EXTENSIONS OF REMARKS

SALUTE TO LEMOYNE COLLEGE'S 50TH ANNIVERSARY

HON. JAMES T. WALSH

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 11, 1996

Mr. WALSH. Mr. Speaker, this year as we celebrate the 50th anniversary of LeMoyne College, I would like to applaud an outstanding Jesuit institution in Central New York. This is a college which prides itself on its value-oriented education, a campus whose achievements truly stand apart from the rest.

LeMoyne College was founded by the Jesuits in 1946. On September 5, 1947 the college began classes with an enrollment of 450 students. Recently LeMoyne was nationally recognized in U.S. News and World Report as ranking second among the top 10 regional liberal arts colleges in the north. The total number of undergraduate degrees awarded through June 1996 was 16,700.

LeMoyne prides itself on being the first Jesuit college in the world to open its doors to both men and women. However, their accomplishments do not end there. They created a center for continuous learning, an adult education division, to meet the needs of nontraditional students. Every student is viewed as an individual with different ethnic, geographic and academic interests. Each receives personal consideration in small class settings. This classroom atmosphere strengthens the special bond that develops between the professors and students alike.

The Panasci Family Chapel, built in 1994, enhances the spirit of family, tradition and values that distinguish LeMoyne from any other university. Campus Ministry conducts programs such as PIC-projects in the community, which allows students to be active in community service.

I am proud to recognize LeMoyne's many successes. We are fortunate to have an institution such as this in central New York. I congratulate LeMoyne's administration, faculty and staff for their efforts in providing men and women with a well-rounded, family-oriented education.

I would like to take a moment to commend those who were instrumental in the founding and development of LeMoyne. Without their hard work, dedication and devotion, the college would not be the institution of higher learning that it is today. They are: The Most Reverend Walter A. Foery, D.D.; Rev. Robert F. Grewen, S.J.; Leonard P. Markert; Edward P. Eagan; W. Marcus Crahan; and T. Frank Dolan. I also salute LeMoyne's president, Rev. Robert A. Mitchell, S.J. and the interim academic vice president, Rev. Edmund G. Ryan, S.J., for their valuable leadership.

I ask my colleagues to join me today in wishing this extraordinary institution all the best in what is certain to be an outstanding future.

TAX CUTS

HON. LEE H. HAMILTON

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 11, 1996

Mr. HAMILTON. Mr. Speaker, I would like to insert my Washington Report for Wednesday, August 28, 1996, into the CONGRESSIONAL RECORD.

THE RIGHT KIND OF TAX CUTS

Bob Dole has recently proposed $550 billion in tax cuts. Tax cuts are certainly a popular thing to propose, but there is a right way and a wrong way to cut taxes. Tax cuts need to be targeted to those who need them most, they should expand investment and opportunity, and they must be fully paid for so they don't balloon the budget deficit.

OVERALL TAX BURDEN

Over the last 25 years, taxes paid by Americans at the federal, state, and local levels have risen from around 29% of the national income—gross domestic product—to 31% today. Of that, the share going to federal income taxes—both corporate and individual—has dropped from 12% to 11%. The share going to federal social security taxes has increased from 5% to 8%, and the share going to state and local taxes has also risen, from 10% of GDP to 11%. For most individuals, the biggest direct tax bite comes from state and local taxes, then social security taxes, and then federal income taxes.

PROPOSED PLAN

Of these various components, the Dole plan proposes reducing federal income taxes, but has no provisions that would reduce the burden on working families of social security taxes. Moreover, his plan to shift more federal responsibilities back to the states and localities would make it more difficult for them to reduce their taxes.

The Dole tax plan includes a reduction in the top capital gains tax rate, a $500 per child tax credit expanded Individual Retirement Accounts, a lower tax on social security benefits for upper-income retirees, and some education and training tax breaks. But the centerpiece of the plan—accounting for three-fourths of the cuts—is a 15% reduction in income tax rates. Since the income tax rate for most Americans is currently 15%, the plan would bring that down to around 13%. Higher income people pay taxes at a higher rate, so they would benefit more from the rate cut. The main benefit for average income families is the $500 per child tax credit.

QUESTIONS

The tax cut plan is currently getting careful scrutiny, and several questions have been raised about it.

The first question is why propose such a major change in tax policy when the economy seems to be doing fairly well. Four years ago, we faced runaway budget deficits approaching $300 billion per year, sluggish job growth, and weak business investment growth. But today, the deficit has been cut in more than half, unemployment is down to 5.4%, business investment is up, inflation is in check, the economy is expanding at a solid pace. Stronger growth in the economy would be helpful, but this is not the kind of economic picture overall that would seem to call for a major shift in fiscal policy.

A second question is how much of this is economic ''smoke and mirrors'' and rosy scenarios. The proposed $550 billion tax cut could balloon the deficit, since it relies on ''supply side'' assumptions that the tax cuts will to a large extent pay for themselves by encouraging greater work effort. Similar supply-side arguments were heard in the early 1980s to justify a tax cut that was supposed to lead to a balanced budget; instead it helped quadruple the national debt. If it weren't for the interest we are paying on the debt built up during the 1980s, the federal budget would be in balance today.

A third question is who gets the tax cuts. It has been estimated that more than 40% of the benefits would go to families making over $100,000—the top 50% of taxpayers. That's better than those proposed by House Speaker Newt Gingrich which gave more than half of the tax cuts to the richest 5%, but it is still tilted too much to the wealthy.

A fourth question is what spending cuts will be required to help pay for the tax cuts. Certainly a significant part of such a tax cut should be paid for by spending reductions. But what specific programs would have to be cut? The Dole plan is short on specifics, and several of his spending cut proposals are huge but vague or not politically feasible. Yet this tax plan is much larger than the one House Speaker Newt Gingrich proposed last year, and to finance that he wanted to sharply cut back Medicare, cut drug abuse prevention, and cut environmental protections. The Dole plan would require spending reductions far greater than anything proposed in recent years. We should not threaten Medicare and Social Security as well as important investments in our young people with tax cuts going to the wealthy.

Assessment. The bottom line for me on any tax cut proposal is whether it improves the lot of the ordinary Hoosier. It doesn't help the ordinary Hoosier if a specific tax cut balloons the deficit and results in much higher interest rates and mortgage rates. It doesn't help the ordinary Hoosier if a specific tax cut provides enormous tax breaks for people making well over $100,000, paid for by cutting back Medicare, student loans, and environmental protections. And it doesn't help the ordinary Hoosier if a specific tax cut reverses the progress we have made on the economy in recent years. Every tax cut proposal needs to be carefully and thoroughly analyzed.

I favor tax cuts, but they must be set up in the right way. First, they must be targeted largely to those who need tax relief the most. Various proposed tax breaks should be phased out for those at the highest income levels who need them much less than ordinary taxpayers. Second, tax cuts should encourage savings, investment, and opportunity. Thus I favor, for example, tax breaks for education and skills training, which promote investment in our nation's future and expands opportunity for our young people. Third, tax cuts must be paid for. The costs to the Treasury must be fully offset by savings elsewhere—savings that are real, rather than phony ''smoke and mirrors'' projections, specific, and made today, rather than promised several years down the road. We have made major progress in recent years in reducing the budget deficit from $290 billion four