

totally unacceptable for us to be talking about taking that working families' tax cut away to give more subsidies to people who are not paying income taxes.

To me, that is what this whole issue is about. It never ceases to amaze me when we look at these polls to see that people believe that the President is right, and that, in fact, we are talking about redistributing wealth to the wealthy.

The Tax Code in America is more progressive today than it was the day Ronald Reagan was elected President. Higher income Americans are paying a larger percentage of the tax—bearing more of the burden of taxes today than they were the day Ronald Reagan became President. Lower income Americans are bearing a lower share of the tax burden.

For those who want to complain about payroll taxes, let us remember who made a proposal 3 years ago to almost double payroll taxes to pay for national health insurance. It sure was not me. I am happy to count myself among the number who killed that proposal. That proposal was made by the same President who today laments the burden of payroll taxes when in fact 3 years ago he wanted to almost double it.

I do not like engaging in these kinds of debates, I do not think they are very productive. We should be talking about creating wealth rather than redistributing it. But since some of our colleagues spent an hour this morning talking about redistributing wealth, I felt obliged to come out and join others in trying to set the record straight.

I yield the floor.

Mr. KERREY addressed the Chair.

The PRESIDING OFFICER. The Senator from Nebraska.

#### CONGRATULATIONS TO THE FCC

Mr. KERREY. Mr. President, during the last several weeks, I have taken the floor to discuss my concerns about the approach the Department of Justice has taken on mergers among and between large telecommunications companies.

I was particularly disappointed with the decision of the Department of Justice to approve the Bell Atlantic/NYNEX merger without any conditions.

Today, I take the floor to congratulate the Federal Communications Commission for doing what the Department of Justice was unwilling to do. This weekend the FCC announced that it had concluded an 11-page letter of agreement with Bell Atlantic and NYNEX on pro-competitive conditions for its merger.

While I continue to question the underlying competitive merit of the Bell Atlantic/NYNEX combination, the efforts of the FCC certainly mitigate the decision of the Department of Justice to approve the merger. It is only unfortunate that the Department of Justice

had not demonstrated the same commitment to competition.

The FCC negotiated a 4 year pro-competitive agreement with Bell Atlantic and NYNEX which includes the use of forward looking costs for competitive interconnection agreements, the use of uniform interfaces for interconnection, greater reporting requirements, access for competitors to efficient operating support systems, and performance guarantees. These commitments hold the promise of giving competition a chance to take root.

The use of forward looking costs within the 13 States which make up the Bell Atlantic/NYNEX region is especially significant in light of the Friday decision of the Eighth Circuit Court of Appeals to bar the FCC from setting interconnection prices. A nation grew from 13 colonies, perhaps a telecommunications revolution can grow from 13 States.

I applaud the FCC and Chairman Hundt for showing independence and a commitment to competition. The course of action chosen by the Commission highlights the importance of the FCC's political independence. As an independent regulatory body, the Commission was able to use its authority to protect the public interest to win pro-competitive concessions from Bell Atlantic and NYNEX, notwithstanding the failure of the Department of Justice to do so.

I urge my colleagues to give this case careful study as the Congress considers telecommunications policy. In the coming weeks and months, the Congress will consider confirming four new members of the Federal Communications Commission. At stake is whether the Congressional vision of competition and universal service which brings more choice, more investment, more jobs, and lower prices to the telecommunications market is fulfilled or not.

The success or failure of the Telecommunications Act of 1996 depends almost entirely on a new team of regulators at the Department of Justice and the FCC.

To succeed, they must have an unrelenting commitment to competition and universal service. Without that commitment, the act is doomed to failure. The result will be higher prices, greater consolidation and fewer choices.

Mr. President, I applaud the FCC for its action in this case. The Congress must assure that the new members of the FCC have the same courage to exercise their independence, as this Commission has done to protect the public interest.

Thank you, Mr. President.

Mr. GRAMS addressed the Chair.

The PRESIDING OFFICER. The Senator from Minnesota.

Mr. GRAMS. Thank you very much, Mr. President.

#### TAX CUTS

Mr. GRAMS. Mr. President, I come to the floor this morning after hearing

some of my colleagues earlier talking and debating about the proposed tax cuts that is now in conference. The question is always: Who qualifies for the tax cut? How much is that tax cut going to be? Who is going to receive what share of that tax cut?

I would like to start out by saying that it is kind of ironic to hear some on the floor arguing about these tax cut packages because these are the same individuals who, along with President Clinton, just 4 years ago were on this floor arguing for the largest tax increase on Americans in history.

When we look at this major tax increase of just 4 years ago, I would like to relate to the comments made by the minority leader, the Senator from South Dakota, earlier this week when he argued that the \$77 billion tax cut was not fair. That is what we have heard here this morning on the floor—it is not fair. While I don't believe it was fair in 1993 to raise the largest tax increase in history on Americans, they say, "Well, it was only aimed at the rich." But let me tell you.

Let me remind my colleagues what happened in 1993. After campaigning on middle-class tax relief in 1993, President Clinton turned around and then raised taxes by \$263 billion, again making that the largest tax increase in history. But he said it was only for the rich. But everybody paid more, including \$114 billion in new income taxes, \$24 billion in new gasoline taxes, \$35 billion in new business taxes, and \$30 billion in new payroll taxes. Then you add on top of that nearly \$25 billion more in Social Security taxes. In other words, if you work, if you are retired, if you drove a car, if you owned a business, or if you paid any kind of income tax, you paid for the 1993 income tax increase.

I heard also this morning that what we are talking about today in this tax package is that about \$77 billion so far of net tax relief is "substantial" tax relief. Well, when you get back only \$1 on every \$4 that was raised in 1993, I don't call this "substantial." This is a meager tax package that we are talking about. The reason that it is not fair, in my opinion, is because there is not enough in this tax package to go around.

It does not take a mathematician also to calculate that if taxes raised were \$263 billion 4 years ago and you get \$77 billion back now, that is not a good deal. If you look at since the tax reduction that everybody blames for the deficits, and that is the Ronald Reagan tax cut in 1981, they say since that tax cut it has resulted in all these deficits: We have these deficits today because of the Ronald Reagan tax cut. In fact, we have had 10 tax increases since 1981—10, over \$850 billion in new tax increases since 1981. And now we are talking about \$77 billion. This is less than \$1 on every \$10 of tax increases over the last 10 years.

We also hear about, well, who is going to be getting these tax breaks?

The top 20 percent, they say, are going to get over 60 percent of the tax cut. And as we just heard the Senator from Texas say, the top 20 percent of wage earners in this country, which is \$60,000 and over—and most people do not consider making \$60,000 rich, but they pay 80 percent of income taxes in this country today.

I also heard about a couple of instances—and I did not have time this morning to bring to the floor pictures of families, but let me read a couple that were mentioned here today. They showed pictures of a young family making about \$25,000 a year, and they said under the Republican tax plan they were going to get no tax cut this year. But for that family making \$25,000 a year, they pay total, with two children, about \$3,000 in income taxes and payroll taxes, but they receive \$1,100 in EITC. EITC, that is earned income tax credit, an earned income tax credit that was passed in 1986, increased in 1993. So this family making \$25,000 a year does receive a tax refund, a tax refund of \$1,100, not zero but \$1,100.

What they want to do is to add to that. Now, I will talk about that later. They also spoke about and had the pictures of a young family making \$20,000 a year, and they said, under the Republican plan, they would get no tax refunds this year. But in fact that family making \$20,000 a year will pay this year about \$1,800 in payroll and income taxes, but they will receive a refund under EITC of over \$2,150. So that family, granted, a hard-working middle-class family, but they are receiving some tax relief under the current system.

Let us go to the family making \$31,000 a year. Say the husband is making \$9 an hour, the wife \$6, or vice versa, they are working 40 hours a week trying to raise a family of two children, have to pay child care, et cetera. And what does this family get? They are going to pay this year about \$4,300 in payroll and income taxes and they receive zero under EITC. Now, those two children will not get, under this plan, any tax relief if they are 13 or 14 years old. So who is not getting the relief here?

And when they talk about making it fair, we do want to make this fair, but we want to make sure that those families making \$31,000 to \$60,000 a year are also going to join and also receive some kind of tax relief today.

Now, I would like to see every family get a \$500 per child tax credit refund. That would be great. But if we are going to talk about fairness what we are going to have to do is make this pie larger. The \$77 billion is not enough to make sure that all families will enjoy some kind of tax relief. Now, if we want to start talking about class warfare, and that is what we hear in the Chamber all the time, that is, we are going to give it to the rich but not the poor, that is not true. We want to make sure that all families are going to get some kind of tax relief.

So along with the tax relief already in the system under the earned income credit, we also need to expand that so other working families also are going to receive some kind of tax relief this year. Everybody needs to share, not only the low income but also middle-income working families. If my colleagues are serious, let us enlarge the tax cut.

When we talk about the \$77 billion that is in this package, if you want to spread that over what this economy is going to generate over the next 5 years, a \$7 or \$8 trillion a year economy and we are saying, well, we are going to have this substantial tax package, it would be comparable to looking for a new car and the car dealer said, well, this is the sticker price, but I am going to take a penny off from that and I am going to make you a real deal on this car.

That is exactly about what the \$77 billion is equal to when you put it into context of what this economy is going to do over the next 5 years. You are going to get a penny back on the purchase of a new car. So what makes the entire debate over what is fair and equitable in this tax relief package so ridiculous is that Washington is not willing to give up more of the money.

So I just wanted to come to the floor and talk a little bit about how we do not want to make this a class warfare issue, that we want to make sure all Americans receive some kind of tax relief. And again, as I said, since 1981, American families have seen their taxes go up 10 times—\$850 billion in new tax increases in the last 16 years. Now we are talking about tax relief, and we want to make sure that tax relief is fair and it is broad based, and that those families making between \$30,000 and \$60,000 a year will also have an opportunity to share in some reduction in their tax burden.

I thank the Chair. I yield the floor.

The PRESIDING OFFICER (Mr. SMITH of Oregon). The Senator from Georgia.

Mr. COVERDELL. Mr. President, I rise in part to join my colleagues' reflections on what we heard this morning from the other side of the aisle and what we have been hearing basically as a definitional exercise from the White House in their attempts to define the congressional tax relief proposal and the congressional balanced budget act proposal.

I am encouraged in that it does appear we are making very rapid progress with regard to these two historic bills—a balanced budget act, which if signed by the President will be the first time in about 30 years, and the tax relief act, which if signed by the President would be the first in over a decade and a half. And, as has been noted here this morning, that following massive tax increases over the last 10 years.

To put this in some sort of historical perspective, I have only been here a short period of time, as has the Presiding Officer, and it has been a rather

dramatic 4 years. Half the time was under the congressional leadership of the other side and half the time has been under our side, 2 years each, and they make an interesting comparison.

In the first 2 years under their side, we fought and lost the largest tax increase in American history. I remember the night very vividly. The Chair of the evening was Vice President GORE, who cast the vote to secure the victory for this huge tax increase, which was characterized by the Senator from Minnesota. The following year was spent, Mr. President, defending the Nation from Government-run health care which would have been the single largest expansion of Government in the history of the world. It would have surpassed the size of Social Security in 24 months, become the largest entitlement in the history of the world.

Well, the American people prevailed and by the narrowest of margins that was defeated.

So those 2 years were filled with large tax increases, large expansion of Government, and the view that Government was the ultimate solution and resolution to all America's needs and woes.

Now we come to the last 2 years. The leadership changed, and the discussion has been about balancing our budget, lowering the economic burden on American workers and families and restraining the size and growth of the Federal Government. And we are making progress, because we now have a President who has said the era of big Government is over and he has said he wants to support a balanced budget act and a tax relief act. And we have agreed on the general premises. We are getting very close now to crossing the "t" and dotting the "i."

I hope the President will come forward in a spirit of cooperation that was exemplified by what happened on these measures in the U.S. Senate. To watch the leadership of both parties vote for a balanced budget act and a tax relief act, to watch the leadership of the committees of jurisdiction on both sides, the Finance Committee and the Budget Committee, all vote for the balanced budget act and the tax relief act, and then, in almost unprecedented behavior, to have 73 of our 100 colleagues vote for the Balanced Budget Act and 80 join hands and vote for the Tax Relief Act—in all this debate about whether or not it is a fair form of tax relief, I would suggest the empirical evidence that it is is the fact that the leadership of both parties in the Senate and that 80 Members of the Senate could vote for this substantive piece of policy. It is just inconceivable, given that bipartisan, broad, huge majority, that the legislation could be anything less than fair. It almost demonstrates its broad nature and evenhandedness, to secure that kind of support. The President should take note of this.

The country needs to balance its budgets and American workers need relief. An average family in my State,

and I would say across the country, makes in the range of \$40,000, often with both parents working, and after they pay their direct taxes and their cost of Government and their share of higher interest rates because of the huge national debt, because we have not had balanced budgets, they have barely half of their paychecks left to provide for their families. If the Founding Fathers were here today and discovered that Government in America had come to the point that it was taking over half the wealth of our workers away from them, they would be stunned. And I think they would be angered.

What this boils down to is that we are taking about \$8,000 a year out of every average family's checking account, and we are making it very difficult for them to provide their fundamental responsibilities, which are getting the country up in the morning and raising it and getting it ready for stewardship. They can barely get that done because of Government policy removing those resources. This legislation goes in the right direction. It does not go as far as it should, I agree with the Senator from Minnesota, but it goes in the right direction. It equates to a refund of that last tax increase of about a third of it. We tried to refund all of it last year, but the President vetoed that. So he has now agreed to refunding about a third of it, and that is good policy. I am very hopeful that the White House will not politicize, "partisanize," seek political gain and advantage over this policy for which so many on both sides of the aisle have come to agree in the Congress.

This is the right thing to do for America, and this is the time to do it.

THE PRESIDING OFFICER (Mr. SMITH of Oregon). The Senator from Kentucky.

#### APPOINTMENT OF INDEPENDENT COUNSEL

Mr. McCONNELL. Mr. President, I have never professed to be clairvoyant, but I was able to predict 8 months ago and subsequently authored an op-ed piece to this effect: that obfuscation and diversion would be the damage control strategy of the Clinton White House and its allies in Congress. They would be engaged in that kind of activity, Mr. President, in seeking to avoid the fallout from the Clinton campaign-DNC fundraising malfeasance in the last election.

This damage control strategy was to be expected from this White House, as wave upon wave of scandal has lapped up on the White House lawn these past 4 years. President Clinton's aides have become highly skilled at putting out press fires, lest, of course, the President be singed. I had hoped for better from Democrats here in the Congress embarrassed—I should hope mortified—by the evidence and admission of illegal conduct by the Clinton campaign-DNC fundraisers.

I thought my Democratic colleagues would step up to the plate, seek the truth and let the chips fall where they may.

A disappointing spectacle it has been to witness this collusion in a disingenuous effort to blur the truth, smear the innocent and protect the guilty, by saying everyone does it, and even trying to drag innocent private citizens before the committee.

We are all victims of the system, they say. What we need, they say, is campaign finance reform. Well, in fact, Mr. President, what we need is an independent counsel. That has been clear for a number of months—an independent counsel to remove the investigation from an obviously politicized Justice Department.

Bearing in mind the Attorney General's indefensible refusal to appoint an independent counsel, and the Justice Department's outrageous conduct in the past few weeks in which it has injected itself into partisan maneuvering regarding the granting of immunity for low-level but key witnesses, the inexplicable and entirely inappropriate action by a Justice Department political appointee to distance the administration from United States intelligence agency findings that the Chinese Government plotted to influence United States elections, Mr. President, there is simply no other recourse to ascertain the truth in a nonpartisan manner but to appoint an independent counsel.

That is why this law was passed some 25 years ago, for precisely these kinds of situations, in which you had a highly political investigation affecting covered employees—for example, the President or the Vice President—where it could be suspected that the Attorney General would be reluctant to pursue alleged claims of wrongdoing.

This episode over the last few months is precisely the fact situation which brought about and argued for the passage of the independent counsel statute.

Now, Mr. President, the truth is going to come out sooner or later. No one here should want to be seen in a position of trying to keep the truth from coming to the public. So the point I would like to make this morning very briefly once again, the Attorney General would appoint an independent counsel to investigate the fundraising abuses of the 1996 election, the violations of existing law that may have occurred—contributions from foreigners, money laundering, raising money on Federal property, all violations of existing law. The Attorney General of the United States is responsible for enforcing existing law, and in situations such as this when a clear conflict of interest is apparent, there is no other logical recourse other than the appointment of an independent counsel.

I call upon the Attorney General one more time, Mr. President, to appoint an independent counsel to complete this investigation.

Mr. COVERDELL. Mr. President, how much time is remaining on our side?

THE PRESIDING OFFICER. The Senator from Wyoming, Senator THOMAS, has the time until 11 o'clock.

Mr. COVERDELL. Mr. President, I yield the floor in deference to the Senator from Wyoming.

THE PRESIDING OFFICER. The Senator from Wyoming is recognized.

#### TWO IMPORTANT ISSUES FACING CONGRESS

Mr. THOMAS. Mr. President, I intend between now and 11 to be joined by several of my colleagues to talk about, I think, two of the issues the Senator from Georgia has talked about. One of them that is most important for us, tax relief—I appreciate his comments. The other currently is the hearings that are being held with respect to the illegal contributions for campaigns. These, I think, at least at the moment, are two of the most important issues that face the Congress, two of the most important issues, obviously, that face the American people.

##### TAX RELIEF

First, in terms of tax relief, which has been talked about, it just seems to me that we have the opportunity for the first time in 16 years to have meaningful tax relief for Americans who are the ones who pay the taxes that support the Government. That is fairly simple. That is a fairly simple concept. And I wish, frankly, we could make it a little more simple. Obviously, in this place whenever there are issues, the technique is to make them as difficult as possible, to make them as detailed as possible, to make them kind of hard to identify. This one really isn't very hard to identify. The issue here is between having more Government and more revenue and more spending as opposed to the idea of seeking to reduce the size of Government, to reduce the spending, to reduce the burden on the taxpayers. And those things do go together.

We talk a lot, importantly, about the idea of balancing the budget. But I think we have to keep in mind you can balance the budget in a couple of ways. One of them is to have the highest tax increase in the history of the world and continue to grow in spending. The other is to seek to reduce spending, to seek to involve the States, to seek to return more government to local government and, therefore, reduce the size of government and the demands on taxpayers. Frankly, I think that is what we have tried to do in the last couple of years. I am very proud of the record of the Congress in the last 2 or 3 years, simply because we have changed the debate 180 degrees.

Three years ago we were talking about not how to reduce spending, not how to balance the budget, but simply, what new programs do we need? What do we need to do to continue spending? We were talking, then, about increasing taxes and did, in fact, increase