that family earning $45,000 a year today would have $4,000 a year more in disposable income.

And then we got the naysayers and the quibblers. No matter what tax bill we come up with, tax cut bill, they do not like it because they basically do not want to cut the taxes for the American people.

Now the heart and center of this bill, and I wish it could be more, and I wish we could do across-the-board tax relief for everybody. Bob Dole lost the last election, so we cannot do that. But the President has agreed to something that I think is a substantial step forward, and the heart and center of this bill is a $500-per-child tax credit.

And I hope the American people understand what we are talking about is $500 off the bottom line of your taxes for every child you have got. You got three children, it is $1,500 less in your Federal taxes.

So if you are again in that family paying, earning in the mid-forties, and in Federal income taxes you are paying 7, $8,000, this amounts to about a 15-percent income tax cut for you. It is very, very substantial.

And the other side argues, people who do not like this thing, they got to come up with some reason to oppose it, and they do not want to come out and say we are opposed to tax cuts so they say, well, your tax relief is for the wealthy. It is for everybody but the very wealthy. I cannot understand how they even say that. The very wealthy do not get it. Everybody else gets it, and they do not want to get it, and if you are earning above a certain income level, what is it, $75,000 in the bill, you do not get the $500-per-child tax credit.

Mr. PARKER. I think it is fascinating that the very wealthy in this country, they hire their lawyers, they have their tax accountants, and I must tell you they do not pay a lot of taxes because they go through all kind of things in order to get around it. It is the middle-class income taxpayer that is burdened. He is the one, she is the one, that is going to work every day and having to pay the taxes. It is not the very wealthy. The very wealthy, they are going to take care of themselves. Just like the estate side, the very wealthy corporations, they do not worry about this. There are ways around a lot of this when you are large enough. The small business person, the small farmer, those are the individuals that are having the real problem.

Mr. TALENT. Mr. Speaker, as my colleagues know, I chair the Committee on Small Business, and I am taking up a lot of your time, and I appreciate your indulgence, but I did want to talk briefly about the death tax because we have held hearings on this in the Committee on Small Business, and the gentleman is absolutely correct. The large publicly-held corporations, they do not care about the death tax. It is the small family business, people who have done, as you were saying before so eloquently, who have done what we want them to do. They have worked, they have saved, they invested. They do not go out to eat a lot, they do not take a

lot of trips. They have started a family business. And something like 60 percent of family businesses in this country are seriously adversely affected by the death tax. Many of them have to liquidate in order to pay the death tax.

There was a lady who testified at a hearing we held in St. Louis, my district, on this issue, and that woman almost broke down in tears describing what she and her brother were trying to do to save their family business from the IRS, the business their father had built up and worked his whole life to preserve and passed on to them. And then the government, swooping in and trying to grab it from them.

And I would say to the gentleman, what happens to the employees of the family business when the business has to liquidate or sell out to a big company in order to pay the estate tax? Who gets laid off? It is the employees.

It is a tax that makes no sense. We are writing this bill to do something about it. I wish we could do more than we are doing. The gentleman is doing a service in having this special order, and I really appreciate your yielding some time to me because this is a good bill, I believe we are going to pass this bill. It is a bill the American people have needed and wanted for a long time, and again it is a question of where is your faith.

I mean if you want the resources of the country to go to Washington, you are going to be opposed to this bill, and that is the reason for this rear guard desperate action fought against every tax-cut bill we come up with because these people want to preserve the power and resources and size and scope of the Federal Government. But I do not think they are going to win in this one. I think we are going to get it and the——

Mr. PARKER. Let me tell you one thing. I have watched the liberals talk about how much they love tax cuts now. Now they control the House over the last 16 years. They had a lot of opportunities. We could have had tax cuts, and believe me, conservatives, the Democrats and Republicans would have voted for it in a heart beat.

But you know, none of those proposals ever got through committee, never got through subcommittee, never got through the Committee on Rules, never got to the floor, so it is somewhat disingenuous for them to stand up and talk about how much they love tax cuts when they had plenty of time to do it. They just did not quite do it.

Mr. KINGSTON. If the gentleman would yield, if you will remember, the President ran on the platform in 1992 of a middle-class tax cut, and although he had a Democrat Senate and Congress, not one bill was introduced to give middle-class tax relief. However, reaching across the aisle, reaching over the hard left and the Democrat Party, he has found a partner to work with. In a bipartisan basis we have a middle-class tax cut, and if you will look at this chart, 76 percent of the tax relief goes to people and households making below $75,000. That is the vast area right here.

Now what is not shown on this chart is that if you are making $200,000, 1.2 percent of the tax relief goes to you. The majority of it clearly goes to hard middle-class working families. I know the gentleman from Michigan——

Mr. HOEKSTRA. Just been fascinated listening. I think there are a number of things that I would like to build off that some of you have talked about.

No. 1, I think we want to personalize this. What does it actually mean to the average family? You are talking about the families with three children, $1,500 more per year. That is $30 per week in an increase in take-home pay with a per-child tax credit, $30 per week, not gross, where the Federal Government comes in and takes their share again, $30 per week increase in take-home pay.

And we talk about the death tax and the reduction in the capital gains tax. We are talking about creating an economy that will create more jobs. More jobs, more opportunity, greater investment, greater investment which will enable our workers to be working in the highest value-added jobs in the world, and when they are adding more value than any other workers in the world, it will enable them to continue to be the highest-paid workers in the world so that they can maintain the highest standard of living.

We are going to kick off a project, we just got approval yesterday, which we call the American Worker at a Crossroads, which is going to examine these issues on a longer-term basis. What kinds of things in addition to the kinds of tax cuts that we are proposing, and we are going to pass this month; what other kinds of things do we need to do as we take a look at labor law? As we take a look at the billions of dollars that we spend on job training? Are we getting the kind of impact, are we creating the economy, are we creating the necessary framework to make sure that after the year 2000 our economy is still going to be the envy of the rest of the world?

Today we work under and we have an economy, we have a work force, we have an employee management labor relations model that is based on decades-old labor law. Is that still the best framework to rein in our workers? Or are there better ways to do that? Are there new opportunities with a different kind of work force, the different kinds of jobs that they are engaging in, the high-tech? So that is going to be a project that we will begin that will build on these tax changes.

Tax changes create the environment to encourage investment. Changes in labor law, changes in Federal spending will enable us to better equip our workers to be the best and the most talented workers in the world. We combine those two things, and we can ensure a great economy for our kids and for our future. That is what it is about.

Mr. PARKER. I must tell the gentleman the best social program in the world that has ever been invented is a good job, and one of the problems we have got in this country: When we penalize companies, when we penalize small business so that they cannot provide those jobs, we are hurting every worker in this Nation, because once you hurt one, it spreads like a disease, it hurts everybody; because if you are penalizing one small business out there, you can bet your bottom dollar that other small businesses are hurting too.

Now you know we talk about the tax load that we have in this country. Right now we pay between 38 and 40 cents out of every dollar that every worker in this country makes on average for Federal, State and local taxes. Now when you add the regulations, onerous regulation, that the Federal Government has put on a lot of these companies, you can add another 10 to 12 percent on top of that.

So all of a sudden people are taking home 50 cents out of every dollar they make. Now that is sad in and of itself, but we have turned this thing around. I feel very good about what we, as the Republican Party, have done and the direction that this country is now going. I mean we even have the liberals talking about tax cuts. I find that fascinating. I do not believe that some of them believe what they are saying, but I like the fact that they are saying it. Whether they mean it or not is fine. I do not really care. What I want, I want to get the tax cuts there.

I have listened to people tonight talk about the tax increase, the largest tax increase in the history of this country in 1993 as being what turned us around. Now I am glad they want to take credit, and I will be glad to give them some credit for stuff if they want it, and I do not care, I do not care who gets the credit. But let us not forget that we are the ones that cut out over 280 programs in the last Congress. I mean we stopped it. Let us not forget that we saved $53 billion in money that would have been spent if it had not been for us over the last year.

So we have got a low figure out there, and it is decreasing all the time as far as the deficit. But the business community in this country, the small business community in this country which creates the jobs, is now having confidence in the Congress in knowing that we are moving in the right direction and we are going to continue to move in the right direction.

Mr. RILEY. If the gentleman will yield, I think you are exactly right. During the past week when I was at home, I had several town meetings, and the one thing people in my district do understand is that as families we are moving in the right direction.

You know, a lot of the tax policies we talk about and a lot of the depreciations is complicated, and they do not understand, but the one thing they do understand today is that we are talking about tax cuts, not tax increases. It

is a very easy concept when you can talk to a worker and say if you got two children, next year you will have a thousand dollars more in your pocket than you did this year. That is a concept that I think our side of the aisle can take a tremendous amount of pride in.

And as my friend from Georgia indicated a minute ago, for anyone to say that this bill is for the rich or big business, how they do that and look at this chart where it is a proven fact that 76 percent of all of the tax cuts are going to the people who deserve it and who absolutely probably need it more than anyone else in this country. The person who is working two jobs and three jobs, doing whatever it takes, that is the people that we have to get this tax cut for.

Mr. KINGSTON. If the gentleman is finished with his point, I wanted to add on that a little bit, because one of the disappointing things is that the President and many of the liberals want to actually give the $500-per-child tax credit to folks who do not pay taxes.

Mr. PARKER. If the gentleman will yield.

Mr. KINGSTON. It is confusing to me, too.

Mr. PARKER. Now they pay taxes. Now they pay FICA taxes, they pay Social Security taxes, but they do not pay income tax. And what the President is proposing is that he wants to give an income tax break to people who do not pay income taxes.

Now that is very important because income taxes, if you are going to give an income tax break, you should give a break to people who pay income taxes. They are already receiving, for those people that the President is talking about, he is talking about individuals who get EITC, the earned income tax credit. They are already getting a tax refund for taxes they have not paid.

I am not arguing that point, and I do not think we should argue that point. It is in the law, it has been there for 25 years. The point is that we want to give people who pay income taxes and every person by the way who pays income taxes in this country, they know who they are. I do not have to go and point them out.

□ 2345

That individual, he knows on April 15 when he has written, he or she has written that check, they know that they have paid income taxes to the Federal Government. They know when they look at that check stub when they have paid withholding taxes to the Federal Government. It is not hard to decipher who these individuals are. Those are the people we are trying to give an income tax break to. So that point needs to be made over and over again, so people can understand it.

Mr. KINGSTON. The gentleman is correct. Let me do what the gentleman from Michigan [Mr. HOEKSTRA] has suggested and put a face on this. Here is a single woman, and I am going to call her Mrs. Smith, this is a real person in my district who has a 14-year-old and a 16-year-old child.

Under the Republican plan, she will get a $1,000 tax credit. Under the Clinton proposal she will get zero, because children over 12 years old do not get a tax credit, or their parents are not entitled. But instead, that $1,000 of income tax credit that she would be receiving goes to somebody who is not paying income tax; who in many cases is somebody whose children are getting WIC benefits, the nutritional program; possibly getting Medicaid; free health insurance; possibly getting food stamps, in addition to what they are getting; and probably qualifying for any number of college education scholarships, which are very, very important.

But the point is, and the gentleman has said this, that for the poor there are a lot of benefits already. Our tax plan does not transfer any benefit plan from the poor to give to the rich whatsoever. But instead, the President is proposing to take from single mothers child tax credits, single working mother child tax credits, and giving it to people who are not working.

Under the Republican plan, 41 million children and their parents will get tax relief. Under the Clinton plan, only 30 million children will get tax relief. That is a huge difference for America's middle class working families.

Mr. PARKER. Mr. Speaker, let me mention one thing, because we tend in this country over and over again to downcast the IRS. It is an easy thing to do, I guess even in Biblical times the people did not think very highly of the tax collector. But in this country there are certain things that we need to understand.

Mr. KINGSTON. Mr. Speaker, on that point, I think it was Jesus who amazed the people by saying Nicodemus, the tax collector, would not be in fact going to hell after all. That was the first time that concept was introduced biblically, I believe.

Mr. PARKER. The point that I want to make is that I feel sorry sometimes for IRS employees. They are not doing what they invent. We as a Congress mandate to the IRS what they will do and how they will work. It is our fault as a legislative body that we do not correct the problems, and that we do not put the IRS into a situation where they can be more user-friendly, and that they can do their job better.

We are the ones that tell the IRS when a person dies, you will go and you will collect the death tax. We are the ones who go in and tell them, you will go into this business and you will do certain things. You will padlock the door in a certain way. We do that.

So I think I want to make sure that all the IRS employees in this country realize that there are some of us in this body who realize it is our fault and not theirs on conducting their business. We need to accept the responsibility, and we need to change their orders so that they can do their job in a much more efficient way.

Mr. TALENT. Mr. Speaker, the gentleman makes a good point. The IRS has been responding to the signals that its political masters for a generation were sending it. I think what the IRS is guilty of is not understanding that the political masters have changed now, and the signals are changing. They need to change as well. We no longer want them to ratchet every possible dollar they can get out of the American people, regardless of how fair or unfair the tactic may be.

I wanted to make one other comment. I agree completely with the comments of my friend, the gentleman from Georgia, about the relative merits of the tax plan. I do think it is unfortunate that we have to argue over who gets what tax relief here. I just want to point out the reason is because this tax bill is not as big as we all wanted it to be. It was not as big. It is not as big as the tax bill we had in the Contract With America. It is not because the President did not want it that big. He did not want as much tax relief for the American people, so now we have to argue over who gets what.

But we have less of a tax bill, and we have it so we can support a Government growing, even under this plan, and it is a good plan and I support it, but a Government growing at over 4 percent a year, at twice the rate of inflation. If we had cut the Government back to the rate of inflation, we would have more than enough money to provide tax relief for the American people, for all of these people.

Mr. PARKER. If the gentleman will continue to yield, Mr. Speaker, the one thing, I have to look positively at what is going on. Even though the tax cuts that we are giving are not as great as they should be, I think they are kind of like popcorn. You just cannot eat just a little.

When the American people just get a touch of what it is like for the Federal Government to get their hand out of their pocket just a little bit and they are able to keep more of their money, they will want more. I think it will feed on itself.

Mr. HOEKSTRA. If the gentleman will continue to yield, Mr. Speaker, I think it is important for the American people to recognize the story that was in the Washington Post today. We are in a position to be able to provide tax cuts because of the restraints that we have put on spending over the last few years. The economy is good, revenues are growing.

We may be in a position to get to a surplus budget much earlier than what we thought. Then we will be able to start having some additional wonderful debates here about what do we do with the surplus. I think we will be arguing about are we going to use it to pay back the money in the trust funds, the money we have borrowed out of the trust funds? Are we going to be able to give additional tax breaks?

I do not think any of us are going to be here arguing that we should use it for increased Federal spending, but how are we going to get it back to the American people, how are we going to pay ourselves, get ourselves out of debt, and how are we going to give this money back to the American people from where it came originally?

So this tax package is in a context of continuing to make progress in getting to a surplus budget. We have a lot of things moving in the right direction.

Mr. PARKER. To my friend who sits on the Committee on the Budget, does he remember when we had Chairman Alan Greenspan, Chairman of the Federal Reserve, who came before our committee? One thing that he said which had struck me, and it has stayed with me over years now, he said the American people have not experienced the benefits of a surplus economy since World War II.

I think it is significant that we have not had a surplus economy since we instituted a death tax and the income tax and everything, all the other taxes there. But that is what the American people need to be looking for, for their children, their grandchildren, for themselves in the outyears, is having the benefits of a surplus economy, where our economy, which is so strong, so mighty, it is the most mighty economy that has ever been on the face of the Earth, and I must tell the Members, it is very difficult to destroy, because we have had politicians in this country for decades that have done everything in their power to destroy it, and they have not done it. They have not been able to. It is that powerful.

But if we allow that surplus economy to work and do what it is supposed to do, and we release the ingenuity and the innovation of small business, if we just release that power and let people have the freedom to do what only entrepreneurs can do, people will receive benefits from that for generations to come. We will change the face of this Nation.

Mr. RILEY. Mr. Speaker, if the gentleman will continue to yield, I think it does one other thing. I think this tax package, probably as much as anything, sends a message that if you work hard, you will be rewarded. I think that is what this country was founded on. That is what made us the greatest country in the world, is that we need to do everything we can to increase incentives.

I think that is what it does. It sends a message to the American people once and for all that we are going to continue, and as the gentleman said a moment ago, we will have a debate hopefully within the next few months or the next year on how we are going to take some of this extra money that could go to a variety of different programs, and I hope one of the things we do is continue this path of cutting taxes, whether it is death taxes or income taxes, whatever, because the more we use these tax cuts as an incentive, I think the more it stimulates our economy. In all reality, that is what is going to drive this economy for the next few years.

□ 2355

Mr. HOEKSTRA. Mr. Speaker, I think it is interesting. I have two of my colleagues who came here in January 1993, the three of us came here. What we were faced with was raising taxes, growing rapidly the size of government, nationalizing health care, no concern about the deficit, deficits in the $200 to $300 billion range as far as we could see. It is really amazing.

I think if we would reflect back to where we thought, I still remember walking about across the street saying, how can we be part of this? Four and a half years later we are getting close to a surplus. We are cutting taxes. This is a sea change. As my colleague said, this is like popcorn. We are debating the right issues.

This is not enough right now, but we have a much different debate than what we had in 1993.

Mr. TALENT. Mr. Speaker, the perspective is totally different. The last budget agreement, the budget plan, big increase in taxes, big new burst of domestic spending, deficits as far as the eye could see, passed on a totally partisan basis.

Now we have a bipartisan budget agreement with tax relief, a plausible plan to balance the budget. We may do it sooner than we are expecting to do it, with real tax relief for the American people and restraint on domestic spending, a total sea change.

There are the naysayers here, the old establishment type Members who are not going gently into that good night. They are the ''I want tax relief but'' Members. I want tax relief but not this plan. I want tax relief, but it does not give enough to this. I want tax relief but not now, or I want tax relief but I want it to end after 5 years.

I just want to say, Mr. Speaker, I hope everybody needs to be aware, when they hear that ''I want tax relief but,'' make sure your wallet is still in your pocket. What they are trying to do is to keep that money for the Federal Government.

Mr. PARKER. There are the liberals in this body, Mr. Speaker, who will do anything in their power to make this a class battle. They get their power from turning class against class. We know who they are. We know the games that they are playing. Makes for great sound bites. Tax break for the wealthy. Capital gains for the wealthy.

I hear this over and over again, but I have a lot of confidence in the American people. The American people, you can fool them sometimes, but I am going to say, they get enough of it. They have had 40 years of sitting through this thing, of watching it, of being hit by it, of having to pay the bills.

They are basically sick and tired of being sick and tired. They want it changed.

Mr. KINGSTON. Mr. Speaker, my friend from Missouri is about to kill me if I do not correct my earlier statement, that it was Zacchaeus and not Nicodemas, Luke, chapter 19. I stand corrected.

I want to also say to the gentleman from Michigan, when we came here it was socialized medicine. It was the largest tax increase in history. It was expansion of the Hatch Act. It was motor voter. Everything was big government, big government this. We have stopped the ball from rolling to the left. We have stopped the onward intrusion of the big government.

Have we stopped it as abruptly as we would like to? No. But we are moving in that direction. We believe this tax relief bill is the first and very, very significant step in returning to the American middle class people money that is theirs, that the government should not be taking from them.

Mr. PARKER. Let me close by saying, I want to thank my colleagues the gentleman from Missouri [Mr. TALENT], the gentleman from Georgia [Mr. KINGSTON], the gentleman from Michigan [Mr. HOEKSTRA], and the gentleman from Alabama [Mr. RILEY] for participating in this special order.

We will do another special order next Wednesday night. It is important that the American people understand what we are doing in a very rational and a very logical way, because the American people, when they understand, they will agree. In their hearts they know that we are doing the right thing, but they hear so much verbiage. They hear so much rhetoric. They hear so much hyperbole that sometimes they sit back and go, who can we believe.

They have heard so much junk through the years from Washington that they do not know who to believe. We are giving that information. I thank the gentlemen for participating. I am looking forward to having another special order next Wednesday night and being able to bring more facts to the American people and to our colleagues so they understand exactly what we are doing.

□ 2358

PROVIDING FOR CONSIDERATION OF H.R. 2107, DEPARTMENT OF THE INTERIOR AND RELATED AGENCIES APPROPRIATIONS ACT, 1998

Mr. MCINNIS, from the Committee on Rules, submitted a privileged report (Rept. No. 105–174), providing for consideration of the bill (H.R. 2107) making appropriations for the Department of the Interior and related agencies for the fiscal year ending September 30, 1988, and for other purposes, which was referred to the House Calendar and ordered to be printed.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to: