the incomes of the poorest fifth of working families dropped by 21% between 1979 and 1995, while the incomes of the richest fifth jumped by 30% during the same time period. So during both good times and bad the gap has grown. Most economists think that a principal reason for the widening gap is technology. Other factors are the erosion over several years of the minimum wage, international trade, the decline of unionization, and immigration. So while the new technologies are creating growth in the economy and new opportunities, they are also increasing economic inequalities and sharpening social divisions.

In the last few years, lower-income workers have gotten some help from the strong economy and from the 90 cent an hour increase in the minimum wage in 1996. Yet middle-class members overall have not done as well in the race to improve their incomes. At the top and the bottom of the economic ladder, wages have risen briskly but in the middle they have risen more slowly. Computers, technology, and imports have diluted the demand for medium-skilled workers, and corporate downsizing has made middle-income people feel less secure in their jobs and more reluctant to push for wage increases.

The middle class today is not complaining too visibly because their pay has gone up faster than the inflation rate over the last two years, even if the increase is not as great as the one by lower- and upper-income workers. But the longer the expansion of the economy lasts, the more people will begin to understand their position in the total economy and the less happy they will be. If a recession occurs and the trends continue they will become quite angry.

Policy choices: There is no shortage of answers to this widening income gap. The best medicine may be steady economic growth and the extraordinarily low unemployment rates we have today that can help push workers' hourly wages up. But several other steps have been proposed. Some people want to remove regulatory barriers, improve school systems, and expand programs to improve workers' skills. Others want to concentrate on tougher trade rules, better antipoverty programs, and strong labor protections. We need to create and keep good high-wage jobs.

But it seems to me that we also need to consider carefully the impact of any proposed federal tax cuts. Tax policy should recognize the need to improve the lot of moderate-income working Americans. At a minimum it shouldn't worsen the income gap by giving the most benefits to those already very well off.

The income trends in the American economy are disquieting. The scale of the problem and the dearth of solutions add up to difficult political challenges ahead in the not too distant future. Historically tax policy has helped keep inequality from going too far. Too much inequality almost certainly leads to making societies unstable. There may be little risk of instability at this point, but nonetheless the broader question of the impact of tax cut proposals on the distribution of income and the wealth in society should not be ignored.

House proposal: The main tax cut currently being considered in Congress is a House proposal to cut $80 billion over the next five years. The biggest tax cuts in the package—accounting for three-fourths of its total cost—would provide ''marriage penalty'' tax relief to two-income married couples whose tax liability is higher than if they were single; expand the amount of interest and dividends excluded from income taxes; and move up the date for exempting from taxation estates worth up to $1 million.

This proposal faces problems in the Senate and a likely Presidential veto because it spends money that we don't have. 98% of the projected overall budget surplus is due to the temporary surplus being built up in Social Security in order to help cushion the blow when the baby boomers retire. For now and the next several years the budget is in deficit, other than Social Security. If it were not for Social Security, the federal budget would have an estimated deficit of $137 billion over the next five years.

Looking at the tax cut bill's impact on the income gap, it has some reasonable provisions, and it is certainly tilted far less toward the wealthy than other recent House-passed tax bills. But it is still not what we would propose if one of our primary concerns was looking out for moderate-income people. For example, it does nothing to address Social Security payroll taxes, even though most lower and middle-income workers pay more in Social Security taxes than they pay in federal income taxes. And several of its provisions—such as its tax relief for million-dollar estates—benefit primarily upper-income Americans. Overall, the changes in this tax bill would make the tax system less progressive.

Conclusion: It is inevitable that we will be hearing more proposals to cut income taxes in the days and months ahead. There are many ways to assess proposed tax cuts. But the increasing income gap in America suggests to me that it may be time for us to ask what they mean for the country, not just for each of us as individuals. That's not an easy question to answer, but in light of recent economic trends it appears to me to be an important factor in making a judgment on tax cuts.

TRIBUTE TO THE HONORABLE JOSEPH M. McDADE, MEMBER OF CONGRESS

SPEECH OF

HON. WILLIAM J. COYNE

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 1, 1998

Mr. COYNE. Mr. Speaker, I rise today to pay tribute to JOSEPH McDADE—a distinguished member of this body who will retire at the end of the session.

The House of Representatives will lose a great Member of Congress when Representative McDADE retires. Mr. McDADE has represented both his constituents and the United States well and faithfully since he was first elected 36 years ago.

Mr. McDADE began his career in politics as the Solicitor of the City of Scranton. This experience, along with his degree in law from the University of Scranton, provided him with an excellent foundation for becoming a Member of Congress.

JOSEPH McDADE was first elected to the House in 1962. Since then, he has worked hard to protect the environment, keep military bases open in his district, and help Americans buy homes. Today, he has served longer in Congress than any other Republican and longer than all but two Democrats.

Mr. McDADE has served for many years as Chairman of the Appropriations Subcommittee on Energy and Water Development. He is also Vice Chair of the Appropriations Subcommittee on National Security (formerly Defense) and is a member on the Subcommittee on the Interior. He also served on the Appropriations Subcommittee for Housing and Urban Development, and he was the most-senior Republican on the Small Business Committee, of which he was a member from 1978 to 1991.

Representative McDADE has been the ranking Republican on the Defense Subcommittee since 1985. On this subcommittee, he helped to craft much of the annual defense and national security legislation during the final years of the Cold War. His emphasis throughout his tenure on the Defense Subcommittee has been on military programs that stress a high-quality force that is trained and ready for combat. He also was instrumental in keeping the region's largest employer, the Tobyhanna Army Depot, open during the periods of base closures in 1991, 1993, and 1995.

Mr. McDADE, through his seat on the Interior Appropriations Subcommittee, has led the charge in addressing nation's energy problems and has fought to reduce our dependence on foreign oil. He was invaluable in establishing the Delaware Water Gap National Recreation Area, the Steamtown National Historic Site in Scranton, and the Fishery Laboratory in Wellsboro. From this position, he has also helped to enact major clean air and water legislation. Representative McDADE was honored for these and other efforts by the National Parks and Recreation Association.

Over the years, Mr. McDADE has also pushed for community rehabilitation and development, promoted housing for the elderly, handicapped and low-income families, and in 1990, led the effort to enact the Housing Guaranteed Loan program enacted into law. This program will help more than 50,000 low- and moderate-income Americans buy homes this year. Congressman McDADE also drafted measures to help stimulate and protect small companies in his time on the Small Business Committee.

His work with many philanthropic organizations, including the Kennedy Center and the National Cultural Center in Washington, D.C., are evidence of his strong commitment to the arts. He is also committed to education, as his trusteeships at both the University of Scranton and Keystone College both indicate.

Congressman McDADE has had an active career in the United States House of Representatives. He has helped to pass many significant pieces of legislation and will not soon be forgotten by friends and colleagues on either side of the aisle.

JOE, you will be sorely missed in the House. We are going to miss your dedication, your intelligence, and your experience. I wish you the best of luck in your future endeavors.

TRIBUTE TO WILLIAM HAWKINS

HON. KAREN McCARTHY

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Friday, October 2, 1998

Ms. McCARTHY of Missouri. Mr. Speaker, I rise today to pay tribute to Mr. William Hawkins. On October 20, 1998 in St. Louis, Missouri, National Industries for the Blind will honor Mr. Hawkins with the first annual Milton J. Samuelson Career Achievement Award, named for the late Milton J. Samuelson in recognition of his leadership for upward mobility and placement programs for people who are blind.

Mr. Hawkins was diagnosed with progressive glaucoma and cataracts soon after birth.

Before his third birthday he had lost all of his sight, but the challenge of his blindness did not prevent Mr. Hawkins from striving for excellence. With the help of his grandparents who raised him, he achieved an impressive record of success in his youth. He graduated from high school in 1983 as valedictorian, student boy president, and scholar athlete.

Following high school, Mr. Hawkins attended college at night while he worked as a successful insurance sales agent and for the Alphapointe Association for the Blind. Although his college career ended after marriage and the birth of his daughter, he continued to set and achieve meaningful goals for himself. He accepted a part time position as a telemarketer with United Missouri Bank (UMB), and within the next two years was promoted by UMB several times. Mr. Hawkins is currently a valued member of UMB management, and has assisted other people who are blind with securing employment at UMB. I applaud him for both his personal achievements and for his generosity to others.

Mr. Speaker, please join me in congratulating this admirable American upon being the first person to be honored with this prestigious award.

HONORING PHI DELTA KAPPA FOR TWENTY-FIVE YEARS OF SERVICE

HON. ROSA L. DeLAURO

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Friday, October 2, 1998

Ms. DELAURO. Mr. Speaker, I am pleased to rise before you today to honor the Southern Connecticut State University Chapter of Phi Delta Kappa on their twenty-fifth anniversary. Phi Delta Kappa members provide a variety of services to promote and improve education in our community.

Members of this successful international organization are Connecticut educators who are continually active in the education arena and dedicated to the ideals of service, research, and leadership. They are teachers, principals, administrators and superintendents—people who are with kids every day, who have given their all to ensuring that our children have the best start in life.

On October 3, 1973, one hundred and twenty charter members were initiated into the newly formed chapter of Phi Delta Kappa at Southern Connecticut State University. Twenty-five years later, I am proud to say, this chapter has grown to nearly five hundred members strong. It is these individuals, and all that they contribute, which make the Connecticut school system a success. Membership in this fraternity is recognition of the contributions to education made by our educators. I commend the members of the Southern Connecticut State University Chapter for all the work they have done in order to guarantee that our children will develop the skills they will need to build a successful future.

On behalf of the parents, students, and the residents of Connecticut, I thank you for your good work. It is for twenty-five years of dedicated and distinguished service of all members of the Southern Connecticut State University Chapter of Phi Delta Kappa that I am proud to stand and recognize their achievements today.

COMMEMORATING THE 150TH ANNIVERSARY OF MANALAPAN TOWNSHIP, NEW JERSEY

HON. MICHAEL PAPPAS

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Friday, October 2, 1998

Mr. PAPPAS. Mr. Speaker, I rise today to congratulate the people of Manalapan Township, New Jersey as they celebrate their 150th anniversary.

The word ''Manalapan'' means ''land that produces good bread'' in the language of the Leni Lenape Indians who were the first to inhabit the town. Another group of early settlers to Manalapan were farmers who were attracted to the area's rich soil and clear, running brooks. Some of these farms still exist today, having been handed down from one generation to the next.

The Battle of Monmouth, an important battle during our nation's War for Independence, was fought in Manalapan. The landmark, Old Tenent Church, still an active congregation, served as a temporary hospital for the war's wounded, while its cemetery serves as a final resting place for those who died. Our nation's battle for independence is commemorated in the township's Battleground Park, a recreation area for township residents and those who visit this beautiful area of central New Jersey.

Over the past 150 years, Manalapan has grown from a rural, farming community to one of over 27,000 residents. It boasts a strong educational system, many parks and recreation facilities and a close-knit community atmosphere. Manalapan is a major reason why Monmouth County, New Jersey was voted the third best place to live in the United States by *Money* Magazine.

I wish to commend the Township Committee and all of the people of Manalapan on this historic anniversary. It is an honor to have this great township within the borders of the twelfth congressional district.

INTRODUCTION OF SMALL BUSINESS INVESTMENT INITIATIVE

HON. JENNIFER DUNN

OF WASHINGTON

IN THE HOUSE OF REPRESENTATIVES

Friday, October 2, 1998

Ms. DUNN. Mr. Speaker, the American economy is moving quickly from one dominated by large corporations to one whose growth is fueled by emerging entrepreneurial high-growth companies. Entrepreneurial companies are today's leaders in job creation, technological innovation, and international competitiveness. America's future economic well-being lies in the hands of today's emerging companies and the central organizing principle for our nation's economic policy should be entrepreneurship.

Over the course of many years, a complex fabric of public policies have created the environment in which entrepreneurial firms compete. Due to the fact that the public policy needs of this community have not been articulated in a united fashion or widely understood by policy makers, however, the basic ''building blocks'' used to enhance economic growth have not been properly constructed. I rise today to begin to lay the foundation for this policy and ensure that the engine that drives this economy has access to the fuel it needs to thrive: capital.

Entrepreneurs are synonymous with jobs. Between 1980 and 1990, U.S. private sector employment grew by 19 million jobs, but employment in the Fortune 500 firms dropped by three million jobs. In other words, job creation outside of the Fortune 500 companies rose by 22 million. By creating an environment for entrepreneurship to thrive, we also ensure that ''spin off'' companies develop to foster even greater job creation and technological development. Nowhere is this more clearly demonstrated than in the biotechnology and computer industries that have grown up in my home state of Washington.

The bill I am introducing today will ensure that these new capital-intensive small businesses will have the money they need to create innovative technologies and create jobs. By raising the Section 1202 definition of small business from $50 million to $300 million and raising the capital gains exclusion from 50% to 75%, we can create a climate in which individual investors are rewarded for their risky investment and entrepreneurs have the tools they need to succeed.

Capital gains taxes are one of the nation's primary obstacles to job creation and technological innovation. anything to reduce the effective or actual rate on capital gains taxes will help put more money in the hands of our nation's most enterprising citizens and lift the standard of living for everyone. In addition, this proposal is completely consistent with Speaker GINGRICH's effort, of which I am a supporter, to reduce the broad-based capital gains rate to 15%.

Over the course of the next two years, I expect a healthy debate over tax policy. It is my hope that this bill will put the primary focus of this debate where it ought to be: removing incentives to economic freedom and entrepreneurship.

I urge my colleagues to support this effort.

TRIBUTE TO KRISTEN GRACZYC

HON. HEATHER WILSON

OF NEW MEXICO

IN THE HOUSE OF REPRESENTATIVES

Friday, October 2, 1998

Mrs. WILSON. Mr. Speaker, Kristen Graczyc is a constituent of mine. Although she is not old enough to vote, the lesson she has learned and taught to students and adults make her wise beyond her years. A 15-year-old soccer star at La Cueva High School, Kristen has been called the Mia Hamm of New Mexico soccer. As a sophomore she has scored 20 goals in the first six games for one of the best high school soccer teams in the Nation.

And then, before the Homecoming dance, she got drunk. At the dance she was pulled off the dance floor by principal Sam Soto, her parents were called and she was kicked off the soccer team. In these times, the story might have been that she found a lawyer and fought the suspension all the way to the Supreme Court. But Kristen did something different. She wrote a letter to her team and all of the media outlets in Albuquerque.

In the letter she takes responsibility for her actions and warns other children about the effects of alcohol and encourages them not to