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## Senate

The Senate met at 10 a.m. and was called to order by the President pro tempore [Mr. THURMOND].

### PRAYER

The Chaplain, Dr. Lloyd John Ogilvie, offered the following prayer:

Gracious Lord, we commit this day to making other people happy. So often our prayers are for what we need You to do to make us happy. Now in this quiet time, inspire us to think imaginatively about how we can bring happiness to those with whom we work and those whose friendship we enjoy.

Lord, our tendency is to think of some big, grand thing we could do and then because of the immensity of it, we never get it done. Help us forgo these grandstanding feats of herosim and do something that simply makes life more of a joy to the people in our lives. We want to make this a day free of uncreative, unproductive criticism. Today, we will not be a nagging, fault-finding source of distress. Whatever we do that causes anxiety, help us to change.

We confess that often it is what we fail to do that causes unhappiness. We know people need encouragement and affirmation. Today we give up the control we get by withholding the attitude or the words of approval not just of what people are trying to do, but what they are striving to become. May the end of this day be a time for remembering the happy memories we gave others. That's what it's all about, and that's what we're going to be about today. In the name of Him who called us to serve others. Amen.

### RECOGNITION OF THE ACTING MAJORITY LEADER

The PRESIDENT pro tempore. The able acting majority leader, the Senator from Wyoming [Mr. ENZI] is recognized.

### SCHEDULE

Mr. ENZI. Mr. President, for the information of all Senators, today the Senate will be in a period of morning business until the hour of 12 noon. By previous consent, at 12 noon, the Senate will begin consideration of S. 947, the budget reconciliation bill. Amendments will be offered to the reconciliation bill today. However, no rollcalls will occur during today's session of the Senate. All votes ordered today with respect to amendments to the reconciliation bill will be stacked to occur on Tuesday, June 24, beginning at 9:30 a.m. Senators should, therefore, be prepared for a series of stacked votes beginning at 9:30 a.m. tomorrow.

Under the rules, the budget reconciliation bill is limited to 20 hours for debate, and it is the majority leader's hope that the two leaders will be able to reach an agreement to yield back some of that time.

Once the Senate completes the action on the first reconciliation bill, we will begin consideration of the second reconciliation bill, which is also limited to 20 hours for debate.

The leader has stated for the past several weeks that Senators should be prepared for a busy week of session. It is the leader's intention to remain in session until both reconciliation bills are completed. The Senate will adjourn for the Fourth of July recess once we finish our business this week. But the majority leader warns his colleagues that we will remain in session into the evening throughout this week and into the weekend, if necessary, until the reconciliation process is completed.

I thank all Senators for their attention.

Mr. President, I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

The PRESIDING OFFICER (Mr. ENZI). Without objection, it is so ordered.

### MORNING BUSINESS

The PRESIDING OFFICER. Under the previous order, there will now be a period for the transaction of morning business, not to extend beyond the hour of 12 noon, with Senators permitted to speak therein for up to 5 minutes each. The Senator from Wyoming is recognized to speak for 60 minutes.

Mr. THOMAS. Thank you, Mr. President. Don't be alarmed, I expect to have some of my associates here to share in that time.

### TAX RELIEF

Mr. THOMAS. Mr. President, we do want to talk this morning, however, about an item of great importance to all of us—the citizens and to all of us as Members of the Senate—and that is taxation, the question that will be before the Senate this week, as the Finance Committee has completed their work on the reconciliation bill, and we will now be addressing that.

We will be talking about tax relief, which I suspect is perhaps one of the most important topics we will talk about this entire year, not only because of the tax aspect of it because, as you go into the budget process, it seems to me that budgets are much more than just numbers, they are much more than various spending proposals, they sort of set the parameters of what we will be doing in Government for at least the coming year; in this case, at least 5 years.

These decisions will frame the size of the Government over time. If you prefer smaller governments or larger governments—I happen to prefer smaller ones—the budget has to do with that. The budget has to do with the kinds of priorities that we will set among programs, among the kinds of things that

● This "bullet" symbol identifies statements or insertions which are not spoken by a Member of the Senate on the floor.



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we do. Of course, if we are going to be responsible, as we should be, over time to pay for what we want—which we haven't done for 25 years—and seek to balance the budget, then revenues and expenditures and tax relief are all part of this package, and probably, in the broad sense, are the most important decisions that we will make with respect not only to taxpayers, but program recipients and everyone else over this next 5 years.

(Mr. ROBERTS assumed the chair.)

Mr. THOMAS. So, Mr. President, we will be talking about the taxes that are generally going to be in the reconciliation bill, such as some relief on the cost of education, in terms of deductions, in terms of credits for parents who have youngsters in school. We will be talking also about the family credit, the \$500-per-child credit, so that families can retain and then use that money in their own way to raise their children. We will be talking, hopefully, about capital gains tax relief, the idea that investments would not be taxed at as high a level as they have been, the idea of encouraging investments so that we create jobs and so that we strengthen the economy, and capital gains has a good deal to do with that.

Hopefully, we will also be talking about estate taxes, the kind of taxes that are levied on property and assets that people have worked their entire life to accumulate and then, in many cases, have to spend more than 50 percent of the value of those assets in taxes and are unable, often, to pass them on to their families. They are particularly important, I think, Mr. President, in areas such as your State of Kansas and my State of Wyoming, where small business and agriculture is very prominent. Often the assets of families, small businessmen, ranchers, farmers, are tied up in fixed assets, such as land and so on, and they have to sell their property in order to pay the taxes.

So these are the kinds of decisions with which we will be dealing. I look forward to it, frankly. It has been a very long time, it has been a very long time since we have had a fundamental reduction in taxes.

The concept in this place, in this Senate, in this Government, until the last couple of years, is let's have more taxes, let's have more money, let's have more Government, and now we have an opportunity to seek to start to turn that around and, hopefully, over time reduce the size of Government, move more and more functions to the State where they belong and can be best implemented, and then give taxpayers a break.

We will be caught up, Mr. President, as we go into this over the next week or more, in great details, as we should be. But I hope we don't forget the concept of what we are seeking to do. We will be caught up in details. We will be caught up in the great political spin that goes on, seemingly has gone on with more fervor in the last year or

two than I ever recall. Everything is sort of couched in terms that are designed to package it and sell it. It is not really basic stuff. It is all fluff. We shouldn't do that.

For instance, we will hear the idea that every tax reduction is a tax break for the rich. Well, now, that isn't the case. If it is, then there are an awful lot of us who apparently are rich and didn't know it. People at \$40,000 get some kind of tax break, and it is termed then as a tax break for the rich. That is not true.

We need to talk a little bit about really what the facts are. There is a notion that will be talked about, that, "Well, we don't need any tax reductions, we need to keep the revenue coming so we can continue to spend and spend more," and that has been the philosophy. It is not the principle philosophy of this country. The country was to have a constitutional government that does those things that are provided in the Constitution, and those things that are not provided in the Constitution should be done by the States or by the citizens. That is what the Constitution says.

Rather than talk about the facts and philosophy of government, we will be talking about political aspects of it. We will be talking about spin. We will be talking about the message that has come over the last months from the White House with the message merchants that are the result of the polling experts. I hope we can cut through that and just talk like we do in Wyoming, frankly. I was there yesterday. Those folks don't spin it, they just say, "Hey, let's just talk about what it really is," and that is what we ought to do here.

One of the things we ought to understand as we take a look at taxes and tax burden for working Americans is that it is higher than it has ever been. It, as a matter of fact, represents over 30 percent of GDP—over 30 of gross domestic product in taxes. I don't think we imagined that that would be the case in this country with limited government. It is three times as high as the highest tax burden during Roosevelt's New Deal—three times as high. So we ought to be talking about some kind of tax changes philosophically.

We will talk about income tax relief. That is what we are basically talking about, income tax relief. We are talking about people who pay it. You are not going to get income tax relief unless you pay taxes, and there is this idea that whenever we want to do anything to relieve the burden on those people who pay taxes, that somehow it is a big tax break for the rich. Everybody, of course, wants to help folks who need help to help themselves. That is not the issue here. We are not talking about how you do that. We are not talking about welfare; we are not talking about those kinds of things. We are talking about tax relief.

We ought to talk about that. It is very legitimate to talk about helping

those who need help, and we should do that and we do that. But we ought not to tie everything together and not be able to clearly look at what we are talking about. We are talking about tax relief. We are talking about tax fairness. We are talking about opportunity. We are talking about encouraging investment to create jobs. Those are the things that we are talking about.

Tax relief is designed to allow people who work hard, people who, because they work hard, are successful to keep more of what they earn. We are talking about the incentive to work harder, the incentive to invest, the incentive to invest to strengthen the economy and to create new jobs. That is what we are talking about. So we ought to strip the other stuff away and really think about it a bit.

Tax relief is part of, it seems to me, a historical American philosophy of limited government, of allowing people to keep what they earn after they have paid the necessary costs of the services they want from government. That is a philosophy that I think is strong.

President Clinton in Denver this weekend boosted, as he should, about this economy, about the growth of a market economy, the growth of a free-enterprise economy, and yet, often the White House ignores the very thing that allows this economy to be stronger than the economies you see around the world, because it is an incentive-driven-private-enterprise-market economy. That is part of what we are talking about when we talk about taxes, when we talk about the level of taxes and when we talk about tax relief.

It is tax relief from that 30 percent of GDP that is collected in taxes. Keep that in mind. Every family pays nearly 40 percent of their income in taxes. That is very hard. I am not opposed, nor is anyone I know of opposed, to taxes. If we are going to have a government which is legitimate, if we are going to do the things in government that needs to be done, we have to pay for it. That is what taxes are for. We raise revenues to pay for those legitimate functions of government and, if we are responsible, we will do that.

We have not been as responsible as we should have been over the years. When we wanted some programs, when we wanted some services, when we wanted something to be done for us, rather than pay for it, we put it on the old credit card, and the credit card is now maxed out, of course. So you have to pay for it. There is nothing wrong with that. But there is a concept of taxation that I hope we will consider, that I hope we will take a look at. Taxation ought to generally be for the purpose of creating revenues to do the things that we are supposed to do to be responsible in government. Let's pay for it.

Unfortunately, over a period of time, it seems to me—and we continue to do that—tax policy is designed as much to influence behavior as it is to raise revenues, so that each tax relief has a

great deal of conditions attached. "If you will do this, then we will give you tax relief." "If you behave in this way, we will give you some tax relief." So we have created then a complicated and inefficient and, frankly, unfair tax system which brings about, of course, a great deal of debate about how we simplify the tax system.

We are not going to talk about that much this week. That is OK. That is OK. We are dealing with the short term. We are dealing with something we have not talked about for years, and that is tax relief. We ought to do that. And I am pleased with what has been done in the budget.

I am pleased with what has been done in the Finance Committee to move in that direction. That is not as far as we ought to go. Our next step then ought to be to take a broader look at how we simplify taxes. I do not have a favorite way of doing it. There are a number out there that are possible, whether they be flat taxes, whether they be sales taxes, whatever. But we ought to do that. We ought to see if we cannot move away from this idea that taxes are designed to impact and direct behavior and get to something that is much more simple, much more collectible, much more less intrusive on people's lives. But, as I said, that is not the issue that will be before us this week.

The issue is to seek to get some tax relief for taxpayers in this country. You say, well, that sounds pretty simple. What is so complicated about that? Just listen over this week and you will hear all kinds of things about tax breaks for the rich, about those people do not need it, we should not have tax breaks because we ought to have more programs. And you will see all that, hear that coming from the White House and hear that coming from all over. And so it is not easy. It is not simple. The idea of tax relief, which sounds very simple, is not.

Most everyone agrees there ought to be some progressiveness in the tax system. And there is. Today's Code is more progressive than it was in 1950. The lower half of taxpayers pay less than 5 percent in total taxes. And 25 percent of the taxpayers pay 80 percent of the taxes. Those that have over \$42,000 in income are in that category. So we do have a progressive tax system. And we should have. And we will continue to. But we ought not to confuse tax relief with all of the other kinds of issues that happen.

As I mentioned, the typical family of four forfeits nearly 40 percent of their income, more than they spend on food, shelter and clothing combined. So it is tough. It is tough to raise a family. It is tough to send your kids to school. It is tough to save for retirement. Nearly 3 hours out of every 8-hour workday are spent financing Government—money that is spent on Washington's priorities, not yours.

More taxes, more government—that is one of the things that causes us to

take a look at how you make government more efficient, that you require more efficiency, makes us take a look at the idea of private contracting rather than having an increased size of government because it is more efficient, because it costs less, but unless you have some reason to do that, the government continues to get larger.

So we need to balance the budget, but keep in mind that you can balance the budget by raising revenues, that that is not what we ought to do. We ought to balance the budget while controlling and reducing the size of government. That is the challenge. And that is the challenge that we need to undertake.

Unfortunately, we have not balanced our budget. But we now are in a position to do that. We now have a budget in place that will do that over 5 years. We will also allow for some tax relief. And that is what we will be talking about this week.

I think there is a considerable amount of history that we ought to take into account. As we do it, we ought to talk about how long it has been since we have talked about tax relief. It has been a number of years. We ought to keep in mind the fact is, over the last several years that the movements in taxes have been simply to raise them. We ought to keep in mind the fact that there are ways to reduce spending.

We have accomplished a good deal in the last little over 2 years. We have moved to change welfare from an entitlement. We moved to cause it to be moved back to the States where it can be more effectively handled. We have done something about the entitlement of agriculture and farm programs. The Presiding Officer was the Senator who had the most leadership and impact on the changes in the farm bill. That is a fundamental change that we have made over a period of time.

We have talked in the last 2 years, and now, having moved toward essentially balancing the budget—we have not done that for a very long time—this Congress and last year's Congress have caused that movement to where we are now talking about how we balance the budget and when we balance the budget. Prior to that time, there was no talk about balancing the budget.

So we have made a lot of progress. We have made a great deal of progress in the last 2½ years. Does it go fast enough to suit everyone? Of course not. Will this tax bill suit everyone? Of course not.

There will be arguments about whether there is enough in there for capital gains. There will be arguments if there is enough in estate taxes. There will be arguments as to why we do not do something else. I had a call from a lady yesterday in Cheyenne who is retired whose home is valued so it already comes under the estate taxes. She says, "I sent my kids to college and I didn't get a credit." She says,

"There's nothing really in there for me much." Well, there are a few things.

But it is true, it is true, it will not suit everyone. But I say to my colleagues, let us move forward with this great opportunity for the first time in several decades that really makes some meaningful kind of adjustments in tax relief, to pursue the idea that Americans should be able to keep their hard-earned money, to pursue the idea that we ought to reduce the size of government and therefore the demand on taxes, to pursue the idea that being able to keep more of the money that you work for and earn is part of the incentive in this system.

So, Mr. President, this will be a very important week, and the week after, when we really decide the direction that we will take on budgets and tax relief and how it will be adjudicated.

Mr. President, I am pleased to be joined by my friend and associate from Nebraska.

I yield the floor to the Senator from Nebraska.

The PRESIDING OFFICER. The Senator from Nebraska is recognized.

Mr. HAGEL. Mr. President, thank you.

I wish to offer my thanks to my friend and colleague from across the prairie from the great State of Wyoming.

People in Wyoming and Nebraska and all over America, I think, rather plainly understand and sense what we are doing this week in this body in this Congress; and that is addressing their issues.

You know, Mr. President, I am amused at much of the debate that has been raging in the Congress the last few months on the budget and taxes. And, you see, I define this down rather simply. Whose money is this? Whose money are we talking about? Is it the President's money? Is it my money? Is it the distinguished Presiding Officer's money? Is it Congress' money? No. No.

You see, this is about the people's money. This is about the hard-earned money of taxpayers. The Government should be accountable to the people. Our taxpayers, our citizens should not be accountable to government. And we are living at a time when we are taxed as highly as at any time, except in World War II, in the history of this country. We are living during a time when we are taxed that highly. A median family of four, total tax paid out, over 40 percent. These struggling young families are paying more in taxes than they are in combined efforts to ensure that they have enough for shelter or clothes or food and other necessities.

At some point, Mr. President, we will not only bankrupt our country, but we will surely bankrupt the opportunities for our young people. These young people starting out in life in our country, a country of promise, of hope, of opportunity—always has been—are looking at a very bleak future unless this Congress steps up and honestly deals with

the challenges that take us into this bold new great century.

And it does start with tax cuts. It starts with real tax relief. And what we will be debating this week is tax relief for families, for lower middle-income people, people who need tax relief, people who pay the bills in this country. But let us not also be unmindful of what else is attached to what we will be debating.

Real budget cuts, putting this country on the trajectory for fiscal responsibility, we have an opportunity here for the first time in 30 years to agree to a balanced budget, a budget that would be in balance within 5 years, put this country on a course to balance our budget as far out as the eye can see. We also have an opportunity to cut government.

Government is too big. Government is unresponsive. Government cannot possibly do everything we have asked government to do. We have overloaded our circuits, Mr. President. Not government's fault. But we have asked government over the last 30 years to do everything.

And who has paid the bill? Who has paid the bill? Well-intentioned programs, but this is an era of prioritizing our resources. And we start with giving our people, our taxpayers, the people who have been doing the heavy lifting and paying the bills in this country the last 30 years, especially, a break, give them some of their money back.

My goodness, they understand how to spend their money better than government does. Let us decentralize power. Let us put power back where the people are. Let us make government accountable and make it responsible. So all of this is a total package.

Mr. President, I serve on the Foreign Relations Committee. Before I came to this body, I was a businessman. I started my own companies, international/national companies. And the opportunities that lay ahead for this country, for our people, and the world, if we are wise enough to understand and seize the moment, the potential for our people is unlimited if—if we are wise enough to cut our taxes, to cut our spending, to balance our budget, and take the burden of government off the backs of our people who produce.

Oh, we will be able to get along for the next 5, 10 years. But we are entering a time like no other in the history of man. It is a time full of hope; but it is a time of great competitiveness. This next generation coming in behind us will have to compete in a complete global economy. And as we look all around the world, on every continent—and it is not just Asia—South America, Eastern Europe, the former Soviet Republics, all of the areas in the world are doing well and will continue to explode with opportunity. They are disciplined. They are focused. And the movement of most of the governments in the world today is less government.

The countries in trouble today are in trouble because of the burden of taxes

and the burden of government. We have an opportunity here, as my distinguished colleague from Wyoming said earlier, to change that. Imperfect? Yes. Do the taxes go deep enough, far enough? No. But it is a beginning. It is a start. It is tangible. It is real.

We can build on that. And we can show America that, in fact, we can govern and lead and do the people's business, that we do not get all tangled up in esoterics, in tactics and nonsense that goes on in this town. But, in fact, we can stay focused and clear-headed and do the people's business, and do what we are required to do on behalf of the people of this country.

Mr. President, I want to also address for a moment some of the weekend television on this issue of tax cuts. I was a little amused that I saw our distinguished Secretary of the Treasury, Bob Rubin, who is a great public servant, who is dedicated, who has done a good job as Secretary of the Treasury, talk about the White House modeling of our proposed tax cuts that show most of the benefits going to the higher income and the wealthy. That is just not true, absolutely not true.

I note here, for example, a press release sent out on Friday from one of the big six accounting firms, Deloitte & Touche. In the first paragraph it talks about:

Families with household incomes between \$20,000 and \$50,000 are the biggest beneficiaries on a percentage basis under the Senate tax plan, according to a new analysis by Deloitte & Touche.

The big winners are middle-class families with kids.

And it goes on and on.

The scoring, the methodology, the models that the Members used are the same models that the Congressional Budget Office uses, that we use, that most everybody uses. I want to take issue with my friend, the Secretary of the Treasury, when he talks about some scoring model he referred to over the weekend. That, in fact, is rather bizarre. It imputes income from unrealized capital gains. It talks about rent back income. If you own your house and you actually put that house on the market for rent—that is just nonsense. What we are talking about here is real tax relief for real people. If we do this right, we can give the American public, for the first time in 16 or 17 years, a tax cut, a real tax cut that we can build on.

Mr. President, in my final comments, I will reference my weekend back in Nebraska. I was, on Saturday, in North Platte, NE, the home of Buffalo Bill. Being a good Kansan, Mr. President, you probably understand that and have probably been across the border and paid homage to Buffalo Bill's home ranch. It was amazing to me, all day in North Platte, NE, farmers, ranchers, small business people, and families would come up to me during the day and talk about this issue. Farmers, ranchers, and small business people asked me, "Senator, do you think I

consider myself rich because I support capital gains tax or inheritance tax relief? You see I don't think I am very rich. I have an income of \$50,000, \$40,000, or \$60,000, but I would like to leave my children something. Why is it fair, Senator, for the Government to take these big chunks out of an estate that the Government did not do anything to produce? I paid my taxes, and my father and mother paid their taxes all along the way. Yet in the end, the Government automatically comes in and gets half."

Mr. President, being the former chairman of the House Agriculture Committee, you understand what it has done to agriculture in this country, what it has done to devastate farms being passed along from generation to generation, ranches, and small businesses. It is unfair and wrong.

Anybody who has an asset is going to deal with a capital gains tax. You do not have to be a millionaire. It is a sense of fairness, a sense of getting ahead in this country, a sense of doing the right thing. We have a Tax Code in this country that essentially penalizes success. We give disincentive to savings and investment.

Now, are we going to change the Tax Code this week? I doubt it. But this is surely a darn good start. It is a very tangible, real beginning for the people of this country who deserve it most. I hope my colleagues during the debate this week will rivet in on this debate because it will be, as Senator THOMAS said, one of the most important debates not only of this Congress but, I think, of the last 10 years and into the next century because we have an opportunity to truly shape and mold the future of this country, the future for our young people.

We cannot leave them the mounds of debt that we are now leaving them, the burden of regulation, the burden of big Government, the burden of high taxes, and think they are going to succeed. They will not. We must get at it. This is a good start. I strongly support what we have done so far and what has been produced out of the Finance Committee and over in the House Ways and Means Committee.

With that, I yield back my time to Senator THOMAS of Wyoming.

Mr. THOMAS. Mr. President, I just want to say the three of us here, and probably whoever else joins us, have not been in the Senate very long, a couple of years. Most of us came in 1994. I want to say I am very proud of what has happened in these last 2 years, not because of us entirely, but we have been here to see a substantial change in the direction that this Congress has taken. One of the reasons has been people coming, I think, in real close contact with the folks at home who want to see some change, who want to see some change in the Tax Code, who really have been able to communicate the needs that have to take place if we are going to realize the successes that we want.

So I have been very proud of the commitment of the freshman and the sophomore class in this place over the last couple of years. We hope to continue to do that, and one of the areas is the size of government, the cost of government, the opportunity for people to keep the money that they have earned. We are pleased to be a part of that.

One of the persons who has been very effective in doing that over these 2 years is the Senator from Arizona. I am delighted he is here to join us this morning. I yield the floor to Senator KYL.

Mr. KYL. Mr. President, I thank my colleague for organizing this session this morning for us to talk about the importance of tax cuts and the activity that the Senate is about to engage in finally providing the tax cuts to the American people.

Throughout my campaign in 1994, that was one of the central features of every meeting that I attended—people calling for tax cuts. I will get back to that in a moment.

I was reminded, when the Senator from Nebraska was talking about being in North Platte, NE, this weekend and hearing from his constituents there, that I flew over North Platte, NE yesterday. That is what the pilot of the airplane said, and it reminded me that I had just been to a meeting in Colorado where people from all over the country were saying the same thing. Nebraska is my State of birth, and I literally flew right over the area where I was born. It does not matter whether you are from Kansas, Nebraska, or Wyoming, people around this country have galvanized around a couple of central thoughts these days, one of which is that the Government is taking too much of their money and they would like a little bit more freedom as to how they spend their own money.

It is interesting that the announcement last week by the American Taxpayers Union, a group that identifies a day called Tax Freedom Day, the day that we finally begin working for ourselves and our families rather than the Government, that day has now been moved back. It was April 29 back when I entered the Congress. It is now May 9. What that means is that the average family has to work until May 9 to pay the Federal Government everything it owes, and after that it can begin paying the State governments and other governments and eventually begin working for itself.

It is high time, Mr. President, that the Congress initiate the action and that the President support the action to reduce taxes for hard-working American families. I think we find that throughout the country, whatever State we are from, that is what our constituents are telling us.

Now, we had tax cuts in 1981 and in 1986, but we had big tax increases in 1990 and 1993. Those two tax increases were ostensibly for the purpose of balancing the Federal budget. What we found is that the tax increases did not

help to balance the Federal budget at all. What has really helped to move us toward a balanced budget are two things. One, a robust economy producing wealth, producing jobs, and producing revenues to the Treasury, and also a Congress that has been more willing to hold the line on spending. Through a combination of those two things we can achieve a balanced budget, and that is what the budget agreement was all about.

Unfortunately, we are not spending enough of that revenue generated by a robust economy on the tax relief that should be provided to American families. As a result, the budget agreement only provides for \$85 billion over a period of 5 years in tax relief to American families, not nearly enough to do the job we should be doing. That represents about 1 percent of the \$8.6 trillion that will be coming into the Federal Treasury during this 5-year period. So, clearly, we could use more of the increase in revenues to offset the tax burden on the American family.

But at least the negotiators who put this together in the Finance Committee, which has put together a good package of tax relief for American families, has recognized that a thriving economy is one of the keys to not only continued economic growth but also getting rid of the deficit, that the economy producing wealth also translates in revenues to the Treasury that will enable us to achieve a balanced budget. What they have also recognized is it will enable us to provide tax relief.

Now, there is another aspect of good news in this, Mr. President. Not only does a thriving economy bring in more revenue and therefore enable us to balance the budget and provide tax relief, but that very tax relief helps to fuel the economy to grow even more, produce even more jobs, produce even more wealth, and therefore more revenues to the Treasury. So, it is a very positive and constructive cycle—tax relief can assist the economy to continue to thrive to produce more wealth to produce more revenue to the Treasury.

Therefore, we ought to consider that this is just the beginning of tax relief. For those of us who have been preaching this for a long time, I think we should at least get a little bit of credit for the theory that has resulted in the good situation that we are in right now, and that perhaps those who said no, the only way you can have a balanced budget is by raising taxes, will now acknowledge that those of us who have been proposing cutting taxes have had something to say for these last several years.

The original budget agreement here that we are trying to implement calls for \$85 billion in tax relief over a 5-year period. That is not enough to do everything that everyone would like. As a matter of fact, the original Republican plan called for a reduction in capital gains taxes, estate tax relief, \$500 per child tax credit, and some educational and IRA benefits to American tax-

payers. That would cost about \$188 billion over the 5-year period if you do not count increased revenues that would be produced as a result of capital gains reductions. So you can see from a program that would theoretically cost the Treasury \$188 billion, trying to squeeze all of that into \$85 billion is going to mean that this tax relief is not as robust as we would like it to be, and that is a fact.

But I do compliment the Finance Committee for making the most out of the \$85 billion it was provided. I think, as we will see as this is debated on the floor this week, the benefits to the American taxpayers, as the Senator from Nebraska has pointed out, are significant. Most of them go to working families. There are some that go to the risk-takers in our society, but after all, if there is not some reward for risk-taking in our economy, people are not going to take risks, they will not make those investments that eventually produce the great companies that hire the people that produce the wealth and end up creating revenues for the Treasury.

So it is a combination of providing most of the tax relief for American working families and, in addition to that, some reward for the risk-takers in our society.

The American Council for Capital Formation has estimated that the capital gains relief that is provided for in our bill would reduce the cost of capital by at least 8 percent. What that would do is permit the creation of 150,000 new jobs each and every year. So that is one of the benefits of this capital gains reduction we are talking about, Mr. President. It is to enable capital to be more efficiently used in our economy. Instead of having \$7 trillion in pent-up assets that nobody wants to sell or dispose of because they will have to pay a big tax on it of 28 percent, if we reduce that to 20 percent for higher bracket taxpayers and 10 percent for lower bracket taxpayers, that is an incentive for them to finally sell that asset that they have been holding on to, and by that sale we actually not only help to put the money into more productive enterprises but also eventually create more revenue to the Treasury as a result of the tax that is paid every time one of those assets sells.

A lot of economists today will criticize the current capital gains policy because what it has done is to tie up capital in older industries, in businesses that were created a long time ago. People do not want to sell when they have to pay the capital gains tax on it and invest it in a more contemporary kind of business. But America has led the world in enterprise, in new businesses—in our high tech computer industry, for example—and if we are going to continue to maintain that lead, we need to have the capital to invest in these new and emerging industries. The only way that will be possible is if there is an incentive for people to get rid of the investment in the

older industry or business and invest that in one of the new emerging businesses.

Interestingly enough, this American Council for Capital Formation notes that the cost of capital would be reduced by 8 percent, which would create new jobs. It will also help the Treasury. It should be noted, between 1978 and 1985, the top margin of tax rate on capital gains was cut by almost 45 percent—it went from 35 percent down to 20 percent—but total individual capital gains receipts tripled, from \$9.1 billion to \$26.5 billion annually.

Obviously, a capital gains tax cut is a winner for investors, for job seekers, as well as for the U.S. Treasury. That is why we believe that the capital gains components of tax relief, as the Senator from Nebraska pointed out, has to be one of the critical components and will benefit all American families as well as the U.S. Treasury.

We have talked about the other aspects of this tax proposal, my colleagues have, but I wanted to specifically single out the capital gains tax because it does not help just the wealthy, as some folks say, but will provide benefits to all taxpayers in this country and all workers.

One last word, Mr. President. I have sponsored the bill to repeal the estate tax, or the so-called death tax. My bill has more cosponsors than any of the other bills relating to the estate tax in the Senate and, likewise, the corresponding bill in the House. The Senator from Nebraska, the Senator from Kansas, and the Senator from Wyoming have all been very supportive because of the impact on farms and small businesses in their States. It is the same throughout the country. We need to do something about this.

Unfortunately, because of the original budget agreement limiting the tax cuts to only \$85 billion over the 5-year period, or 1 percent of tax revenues, the administration made sure that there wasn't too much tax relief in the agreement. The Senate leaders were trying to push for more, but because there was an agreement we are not going to be able to do everything we should. All we are going to be able to do on estate tax relief is very, very modest relief. I regret that. All of us do.

Basically, what we are doing is raising the exemption from \$600,000 up to a million dollars over a 10- or 11-year period. Inflation alone will mean that not even this legislation will keep pace with inflation. So that is totally inadequate. In order for us to do what we do in the other areas, I guess we are going to have to be willing to accept that. What it means, Mr. President, is that there is still going to be a big incentive for those people concerned about the estate tax to come in with a second round of reforms, beginning next year.

As a result of an amendment I was able to get passed in the budget, and which stayed in the budget, we are not precluded from offering additional tax relief beginning next year. One of the

first things I am going to do—and I think my colleagues will support me on this—is get additional estate tax relief beyond that which is agreed to in this bill. We all recognize that it is totally inadequate in this bill. We support the tax relief, but we don't, for a minute, contend that it is adequate.

So those are the two points I wanted to make—first, that the capital gains relief in this legislation will be enormously beneficial to working families, to the risk-takers in our society, and even to the Treasury, which will enable us to continue to be on a track to balance the Federal budget.

Second, this whole package is just the beginning. We begin the process of reducing the tax burden on working Americans, but even beginning next year we will have proposals to continue that process. It is the right thing to do. It is what our constituents asked us to do, and for future generations it is the only thing we can do to fully comply with our obligation to leave this country a better place than we found it. I thank the Senator from Wyoming for the time.

Mr. THOMAS. Mr. President, we are joined by the Senator from Alabama, who is also new here. I yield the remainder of our time to the Senator from Alabama, Senator SESSIONS.

The PRESIDING OFFICER. The Senator from Alabama is recognized.

Mr. SESSIONS. Thank you, Mr. President. It is an honor to be here to talk about one of the most important issues facing this country, and that is the tax burden on working Americans. Many people think that it is just a political gimmick when we talk about the need to reduce taxes. They think that is just a gimmick to get votes, that we are trying to appeal to the people in a way that somehow is less than honest and forthright, or that we are seeking to buy votes by promising a tax cut. Mr. President, it is much, much deeper than that.

The problem in this country is that we are reaching a tax burden that is unacceptable. An excessive tax burden has the capacity to diminish our competitiveness in the world, while an easing of that tax burden has the potential to increase our productivity as a nation. All we have to do is let people keep more of their hard-earned money. Taxes are, in a way, a penalty, a punishment on hard work. If you want to reduce something, you tax it. If you want to encourage something, you subsidize it. One of the problems with our country is that we have been penalizing good behavior. We have been penalizing people who work hard—husbands and wives who have jobs, or maybe they have two jobs each. They work and make money to take care of their children. We are taxing them to a degree that we have never taxed them before. We have diminished their strength and hurt those families that are struggling to get by. We subsidize people that don't work, give money to people who choose not to work, and we

have wasted money on programs that are actually counterproductive. The U.S. Government is not an efficient entity. We do not use dollars wisely. But families do. They are struggling to get by.

Let me ask you, how bad is the situation we are currently dealing with? First of all, I don't think anybody would be surprised to know that this Government brings in more money today than it ever has in its history. Every month, every year that goes by, we bring in more money than the month and the year before. That will not change, even when we pass these tax breaks for working Americans. So we are bringing in more money. We are not trying to shut down this Government. We are going to allow it to bring in more money. We are going to allow this Government to bring in more money, even with these tax cuts. So this is not an extreme position.

What you may not know is this: When President Clinton took office in 1992, 19 percent of this Nation's gross domestic product went to the Government. That is a very large sum, no doubt about it. Since that time, and since his 1993 tax increase—the largest tax increase in history—we have gone from, last year, 20.9 percent of the gross domestic product—the gross domestic product is the total of all goods and services produced in this Nation—going to government, to, this year, over 21 percent. This 21 percent is paid by the taxpayers and working citizens of this Nation to the Government in the form of taxes.

I think it is important, Mr. President, for us to think about this in historical terms. What does this mean?

Bruce Bartlett of the National Center for Policy Analysis wrote recently about this. He made this point: Never in the history of this Nation have we reached the point where 21 percent of the Federal gross domestic product is paid to this Government in the form of taxes—not during the height of World War II did we reach that level, not during the Korean war did we reach that level, not during the Vietnam war did we reach that level, and not during the recessions when the economy has slowed down did we reach that level; none of those times have we reached the point where we paid the highest level in history—21 percent of the gross domestic product—to this country.

Last year, when I ran for office and I asked people for their support, I talked to them about the future and the direction this country ought to take. They expressed to me their desire to have less Government, a return to local government, and a reduction in the power and influence and waste and mismanagement of the Federal Government. The trends are clear, and the trends are not good.

What this tax proposal does is, it says to this giant bureaucracy of the Federal Government that we want to bring you under control. We don't want 22 percent of GDP going to the government next year, 24 the next, 26 the

next, and 28 the next and, finally, a third, or even a half of our money going to the Federal Government. That is not the way to keep this Nation strong. We need to do better.

Taxes are too high. We are not claiming they are too high because we are trying to get people's support by promising some political tax gimmick. This is a fundamental, governmental policy change. That is what I was sent here to do, to be a part of that. I wish that the tax cuts that have been proposed and are being pushed by my Republican colleagues could be bigger. But we know we have to have bipartisan support and be able to overcome a Presidential veto. As a result, we have had to work hard and compromise to reach a significant tax cut. This is significant tax cut, but I wish it were bigger. It is a good tax cut; we need to have it and we need to proceed with it.

One complaint that has been made, Mr. President, is that this is a tax cut for "rich" people. It doesn't help the poor people. Well, a tax cut can only be applied to those who pay taxes. This is a tax cut, not a welfare program. We have welfare programs. We still have our Food Stamp Program. We still have our Aid to Families With Dependent Children. We are going to provide more money this year than ever and provide health insurance for those who don't have it. We are going to continue Medicare and strengthen that and make it a sounder policy to help poor people in America. This is not a welfare program. We are talking about a tax cut for people that are working and paying taxes. That is who needs a break right now—middle America. We need to be right up front about it. This is not a welfare program. It is a tax cut for people who are paying more taxes than they ought to pay.

Federal income taxes are graduated. The highest income people do pay more taxes. A family of four making \$20,000 does not pay income taxes. Most families of four will not pay any taxes with a \$20,000 income. Our idea is to allow those middle-class Americans, who are working and struggling to get by, to keep more of their money.

I have traveled Alabama in the last few years and I have talked to people. I have seen studies and all of the economic data that we get around here. I have served on the Joint Economic Committee of the Senate and the House, where we have dealt with economic reports from the Department of Labor and various other departments of the Government. We have analyzed those figures, and what my instincts tell me, and what I have learned from campaigning throughout Alabama, as well as from what the statistics show, is that middle-class, working families are struggling to a degree they have never struggled before.

In 1950, 70 percent of a middle-class, average family's income was shielded from Federal income tax. They paid no taxes on 70 percent of the money they earned. Today, only 30 percent is

shielded. The percentage that you pay on the amount that you earn is higher. Taxes have gone up. In 1950, the average working family only paid 2 cents out of every dollar to the U.S. Government in the form of taxes—2 cents. Today, it is 25 cents. That is a dramatic change in American policy. I submit to you, Mr. President, that it is unacceptable.

I think it is time for us to be frank with ourselves, to be honest, to realize that we can't keep increasing tax burdens so that we politicians here in this Senate and this Congress can pass programs and pass out money and claim we are heroes. It is not our money we are passing out. It is money that we took from some family that needed that money.

Let's think about this \$500 per child tax credit. A family of three, at \$1,500 per year, can divide that up per month and it will be over \$100 per month, tax free. Tell me a family making \$30,000 can't use an extra \$100 per month. Frankly, I am concerned about the idea that we ought to mandate in later years, at age 13 or 14, that they be required to apply that tax credit toward college savings. I am telling you that is not realistic. Working families in America today are concerned about getting by; they are not always concerned about college. They have a car that needs tires on it. They might need to fix the muffler. The children might need to go on a school trip. Where are they going to get the money for that? This could provide that. I think we ought to trust the families with these decisions and let this be their tax cut. We, in Congress, should not try to manage what they are going to do with it. A lot of kids don't go to college. A lot of kids work their own way through college. Maybe that family desperately needs that money now for personal items just to get by. That is who we ought to be supporting.

So, Mr. President, I feel very strongly about this. I am most proud to be associated with a group of Senators who are committed to realistically reducing the tax burden on America.

I was so proud to be associated with Senator KYL from Arizona who spoke previously. Senator KYL has been a champion for estate tax reduction. And I was pleased to join with him as an original cosponsor on his bill to eliminate this estate tax. I think that is an unfair tax. The estate tax only brings in about 1 percent of the Federal Government's income. Considering the amount of money it brings in compared with the cost of administering that program and the great gymnastics that people go through to try to avoid it, the estate tax is just inefficient and unfair. We could eliminate that tax and make this country and this economy more healthy.

Total Federal Government and State government taxes now amount to over 30 percent of the gross domestic product. In my opinion, measuring the tax rate to the growth domestic product is

a good and just way to determine just how significant our tax burden is.

Finally, Mr. President, I want to share this story. I think it is a very important story. I serve on the Joint Economic Committee. Alan Greenspan, Chairman of the Federal Reserve System, testified at one of the first committee hearings I attended. It appeared he was about to raise interest rates, and everyone was most anxious. The economy was going along well. We were all pleased about the growth of the economy. There were a number of discussions about why the economy was doing so well. Some joked that it was President Clinton, and some said it was Mr. Greenspan. It was just a light-hearted conversation.

When it came my time to ask him questions, I asked him about an article that I had read in *USA Today*. They interviewed business people from Germany, England, and Japan. They asked them why the American economy was doing better than the economies of those three nations. When you boiled it down, those representatives from those three nations gave three reasons. They said the American economy is stronger because we have lower taxes, less regulation, and a greater commitment to the market economy, to the free market.

I asked Mr. Greenspan if he agreed with that. He said, "Yes, I absolutely agree with that." He said that without hesitation.

Those are the cornerstones of a strong and vibrant economy. We cannot keep raising our taxes every year so that we take a larger and larger portion of our gross domestic product. We will end up like Germany with unemployment over 12 percent instead of around 5 percent. That is what we will be heading to.

So this drive, this imperative to reduce taxes is not just to see if we can buy votes for letting people have more money; it is to try to invigorate and maintain the competitive capacity of this Nation. That is why we are doing better than the rest of the world.

I don't know who you could say deserves credit for this economy. We could have a lot of different ideas. But I would say that the Republican Party and Presidents Reagan and Bush, who spent a whole career fighting to reduce regulations and to contain the growth of taxes, even reduce taxes, played an important role in this economy. We need to remember that and maintain our historical position as a nation that will fight to keep its tax burden from going up.

So, Mr. President, I am pleased to be here today to express my excitement and primacy of support for legislation that will allow Americans who work hard every day to keep more of their money. They can spend it on the things they want to spend it on and not on something that somebody in Washington wants to spend it on. It will be good for them. It will be good for their families, and it will be good for the



competitive and productive capacity of this Nation.

I think this is an extremely important issue. We should not minimize it. Lower taxes will make us a stronger and more competitive Nation. We will have a greater increase in our economic growth. And out of that growth, we will have the capacity to serve those who are less fortunate. If we kill the goose that laid the golden egg, if we continue to tax this economy to the degree that it drives its growth down, we will not have that strength and that capacity to meet the challenges of our Nation.

Just look at the economies of Europe and Japan. You will see what can happen to us if we are not careful.

I am excited about what is happening. I look forward to having the opportunity to vote on many of these issues. I hope that the result will be that this economy will be free from further taxation, that we will have more growth and more productivity, and that we will be more competitive in the world.

Thank you, Mr. President.

I yield the floor.

#### THE VERY BAD DEBT BOXSCORE

Mr. HELMS. Mr. President, at the close of business Friday, June 20, 1997, the Federal debt stood at \$5,331,587,514,810.20. (Five trillion, three hundred thirty-one billion, five hundred eighty-seven million, five hundred fourteen thousand, eight hundred ten dollars and twenty cents)

One year ago, June 20, 1996, the Federal debt stood at \$5,108,536,000,000. (Five trillion, one hundred eight billion, five hundred thirty-six million)

Twenty-five years ago, June 20, 1972, the Federal debt stood at \$426,219,000,000 (Four hundred twenty-six billion, two hundred nineteen million) which reflects a debt increase of nearly \$5 trillion—\$4,905,368,514,810.20 (Four trillion, nine hundred five billion, three hundred sixty-eight million, five hundred fourteen thousand, eight hundred ten dollars and twenty cents) during the past 25 years.

#### THE PROBLEM OF GLOBAL CLIMATE CHANGE

Mr. BYRD. Mr. President, on Thursday, June 19, I appeared before the Subcommittee on International Economic Policy, Export and Trade Promotion to testify on Global warming and on behalf of my sense-of-the-Senate resolution on the same matter which now has 61 cosponsors including myself.

I was pleased to appear on the same panel with my good friend, Congressman JOHN DINGELL. I ask unanimous consent that my testimony and that of Congressman DINGELL on that occasion be printed in the RECORD at this point.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

STATEMENT OF SENATOR ROBERT C. BYRD

Mr. Chairman, I thank you for the opportunity to appear before the subcommittee to

discuss the critically important issue of the negotiations aimed at signing a protocol during the third session of the Conference of the Parties to the United Nations (UN) Framework Convention on Climate Change, which is scheduled to be held in December in Kyoto, Japan. I am concerned that the protocol that results from these negotiations could have a serious impact on American industry and on our economy, while at the same time failing to address a looming threat to the global environment.

On June 12, I introduced a Sense of the Senate Resolution, together with Senator Hagel and a bipartisan group of my colleagues, which addresses the conditions for U.S. agreement to revisions to the United Nations Framework Convention on Climate Change. The resolution has been cosponsored by 60 Senators from both sides of the aisle. This resolution states the Sense of the Senate that the developing world must fully participate in the treaty negotiations and commitments and play a meaningful role in effectively addressing the problem of global climate change.

In essence, the resolution accepts the thesis, which is still the subject of some dispute, that the increasing release of carbon dioxide (CO<sub>2</sub>) and its accumulation in our atmosphere are causing a very gradual heating of the globe, which has many adverse consequences for us all. I believe the Administration should be commended for its efforts on this issue, and I commend this subcommittee for its attention to this matter. If substantial steps are going to be taken to influence carbon dioxide and other greenhouse gas emissions, we need to accelerate new technologies, anticipate new developments, and encourage public/private sector participation.

President Bush signed the United Nations Framework Convention on Climate Change, the so-called Rio Pact, in 1992, which was subsequently approved by the Senate, and calls on the industrialized nations to aim to reduce their greenhouse gas (GHG) emissions to their 1990 levels by the year 2000, a goal which will not be achieved by the U.S. nor by the vast majority of the industrialized nations unless further steps are taken.

The parties to the Framework Convention met in Berlin in 1995 to discuss the future direction of the treaty in light of this projected failure to meet the voluntary objectives, agreeing that any new commitments would be binding upon the signatories. Specifically excluded from any new commitments, however, would be the countries that comprise the developing world. The rationale for the so-called Berlin Mandate was that it is the industrialized OECD (Organization for Economic Cooperation and Development) nations that have been the major emitters of greenhouse gases in the past, and will continue to be in the next decade.

There are two intrinsic problems with the Berlin Mandate. First, while the industrialized world is the primary contributor to the current problem, that will not be the case in only a few years. As this chart demonstrates, the emissions of the developing world are rapidly increasing on a sharp, upward slope. These emissions will actually surpass those of the industrialized OECD nations by the year 2015. In short, the developing world is rapidly becoming a clone of the OECD nations.

Let us assume that the current negotiations for a new protocol, which are to be concluded in Kyoto this December, result in a binding commitment that the OECD nations must reduce their emissions to 1990 levels by 2010. This chart demonstrates that under such a scenario the OECD nations will sharply reduce our emissions of greenhouse gases. The price we will pay in order to achieve

these reductions is open to debate, as estimates differ. Nonetheless, the key point is that this responsibility will not be shared because of the Berlin Mandate, for the chart clearly shows that the emissions of the developing world continue on their inexorable upward track, even as we in the OECD group make the painful and costly adjustments necessary to force down our emissions.

This demonstrates the second problem with the Berlin Mandate, which is that we gave away the store, and we received nothing in return. Many of the biggest emitters of greenhouse gases in the developing world have refused to even discuss, let alone seriously consider, taking any emissions limitations commitments upon themselves. In what can only be viewed as an act of environmental irresponsibility, the developing nations have adamantly refused to recognize that they will, over the next two decades, become the primary cause of the problem, in terms of annual emissions.

The refusal of the developing world to discuss any future emissions limitations commitments has become a central issue, for any attempt to bring them into the process is labeled by some as a "treaty killer." I have a different perspective. My resolution is not a treaty killer. It is, in fact, a treaty enhancer. It calls upon the Administration not to agree to a protocol, unless it includes new commitments to limit or reduce greenhouse gases emissions for developing country parties within the same compliance period. My resolution improves the treaty. For any treaty that does not include emissions limitations provisions for the developing world is inherently unsound and ineffectual on its face. Environmentally, we are all in the same global boat. What good does it do for the United States and other developed nations to work feverishly to plug the holes in the boat, if the developing nations are drilling holes at the other end just as fast as we plug them? Be assured that the global boat will sink just as rapidly and we are all going to be in for a long, long swim.

Bringing the developing world in under the climate change tent, as part of any future treaty, will not only increase the prospects of Senate ratification, it will also be enormously beneficial for the international environment. Let me further clarify that point. This chart shows the world of 1995, in terms of world carbon emissions in millions of metric tons of carbon. The United States and OECD nations, shown in red, are responsible for a little over half of that total. The next chart projects the world as it might be after the currently proposed treaty is adopted, with only the developed world taking action to reduce greenhouse gas emissions. The difference is startling. The developing world, shown in purple, has assumed the U.S. and OECD nations' place as the biggest global polluters. The problem remains the same, only the names have changed. And again, because of the flawed Berlin Mandate, all of these emissions from the developing world will be completely uncontrolled, and free to increase even further. From this perspective, it is the Berlin Mandate—and the fact that it lets the developing world off the hook scott-free—that will seriously harm the global environment in future years.

Finally, let us examine the role of China. Despite possessing a strong and growing economic and industrial base, despite possessing the ability to launch satellites into orbit, China is still counted among the family of developing nations. But its industrial growth is matched by its growing contribution to global pollution. This chart compares China's contribution to global carbon emissions to the contribution made by the United States. On the left, we can see that based upon current trends, China will surpass the