

President, and we believe that by Monday we will be in a position to indicate to our colleagues on both sides that we have reached some agreement. But, if not, we will proceed with S. 1322 in its present form. The reason for asking consent—which we are still waiting for—is that otherwise I would need to file cloture today on a motion to proceed. So, if consent is not obtained, then we will proceed on that. I think we will have consent here momentarily.

So if we can obtain that consent, there would be no further business to come before the Senate except brief remarks by the Senator from South Dakota, the Democratic leader, Senator DASCHLE.

I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. CONRAD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

The Chair advises the Senator from North Dakota that we have been operating in morning business on a Senator-by-Senator basis, so if he can ask unanimous consent for the time he will need.

Mr. CONRAD. Mr. President, I ask unanimous consent to proceed for 15 minutes.

Mrs. BOXER. Will the Senator yield? Will he ask in his request that the Senator from California be allowed 15 minutes following the Senator?

Mr. CONRAD. And I ask unanimous consent that the Senator from California be granted 15 minutes after I conclude.

The PRESIDING OFFICER. Without objection, it is so ordered.

BUDGET RECONCILIATION

Mr. CONRAD. Mr. President, we have just had a rather extraordinary experience in the Senate Budget Committee with the chairman putting that committee into adjournment after a very short discussion of the reconciliation measure that was before the Committee.

We had hoped that there would be an opportunity to discuss this afternoon and Monday what is in this budget reconciliation package that has been put forward by our colleagues on the other side of the aisle. We believe that the American people deserve a chance to hear precisely what this package will mean. We believe it has severe consequences for the people in this country. We believe there are very sharp cuts in Medicare and Medicaid that are going to mean increased burdens for our senior citizens, are going to mean hospital closures all across America, and especially in rural America, that there are going to be many people who

are elderly, who are ill, who are not going to have the kind of care that they deserve.

Much of that is being done in order to provide a tax reduction that will go disproportionately to the wealthiest among us. Many on our side of the aisle, I believe everyone on our side of the aisle, believes that is an inappropriate set of priorities.

One thing our colleagues on the other side of the aisle have said, and said repeatedly, is that they are balancing the budget by the year 2002. Mr. President, that is not accurate. Senator DORGAN and I, 2 days ago asked the head of the Congressional Budget Office for an analysis, if the law of the United States is followed, will the reconciliation plan put forward by the Republicans balance the budget in the year 2002 or not?

The head of the Congressional Budget Office reported to us in a letter yesterday, with a revised letter today, that if the law of the United States is followed—that is, if Social Security surpluses are not included in the calculation, which under our law is specifically excluded; that is, we are not to count Social Security surpluses in determining whether or not the budget of the United States is in balance—when that calculation is made, the head of the budget office told us in a letter dated today, “excluding an estimated off-budget surplus of \$115 billion in 2002.”

Again, let me read that phrase, “excluding an estimated off-budget surplus of \$115 billion in 2002,” that is primarily Social Security surpluses, if those are excluded “from the calculation, CBO would project an on-budget deficit of \$105 billion in the year 2002.” Not a surplus, not a balanced budget, a \$105 billion deficit in 2002.

Let me just say, I think anybody who knows anything about accounting would understand you do not count Social Security surpluses in calculating whether you have balanced the budget or not. Why is that? That is because the Social Security trust fund has been set up to run surpluses in preparation for the time the baby boom generation retires.

Unfortunately, all those surpluses are being spent, and what is happening is we are using that money today instead of saving it or paying down the existing debt to better prepare ourselves to meet that demographic time bomb. That is a profound mistake.

Let me just make clear, if any company in the United States tried to take the retirement funds of its employees and put them into the pot to balance the budget, they would be in violation of Federal law. Indeed, that is precisely what has been happening in the United States. It has been going on since 1983. It should not be permitted to continue. We have already run up almost \$500 billion of IOU's, but that is going to grow geometrically over the next 18 years.

We have a chance to get our house in order. We have a narrow window of opportunity, and we ought to take advantage of it. We should not be looting and raiding the Social Security trust funds in order to assert that we are balancing the budget. That is not truthful. And I am pleased to say the Congressional Budget Office has now acknowledged that the budget will not be in balance by 2002 but, in fact, will have a \$105 billion deficit in that year.

I think there are other reasons the Republicans in the Budget Committee at least were not eager to have a further discussion of the reconciliation bill. I think there are a lot of things they would prefer the American people not hear before votes are held and cast on that measure.

One of the things they may not be eager for the American people to hear is that there is going to be a \$1.3 trillion increase in the national debt under the Republican plan. That is the cumulative increase in the debt that is being added to the \$4.9 trillion in debt we already have in this country. They are going to add, under their plan, another \$1.3 trillion of debt. Yet, they insist on a tax reduction, a tax cut, primarily going to the wealthiest among us, which will add to this debt.

What sense does that make? I can say to my colleagues that when I queried the people of my State, they made it clear to me to balance the budget first before there is any tax cut. We can have tax cuts after we balance the budget. We are not balancing the budget, No. 1; No. 2, we are adding \$1.3 trillion to the national debt, and \$245 billion of that is tax cuts which, again, primarily go to the wealthiest among us.

Let me just go a little further so that people have a chance to hear what is in this tax package that has just passed, because we have heard on the other side of the aisle the assertion that this is a significant tax cut that would go to American families. I wish that were true. I wish it were true that it was really directed at the middle class, because while I believe it is not the time for tax cuts, when you are adding \$1.3 trillion to the national debt and you have not really balanced the budget in 7 years, and even with that I think we could look more kindly upon a tax cut if it were really directed at the middle class. That is not where this tax cut is directed.

In fact, what we learned yesterday is that the Senate Republican plan would mean tax increases for everyone earning under \$30,000 a year. Those earning under \$30,000 a year, which are 51 percent of the American people, get a tax hike. They get their taxes increased. I will demonstrate that point by asking unanimous consent that the tables be printed in the RECORD.

There being no objection, the tables were ordered to be printed in the RECORD, as follows:

TAX PROVISIONS IN THE SENATE FINANCE COMMITTEE, CHAIRMAN'S MARK FOR REVENUE RECONCILIATION AND THE EITC PROVISIONS PREVIOUSLY ADOPTED BY THE COMMITTEE¹
[1996 INCOME LEVELS]

Family economic income class ⁴ (thousands)	Federal taxes under current law ²			Change in Federal taxes ³			Total Federal taxes after change		
	Amount (billion)	As a percent of pre-tax income	As a percent of after-tax income	Amount (billion)	As a percent of pre-tax income	As a percent of after-tax income	Amount (billion)	As a percent of pre-tax income	As a percent of after-tax income
0 to 10	\$5.7	8.0	8.7	\$0.2	0.3	0.4	\$5.9	8.4	9.1
10 to 20	21.5	8.8	9.7	0.8	0.3	0.3	22.2	9.1	10.0
20 to 30	50.1	13.3	15.4	1.3	0.4	0.4	51.4	13.7	15.8
30 to 50	156.3	17.5	21.2	-5.7	(0.6)	(0.8)	150.6	16.8	20.4
50 to 75	224.0	19.9	24.8	-10.4	(0.9)	(1.1)	213.6	19.0	23.7
75 to 100	196.1	21.1	26.7	-10.0	(1.1)	(1.4)	186.1	20.0	25.3
100 to 200	303.0	22.0	28.1	-12.5	(0.9)	(1.2)	290.5	21.1	27.0
200 and over	316.6	23.7	31.1	-9.5	(0.7)	(0.9)	307.1	23.0	30.1
Total ⁵	1,275.1	20.1	25.2	-45.8	(0.7)	(0.9)	1,229.3	19.4	24.3

Source: Department of the Treasury Office of Tax Analysis, October 18, 1995.

¹ This table distributes the estimated change in tax burdens due to the tax provisions in the Senate Finance Committee Chairman's Mark (JCX-44-95, September 16 1995); and the EITC provisions adopted by the Committee on September 30, 1995.

² The taxes included are individual and corporate income, payroll (Social Security and unemployment) and excises. Estate and gift taxes and customs duties are excluded. The individual income tax is assumed to be borne by payors, the corporate income tax by capital income generally, payroll taxes (employer and employee shares) by labor (wages and self-employment income) excises on purchases by individuals by the purchaser, and excises on purchases by business in proportion to total consumption expenditures. Taxes due to provisions that expire prior to the end of the Budget period are excluded.

³ The change in Federal taxes is estimated at 1996 income levels but assuming fully phased in law and long-run behavior. The effect of the IRA proposal is measured as the present value of tax savings on one year's contributions. The effect on tax burdens of the proposed capital gains exclusion is based on the level of capital gains realizations under current law. Provisions which expire before the end of the budget period and provisions which affect the timing of tax payments but not liabilities are not distributed. The incidence assumptions for tax changes the same as for current law taxes (see footnote 2).

⁴ Family Economic Income (FEI) is a broad-based income concept. FEI's constructed by adding to AGI unreported and underreported income. IRA and Keogh deductions; nontaxable transfer payments, such as Social Security and AFDC employer-provided fringe benefits, inside build-up on pensions, IRAs, Keoghs, and life insurance tax-exempt interest, and imputed rent on owner occupied housing. Capital gains are computed on an accrual basis, adjusted for inflation to the extent reliable data allow, inflationary losses of lenders are subtracted and of borrowers are added. There is also an adjustment for accelerated depreciation of noncorporate businesses. FEI is spent on a family rather than on a tax return basis. The economic incomes of all members of a family unit are added to arrive at the family's economic income used in the distribution.

⁵ Families with negative incomes are included in the total line but not shown separately.

DISTRIBUTIONAL EFFECTS OF REVENUE RECONCILIATION PROVISIONS OF THE CHAIRMAN'S MARK SCHEDULED FOR MARKUP IN THE FINANCE COMMITTEE ON OCTOBER 18, 1995 AND PREVIOUSLY ADOPTED CHANGES IN THE EITC¹

[Calendar year 2000]

Income category ²	Change in Federal taxes ³		Federal taxes ³ under present law		Federal taxes ³ under proposal		Effective tax rate ⁴	
	Millions	Percent	Billions	Percent	Billions	Percent	Present law (percent)	Proposal (percent)
Less than \$10,000	\$879	9.6	\$9	0.7	\$10	0.7	8.6	9.4
\$10,000 to \$20,000	922	2.2	42	3.0	43	3.1	9.0	9.2
\$20,000 to \$30,000	417	0.5	86	6.1	87	6.3	13.6	13.6
\$30,000 to \$40,000	-4,221	-3.4	125	8.9	121	8.8	16.7	16.2
\$40,000 to \$50,000	-5,347	-4.0	132	9.4	127	9.2	18.4	17.6
\$50,000 to \$75,000	-11,740	-4.2	280	19.9	269	19.5	20.5	19.5
\$75,000 to \$100,000	-5,814	-2.8	209	14.8	203	14.8	22.9	22.1
\$100,000 to \$200,000	-3,850	-1.6	246	17.5	242	17.6	24.1	23.4
\$200,000 and over	-2,792	-1.0	277	19.7	274	19.9	29.8	28.8
Total, all taxpayers	-31,546	-2.2	1,407	100.0	1,375	100.0	20.4	19.7

¹ Includes the tax credit for children under age 18, student loan interest credit, marriage penalty relief, IRA changes, long term care, capital gains deduction, treatment of adoption expense, aviation fuel exemption, and repeal of the wine and flavors credit as well as EITC changes previously adopted by the Senate Finance Committee.

² The income concept used to place tax returns into income categories is adjusted gross income (AGI) plus: [1] tax-exempt interest, [2] employer contributions for health plans and life insurance, [3] employer share of FICA tax, [4] worker's compensation, [5] nontaxable social security benefits, [6] insurance value of Medicare benefits, [7] alternative minimum tax preference items, and [8] excluded income of U.S. citizens living abroad. Categories are measured at 1995 levels.

³ Federal taxes are equal to individual income tax (including the outlay portion of the EITC), employment tax (attributed to employees), and excise taxes (attributed to consumers). Corporate income tax is not included due to uncertainty concerning the incidence of the tax. Individuals who are dependents of other taxpayers and taxpayers with negative income are excluded from the analysis.

⁴ The effective tax rate is equal to Federal taxes described in footnote (3) divided by: income described in footnote (2) plus additional income attributable to the proposal.

Source: Joint Committee on Taxation. Detail may not add to total due to rounding.

Mr. CONRAD. Mr. President, when we look at where the breaks go, because there are \$245 billion of tax cuts in this package. Where do they go? They go, disproportionately, to the wealthiest among of us; 48 percent goes to people earning over \$100,000 a year. We can see on this chart that the top 5 percent of the people, 2.8 million families making over \$200,000, get, on average, a \$3,400 tax break. People earning over \$200,000 a year get a \$3,400 tax break. The richest 1 million families in America, those making over \$350,000, get a \$5,600 tax break.

Mr. President, I say to you, I do not think that is fair. I do not think it is fair to increase the taxes of those earning less than \$30,000 a year in order to concentrate tax breaks on those who are the wealthiest among us, to give a \$3,400 tax break to the top 5 percent, those earning over \$200,000, and a \$5,600 tax break to the top 1 percent, those earning over \$350,000 a year.

Mr. President, this is the chart that was provided for us yesterday that shows the distributional effect of tax provisions in the Senate Finance Committee chairman's mark for revenue reconciliation and the earned income

tax provisions previously adopted by the committee. When you take into consideration previous changes in the earned income tax credit and the changes in this package, one finds that people earning up to \$30,000 all experience a slight tax increase under this plan. But those who are earning above that amount experience a tax reduction. But let us see who gets what. Those earning from \$30,000 to \$50,000 a year get less than \$250 of tax reduction a year, while those earning over \$200,000 a year, get \$3,400 in tax reduction. That does not strike me as fair. It does not strike me as balanced. It does not strike me as the kind of targeted tax relief that is seriously intended to help hard-pressed middle income families in this country.

Mr. President, this redistributional effect, taking from those who are of more modest income, those earning up to \$30,000 a year, and giving them a tax increase and reducing taxes for the wealthiest among us, giving 48 percent of the benefit to those who are earning over \$100,000 a year, continues a trend that I think ought to concern us all, and that is the concentration of wealth

in this country in the hands of fewer and fewer people.

This chart shows the share of wealth of the top 1 percent of the households in America. In 1969, 20 percent of the wealth in this country was in the hands of the top 1 percent. By 1979, 30 percent of the wealth of this country was controlled by the top 1 percent. But by 1989, 39 percent of the wealth of America was held in the top 1 percent of this country.

Mr. President, anybody who has studied history knows what this trend means. When wealth is increasingly concentrated in the hands of a few, it leads to political instability, it leads to, I think, a threat to all of our institutions. It is no wonder that people are angry across America, as they see the wealth of the Nation concentrated in fewer and fewer hands. Our colleagues on the other side of the aisle have been quick to accuse the Democrats of being for redistribution of income. Let me say that our friends on the other side of the aisle have been the champions of income and wealth redistribution.

Over and over and over, in committee after committee, our friends on the other side of the aisle have pursued

policies that concentrate wealth in the hands of those who are already the wealthiest among us. I ask the simple question, how much wealth do the top 1 percent want to have in their hands? They have nearly 40 percent now. Do they want 60 percent of the wealth of America in the hands of just 1 percent of the people? Do they insist on 80 percent of the wealth in the hands of just 1 percent of the people? I do not think this is good social policy. I do not think it is good economic policy. I think it threatens the future of the country.

Mr. President, 73 percent of the American people pay more taxes in payroll taxes than they pay in income taxes. Yet, what is happening under the Republican plan is to take payroll taxes—the only way to justify payroll taxes at their current levels is if you are building surpluses to prepare for the day when the baby boom generation retires. But all of those moneys are being spent, not saved. They are being taken and spent in other areas of the budget. And so what is really happening is an enormous redistribution of wealth. Make no mistake about it. We are taking payroll tax money, generating surpluses and not saving them, but spending them. And we are spending part of them to give a big tax reduction to the wealthiest among us, so we are taking payroll taxes that are regressive. That simply means lower income people pay a higher percentage of their income in payroll taxes, taking money from them and flushing it back out in a tax cut to the wealthiest among us. Forty-eight percent of the benefit goes to the top 1 percent.

That is what is going on here. It is an enormous redistribution of wealth, going from middle-income people, because under the Republican plan, 51 percent of the people, those earning less than \$30,000 a year, are going to experience a tax increase. The money is being taken from them in payroll taxes and other taxes, and part of it is then being used to give a big tax cut to the wealthiest among us. I do not think that is fair or right. I do not think it represents American values.

Mr. President, I think that is the reason the chairman of the Budget Committee was so swift to gavel the Budget Committee into adjournment, because they did not want to see and hear these facts being provided to the American people.

They want to pass this in the dead of night without a chance for the American people to see and hear what these plans will mean for the people of this country.

I yield the floor.

Mrs. BOXER. Thank you, Mr. President.

Mr. CRAIG. Would the Senator from California yield to me for a few moments to put the final words in the RECORD?

Mrs. BOXER. Of course, as long as I do not lose my right to 15 minutes.

The PRESIDING OFFICER (Mr. HELMS). The Senator's rights will be preserved.

Mrs. BOXER. Reserving the right to object, I want to make sure Senator MURRAY has 15 minutes.

The PRESIDING OFFICER. The Senator's rights will be preserved.

ORDERS FOR MONDAY, OCTOBER 23, 1995

Mr. CRAIG. Mr. President, I ask unanimous consent that when the Senate completes its business today it stand in adjournment until the hour of 11 a.m. on Monday, October 23; that following the prayer, the Journal of proceedings be deemed approved to date, no resolutions come over under the rule, the call of the calendar be dispensed with, the morning hour be deemed to have expired, the time for the two leaders be reserved for their use later in the day, and that there then be a period for morning business until the hour of 2 p.m., with Senators to speak for up to 5 minutes each with the exception of the following: Senator DASCHLE for 60 minutes, Senator SHELBY for 10, and Senator COCHRAN for 50 minutes.

Mr. CONRAD. Would the Senator yield, and add Senator CONRAD for 15 minutes, as well?

Mr. CRAIG. And Senator CONRAD for 15 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. CRAIG. Mr. President, I ask unanimous consent that at 2 p.m. the Senate proceed to S. 1322, regarding the Embassy in Israel. Therefore, votes can be expected to occur in relation to that bill but will not occur prior to the hour of 5 p.m. on Monday.

The PRESIDING OFFICER. Without objection, it is so ordered.

PROGRAM

Mr. CRAIG. For the information of all Senators, in addition to the Jerusalem bill, the Senate could be asked to turn to any of the following items for the next week: S. 1328, regarding Federal judgeships; S. 1004, Coast Guard authorization; S. 325, technical corrections in laws relating to native Americans.

By Wednesday of next week it will be the leader's intention to begin the reconciliation bill, which all Members know has a statutory limitation of 20 hours. Therefore, late nights can be expected.

I yield the floor.

BUDGET RECONCILIATION

Mrs. BOXER. Thank you, Mr. President. It is unusual for Senators to take to the floor on a Friday afternoon long after the Senate has concluded most of its business when there are no votes.

Today is an unusual day for members of the Budget Committee. We have

heard from the Senator from North Dakota who has worked so long and hard to present a truly balanced budget—not only to the committee but to the Senate and to the American people. It was my privilege to support him.

He showed, as did Senator BRADLEY from New Jersey, that it is, in fact, possible to balance the budget in America over 7 years, do it truthfully, not relying on Social Security surplus, and do it with a heart and with compassion, with common sense, with caring, with pride, that really reflects the values of America.

What are those values? You reward hard work, as in the earned-income tax credit. You make sure that your children have a chance to get the proper immunizations as in Medicaid. We make sure that when our kids are students they could get college loans. We make sure that if our people run into trouble and they have to collect child support, that the Government does not penalize them for it.

We make sure that large corporations pay a tax, as in the alternative minimum tax, which is repealed by the Republicans. We make sure large corporations are good citizens and do not raid pension funds. Republicans do that, too.

And we make sure that when our people reach the age of 65, they can count on Medicare. If they are having to go into a nursing home, that there are decent standards for those nursing homes, which are repealed by the Republicans. I will talk more about that.

Today, the Democrats and the Republicans came around a long table in the Budget Committee. When we walked in, we saw a bill that was so tall—of course, I am not very tall, that is true—but this bill was so tall that I could barely see my next door neighbor on the committee, Senator MURRAY. I kind of used it as a chin rest.

That is the size of this Republican revolution. That is the number of things they are doing in this budget reconciliation bill. That is why we Democrats felt it was important to hear from some of the people who represent those in America, our great country, who will be impacted by this 1992 revolution, if you will.

So our ranking member, Senator EXON, a Senator who has served here with great distinction—and I might add, is in his senior years—asked in a very nice way if, in fact, four people could be heard before we start to vote on this package.

Who are those four people? One was an honor student who happens to be in a wheelchair, a quadriplegic, who counts on Medicaid for his very breath. We found out that in the Republican plan—and I ask my friend to correct me if I am incorrect in this—the Medicaid cuts are so deep that no longer will people like that who are trying so hard to build the American dream—an honor student—will not be able to count on their oxygen supply.

I found that out today. I did not know it when I walked into the room.