[In millions of dollars]

Current aggregates		Change		Revised aggregates	
Budget authority	Outlays	Budget authority	Outlays	Budget authority	Outlays
$1,387,045	$1,372,330	+$138	+$131	$1,387,183	$1,372,461

Sincerely,

JOHN R. KASICH,
Chairman.

THE TAX SYSTEM AND THE IRS MUST BE REFORMED

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

Mr. METCALF. Mr. Speaker, two old duffers, about my age, I suppose, were discussing some of the exigencies of life, and one surmised, ''You know, there are only two things that are certain, death and taxes.'' The other one thought about that for a minute and he turned around and he said, ''Yeah, but there is one thing about death, it doesn't get worse every time Congress meets.''

Well, I am not here to talk about death, but I do want to talk about something I have had a lot of experience with, and that is taxes. This country, above everything else that we deal with, must reform the tax system and the IRS. We have seen the horror stories, and some Members of this House have probably experienced firsthand the agonizing and humiliating process of being audited and intimidated by the Internal Revenue Service or, as Newsweek magazine calls it, the Infernal Revenue Disservice.

I have several examples, Mr. Speaker. The first is a neighbor of mine on South Whidbey Island. He was a small businessperson. We had a sharp depression. Some might call it a recession, but it was a sharp depression in the lumber areas of our country in 1981–82, and he went bankrupt. He just outright lost his business, lost his home, and he was having trouble just putting food on the table.

He was a very responsible guy. He was working at every job he could find during that time, and there were not very many, but he came home one day with a check for $295. He immediately went to the bank and deposited it in the bank and wrote checks to some of the other small businesses to whom he owed the money.

Well, the check bounced. All his checks started bouncing. And he rushed down to the bank and he said, ''What is wrong? I deposited the check.'' They said, ''Well, what had happened was the IRS had come in and looted his bank account.'' They ostensibly said he owed them money, and did not even inform him. Let me repeat that. They did not even notify him. Now, how about that for an agency?

Another instance. Miami newspaperman, Daniel Heller, ran an expose of an illegal IRS spying operation back in 1973. This is old news but it is well worth hearing. After he refused agents demands to name the key source for the information that he received for the story, the IRS mounted a full-scale investigation of him.

He was indicted for tax evasion in 1982 and imprisoned in 1987. He was freed when the U.S. Court of Appeals ruled that he had been framed. IRS agents had pressured the main witness, Heller's own accountant, to lie under oath. The IRS paid him $500,000 to drop a lawsuit against them, and he took the money and he gave it to charity.

How about Carol Ward in Colorado? This is one that the Speaker may have seen on 60 Minutes. Her story is just as frightening. Three weeks after she insulted a local IRS agent who was auditing her son by saying that the auditor was better suited to selling chicken fried steak at a truck stop than doing the IRS business, the same agent instituted a $325,000 emergency tax claim against her and began proceedings to seize her small chain of clothing stores and other property, which would obviously put her out of business permanently.

The IRS settled its claim against Ward eventually for $3,500. They had levied an emergency claim for $325,000 when only $3,500 was due. But Mrs. Ward turned around and sued the IRS and won $325,000 in damages. A Federal judge ruled that a grossly negligent IRS official had discussed her tax status in a letter to the newspaper.

Though the case was settled almost a year and a half ago, Ward still has not seen a dime of the money that the IRS owes her.

What we have here, Mr. Speaker, is a government bureau so out of control, so arrogant that the constitutional rights of American citizens are at risk. A bureaucracy empowered by this body operating with little oversight and robbing the citizens, our own citizens, to fill the treasury.

They say, ''If it ain't broke, don't fix it.'' This bureaucracy is broke and we have to fix it. The answer is simple: A new tax system and a new Tax Code. I applaud my colleagues, the gentleman from Texas, Mr. DICK ARMEY, the majority leader, and the gentleman from Louisiana, Mr. BILLY TAUZIN, as they embark on a nationwide tour to get out the message that the tax system is broke and it must be fixed. Whether a flat tax or a consumption tax or whatever the idea is to rid ourselves of the burdensome IRS and get back to a Tax Code that is fair, simple and reinstills faith in the way our government operates.

Mr. Speaker, almost 60 percent of Americans believe that their Federal income taxes are too high, almost 70 percent believes the IRS has too much power, almost 80 percent believes loopholes allow people with the same income to pay significantly different amounts of taxes.

In summary, the IRS is out of control. The majority in this House has pledged to get rid of the IRS as we know it and completely reform the present Tax Code that is patently unfair. Most importantly, let us allow our citizens to keep a lot more of their own hard earned money.

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

[Mr. WELDON 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 Missouri [Mr. TALENT] is recognized for 5 minutes.

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

CAMPAIGN FINANCE REFORM

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

Mr. SOUDER. Mr. Speaker, I have had a number of people come up to me today and commend me on my courage, not so much for anything I have done as a Congressman directly, or said, but for wearing my Notre Dame tie today.

I think it is important that we stand with our team and our favorites, even in tough times, not just in good times. So I am proud to wear my Notre Dame tie, even though we have had one of our rockier starts, and I want to express my personal confidence in our coaches. It is a tough transition, but I know they will eventually win because we are Notre Dame.

I also wanted tonight to make a couple of other comments on campaign finance reform, but I wanted to clarify one thing first. I am afraid many Americans may get confused. This week's Time Magazine has a cover story ''America's Fascination with Buddhism.'' And I wanted to make this clear; that our Vice President is not converting to Buddhism, and this is not about our Vice President. He does not worship in Buddhist temples, he raises money in Buddhist temples, and I thought it was important to clarify that.

I have been very upset to watch the headlines in the last few days about this administration calling on us to do campaign finance reform, because rule number one should be to enforce the

current law. In fact, I am on a number of campaign finance reform bills and I believe we need to have campaign finance reform. But the first thing we need to do is follow the current law. What good does it do to pass more laws if we do not follow the current law?

I saw an editorial cartoon that said ''Campaign Reform Analogy'' and it showed a football player getting tackled as the ball was coming to him, with the referee standing there not blowing his whistle, and it says pass interference, no whistle. Then it shows people going off sides and tackling the quarterback, and it says off sides, no whistle. Then it shows a guy kicking another player down to get the football, ''saying unnecessary roughness and still there is no whistle.''

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The referee then turns to the crowd and says, ''Obviously, we need more rules.''

That is sometimes the way I feel here. Not that we do not need more rules, but, quite frankly, what is the penalty for not following the current rules? Maybe to get some people to come to the floor and go on for a 1-minute or 5-minute special order. But what is the practical penalty besides having to send money back?

Let me give my colleagues an example. Last year, Keshi Zhan, a single mother, earned $22,407.84 as a full-time records assistant for an Arlington County, VA, welfare agency. More than a third of her income went to rent her one-bedroom apartment. Nonetheless, blowing away Ted Turner in percentage giving and approaching Mother Theresa-like generosity, she still managed to give $2,000 to Illinois Democratic Senator MOSELEY-BRAUN, $2,000 to Indiana Democrat Evan Bayh, and $3,000 to the Oregon Democratic Party. Another $1,000 went to the gentleman from Missouri [Mr. GEPHARDT], House minority leader.

Moreover, Ms. Zhan attended a posh Hay-Adams Hotel fundraiser organized by John Huang. President Clinton was the guest of honor, and 40 couples donated $25,000 each. Ms. Zhan's share was $12,500. Altogether, she gave Democrats $20,500 in 1996. Pretty amazing for someone with an income of $22,407.84. No wonder Mr. Huang escorted her to the White House for a photo opportunity with the Vice President. To quote the Washington Times: ''Now either the earned income tax credit has gotten completely out of control, or Ms. Zhan, a close associate of Democratic fundraiser Charlie Trie, has an interesting tale to tell.''

Mr. Trie, who has fled the country, apparently without any immediate plans to return, received $500,000 in wire transfers for the Government-owned Bank of China.

I do not know about this new math, but these numbers simply do not add up. Rule No. 1 is, follow the current law. What good is it going to do for us to pass a bunch of new laws if we do not follow the current law?

Then there is this matter about posturing about campaign finance reform while we are raking in the money. The Washington Post on Sunday: ''Gore Preaches Funding Reform For Politics.'' I am going to just read three paragraphs.

The Vice President spent Friday night beside the Florida Aquarium's shark tank dining on grouper with about 50 people who donated $5,000 a couple to the State party. Today, after giving the keynote speech at the Florida Democratic convention, he flew to Jacksonville for closed meetings with about 50 members of the Progressive Foundation, a nonprofit arm of the Democratic Leadership Council. The retreat, at the sprawling ranch of Howard Gilman, was not a fundraiser, but many of the participants are major donors to the DLC's Progressive Policy Institute. Gilman is a frequent contributor to Democrats. At the convention in Tampa, as Gore was urging lawmakers to 'put your vote where your mouth is' on campaign finance reform, the Democratic National Committee was distributing a how-to manual for candidates who want to tap into the party's Federal money stream.

This is a sampling of President Clinton's schedule since campaign finance reform became his top priority:

On August 7, 1997: Gazpacho, swordfish, carrots, and zucchini; $350,000 raised at DNC fundraiser with Democratic Business Council at Mayflower Hotel in Washington, DC.

August 7, 1997: In a nearby salon, couscous and beef tenderloin; $300,000 raised by DNC supporters who contributed $25,000 at the Mayflower.

September 21, 1997: The day after the President and First Lady dropped off their daughter at college; $950,000, mostly soft money, which the President doesn't like. Apparently it is OK, if you don't like it, to take the money. Menu unknown. Perhaps donors were able to order off of the menu at the posh Postrio Restaurant in San Francisco; $300,000.

Later that evening, dinner was served to the President and 18 wealthy Silicon Valley entrepreneurs. Menu: Gazpacho, steak, and potatoes; apparently it was very good, with $600,000 raised at this dinner alone.

September 26, 1997: Hours after giving a speech in Houston, where President Clinton castigated politicians ''for not being sincere about curbing the influence of money in politics, and Clinton said, 'We desperately need to reform the way that we finance our campaigns,' '' it was Texas Gulf red snapper topped with Galveston Bay jumbo lump crab meat and mango-roasted pepper vinaigrette at the sprawling estate of Tilman Fertitta, a restaurant entrepreneur; $600,000 for the DNC; $10,000 a person.

According to the Washington Times, the dinner was scheduled first, and then aides scouted for an appropriate official event for the President so that taxpayers would pick up part of the considerable tab for his and his entourage's travel.

According to a White House spokesman, Clinton has been speaking at DNC functions around the country, helping the party raise $19 million in the first half of 1997 alone.

President Clinton's fundraising successes this year could be another subject for the emergency special session of Congress that he may call for on campaign finance reform. He ought to practice what he preaches.

TRANSFER OF NUCLEAR TECHNOLOGY TO CHINA

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

Mr. PALLONE. Mr. Speaker, today it was reported that the Deputy Assistant Secretary of State, Mr. Robert Einhorn, was in Beijing to discuss the transfer of nuclear technology to China. The report stated that Mr. Einhorn was ready to negotiate and put into effect a 1985 accord that allows American firms to export nuclear technology to China.

Mr. Speaker, when the United States and China signed this accord in 1985, Members of Congress were concerned with China sales of nuclear weapons technology to third countries, and in response to the accord, Congress quickly passed legislation that required the President to first certify that China has not sold or transferred nuclear technology to countries that are not subject to inspection by the International Atomic Energy Agency.

Last month, the Clinton administration began preparations to certify that China has stopped its exportation of nuclear technology to unregulated countries. This is the first time in 12 years that a United States President has moved toward such a certification.

What is unfortunate, Mr. Speaker, is that the administration is willing to overlook China's recent transferance of nuclear technology to unregulated nuclear facilities in Pakistan and Iran.

Surprisingly, the administration has accepted assurances by Beijing that it would ''cancel or postpone indefinitely'' several projects, especially secret nuclear facilities in Pakistan and a uranium conversion facility in Iran as the basis for the United States granting the certification.

Mr. Einhorn recently told lawmakers that China has canceled the Iranian project. But, ironically, China gave the blueprint to Iran to construct the facility.

Mr. Speaker, the administration would be granting certification despite CIA findings that the Chinese have sold 5,000 ring magnets to Pakistan for its uranium enrichment facility. And ring magnets, I should say, can be used in the building of nuclear weapons.

Furthermore, the administration is willing to ignore China's continued support of Pakistan's commitment to build a plutonium production reactor and a plutonium processing plan. Despite the protests of United States lawmakers, China continues to assist