more fair even as we make it more simple. But at the same time let us decide that that Tax Code ought to be neutral on the subject of moving jobs. The Tax Code ought not be tilted in favor of taking your jobs and leaving the United States of America.

Those are the kinds of issues that I think we as a Senate will have to confront in the rest of 1996. I know it is an election year, and I know some predict that not much can be done because we have all the tensions, and so on. The businesses of this country will not wait for an election. We will be hard pressed to explain to someone who is struggling out there at the minimum wage that, well, we cannot really deal with this now because there is an election coming. That is just something we cannot deal with. There is too much controversy, and we just are not able to do it. That is going to be lost on a lot of people who are trying very hard to make a living day after day.

There is not in this Senate one side of the aisle that cares a lot about people and the other side that does not. That is not the case I am trying to make. But there has been a confluence of public policies in the last year and a half that represent a more extreme view of where we ought to head—the notion that somehow the only thing that makes the American engine work is if you pour in some petroleum from the top. It is classically the old trickle-down approach; if you help everybody at the top, somehow everybody at the bottom gets damp or somebody at the bottom benefits.

Hubert Humphrey, who was our neighbor over in Minnesota, a wonderful man, said, ''I have a different view of this. My view is the 'percolate up' theory in our country. You give everyone in this country a little opportunity to be able to do well and things percolate up and make this American engine run.'' He said ''This trickle down, that is the approach where if you give the horse some hay, at some point maybe the sparrows will have something to eat.''

We ought to understand in this country that the American economic engine works best when all of the American people are working. The incentive in the minimum wage is to try to be fair to those at the bottom of the economic ladder. And it is not fair to say after 6 years, 6 years of freezing you, because you lose purchasing power year after year, that we are going to continue to do that. That is not fair. And it is not fair to those on the minimum wage that our Tax Code on tax day contains a provision that says, ''By the way, the job you aspire to''—you are on minimum wage, but you aspire to a better job, a manufacturing job perhaps—''is gone, because in our Tax Code we paid somebody to take it out of America.'' That is not fair either.

There are provisions, it seems to me, that we can and ought to agree on as Democrats and as Republicans that represent a fair economic approach which would benefit this country, all people of this country, even those who do not have the capability of sending an army of special interest folks to surround this Chamber as we debate their favorite issue.

Mr. President, we will have a great deal of discussion on these issues this week, I am certain, and my hope is that we will, on the first question I asked today, answer with reasonable unanimity: Should there be a minimum wage? I hope most Members of this Chamber will answer yes.

And if they answer yes, then let us spend the rest of the time asking the question: If there should be a minimum wage, then what is a fair level for that minimum wage? Is it fair having it frozen for 6 years? When the top of the economic ladder gets a 23 percent pay increase to an average $3 million a year, is it fair then to say to the bottom, at the lowest rung of the economic ladder, ''By the way, we will freeze your pay for 6 years?'' I do not think that is the answer most people would come to if you think about it reasonably and you think about it in the context of what would be best for the millions of people in this country at the bottom who are struggling very hard to make ends meet.

I yield the floor.

Mr. President, I make a point of order that a quorum is not present.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

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

UNANIMOUS-CONSENT AGREEMENT—S. RES. 241

Mr. COVERDELL. Mr. President, I ask unanimous consent that Senate Resolution 241 be temporarily set aside until Tuesday, April 16, at a time to be determined by the majority leader after consultation with the Democratic leader.

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

Mr. COVERDELL. Mr. President, under the previous order, I am recognized during morning business for a period of 90 minutes. I ask unanimous consent that during this period I be permitted to yield portions of my time to other Members without losing my right to the floor.

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

TAX DAY

Mr. COVERDELL. Mr. President, if he were still alive, President Roosevelt would say April 15 is ''a day that will live in infamy.'' We have all come to know this very special day as one of great dread in our country, as we come to grips with the enormous burden every American family, every Georgia family, every citizen comes face to face with—the direct burden of Government and the enormous consumption of the wages of labor that are consumed by the U.S. Government and government in general.

Depending on what you count, today Americans work from January 1 until about June 31 for the Government before they are able to keep the first dime for themselves, their families, their educations, their dreams. I think Thomas Jefferson must surely have many times rolled in his grave because he could never, ever have anticipated that there would come a time that nearly half the resources of those who labor for it are removed from those families and those individuals and sent to some government to redetermine what ought to be done with the wages of the person who earned it.

To just quickly summarize—and I am going to yield to my good colleague from Tennessee—but in my own State, I have asked that a picture be made of the average Georgia family. This is the perfect day to reveal what that picture looks like—April 15. That average family earns about $40,000 a year. Both spouses work and they have two children. Remember, now, they earn around $40,000 a year. They spend $4,183 in Federal income tax liability of the $40,000. They spend $3,118 in FICA taxes. They spend another $844 in other direct and indirect Federal taxes. They forfeit $5,061 in local taxes, State and local. This family's share of the new regulatory apparatus we have been building for the last some 30-odd years—this is an unbelievable figure—is $6,615. This family's share of added interest costs because of our $5 trillion national debt is $2,957. That comes to $22,778, 51 or 52 percent of all wages. Every average family in Georgia is working half time for somebody else—the Government.

America depends on these families to raise the country. We ask them to house the country, to educate the country, to feed it and clothe it, transport it, and see to its health. But we only leave them half of all their earnings to do this great work that we have depended upon for so long. The end result is middle America, the average hard-working family, has been marginalized, has been literally pushed to the wall because of the consumption, the insatiable consumption of Government.

I would have to say this is also the result of certain elitists in our country that have concluded that this average family in Georgia is unable to make decisions for itself and that decisions about its future, its health, its welfare are best made by some Washington wonk in the belly of one of these buildings in the Capital City, and it is better that their wages come here so that some bright person can determine how best this family ought to be preparing for its future and its needs.

I reject that theory outright and I believe America does too. I did not believe I would ever be standing on the floor of the U.S. Senate, talking about average families in my State forfeiting nearly half their earned wages to support this burgeoning, growing, unfettered consumption by Federal and other governments.

With that opening statement on this infamous day of April 15, 1996, I yield to the good Senator from Tennessee up to 10 minutes.

The PRESIDING OFFICER. The Senator from Tennessee.

Mr. FRIST. Mr. President, in recent years the words ''tax and spend,'' have been used together so often that, today, rarely do you hear one word, ''tax,'' without hearing the other word, ''spend.'' The phrase has become so common, so acceptable, so recognizable it approaches the use of words such as ''hand in glove'' or ''horse and buggy.'' It is just when you think of taxes, you think of spending.

Like cliches that become popular because they deliver the truth with clarity and simplicity, ''tax and spend'' boils the point down to its essence. There is only one reason for raising taxes and that is spending more.

We just heard my distinguished colleague from Georgia boil down this tax burden to the effect on an individual family. That tells the whole story. But I cannot help but to share with you this morning a conversation at breakfast, as I sat around the table with my wife and three boys, Jonathan, 10; Bryan, 8; and Harrison, 12.

Jonathan said, ''You are coming back from recess, dad. What are the issues? What are you going to be talking about?''

I said, ''Today is a big day for the American people. It is tax day.''

And Jonathan said, as any young child does quite innocently, ''What is tax day? What does that mean?''

I said, ''Jonathan, it has an impact on every, every family in this great country.''

He said, ''What sort of impact?''

I said, ''Today, people will be writing checks, where a huge portion of what they earn goes to Washington, DC, to the Federal Government.''

He said, ''What do you mean?'' He said, ''Don't you pay sales taxes?''

I said, ''Yes.''

And he said, ''How much?''

And I said, ''About 38 percent, on average, around this country, of income, of money that you take in, goes to government at the State, local, and Federal level, 38 percent; 38 cents on the dollar,'' I said.

He looked up again with those innocent eyes and said, ''Well, why does anyone work if you have to give 38 cents away?''

Clearly, it is much more complicated than that, but through those innocent eyes of a child, it does bring us to that real question of, why do we tax so much and spend money so extravagantly?

Mr. President, unlike the current occupant of the Oval Office, President Calvin Coolidge was a man of few words. However, the thoughts he expressed when he chose to speak were quite precise; it hit the nail on the head.

On the subject of Government spending, he once, very accurately, observed, ''Nothing is easier than spending public money—it does not appear to belong to anyone.''

Apparently not.

Federal spending has risen steadily and continuously over the last 40 years, and to pay for it, so has the burden on the American taxpayer.

Thirty-eight percent of a family's income is paid in Federal, State, and local taxes and, as we just heard, in Georgia it is even higher than that. But, on average, 38 percent. And the problem is getting worse. It was only 28 percent in 1955. Today, a taxpayer has to work more than 3 hours out of an 8-hour day just to get enough funds to pay the tax man.

And if paying taxes were not bad enough, to add insult to injury, the Government makes it as hard as possible for everyone to comply. There are now 555 million words in the Tax Code with 4,000 changes made just in the last 10 years. There are 480 different tax forms provided by the IRS, and there are another 280 forms just to tell us how to fill out those 480 forms.

Every year, in fact, the IRS sends out 8 billion pages of forms and instructions to 100 million taxpayers. This feat alone requires the pulp of 293,760 trees just to accomplish.

This year, individuals will spend 1.7 billion hours filling out their taxes. Businesses will spend another 3.4 billion hours to fill out their taxes, and complying with tax laws will cost all of us about $200 billion above and beyond the taxes themselves.

But for some people, enough is never enough. In the first major action that President Clinton took, you guessed it, he raised our taxes, and when Republicans cut taxes as part of the Balanced Budget Act last December, the President vetoed the bill. Why? You guessed it, because he wanted to spend another trillion dollars on Government, not the people's, priorities.

Tax and spend—one cannot live without the other.

And what are those priorities of the American people? Today, all across America, the problems of crime, drug trafficking, and illegal immigration are out of control. Yet, while we have 24,000 FBI agents or 6,700 DEA agents or 5,900 Border Patrol personnel, we have 111,000 people working for the IRS. The Government cannot stop illegal drugs or illegal immigration, but it sure knows how to collect your money, even if it cannot manage its own.

This month, the GAO audited the IRS. What it found was truly astounding. The General Accounting Office found that the IRS could not account for $10 billion it says it collected. The IRS could not fully explain $2 billion in expenses, and it could not use the sophisticated new computer equipment that cost taxpayers more than $3 billion. So it is still using the old recordkeeping and billing system designed in the 1950's.

Perhaps that is why when Money magazine hired 50 tax experts to prepare the return of a hypothetical typical American family it got 50 different results. They found the Tax Code to be so vague, so confusing, so contradictory that, as Money's editor put it, ''The typical taxpayer has no way of knowing how much they actually owe.''

Mr. President, it is time that Americans pay less taxes, not more. It is time Congress simplified the maze of regulations, penalties, deductions and credits that make compliance so difficult. And it is time we made it harder for the IRS to make hard-working Americans pay for its mistakes. That is why I have cosponsored the Taxpayer Bill of Rights 2.

Among its more than 30 provisions, the Taxpayer Bill of Rights will waive interest charges when the IRS, not the taxpayer, is at fault. It will allow taxpayers to sue the IRS for up to $1 million for reckless or negligent collection actions. It will prohibit the IRS from issuing retroactive regulations.

Yes, the era of big Government is over. So is the era of tax-and-spend. For, as Calvin Coolidge also so accurately observed, ''The appropriation of public money is always perfectly lovely until someone is asked to pay for it.''

He continues: ''I favor the policy of economy, not to save money, but to save people. The men and women of this country,'' he continues, ''who toil are the ones who bear the cost of Government. Every dollar we carelessly waste means that their life will be so much more the meager. Every dollar that we prudently save means that their life will be so much more the abundant.''

Mr. President, when Ronald Reagan was President of the United States, the portrait of Calvin Coolidge hung in a place of honor in the Cabinet room as one of the Presidents Mr. Reagan admired the most. Mr. Clinton has borrowed much from Ronald Reagan. Perhaps he would do well to borrow President Reagan's appreciation of Calvin Coolidge as well.

Mr. President, I thank the Chair and yield the floor.

Mr. COVERDELL addressed the Chair.

The PRESIDING OFFICER. The Senator from Georgia.

Mr. COVERDELL. Mr. President, a moment ago, as we began this discussion, I outlined the impact of Government and regulations and the costs on an average family in my State. As I said, it comes to almost 50 percent.

I think it might be interesting, and I am going to yield in just a moment to my good colleague from Idaho, but I would like to make a point about what has been the impact on this average family of this administration.

On the Federal income tax liability, I said that we are currently paying $4,183, but if we had not put in place the policies of this current administration, that is, the largest tax increase in American history in August—that hot August—of 1993, then that tax burden would be considerably less. It would be $3,656.

FICA would be $2,754 instead of $3,118. The regulatory costs, Mr. President, are considerably different, as well. They would be paying $5,892 instead of $6,615.

The bottom line is that without the policies of this administration of taxing and growth and regulation, the total tax burden would have been $20,112 instead of $22,778 or, bottom line, this administration has added almost $3,000 of new costs to this average family.

If you are making gross about $40,000 and you have a new $3,000 bill to send to the Government, it is a wake-up call. That is 15 percent of lost disposable income as a direct result of the policies of this administration. It is incredible.

As I recall, during the debate we were only going to affect the wealthy. I do not believe any family making $40,000 a year considers themselves in the league of wealth, but their contribution—we remember that—the contribution that they would be asked to make is almost another $3,000 for every average working family in my State.

Mr. President, I yield up to 10 minutes to my good colleague from Idaho.

The PRESIDING OFFICER. The Senator from Idaho.

Mr. CRAIG. Mr. President, thank you very much.

Let me thank my colleague from Georgia for yielding me time, but especially for taking out this special order on this very important day in the lives of every working man and woman in the United States, the day when your Federal taxes are due.

I say that because it is also an important day for us to pause and recognize what paying your taxes means and the kind of impact that it has on us as a society. Obviously, my colleague from Georgia has spoken about how it impacts his State. And let me also congratulate him on his constitutional amendment to prohibit retroactive taxation. I am a cosponsor of that. I appreciate him leading in those areas something that our Founding Fathers were very, very clear on, while this Government seems to have been a bit confused on it.

Also, today, the House, our neighboring body, will take up the two-thirds majority to raise taxes as a requirement of our Constitution. Some would argue that is putting economics in the Constitution that should not be there. I disagree with that. I think it is the appropriate thing to do because, clearly, within the Constitution we have required two-thirds votes on other procedures that are required.

Obviously, they are proposing an amendment today. That amendment requires a two-thirds vote. Somehow nobody suggests that that is the wrong thing to do or that is the wrong test that ought to be made. So I hope the House is successful today both in their debate and in their vote to require a supermajority to raise taxes. I think it is high time that we in this body and in the Congress of the United States become as sensitive to taxation as the taxpayers of this country that we suggest that we represent on a regular basis.

My guess is that if you vote for increased taxes in this body, you are not representing taxpayers very well because the taxpayers of our country have consistently said for a long while that they are being overtaxed. A recent poll in the Readers Digest suggests that the average citizen believes that taxes ought to be no higher than about 25 percent of their income, and they would even say in this poll that if somebody was paying 40 percent, even though they might be making more money, they were probably being taxed too much. Even the poorer of our society would suggest that those that are being taxed at a higher level ought to be taxed at a lower level because, for some reason, higher taxation was just blatantly unfair. I have to agree that that is the case.

Today, as mentioned, is April 15. Americans will work until May 7 of this year just to pay their taxes. And, as we all know, that day just keeps increasing. I am talking about January 1 to May 7 of every year now for the average taxpaying working American to meet their tax requirement. If you went to work at 8 o'clock this morning, the first 2 hours and 47 minutes of your 8-hour working day were worked just to pay your Federal tax requirement.

Obviously, you live in another taxing district besides the Federal tax realm. You live in a State tax realm. Probably you would work another 35 minutes to an hour just to pay your State taxes. So it all adds up, and the average working person out there is going to spend the first 3-plus hours of their working day not putting one dime in their own pocket, not putting one dime to the purchase of a loaf of bread for the toast for the family breakfast, not putting one dime in the savings account that they are building to send their child to college, not putting one dime against the purchase of a new car or a new house, because for the first 3 hours, on the average, they will be putting all of those dimes either in the Treasury of the U.S. Government or the treasury of State government.

That is why most every American agrees that they are overtaxed. That does not mean that Americans are antitax. I cited the poll a few moments ago where I think all Americans recognize the importance of some government, the importance of the basic services of government, and the need to pay for it, and the need to have budgets balanced. But what they cannot understand is why the average two-wage-earner family, a family of four, pays 38 percent of all of their income to pay taxes for all levels of government. It is simply too high, and we know it. And Americans know it more, I think, than we do.

This last week during the Easter recess I had a rare privilege of taking my parents, who were here visiting, my wife and I to Williamsburg. I have been a student of Jefferson and Washington and Madison, as I hope many Senators have been on this floor. We visited the colonial capital of the colony of Williamsburg, better known as the House of Burgesses. Again, it was a remembering of why this country went through a revolution, why our Founding Fathers finally said, enough is enough, why they put their lives and their property on the line, simply saying they could not tolerate an oppressive Government, primarily because of the level of taxes that that Government was levying against a society of people who did not have a vote, who had, as we now know, taxation without representation.

Of course, as mentioned in several of the books I have read about Thomas Jefferson, following the great revolution and a new country and an America under a Constitution in which we had representation, he was visiting in Europe and a British parliamentarian said, "Well, you went to war because you had taxation with no representation. Now what do you think? You have got taxation with representation."

I think we all recognize by that statement and 208 years of history that central Government, if not controlled, can become oppressive, and the greatest tool of oppression on the rights and freedoms of an individual, of family, a working person, is the ability of Government to tax.

Since this country instituted the income tax and since we instituted automatic withdrawal from our wages of the Government's share of those taxes, we all know that that 38 percent that gets taken out of the average family of four's salary, while it seems to go very easily and we forget about it being in or having been there, we fail to recognize the tremendous purchasing power that that would have or the additional freedoms that that could afford the individual family that is now taken away from them and, therefore, the freedom to choose, the freedom to be financially independent, the ability to make for themselves and their children a better life. All of that is part of why Americans become increasingly frustrated when they see a government that progressively adds taxes to their ability to earn money.

In 1992, as we all know, President Clinton talked about a middle-class tax cut. He was the champion during that Presidential year of wanting tax cuts for middle-income Americans. Somehow this President forgot or lost his way. We know what happened just a year later, in 1993, when he pushed through the largest tax increase in the history of this country.

Oh, I know argumentatively he played class-war politics by suggesting it would only go on the backs of the rich, but, as my colleague from Georgia has so clearly pointed out, it did not go on the backs of the rich; it went on the backs of everybody. It went on the backs of middle-income wage earners in his State of Georgia, in my State of Idaho. It hit all levels. And when it hits all levels, it hurts all levels of our economy and the ability of families today to make their own way.

So we now have taxation with representation. But at the same time, what I think we, those who are the agents of representation, have failed to recognize is the real impact that taxes have on the ability of the wage earner to function for himself, herself, or for their family, or even the incentive in a society.

You know, I talked about that first 2 hours and 47 minutes of work to pay the Government. If you decide you will not work that 2 hours, 47 minutes because that money goes to the Government, think again. It does not work that way. What I am suggesting by that is that it has become, by increased rates of taxation, a blight on the ability of our economy to produce and the right of the individual to produce.

Why can we not get above about 1.5-percent growth in our economy? Remember, growth is a factor of job creation, greater opportunity, upward mobility for wage earners starting at lower levels to move to higher levels, to provide for themselves and their families to have a better home, a better car, to seek a better education, to put a better coat on their back. If you deny growth in the economy, you deny those kinds of opportunities that have been historically true in our society.

Taxation is a factor that puts that kind of blight against economic growth, dampers it down and, of course, as we all know in a society today, in an economy where we do not compete just with our neighbor down the street, we compete with our neighbor in China, our neighbor in Japan, if we and our level of taxation is not similar, certainly our ability to produce is less.

I have talked about income tax and its impact on the family. If I could for just a moment move to something else that I think is grossly unfair, but it fits into all of this element of taxation. That is the issue of estate taxes. Somehow we have developed an attitude in our country, Mr. President, that if you collect wealth during your productive years, you work hard, maybe you do not work the 8-hour day, maybe you work the 12-hour day, maybe you work a 14-hour day and you accumulate wealth, you own a home free and clear, you have money in a bank, you have a savings account, you have stocks and bonds, you are not allowed to move those through to your children when you die, or not all of them.

Again, the Government steps in and says, ''No, we will take that away from you.'' That is an estate tax that I have for so many years believed to be so wrong. I have watched farmers and ranchers in my State work for a lifetime to pay off a mortgage, to own something, only to sell it and find out that they have to give a high percentage of it back to the Government. Why? The Government did not earn it. It is not the Government's right to have it. Somehow that is something that our country has slipped into and something that April 15 of every year reminds me is just fundamentally wrong.

I hope today is a day of reckoning, a day of better understanding. It appears I am out of time. Could I have an additional 2 minutes yielded to me?

Mr. COVERDELL. The Senator is yielded 2 additional minutes.

Mr. CRAIG. I hope today is a day of reckoning. Again, a time when we all awaken to the fact of what our Government does to us—not for us. There are many things that Government can do for us, but this is an instance where I believe Government takes too much of our money and spends it unwisely.

That is why, along with the amendment that the House will be voting on today to require a two-thirds supermajority to raise taxes, why the amendment by my colleague from Georgia dealing with retroactivity in taxation, why the $500 tax credit that we have offered in our balanced budget bill that we sent down to the President, that he vetoed, is so important. Why trying to deal with a capital gains tax, trying to deal with an estate tax, reducing those rates, creating less impact on hard-working, saving, earning Americans is what this day ought to be about.

I thank my colleague, the Senator from Georgia, for leading Members in this important debate on this important day. I hope other colleagues would join with us and come to the floor, talking about how all of this impacts their States and their citizens' lives. It truly does. When you watch that kind of money, whether it is 38 or 40 percent that you earn being taken away from you for purposes that in many instances you find unnecessary, it is a question that that has to be on a monthly, daily basis, brought before this Congress.

I thank my colleague from Georgia for bringing this matter to our attention.

Mr. COVERDELL. Will the Senator yield?

Mr. CRAIG. I am happy to yield to the Senator.

Mr. COVERDELL. Mr. President, in my opening comments I was talking about an average Georgia family, and I alluded to the fact that virtually half their income has been absorbed by one government or another. You and the Senator from Tennessee have used the figure 40 percent. I thought we might clarify that a bit.

Would the Senator agree that a family's interest payments that are a direct result of our national debt should also be added into what is being taken from them?

Mr. CRAIG. Absolutely. I think it is clearly the appropriate day to debate what is the total impact of our current Government's need based on net, based on taxation on the lives of the average citizen. When you do that, I think that is absolutely right. It gets well past the 40 percent mark in many instances. You have to factor in, as I think you have, and when I talk abut 38 percent I am not factoring in State government in many instances, but you are doing so, I think, and that is a very important part.

Mr. COVERDELL. Would the Senator also agree, the impact that families share of the regulatory costs, those have to be paid by that family, are also a factor that have to be weighed in as to what the total impact is on our working family?

Mr. CRAIG. No question about it. That is something that you and I have struggled on for a good many years. We busily write an awful lot of laws around here with no sense of the kind of cost that it will have on the average citizen through regulatory compliance or making sure their businesses operate within the framework of those regulations. Those are real costs, and they get passed on to the consuming taxpayer, and ultimately that is a form of taxation.

Mr. COVERDELL. I have enjoyed the Senator's remarks immensely, but I conclude by saying that in our colloquy, that the effect of all of this is that you have essentially removed half the earning wages of our working families, no matter where they are.

I am reminded here, because it has been brought up several times, of a statement that the President made in a campaign commercial on January 16, 1992, Mr. President. It said, ''I'm Bill Clinton, and I think you deserve a change. That's why I have offered a plan to get the economy moving again, starting with a middle-class tax cut.'' However, 1 month into his Presidency, that promise was dramatically altered. The message in the State of the Union speech that was made by the President on February 17, 1993, said, ''To middle-class Americans who have paid a great deal over the last 12 years and from whom I ask a contribution tonight.''

Mr. President, that contribution turned into a $250 billion tax increase which resulted in every working family paying a lot more money to Washington and having a lot less in their checking account to take care of their own needs.

The PRESIDING OFFICER (Mr. CRAIG). The Senator from Wyoming.

Mr. COVERDELL. I yield 10 minutes to my colleague from Wyoming.

Mr. THOMAS. I thank my friend from Georgia for organizing an effort to talk about something that we especially are aware of on tax day, on April

15, but certainly should be talked about every day. Unfortunately, I think not many of us often recognize the fact that nearly 40 percent of our revenue, of our income to our families, is taken in taxes.

It has been talked about here today, that we work more than 3 hours a day out of our 8-hour day simply to pay taxes.

Although I am quite sure that will not become the tax system, some believe—and perhaps there is merit in it—if we had this sales tax, we would be more aware of the level of payment that we make, where now much of it is withheld. We talk about our wages after taxes, and so it sort of disappears and fades off. So I think it is appropriate that we talk about it today.

It seems to me that there are at least two important areas that need to be talked about. One, of course, is money—dollars. What does it mean to us and our family income? We probably ought to ask the question, of course, who should spend it? We work to support our families. Who should spend that money that we earn? Obviously, we would expect to be taxed if we want public activities to continue. Then we ask ourselves, how much is enough? How much should go? Is 40 percent too much? It seems to me that perhaps it is.

Then, of course, there is a direct relationship between taxes and the amount of Government we have. It seems to me that is a principle we ought to talk about. Many of us believe—and I am one of those—we ought to have a limited Government at the Federal level, that we ought to, as it describes in the Constitution, do those things that are described in the Constitution and leave to the States and to the people those other activities. Taxes have a great deal to do with that.

There is a relationship between the size of Government and spending. Of course, if we are responsible at all and we want to do this spending, then we should pay for it. That is where taxes come in. Unfortunately, we have not done that very well. We have wanted to do the spending, but we put it on the credit card for our kids. We need to change that, and we are in the process, hopefully, of doing it. The real measurement is not what Government can do for people but the kind of environment that can be set that allows people to do for themselves. So when we talk about taxes, we are also talking about the size of Government that we envision.

I think we should talk about where we are now. As Paul Harvey says, ''What is the rest of the story?'' We are beginning to hear a lot about how ''the deficit is down, the economy is up, and we are saving taxes,'' and so on. The fact is that Washington has never spent more on the Federal bureaucracy than we are and have under this administration. The fact is that we are spending less on defense, and that may be right or wrong. But it means we are spending more, then, in the nondefense areas, these programs that simply continue to grow. America's tax burden, State, Federal, and local combined, has never been higher than it is under this administration. It has never been higher as a percentage of GDP. Americans will pay more than one-half trillion dollars more in taxes as a result of the President's tax increase of last year.

So despite what we hear and what we heard in the State of the Union Address on January 23, part of which said, ''We know big Government does not have all the answers''—I am quoting the President—''We know there is not a program for every problem, and we know we have to work to give Americans a smaller, less bureaucratic Government in Washington, and we have to give the American people one that lives within its means.'' He said, ''The era of big Government is over.'' Yet, we have the largest expenditure for Government that we have ever had under this administration.

So, Mr. President, this is tax day. It has already been noted that the typical family spends more than 38 percent of its income on taxes—more than it spends for food, clothing, and shelter combined. It has been mentioned that more than 3 hours of our 8-hour day is spent to produce taxes. It is also mentioned, I think importantly, that there are more than 100,000 employees at IRS, which is more than at the FBI, DEA, and Immigration Service combined. There is something wrong with that, when you take a look at the billions of dollars that are spent simply to prepare the forms that we have to use.

It is also interesting, in terms of spending, that for every dollar in new taxes, the Government spends $1.59. The rest of it goes on the credit card. So what we have had, of course, is what we might call ''the Clinton crunch.'' The President has promised a tax cut and delivered a tax increase, which is very difficult on small business, and it holds down the creation of new jobs. It is difficult for senior citizens on fixed incomes. There was a tax increase for everyone, among them a gas tax, which hits my State of Wyoming very hard. The new budget contains $60 billion in new taxes.

So we have not moved toward the end of big Government. On the other hand, I think that in this session of Congress the majority party has made a real effort to do that. We passed tax cuts last year, a $500 per child tax credit, marriage penalty, capital gains tax, expanded IRA's, adopted tax credits, student loan interest deduction—all, of course, which was vetoed.

Today the tax limitation amendment will be considered in the House. I happen to think it is a good idea. It is like saying we do not need to amend the Constitution. It is the same thing I heard when we were talking about a balanced budget amendment. Everybody stood up, and before they began to talk, they said, ''I want to balance the budget, but we do not need an amendment to do that.'' Maybe we ought to remind them that it has been 25 years since we balanced the budget. And 43 States have that amendment. In my State, the legislature cannot spend more than it takes in. I think, similarly, we need that same kind of amendment on spending. There is no reason why, if spending is important, you cannot generate more support than 50 percent to do that.

So, Mr. President, I think it is an issue we ought to talk about every day, and it is appropriate on tax day. Keep in mind, it is not only dollars. It is also how much Government do you want? I think that is a question that each of us, as citizens, ought to ask ourselves. Unfortunately, we do not have the kind of cost-benefit measurement in the Federal Government that we do at home. If the school district thinks they need a new school building or a sign, they say, ''Here is what it costs and here is what you have to pay,'' and you make a decision as to whether it is worth it. That is not what happens on the Federal level. We send in an amount of money, and we do not even know what it is really being spent for. We do not make any real decisions in terms of those programs that are funded.

I am persuaded that we can have a much leaner Government and still provide for the things that most of us believe are necessary for the Government to perform. Remember, the measure of good Government is not what the Government can do for the people, but the kind of environment it sets so that we can do for ourselves. That is what the tax system, tax amendments, and being concerned about taxes is all about.

I thank my friend from Georgia for organizing the time to talk about this important issue. I look forward to our doing something about it as a followup.

I yield the floor.

Mr. COVERDELL. Mr. President, I thank my colleague from Wyoming. He made an interesting observation. Not only did he talk about the effect of the tax increase of this administration, but he began to talk about the advantages that would have accrued to working families if the Balanced Budget Act that was sent to the President—which he vetoed—had passed.

A moment ago, I was talking about this average Georgia family paying almost $3,000 more because of the policies of this administration. The Senator from Wyoming reminded me that if the Balanced Budget Act had been signed by the President, the immediate effect to this average family would have been to return to their checking account $3,000 a year, or thereabouts. Here is a family making $40,000, and they would have $3,000 in additional income in their checking account—not on April 15 being shipped to Washington. Think what they could do with that. That is the equivalent of a 10- to 20- percent pay raise, Mr. President. It is not insignificant.

Mr. President, I yield to the Senator from Iowa up to 10 minutes.

The PRESIDING OFFICER. The Senator from Iowa is recognized.

Mr. GRASSLEY. Mr. President, I thank the Senator from Georgia for his leadership on this very important day, April 15, the day taxes are due for American citizens. I appreciate the opportunity to discuss the issue of the high-tax policies of the President Clinton administration. The high-tax policies of this administration are policies toward the highest taxes in the history of the country. More money is coming in from taxes now than ever before in history, and of course, that money comes from the people.

The tax bill which we find so burdensome is President Clinton's tax bill of 1993, which passed this body. But even all the Democrats would not vote for it, and there was a tie-breaking vote by Vice President GORE. The President's 1993 tax bill, OBRA 1993, was very controversial. President Clinton raised everyone's taxes by a record amount—again, the biggest tax increase in the history of our country.

It also happens that the President had misgivings about his tax increase legislation. He was speaking in October of last year to the attendees at a Clinton fundraiser in Texas when he said that he thought that he raised taxes too much in 1993. I agree with the President.

I want to remind everybody, as the Senator from Georgia does, of the various ways in which the President went about raising taxes at the highest level that they have ever been raised in one tax bill.

He increased the tax on Social Security benefits. Some Americans have to report 85 percent of their Social Security income so it can be taxed again after they have already paid tax on it once.

In addition, he added a new and higher income tax rate which also set the situation in order, which we call the marriage tax penalty, exacerbating it so that people are going to pay a lower tax living together than being married.

He also added new and higher estate and gift tax rates.

He decreased the business meals deduction for the truck driver and for the small business people of America. He hit farmers, truck drivers, and everyone who drives a car or truck with a 4.3-cent-per-gallon increase in the gasoline tax.

In Iowa—I do not know about the rest of the country—this Clinton gas tax costs every two-driver family an average of an extra $53.32 per year.

For small business people, the President hosted a White House conference on small business. He waxed eloquently on the need for expensing deductions, for creating IRA's, for pension simplification, and for estate tax reductions, to name a few. But when Congress passed legislation on those very same issues, President Clinton vetoed not one, not two, but every one of those ideas that he spoke eloquently about at his conference.

For education, he talked about a new tax deduction. But when Congress sent the President my new student loan interest deduction last fall, President Clinton vetoed it, again contrary to what he said he wanted to do. He even hurt families trying to relocate to new jobs by decreasing their deductible moving expenses.

These, Mr. President, are just a few among many of the new, unpopular, and economically hurtful Clinton tax increases.

The troublesome irony is that the President has many people still paying their extra 1993 Clinton income tax increases. People are still paying their 1993 income taxes because the President accomplished something that no other President had done before him. The President managed to raise taxes even before he was sworn into office because the tax rate increase of 1993 was made retroactive at his request.

So those with the mind of softening the blow on people who would have to pay a retroactive tax increase insisted the President at least allow taxpayers to pay the retroactive portions of their 1993 taxes in three separate installments. The first installment was due in 1994. The second was due in 1995. And people just paid their third and final installment of their fiscal 1993 Clinton tax increase today, Monday, April 15, 1996.

So, in October 1995, when the President testified in Texas at his fundraiser that he had raised people's taxes too much, perhaps he meant that he would feel their pain again on April 15, 1996. This is because today the President has given many taxpayers the unique opportunity to be taxed on income of three different years.

Today many taxpayers will pay the last installment of their fiscal 1993 taxes, the balance due on their now higher regular 1995 taxes, and their first quarter estimated taxes for 1996.

Indeed, the only taxable year of the Clinton Presidency that President Clinton is not taxing this very day is 1994. Fortunately, Mr. President, no one is perfect. Even though President Clinton has done his best to raise taxes in a Democratic Congress, and to keep them just as high in a Republican Congress. He did this by vetoing efforts of the new Republican Congress to reduce taxes, particularly the tax deduction that gives a family of four with two children an additional $1,000 more in their pocket to spend.

I believe that we should credit public servants for their good deeds and hold them responsible for their harmful ones.

Apparently, President Clinton must love to raise taxes almost as he loves to deficit spend.

Do not forget Mr. President, that he sent Vice President GORE to this very Chamber to cast that tie-breaking vote on the 1993 tax increase because even all the members of his own party would not go along with it. The voters remember it mostly because they are still paying for it, and will continue to pay for it every day.

In addition, we passed last year a taxpayers bill of rights so that the taxpayer will not have to be intimidated by the IRS during audit, and the President even vetoed the taxpayers bill of rights.

So, Mr. President, annually, this day April 15 brings to mind the complexities and the enormities of the Tax Code.

April 15, 1996 of this year further serves to remind us of the dangerous precedent that President Clinton set with his 1993 tax increase, the biggest tax increase in the history of the country, and the only one retroactive to a period of time before the President was sworn into office.

With his retroactive tax increase, President Clinton is the first President in the history of the Nation to have raised taxes before, during, and after his term of office. Of course, if we are not careful in the future, this may prove to be one of the most memorable and dangerous of the Clinton legacies.

In addition to increasing taxes at the highest level in the history of the country with that tax bill of 1993, the President set in motion an economic situation in which money that would be invested for job creation has created less jobs than during the period when the country was recovering from the recession of 1991 to 1992 by some 3 million jobs.

So, somewhere out there, even though we do have a high level of jobs being created, there are 3 million more people who could be employed if the tax increase of 1993 had not stymied the economy to the point that the people who create jobs were afraid to do it to the tune of 3 million jobs.

I yield the floor.

Mr. COVERDELL. Mr. President, I appreciate the kind remarks of the Senator from Iowa.

As a former native son of Iowa, I always enjoy listening to him address this Chamber.

A moment ago, I was talking about the effect of the President's tax increase on the average citizen in our State, but just for the general record I think it worthwhile acknowledging what some of the impacts of that tax were. That tax increase created a 4.3-cent per gallon gas tax increase levied on all Americans. Once again, when we heard the debate to impose the tax increase, which was only passed by one vote, the Vice President casting the deciding vote here in the Chamber late in August 1993, it was just supposed to affect the wealthy. But a 4.3-cent-gallon tax affects every farmer, trucker, every family, every carpool, every business—everyone. Under the provisions of that tax increase, senior citizens making as little as $34,000 a year—I guess that is another rich person—found their taxes hiked as a result of a 70-percent increase in the taxable portion of their

Social Security benefits. We all can hear people on the other side of the aisle talking about their concern for protecting Social Security benefits. One of the first things the administration did was to tax them.

Small businesses were clobbered by the Clinton tax hike. More than 80 percent of small businesses file their returns as individuals. As a result, small businesses were forced to pay the higher individual rates of up to 44.5 percent. I repeat, Mr. President, 44.5 percent. That is much higher than the 35-percent rate for big businesses. If you had to point to one sector of our society that was the most ravaged by that huge $250 billion tax increase, it would be small business. And this is the reason why. Because of paying taxes as individuals, they really got their marginal rate pushed up.

As a result of Clinton's tax increase, the local hardware store in our State must pay a higher tax rate than a corporation like General Motors. Now, think about it. Most corporations in America, 60 percent of them, have four employees or less, and they were the fixed target of this tax increase. It was just like a Mack truck coming down the highway, bowling over them and left the situation where these smaller corporations are paying higher tax rates than, of all things, corporations like General Motors.

The National Federation of Independent Businesses, the Nation's largest small business organization, called Clinton's tax increase ''about as antismall business as you could ever see.'' That was published in the White House bulletin on June 18, 1993.

I have focused a lot of my attention on the effect of taxes on the average family. I would like to visit that just a bit more, if I might.

I have often referred to the quintessential average family in the 1950's. I refer to the television family that we saw so often, ''Ozzie and Harriet.'' They were the picture of what we all thought the American family ought to be. At that time, Ozzie was sending to the Federal Government 2 cents—2 cents, Mr. President—out of every dollar he earned. If Ozzie were here today, he would be sending 24 to 25 cents out of every dollar to Washington.

It is hard to envision or believe. When I was growing up, I was told that the single largest investment any American would ever make would be the purchase of a home. That is not true anymore. The largest single investment that any American or American family will make today is in the Federal Government, not the home.

In fact, the Federal Government's consumption from the wages of this average working family equates to housing, food, and clothing combined. Who would have ever thought that working families in this country would be faced with this sweeping hand of the Federal Government coming through families and removing over a quarter of their income, removing more resources from the family than it took to build their home or buy their home or rent or to feed the family or to clothe it combined; that the Federal Government alone would come in and sweep more out of that family's checking account than all those fundamental functions we count on that family to do for America.

I became very curious about this about a year ago because in the 1950's the typical family had one parent working and one parent at home with the family, doing the business of raising the family. As you know, today that has been turned upside down.

I mentioned a little earlier this average family in Georgia. It requires both parents to work. I got curious about that, and I wondered at what pace families started to have both spouses out in the workplace. If they had one in the workplace and one at home in 1950, just how quickly did it get to the point we are now where the majority of them have both parents in the workplace.

So we tracked it on a chart from 1950 to 1990, the percentage of families for which both spouses were working. It is really interesting. If you take that line of the number of families where both spouses now work, as it grew over the last 40 years, and you take another chart and you map out the increases from the 2 cents to 25 cents that they are paying in taxes, those two lines are within 6 percentage points of each other all the way.

What does that mean? It means that as the Government took more and more and more out of that working family, the Government was making the decision that for the family to keep fulfilling their needs in housing, education, et cetera, they had to send the second spouse out. And each year as that tax increase grew, many more families had to make that tough decision.

It is incredible. There is no institution that has had a more profound effect on the behavior of the working family in America than the Government. It is not even Hollywood. We all talk about Hollywood and the violence in films, and I am sure that has had an effect, but it does not compare to the effect of the Federal Government taking more and more and more away from the family, leaving it with no option but to produce another worker, often even more.

I said that those lines track each other; the number of working families that had to put both spouses in the workplace followed identically the increase in the tax burden. There is another way to look at it. How much had the tax burden increased over that period of time? It comes out about $10,000 to $12,000 per family. It is interesting that the average income of the second spouse is within $1,000 of the increased tax burden. In other words, we made the second spouse work so that they could pay the added tax burden. That is what they are doing in the workplace.

Obviously, there have been other changes. There have been people who have made a choice about their careers. That is fine. But when you survey the second spouses in the workplace and ask them their choices about it, 85 percent would make a choice different than it is now. A third of them would not work at all. A third of them would work part time. And a third of them would direct their work at charitable activity instead of the necessity to be out in the workplace, just to pay Uncle Sam another tax bill so we can redistribute these resources from Washington. Back to the point I made a little earlier, Mr. President, we have a school of thought here that it is better for the wages to come to Washington because Washington can determine more effectively where those priorities for that family ought to be.

That reminds me of a story that Senator GRAMM, the senior Senator from Texas, often tells. He was in a debate in Texas with somebody from the Education Department and they were going back and forth about the priorities of education. Senator GRAMM finally, in frustration, turned to the person and said, ''Hey, look, I love my children more than you.'' Whereupon the representative from the Education Department said, ''No, you don't.'' And then Senator GRAMM said, ''Well, OK, you tell me their names.''

It is not a question of spending, it is a question of who is going to do it. Is the family more equipped to make these choices about education, housing, where to live, how to expend those resources? Or should we continue this idea of moving it up here so somebody who does not even know that family can be determining where those resources go?

Mr. President, I am prepared to yield up to 10 minutes for the Senator from Mississippi.

The PRESIDING OFFICER. The Senator from Mississippi is recognized.

Mr. LOTT. Mr. President, I thank the distinguished Senator from Georgia for yielding me this time. I thank him for making arrangements to have this time to talk today about the tax burden on the American people. It is appropriate that we talk about this issue today, April 15.

When the poet T.S. Eliot wrote, ''April is the cruelest month,'' he had in mind something other than the income tax deadline of April 15, I am sure. But for most Americans, the middle of this month, despite all its beauty, is a time of resentment and disaffection. Over this past weekend, over the past weeks, maybe over the past couple of months, maybe even today, there are people all over America who are scrambling to try to figure out their ''simplified'' tax forms.

That is always good for a laugh when I am home in Mississippi, speaking about how we developed simplified income tax return forms. They get more complicated every year. The average person is just not able to do it by himself or herself. It is a hodgepodge of 3 million words in the law and in regulations and requirements with regard to our Tax Code. It is a mess. It is unfair. It is cumbersome. It is unmanageable. And something must be done about the tax burden on the American people.

It might be argued that the tax burden on the American people is not all that great compared with some of the other countries around the world. But this is not other countries around the world. This is America. As a matter of fact, there are some countries that have a higher tax burden than us, others less. But I understand the average American pays about 37 to 40 percent of his or her income for taxes.

Some of them obviously go much higher than that. It gets in the range of 50 percent or more when you figure all the taxes: Federal income tax, the FICA tax, the State tax, the local property tax—all the taxes that are heaped on the American people—even the cruelest of all, I think, the estate tax. That is one where we tax people's death. I wonder how we ever came to that, where we put American people in the situation where they worked all their lives to build a small business, perhaps they are third generation farmers, and when they die and they want to pass on their estate to their children, many times they wind up having to sell it because they cannot pay the taxes on this farm that has been in their family for many, many years. Or, because they cannot pay the taxes on the small business that they worked hard for, labored for, and built up, then they wind up having to sell it because of the tax burden.

So, this is a cruel time. I understand, now, the average American also has to work until May 7 to pay the taxes that he or she owes. Way back in the beginning of this country it was only until January 31 that you had to work to pay the taxes for the year. Then it was February, March, right on through April. Now, average Americans work over 4 months just to pay the tax burden that they are faced with today. Something must be done about this. There must be a way to have a fairer Tax Code. Changes should be made to make it more fair and changes should be made to provide, I think, overall basic reform.

It is not that most of the American people do not want to pay any taxes. People understand they get a tremendous benefit from Federal Government, from State government. There are certain guarantees that we want. We do want the shores to be defended. We do have an obligation to support a strong national defense. We do need infrastructure. We do need the Interstate Highway System. There are some things the Federal Government can do to help with education. So there are some positive things that the Government can run, where it can be helpful, and we want that to continue.

But I remember the days not so many years ago that most taxpayers signed their IRS returns with a kind of pride, a self-satisfaction that, by golly, you are getting a good deal, you are doing your part, you are pulling your weight. Sure we always griped about taxes and joked about them, but we knew that, while there was a price to be paid, there was some benefit that we all basically supported coming from that.

I believe that has changed in many respects now, and not for the better. With a steady expansion of Government, both at the State and Federal level, the percentage of family income going for taxes has grown tremendously. For most households today, taxes are the largest single outlay in their budgets. I hate to think how many families now have two earners these days, both mom and dad, in order to compensate for the lost income siphoned off by official Washington. That is why the Republican Contract With America last year promised tax relief for families. That is why majorities in both the House and the Senate translated the contract's promises into carefully crafted legislation.

We all know what happened to it. Tax relief for families with children was vetoed by President Clinton, along with many other revenue provisions that would have curbed Washington's appetite for the public's earnings. Today, April 15, is an appropriate time to remember that outcome and to consider why it occurred. It happened because there are still too many elected officials who believe they know best how to spend the people's money. They believe that big Government can take care of families better than they can take care of themselves and of their children. And it takes cash, hundreds and hundreds of billions of dollars to do that, if you are going to let Washington look after all these problems.

That attitude is fading fast over most of the Nation. I found it is fading, certainly, in my home State while I was home during the Easter recess break. But it persisted in many high places here in this city. Only in official Washington is it called a tax expenditure when you allow people to keep their own money. That was a bit of ingenious wordsmithing, some few years ago. I think it really started in the 1970's, when we started calling it a tax expenditure. Only inside the beltway is a tax cut considered a loss. Only within the shrunken ranks of Federal dogmatists is broad-based tax relief called a tax cut for the rich.

It is almost as if the opponents of tax reduction disbelieve in the American dream of hard-earned success. It is as if they think people who strive and contribute are bad, while those who depend on Government should be encouraged to stay that way. More than any other factor, I believe that attitude, that set of ideological blinders, accounts for last year's opposition to the tax provisions of our Contract With America.

Let me just mention, again, the major provisions in that tax package that we considered last year, but the President vetoed. We eliminated the marriage penalty. How many years have we been talking about how it is unfair, when a young couple—or couple, not even necessarily young—gets married, if they both work, when they get married they pay more taxes even though their income does not go up? There is nobody who can defend the marriage penalty.

How about the spousal IRA? Why is it that the only group in America that cannot have an IRA is a spouse working in the home? Should we allow that? Should we encourage the spouse in the home to be able to save a little bit for his or her retirement days? Absolutely we should do that.

Another thing that we included in that tax package was relief for our seniors who still want to work. We would raise the limits on the earnings that you can have and still get Social Security. Why should people just between 65 and 70 lose part of their income if they make over $11,500 a year? Thank goodness we have now passed separate legislation to do that, but that is another example of what was included in our package.

Certainly, we should provide families the $500 tax credit if they have children. Some people argued, ''Oh, what difference would it make to a family with one or two children?'' Let me tell you, in my State, for a couple making $30,000 a year with two children, a $1,000 tax credit would make a significant difference, and then they could decide what their children needed most instead of the Federal Government.

Finally, and not least, it did provide a capital gains tax rate cut. If you are going to reduce the deficits, you can only do it by three ways fundamentally: by controlling spending, by raising taxes or, hopefully, by doing some things with Government and regulatory relief and by changing the Tax Code to provide growth in the economy. The capital gains tax rate cut would do that.

In my State of Mississippi, if we cut the capital gains tax rate on timber and on timberlands, there would be an explosion of activity in the turning over in the timber area. It is probably the biggest industry we have in our State. Yet, people are hesitant to sell that timber, to sell that land because so much of it is taken in capital gains. It is just, basically, not fair.

So those are the things we had in our tax package last year. It would have provided some relief to families with children and to individuals when they are newly married and to a spouse working in the home. Tell me that is helping one group over the other. That helps everybody.

Our tax package was not a giveaway to the rich. It was a give-back to hard-working people, and there is a big difference. If President Clinton had signed, instead of vetoed, the Republican tax package last December, 88 percent of its tax relief would have gone to families with incomes under $100,000 and 72 percent would have gone to families with incomes under $75,000. That is certainly not rich. That is families in which both husband and wife are maybe schoolteachers. It is a family whose sole breadwinner is perhaps an auto worker in Detroit or a shipyard worker in Pascagoula, MS. It is the self-employed, heads of households. It is the men and women starting up small businesses. It is the parents who could well use that $500 tax credit for their children, which was all vetoed by the President. After all, in the private sector, this $500 can go a long way toward clothing, food, and education of our children.

The hopes of those middle-income taxpayers were splattered by ink with that veto last year. But they should not give up hope. There is still an opportunity for this Congress this year to make some needed changes in our Tax Code that will help middle-income Americans and others, also.

But now to the heart of the matter. Just what is the price that has been paid?

Mr. President, I ask the distinguished Senator from Georgia if he will yield me just another minute to finish up.

Mr. COVERDELL. I will be glad to yield another minute to the Senator from Mississippi.

Mr. LOTT. Mr. President, why could the President and his allies not accept tax relief for the American people? The answer is profamily, progrowth tax reform puts a crimp in Government spending. If you allow the people to keep more of their money, it is a little less the Government would have had to gobble up and to spend. It makes it harder for practitioners of business as usual around this institution to provide favors to their constituents. It slows down the Government spending machine.

That is why most Americans have paid more in Federal taxes than they should have paid. Big government in Washington needed their money to stay big and to grow bigger. I really believe that by giving some tax relief to the people, in many instances—in fact in most instances—you can actually wind up getting more revenue coming into the Government because the people are given more incentives to work hard, keep their own money, pay taxes, and everybody benefits from that.

As of midnight tonight, tax year 1995 will be history. It is maybe too late to lessen the burden on that year, on the past, but we can, indeed, do something about the future in the hope that on this same day next year, taxpayers will be able to celebrate the tax give back that they so justly deserve.

Mr. President, I yield the floor.

Mr. COVERDELL. Mr. President, I appreciate the remarks of the Senator from Mississippi, as always. I am going to yield our time until 1 o'clock to the Senator from Arizona, with this logistical comment: If the senior Senator from Georgia has not arrived at 1, I will ask unanimous consent to extend our time another 10 minutes so that the Senator from Arizona will have sufficient time to complete his remarks. I think we can achieve that. I will not know until 1 o'clock.

The PRESIDING OFFICER (Mr. THOMAS). The Senator from Arizona.

Mr. KYL. Mr. President, I begin by thanking the Senator from Georgia for conducting this particular discussion on tax policy on this day, a day which we might paraphrase will live in infamy at least in the lives of many Americans. By midnight tonight, millions of Americans will have completed their tax returns and may agree with T.S. Eliot who characterized April as the cruelest month of all. I am not sure this is what he had in mind, but perhaps it applies.

According to estimates by the Internal Revenue Service, individuals will have spent about 1.7 billion hours on tax-related paperwork. Businesses will have spent another 3.4 billion hours to comply with their Tax Code preparations this year. The Tax Foundation estimates that the cost of compliance will approach $200 billion.

If that is not evidence that our Tax Code is one of the most inefficient and wasteful ever created, I do not know what is. Money and effort that could have been put to productive use solving problems in our communities, putting Americans to work, putting food on the table, or investing in the Nation's future are instead devoted to wasteful paperwork.

It is no wonder that the American people are frustrated and angry, as I found in the townhall meetings and other visits with constituents in the last 2 weeks in Arizona. They are demanding real change in the way their Government taxes and spends.

There are, of course, a number of proposals that have been generated for comprehensive tax reform. Senator RICHARD SHELBY and House Majority Leader DICK ARMEY have proposed a flat tax. Versions of the flat tax have also been suggested by Steve Forbes and Senator PHIL GRAMM. Former HUD Secretary Jack Kemp has issued a report at the request of Speaker GINGRICH and Majority Leader DOLE which recommends a single rate simpler tax system. The chairman of the House Ways and Means Committee has recommended that the income tax be pulled out by its roots and replaced with a national sales tax. Senator LUGAR has proposed a sales tax as well.

The Senate Judiciary Committee just concluded a hearing on a proposal to change whether we move to some version of a flat tax or sales tax or some other alternative. Indeed, it is a change that should be made whether comprehensive tax reform occurs or not. I am talking about a change that requires a two-thirds vote in both the House and Senate in order to approve tax increases. The House of Representatives is scheduled to vote on its proposal later on this evening.

The tax limitation amendment it is called. The tax limitation amendment, which I proposed in the U.S. Senate, with the support of 20 other Senators, would require a two-thirds vote of approval in both the House and the Senate in order to increase the tax base or to increase any tax rate.

The two-thirds supermajority that many of us believe should be added to the U.S. Constitution was recommended by the National Commission on Economic Growth and Tax Reform, as I said, appointed by Senate Majority Leader DOLE and Speaker GINGRICH and chaired by former HUD Secretary Jack Kemp who testified at this Judiciary Committee hearing this morning, along with former Governor of Delaware Pete du Pont and a host of other experts on tax policy.

This Commission that Secretary Kemp chaired advocated the supermajority requirement in its report on how to achieve a simpler single tax rate to replace the existing maze of tax rates, deductions, exemptions, and credits that make up the Tax Code as we know it today.

In fact, in the words of the Commission, and I am quoting:

> The roller-coaster ride of tax policy in the past two decades has fed citizens' cynicism about the possibility of real, long-term reform, while fueling frustration with Washington. The initial optimism inspired by the low tax rates of the 1986 Tax Reform Act soured into disillusionment and anger when taxes subsequently were hiked two times in less than 7 years. The commission believes that a two-thirds super-majority vote of Congress will earn Americans' confidence in the longevity, predictability, and stability of any new tax system.

That is the end of the quotation from the Kemp Commission report.

In the 10 years since the last attempted comprehensive tax reform, the Congress and the President have made some 4,000 amendments to the Tax Code—4,000 amendments. In the future, without the protection of the tax limitation amendment, taxpayers will be particularly vulnerable to tax rate increases, particularly if the tax reform eliminates many of the deductions and exemptions and credits in which they sometimes find refuge today.

In short, Mr. President, the tax limitation amendment will make it more difficult for Congress to raise taxes, and it will also help restore confidence, stability, and predictability to the Tax Code.

Mr. President, I have more of the statement which I would like to present. I wonder if, in view of the hour, it would be appropriate for the Senator from Georgia to ask for an extension of time.

Mr. COVERDELL addressed the Chair.

The PRESIDING OFFICER. The Senator from Georgia.

Mr. COVERDELL. I ask unanimous consent that our side be granted an additional 10 minutes.

The PRESIDING OFFICER. Is there objection? Hearing none, without objection, it is so ordered.

Mr. COVERDELL. Mr. President, I yield an additional 5 minutes to the Senator from Arizona.

Mr. KYL. I thank the Senator from Georgia.

Ideally, Mr. President, the tax limitation amendment would be put into place after comprehensive tax reform is accomplished. This is because tax reform necessarily aims to broaden the tax base, eliminating the maze of deductions and exemptions and credits that make up the Tax Code today, and then apply one low tax rate to whatever amount of income is left. So a two-thirds majority vote requirement would make comprehensive tax reform more difficult.

I would note parenthetically that the Tax Reform Act of 1986 would have met the two-thirds test because it passed both the House and the Senate with more than a two-thirds majority. So advocacy of tax reform is not necessarily a reason to oppose the tax limitation amendment at this time. But in any event, it is important that this debate begin now, Mr. President, because of course, constitutional amendments such as this are going to take a long time to get adopted.

It probably will not be approved this year in the House or the Senate. It would require a two-thirds vote in both the House and Senate, and then three-fourths of the States to approve it. So the last thing I am worried about is that we will accomplish this constitutional amendment before we accomplish fundamental tax reform. I think we need to begin the debate now on the constitutional amendment, and by the time we get finished with fundamental tax reform, perhaps the constitutional amendment can then be put in place to make it difficult thereafter to change the Tax Code.

I think it is also important to make three other quick points. First, the tax limitation amendment cuts no taxes. It only raises the bar on passing future tax increases. Many people, including myself, already believe that taxes are far too high. This amendment in effect says, ''Enough is enough.'' It makes Congress find a way to meet its obligations without taking more from the pockets of the American people.

Understand that the average family today pays more in taxes than it does on food, clothing, and shelter combined. I would refer you to the chart, Mr. President, entitled ''Family Budget 1995'' in which you can see the amount spent on savings; recreation; transportation; medical needs; then food, shelter, and clothing; and then, finally, Federal, State, and local taxes. We pay more in Federal, State, and local taxes than we do on food, shelter, and clothing all combined. Clearly, this tax burden on the average family is too high.

Let me also note that it has obviously been fairly easy for Congress to raise taxes. Here is the Federal tax burden per capita just in the last 15 years, the years 1980 through 1995. You can see that in 1980 it was about $2,286 per capita. Today it is over $5,000 per capita. Clearly, it is not hard to raise the tax burden on taxpayers. We need to make it harder.

If you want to look at the macrochart, the chart that shows the Federal Government revenues from taxes since 1950, look at this chart. It clearly shows that tax increases have skyrocketed. It is not hard to raise taxes. It is too easy to raise taxes. That is why we need a two-thirds supermajority to raise taxes. What the tax limit amendment says is that it ought to be harder to raise taxes, that we are already taking too much from working American families and therefore we ought to take less.

I also note that our Constitution already provides several—10 specifically—supermajority requirements. My guess is that that is because the Framers wanted a consensus to be developed to make really important changes. That is why it takes a two-thirds vote to override a President's veto, for example. My guess is the Framers would say today this is out of control. It is important enough that a broader consensus than a mere simple majority should be required in order for us to raise taxes.

Mr. President, there is no small irony in the fact that it will take a two-thirds vote for us to cut taxes since the President has vetoed our tax cut proposal and yet the largest tax increase in the history of the country in 1993 was passed not even with a majority, technically, because the Senate vote was tied 50 to 50, and it took the vote of the Vice President to break that tie.

It ought to be as hard to raise taxes as it is to cut them. The amendment will make it harder to raise taxes. That is the point. I know that is the objection of the opponents, but that is the whole point here. I think we would all agree that a lower tax rate would be more beneficial, not only for the American family, but for our economy. As a matter of fact, lower tax rates, research shows, results in more taxable income, more taxable transactions, and eventually more tax revenues to the Treasury. So we actually are benefited by reductions in tax rates, not increases in tax rates.

The tax cuts of the early 1980's are a case in point. They spawned the longest peacetime economic expansion in our nation's history. Revenues to the Treasury increased as a result—from $599.3 billion in fiscal year 1981 to $990.7 billion in fiscal year 1989, up about 65 percent.

High tax rates, on the other hand, discourage work, production, savings, and investment, so there is ultimately less economic activity to tax. That is precisely what Martin Feldstein, the former chairman of the President's Council of Economic Advisers, found when he looked at the effect of President Clinton's 1993 tax increase. He found that taxpayers responded to the sharply higher marginal tax rates imposed by the Clinton tax bill by reducing their taxable incomes by nearly $25 billion. They did that by saving less, investing less, and creating fewer jobs. The economy eventually paid the price in terms of slower growth. So increases in tax rates do not usually translate into more tax revenue.

It is interesting to note that revenues as a percentage of gross domestic product [GDP] have actually fluctuated around a relatively narrow band—18 to 20 percent of GDP—for the last 40 years. Revenues amounted to about 19 percent of GDP when the top marginal income tax rate was in the 90 percent range in the 1950's. They amounted to just under 19 percent when the top marginal rate was in the 28 percent range in the 1980's. Why the consistency? Because tax rate changes have a greater effect on how well or how poorly the economy performs than on the amount of revenue that flows to the Treasury relative to GDP.

In other words, how Congress taxes is more important than how much it can tax. The key is whether tax policy fosters economic growth and opportunity, measured in terms of GDP, or results in a smaller and weaker economy. Nineteen percent of a larger GDP represents more revenue to the Treasury and is, therefore, preferable to 19 percent of a smaller GDP.

Requiring a supermajority vote for tax increases is not a new idea. It is an idea that has already been tested in a dozen States across the country. In 1992, an overwhelming majority of voters in my home State of Arizona—72 percent—approved an amendment to the State's constitution requiring a two-thirds majority vote for tax increases.

There is a reason that the idea has been so popular in Arizona and other States. Tax limits work. According to a 1994 study by the Cato Institute, a family of four in States with tax and expenditure limits faced a State tax burden that was $650 lower, on average, 5 years after implementation than it would have been if State tax growth had not been slowed.

The tax limitation amendment will force Congress to be smarter about how it raises revenue. It will force Congress to look to economic growth to raise revenue, instead of simply increasing tax rates. It will protect taxpayers from additional tax increases.

We are going to have to confront this issue of raising taxes sooner or later because the burden on the American family is simply too high. It seems to me this is a good time to do it. Starting this debate on tax day, April 15, is a propitious time when people's attentions are focused on the issue. I hope that the House of Representatives later today approves the tax limitation amendment pending there. I hope that Leader DOLE will be able to schedule this amendment sometime soon on the Senate floor for a vote here.

I appreciate the chairman of the Judiciary Committee making time available for our hearing this morning. It was an informative hearing which certainly sustained the case that the time for a tax limitation amendment is upon us and an amendment that would make it hard to raise taxes by requiring a two-thirds vote in both the House and the Senate.

Mr. President, again, I commend the Senator from Georgia for making this time available. I hope that we can get on with this prospect of making Americans' lives a little bit easier by taking less of their hard-earned income.

Mr. COVERDELL. I thank the Senator from Arizona. Mr. President, how much time remains?

The PRESIDING OFFICER (Mr. DEWINE). The Senator from Georgia has 5 minutes.

Mr. COVERDELL. Thank you, Mr. President.

I want to commend the Senator from Arizona for his legislative efforts to make it only possible to pass new burdens on the American people with a two-thirds vote. I think there should be an extra burden on any legislative chamber before it has the right to pass on even greater burdens.

We have spent the entire morning here talking about the size of the burden which is just—I am convinced, if any of our Founders were here today, Jefferson in particular, they would be absolutely stunned at the scope of the amount of wages that a laborer must forfeit to the Government. He said we needed a frugal Government which did those things that absolutely had to be done, but other than that, the fruits of labor should be left to those who earn it, and allow them to choose their own pursuit of happiness.

We have talked a lot this morning about the scope of the tax increase this administration put on the American people. The effect and burden it added, in our case, is almost $3,000 for the average family annually that they are having to forfeit from their wages, preventing them from doing the things they ought to do.

But I want to close with one piece that is particularly egregious about that tax increase. That tax increase which was passed in August 1993 changed the Tax Code backward even beyond the administration taking office. For the first time in history, it changed the Tax Code all the way back into a former administration, the Bush administration, January 1993.

Mr. President, the Russian Constitution does not allow you to tax retroactively. It is wrong. It is morally incorrect. Families and businesses and communities have to know what the rules of the road are. They have to be able to plan their lives, plan their families, plan their tax burdens in advance. They cannot get to the end of the year and have a Congress of the United States and President come forward and say, ''Whoops. We're changing all that to take effect back a year earlier. So all your planning was for naught. We don't care.''

Mr. President, that is wrong. When I leave this Chamber, I will be going to a hearing on a constitutional amendment which I and others are sponsoring that, like the Russians', would prohibit Americans from being subjected to retroactive taxation.

Whenever I speak to any American group—it does not matter where they are, my State or any other—and you talk about retroactive taxation, there is a unanimity that that is wrong. Our Government has all too frequently in current years gotten into the business of changing the rules midstream. It has had a very deleterious effect on the planning of our families, planning for our businesses, particularly small businesses.

This retroactive tax that was dumped on the American people by the President's last tax increase, I believe, is horribly wrong, and has had a terribly negative impact. We ought to do everything we know to do to assure that it never happens again—not in the United States of America.

I yield back any remaining time.

DEBT LIMIT EXTENSION AND SOCIAL SECURITY

Mr. SIMPSON. Mr. President, because we recently shouldered the important matter of extending the debt limit, I feel obliged to address the provision in that bill that increases the earnings limit for Social Security beneficiaries aged 65–69. As my colleagues know, this is a change that I have expressed serious concern about in the past. Now that enactment of this provision has come to pass, I want to state my views about the general issue of the earnings limit.

First, let me pay tribute to a fine chap, my esteemed colleague from the great State of Arizona, Senator JOHN MCCAIN for his dogged determination and tireless efforts to effect this change in the law. I know that my past intervention on this issue has not always been truly welcome to my colleague—but I trust that my intentions, which were always constructive, were apparent.

It has never been my intention to permanently forestall all changes to the earnings limit. I trust that the provision attached to the debt limit extension provides the best available means of achieving the objectives of my friend from Arizona and all others who are interested in raising the earnings limit for seniors.

Clearly, I appreciate the fundamental principle behind the earnings limit legislation. Americans are living longer, are productive for more years, and our retirement systems need to recognize these facts. As chairman of the Senate Finance Subcommittee on Social Security and Family Policy, I have a demonstrated interest and responsibility to see that we adapt wisely and properly to these changes. One of my charges is to monitor any changes in Social Security policy and to ensure that those changes are not detrimental to the long-range solvency of the Social Security system. I have expressed my misgivings about previous funding mechanisms to ''pay for'' this legislation, and I am pleased to note that the offsets now come in a more straightforward manner from Social Security spending.

Ultimately, Congress must come to grips with the fact that American society is aging. For the benefit of today's workers, we must act to address these issues very soon, or the cost to our children and grandchildren will be catastrophically high. We must make changes to ensure the solvency of future retirement programs—we should increase the retirement age while at the same time offering inducements for Americans to work longer without suffering penalties that discourage continued participation in our work force.

We can't have it both ways—handing out plums that allow workers to stay in the work force in a productive way, while at the same time avoiding the hard choices that must follow—meaning raising of the retirement age. I hope that this first step will lead Congress to confront the next necessary decision. Increases in the Social Security eligibility age must be enacted soon, and the change will have to be phased in over a long period—perhaps 20 years—in order to be fair and effective. Such a plan will allow today's workers to plan for these changes.

This legislation to increase the earnings limit is offset in large part by terminating the disability benefits for drug addicts and alcoholics. Many have considered the payment of benefits to these groups to be an abuse of the Social Security system. This measure passed by the Senate makes a clear choice that we will subsidize the continued working activity of senior citizens instead of subsidizing these addictions of alcohol and drug use. Clearly, the Senate is appropriately going on record as to what activity we wish to encourage and what we want to discourage.

Another change that will offset the cost of this legislation is the increase in reviews of those people who are currently receiving disability benefits. Such payments were never intended to be a lifetime allowance to substitute for employment or self-employment. For years, the Social Security Administration has been unable to complete these required reviews—the result of which is that people are receiving disability payments long after their disability has either ceased or improved to the point where a return to work is possible. Not only will these reviews result in savings for the trust funds, but they will place able Americans who can return to work back in the workplace.

I congratulate Senator MCCAIN for finding the offsets that enable us to pay for the increased earnings limits for seniors. I am very pleased—you can hardly know how much—to be able to speak to this issue without having thrown a monkey wrench into the works and frustrating my colleague from Arizona. I am most hopeful that