Ms. JACKSON–LEE of Texas. Mr. Speaker, I am very delighted today that in an act of positive and effective bipartisanship the energy and water appropriations bill was passed by this body.

Now, many would ask what a technical bill like that has to do with the real nuts and bolts of the quality of life in this Nation. Well, first of all, it has to do with our highways and byways that are water directed. It has to do with protection of our communities against the tragedies of flooding. It has to do with the edification and beautification of our river banks and our bayous and, yes, it has to do with protecting us from the tragedies of the wrong type of disposal of nuclear waste, which in many instances is sometimes used for our medical care.

At the same time, this legislation was particularly special to a group of people in my community in the 18th Congressional District, and I would like to thank some community activists, ministers in and around the Sims Bayou area, particularly around Martin Luther King and Cullen Boulevards, James Brooks a community activist, and Reverend Kyles, along with many other ministers and community leaders who for a long time, and continue to at this time, fought to get some response to the terrible flooding that was going on in their community.

I remember distinctly in 1994, as a city council member, traveling streets by boat that heretofore had not seen any more water than a slight puddle in a yard because it had been watered too much. But unfortunately, in a very heavy rainstorm, many of their homes were flooded out. Now, what I should most compliment is how that community came together, with churches opening their doors and with people gathering clothes and food. They rose up in the time of tragedy and adversity.

Another problem that they faced, however, was, unlike areas that flood regularly, many of those homes did not have flood insurance so many of the people were left devastated. That was 1994. And since that time, we have seen three or more times that that same area has flooded.

With their energy, we took the bull by the horns, and just this past winter, in a terrible flood, we were out there walking those bayous with the Army Corps of Engineers, the Harris County engineering group for flood control, and other local citizens and officials, and we said that this is something that we need to do a lot about.

Those community leaders were undaunted by the task of trying to get Federal funding, more of course, working with local government cooperatively and giving comfort to their citizens who one more time this past winter had been flooded again. Even as I walked the bayou, I could see fences that had been knocked down not by wind but by storm waters.

Now, after working with them and the Army Corps of Engineers, rather than go backward, we are very glad to have gone forward with the $3.5 million added as the completion of what the Army Corps of Engineers asked for to reach the particular area of concern around Cullen and Airport and Martin Luther King Boulevards, in particular in the 18th Congressional District. This $3.5 million will have us going forward and not backward.

But the tribute goes to those citizens who worked very hard. Many times we hear our constituency base ask, ''I send money to Washington and it seems like it takes wings and goes off somewhere.'' Many times they complain about the spending that goes on in this body and elsewhere. The only spending that should go on, we hope, will be to enhance their quality of life.

I am delighted that these citizens maintained the course, and I will continue to work with them so that we can jump-start this project, so that it completes itself way before 2006. We will work with Harris County, we will work with the city of Houston, and we will work with these activists who have not sold their homes in desperation but they have continued to live there. And we will work with FEMA, who still has not been able to consider their claims. But most of all we will congratulate them on their hard work.

I would also at this time, Mr. Speaker, like to acknowledge another activist, but an activist in Christianity, in the Christian experience. Bishop N.H. Henderson, Sr. has served in the ministry for some 50 years, pastoring six churches. He now pastors Law Memorial in Houston.

He has shared his life with his wife, he has shared his life with his family, but most of all he has shared his life with his community. The community of Houston, particularly in the 18th Congressional District, owes Bishop N.H. Henderson, Sr. a great deal of gratitude for the 50 years that he has given to us, for the 77 years that he has lived, for the 60 years of his Christian experience, and for the 50 years of his gospel ministry.

Finally, Mr. Speaker, I would like to very quickly pay a special note of sympathy to the family of Judge Norman Black. We lost him this past week, a cheerful and thoughtful jurist, someone who gave of his life, but most of all treated all mankind and womankind with human dignity. My sympathy to his family and the community who mourn his death.

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

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

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

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

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

[Mrs. SMITH of Washington addressed the House. Her remarks will appear hereafter in the Extensions of Remarks.]

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

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

ON BALANCING THE BUDGET

The SPEAKER pro tempore. Under the Speaker's announced policy of January 7, 1997, the gentleman from Wisconsin [Mr. NEUMANN] is recognized for 60 minutes as the designee of the majority leader.

Mr. NEUMANN. Mr. Speaker, I rise today to talk about a very important issue facing this Nation: It is the growing debt that faces this country. Today our debt stands at $5.3 trillion, $20,000 for every man, woman, and child in the United States of America.

To begin this discussion, I think it is very important that we understand the difference between balancing the budget, that is, reducing the deficit to zero, and paying off the debt. The deficit is the part we talk about out here, and it is important to understand that the deficit is the overdrawn checkbook. When Washington talks about balancing the Federal budget, what they are actually talking about is not overdrawing their checkbook anymore.

What has been going on since 1969 is, every year the Government collects taxes out of the American people's pockets and it puts it in their checkbook and then the Government writes out checks. But it writes out checks for more money than they have in their checkbook. We all know in our houses that would not work and it does not work out here.

So what it is they do when the checkbook is overdrawn, is they go and borrow the amount of money the checkbook is overdrawn. The result of that borrowing is what is shown in this chart. It is the growing debt facing this great Nation that we live in.

From 1960 to 1980 the debt did not grow by very much, but from 1980 forward they started overspending by a lot, and they started borrowing lots of money, and that is why the debt is growing as fast as it is. And we can see it in this chart. As a matter of fact, right now, today, we are at about this point on the chart. And it brings to light how important it is that we deal with not only the deficit but that we

stop the Government from spending more money than it has in its checkbook.

But after the deficit is dealt with we still have the $5.3 trillion debt, and we need to put a plan into place that also deals with that. I have recently introduced legislation called the National Debt Repayment Act. And what the National Debt Repayment Act is, it goes the next step beyond balancing the budget. After the budget is balanced, it says that we must start making payments on reducing the size of this debt.

I am a former home builder, so we set it up very much like we would when we borrow money to buy a house. We pay the loan off over a 30-year period of time. Under the plan, as the surplus is developed, one-third of the surplus would go to additional tax relief for the American people and two-thirds would go to start paying down this Federal debt.

A lot of people might ask, how did we get this debt this big and what is going on out here that would lead us to this size of a debt? I think it is important that we get a handle on what happened in this city before 1995.

Before 1995, this city, the people in Washington, continually made a series of promises to the American people. What I have on this chart is the Gramm-Rudman-Hollings promises of 1985, and then again in 1987. And one can see how they promised, and the blue line shows how the deficit was going to go to zero, they were going to stop overdrawing their checkbook. The red line shows what they actually did with the deficit. They made promises to the American people and they broke those promises.

Again, I would emphasize this is the past. This is pre-1995. Promises were made, the deficits exploded, the promises were broken.

In Washington, they figured out the logical thing to do if they could not keep their word was to make a new set of promises. So they made another set of promises, the Gramm-Rudman-Hollings II, and the blue line shows what they promised in that set. And again the deficit exploded and they did not keep their promises. They could not hit their targets.

The reason we have this debt is because, as these promises were made in the late 1980's and early 1990's, the people representing the United States of America, the people here in Washington, they were not able to keep their commitment to the American people.

In 1993, recognizing that they had broken all their promises, they got serious about this and they said, ''We know what we can do about this, we will raise taxes. We will take more money out of the pockets of the American people. And maybe if we do that, we can stop overdrawing our checkbook.'' Because if they took more money out of the pockets of the American people and they put it in their checkbook out here, they would have more money to spend but they would be closer to a balanced checkbook.

So they raised taxes in 1993, and I would point out the tax increase passed the House of Representatives by a single vote. Not one single Republican voted for it. And it passed the Senate by a single vote.

So we have these broken promises before 1995, we have the tax increase of 1993, and we have the revolt of the American people in 1994. In 1994 the American people said, ''Enough of this stuff, we do not want any more broken promises of a balanced budget, and we do not want these tax increases,'' and they put a new group of people, they put the Republicans in charge of both the House and the Senate.

Now, I think it is reasonable that the American people should ask are they any different. Is there any difference between the Democrats that were here before and this picture of broken promises and higher taxes, and the group of people that is now in Washington, DC, in control in the House and the Senate?

□ 1430

I brought some charts along for that, because I think the answer to that question is very important. It is more than fair that the American people ask are they any different than what has happened since 1995, when we sent a new group there to control. I brought this chart along because this chart shows just how different things really are.

The red columns that one sees on this chart are our plan to balance the budget, too. When we got here in 1995, we made a promise to the American people that we were going to balance the budget too and preserve this Nation for our children. The red column shows the deficit numbers that we promised the American people.

This is very different than those last charts, though, however. Instead of missing the targets, in the first year of our plan, we not only hit the target but were ahead of schedule. The blue column shows what actually happened. So in year one, we were not only successful, but we were ahead of schedule. Along came year two. We were not only successful but we were ahead of schedule. We are now in year three of this plan; and, again, we are not only on schedule, we are ahead of schedule.

It now appears that, because of the success of this group since 1995, along with a strong economy, that we are in a position to balance the budget by next year. So we have not only hit our target of balancing by the year 2002 and keeping our promise, but it now appears that we will have a balanced budget as soon as 1998, 1999 at the latest, and that is great news for the American people.

Why is this happening? What is the message here? What is different? Well, this group curtailed the growth of Government spending to a point where we were able to hit our targets. No raise of taxes. No taking money out the pockets of the American people. Our vision was we should curtail the growth of Washington spending.

When Washington spends less money out of their checkbook, it is no different than in our household, their checkbook was overdrawn by a smaller amount. As a matter of fact, if we look at the year 1997, for example, they overdrew their checkbook by $100 billion less than what was expected. Well, what happened?

When Washington did not go into the private sector and borrow that $100 billion, that left the money available in the private sector. With $100 billion available out there in the private sector, of course that is more availability of money. More availability of money meant the interest rates stayed down. And this is where it now translates out of Washington and into the real world. In the real world, when the interest rates stayed down, it was very predictable what happened next. People started buying more houses and buying more cars.

This was our vision in 1995. If Washington could just stay within their means, could meet their targets and stay ahead of schedule, they would borrow less money out of the private sector. More money available would keep the interest rates down. And with the interest rates down, people would buy more houses and cars and they would do all the things to make this economy work. Because when they bought houses and cars, other people had to go to work. That meant they left the welfare rolls, took less money away from the Government, and started paying taxes in.

That is the working model that has led to this picture. Again, I cannot emphasize enough how different the picture is now than it was before. We are not only on track to balancing the budget, we are ahead of schedule.

I would like to also point out the success that we have had in terms of curtailing the growth of Government spending. This chart shows it the best I can. Before the Republicans got here in 1995, Government spending was going up at an annual rate of 5.2 percent.

We have heard a lot about draconian cuts. I would like to point out that, since the Republicans have been here, spending is still going up, much to the chagrin of some us out here, but it is going up at a much slower rate. What has actually happened is the growth of Government spending, growth of Washington programs has been slowed by about 40 percent.

Since Washington spending is not growing as fast, we are able to both reach a balanced budget and offer tax relief to the American people. What a wonderful situation this is that we have out here right now. We are now in a position because of this success that we can offer the American people both a balanced budget and tax relief, $500 per child; college tuition $1,500 for your kids going to college; capital gains

being reduced from 28 percent to 20 percent; the death taxes, reform; the dream IRA has pulled into place. All of these good things are happening out here because Washington is no longer expanding like it was before. That is good news for the American people.

I had a conversation this morning and the person was talking and he said, ''I have got two kids at home.'' And I said, ''Good. January 1 of next year what you should do is you should walk in the door of your employer and you should tell your employer you wanted to keep $66 more in your paycheck in January that you were sending to Washington before. You just get to keep that money. It is his money anyhow.''

And this person just simply has to walk in the door of his employer on January 1 next year and say, ''I want to keep an extra 66 bucks a month of my own money,'' and he gets a $66 raise in one month simply by walking in and doing it because these tax cuts are put into place. Good news for America.

The logical question is, ''What is next?'' I think the logical question, we look at this picture, we look at the broken promises of the past and the tax increases of 1993 and the American people stepping forward and rejecting those broken promises and the tax increases, and they have now moved to a point where they put a group of people here that are going to both stay on track to balancing the budget and reduce the taxes at the same time, the logical question is, ''Where do we go from here?''

I think the answer to that question goes back to kind of where we started tonight. Even after the budget is balanced, we still have this $5.3 trillion debt hanging over our head. For any of the viewers that have not seen this number, this is what the number looks like. It is staggering. It is $20,000 for every man, woman, and child in the United States of America. It is $100,000 for a family of five like mine. And the kicker is, a family of five pays $580 a month in interest only on the Federal debt.

Now a lot of people say, ''I do not pay that much in taxes.'' Well, the reality is, you pay taxes all over the place. When you walk in the store and buy a loaf of bread and the store owner makes a profit on that loaf of bread, the store owner sends part of that profit to Washington, DC, to help pay the interest on that Federal debt. So they are paying it.

So the logical question is, ''What next?'' The logical answer to that question is after we balance the budget, we should start addressing this national debt. Recently I introduced a bill called the National Debt Repayment Act. And it does this. After the budget is balanced, we cap the growth of Washington spending at a rate 1-percent lower than the rate of revenue growth. That creates a surplus. Two-thirds of the surplus goes to paying down this debt. One-third of the surplus goes to additional tax cuts for the American people. I think it is real important that we point out, as this debt is repaid, the money that has been taken out of the Social Security trust fund by the people in Washington over the last 15 years gets put back into the Social Security trust fund so Social Security once again becomes solvent for our senior citizens. The people that are working today would get additional tax cuts; so for our seniors, solvency in the Social Security trust fund, security in the Social Security system for our seniors. For our working families, for people in the work force today, taxes is part of this bill.

I think most important of all, for future generations, for our children and for our grandchildren, we get to pass this great Nation on to our children debt-free. We pay off the Federal debt by the year 2026 under this bill, and we get to pass this great Nation on to our children debt-free. I think that is the message of the future, and I think that is the message of the Republican Party.

The past, the party that was here before us in control, the broken promises of the late 1980's and the early 1990's and the tax increases of 1993, that is gone. The American people sent a different party here to run Washington, DC. This party is in the third year of a plan to balance the Federal budget. We are on track. We are ahead of schedule. The budget should be balanced in 2002 but probably as early as next year or the year after, on track, ahead of schedule, by curtailing the growth of Washington spending so that we can provide both a balanced budget and lower taxes for the American people.

This vision for the future includes paying off the Federal debt, restoring the Social Security trust fund, and giving this great Nation that we live in to our children absolutely debt-free. I can think of no better vision for the future of our Nation.

Mr. Chairman, I yield back the balance of my time.

The SPEAKER pro tempore. The gentleman from Wisconsin [Mr. NEUMANN] yields back his time.

Under the Speaker's announced policy of January 7, 1997, the gentleman from Minnesota [Mr. GUTKNECHT] is recognized for the remainder of the majority leader's hour. That time would be 47 minutes.

Mr. GUTKNECHT. Mr. Speaker, I yield 5 minutes to the gentleman from North Carolina [Mr. ETHERIDGE].

REGARDING TAX RELIEF FOR WORKING FARMERS.

Mr. ETHERIDGE. Mr. Speaker, I thank the gentleman from Minnesota [Mr. GUTKNECHT] for yielding me the time.

Mr. Speaker, I rise today on behalf of the hard-working farmers of North Carolina. I want to thank my colleagues that voted yesterday to preserve crop insurance for tobacco farmers.

Defeating the amendment this week could not have come more timely. Just this week, rain and wind from Hurricane Danny damaged thousands of tobacco farms in North Carolina as farmers prepared to go to market. As insurance adjusters began to survey the damage, farmers will count on crop insurance to pay the bill as they try to salvage what they can.

If crop insurance were not available to these small farmers, not only would this year's crop be a near total loss for them, but others would be forced off the farm entirely. Many of these very farmers are still repairing the damage to curing barns, irrigation equipment, and other farm equipment received during Hurricane Bertha and Hurricane Fran just last year. Others are just now recovering to pay off farm loans and bank debts that they sustained during that period. And their families also faced damage from blue mold just last year on their tobacco.

Yesterday's vote was a huge victory for small farmers, especially poor, minority, and disadvantaged growers. Tobacco has been in the news a great deal lately. It has been the source of quite a bit of controversy. However, there is one fact about tobacco that is indisputable. The golden leaf has helped build the State of North Carolina, and it has helped transform the Tar Heel State into an international force in business, technology, education, research, medicine, and the arts.

Before the turn of the century, North Carolina was known as the Rip Van Winkle State, devoid of good education, economic wealth, and many other things that others enjoyed. Jobs were hard to come by, and a week's pay at a textile mill never seemed to be quite enough to pay the bills at the town general store.

Education was a privilege only for a very special few people. At the turn of the century, most children left school early to work on the farm or in a textile mill, and only a lucky few graduated from high school, and even less went on to college. Health care was atrocious. But because of the geography and climate, North Carolina farmers found that they could grow a variety of crops and especially one that turned a good crop, flue-cured tobacco.

Tobacco has helped educate our children, help establish our community college system, build our roads, and send thousands of young people to a public university system that is the rival of any in this Nation and around the world. Tobacco and the tax revenues and economic development it has generated has provided the State and local government the resources necessary to foster an environment of technological achievement in our State that would not have been deemed thinkable just a few decades ago.

North Carolina boasts the best research universities that exist anywhere. Our community college system is the model used by States all over the country. North Carolina boasts more

miles of State maintained highways than any State in this Nation. And the Research Triangle Park has become a research technological manufacturing center that has put North Carolina ahead of the pack in the creation of new jobs and economic development opportunities as we look forward to the new millennium.

Just over 50 years ago, tobacco was the economy of North Carolina. And it remains an important part of our State today, but it is a less important part. North Carolina has a well-diversified, multifaceted economy, thanks to the sweat and toil of the farmers all over our State.

But tobacco is extremely vulnerable to the fury of nature. Hurricanes, tornadoes, floods, and other acts of nature that have visited North Carolina in recent years have devastated our family farmers. Crop insurance would have made it more difficult had farmers not had to insure themselves against nature's fury.

So let me thank my colleagues again for casting a vote on behalf of family farmers. I also want to thank my colleagues that voted to preserve the peanut program and the reforms that were made to it in the 1996 farm bill. Because had they not voted against the Neumann-Kanjorski amendment, peanuts would have been in trouble.

Peanuts have also played a big role in the agriculture economy of North Carolina. Before tobacco became the king crop, peanuts sustained the fragile economies in many of our poorest counties in North Carolina, as it still does today. Peanut farmers face many obstacles, as do others. Too much water turns them to mush. Too much drought turns them to dust.

Mr. Speaker, I again want to thank my colleagues for casting their vote to help our farmers yesterday.

The SPEAKER pro tempore [Mr. BURR]. The gentleman from Minnesota [Mr. GUTKNECHT] is recognized and has 42 minutes remaining.

Mr. GUTKNECHT. Mr. Speaker, I would like to talk a little bit about what has been happening over the last 40 years, what is happening in the Congress today, and sort of pursue some of the ideas that our colleague, the gentleman Wisconsin [Mr. NEUMANN], was talking about.

I am pleased to have joining me the gentleman from Florida [Mr. WELDON], who came in with me and the gentleman from Wisconsin [Mr. NEUMANN] in the class of 1994, to talk a little bit about what is happening with this budget, what is happening with taxes.

I want to mention something that our colleague, the gentleman from Wisconsin [Mr. NEUMANN], neglected to mention. I think it is a very important point.

□ 1445

He said that we are ahead of goal, we are under budget, we are closer to a balanced budget today than we have been since I was in high school. I would like to talk a little bit about some of the things that are happening. We have eliminated something like 289 Federal programs. We have cut over $50 billion in discretionary spending. We have the first real welfare reform plan passed literally since 1965.

There is a lot of good news that goes along with this. As a matter of fact, 3 weeks ago when the President did his Saturday radio address, he said that there are 1,023,000 fewer families on welfare today than were on welfare when he signed the Republican welfare reform bill just a little over a year and a half ago. That is good news. It is saving money. But the goal of the welfare reform plan was not to save money. The goal of the welfare reform plan was to save people, and to save families and to save children from one more generation of poverty, dependency, and despair. We are making real progress in the areas of welfare reform, in the areas of Medicare reform, entitlement reform, downsizing the Federal bureaucracy, holding the Federal Government more accountable, squeezing more out of the taxpayers' dollars. We are limiting the growth in spending.

In fact, in 1995, when we passed our first 7-year budget plan in which we said we will balance the budget by 2002 and we will provide tax relief to working families in the United States, when we passed that original blueprint for balancing the budget, when we said in 1995 that in fiscal year 1997 we would spend $1,624 billion, that is how much we would spend in this fiscal year that we are in right now.

The truth of the matter is we are actually going to spend only $1,622 billion. This Congress is actually going to spend less money this year than we said we were going to spend just 2 years ago. That is good news. But I think the news is even better if we stop and analyze it, because in the intervening time because we have had stronger consumer confidence, we have stronger confidence in the business community, we have lower interest rates than even the Treasury estimated just 2 years ago, as a result of all of that, more people are buying homes, more people are buying cars, the economy is stronger, and the revenues coming into the Federal Government have actually increased by more than $100 billion. At the same time revenue has increased by over $100 billion, real spending by this Congress is less than we said it would be just 2 years ago.

I think that is great news for the American people, and it is particularly good news I think for our kids, because we are on the path now toward a balanced budget. There was a published report just a few weeks ago that said if the economy remains even relatively as strong as it is today, even close to where we are today, we could actually balance the budget as early as next year. I think that is great news.

Joining me is the gentleman from Florida [Mr. WELDON]. I welcome any comments he may have.

Mr. WELDON of Florida. I thank the gentleman for yielding. I wanted to rise and talk a little bit with the gentleman today and with the people viewing in the C–SPAN audience a little bit about who this tax cut package is really going to help. It is important for all our colleagues in the House of Representatives and everyone watching to understand exactly what this means for the families and their neighbors' families. Tax relief is about real people, real Americans. If the gentleman would allow me to come down there, I want to put up on that easel next to him a picture of one of those families.

Mr. GUTKNECHT. In fact, while the gentleman is bringing a chart down, I think he has made an excellent point and sometimes we forget because we get so bogged down in $1,624 billion and 2.3 percent and $100 billion and $200 million and all of these numbers. We sometimes talk about these kinds of things as if it were some kind of an accounting exercise when really this in the end is about real people and how it is going to affect their lives.

Mr. WELDON of Florida. Mr. Speaker, this is a picture of a family from my congressional district, specifically the town of Palm Bay, the town that I live in on Florida's east central coast, an area we call the Space Coast because of Kennedy Space Center and Cape Canaveral being there.

This is the Auger family, a middle-class family. Here we have Jim Auger. He is a plumber. We see him there with his wife and his three kids. They have a family income of less than $40,000. Jim juggles his roles as husband and plumber, and his wife, of course, is very busy with the household chores. I believe she also earns some extra income cutting hair. They have 3 kids. I want to talk a little bit about the kids.

The oldest boy is Christopher. There is Christopher there. Then they have Anthony and their daughter Denae. She is 10 years old. Of course also they have the two dogs Bridget and Oreo.

Mr. GUTKNECHT. Which dog is which?

Mr. WELDON of Florida. I think this one is Oreo actually. I think I may have gotten that one wrong.

I want to talk a little bit about what the Republican tax cut package actually means for them and how it will specifically affect this family, because it means a lot to this family. In fact, it means a lot for all families like the Augers, and the importance of this vote cannot be overemphasized. Indeed, I think it may be one of the most important votes that we will cast in this Congress.

It is not always easy for Jim to look out for his family and to make ends meet, especially when so much of his hard earned money goes to the Federal Government. Indeed, like most middle class working American families, Jim sends more to the Federal Government than what he spends on food, clothing, and shelter combined, which is a very significant, important fact for many American families.

What they will receive with this middle-class tax cut package is very important. They will receive $500 for each child.

The gentleman from Minnesota has another picture of the family. I think what they are doing there is playing Pictionary at that particular moment. They are not trying to fill out their IRS forms and figure out how they are going to make ends meet. They are actually enjoying themselves there.

Mr. GUTKNECHT. I want to get back to an important point because I think this sometimes is lost. This typical American family, and this is not all that different from the family I grew up in during the 1950's. In fact, when I was growing up in the 1950's, the average family, the largest single payment that they made was for their house payment. Today the typical family, according to the National Taxpayers Union, pays more in taxes, we are talking about total taxes, they pay more in taxes than they do for food, clothing, and shelter combined. That is why the typical American family is being squeezed so much and why this tax relief package we are talking about is so important.

Mr. WELDON of Florida. The gentleman raises a very good point. The typical American family does not pay more in Federal income tax than they spend on food, shelter, and clothing. But when we add up the FICA, the Medicare tax, when we add up the property taxes, if they own their own home, their sales taxes and all the other taxes the families pay out, the typical American family is spending more money on taxes than anything else, and it is greater than food, clothing, and shelter combined.

This family is going to get the $500 per child tax credit. But because their oldest son is getting close to college age, they can also get a $1,500 a year eligibility for an IRA scholarship deduction which, if we do the math and translate it all out, this family will be saving in excess of $1,500 a year on their income taxes.

Mr. GUTKNECHT. That is money that they get to keep, and sometimes people misunderstand. They confuse credits with deductions. We are talking about $1,500 more that this family will have in their checkbooks to spend as they see fit rather than having that money being sent to Washington to be spent by Members of Congress and bureaucrats as they see fit.

Mr. WELDON of Florida. The gentleman is absolutely correct. An important point here that I would like to make is the Augers are not the only family in my congressional district who are going to benefit from this tax relief package. Indeed, the Heritage Foundation, a think tank here in Washington, DC, did a calculation for me indicating that 84,000 families in my congressional district will see their income taxes go down based on this Republican middle-class tax cut package. That will mean $39 million in the pockets of working families in my congressional district, which includes Brevard County, Indian River County, Osceola County, and portions of Polk County in Florida. I am sure in the gentleman from Minnesota's district, it is ditto. He has got thousands and thousands of families that will benefit from it.

This is a very important point: When we put more money in their pockets, in working families' pockets, it not only makes it easier for them to make ends meet, it not only makes it easier for them to be able to send their kids to college with the tuition tax credits that we are providing, but it is also going to be good for the local economy, it is going to be good for the local businessman. If you are a businessman and you own a hardware store or if you work in a barber shop or a restaurant, you are going to have more families with more spending money in their pocket, and that is going to in turn, well, Jim Auger here in this picture is a perfect example. He is a plumber. There are lots of families that are going to benefit that he does plumbing work for. How many families in my congressional district or in the congressional district of the gentleman from Minnesota [Mr. GUTKNECHT] have a leaking faucet that they would like to get fixed but they do not have the money, the end of the checkbook comes before the end of the month? What is going to happen, people will have more spending money and the spinoff benefit will not only be that it is going to be easier for him to send his kids to college; they are going to have more spending money. But as well, it may actually help his business because it is going to help the families that he does plumbing work for.

This is something that has the potential to help everybody in America. It will create jobs, it will make working families and families with kids better able to make ends meet, and probably most importantly, it is going to make it a lot easier for this mom and dad in this picture to send these three kids to college.

These kids are bright kids and their parents believe they are college material and that they should be able to succeed in college. But as everybody knows, it is not just the tuition. It is the room and the board and the books and paying the medical insurance while the kids are in college. So providing for a kid for another 4 years and seeing him through the process of college is very, very difficult on families. This family is going to be better able to send their kids to college. That is a big part of what this tax package is all about.

I am very, very pleased to rise today and join the gentleman in this special order and talk about not just the statistics and not just the numbers, but real flesh and blood people like the Augers and their three kids, because this is going to mean a real difference for their quality of life. For too long, American families like them have been bearing too much of the burden of government here in Washington. If we look at the facts and look back 40 years when my mom and dad and the gentleman from Minnesota's mom and dad were raising our families, I know I have my sister Carol visiting from Tennessee in the gallery up there listening to this speech. I have three sisters, Carol is the youngest, my sister Maryann, who is younger than me, and then my older sister Christine. When my parents were raising the four of us kids, my father was a postal clerk, working in the post office, they were sending about 2, 3, 4 percent of their income to Washington, DC. Now these families are sending 25 percent of their income to Washington, DC.

As I understand it, she likes to cut hair and she enjoys cutting hair. But there are a lot of working moms who would rather not be out in the workplace. They would rather be home with the kids. Particularly when the kids are really little, they would rather be home with them. This tax package is going to go a long way to helping a lot of those families.

One of the things that I think is most ironic is that not only has this been a very difficult process over the 3 years to get the administration to come along with us on a tax cut package, but as well it really is taking our initiative, the initiative of the Speaker, the majority leader, the leader in the other body as well as all the other Members, to really get the President of the United States to fulfill a pledge that he made in a campaign in 1992 to provide a middle-class tax break. So it is really a pleasure for me to join the gentleman.

Mr. GUTKNECHT. I will hold this picture up of this family, but I think if he flips to the next chart, let us talk a little bit about that. He is absolutely right that the President promised when he ran for office the first time a middle-class tax cut. He did not promise a lower income tax cut, he did not promise to cut taxes for people who pay no income taxes. He promised a middle-class tax cut.

In many respects, what we are doing is we are helping the President keep that promise. According to the Joint Committee on Taxation, which is a bipartisan committee and is the official scorekeeper of all tax bills, 76 percent of the tax relief in the package that passed this House, and we have not yet got the calculations on the bill that is being finalized in the conference committee, but my suspicion is it will be very close to the same number, at least three-quarters of the benefit of this tax package will go to families who earn less than $75,000 a year.

□ 1500

And there are lots and lots of families in that category, and I yield to the gentleman.

Mr. WELDON of Florida. Yes, if the gentleman would yield, I appreciate it, thank you.

I just wanted to explain what this chart represents. And our tax cut package is about an $85 billion net tax cut, but actually its total amount is about $115 billion. This pie chart represents all of that money, the whole tax cut package, and we are looking at who does it go to. And this section in the yellow here represents 76 percent of that tax cut package, and it goes to families earning between $20,000 and $75,000.

That to me says a great deal. It says this truly is a middle-class tax cut. That is the working middle class.

Now some people may say well, gee, $50,000, $60,000, $70,000, where I live is not middle class, and that is true. Where I am in Florida, making $65,000, $70,000 a year, some people would legitimately argue is not middle class anymore. But I can tell you in some of our more urban areas, places like New York City, Long Island, Los Angeles, there are a lot of families struggling to make ends meet on $65,000 a year because of the very, very high cost of housing where a house can cost $300,000 a year. And if you really look, that is the middle class in the United States of America, with incomes between $20,000 and $75,000 a year.

This pie chart shows you very, very clearly, 76 percent goes to those working middle-class families.

Mr. GUTKNECHT. That is what the President promised, and that is what we have delivered.

Perhaps we can flip to the next chart because this is another chart that was put together by the Joint Economic Committee on Taxation, again the people who actually are the official scorekeepers, and what you see in yellow is current law or pre- the tax cut package that has been agreed to by the House and Senate. And what you see are the five different, if you broke the economic groups into equal parts of one-fifth, the lowest one-fifth of taxpayers currently pay in the yellow there on the left, they currently pay 1 percent of all the taxes paid in the United States. The top or the lowest 20 percent of income earners in the United States currently pay 1 percent. Under this tax plan they would still pay 1 percent.

If you drop all the way over to the highest 20 percent, they currently pay 63 percent of all of the taxes paid in the United States. Under this tax plan they will still pay 63 percent. In fact, if you really are honest about the way the distribution of this tax cut goes, it really does little to change the differences between the wealthy and the poor.

The important point is, and one of the things that our friends on the left, they do two things with our tax bill that I think in some respects are incredibly disingenuous. One is they use what is called family economic income or otherwise imputed income. And by doing that you can literally take a family that is earning $47,000 a year, which currently is the median family income, that lives in their own home, that perhaps has accrued values of pensions, perhaps has an IRA that they could cash in, have some undeclared capital gains; in other words, they have got some stock perhaps that they inherited from Aunt Matilda. And if you put all those together using a very convoluted and tortured arithmetic developed by the Treasury Department, you can literally take that typical family, that median family with $47,000 of income, and you can say they have an imputed income of $80,000 a year. And that is what sometimes our friends on the left are referring to when they talk about tax cuts for the rich.

The other thing they do, which I do not think is completely fair or honest, is they talk about capital gains and they say capital gains are tax cuts for the rich. Well, in some respects there is some truth, and as a matter of fact if Bill Gates were to sell all of his Microsoft stock under this tax plan with the tax relief that we have included in that for capital gains sales, he would get a very large tax cut. That is a fact, OK? The likelihood is he is not going to do that. As a matter of fact, many wealthy people never sell their stock. They leave it to a trust; in fact, in my guess what probably will happen to Mr. Gates' stock in Microsoft is one day he will leave it to some foundation to build electronic libraries throughout the galaxy. That is what historically has happened with many very wealthy people. They create foundations, they create trusts, and so in some respects they really do not take advantage of these tax breaks anyway. But even if they did, that is their business, it is not the government's business, and he would still be paying billions of dollars worth of taxes.

But let us talk about normal people. Let us talk about farmers. Let us talk about small business people. Let us talk about families who save and invest for their future which, of course, is what ultimately I think we want people to do more of. One of the problems we have had with this Tax Code over the last 40 years is that it has discouraged personal responsibility by saying, you know if you save, if you invest, if you take care of your family, you will be punished. If you do not do those things, you will be rewarded. And what we are saying is we have got to reverse some of those perverse incentives.

But let us talk about tax cuts for the rich, because the truth of the matter is most people who pay a capital gains tax are rich for 1 day, the day they sell their farm, the day they sell their business or the day they sell some other asset or investment which in many cases they have been paying taxes on for many, many years.

So I happen to believe that we ought to encourage people to invest and save and that the real purpose of capital gains tax relief is not to help the wealthy. It is to help more people of modest means become wealthy and to help those people take better care of themselves and better care of their families, particularly in their retiring years.

So I strongly support capital gains tax reductions, and frankly I do not have any problem defending or discussing those back in my home district, particularly among small business people and farmers, because they understand that they live poor and they die rich because they have invested, saved and been prudent.

Mr. WELDON of Florida. I thank the gentleman, and I want to talk about one particular aspect of the capital gains reduction which is part of the tax package that is being discussed here in Washington right now.

The capital gains tax reduction, the reason why I support it and the reason why many of my colleagues on both sides of the aisle support it is because it stimulates jobs, it helps create jobs, and the way it does that is if you have made an investment and you realize some profit off that investment, if when you go to sell and the government takes slightly less, you are left with a little bit more. And most people who make an investment reinvest their money.

Now some people will use it for a vacation or a college education, but the majority of people reinvest their money right back into the economy in the form of stocks or bonds or business.

And so when you lower the rate of tax on capital gains, and you leave more money in people's pockets who are most likely to invest it, they are putting more money back into the economy, and then, as a consequence, they are creating jobs.

And what is probably most important about this is they are more often than not creating good, high-paying, quality jobs. Often it is in high-tech industries, the kind of industries that are clean, that are less polluting and that frequently are paying better salaries.

I want to make one other extremely important point. In our Republican tax cut package we do something called indexing capital gains, and I want to explain what that is. If you make an investment today, a thousand dollars, and 10 years from now your investment has doubled in value to $2,000, according to the current Tax Code you have got a capital gain on a thousand dollars.

But guess what? Inflation is such that 50 percent of your profit has been eaten up by inflation, so instead of really having an extra thousand dollars, because of inflation, the decline in value of the dollar, you maybe only have realized $500 in real profit.

Indeed, when inflation is going along very rapidly, if inflation was at, say, 7 percent, and your investment went from 1,000 to $2,000, you have made absolutely no profit because your $2,000 now only buys what a thousand dollars did years ago.

Well, in the current Tax Code, you pay taxes on that inflated money. You actually have to pay the Federal Government for the inflation, and I just think that is absolutely wrong, and one of the things I am most proud of in our tax cut package is we allow you to index it for inflation.

So if you made that thousand dollar investment and it is now worth $2,000, but the dollar has gone down in value slightly so your real capital gains is only $500, you pay capital gains tax on only $500.

What I have been most disappointed in is the President does not want this provision. He wants it eliminated, and he is going around this city, and he has his Treasury Secretary, Robert Rubin, going around saying that this will, quote, explode the deficit, trying to put fear in the hearts of the American people that this tax cut package is going to explode the deficit. In truth, it is going to do nothing at all like that. And in truth, what we are trying to do is just basic fairness. We are trying to take the family values that you are trying to raise your kids with every day, a fairness and honesty, and we are trying to apply it to the U.S. Tax Code. And believe me in this city it is very hard. But to have the President running around and saying it is going to explode the deficit, in my opinion, is to say the current system is the way we want to keep it, we want to tax you on your inflated dollars. Even if your $1,000 investment is worth $2,000 and inflation has eaten up half of that, we are going to tax you on all of that.

And I just think that is dead wrong, and it is just not fair. One of the things that I know that I have been striving for since I have been here in Washington, all the Members of our freshman class, particularly the freshman class of the last Congress and the people like Mr. GUTKNECHT, is to try to put fairness into the system, fairness in giving working families like the Augers, the people I showed earlier, more money to spend at the end of the month, more money for college education, better able to make ends meet, but also to put fairness into the law itself and have it make common sense.

Mr. Speaker, it does not make common sense if the dollar has gone down in value such that your investment is really not worth anything more, but then for the Federal Government to come along and tax you on that; well, my colleagues, let me tell you, you can end up losing money on your investments if the government is going to eat away all of it, even the gains that have been made purely on inflation. Your purchasing power can go down, and what happens when you live in a country like that where they are taxing you on everything and taxing you on your taxes, well, people will not make investments, and then you will not create good, high-paying, quality jobs, and then we all suffer.

So we want a Tax Code that makes sense, we want a Tax Code that is fair, we want a Tax Code that helps working families, we want a tax system that encourages families to be able to send their kids to college, and I am very, very pleased to be able to join the gentleman in this special order here.

Mr. GUTKNECHT. Mr. Speaker, I want to get back to a point the gentleman from Florida made, and this is one of the things that has been incredibly discouraging and frustrating in that we have the President and the Secretary of the Treasury, Mr. Rubin, and I want to talk specifically about the Treasury Department and their imputed income scheme and, even more importantly, to talk briefly about their notion of exploding, reducing capital gains, exploding the deficit. The real tragedy of that tale is they know that that is not true.

As a matter of fact, the Treasury now has updated numbers that shows by reducing capital gains at the levels that we are talking about in this tax bill, you actually increase revenue to the Federal Government over the next 10 years by an additional $25 billion. Yesterday there was an article written by one of the former Federal Governors who said reducing capital gains will actually increase revenues to the Federal Government by hundreds of billions of dollars more because it will encourage people to sell assets that they have been sitting on for a long time and convert those and allow other people to buy them. And as this happens, as we get more and more transactions, as we get more and more people investing in savings, as we encourage investments in savings, you increase the size of the pie.

You do not have to raise taxes to increase revenue. If you lower capital gains, even the Treasury Department now acknowledges, you actually increase revenue. You do not explode the deficit, you explode revenues, because the economic activity is growing and the biggest benefactors, and I think you said this, again are not the wealthy.

And I will just also quote, there was a gentleman in my office yesterday, and some people know him, he is the president of Godfathers Pizza, a remarkable human being, and I asked him that question about capital gains, and I asked him what kind of tax package would benefit low- and middle-income people the most. And you know what he said? Whatever tax package lowers total taxes the most.

□ 1515

He said, do you know why? He said, because wealthy people already have all the toys they want. They already have the boats. They have the Gulfstream IV's, they have lots of toys. So if they have more of their money to spend, particularly as they sell investments, guess what they are going to do? They are going to reinvest it. They are going to invest it in new businesses and new opportunities and new job opportunities for people who need them the most.

So the real benefit of this package I think goes to people of modest means and to middle-income families, and that is the way it should be. Just because there may be some wealthy people who will benefit, that is no reason to play this class warfare.

I want to remind people and our Members who may be watching, it has not been that long ago that this Congress started to play this class warfare game. What happened? They passed something called the luxury boat tax. They were going to get those wealthy people who bought those cigarette boats and those wealthy people who bought yachts. They were somehow going to get them to pay more taxes. Do Members remember what happened?

Mr. WELDON of Florida. Mr. Speaker, I had or still have one of those boat companies in my district, Sea Ray, and it just about put them out of business. As I understand it, 20,000 working Americans who worked in the boating industry lost their jobs, and I know they laid off lots of people in my district, and it was a disaster because people stopped buying the boats, so they got absolutely no income into the Federal Treasury off of that tax.

And because they stopped buying boats, it put the boating industry in a tailspin. I know in my congressional district it hurt the company very, very badly, and people ended up losing their jobs. When people lose their jobs they go on unemployment, they may end up on welfare, they are not paying income tax anymore. So that luxury tax I think is an excellent case study. I am glad the gentleman brought it up.

Mr. GUTKNECHT. It underscores the real danger of playing this class warfare game. Abraham Lincoln warned many, many years ago that you cannot help the poor by hurting the rich. In other words, we are all in the same boat. You cannot sink half of them. When they tried to do it, when they tried the luxury boat tax, it had a net negative revenue consequence. That was bad. But what was worse, over 10,000 honest, hard-working Americans lost their jobs. That is the danger of playing this class warfare game.

I think we have to talk in the terms that President Kennedy talked about over 30 years ago. He said a rising tide lifts all boats. When he cut marginal tax rates across-the-board, guess who benefited the most? People with the highest incomes. But in the end who really benefitted in terms of more jobs, more economic activity, and a faster growing economy? It was people who needed the jobs worse.

President Kennedy understood the principle of a rising tide lifting all boats. Unfortunately, there are Members of this body today who seem to think that if you cannot pick winners and losers you should not do anything to try to improve the state of everybody. I think that is wrong. I think there are people here who unfortunately have gotten into this game that there always have been to be losers and

we must always defend the losers. That is simply not true. We have to talk about expanding the pie for everybody. If we do, the American people understand this.

If the gentleman could put up this last chart, I know the gentleman wants to talk a little bit about the space race. There is an awful lot of cynicism, Mr. Speaker, and I absolutely understand it. A lot of times I tell people on my money it does not say, ''in Republicans we trust,'' it does not say, in ''Democrats we trust,'' it does not say ''in Congress we trust.'' It says ''in God we trust.'' I do not ask people to trust me, but I do ask them to trust themselves.

What we have put on here, and I hope people can see this chart, if they want to know how much this tax package will benefit them, we have a couple of web sites where people can actually call it up on their computer. There is a GOP tax calculator, and hopefully they can see that on their television. People can actually calculate the tax relief for themselves: What does this package mean to me?

Do not worry about what it might mean to some wealthy investor who may sell a large investment. Obviously they may get a tax break. But what people really want to know is, what will it do for me? What will it do for my family? If people look at this in those terms, they will decide it is a fair tax package, it is good for them, it is good for their family, and it helps them to save and invest for their future as well as take care of their kids. I am very proud of this tax package.

Let me say one other thing. I have just written a letter to the gentleman from Texas Mr. BILL ARCHER. The President and some of his friends are saying this gives too much tax benefits to the rich, and there are families at the lower-income levels who are working but yet would not receive tax relief under this package. What we have done is send a letter to the gentleman from Texas Mr. BILL ARCHER, and this is from a recommendation from a gentleman who called in on C-SPAN.

He said, ''I understand what the Republicans are saying, only people who pay taxes are going to get tax relief. But I kind of understand what the President and some of the Democrats are saying, too, and that is there are teachers just starting out, fire fighters just starting out. Under the Republican plan they would not get much tax relief.''

He offered what I think is a simple and sensible compromise solution. He said, ''Why do we not just say, let each family decide which package gives them the best bang for the buck?'' In other words, if right now they get a better deal under the earned income tax credit, they could take that. On the other side, if they thought they got a better bargain under the per child tax credit that the Republican conference committee has worked out, they should take that. They could either have the system under the earned income tax credit or the per child family tax credit. Give them the best of both worlds. They could choose one or the other.

I think that is a reasonable compromise. I would hope that the conferees would at least look at something like that to try and break this impasse, so that for the first time in 16 years we can actually provide working families with real tax relief.

I know the gentleman wants to talk a little bit about, and I want to give the gentleman a compliment, because he represents Cape Canaveral and the space industry down there, and the gentleman does it very admirably. Here recently we have heard a lot of interesting news about the space program, both with the Mir Space Station that is up there circling now, and we all hope and pray that that turns out for the better, but more interestingly, what has been happening on the planet Mars.

I know the gentleman has some great pictures that have come back from NASA, and I yield to the gentleman to discuss some of those projects that are currently going on at Cape Canaveral and with NASA in general. I yield to the gentleman from Florida.

Mr. WELDON of Florida. I thank the gentleman for yielding, and I thank him for being a space supporter. I know he has been fascinated by some of these issues.

I want to talk a little bit about our Nation's space program and the tremendous asset it is to America. We are a great Nation, 275 million people, 50 States, from sea to shining sea. It is a very variegated fabric of what makes up America. There are many great things that make our Nation great. Our number one asset is obviously our people and the people who make up so many of the great industries and institutions.

Of course, the space program has been getting a lot of attention lately, particularly as it relates to exploration of Mars. I wanted to talk a little bit about that.

Our space program is something that truly fascinates our children. Teachers in my district tell me, if you want to get kids excited about math and science and just why it is important and how it applies, just start talking about the space program and you will get their attention.

Why is that? I think there is something that burns in the heart of every human being, not just every American but every human being: a sense of curiosity, what is our destiny. We all know we have explored the world. There is much more to explore in this world, but we also know that much of it has been explored.

What is man's destiny? Is it just to reside here on planet earth, or is it to reach out and truly grasp the stars, to go to other planets, to visit other stars, to explore new worlds, to some day colonize other places in the universe?

If I could quote Neil Armstrong, his ''one small step for man,'' we had a small step a few weeks ago with the Mars Pathfinder, an incredibly successful mission, a mission that was launched from Cape Canaveral in December of last year, and it arrived at the red planet, a successful landing of the Mars Pathfinder vehicle shown here in this diagram, or this is actually a photograph of Mars. This is a photograph taken of the Sojourner, the vehicle that is able to go out and explore around on the planet.

Mr. Speaker, I want to also show this very, very interesting photograph. The Sojourner rolled off of the Mars Pathfinder and then turned around and took a picture of the Mars Pathfinder, and here we can see the Mars Pathfinder, and these bags that are around it are actually deflated balloons.

The way that Pathfinder landed, once it came into the atmosphere balloons all around the Mars Pathfinder blew up, and the thing actually bounced on the surface something like 20 times and then came to rest. Slowly the air was let out of the balloons, and the thing opened up and out goes this rover.

Here we can actually see in this photograph the tracks that the rover made in the surface of the planet. So it is a fascinating vehicle. It is a tremendous success, something I think that everybody at NASA can be proud of, particularly the people at JPL.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore (Mr. BURR of North Carolina). The Chair would remind all Members to refrain from references to occupants of the gallery.

FOREIGN POLICY ISSUES

Under the Speaker's announced policy of January 7, 1997, the gentleman from New Jersey [Mr. PALLONE] is recognized for 60 minutes as the designee of the minority leader.

Mr. PALLONE. Mr. Speaker, I would like to use my time today, and I do not plan to use it all, but I would like to use the time that I have today to discuss some foreign policy issues. The first relates to south Asia and to India in particular.

I am the cochair of the India Caucus, and very much a supporter of the efforts by the Prime Ministers of India and Pakistan to bring their countries closer together, pursuant to the so-called Gujral Doctrine, which is named after the current Prime Minister of India.

Progress is being made by the two countries towards a peaceful settlement of their differences, as well as improved economic and trade relations, and a big part of this has been the discussions that have been held between the Prime Ministers and between officials in India and Pakistan at a level lower than the Prime Minister level.