path to a balanced budget. Seniors know it is a moral issue to balance that budget, and we have got to start working on it sometime. Tomorrow is the day that we can cast our vote to move in balancing that budget.

□ 1815

ELIMINATION OF ALTERNATIVE MINIMUM TAX

The SPEAKER pro tempore (Mr. BILBRAY). Under a previous order of the House, the gentleman from New York [Mr. SCHUMER] is recognized for 5 minutes.

Mr. SCHUMER. Mr. Speaker, we are going to be voting on this tax bill and there are some parts of it that I think are good and that I will support. Certainly the parts on the senior citizen taxation is something I have always supported, but there are lots of things in the tax bill that I think would make the American people's hair stand on edge if they knew. These are not the things the Republicans are getting up and talking about, but they are things that are things for their buddies. The worst of them all is the elimination of alternative minimum tax.

Let me tell you why I feel strongly about this. In 1986 Congressman Marty Russo—who is no longer in Congress—and I proposed an alternative minimum tax. Until that point, some of the biggest corporations in America were paying no taxes at all. Imagine how the average working stiff felt. He or she worked hard, paid 5,000, 6,000, 7,000 and 8,000 bucks in taxes and the companies in America like Mobile, like Ford, like Champion International, like UniCal, like Shell, like Scott Paper, like Phillips Petroleum paid not a smaller percentage of taxes but less dollars. They paid no taxes at all because they had the ability to hire the accountants and the lawyers and pay none.

Mr. Speaker, we stopped that. We did not say they had to pay more taxes then the average American but we said they ought to pay a minimum of 25 percent, no matter how many lawyers or accountants or loopholes they were able to employ.

Now, quietly, almost whispered, the Republicans have decided in this tax bill to repeal that and so the good old days, at least they think they are the good old days, when major corporations paid no taxes at all will return. It is a disgrace.

Mr. Speaker, here at the same time we are telling students they ought to pay more for their loans. We are telling Medicare recipients that they ought to get less back and pay more. We are telling kids on school lunches there may not be enough money for them. We are telling Champion and Chrysler and Dow and Ford and Mobil and Scott and Shell and Texaco, some of the biggest companies in America, ''You can go back to the good old days when you paid no taxes.''

There has been a coalition, the AMT Working Group, that are companies that are lobbying to eliminate this alternative minimum tax provision. We can see why. Almost every one of them in the 3-year period 1982 to 1985 paid not a little bit of taxes, but no taxes for some point in time, for 1 of those years, 2 of those years, up to 4 of those years. It is 4 years.

So my colleagues, let us not pass a tax bill that benefits the wealthiest corporations. Let us not pass a tax bill that gives such a high proportion of the money to corporations and then cut money for the students on loans, cut money for the kids on lunches.

What kind of contrast is that? Who is the Republican party representing? This was not in the contract. Every one of you who signed that contract talked about a $500 credit for children. Mobil does not have any children, yet they are getting a tax reduction. Texas Utilities does not have any children.

So this is the wave of the future, I am afraid to say, my colleagues. Once the contract is over, the contract some of us did not like parts of it, some parts I supported, but once the contract was a restraining thing for our colleagues on the other side, business and the wealthiest of businesses are going to run rampant.

Now, I like these businesses, frankly. I think they are good for America. I think they employ people, but I like the average American a little bit more. If the average American has to pay taxes, why should not our biggest companies?

That is our message. It is very simple. You do not see them talking about that in lights, but you can be sure in the corporate boardrooms tonight and tomorrow night and after the tax bill passes, they are going to be congratulating each other, having put one over on the American people and repealing the Schumer-Russo alternative minimum tax.

ALTERNATIVE MINIMUM TAX REPEAL PART OF GROWTH PACKAGE

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New Jersey [Mr. SAXTON] is recognized for 5 minutes.

Mr. SAXTON. Mr. Speaker, the gentleman from New York [Mr. SCHUMER], my good friend, and I work about as well together as a Democrat and a Republican who come from different ends of the political spectrum can work.

I would just like to say to the gentleman that I appreciate the things that he just said about the alternative minimum tax and the companies that he referred to. He mentioned that they do not have children and I guess that is true, but I will tell you what. They have a lot of workers. Mobil has a lot of workers and Ford has a lot of workers and Chrysler has a lot of workers. I cannot really read the whole list. I am sure all those big companies have a lot of workers that depend on them.

One of the things that my friend from New York did not say is that what the alternative minimum tax repeal does is to make it easier for these companies to do business. Studies show conclusively that 42 cents out of every dollar that we give back to a corporation in taxes goes directly to the workers in salaries, more workers, and higher salaries. So the repeal of the alternative minimum tax is not such a bad way to go to make things better for everybody.

As a matter of fact, that is what the Republican tax package is about: To make things better for everybody. It is patterned, believe it or not, after something John Kennedy said years ago when he said, ''A rising tide lifts all boats.'' It is true. This is a growth-oriented tax package and the alternative minimum tax provision is part of that growth package.

Mrs. SMITH of Washington. Would the gentleman from New Jersey [Mr. SAXTON] yield?

Mr. SAXTON. I will yield to my colleague, the gentlewoman from Washington [Mrs. SMITH].

Mrs. SMITH of Washington. I want to ask you a question, but I want to say something first. I remember why I got into politics. I just was sitting here thinking they doubled my taxes in one year on my small business. Had more than 125 people. They doubled them.

And in our State we have a business and occupation tax. That means you can have no profit like these companies, and the government still taxes you. So you can end up with a net nothing, and the government gets theirs. They skim off the top always, just like the minimum tax. Always, always.

In the early 1980's, I was losing money. At the same time, we had this business and occupation tax, which was a gross tax. It was gross in many ways. I laid off two people. I got mad. Folks, I was a Democrat, 30-some-year Democrat, adamant Democrat.

I got a book on how to campaign. The guy was a Democrat that had voted for the taxes raised, and I defeated him, too, and I think about that.

You have to stop thinking that every time you turn around it is better to tax. Because I lost two jobs, and I think, ''Isn't that what we are talking about, job creation in most of this? Don't most dividends that you get from stocks, I think I pay tax on all the dividends I get from stock, isn't that tax, too? Aren't they getting their tax out of these corporations?''

Mr. SAXTON. Well, it is tax.

I would say to the gentlewoman when I was chairman of the working group that put the growth part of our tax package together during the summer of last year and we identified a number of issues that we thought needed to be changed and had broad agreement, for example, the capital gains tax, which

was increased in 1986 from 20 to 28 percent, statistics show again, conclusively, that not only did it not raise the money that CBO said it would raise, but it acted as a wet blanket on the expansion of business. And that is what caught up with us beginning in 1988.

One of the red herrings that is brought by our friends on the Democrat side is that the rich get all the breaks from the capital gains. As the gentlewoman knows, who prepared taxes for people and businesses for years, and as this chart shows, 38.4 percent of the distribution of capital gains realizations, 38 percent of the money from capital gains comes from people under $50,000. So 38 percent of the tax break comes for people who make less than $50,000. That is the biggest single group of people who will benefit from the capital gains tax cut.

Of course, 22.4 percent make between 50 and 100. When you get to $100,000 to $200,000, which I consider a pretty good salary, it is only 13.8 percent of the people who pay capital gains there and 25,4 percent who make over $200,000.

So by far and away the benefits here are for people who are in the modest income category.

This is another issue here on this chart that has been, I think, mischaracterized by the other side of the aisle, the distribution of the $500 per child tax credit. We had this chart up here a few minutes ago when somebody else was speaking, and it shows clearly that 87.5 percent of the people who will benefit from this, the families earn less than $75,000 a year.

MIDDLE-CLASS TAX CUT

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Massachusetts [Mr. OLVER] is recognized for 5 minutes.

Mr. OLVER. Mr. Speaker, I think that the discussion here that has been going on really is most appropriate because tomorrow we are going to be talking about the beginning of the debate on the middle-class tax cut.

We have all heard a great deal about the middle-class tax cut over the last couple of years, and the reason why we have been talking about a middle-class tax cut is that the middle class really is very anxious.

Jobs have been insecure for a number of years, for quite a few years. The cost of health care in the last 15 years has gone up by an enormous amount. The cost of educating your college-age kids has gone up tremendously, much faster than inflation.

In sum total, I think it can be summarized in this chart, which shows what has happened over the last 15 years or thereabouts, or at least the 15 years from 1979 to 1993 when for different parts of the electorate, different parts of the citizenry and the electorate, of course, the rate at which people's income has gone up has been very different from the rate at which inflation has gone up.

People's income, for people who are relatively low- and middle-income folks down here at the left side of the chart, has actually been going up slower than inflation for that 15 years, and so the broad middle class in here has seen their incomes erode for a long period of time. The very high-income people in the top 20 percent, these rightmost two bars representing the top 10 and the next 10 percent of all people's incomes in this country, they have seen their incomes in that 15 years go up considerably faster than inflation and have done pretty well in that period of time.

So we have heard, theretofore, a great deal about a middle-class tax cut in order to give people down in this region, which the middle of the American citizenry falls right in this region, who have lost a little bit in the last 15 years certainly, and those who are in the lower middle class and those who are low-income working people and down there have all seen their incomes go down, and so indeed they should be very anxious.

Well, so what do we have now coming up? We are going to be starting debate on a $190 billion tax bill. By the way, there is not a single economist who came before the Committee on the Budget in all of our hearings yet this year who suggested that we should be giving a tax cut of this sort when we are running the kinds of deficits, when we are running 200——

Mr. KINGSTON. Would the gentleman yield?

Mr. OLVER. No, I do not have time to yield.

Mr. KINGSTON. I will give you a minute of my time when it is my turn.

Mr. OLVER. Fine. I will yield if you would take less than a minute so I will not lose any of my time.

Mr. KINGSTON. We will time it.

I have a chart here. I do not know if you have seen it, but what this one shows clearly is that a lower tax rate actually increases revenue to the Federal budget and also that the economic——

Mr. OLVER. Lower tax break.

Mr. KINGSTON. A lower tax rate increases revenue to the Federal budget.

Mr. OLVER. If I may reclaim my time, I think that I am not sure exactly where that chart is from. It is hard for me to see it, but we tried that economics. It was called voodoo economics by the gentleman who was later the President of the United States and who had served as Vice President under President Reagan.

Mr. KINGSTON. Was that John F. Kennedy? I see that this goes back to 1960.

Mr. OLVER. Mr. Speaker, is this my time or not my time?

The SPEAKER pro tempore. The gentleman from Massachusetts has the time.

□ 1830

Mr. Speaker, the idea that you can increase revenues was very thoroughly debunked in the 1980's, when tax reductions were given and when the deficits went right through the ceiling during that period. And during a 12-year period we saw more than a quadrupling of our national debt, with deficits year after year that ran between $200 and $350 billion per year, that economically have brought us to the sorry state that we are presently in.

But in any case, no economists agree that we should be doing this kind of tax break.

Now, let us look at the tax break that is going to be given, though, given that we might want to do something for people in this lower area, this left hand area who are middle-class people and whose incomes have been going down hill in the last few years.

I am going to show a second chart here which shows where the actual tax benefits under the contract that we are going to be starting to debate tomorrow will fall. This is a little different from the chart that some others of my colleagues have been showing because it is trying to show what happens while we are in the phase-in period in the next 5 years, rather than the out years.

During that phase-in period, more than 50 percent of all the tax break would go to the highest income, two groups here, and those are exactly, of course, the people who fall in these two categories out here who have done the best during the 1980's. More than 50 percent of all the tax break occurs there.

ON THE TAX BILL

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

Mr. SMITH of Michigan. Mr. Speaker, just to continue with those charts, the first chart, this is the tax cut for working-class families. For those families earning less than $25 thousand, there is 100 percent tax cut. For those families earning less than $30,000, a 48 percent tax cut. For those less than $45,000 a 21 percent tax cut.

You see the tax cut continues to go way down. Those families with over a $200,000 income only have a 2-percent tax cut. So it must be tremendously frustrating for people to look at one side of the aisle and then the other side of the aisle as we go through these charts.

But if you look at what is going to happen in terms of the tax day. You know, the tax day is how much of the year you have to work so that work and that effort goes to the Federal Government to pay taxes. Currently, it is June 4. Under the budget proposal that was submitted by this president, that tax day increases to June 7.

Under this tax proposal that we are going to be considering for the next 2