

program, we hope to emphasize the importance of democracy and set an example of individual responsibility and citizenship. However, individual responsibility requires active participation daily, and not merely at the polls on voting day. By keeping oneself informed about the day-to-day workings of our government, citizens can experience the enthusiasm shared by our nation's patriots as they framed our basic freedoms of religion, speech, press, and assembly. In this way, the values on which our country was founded will continue to flourish and strengthen us as we meet the challenges of the twenty-first century.

My vision for America is a shared vision, and it begins with us, the people. We hold the key to keeping our country on the path of greatness. In just two hundred years, much has been done, but many great accomplishments are yet to come. With continued support from its people, this country will remain a land of freedom and opportunity and will hold fast to the principles of "one nation, under God, indivisible, with liberty and justice for all!" May God bless America—Thank you.

THE PEOPLE'S FIREHOUSE CELEBRATE ITS 20TH ANNIVERSARY OF SERVICE

HON. CAROLYN B. MALONEY

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 17, 1995

Mrs. MALONEY. Mr. Speaker, I rise to honor the People's Firehouse, Inc. which is celebrating its 20th anniversary of service to the Williamsburg and Greenpoint communities of northern Brooklyn this November. PFI was founded when, in November of 1975, the city of New York announced that it would close fire engine company 212. The threatened loss of prevention services brought the people of north Brooklyn together to form the People's Firehouse.

In an act of courage rising out of concern for their community, residents entered the firehouse and refused to leave. They held the firetruck hostage and, for 16 months, lived and worked in the fire station, all the while pressuring the city to reopen engine company 212.

One official called off attempts to remove the protesters from the firehouse saying that the fire station was now "the people's firehouse." The name stuck and after much negotiation, engine company 212 was reopened as a fully operational fire station. Those involved in the firehouse situation decided to form a permanent organization to assist their community, and, this year, the People's Firehouse, Inc. a Housing and Community Development Co., celebrates its 20th anniversary.

Mr. Speaker, PFI offers a number of services to the community deserving of recognition. PFI provides legal rights outreach and mediation services to tenants, landlords and the homeless; housing management programs; and housing preservation and development. Seniors and immigrants are given special assistance in English, Spanish and Polish. PFI manages 16 buildings consisting of 141 residential units. The NYC Housing Preservation and Development Community Management Program provided funding for PFI to renovate and manage previously abandoned, city-owned buildings. Since beginning contracting with Housing Preservation and Development

in 1979, PFI has rehabilitated nine city-owned buildings and later sold them to the tenants as limited equity cooperatives.

As if their housing and citizen-outreach programs were not enough, the PFI has received fire and arson prevention funding from the U.S. Fire Administration, the Federal Emergency Management Agency, the New York Department of State, and the mayor's office arson strike force. The PFI also offers a weatherization assistance program; participates in historic restoration; strengthens the Northside Merchants Association with marketing assistance, store renovation and a matching grant program; improves streets with the Bedford Avenue street reconstruction project; and engages in protection of the environment.

Mr. Speaker, the 20 years of service to the community provided by PFI deserve our recognition and praise. PFI takes great pride in its community and responds to the needs of its citizens throughout Greenpoint, Williamsburg, Northside and Southside. One of PFI's most recent projects includes youth job training and establishment of the People's School which offers programs designed to address issues of unemployment, poverty and neighborhood stabilization.

Mr. Speaker, I urge my colleagues to join me in recognition of the People's Firehouse Inc.'s 20 years of service to its community. At a time when many argue that neighborhoods and any "sense of community" no longer exist—PFI strives to find more and more ways to serve its citizenry.

OVERCOMING EXTREME POVERTY

HON. CONSTANCE A. MORELLA

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 17, 1995

Mrs. MORELLA. Mr. Speaker, today, October 17, is the World Day To Overcome Extreme Poverty. In thousands of cities, towns, and villages across the United States and around the world, the poorest people, and those who stand beside them, will be solemnly recommitting themselves to the task of ending extreme poverty.

The first observance of October 17 took place in Paris in 1987. It was made possible by a partnership between extremely poor families and a man named Joseph Wresinski. Together, they founded the Fourth World Movement, which is now an international anti-poverty organization whose activities span the globe.

Around the world, there are 1.3 billion people living with little other than a dream of a better future. Their dreams are usually not for themselves, but for their children. It is our job as their fellow human beings, and as elected leaders, to recognize those dreams and to take up our full responsibilities in seeing that they become a reality. The poorest people are ready to join us in building a better world. It is only with their cooperation and partnership that we can succeed.

Today, we must resolve to work with these poor families to put an end to extreme poverty, just as apartheid and slavery have been abolished. Today, we must resolve that never again should a single man, woman, or child be condemned to the silence and uselessness that extreme poverty entails.

I hope that Members will join me in observing October 17, the World Day To Overcome Extreme Poverty.

TAMING THE EITC

HON. NEWT GINGRICH

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 17, 1995

Mr. GINGRICH. Mr. Speaker, I would like to share with my colleagues an excellent article regarding the Earned Income Tax Credit.

TAMING THE EITC

The Earned Income Tax Credit often is hailed by Republicans as the best welfare program around. So why are they bent on cutting it? The answer: It has grown so much that it's now doing more harm than good.

House Ways and Means Committee Chairman Bill Archer, R-Texas, hopes to cut the EITC some \$20 billion over the next seven years.

President Clinton sharply attacked the move, saying it's "inconsistent with those basic, bedrock values this country should be standing for."

What's all the fuss about?

Started in 1975, the EITC was supposed to help offset the growing costs of payroll taxes on the working poor. Those eligible could get a credit on a portion of their income taxes.

For some families below a certain income threshold, the EITC worked as a negative income tax. They paid little or no income taxes to begin with.

The idea was to encourage work among the poor by boosting their after-tax income. So the EITC has come to be seen as a welfare program with a built-in work incentive.

Popular with both Republicans and Democrats, the cost of the credit grew rapidly. Presidents Bush and Clinton both expanded the credit's size and scope dramatically.

So much so, in fact, that when the Clinton expansions are fully phased in next year, the EITC's cost will have nearly quadrupled since 1990. By 1996, the credit will cost \$26 billion—equal in size to the federal food stamp program.

As a modest program, the EITC worked fine. But most economists agree that today it's doing more harm than good.

The problem stems from the way the credit is structured.

It gets phased in for working families with income up to \$8,900. The effect of the credit is to provide a wage subsidy of 40 cents on each dollar up to that income limit.

From there, the credit is maxed out. Families who earn up to \$11,600 don't get any additional credit.

Once a family exceeds that limit, the credit is phased out. For each dollar over \$11,600, the family loses 21 cents of its EITC until its income hits \$28,000.

Economists say this acts like a marginal tax rate of 21 percent, on top of all the other state and federal taxes, giving these families one of the highest marginal rates around. And that, they say, provides a strong disincentive to work.

The trouble is, as the EITC expands, this disincentive looms larger, overwhelming the work incentives created when the credit is phased in.

Marvin Kosters, who has done extensive research on the EITC for the American Enterprise Institute, finds that today about 40 percent of American families are eligible for the credit.

But of these, there are nearly four times as many families in the phase-out range as in the phase-in range.