pleased that this package has as its centerpiece a $500 tax credit for families with children. This is a much needed tax credit to correct the tax inequity for families that has developed over the years when the deduction for children was not indexed. The capital gains tax cut, and the easing of the marriage penalty are also to be commended. It is time that we allow hard working American families to keep more of their hard earned money. This bill is a strong package to do that.

However, I come to the floor very troubled and disappointed. In what was otherwise a good bill for families and economic growth, the leadership has chosen to include a tax on Federal employees in this bill. For middle-class Federal employees this is bad news. We are making a very hasty decision regarding the largest single employer in the United States when the pension system we are supposedly correcting faces no shortfall of legally available budget authority to pay benefits. There is no crisis here. Yet we are including a tax that will hit middle-class Federal employees so hard that it will eliminate for most any of the benefits of this legislation. That I believe is unfair and a mistake.

Federal employees are virtually all middle-class taxpayers. We promised no tax increases on middle-class Americans; yet we have picked on a politically unpopular target. I am frustrated to be put in such an untenable situation. This was not in the Contract With America and it was rushed into this bill in fundamental violation of our promise of no new taxes. If any action in this area were to be taken it should be more properly taken in the context of an overall entitlement reform effort that objectively looks at the need, if any, to improve the civil service system.

I was calling for family tax relief in the 102d Congress and 103rd Congress when Republicans in the White House, on the Ways and Means Committee and the Budget Committee wouldn't give it the time of day. Many Democrats also opposed it because they wanted the money to fund more Government programs. Yet my bill for family tax relief garnered bipartisan support of 263 cosponsors in the 102d Congress. Raising taxes to fund a tax cut was never part of this picture.

So why sully our tax package now with a tax increase? Using a tax increase to balance is merely a return to failed policies of the past. President Bush didn't balance the budget by raising taxes and neither did President Clinton. In fact, in raising taxes both broke their promise to the American people. To include this tax on Federal employees in this bill we will also be breaking our promise in the Contract not to raise taxes. We are repealing 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 a 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 shouldn't 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 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 2.5 percent increase in Federal payroll taxes represents a 36-percent payroll tax increase. If this was being done to any other workers in this country, Republicans would never stand for it.

The Federal retirement system provision that was put into this bill is even more onerous than the provision proposed in the Government Reform and Oversight Committee, where, by the way, the proposal couldn't even make it out of the civil service subcommittee. There were only 2 days of hearings on this very complicated issue and quite frankly there were many issues unresolved. As our Rules Chairman has noted, 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. Hitting Federal employees across the board with a payroll tax like this in conjunction with massive downsizing efforts will have a devastating impact on morale at a critical time.

The issue of unfunded liabilities in the Federal pension system is still open to considerable debate and quite frankly is a debate I would be happy to have in a timely and thoughtful manner. When Congress originally set up the new retirement system and integrated it with the old system in the mid-80s we spent months and months hearing from experts. Senator STEVENS led the effort in the other body to see that this system was reformed in a sound and fair manner.

To that end, I believe we now have a workable system. The Congressional Research Service reported that the Federal retirement system 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 the Government would have to pay all at one time if everyone who is or who ever has 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. As CRS noted, this event cannot happen in the Federal Retirement System.

Federal pension obligations will just not come due all at one time. Furthermore, given the large downsizing effort in progress, the pension liabilities will be dramatically reduced in coming years. And that is just one more reason why it is particularly unfair that Federal employees will see this huge jump in their payroll tax—many of them will be gone before their pension even vests. Rather than include this complex issue in this tax bill, perhaps we need to establish a bipartisan commission to look at federal pensions as well as the potential liabilities in the Pension Benefit Guaranty Corporation.

Finally, my understanding of the Contract was that we were fundamentally rejecting the idea of raising taxes to balance the budget and just saying NO to tax increases in all shapes and forms. To include a tax increase in this bill fundamentally violates the anti-tax spirit of the Contract. To add this payroll tax when there are important issues still open to debate is particularly unwise.

This is bad policy, bad politics and it is a breach of faith to those who support a tax break for the American family but can't accept an unfair tax hike on middle-class government employees.

SPECIAL ORDERS

The SPEAKER pro tempore. Under the Speaker's announced policy of January 4, 1995, and under a previous order of the House, the following Members are recognized for 5 minutes each:

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

[Mr. BILIRAKIS addressed the House. His remarks will appear hereafter in the Extensions of Remarks.]

A BILL TO END THE USE OF STEEL JAW LEGHOLD TRAPS ON ANIMALS IN THE UNITED STATES

The SPEAKER pro tempore. Under a previous order of the House, the gentlewoman from New York [Mrs. LOWEY] is recognized for 5 minutes.

Mrs. LOWEY. Mr. Speaker, I rise today to introduce legislation to end the use of steel jaw leghold traps. More than 50 of our colleagues have already endorsed this legislation. I want to be very clear: this bill would not end trapping, but would simply end the use of this particularly barbaric instrument. Less cruel alternatives do, in fact, exist.

Mr. Speaker, this device was invented in the 1820's and has continued to inflict needless pain and suffering for over 170 years. Mr. Speaker, since then we've passed a host of animal welfare statutes, including the Humane Slaughter Act and the Cruelty to Animals Act, to name just two. Yet we continue to allow the use of a device that slams with bone-crushing force upon any animal that steps into it. This trap does not discriminate between the front paw of a fox, the hind leg of a golden retriever, or the hand of a small child. It is a brutality that we should stop.

More than 60 countries—including the European Union—have recognized and acknowledged the inhumanity of these traps. As of January 1, 1996, countries that have not ended the use of this device will no longer be permitted to sell furs in European markets. Unless we act now and follow their wise lead, the United States will be sanctioned as one of those countries. Mr. Speaker, some trappers are concerned that passing this bill would require adopting alternative trapping methods that already exist. That is true. But they must understand that, without this law, the demand for their furs will decline when the only buyers to be found are those within our borders.

Mr. Speaker, most Americans support the abolition of steel jaw leghold traps. It's time to join the growing circle of enlightened nations that have realized that they can end the use of these instruments without killing the trapping industry. If we don't act now, both the animals and trappers themselves will suffer the consequences. I encourage my colleagues to join this effort to make this sensible change.