

administration is National Security Adviser, Anthony Lake. While very-deserved credit should go to Secretary of State Christopher and Assistant Secretary Richard Holbrooke, it was Lake's initiative and policy direction in August that got the ball rolling. Specifically, Tony Lake organized and chaired a series of high-level meetings at which United States-Bosnia policy was formulated and refined.

In August, at the President's behest, he traveled to Europe to present the new U.S. diplomatic initiative to our allies and the Russians. He was successful in bringing the allies and contact group members on board with this initiative.

He was in daily contact with the U.S. negotiating team, led by Ambassador Holbrooke, whose subsequent shuttle diplomacy effort produced a ceasefire, agreement on basic principals of a settlement, and the beginning of proximity talks in Dayton.

He chaired regular high-level meetings to ensure high-level guidance to the process and keep it on track and moving forward.

In mid-November, Mr. Lake traveled to Dayton to interact directly with the parties. He met several times with Bosnian, Croatian, and Serbian leaders and was able to provide key impetus to the negotiations at a crucial time in the proceedings.

In short, his role was to develop a policy that could be sustained throughout the negotiating process. His concept for a diplomatic settlement bore fruit in Dayton.

Mr. Speaker, when the successful history of the Bosnian diplomatic triumph of the United States is chronicled, the most important and deserved credit should go to Tony Lake, who despite working quietly in the background, has had a singularly unparalleled contribution to the Bosnian diplomatic success of America.

#### U.S. GOVERNMENT VERSUS SENIOR CITIZENS

HON. BILL ARCHER

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Friday, January 5, 1996

Mr. ARCHER. Mr. Speaker, I commend to the Members attention the following:

[From the Houston Chronicle, Friday, Jan. 5, 1996]

#### PREVIEW.—GOVERNMENT SHUTDOWN WOES A TASTE OF THINGS TO COME

The federal government shutdown is forcing a scramble among state officials for money to keep meals going to seniors and unemployment checks to the out-of-work. For the time being, this government paralysis is of Washington's own making.

However, the current state of affairs could turn out to be a whiff of some rotten times ahead if federal overspending and raging deficits are not brought under control through a balanced budget.

Popular wisdom calls for U.S. budget practices to conform to those of families and businesses, which must live within their means. The analogy is simple, perhaps even an oversimplification. Yet it is fitting.

Even those who argue the contrary—that families and businesses take on debt to finance children's educations or for capital improvements—neglect to notice that unpaid debt can lead to bankruptcy and the dire consequences that follow from financial mismanagement and spiraling interest costs.

For the United States, we are getting a taste now of what hardships a national bankruptcy would provoke. Because of the ongoing government shutdown, some state officials are tapping retirement accounts to fund unemployment benefits. Others are scrambling to find ways to pay for meal programs for the elderly and for food stamps and the early education program Head Start.

President Clinton himself pointed out these and a host of other areas in which the shutdown could exact its toll. And yet, he encourages the myth that steps the Republican-controlled Congress proposes to reduce spending amount to cuts that are too severe.

As we have said many times, the "cuts" are only to the rate of growth. And, continuing on the present course of free spending and deficits spiraling could lead to a federal breakdown that cannot be fixed by another appropriations bill.

#### TAX FAIRNESS, ECONOMIC GROWTH AND FISCAL RESPONSIBILITY ACT

HON. DAVID DREIER

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Friday, January 5, 1996

Mr. DREIER. Mr. Speaker, President Clinton can be rightly criticized for failing to keep his promise to negotiate a 7-year balanced budget using honest numbers. However, I applaud his willingness to support a capital gains tax cut because it will be critical to the success of any future agreement.

The President's support for capital gains tax reduction is an acknowledgment of what every economist who studies the issue already knows: capital gains tax reduction is a win-win proposition. It will spur hundreds of billions of dollars of additional capital formation, create jobs, and promote economic expansion. It will bring immediate relief to small investors, small businesses, workers, retirees, and economically distressed communities. In addition, it will increase tax revenues to government treasuries. And the lower the rate, the greater the benefits.

In deciding how to reduce the capital gains tax rate at the Federal level, I share the view of Federal Reserve Board Chairman Alan Greenspan, who said: "It is easier to make the case to eliminate it entirely than it is to merely reduce the rate."

That is why Representative TAUZIN and I, on behalf of the Zero Capital Gains Tax Caucus, are today introducing H.R. 2861, the Tax Fairness, Economic Growth and Fiscal Responsibility Act. Effective January 1, 1996, it establishes a zero tax rate on any long-term capital gain recognized on the sale or exchange of any property.

There are three major reasons why zero is the appropriate capital gains tax rate. First, it will eliminate the bias in the capital gains tax against lower- and middle-income taxpayers. The American dream is to work hard, buy a home, maybe build a small business, save for retirement, and eventually pass along something to children or grandchildren. In short, Americans strive to build a better future. Despite the political charge that the capital gains tax is a tax on the rich, it is actually a tax on those who seek the American dream.

In looking at data on tax returns from 1991, William Beach, a tax analyst at the Heritage

Foundation found that half of all capital gains were earned by households with incomes from other sources under \$100,000. Of those, 27 percent of taxpayer households with capital gains contained taxpayers over the age of 65 or blind. These taxpayers, according to Beach, had an average income of \$43,637. In explaining why lower and middle-income taxpayers will benefit most from capital gain tax reduction, Beach stated:

When critics claim that capital gains go mainly to the wealthy, they mislead the public by including the gain when citing a person's income. In this way, a retiree living on a \$12,000 Social Security check who realizes a \$30,000 capital gain one year on the sale of his house is classified as a "person with a \$42,000 income who receives a capital gain." By this logic, of course, the only people who win \$1 million lotteries are millionaires.

The bottom line is that small business owners, middle-income families, and small investors are the least able to keep capital tied up and, therefore, pay the bulk of the capital gains tax revenue.

The second major benefit of a zero capital gains tax is increased economic growth leading to new job creation and increased living standards. Had such a tax rate been implemented in 1994, it would by the year 2000 result in an additional GDP growth of \$1.5 trillion, 1.1 million new private sector jobs, and an \$1,884 increase in average annual wages for all workers. As Alan Reynolds of the Hudson Institute noted in testimony before the Senate Finance Committee last February:

Once we abandon the quaint habit of defining capital gains as no different from a weekly paycheck, economics offers no other clear justification for taxing capital gains at all. No economist has ever dared to suggest that a capital gains tax does no damage to the economy.

Completely eliminating the tax on capital gains might sound far-fetched, but its not a new idea. Back in 1978, when stagflation forced creative thinking, Digital Resources Inc. [DRI] did a static Keynesian econometric analysis of a zero capital gains tax. DRI predicted that eliminating capital gains taxes would boost GNP by \$200 billion, increase capital formation by \$81 billion, and create 3 million new jobs. Just as important from a 1990's perspective, DRI predicted that a zero capital gains tax would increase net Government tax revenue by \$38 billion over 5 years.

Fortunately, we do not have to rely on economic forecasting models alone to observe the economic benefits of capital gains tax reduction. Our Federal system has permitted States to become "laboratories of democracy" in which creative and sometimes controversial public policy proposals can be implemented on a smaller and more manageable scale. Over the past few years, a number of these laboratories have tested the effects of capital gains tax rate reductions on statewide economic growth and revenue. The results of these experiments have been greater economic activity, stronger employment, and the generation of increased State tax revenues.

Three States in particular that have recently experimented with capital gains tax rate reduction—Mississippi, South Carolina, and Wisconsin—have, in each case, seen an increase in economic growth, job creation, and State tax

revenues. In May 1994, a fourth State, Colorado, reduced its capital gains tax rate to promote increased investment and economic activity. Befitting their role of "laboratories of democracy," each State has reduced the cost of capital in different ways.

Mississippi and Colorado completely eliminated State taxes on capital gains. It is reported that every \$1 million in new investment in Mississippi creates \$2.2 million in economic growth and 120 new jobs. In 1989, South Carolina cut its capital gains tax rate from 7 percent to 4 percent. Since that time, the State has enjoyed stronger than average economic growth and job creation. Wisconsin has encouraged investment in that State by implementing a 60 percent exclusion of the value of any capital gain from taxation.

The third major benefit of a zero capital gains tax rate is the promotion of fiscal responsibility. While the static forecasting model predicted a cumulative \$490 billion revenue loss between 1994 and 2000 as a result of a zero capital gains tax rate, that estimate does not take into consideration additional income, payroll, and excise tax revenues from \$1.65 trillion in added economic growth over the period. As a result of greater economic activity, a zero capital gains tax rate, had it been enacted effective in 1994, would actually produce a net increase of \$25 billion in revenue to the Federal and State governments through the year 2000.

Mr. Speaker, one would think that the combined benefits of tax fairness, economic growth, and increased Government revenues would be too much for Congress and the President to resist. Yet today, we continue to perpetuate an enormously damaging tax myth that virtually every other country with a significant economy has abandoned. Therefore, I urge my colleagues to join me in ending this antifairness, antigrowth, anti-American dream policy by cosponsoring H.R. 2861.

#### HONORING A LIFESAVING HERO

HON. HAROLD ROGERS

OF KENTUCKY

IN THE HOUSE OF REPRESENTATIVES

*Friday, January 5, 1996*

Mr. ROGERS. Mr. Speaker, I rise to honor a real hero. A man, who while driving his truck down a dark interstate far from home, had the courage to stop and lend a hand to save lives.

Mr. Speaker, I speak of Clay County, KY truck driver Ronnie Brown—a man who did just that at 4:40 a.m., December 16.

While traveling down Interstate I-40 in Winston-Salem, NC, the 43-year-old trucker and part-time minister saw a glowing blaze just off the interstate.

With quick and decisive action, Brown called 911 and contacted truck drivers in the area. The truckers collectively laid on their horns to make as much noise as they could.

With horns a-blazin', Brown then lept from his truck, scampered across a six-lane highway, jumped a fence and ran into the apartment building, pounding on doors.

In the end, the 24 residents of the building escaped unharmed and Brown's heroics garnered the praise and thanks of the residents and management of the apartment complex.

Lawrence Berry, manager of the complex, wrote, "We have classified Brown as a hero

for his gallant efforts and would like to thank him personally."

Brown has a reputation as a Good Samaritan. He often can and will help stranded motorists or people in need—including running into burning buildings.

Ronnie Brown is a real American hero. It is everyday people like Brown who make this country great, and hearing others praise his heroics makes me and all of our great State very proud.

#### CHINA AND TAIWAN: THE OBVIOUS DIFFERENCES

HON. GERALD B.H. SOLOMON

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

*Friday, January 5, 1996*

Mr. SOLOMON. Mr. Speaker, I would like to insert for the RECORD this excellent editorial on China and Taiwan from one of my hometown newspapers, the Post Star of Glens Falls, NY.

The editorial alludes to the obvious differences between Communist China and democratic Taiwan in terms of human rights, democratic development, and economic performance. The only area left out is foreign policy orientation. Taiwan is unabashedly pro-Western and pro-United States. Communist China is unabashedly the opposite. It is a rogue regime, an enemy of freedom and yes, an enemy of the United States.

This excellent article points out how pathetic it is that we are currently agonizing over whether or not to give a routine transit visa to the Vice President of our good friend, Taiwan.

[From the Post Star, Dec. 27, 1995]

DEMOCRACY: A TALE OF TWO CHINAS

Anyone pondering the future of China, and we sincerely hope this includes the Clinton administration, should consider the striking contrast between two recent events in Beijing and Taiwan.

One event stood as a proud affirmation of a democratic future. The other an ugly reminder of continued political oppression. It shouldn't be difficult to guess which happened where.

On Taiwan, 9 million voters cast ballots in parliamentary elections that qualified as the freest in China's history. The ruling Kuomintang saw its parliamentary margin pared to just over half of the 164-seat Yuan. The pro-independence Democratic Progressives won 54 seats. The New Party, a dissident Koumintang faction favoring reconciliation and reunification with mainland China, garnered enough votes to give it 21 legislative seats.

For now, expect Taiwan to maintain its policy opposing both reunification with the Communist-ruled mainland and independence. But the larger point here is that Taiwan's prosperous citizens elected a parliament of their own choosing, selected from multiple political parties free to compete for popular support. The final step in Taiwan's full democratization is the presidential election scheduled for March.

Now compare this heartening record of political progress with what happened a few days later in Beijing.

In a one-day show trial closed to the public and the foreign press, China's leading advocate of democracy was sentenced to 14 years in prison. Officially, Wei Jingsheng was charged with attempting to overthrow the government. In fact, of course, his real of-

fense was believing, and saying publicly, that China's people should be as free as Taiwan's citizens to chart their own political future. Wei also believes, and has said publicly, that China's forcible annexation and military occupation of Tibet are wrong.

China's one-party dictatorship justifies its continued suppression of all political freedoms by contending that authoritarian rule is necessary for economic development. Really? Per capita income on democratic Taiwan is 10 times that of mainland China. Japan, the richest country in Asia and the second-ranking economy in the world, has been a fully functioning democracy for nearly half a century.

China won't ever catch up to Taiwan, much less Japan, economically until the mainland autocrats permit the rule of law. That, in turn, must entail political liberalization of the sort that is transforming the rest of Asia.

The Clinton administration shouldn't shrink from saying exactly this, and from reminding Beijing that China will be trusted in exact proportion to the way it treats its own people.

#### HONORING THE 1995 CIF FOOTBALL DIVISION I CHAMPION, BISHOP AMAT MEMORIAL HIGH SCHOOL LANCERS

HON. ESTEBAN EDWARD TORRES

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

*Friday, January 5, 1996*

Mr. TORRES. Mr. Speaker, I rise to recognize the students, coaches, faculty, and parents who make up the 1995 California Interscholastic Federal Southern Section Division I Champion, Bishop Amat Memorial High School football team.

On December 9, 1995, the Bishop Amat Lancer football team defeated Loyola High School in a 14 to 10 win, earning the team its latest in a string of CIF Division I championships before 14,000 fans at the Los Angeles Coliseum.

This year's CIF Division I championship team: Andrew Woolsey, Joey Getherall, Kevin McLaurin, Daniel Bravo, Brendan McMillan, David Bautista, Brian Russell, Gabriel Marichi, Chris Ulibarri, Mike Vermeeren, David Fuentes, Steve Levario, Sean Koelle, Ricky Vargas, Andre Lake, Damon Catania, Chikoski Bell, Ralph Brown II, Chris Sabado, Breon Ansley, Carlos Osorio, Booker Bell, Damon Samuels, David Olivas, Mike Chavez Jeremy Juarez, Emerson Santos, Joaquin Tierney, Raymond Reyna, Anthony Chacon, Abel Montanez, Manuel Duran, Kyle Keene, Eric Calderon, Santiago Vazquez, Trey Sorensen, Frank Gonzalez, Kali Dawkins, Manuel Garcia, Sam Galvan, Nate Sabado, Ruben Torres, Yovany Lainez, Jesus Hernandez, Ron Villa, Preston Wills, Joe Villa, Tom Gomez, Ernie Fierro, Raul Ascencio, Brian Polak, Chris Morales, Alex Perez, Jason Marin, Paul Gonzales, Zino Hessing, David Fernandez, Ray Martinez, Justyn Hayward, Mark Verti, Doug Knight, Brian Adamek, Luigi, Rao, Manuel Porras, John Escalera, Xavier Gomez, Kristopher Guillory, Jerry Lopez, Anthony Salazar, Jeremy Drake, Huber Ayala, John Sheriff, Mike Diaz, and Jesus Lopez.

With the guidance and support of their family, Bishop Amat faculty, and Principal, Monsignor Aidan M. Carroll, and Head Coach Tom