

Well, all of that cost money in Medicare. It is remarkable. It is breathtaking. It is wonderful that people live longer and medical breakthroughs allow them the opportunity to walk when they couldn't have previously walked and see when they couldn't have seen—and to do other things that give them a better life. But it is also very costly. It has costs with expanded Medicare payments, and all of us must understand that.

This program has grown largely because of success. The life span increases with breakthroughs in medical care. All of that spells more money in Medicare. We understand that. I think the American people accept that as a success story, except no one will believe it is a success story to have a program that has up to \$20 billion a year of waste in the program. When the American people hear the stories that for a bottle of saline solution that you can go down to the drug store and buy for \$1.03 and Medicare pays \$7.90 for it, they have a right to say, "What on Earth is going on here?" Medicare will pay \$211 for a home diabetes monitor used by diabetics to test their blood sugar levels. You can buy the same one not for \$211 but for \$39 at the local store; or the gauze pad that Medicare paid \$2.33 for that you can buy for 23 cents. The American people have every right to say, "What on Earth is going on? If you can't run a program, get a crowd in here that can run a program." Or, "If the Congress can't pass the laws to make sure it is run the right way, then get somebody else to pass the laws to make sure it is run the right way."

We ought to aggressively pursue fraud. When we see people committing fraud in Medicare, we ought to send them to jail, arrest them and prosecute them, and say, "You commit fraud against the American people, your address is going to be your jail cell to the end of your term." When we see overbilling and overcharges, when we see administration that is not competent, we need to take action.

The inspector general report of a week and a half ago sends another warning to this Congress that we must take action to prevent this kind of Medicare waste, fraud, and abuse.

Mr. President, \$20 billion a year is outrageous. If we are going to continue the support that is necessary for a Medicare Program that is important for this country, this Congress has to take action and take action soon.

There are some remedies in the reconciliation bill that will come to the floor this week but not enough. We must do much, much more. I know there are Republicans and Democrats in this Congress anxious to work together on this problem to hopefully prevent there from ever again being another GAO report or inspector general report that provides this kind of awful news about a Federal program that is so important to so many Americans.

Madam President, with that I conclude my remarks.

The PRESIDING OFFICER. Will the Senator withhold any suggestion of a quorum call for an announcement by the Presiding Officer?

Mr. DORGAN. Yes, of course.

ENERGY AND WATER DEVELOPMENT APPROPRIATIONS ACT, 1998

The PRESIDING OFFICER. Under a previous order, the Senate just having received H.R. 2203, the energy and water appropriations bill, all after the enacting clause of the House bill is stricken and the text of S. 1004, as passed by the Senate, is inserted in lieu thereof. The Senate insists on its amendment, requests a conference with the House, and the Chair is authorized to appoint conferees.

The PRESIDING OFFICER (Ms. COLLINS) appointed Mr. DOMENICI, Mr. COCHRAN, Mr. GORTON, Mr. MCCONNELL, Mr. BENNETT, Mr. BURNS, Mr. CRAIG, Mr. STEVENS, Mr. REID of Nevada, Mr. BYRD, Mr. HOLLINGS, Mrs. MURRAY, Mr. KOHL, and Mr. DORGAN conferees on the part of the Senate.

The PRESIDING OFFICER. Under a previous order, the passage of S. 1004 is vitiated and the bill is indefinitely postponed.

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

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

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

THE VERY BAD DEBT BOXSCORE

Mr. HELMS. Mr. President, at the close of business Friday, July 25, 1997, the Federal debt stood at \$5,369,530,452,476.10. (Five trillion, three hundred sixty-nine billion, five hundred thirty million, four hundred fifty-two thousand, four hundred seventy-six dollars and ten cents).

One year ago, July 25, 1996, the Federal debt stood at \$5,181,309,000,000 (Five trillion, one hundred eighty-one billion, three hundred ninety million).

Twenty-five years ago, July 25, 1972, the Federal debt stood at \$434,583,000,000 (Four hundred thirty-four billion, five hundred eighty-three million) which reflects a debt increase of nearly \$5 trillion—\$4,934,967,452,476.10 (Four trillion, nine hundred thirty-four billion, nine hundred sixty-seven million, four hundred fifty-two thousand, four hundred seventy-six dollars and ten cents) during the past 25 years.

The PRESIDING OFFICER. Under the previous order, the hour of 4 p.m. having arrived, there will now be 1 hour for morning business under the control of the Senator from Georgia, [Mr. COVERDELL].

A BALANCED BUDGET ACT AND TAX RELIEF

Mr. COVERDELL. Mr. President, I have just returned from my home State and I can certify that the issue of a balanced budget act and tax relief is on the minds of a lot of Americans. Everywhere I went, whether it was stepping out for lunch or meeting with various groups, somebody would come up and say: Get this done. Hold firm. Stay the course.

America wants this to happen. America wants a balanced budget act to pass and be signed by the President. It will be the first one in nearly 30 years. That is hard to believe, that we have so abused our financial health that this will be the first balanced budget we will be passing in 30 years. And they want the tax relief. I don't think I have met a citizen that didn't, in some way, start calculating, like the young county commissioner I met who is a farmer and a full-time county commissioner, and he has two children. He said, "If that measure passes, that's going to save my family \$1,000, \$500 per child." Or the elderly couple who are concerned about maybe selling their home and relocating, who are concerned about the capital gains tax that currently rests against that property. Or the family that talked about the onerous nature of death taxes in America, the kinds of decisions and pressures it puts on small businesses and family farms. They really do want this done. I hope, as I said last week, the President will set aside the partisan nature of this issue, and trying to one-up somebody else, and just get it done.

I was reading in today's Washington Post, it says:

Congressional Republican leaders said last night they were on the verge of a final budget and tax agreement with the White House after making a major concession on the proposed \$500-per-child family tax credit and dropping their insistence on "indexing" a reduction in the capital gains tax.

Or, in the New York Times, Monday, July 28:

Budget Deal Down To "Small Issues," Gingrich Declares. Spokesman for President Says Assessment Is Premature—Meetings Continue.

This is something that both the leaders of our House and Senate and President should really come forward on, get it done, and make a statement that we have, in a bipartisan way, produced major policy. I would revisit, once again, the fact that if the leadership of both parties in the Senate, the leadership of the Finance Committee, both parties, the leadership of the Budget Committee, both parties, if they all could find a balanced budget act and a tax relief act on which they could agree, it ought to send a pretty powerful message to the President and his administration. Remember that 73 Members of the Senate, a majority of both parties' conferences, voted for the Balanced Budget Act, and 80 of them voted for the Tax Relief Act.

I don't know what more proof you could have that these proposals are

well-founded, evenly distributed, and essentially fair. Perfect? No. That's not possible in this environment. But anything that can get that kind of support of the leadership, as I said, of both parties, that is a powerful statement and I hope the President would take note of it.

I would like to take just a few minutes and put these two major pieces of legislation in context. I think it would explain why somewhere between 60 and 75 percent of the American public wants this to happen. Let's just go back to the beginning of this decade, 1990. In 1990, under the Bush administration, a historically high tax increase was passed in August 1990. In round numbers, about \$250 billion of new tax burden were put on American workers and their families. A lot of people feel that had much to do with President Bush being defeated in the following election, in 1992. I think there were a lot of issues involved, but many feel that was the turning point.

On top of that, his opponent, soon-to-be-President Clinton, was campaigning across the country that he was going to lower taxes, pointing to that tax increase of 1990. "The middle class needs a break," he said. He was elected in 1992 and came to Washington as the new President. However, before he had moved into the White House, he had discarded that promise, and, by August 1993, in his first year in office, instead of lowering taxes on the middle class, he raised them. He raised taxes to an all-time—in an all-time historical—in the size of the tax increases, it was even larger than the previous one which occurred in the Bush administration. It was over \$250 billion. So, between 1990 and 1993, the American workers and their families suddenly were carrying a half a trillion in new taxes, and they were paying the highest tax levels they had ever paid.

It is little wonder there is so much anxiety in middle America and their families. Even with the economy in reasonably good shape, the enthusiasm is less than wondrous. I decided about 2-years ago to take a look at that family. That family in Georgia, and I think this would be true in most of our States, earned about \$40,000 a year in gross income. Typically, both parents work today, as you know. And when President Clinton came to Washington, they were only keeping about 53 percent of their paychecks. After they paid for State taxes, local taxes, and Federal taxes, cost of Government and their share of higher interest rates because of a \$5.4 trillion national debt, they were keeping 53 cents on the dollar. Unfortunately, today they are only keeping 47 cents on the dollar. The decline in their disposable income marches on.

These families, in my view, have been pressed to the wall, and we have made it exceedingly difficult for these families to do what we have always depended on the American family to do, that is, educate, house, provide for

health, transportation, get the country up in the morning and off to work and school, and prepare their families and children for stewardship when it is their time to lead. In a situation where they are paying more in taxes than housing, education, and food combined, we have a problem in America. If the forefathers were here and could see what we have been confiscating and taking out of the checking accounts, and taking away from those who earned their income, they would be stunned. They would think this was a violation of the essential premises upon which the Nation was founded, which included economic freedom.

Let me put this in another context. My mother and father, born in 1912 and 1916, kept 80 percent of their lifetime paychecks to do the things I mentioned a moment ago: raise the family—me and my sister—educate, house, provide for health and prepare for stewardship. My sister is 10 years younger than I. She will keep about 50 percent of her lifetime paycheck, and her daughter, my niece, who has just begun her career under the current scheme of things, will only keep about a third of her lifetime paychecks.

My niece is not going to be free, by the American definition I understand, if 70-plus percent of her paycheck is going somewhere else and she is left with a third of the money she earns to do her job in life. Her options have been severely constrained from those of her grandmother and grandfather. Those options that my dad and my mom had are the very things that made America what it is.

My dad began his career as a coal truck driver. Had he been born in the sphere of the Soviet bloc, I am convinced he would have died a coal truck driver. But, instead, he lived a life of entrepreneurial spirit and dreams and visions, creating businesses and jobs, the very things that economic freedom have done for our country. The genesis of all American glory is our freedom, and one of the cornerstones of that freedom is economic freedom, economic choices that families and workers in America can make that families and workers in many countries around the world could not.

Which brings me to the point I am trying to make about the importance of this tax relief proposal. Keep in mind what I said a moment ago. In 1990, \$250 billion in new taxes were laid on the backs of American workers and families. In 1993, though promised tax relief, they got another \$250 billion in taxes. So we now have, in 3 years, a half a trillion in new taxes. This proposal we are talking about is really only a first step. The net tax relief is \$85 billion and you have to stand that against the \$500 billion new tax burden.

It really only represents relief of about 20, 25 percent of the taxes that have been put on the backs of these people in the last 36 months.

In the last Congress, the new Republican majority tried to refund the

President's tax increase. We sent the President a tax relief package, about \$245 billion, but he vetoed it. So he kept that tax burden in place and on the back of every worker and every working family.

We have been through another election. We had a President who said the era of big Government is over. We had a Republican majority in the Senate and the House committed to reining in the size of Government, committed to balancing our budgets, committed to lowering taxes and, finally, the convergence of these two agree to a minimalist—what this is—a minimalist tax relief. But nevertheless, it is moving in the right direction. It is moving in the right direction, and it will be significant to millions of American families. I hope that it is but the first step and that a healthier economy would produce yet a new opportunity to lower the tax burden.

From my perspective, a worker in America ought to, at a minimum—at a minimum—keep two-thirds of their paycheck. Just two-thirds. It ought to be more. Getting to a position where they can keep two-thirds is a herculean task. They are currently keeping 47 to 50. On an average basis, that means this Congress, this President ought to be working to keep \$8,000 per year—\$8,000 per year—in the checking account of every average family across America.

Just think what those families could do with that resource in the context of education, health insurance, housing, recreation, savings. American families don't save anything. They can't save for the rainy day. They can't save for education upfront. They are having a hard time saving for retirement.

What can you save, Mr. President, after the Government has marched through your checking account and walked off with over half of it? Talk about freedom. I sort of look at it this way. If somebody marches through my checking account and takes over half of what I earn, they—it—has more to do with my life than I do. In family after family across our land, that is what is happening today, and that is why this tax relief proposal is on target and correct, and the President needs to come forward, meet, as is being endeavored here of the leadership of the Congress trying to meet him halfway—just like what happened between the Democrat and Republican leadership here in the Senate—and get this done. Get this done for those average checking accounts and start finding a way to get that \$8,000 back into the average checking account of the average working family across our country.

There is one feature in the Senate proposal that we sent across to the House. We added it in the debate here. As you know, the President has called for \$35 billion of the tax relief should be in tax advantages that occur against tuition and higher education and tax credits that occur for families who

have students in higher education. That is a huge piece of the \$85 billion, I might add. He and his colleagues are arguing that this tax relief for families that have students in higher education is the most important component of it, in his mind.

There are some critics of that. I can support that, because it at least is leaving those dollars in the checking accounts of those families. I personally believe it should be broader based. I think if a family wants that tax relief to buy a new home, if a family wants that tax relief to deal with other problems—health—they ought to have the option. It ought not to be just tax relief only if you are a family that has a child confronting the cost of higher education. That is fine, too, but it ought to have been broader. But in the series of compromises with the President, we will probably come very close to honoring his request.

In my view, while cost of higher education is critical, the problem in American education is in grades 1 through 12. It is at the elementary level. It is in high school. Look at the data. Somewhere between 50 and 60 percent of the students coming to college this September will not be able to read proficiently.

Look at the comparison of our reading skills, our math skills, our science skills against the other industrialized nations. And I am talking about the students that are coming out of our elementary and secondary schools getting ready for college, and we don't look very well. Everybody knows it. We are at the bottom of the list time and time again. One through 10, we will be 10.

So I think the President's proposal was weak on the failure to address issues at the elementary level, and I offered an amendment, along with our colleagues, which said that the savings accounts that were created also for higher education, in the version that came from the Senate Finance Committee, said you could take after-tax dollars, up to \$2,000, and put them in a savings account and the buildup would be tax-free.

So when you took it out to pay for costs of higher education, you would not pay taxes on the interest that had accrued. That is a good idea. But my amendment took it down to grade one and said you could use the buildup to pay for costs associated with elementary and high school. We said you could take it out for home schooling. We said you could take it out for transportation. We said that you could take it out for computers or tutoring. We said you could take it out for tuition. If you, the family, decided that you wanted your child to go to some other type of school, you could use these funds to help pay for that.

If you put the maximum contribution in, by the time the child was ready for first grade, you would have \$15,000 in that account to help deal with decisions that were important to that fam-

ily regarding education at the elementary level and high school level.

Mr. President, the administration has voiced concerns about this, and they are beyond me. What would be the logic of denying a family the opportunity to have this savings account and to draw on it for computers, home schooling, tutoring, transportation, or tuition? I find it most difficult to understand how we could object to that at the elementary and high school level.

Do we not have confidence in these parents that they can make decisions about how to improve the situation for their children at the level of education that is certifiably the most troubling in America, that is producing data that has every American across our land worried and bothered, that we are not competing at this level with students of the industrialized nations around the world? Why wouldn't we want to focus, why wouldn't we allow that tax credit to go into a savings account once it has been put in place, which you could also add to this savings account?

Mr. President, as I said, there have been objections raised regarding this very simple and, I think, straightforward and clean proposal. I am pleased to say that as of the hour of 4:30 on Monday, July 28, after a series of conferences, first between the Senate and the House to come to a congressional agreement, which has been done and that is important—the House and Senate have met and concurred and they have agreed that this position shaped by the Senate should be in the congressional proposal, and it is. I thank the conferees, and I thank the Speaker, in particular, for fighting to keep this proposal in the mix.

So we are now down to a point that the only opposition to this concept would be the President, who would be, I guess, saying it's not a good idea for families to be able to have savings accounts that accrue resources that would allow families to make prudent decisions about how to help students, their children, confront the one arena in American education that is so troubling, that is having so much difficulty, that is sending youngsters to college who are having trouble with the basic skills of reading and writing and arithmetic. The ABC's, the things that every student who is going to be successful in college, who is going to be successful in their career must know. We are not getting that job done. This is but a small step in allowing this kind of opportunity or this one more option, one more ability to deal with this troubling arena in American education.

So I am very hopeful, and I call on the President and his administration to agree to the education IRA to be used for a child's education, grades 1 through 12, and leave this in the tax relief package that we hope will ultimately be done and hopefully done this week.

What a great message to send America as it enters into the final month of the vacation summer to begin the aggressive era of the fall to say, "We, the Congress and the President, came together and have secured a balanced budget the first time in 3 decades, and we, Congress and the President, have obtained a tax relief act first in a decade and a half." It would be a powerful message to send to our country and the world at this time.

I have a little bit more to say about that, but I see that we have been joined by the distinguished Senator from Washington. And I yield as much time as the Senator requires to comment on these subjects of balanced budgets and taxes.

Mr. GORTON addressed the Chair.

The PRESIDING OFFICER. The Senator from Washington.

Mr. GORTON. Mr. President, we here in the Congress and the White House seem at this point to be on the verge of an agreement which will pay two magnificent dividends to the American people.

The first is the promise of a balanced budget, not just one time, not just on a touch-and-go basis, but perhaps with a sufficient number of reforms on spending policies so that we can reasonably expect a balanced budget for a considerable period of time in the future.

Even the promise of that balanced budget, Mr. President, a promise made 2 years ago by the first Republican Congress, has been largely responsible for interest rates, on average, to be 1½ percentage points lower than they were when that Congress came into being. For a middle-class family with an \$80,000 mortgage and \$15,000 automobile loan, that means \$100 more a month for the family to use or to save or to spend on its own rather than on interest payments.

Beyond that, Mr. President, it means that the United States will have substantially ended the practice of spending money that it did not have year after year after year, borrowing that money and sending the bill to our children and to our grandchildren.

The second wonderful dividend which we seem about to present to the American people is tax relief. Just 4 years ago, perhaps to the month, we were here debating—and on this side of the aisle opposing unsuccessfully—what turned out to be the largest tax increase, measured in dollars, in the history of the United States.

Today, that debate, that idea is buried, if not forgotten. And we have changed the entire direction of the debate here from how much more can we spend and how much more can we tax to how can we limit the spending habits of the Government of the United States and what kind of dividend in the form of tax relief can we return to the American people.

We now talk about tax relief rather than about tax increases. The debate over what kind of tax relief, Mr. President, has obscured the profound nature

of the change in this debate. It is all too easy to forget that it has only been for the last 2 years that we have seriously been debating tax relief. My friend and colleague from Georgia just pointed out, quite accurately, that this will be the first tax relief for the American people in more than a decade and a half.

Mr. President, many may say that this tax relief proposal is modest. And modest it is. It is perhaps one-third as large as the 1993 tax increase. And so it is only a first step, at least as far as we here on this side of the aisle are concerned. But there will be very real tax relief for hard-working, middle-class citizens of the United States, families with children, very real tax relief from the burden of capital gains taxation, a form of tax relief which will certainly increase savings and investment and career opportunities for Americans today and for future generations of America as well, with tax relief in the field of estate taxation, a particularly vicious form of taxation that penalizes success, breaks up small businesses, requires farms to be sold and undercuts some of the most important bases upon which a successful American economy has been built.

No, Mr. President, since we began this campaign, this crusade with the new Republican Congress just a little bit more than 2 years ago, interest rates have declined, real hourly wages are moving up after 2 years of decline at the beginning of the first Clinton administration, millions of new jobs are in existence, unemployment is as low as it has been in decades.

Mr. President, it is appropriate to say that we are on the verge of success because we have been able to work together. We have listened to the demand that the American people made by their votes less than a year ago that a Republican Congress work with a Democratic President in order to see to it the budget was balanced and tax relief was made available to the American people.

We, on this side of the aisle, are delighted at our success in changing the nature of the debate from how much more Government shall we have and how much more shall we pay for it, to how can we discipline the Government's demand for money and how can we provide tax relief for the American people.

One success, however, Mr. President, I submit, has a real opportunity to lead to another. And so I trust that this quiet Monday will lead to a challenging week, and that by the end of the week a promise made more than 2 years ago on a balanced budget and tax relief for the American people will have been fulfilled.

Mr. President, I yield the floor.

Mr. COVERDELL addressed the Chair.

The PRESIDING OFFICER. The Senator from Georgia.

Mr. COVERDELL. Mr. President, I thank the Senator from Washington

for his comments regarding these important topics.

At this time I yield up to 5 minutes to the distinguished Senator from Idaho.

The PRESIDING OFFICER. The Senator from Idaho.

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

And let me thank the Senator from Georgia for bringing us to the floor this afternoon to discuss what hopefully by the end of this week will be a bit of history. And I believe it will be the right kind of history, written by the House and the Senate and the White House, that deals with significant tax relief for the American taxpayer and some very major budget reform.

I have had the privilege of now serving in the Senate a good number of years and also in the U.S. House. And since the early 1980s, I became an outspoken advocate for a balanced budget. I watched as our debt and deficit grew, becoming increasingly alarmed that somehow we would pass on to our children and their children a legacy of debt that would be almost insurmountable, that could cripple the economy of this country and lead us down a road to economic deterioration and a second- or third-rate Nation.

Because of concern, shared by many here in the Congress, and by a growing number of American taxpayers, throughout the decade of the 1980s and into the early 1990s, we continued that drumbeat to where it is without question a majority sentiment among the American people today, such an overwhelming majority sentiment that in 1994 they changed the character of the U.S. Congress, and they significantly altered the attitude of a President who came to town not to balance the budget and not to give tax relief but to be able to do quite the opposite, to increase the Federal dominance over the American character, to raise taxes, and to continue a liberal Democratic legacy of an ever-increasingly larger Government taking an ever-increasingly larger chunk of the American worker's paycheck. Thanks to Americans, thanks to Republicans, thanks to conservatives, that message got altered.

Throughout the last several weeks, because of a budget proposal and a tax proposal put together by the Republican leadership and this President, voted on with the substantial bipartisan support of the U.S. Senate, the White House, the Finance Committees, the Budget Committees, along with the leadership, have been in internal negotiations to bring that about, again, reducing the overall size of Government, moving us toward a balanced budget, and for the first time in 16 years giving tax relief to the American people.

That agreement is not at hand yet, but we are told that that could well become the case this week. And I hope it is. I hope it gives to the American working family the kind of relief they deserve during a period when they are

being taxed at the highest rate ever, that it gives to the American investor an opportunity to change the character of his or her investment to create even more jobs, to keep the economy even stronger than it is today for a longer and a more sustained period of time and that says to the less fortunate in our country, you too will benefit, you too will benefit by being able to keep more of your hard-earned dollars. And it says to those who are concerned about education, you can put a little more away to provide for that day when you will want to help your children gain a higher level of education so they can advance themselves in our society.

All of that is historic. We may, while serving here on a day-to-day, year-to-year basis, lose that perspective, but I do not think the American people will, because we are saying to them, we heard you, we heard you loudly and clearly. And while a marathon race is not won by a single lap around the track, or the Super Bowl is not won by a single victory at the beginning of the season, this is in itself a victory, a significant victory in that long march away from an ever-larger Government that takes more and more away from the average taxpayer, both in his or her earnings and in his or her freedoms.

So I hope that the work that has gone on the last 2 weeks, in fact, bears fruit. I am excited about the opportunity to debate these issues on the floor of the Senate this week and to vote by week's end on a historic budget package that continues to bring us toward a balanced budget and a historic tax package that offers tax relief to the average taxpayer again for the second time in 16 years.

So let me again thank the Senator from Georgia for his continued leadership on this issue, coming to the floor day after day to inform the American people about what we are about and what we are striving to achieve, oftentimes behind closed doors because of the nature of the kind of negotiations that have gone on, but must require ultimately in the end to be made public. So let me thank my colleague from Georgia.

I yield the floor.

Mr. COVERDELL addressed the Chair.

The PRESIDING OFFICER. The Senator from Georgia.

Mr. COVERDELL. I thank the Senator from Idaho for the contributions he has made, not only here today but throughout this Congress, with regard to balancing budgets and tax relief.

At this time I yield to the distinguished Senator from Texas for up to 10 minutes on the subject of the balanced budget and tax relief.

The PRESIDING OFFICER. The Senator from Texas is recognized.

Mrs. HUTCHISON. Mr. President, I thank the Senator from Georgia for wanting to talk about this very important issue, because, as we speak on the

floor here today, I hope that the negotiations are about to come to an end and we will give the American family the first tax break they have had in 16 years.

I think it is an incredible thing to say that we haven't had a real tax cut in this country for 16 years. As hard-working Americans have tried to improve their quality of life, it just seems like their expenses have gone up so much that we now find that the spouses are working more, sometimes just to pay taxes. That is not what we want in this country. We want spouses to have the option of staying home, if they want to, and not make them work because they can't make ends meet. If we are going to continue the American dream of increasing our quality of life with each generation, we are going to have to pare Government down, balance the budget, make sure that people are not paying any more taxes than we have to have to run a Government.

I think the time has come for us to take a leadership role. In fact, that is what Congress is trying to do. We came into power in this Congress, starting after the elections of 1994, with very clear goals: to make Government smaller; to let people keep more of the money they earn; to stop talking about money in Washington as if it belongs to us, but to understand that, no, it belongs to the people who work so hard to earn it, and let's let people have that money back to spend the way they would like to, rather than the way people in Washington dictate. These are the things that we came in to do.

We are very close. I hope we will be able to close this loop by the end of this week so that the people of America will be able to feel that they have more of the money they earn in their pocketbooks, rather than writing a check to the IRS in Washington.

Fifty years ago—just 50 years ago—Americans sent 2 cents of every dollar to Washington. Today, they send 25 cents of every dollar they earn to Washington, and that is just the Washington part. If you add their State and local taxes on top of that, most Americans pay 40 percent of what they earn; 40 cents of every dollar goes to the Government.

Now, Mr. President, I think that is wrong. I think that means Government is too big, and I think the time has come to do something about it. I hope the President will agree with us, agree with the leadership that Congress is providing on this issue and has been providing for the last 3 years, to try to correct the inequity in our tax laws.

The bill that we have passed in Congress, which we hope the President will sign, will give tax relief to Americans who are paying income taxes; if they have children, a \$500 per child tax credit—not deduction, but credit. That is something that they will get right off the top—\$500 per child. If you have two children, you would get \$1,000 right off the top. That is going to cut most people's taxes in this country by a lot.

When I have asked my constituents in newspaper articles what they would like to see changed, No. 1 is death tax reform. Most people don't think that death taxes are American, because the American dream is that, if you work hard, you should be able to pass what you have accumulated on to your children to give them a little bit better start. That is the American dream. Why should people be taxed on money they have accumulated and already paid taxes on? Why should they be taxed again when they pass what they have worked so hard for to their children?

The worst thing is when their children have to sell part of the family farm, or all of it, just to pay inheritance taxes. That is not right, Mr. President, and we are trying to change that. In the agreement we are trying to get with the President, we would raise that inheritance tax credit to \$1 million. We are going to try to keep people from having to sell assets that are not readily salable, because when you tell people that family farm is worth \$500,000 or \$1 million, but they can't earn enough to feed their family or to make life better for their family, it is very hard to tell them that they have inherited \$1 million when it is land that is really unproductive. So we are trying to raise that, so that you will not have to sell equipment in a small business or a family farm that you could not possibly sell on the open market for \$1 million.

So we are going to try to make a dent in that death tax. We are going to try to make it easier for people to sell their homes, which is most people's biggest asset, without having to pay the huge taxes that they now do. We are going to try to cut the capital gains tax to 20 percent.

Today, 41 percent of American families own stock. They own stock in a pension plan or a mutual fund. That is how they are investing for their retirement security. We want people to be able to have a capital gains tax cut so that if they need to sell a stock, they will not have to pay a 28-percent tax rate on the capital gain. In fact, more than 83 percent of capital gains are reported by households with less than \$100,000 in income; 56 percent of capital gains are reported by families with less than \$50,000 in income; nearly one-third of capital gains are reported by senior citizens. This will help the senior citizens, particularly those that are having a hard time getting by. If that senior citizen could sell their home or sell their stock without being penalized so heavily, it would give them a little bit better quality of life.

We are trying to give more help to people who want to save for their retirement futures with individual retirement accounts. A lot of people say an individual retirement account is not really a retirement plan. But I want to just give you one example, because I worked very hard for homemakers to be able to set aside \$2,000 a year for

their retirement security, and they can do that now. They are able to set aside \$2,000 a year, just as those who work outside the home. I want people to know that if a couple starts, at the age of 25, setting aside \$2,000 a year per person, by the time they are 65, they will have over \$1 million in their retirement nest egg. That is a retirement plan. If a couple can just save \$2,000 a year per person, starting at the age of 25, they can have \$1 million for their retirement security. That is another reason that we want to do away with that death tax, because we want middle-income people to be able to save enough for real retirement security and not have it taxed away when they die, so that their children will not be able to have that little bit extra.

Our bill will even make IRA's better because it will make them deductible in most instances, and it will make it easier for people to set aside this \$2,000 a year. So if we can do that, if we can have a better savings rate in this country, if we can make people more secure in their retirement, if we can give a capital gains tax cut and a death tax cut and \$500 per child tax credit, not only will we have kept our promise to the American people, but we will have provided, for middle-income Americans who are working so hard to do better for their children, an opportunity in which they can say, yes, I can see the difference, I can see this tax relief. That is what we are working for in this Congress.

I hope the President will not stop us from giving tax relief to hard-working, middle-income Americans, because if he does, he will be making a great mistake for the prosperity of our country.

Thank you, Mr. President. I yield the floor.

Mr. COVERDELL. Mr. President, I thank the Senator from Texas for outlining the various important aspects of this proposed tax relief. At this point, I turn to my colleague from Michigan and yield him—how much time do I have remaining?

The PRESIDING OFFICER. The Senator has just over 4 minutes remaining.

Mr. COVERDELL. I yield the remainder of that time to the distinguished Senator from Michigan.

The PRESIDING OFFICER. The Senator from Michigan.

Mr. ABRAHAM. Mr. President, I may not use all of that time. I thank the Senator from Georgia. This is not the first time in which he has come to the floor and led a special order to discuss these issues that are now before us, which we hope will be resolved this week. I think it should be noted that, for the better part of the last 3 years, it has been with the leadership of the Senator from Georgia and the Senator from Texas who just spoke. Others have spoken today from the leadership on the Republican side, which has been advancing the cause of tax relief for the working families of our country.

As we come into the final stages of these negotiations, we are very optimistic that we will be able to realize

the objective that many of us came here to achieve: to finally bring an end to higher taxes in Washington and begin, finally, to roll back some of those taxes on the American people.

In recent years, the percentage of the Nation's income, our gross domestic product, consumed by Washington in the form of taxes has gone up and up and up. Indeed, today the percentage is virtually as high as it has ever been in the history of this country—as high as it was during World War II, as high as during Vietnam, as high as during the Depression, and as high as it has been during any of the sort of crises that you might expect to produce record levels of taxation. Today, in the absence of such crises, we nonetheless have had a tax rate reach 21 percent above the Nation's income.

So, Mr. President, the Republican efforts to reduce the tax burden are timely, they are needed, and they are on target. As the Senator from Texas just indicated, whether it is the spousal IRA or the family tax credit of \$500 per child or the growth incentives to create jobs and opportunities, such as reducing the capital gains tax rate, the Republican tax plan that was passed in this Chamber by a 80-18 vote addresses the concerns of America's taxpayers in a targeted way that will produce both a chance for working families to keep more of what they earn and be able to do more for themselves, on the one hand, and an opportunity for those who create jobs and opportunities to create more such jobs, higher paying jobs, and more opportunities as we move into the next century.

So for all of those reasons, we are optimistic that our 3-year-long effort is about to pay dividends and that, by the end of this week, with a little bit more effort, we can bring this tax cut to the American people.

To all of those who have been in the leadership of this effort, I offer my thanks because, a few years ago, I don't think anybody in my constituency in Michigan would have expected they would see their taxes go down. This week, we have the best chance in decades—literally, 15 years—to see that occur. So I want to thank and congratulate the leaders on our side who have kept the pressure on. I hope that, by the end of the week, we will achieve our goals, and I hope we will go one step further and prevent any extraneous revenues generated by these tax cuts from being used for anything but more tax cuts or to reduce the national deficit.

We just saw, as the budget negotiations began, that the revenues to the Federal Government were exceeding that which had been projected by the budgeteers in recent years. We were bringing in over \$225 billion beyond what had been projected just a few months ago. Well, I think the same is going to happen as a result of the tax cuts included in this budget resolution and in the tax bill we pass.

Mr. President, I think it is imperative that any additional revenues

raised beyond that which we expect here in Washington ought to go back to the American people, either in the form of reducing the deficit or more tax cuts for the working families. If we do that, then we can make this tax bill extra special, Mr. President, by truly making it a long-term tax reduction plan for the American people.

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

Mr. COVERDELL. Mr. President, is there any time remaining on our hour of control?

The PRESIDING OFFICER. All of the Senator's time has expired.

Mr. COVERDELL. In that case, Mr. President, I yield the floor and suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

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

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

Mr. SHELBY. What is the pending business?

CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. Morning business is closed.

DEPARTMENT OF TRANSPORTATION AND RELATED AGENCIES APPROPRIATIONS ACT, 1998.

The PRESIDING OFFICER. Under the previous order, the hour of 5 p.m. having come and gone, the Senate will now proceed to the consideration of S. 1048, which the clerk will please report.

The bill clerk read as follows:

A bill (S. 1048) making appropriations for the Department of Transportation and related agencies for the fiscal year ending September 30, 1998, and for other purposes.

The Senate proceeded to consider the bill.

Mr. SHELBY. Mr. President, I ask unanimous consent that the following list of individuals be given full floor privileges during the consideration of S. 1048: Wally Burnett, Joyce Rose, Reid Cavnar, George McDonald, Kathy Casey, Peter Rogoff, Michael Brennan, Liz O'Donoghue.

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

Mr. SHELBY. Mr. President, I ask unanimous consent that the following list also be given floor privileges during consideration of S. 1048: Tom Young, Alan Brown, Carole Geagley, and Mitch Warren.

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

Mr. SHELBY. Mr. President, I am pleased this evening to present the fiscal year 1998 Department of Transportation and related agencies appropriations bill. The subcommittee's allocation was \$12.157 billion in nondefense discretionary budget authority, and

\$36.893 billion in nondefense discretionary outlays.

The bill I am presenting today, along with my colleague from New Jersey, Senator LAUTENBERG, is within those allocations and is consistent with our determination to achieve a balanced budget. This bill will also contribute to a safer and more efficient transportation system in this country and therefore contribute to economic growth and a better quality of life for all Americans.

This bill provides \$30.1 billion for investment in infrastructure that the public uses, that is, highways, transit, airports, and railroads. That represents an 8 percent increase over the administration's request.

The bill includes a Federal-aid highway obligation limitation of \$21.8 billion for investment in our Nation's highways. This is a record high level. And \$1.63 billion above the President's amended budget request. The actual distribution of that obligation authority among the States will depend on reauthorization of ISTEA, also known as the Intermodal Surface Transportation Efficiency Act of 1991, which has provided authorization of our Federal surface transportation programs for the past 6 years and which, as the Presiding Officer knows, expires at the end of this fiscal year.

This increase of almost \$3 billion over the obligation limitation in place for this year will almost certainly mean more Federal highway spending for each of our States. I want to illustrate to Senators what this increase might mean for them even though I must caution my colleagues this evening that no one can predict now how highway funds will be distributed among the States next year.

I ask unanimous consent that this table comparing State-by-State distribution of highway obligation authority in the current fiscal year to the distribution of the highway obligation authority in our bill for the fiscal year 1998, assuming the same apportionments of contract authority among the States as this year, be printed in the RECORD.

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

U.S. DEPARTMENT OF TRANSPORTATION FEDERAL HIGHWAY ADMINISTRATION—ACTUAL FY 1997 OBLIGATION LIMITATION & ESTIMATED FY 1998 OBLIGATION LIMITATION

[In thousands of dollars]

State	Total FY 1997 obligation limitation ¹	Est. FY 1998 limitation based on FY 1997 actual apportionments	Delta
Alabama	342,557	396,091	53,535
Alaska	195,784	231,059	35,276
Arizona	244,117	285,850	41,733
Arkansas	205,115	244,592	39,477
California	1,513,221	1,801,124	287,903
Colorado	192,727	229,249	36,522
Connecticut	342,128	407,185	65,056
Delaware	74,967	89,241	14,274
Dist. of Col.	77,307	93,231	15,924
Florida	757,510	869,277	111,767
Georgia	560,549	620,305	59,756