we are getting on our tax dollar in this country. So 129 days into the year this year.

It might interest my colleagues to note that since 1939 that has increased by about 6 days. The last time that we raised taxes in this country in 1993, we saw the tax burden go up, taxpayers in this country and the tax freedom day continues to move further and further out. So it is very important that we address that issue and that we address the uncontrollable rate at which Government in this country continues to grow.

Now, just a final thought, if I might, and I see my distinguished friend here, I believe, has some comments to make, the gentleman from Illinois [Mr. HASTERT]. But I would say in closing that as we evaluate this plan and we listen to all the rhetoric that is out there, it is important to remember, I think, to try and personalize the effect that it has not only on each individual taxpayer in this country but on their families, grandparents, on their grandkids. And as I look at it myself, I think about my kids and the fact that for the first time we are doing something that will help make this a better place for them, will give them a brighter future where they are not saddled with and burdened with a debt that will deprive them of access to the American dream, something for which my grandfather moved to this country back around the turn of the century from Norway.

If we can get to where we have done something that is meaningful and significant for their future, we will have accomplished something in this debate and in this process. Think of yourself, if you are like I am and you are raising kids, trying to think about how to pay the bills, and the average person in this, in America, who is trying to put aside a little bit for retirement, thinking about college education, a lower tax burden. The fact that there is incorporated in this plan a per child tax credit will put more money in the pockets of working men and women in America who are trying to make ends meet for their families.

If you think about our parents, and my parents happen to be in their late seventies, approaching 80 years old, they depend very heavily upon programs like Social Security and Medicare. This plan will in fact add 10 years to the lifespan of Medicare, and it gets us into a position where we start making the structural changes, the adjustments in these entitlement programs that will put us on a track to fiscal responsibility in this country and to making those programs workable, not just for those who are currently depending upon them like my parents are but also for those in the next generation, for our kids and grandkids.

I would suggest as well that for those who would say that, again, it does not incorporate everything we would like to have in it, that, and I heard this statement the other day and I think it is very significant, that change is not an event, it is a process. We are making progress in this body by working in a bipartisan way to arrive at an agreement which is historic in terms that we have not done something like this since 1969 that brings about profound and fundamental changes in the way that we do business, that shrinks the size of the Federal Government, that saves Medicare, and that lowers the tax burden on American families and individuals.

Mr. Speaker, I would close by saying, and I will yield the balance of my time, whatever that might be, by simply saying again that I believe that we need to get behind this. We need to have the support of the Members of this body and the American public. For those who are interested and have been following this debate, this is something that is definitely a step forward. And in going back 30 years to 1969, when we took a giant step forward for mankind, this, again, is a step forward for mankind and for the next generation.

BUDGET AGREEMENT

The SPEAKER pro tempore. Under the Speaker's announced policy of January 7, 1997, the gentleman from Illinois [Mr. HASTERT] is recognized for the balance of the time as the designee of the majority leader.

Mr. HASTERT. Mr. Speaker, I thank the gentleman from South Dakota, who has made a great impact in his freshman year here in this Congress, and we certainly appreciate the good work he has done.

The gentleman is right, this Congress is making history. I think the 104th Congress made history when we had the contract, and we started to do the things that people said, there is some commonsense things that Congress ought to do. We ought to make government a little bit smaller and smarter. We need to start cutting our cost of government.

And, of course, the 104th Congress was the first Congress that spent less than any other Congress before it, I think which goes back 40 years. As a matter of fact, we saved $53 billion, but we could not pass a balanced budget amendment in that Congress, did not get it through the Senate and may not get a balanced budget amendment through this Congress. We certainly hope so, and we will come back and work at it again.

But one of the things we need to do is balance the budget. That is what it is all about. And we have worked hard to do that. That is one of our goals.

I think the American people, first of all, expect Congress to balance the budget. They also expect us to do the job and, if we cannot pass an amendment, then we will have to do it the hard way; that is, get down.

And, of course, one of the things that we have had problems over the years is that the amount of money that Congress actually appropriates is just a fraction of what the amount of money that Congress actually spends. What Congress spends are the entitlements.

Over the last 50 years, entitlements, that is money that never passes through the Committee on Appropriations, that is money that is never actually voted on by the Congress, it just is spent. It is the debt. It is farm programs. It is Medicaid and Medicare and other things out there. Those are the entitlements that have gone awry. They have had an increased inflation rate of about 15 percent per year.

Any time that you have a 15 percent per year inflation rate, we find out that all of a sudden the money we have spent every 5 or 6 years doubles and that is what has happened to the debt. We find ourselves with a debt of over $5 trillion, a huge debt out there, and, as a matter of fact, $1 out of every $4 that the Federal Government brings in just goes to interest on the debt.

One of the things we have also found out is that what we have done is saddle our children, the gentleman talked about his kids and he worries about his kids, we have saddled our children with a debt that they are going to have to pay off unless we do something now. And now is the time. We cannot pass it off for another year or another decade or into the next century. We have to do it now, if we are going to affect the future for our children.

As a matter of fact, a child that is born today will have to go out and earn $168,000 or some huge number like that just to pay his or her share of the interest on the debt.

So what has Congress decided to do? What have we tried to lay out? What are our parameters here? Well, we want to balance the budget of this year, 1997, in a bipartisan blueprint. And we have. We have worked with the other side of the aisle. That is what the American people want us to do. They elected the President and they elected this Congress. So we need to come out together and find a way to work together. And we have.

So we have a bipartisan blueprint for the future in order to get Washington's fiscal house in order in the next 5 years. So by the year 2002, we have balanced that budget.

So the four principles that I think that we talk about when we have tried to work on that budget agreement, budget plan, is that we are balancing that budget by the year 2002, and we have to keep it in balance. We cannot just balance it once and say we have done that. We need to keep it in balance. And if we have any kind of growth at all, if we have the kind of growth that we had in JFK's term of office, economic growth, we have certainly seen the stock market go up, we have seen job expansion, we see the lowest unemployment rate in this country that we have seen in decades, so the economy is expanding.

□ 1830

If we have the kind of expansion that JFK had, we could balance the budget

in a year. We could actually balance the budget and start to bite in and take out that debt.

If we have the kind of expansion we had during the Reagan years, we could start to balance that budget in 2 years and start to dig in to that debt and pay off that debt and get it down so our kids do not have to pick it up.

And if we have regular growth that we have had, the average growth that this country has had, around 2.3 percent, something like that, then we could start to balance that budget.

It will take a little longer, maybe 4 or 5 years, but we are in exceptional times. And certainly if we can get the budget agreement together and have some type of exceptional growth that we are certainly experiencing, we can do a phenomenal thing and try to balance the budget and do away with that huge debt we have.

So that is the first principle we have to keep in mind. Then, one of the things that I think we owe to the American people is tax relief. It is something the Republicans have talked about for a long, long time. We have talked about it in the Contract With America and then we talked about it as we came into this election year and through the election, and now here we are, we are back in Congress.

Tax relief. What does that mean? Is it special groups of people? Some say we are just giving tax relief to special groups, but it is the American workers, the family, the middle-class Americans that need help.

A fellow in my district who is a schoolteacher talked to me and said, I earned $35,000 last year. I wanted to do something for my wife and my kid, and I wanted to buy a computer so they had something at home to work on and enjoy this, so I went out and got a part-time job.

He made $5,000. Just about $5,000. He said, by the time I ended up paying the taxes on that extra $5,000 that I earned, it was not hardly worth going out and doing it. It put me in a higher tax bracket. It changed the contributions that my wife had to make.

All this problematic situation that he got into was a disincentive. It is a disincentive for people to go out and be productive. He said, I would probably have been better off if I had stayed home and did not do it. But he did do it. And he is a hardworking American, proud of his family, proud of being self-sufficient and taking care of his family and buying a home and being part of the American dream.

So I said, well, one of the things that we are talking about is the child tax credit, a $500 tax credit per child. If there are two kids at home, it means that that family, for every child they have at home under the age of 21, there would be a deduction for $500. If a family has three children, it is $1,500 credit.

That takes off the tax responsibility that a family has on their taxes. That is for people who work. That is something that is great for people who are providing for their family, buying a home, keeping the kids in school, working a couple of jobs to make things work. Those are the types of things we can provide for the American family, is that type of tax credit, that type of help.

Also, one of the things we have certainly talked about in tax relief, we have a lot of seniors in my district and people who have bought and made an investment from time to time throughout their life, hopefully to save for their future. Well, their future is here.

Those people are 65 or 70 years of age, maybe 72, and the house that they bought, the tenant house they bought, or the starter house themselves, they kept it for a tenant house and built a new house for themselves in the 1960's or 1970's, and that tenant house they bought for $25,000 or $30,000 back then, today is worth $150,000, $160,000. And then they start to figure the capital gains, the penalty they have to pay because they made an investment for their future to take care of themselves.

Instead of worrying about Government or some agency or some Government handout program to take care of them, they provided for their own future. But what is the penalty? It is such a huge penalty on capital gains, they say I am not going to hand that money over to the Federal Government, I will not sell that tenant house, or I will not sell that stock, or I will not hold back the 40 acres we bought a couple of years ago because I cannot afford to sell it.

So capital gains have stopped people from cashing in on those investments they made for their future because there is such a penalty. We will change that. The capital gains treatment we have in this bill will allow our senior citizens in this country to be able to start to sell some of those assets off so they can provide for their own future, something that they worked on for 25 or 30 or 40 years to make a difference.

Certainly we can start moving those assets around in this country. We can talk about the development that we have. Certainly a positive thing. And, of course, the death tax that people have to live under. A small family business, the family farms that we have; people are afraid that if they die they cannot pass their farm on or they will not be able to pass their business on to the next generation.

Mr. Speaker, we are talking about the tax treatment out there, the death tax, so that people do not have to give up their small businesses or sell everything off on the farm for them to pass it on to their children. That is a very, very important issue and something that we provide in this bill.

Mr. THUNE. If the gentleman would yield, I see our distinguished leader here on the floor, and we all want to make room because, of course, I am sure he will have some very pithy commentary that we can enjoy listening to, but I would just like to make one observation about something the gentleman said. I think it is an important point.

A lot of the time it has been suggested that the capital gains issue has been depicted as something that only benefits those in the higher income brackets and on the death tax as well. I talk to a lot of people, I do not come from a State where we have a lot of high incomes. We are a resource-, capital-poor State, and yet we have a lot of small businesses in my home State and we have a lot of farms and we have a lot of homeowners.

And what people I think fail to realize is that those are the things that the capital gains tax relief that we have talked about, the death tax relief, those are the things that benefit the small towns, the Main Streets, the businesses, the person who wants to pass on their farming operation to the next generation, the person, as the gentleman noted, who might be approaching their older years and wants to sell a house. These are things that are very mainstream issues; they are mainstream America. They benefit, I believe, the working people of this country who have worked hard and saved and now want an opportunity to realize some of the benefits of that effort.

Mr. HASTERT. Mr. Speaker, I agree with the gentleman. What has happened, Uncle Sam has been penalizing folks who want to put the free enterprise system to the test and save for the future. Americans should be able to keep more of their hard-earned money, and that is what this bill would allow them to do.

Mr. Speaker, I would recognize our majority leader in the House, the gentleman from Texas [Mr. ARMEY], for anything he may have to say.

Mr. ARMEY. Mr. Speaker, I thank the gentleman for yielding, and let me thank the gentleman from South Dakota [Mr. THUNE], for engaging in this special order.

I also want to take a moment, Mr. Speaker, to express my appreciation for the Speaker's kind indulgence, the gentleman from the First District of Tennessee, Mr. BILL JENKINS, who is in the Speaker's chair presiding this evening, who has ably succeeded and working in a place that was held for so many years by our beloved colleague, Jimmy Quillen, and who represents my mother and father-in-law.

If I could talk about this agreement on the budget for a moment, beginning with my mother and father-in-law. We all love our parents, my folks being on Social Security and, of course, to some degree also dependent upon Medicare for their health and the needs of health in their life. There are folks that as we approach this very historic budget agreement, on behalf of their grandchildren we have done this in such a way to ensure that in fact there will be financial viability of Medicare in particular and Social Security sometime in the future for their children and grandchildren.

This is an enormous comfort for senior Americans, especially those who have come to a point in their life where they have come to where they have pretty well come to depend on Medicare being there. For 3 years now, we have had recurring reports from the Medicare trustees that the system faced solvency problems, and for 3 years we have tried to reach an agreement with the White House by which we could address this solvency question so we could give peace of mind and comfort and a certain sense of assuredness to our senior citizens.

So when I look at this agreement and realize that one of the first things we have done in this agreement, and thanks largely to the persistence and the thoughtful work of the gentleman from Illinois [Mr. HASTERT], who has dealt with this problem in the greatest of detail, is we have assured that solvency of Medicare. Mom and dad do not have to worry. Their health care needs will be there, preserved.

That is very important. And yet we have done that in a manner that is respectable to their desire and their concerns about their grandchildren, our grandchildren.

We have a budget that clearly drives consistently to balance no later than the year 2002. Why do I say no later than the year 2002? By virtue of the manner in which we account for things in Washington, this is the least optimistic estimate we could make about when we get that arrival date for balance. We do that with real permanent and immediate reforms in all entitlement spending programs that assures that the great compassion of the American people will be there and available to the most vulnerable of our American citizens, particularly the elderly and the children that depend upon the programs of the Federal Government for food and clothing and shelter.

But as we reform those programs and make them more responsible and more responsive to the needs of the truly needy, we also make room for budget savings in the future, and then we are able to couple that with tax relief.

We were talking here a little bit about tax relief, and I would like to talk about that one tax relief that people do not always identify as a family tax benefit: the reduction in the capital gains tax. As the gentleman from Illinois knows, I am an economist by training and, of course, the first testament of the discipline of economics is Adam Smith's wonderful work ''The Wealth of Nations,'' written, incidently, in 1776, where Adam Smith laid out a principle that has been known and respected by economists ever since. Never has it come into doubt in the development of the discipline of our field that the road to economic progress, economic growth, is through abstinence and capital formation, savings, and the building of productive capacity. And that, immediately, in the person of a family, translates into more, better jobs with better chances of promotion.

And what is that heightens the heart of a mom or a dad, or for that matter even more so a grandma and a grandpa, than to see their young ones finish their education, their schooling and their training and find themselves able to launch into a career where they can begin to develop their own family with the confidence that the jobs are there, the promotion will be there, the pay raise will be there.

As we do that, and we have that economic growth, and we have so much room for a larger growth rate for the American economy, just to get up to the historic average we could grow by at least a percentage point more than we do, that means so much in the lives of our children and our grandchildren.

People do not understand that. They think of the capital gains tax reduction as something that is done for business. It is not that at all. It is done for these youngsters finishing college and looking for a job and looking for a promotion when the first baby comes along, looking for a raise when the time comes for the braces.

☐ 1845

That is what capital gains tax reduction is all about.

The other aspect of this agreement that I think heightens the heart of our senior citizens especially is after a lifetime of hard work, and let us face it, we work for our children each and every day of our life.

I remember when I was a youngster, I sort of implored to my dad, I said, ''Now, Dad, they've got a Mother's Day and they've got a Father's Day. Why don't they have a kids day?''

He said, ''Well, son, every day is kids day.'' I think he was right. Every day of his life was worked in devotion to me and my needs as we do for our children, and then for us to be able as we come along to more able take the accumulation of our life's work and our savings and our investment and the business that we built or the farm that we created and be more able to leave that to our children. We find that our life's work has that enormous payoff. Can you imagine what that means in the life of grandma and grandpa, mom and dad, and then again in the life of those children.

This is a good budget agreement, Mr. Speaker. I want to thank the gentleman from Illinois again for yielding.

Mr. HASTERT. I thank the distinguished majority leader from Texas. He certainly speaks words of wisdom. We listen to those all the time. I thank the gentleman very much for being here.

REPORT ON RESOLUTION PROVIDING FOR CONSIDERATION OF H.R. 1469, EMERGENCY SUPPLEMENTAL APPROPRIATIONS BILL FOR FISCAL YEAR 1997

Mr. MCINNIS (during the special order of the gentleman from Illinois, Mr. HASTERT) from the Committee on Rules, submitted a privileged report (Rept. 105–97) on the resolution (H. Res. 149) providing for consideration of the bill (H.R. 1469) making emergency supplemental appropriations for recovery from natural disasters, and for overseas peacekeeping efforts, including those in Bosnia, for the fiscal year ending September 30, 1997, and for other purposes, which was referred to the House Calendar and ordered to be printed.

PLIGHT OF ECUADORAN PRISONERS

The SPEAKER pro tempore (Mr. JENKINS). Under the Speaker's announced policy of January 7, 1997, the gentlewoman from Florida [Ms. BROWN] is recognized for 60 minutes.

Ms. BROWN of Florida. Mr. Speaker, I am here tonight to talk about my recent trip to Ecuador. I met many people who have been in prison for years, sleeping on dirty floors and eating unsanitary foods. There is no hope for a trial. The problem, Mr. Speaker, is that the laws of these countries do not work unless there is a justice system to administer them.

Let me begin by quoting from the State Department 1996 human rights report on Ecuador:

> The most fundamental human rights abuses stem from shortcomings in the politicized and ineffective legal and judicial system. People are subject to arbitrary arrest. Once incarcerated, they may wait years before going to trial unless they resort to paying bribes. Other human rights abuses included isolated instances of killings, torments and other mistreatment of prisoners by the police; poor prison conditions; government failure to prosecute and punish human rights abuses; discrimination against women, Afro-Ecuadorans and poor people in general.

Last month I traveled to Ecuador to visit American prisoner Jim Williams in the Guayaquil Penitentiary. I have a picture here of Jim and his wife. Jim has been in prison at this time for 9 months. When I traveled, I carried his wife. For the first time in 8 months, she and her husband saw each other.

Jim Williams is an American. He is a businessman from Jacksonville, FL, and he has been held in this prison for the past 8 months.

Several months ago, Mrs. Robin Williams, wife of Jim Williams, along with Charlie Williams, brother of Jim Williams, came to my office in Jacksonville to discuss the imprisonment of Jim Williams. They asked if I would travel to Ecuador to help investigate his situation.

After I arrived in Ecuador, two factors became apparent. First is that the Ecuadoran judicial system, including the courts and prisons, is in a shambles, in a country where poverty is the norm and a typewriter is a luxury.

The second is, the United States officials in Ecuador have an overriding role to combat drug trafficking, particularly of Colombian cocaine. Officials related to me that because of the United States pressure for drug suspects to be apprehended, there is a