

to rise until we can get our fiscal house in order.

Since 1993, we have made substantial progress toward reducing our deficit. Despite the opposition of every Republican in the Senate, we passed a tough deficit reduction bill which included unpopular tax increases and spending cuts. The results have been clear. Our deficit has fallen for 5 years in a row, unemployment is at a 24 year low, inflation is minimal, interest rates are down, 12.1 million new jobs have been created, and business investment is at a post-war high. Yet, instead of building on this progress, we have chosen to abandon ship and engage in the political temptation of tax cuts.

Mr. President, our Nation is experiencing a period of prosperity, partially because we were courageous enough to make the right choice in 1993 and begin to reduce our deficit. We should stay on this course until we truly balance our books. Instead, this year's budget deal engages in the same old trickery of back loaded tax cuts, borrowed trust funds, and unrealistic economic assumptions. Rather than doing what is right for the American people, we have chosen to do what is right to get us past the next election. I fear, however, that the results of this measure will be felt long after then. ●

MORNING BUSINESS

The PRESIDING OFFICER. Under the previous order, the Speaker will now be in a period for morning business.

The Senator from Maine.

THE TAXPAYER RELIEF ACT OF 1997

Ms. COLLINS. Mr. President, I rise today to commend the members of the Senate Finance Committee, ably led by chairman ROTH and ranking member MOYNIHAN, for their willingness to work in a bipartisan fashion to bring meaningful and much-needed tax relief to the American people.

The Taxpayer Relief Act of 1997 is extremely important legislation. While it makes many significant changes, I want to focus my remarks on the provisions that will provide long-overdue estate tax relief for family-owned businesses and farms and on those that will help lower- and moderate-income families put their children through college.

The first bill I sponsored as a U.S. Senator was targeted death tax relief for family-owned businesses and farms. This was no accident, for I firmly believe that small, family-owned enterprises hold the key to our economic future. It is these family businesses that will create two-thirds of all new jobs for the people of the United States in the 21st century.

Regrettably, our current tax code penalizes family-owned businesses by making it difficult, if not impossible in some cases, for families to pass the business down from generation to gen-

eration. In fact, fewer than one-third of all family-owned businesses survive the transition from the first generation to the second.

Our tax policy should produce the very opposite result, and I am gratified that a strong, bipartisan majority of the Senate Finance Committee recognized this problem and supported action to put us on the right track. Specifically, S. 949 establishes a \$1 million exemption from Federal estate taxes for closely-held family businesses, thereby making it easier for parents to pass their business along to their children. My estate tax relief bill, S. 482, contained the very same provision, and I commend the Finance Committee for including it in their legislation which we just passed.

The Finance Committee's proposal will help to make real the dreams of those Americans who work long hours to build a business so they can turn it over to their children. It will help individuals like the potato bag manufacturer in northern Maine who would expand his business and hire more new employees were it not for the money he has to invest in estate planning and insurance. And it will help the small businesswoman in Portland, ME, who wishes to leave her restaurant to her son and avoid the problem she faced when her father died and the family had to sell 24 of their 25 restaurants to pay the estate tax bill.

Mr. President, by preserving family-owned enterprises, we not only strengthen American businesses, we also strengthen American families.

Mr. President, I also want to commend the Finance Committee for including several very important provisions that will help lower- and middle-income families finance college educations for their children. Many of the provisions are similar to those in my legislation, the College Access and Affordability Act of 1997.

For the last 30 years, the Federal Government has helped make post-secondary education available to millions of high school students, thereby giving them a chance to fulfill their potential to the greatest extent possible. The primary vehicles for this invaluable Federal assistance to lower-income and middle-income families have been the Pell grant and student loan programs, both of which I wholeheartedly support.

But our student aid programs have had the unintended consequence of punishing those families who struggle to save for their children's education and then become ineligible for Federal assistance because of their savings. To its credit, the Finance Committee recognized that with the greatly increased cost of a college education, these families also are deserving of help, and it took several important steps in that direction.

First, the bill that we just passed also establishes education investment accounts to help families save for their children's college education. Under

this plan, families can contribute up to \$2,000 a year to a special savings account and not have to pay taxes on the account's earnings if they use the money for qualified educational expenses, such as room, board, and tuition. Along similar lines, the Finance Committee approved a proposal that allows families who have created Individual Retirement Accounts [IRA's] to withdraw funds for post-secondary and graduate education without penalty.

Second, the Committee's bill allows annual dedications of up to \$2,500 for interest paid on student loans. This will help to soften the financial burden on students like the young woman in my State who recently graduated from college with \$18,000 in debt and who returned to her home town in rural Maine where high-paying jobs are simply not available.

Finally, the Committee adopted a permanent extension of the section 127 program, which allows employees who receive up to \$5,250 in employer-provided tuition assistance to exclude this assistance from their taxable income. We live in times of rapid change when workers may often need new skills to remain employable, and the section 127 program can be the key to making this possible.

Taken together, these proposals represent a major step forward in our efforts to help lower-income and middle-income families finance higher education for themselves and their children. These changes will benefit not only our students but also our Nation, for a better educated population will be better able to compete in our global economy. By making education more affordable for all, we also reaffirm that America is the country of opportunity, where success is there for all who are willing to work for it.

Mr. President, let me conclude my remarks with the observation that S. 949 is notable not only for what it provides but also for how it was produced. Led by their Chair, the members of the Taxation Committee put aside partisan concerns and crafted a bill which can command widespread support both in Congress and in the country. Despite the rhetoric of those bent on sowing the seeds of division, the legislation benefits all Americans, as reflected in the fact that a family of four earning \$30,000 will receive a 53 percent tax cut under the plan.

Mr. President, the people of my State want results and not rhetoric, cooperation and not confrontation. The Family Tax Relief Act of 1997 shows what we can accomplish when we honor the wishes of those who sent us here.

Mr. BUMPERS addressed the Chair.

The PRESIDING OFFICER. The Senator from Arkansas.

TAX CUTS FOR COLLEGE EDUCATION

Mr. BUMPERS. Mr. President, let me say first of all that in the Senate in 1981 there were only 11 votes cast

against the proposal to cut taxes and increase defense spending to balance the budget—11 Senators. President Reagan's popularity was unbelievable, and there was a herd instinct that swept across this body. It was absolutely unstoppable. And in 1994 when we were going to balance the budget the deficit was up to \$200 billion.

I hate to say this. But, in my opinion, Mr. President, 18 people who voted "no" today will be more than justly and aptly vindicated when the year 2002 rolls around and we will not have a balanced budget or anything even close to it.

I am chagrined and dismayed that today we are looking at a \$67 billion deficit on October 1, and next year, by our own admission and our own actions, the deficit will go to \$94 billion—almost \$30 billion higher than it is in 1997. To me that is shameful and unforgivable.

The American people have demanded a balanced budget as long as anybody can remember, and today we just forsook the opportunity to meet that nonnegotiable demand of the American people which they have laid on us for years.

Mr. President, I forsook offering an amendment that I felt very strongly about this afternoon. I did it to accommodate our own majority leader who had a plane to catch, and there were a lot of other Senators. I had no disillusion about whether my amendment would pass or not. But I wanted to debate it for 1 minute, and I am perhaps better off taking 5 minutes now to say to whoever may be watching and the Members of this body, ask yourself this question. It goes right to the heart of my amendment.

Do you think the Nation is better off providing a \$135 billion tax cut, over 50 percent of which goes to the wealthiest 5 percent of the people in America? Do you think we are better off doing that, or do you think we would be better off providing a college education for the 5 million youngsters whom the New York Times says over the next few years will be excluded from a college education because of skyrocketing costs?

I speak from experience. I spent 3 years in the Marine Corps in World War II. I came home where there was a compassionate, caring, understanding Government which provided the GI bill to my brother and me. I wouldn't be standing on the floor of the Senate today as a U.S. Senator if it had not been for that help from the U.S. Government. Some people think the Government has no obligation to help anybody.

What I am saying is if I had my first choice it would be to put the \$135 billion in savings on the deficit, and balance the budget by the year 2000, and no later than 2001. But if we are not going to do that, if we are going to take the \$115 billion we cut out of Medicare and spend it on something, I say spend it on college education for

youngsters who cannot go to college otherwise.

Mr. President, the greatness of this country has occurred when Members of the U.S. Senate and the House of Representatives had strong convictions about what we need to do as a matter of social, educational, and cultural policy—the GI bill, for example. It takes a giant leap of faith to believe that we can do this—educate every youngster in the country with a college degree.

We found that the average cost of an education in a State-supported university is \$7,000 a year. So we simply increased the Pell grant to \$7,000. The income criteria would remain as it is now. If you were wealthy or partially wealthy, you wouldn't get the full \$7,000. But if you had an income of below a certain amount, you would get the \$7,000. We left the two tax provisions that are in this bill that we just passed intact.

Mr. President, I want you to look at this chart so that you can see what I am talking about and where we are headed.

Here are the percentages of people in certain income categories. This is the highest level of income in the country—86 percent of those people go to college. In the next quintile down here, 60 percent, a little less than 60 percent, in 1983 and today, almost 68 percent of those kids go to college. And you get down here in the low-income, and look what happens. It started up—down and up. And now it is down again. If you look at the New York Times article of this past week, you will see that this figure is going to head down.

Mr. President, I am not going to take up a lot of time to say something that everybody knows that we ought to be doing. But I do want to say this. Mr. President, the high school graduates in this country in the past 20 years have lost 18 percent more of their income. When you hear people say the income gap in this country is widening, there it is. High school students lost 18 percent in the last 20 years. Dropouts have lost 25 percent. And, if it continues at the present rate, by the year 2015 high school students will have lost 38 percent of their income because they didn't go to college.

If you want to live in a civilized society, it is this simple. If you want to live in a civilized society, one that is relatively drug free and crime free, if you want to live in a society and in a technological age, we don't have any choice about it. This has to come.

It is one of those things that we need to debate and debate now, and we need to do it. We need to make sure that no child in this country is denied a college education anymore than today we would deny somebody a high school education.

So I forsook offering that amendment even though my staff and I had spent untold hours gathering statistics and information.

I want to conclude as I opened a moment ago. Once again, I ask my brethren

in the U.S. Senate and the people of America to ask yourself this one question: Do you think we are better off spending this \$135 billion on a tax cut which goes to me, upper-income people, and \$12 a year to the stiff out there making \$15,000 a year—\$12 a year for him? The guy making \$15,000 a year gets \$12 a year out of this tax bill.

The guy making over \$200,000 a year gets \$3,500 to \$3,700. It is ironic; it does not mean anything to either one of them. To the man making \$15,000, \$12 does not mean anything in his life; to a man making \$200,000, \$3,000, or \$3,500 does not mean much either. That is what we are doing instead of meeting our obligation. Ask yourself which is more important, that tax cut or educating the children of this country so we can live in a civilized society.

I thank the Chair.

Mr. BURNS addressed the Chair.

The PRESIDING OFFICER. The Chair recognizes the Senator from Montana.

INCOME AVERAGING

Mr. BURNS. Mr. President, I will not take long. There are some folks I would like to extend my appreciation to. In the Senate today, when we passed the income averaging for our farmers and ranchers in Montana, we fulfilled a commitment that we made to those farmers and ranchers when we passed Freedom to Farm. We are in a transition; subsidies are going away, and now we are providing a vehicle, a tool with which we can maybe ride out the good years and prepare for the bad years without too much trouble.

I express my appreciation to the chairman and the ranking member of the Finance Committee for their help, also the efforts made by Senator ROBERTS of Kansas and Senator BUMPERS of Arkansas, Senator CONRAD of North Dakota and Senator BOND of Missouri and Senator HAGEL of Nebraska and my friend and colleague, Senator BAUCUS from Montana.

Without help from those Senators on this issue, I am afraid we would not have been as successful as we were in justifying and trying to pass income averaging. It is very important. Who is it important to? It is important to the young farmers and ranchers just starting. We know they will have good years and we know they will have bad years right behind them due to the elements of Mother Nature, to prices of commodities raised on our farms and ranches. This allows a way to hang on and spread that income out and survive in agriculture. After all, we produce the best food, the most of it, the cheapest of any country in the world. So this is a winner for all of America, not just American agriculture.

I thank you and I yield the floor.

Mr. DODD addressed the Chair.

The PRESIDING OFFICER. The Chair recognizes the Senator from Connecticut.