

one out of three of America's uninsured children, fall far short of any responsible initiative to deal with the urgent health needs of our children. We were encouraged that a strong bipartisan majority of the Finance Committee voted to include our legislation in their bill. Now we have a realistic opportunity on the floor to guarantee every American child a healthy start in life. I urge the Senate to support it.

Congress can balance the budget with fairer Medicare changes to protect senior citizens, expanded health care for children fully paid for by an increased tobacco tax, and we can still balance the budget with fairer tax cuts to help working families. As those major battles reach the Senate floor, we will have a chance to correct the many serious injustices in the current proposals, and I look forward to working with my colleagues to do so.

Mr. President, I have a chart about the average Medicare outlays per beneficiary. If you take the healthiest 90 percent of Medicare beneficiaries, we only spend \$1,444; the sickest, 10 percent; on which we spend \$36,960 a year. If we are able to reduce the sickest and those that have chronic disabilities, we can have a dramatic impact on the financial stability of our Medicare system. And we certainly ought to take a hard look at that before we start cutting the benefits, and raising copays and deductibles for those on Medicare in the way that the Finance Committee has done so in the last few days.

Mr. President, I yield the floor.

Mr. DORGAN addressed the Chair.

The PRESIDING OFFICER (Mr. ENZI). The Senator from North Dakota.

#### EXTENSION OF MORNING BUSINESS

Mr. DORGAN. Mr. President, I ask unanimous consent that morning business be extended for 15 minutes, and that Senator DURBIN from Illinois and I be recognized in the 15-minute period.

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

#### THE TAX BILL

Mr. DORGAN. Mr. President, Senator DURBIN and I want to visit a bit with our colleagues about the tax bill that is now being written in the Senate Finance Committee, and the tax cut bill that was written by the House Ways and Means Committee—to talk about who will receive the benefits of this legislation.

I served for 10 years on the House Ways and Means Committee, and was involved in the writing of tax legislation. And I understand that, generally speaking, when tax legislation is written you have a lot of very important interests who come to the table and want to have access to some of the benefits of the tax cuts. My concern is that when Congress decides to provide tax cuts that it provide tax cuts especially to working families in this coun-

try who have seen an increase in their payroll taxes.

One of the circumstances that exists now in this country is that nearly two-thirds of the American people pay higher payroll taxes than they pay in income taxes. Yet, every time we talk about tax cuts around here we have folks who talk about the tax cuts that will generally say if you invest you are going to be exempt but if you work you are going to be taxed. In other words, they go right back to the old approach: Let's tax work and exempt investment. I happen to think investment is a worthy thing. We ought to encourage more of it in this country for those who work. Why can't we construct a tax bill that will value work as much as we value investment?

It is interesting to me that the bill that was constructed by the House of Representatives is a proposed tax cut bill which says here is the way we are going to deal out our tax cuts. We are going to provide for the bottom 60 percent of the people in this country that—if you have a table and the American people are sitting around that table—the bottom 60 percent of income earners are going to get 12 percent of the tax cuts. Then we say for the top 10 percent of the income earners around this table that you are going to get 43 percent of the tax cut.

Let me put it a different way. It says for the bottom 20 percent of the working population in this country you are going to get one-half of 1 percent of the total tax cut given by Congress. The bottom 20 percent gets one-half of 1 percent, and the top 1 percent gets nearly 20 percent of the benefit of the tax cut.

You can construct a tax cut that is much more fair than that.

The tax increases that people have experienced in this country in recent years has been the payroll tax. The folks who go to work—especially at the lower wages and then find their wages are largely frozen. It is hard to get out of those brackets. But the one thing that isn't frozen is the payroll tax, and they have to pay higher and higher payroll taxes.

What happens to them is—despite the fact they have not had increases in income but they have had increases in payroll taxes—when it comes time to figure out how Congress is going to give back some taxes and provide tax relief, they discover that the tax relief isn't really available to them. It is going to be available to the folks at the top. Those are the folks that have had the biggest income increase—the highest increase in income—in recent years. Frankly, they do not pay anywhere near the kind of payroll taxes because their payroll taxes end at a certain level. The folks at the bottom pay a payroll tax on every dollar of income. Those are the taxes that increase.

But here are some of the concerns that we have about the tax bill. Senator DURBIN and I hope that when the

legislation is finished by the Senate Finance Committee that it will come to the floor with a distribution table that is fair for the middle- and lower-income working families so they can get some real tax relief.

But the child tax credit, which I think makes some sense, is not refundable. Therefore, the folks who do not make enough money but are still working and paying payroll taxes—incidentally paying higher payroll taxes—are not going to get the full benefit of the child tax credit.

This chart shows that the child tax credit is not going to be available to 40 percent of American children. There was an adjustment in the last day that will decrease that to about 30 percent. That does not make any sense.

Make that available so that the working people can get a child tax credit. Make that available to them, and that can be helpful to them with real tax relief.

This is the distribution of the House tax bill proposal. It is the same old thing. There is no secret here. If you are fortunate enough to be in the top 1 percent of the income earners, you are going to get a whopping \$12,000 tax cut. And if you are down at the bottom 15 percent, or so, of the income earners, you are going to get a \$14 tax cut.

It is the old cake and crumbs theory. If you are somewhere up near the top, you get the cake. If you are earning somewhere down near the bottom, you get the crumbs.

Yet those who face higher taxes in this country are the ones who are paying the payroll taxes. That especially hurts those at the bottom of the income level.

We hope that when the Congress, and the Senate Finance Committee in this case, brings a bill to the floor of the Senate that we will see a distribution table that allows us to say everybody in this country benefits from a tax cut.

There is kind of a different theory in this country. Some feel this economy works because you pour something in the top and it trickles down to everybody at the bottom. Others of us think that it works because you have a lot of working families, and, if you give them something to work with, it percolates up, and that represents the economic strength and economic engine of this country.

But when we give tax cuts as a Congress, let us do it fairly. Let us make sure that moderate-income and low-income families out there in the middle of the pack also get a reasonable tax cut, and not just the folks way at the upper end who get exemptions for their investments, but the rest of the folks as well. If we get to that point, I think the American people will say a job well done.

Mr. DURBIN. Mr. President, will the Senator yield?

Mr. DORGAN. Yes.

Mr. DURBIN. Mr. President, I am pleased to join Senator DORGAN on this issue. There is not a more important

topic on Capitol Hill. During the last several weeks we were embarrassed by a debate on the disaster bill. I am afraid that we are going to be embarrassed again by a tax bill that will be disastrous to working families. Senator DORGAN pointed it out.

Why in the world would we be giving tax cuts to the wealthiest Americans, and ignoring folks struggling to get by every day; trying to pay the bills, trying to pay for their day care costs, trying to save a little money for their children, trying to make sure they make the mortgage payment and maybe have enough left over for the utility bills? Why isn't this tax bill helping these families?

Folks making \$100,000, \$200,000, or \$300,000 are the winners in this tax bill. But the folks struggling to get by? The husband and wife both working two jobs are the ones who don't get a break. Why are we doing this? Because there is a clear difference in values between the people who are arguing this bill.

For goodness sakes. I believe, as Senator DORGAN has said, that we should be helping working families at this point in our history. Give those folks a break, and make sure that the families which are being nailed with payroll taxes get a chance to make a living and realize the American dream. And give their kids a chance. But to say that we are going to focus the help in this bill on those who are struggling—get this now, struggling—with the concept of, "How will I pay my capital gains on the stock that has appreciated so dramatically?" Are those the folks that you would loose sleep at night over and the ones that we should have some sort of tinge of sadness in our heart for? I don't see it.

When I think of this tax bill I think of working families trying to hang on to a job, and struggling to get by.

Take a look at what this does. This really tells the story, unfortunately, about what this is all about. Think about this. The lower 60 percent of wage earners in America—the lower 60 percent—under the bill being proposed by the Senate Republicans get 12 percent of the tax cuts; 12 percent. More than 87 percent goes to those in the upper-income categories.

The amount of money involved in this is dramatic. If you make over \$400,000 a year, we are going to give you a \$7,000 tax cut. We want to take care of you. We are afraid you are struggling at \$400,000 a year. But if you happen to be making \$50,000 a year, I am afraid to tell you that the benefit is going to be about 52 bucks; a buck a week.

What a heart this Senate has for working families.

Let's hope that the people who are writing this bill wake up to the reality that we have to do more than just meet the target of cutting \$130 million when it comes to tax cuts. We have to be cutting it in the right way so that working families have a fighting chance.

Let's make sure that when this debate is over that we don't have another disaster bill—a bill disastrous for working families.

The final point I want to make on this is when you take a look at these tax cuts, don't measure them against just this year, or next year, or even 5 years, but against what they will do down the line.

The people bringing this bill are very crafty. They start the tax cuts now. They don't look like much. And, all of a sudden, they start mushrooming—it may be a poison mushroom—when you look at the outyears. We have a dramatically costly bill associated with these tax cuts.

So in the future Members of Congress—the House and the Senate—are going to struggle to balance the budget because of bad decisions and bad policy today. That makes no sense.

I urge my colleagues on the Senate Finance Committee and all of my colleagues in the Senate to think about the working families in this country for a change. For goodness sakes, let's have a tax cut bill that is designed to help them. These are families who, with a tax cut, will turn around and make purchases—who will purchase a new washer and dryer, who will purchase a new home, who will purchase a new car—creating jobs and creating opportunities.

That is what this is all about.

I thank my colleague, Senator DORGAN, for requesting the floor at this propitious moment in the debate on this bill. I hope that our message will be delivered through the people of this country, and to all of our colleagues.

Mr. DORGAN. Mr. President, I yield back the remainder of our time and make a point of order a quorum is not present.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

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

#### INTELLIGENCE AUTHORIZATION ACT FOR FISCAL YEAR 1998

Mr. SHELBY. Mr. President, I ask unanimous consent that the Senate now proceed to the consideration of Calendar No. 87, S. 858, the intelligence authorization bill.

The PRESIDING OFFICER. The clerk will report the bill.

The assistant legislative clerk read as follows:

A bill (S. 858) to authorize appropriations for fiscal year 1998 for intelligence and intelligence-related activities of the United States Government, the Community Management Account and the Central Intelligence Agency Retirement and Disability System, and for other purposes.

The PRESIDING OFFICER. Is there objection to the immediate consideration of the bill?

There being no objection, the Senate proceeded to consider the bill.

Mr. SHELBY. Mr. President, I ask unanimous consent that the privileges of the floor be granted to the following members of our staff. We have a list of them: Alfred Cumming, Melvin Dubee, Peter Flory, Lorenzo Goco, Joan Grimson, Andy Johnson, Taylor Lawrence, Ken Myers, Suzanne Spaulding, Christopher Straub, Christopher Williams, Peter Dorn, Bill Duhnke, Emil Francona, Art Grant, Patricia Hanback, Ken Johnson, Don Mitchell, Randy Schieber, Don Stone, Linda Taylor, and James Wolfe.

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

Mr. SHELBY. Mr. President, the intelligence authorization bill is before the Senate at this time.

This bill was unanimously voted out of the Intelligence Committee on June 4. It was then referred to the Senate Armed Services Committee and was favorably reported without amendment yesterday.

This bill will authorize appropriations for intelligence and intelligence-related activities of the U.S. Government. I am pleased to report to the Senate today that I have worked very closely with Senator KERREY, the vice chairman of the committee, in drafting this bill. We have crafted, Mr. President, what we believe is a bipartisan bill that received the full support of all Republican and all Democratic members of the Intelligence Committee.

I am proud that the actions we have taken with this legislation are comprehensive and that we have taken some bold steps to implement four priorities to posture the intelligence community for the future.

Mr. President, it is extremely fortuitous that we are bringing the intelligence authorization bill to the floor this week when we have seen a great intelligence success recently. It is not often that the dedicated men and women of our intelligence agencies enjoy public recognition for their work. They understand that. But yesterday, all Americans were gratified to learn of the successful apprehension of Mir Aimal Kansi and his transport to the United States to stand trial for the brutal murder of two CIA employees and the wounding of three others outside the CIA headquarters several years back.

I am extremely proud of our intelligence community in their work here. The Kansi arrest was the result of over 4 years—4 years—of painstaking and dedicated investigative and intelligence work by the CIA, the FBI, and others.

Together with my colleagues on the Intelligence Committee, I was briefed on the details of this successful mission yesterday. While I cannot comment on the operation itself, I can share with my colleagues, as Senator KERREY would, and the American people, that it was conducted with great professionalism and personal courage.