

should have the courage to bring this nomination up and vote straight up or down. Let every Member be recorded.

I yield the floor.

Mr. MOYNIHAN. Mr. President, I rise to continue the remarks so forcefully made by our beloved chairman of the Armed Forces Committee, the Senator from Virginia, and the Senator from Nebraska, as regards the nomination before us on the calendar for the position of permanent representative to the United Nations.

I would like to make the point—and I have served in that role—that this is a Cabinet position. It has been from the time of President Eisenhower when Henry Cabot Lodge was in the Cabinet. It is one of the oldest traditions of this body that a President is entitled to and must have his own counselors. Be they right-minded or wrong-minded, they are the President's judgment and they are his responsibility.

This office is a Cabinet office of the highest importance, as the Senator from Virginia has said, in mediating urgent international issues. But there is an awesome principle. Once, almost a half century ago, the Senate did reject a Cabinet nomination of President Eisenhower. It was not a proud moment for the Senate. We have not done it since, for the good reason that we ought not to do it ever.

I plead with the Senate to respect this prerogative of the other branch. I hope I will not seem mischievous if I repeat the remarks of my friend from Nebraska who said the day may come when there is a President of the other party. And indeed that could come very shortly. I do not predict it, but that is the way we work here. That President would want to choose his Cabinet members and would be entitled to do so, for all the errors they may make or not. That is the constitutional form of government in which we live. Let us, sir, support that regime of two centuries, unparalleled in the history of democratic government, based upon this principle of the separation of powers and the President's right to choose.

I yield the floor.

Mr. WARNER. Mr. President, I thank my colleagues.

Yesterday, the Armed Services Committee had a briefing on the Balkan Task Force from the Department of Defense. I put the question to the uniformed officers: Is there a correlation between the absence of strong leadership in the U.N. and risk to our troops? Their response was a definitive yes.

I thank the distinguished Senator from Georgia.

The PRESIDING OFFICER. The Senator from Georgia is recognized.

TAX CUTS

Mr. COVERDELL. Mr. President, I recognize the distinguished Senator from Missouri for up to 10 minutes.

The PRESIDING OFFICER. The Senator from Missouri is recognized.

Mr. ASHCROFT. I thank the Chair, and I thank the Senator from Georgia.

I thank the Senator from New York for his allowing me to accommodate a previously developed schedule. When I had asked for time during this special order, I had anticipated being able to begin at about 11, so I appreciate the indulgence of my colleagues.

This morning the Senate voted on a Social Security lockbox to protect every dollar of Social Security, protect the surplus and the integrity of Social Security. We were not able to do that. We had a majority of the Senate vote in favor of it, but there is still the filibuster on the part of others who are unwilling to guarantee a vote on this issue.

The supporters of the lockbox believe the money Americans pay for Social Security ought to go for Social Security, period. That happens to be the language of the President of the United States who has endorsed that position. But Social Security taxes are only one of the many taxes, as we all know, that are placed upon the American people. Too many taxes, forms of taxation, proliferate in this place. These taxes place an enormous \$1.8 trillion burden on the American people annually. That is 1.8 trillion, trillion being a thousand billions and a billion being a thousand millions. It is more money than one can virtually imagine.

These taxes also bring in more money than the Government needs. It is amazing. What we have is a Government which is charging more in taxes than it needs in order to provide services. I find it interesting that over the next 10 years there will be a trillion dollars more than are needed to provide the services we now provide.

Normally, if you go into a store and you give them \$20 and you are buying something worth \$8, they give you change. When you pay in excess of what you need to buy the product you are getting, they give you change. I think the U.S. Government ought to do that. We ought to say: There is a surplus coming in. The people have paid more than is needed for these services. We ought to give the money back.

If a store owner came to me and said: You have bought two bottles of milk and you get some change from your \$10 bill, but instead of the change, I want to give you six more bottles of milk, I would say: Wait a second.

I think the American people want some change. They want change in the way Government is consuming their resources. I believe it is time for us to begin to address the idea that we have tax relief for the American people.

Never before in history have we paid as high a tax as we pay today—State, local, Federal taxes—and a lot of the State taxes are really disguised Federal taxes. I say that because the Federal Government forces the State governments to do things. Then the State government has to charge the people for that. The truth of the matter is, it is a mandate from the Federal Government. It is an expense occasioned by the demand of the Federal Government

through the system. And when you put all of our taxes together, they are higher than any time in the history of the country—higher than in wartime, the First World War, Second World War, Korean war, Vietnamese war, Gulf war; you name it, we are higher than ever before. Now, it seems to me we ought to be asking ourselves with whom we are at war. I had one taxpayer say to me: I think you are at war with the American people, because we are taxing them the way we are.

I think the American people deserve a break. The Republicans in Congress agree with that. We believe we should return the tax overpayment. Senator ROTH has offered an \$800 billion tax cut over the next 10 years. This tax cut is deserved; it has been earned. The American people are the ones who are responsible. This Congress didn't create the surplus. The American people earned the surplus. It is just as if you hand \$20 to the grocer and you are entitled to change; it is money you earned.

It is the same with the American people who are overpaying for Government services now, creating a surplus. It is money they earned. They earned it, and we should return it. So we should change the slogan of Washington from, "You send it, we spend it," to, "You earned it, we returned it."

I think one of the things we ought to do as we begin to provide relief to the American people is to scrub out of our system those things that are discriminatory and those things that are harmful, pernicious punishments in the Tax Code, especially punishments for things that are very important to our culture. One of those things is marriage.

I don't believe there is an institution in this country more important to the future of America than marriage. We want people to be married. We want the durable, lasting commitments of families to undergird this culture with the kind of principles and responsibilities and values that will keep us from having really serious social problems. I believe we will minimize the difficulties and trauma we have in this culture if we have strong marriages, things we need to minimize such as the tragedies we experience.

What we find out when we look at our Tax Code is, for the last several years Americans have been paying a tremendous penalty in taxes merely because they are married: \$29 billion is paid by people as a penalty to the Tax Code simply because they are married, and 21 million couples pay that penalty. It is an average of \$1,400 per couple, per year. That is over \$100 a month. Think of the food, the shoes, the schoolbooks, the entertainment that could pay for. That is at least a very nice vacation for that family. Think of the relief to families if we simply say, we are not going to punish you for being married.

It is time for us in Congress to say that among those items of tax relief,

we sure ought to be doing something about the marriage penalty. This CRS study projected that over the next 10 years the average household will be paying \$5,000 extra in taxes than it needs to pay. We ought to address that.

I think the Roth plan will return that hard-earned money to those who earned it, the American people. I urge the American people to call the Congress and urge us to give them the change they deserve, give them their money back. They earned it, and we should return it. It is time for us to get together with Senator ROTH and support an idea that he has, and get our ideas in that measure, of refunding the \$800 billion in tax overpayments that the American people are scheduled to make in just a very few years.

I thank the Senator from Georgia.

Mr. COVERDELL. Mr. President, I yield now to the distinguished Senator from Idaho up to 10 minutes.

The PRESIDING OFFICER. The Senator from Idaho is recognized.

Mr. CRAIG. Mr. President, I thank Senator COVERDELL of Georgia for asking for a special order this morning to talk about taxes, where we are with taxes in our country, and where the Senate Finance Committee and the House Ways and Means Committee are at this moment as we begin, within a few weeks, a very important national debate on reducing the overall tax burden for the American people.

For a few moments this morning, let me talk about that tax burden and try to put it in context with other times in our history when the American people cried out for tax relief and the Congress heard them and the Congress respectfully responded.

Today's total tax burden is the highest since World War II, according to the Office of Management and Budget. I know when I came here in the 1980s, the World War II tax level was always used as the index. It was less than we had to pay during the wartime tax of World War II. At that time, that was the highest ever registered in our Nation. But now we have broken that mark. I will repeat that. The OMB now says that the peacetime tax burden of the average American taxpayer is higher than it has been at any time since World War II.

Tax receipts as a percentage of the gross domestic product amounted to 20.5 percent last year, will grow to 20.6 percent this year, and will reach 20.7 percent next year.

Recently a new administration estimate predicted the largest budget surplus in the history of our country, with the highest taxes ever, and the highest budget surplus ever.

The Congressional Budget Office has confirmed this optimistic forecast.

According to the President's estimates, last year's was the largest surplus in history. It will be larger this year, and will extend for the next 15 years.

That is a lot of optimism. But even conservative economists suggest that

the budget surplus, as we now know it, is going to extend well into the future.

Over the next 10 years, a non-Social Security surplus will be at approximately \$1.1 trillion. Over the next 15 years, the non-Social Security surplus could get as high as \$2.9 trillion. Once again, these are reasonably conservative estimates on reasonably conservative growth in the Federal budget. Growing surpluses, but still no net tax cut? That is what our President is saying. Look at all of this money we are going to have to spend beyond what would be considered a reasonable level of spending at the Federal level. President Clinton won't recognize the income taxpayers' burdens, despite a \$2.9 trillion overpayment over the next 15 years.

I am not going to talk about surpluses anymore. I am going to talk about overpayment. The American taxpayer is overpaying what they should have to pay for the Government they are getting at this moment. Yet from the White House there is not one word about reasonable and responsible tax relief for the American taxpayer. That is why our Senate Finance Committee and the House Ways and Means Committee are fashioning tax reductions at this moment.

The income taxpayers' burden is the heaviest in history, in terms of a total tax burden. The personal income tax burden stands at 9.9 percent of the gross domestic product, and, that is not just the highest since World War II, but the highest ever. It is higher than the 7.9 level when the President took office. It is higher than the 7.8 level of the gross domestic product when John Kennedy, a new President, came into office, and said: Let's stimulate the economy by producing a major tax cut. Of course, we remember the history of that. It was not unlike the model that Ronald Reagan brought to office and convinced the Congress to produce a tax cut to stimulate the economy.

Our President thinks this economy is so good that you don't need to do that. That is not the issue. Our economy is strong, and we want to keep it strong, growing, and providing jobs. The way you do that is to insure that you don't drain the American public of their ability to spend for their families, and to save and invest in the growth of that future economy.

The tax burden we have today is higher than the 9 percent level Jimmy Carter left office with, which produced the tax cuts, or at least the stimulus for the tax cuts, that Ronald Reagan brought to this Congress in the early 1980s.

It is the highest level since World War II, and that was 1946 when it was 7.2 percent, and we were taxing at a high level to finance a war effort, the most major war effort ever conducted in the history of this country.

According to Clinton's own budget office, his 9.9 percent level is the highest recorded level of personal income tax receipts ever reached in the history

of this country. Clinton is the undisputed champion of personal income tax burden.

You are the undisputed champion of that personal income tax burden and not one word from you, Mr. President, on a right and responsible level of tax reduction on the highest burden ever in the history of our country.

Under President Clinton, personal income tax receipts have grown at an average annual rate of 9.7 percent. That is 75 percent faster than the economy's average annual growth rate of 5.3 percent. That is faster than the wages' and salaries' average annual growth rate of 5.6 percent. In other words, Mr. President, your tax rate increase is outstripping all levels of growth in this country—both personal and public. That is faster than personal income's average annual growth rate of 5.2 percent. That is faster than payroll taxes' annual growth rate of 5.6 percent. That is 4½ times faster than the 2 percent average annual growth rate of gross private savings of this country.

Highest surpluses in high history; highest non-Social Security surplus in history; highest non-payroll tax surplus in history; highest personal income tax receipt burden in history.

What should we do? Cut personal income taxes, is what we ought to be doing. Yet, Mr. President, not a word from you.

What about the marriage penalty that the Senator from Missouri was talking about a few moments ago? What about death tax relief? Every time I walk off from a plane in my home State of Idaho, I hear from the small businessperson, or a farmer, or a rancher, who are at a time in their lives when they want to transfer the ownership of their life's work to their son, or to their daughter, and can't because the Federal Government steps in and destroys the American dream by saying: Give me at least 50 percent of the value of the life's work, and then I will let you pass the rest of it on to your family; and, in doing that, the son, or the daughter, or the son-in-law or the daughter-in-law spends the rest of their life trying to pay once again for that business, for that farm, for that ranch, and, in the end, they have to sell it just to pay the tax.

Mr. President, please. What about the American dream? Join with us in eliminating the death tax.

The fact that we have a \$2.9 trillion surplus totally apart from Social Security means we can still protect Social Security and buy down the public debt. In addition to these things, we could cut income taxes and return income tax surpluses to the overburdened taxpayer.

Everyone can see this connection. It is not a difficult thing to understand the highest income tax burden and the highest surplus in our country's history. When I say it is easy to see, that is everyone except President Clinton. Right on this Hill, his defenders won't even talk about a tax reduction.

Clinton wants to raise taxes. Understand me. Here is the President, after all of the statistics and facts I have just given you, who brings the budget to the Hill this year, and in it are tax increases. According to the Congressional Budget Office, President Clinton's budget raises \$96 billion in new taxes over the next decade. I mean, Mr. President, where in the heck are you coming from? With surpluses unlike we have ever had before, certainly in this Senator's history, and you want to raise taxes? That is roughly a 10-percent surplus surcharge over the next 10 years on the American taxpayer.

In case you haven't forgotten, let me give you a little of the Clinton tax history. It is important the Senate understand this is a President who campaigned in 1992 on the promise to cut taxes. Then, in 1993, once elected, he raised taxes by \$240 billion. After that, in 1995, President Clinton confessed—I was not in the room at that time, but here is the quote: "People in this room are still mad at me at that budget because you think I raised your taxes too much."

His own quote: "Well, it might surprise you to know I think I raised them too much."

That is the inconsistency of this President on this issue, and now with 2 years of a budget surplus under our belt, and with \$2.9 trillion over the next 15 years in non-Social Security budget surpluses, Mr. President, join us in reducing the overall tax burden on the American people, and work with us to give a strong, responsible tax reduction to the taxpayers and to the economy of this country.

Bill Clinton breaks promises to cut taxes and makes promises to raise them.

No wonder Bill Clinton is the undisputed champion of personal income taxes.

Bill Clinton may have a choice—whether to keep his word or not, whether to raise taxes when there is a surplus or whether to veto a tax cut when there is a surplus.

For this Congress there should be no choice.

This Congress should cut taxes on the overtaxed American people.

We should do it if we had to cut spending to do it—as we have before.

We do not even have to cut spending to cut taxes when there is trillions more than is necessary to run an already bloated government.

When not one cent of this surplus comes from Social Security.

We have nothing short of a moral imperative to return the money to the taxpayers who sent it.

While it may be Clinton-able, it is unconscionable to do otherwise.

Mr. COVERDELL. Mr. President, I commend the Senator from Idaho for his very illuminating remarks.

I now yield to the distinguished Senator from Minnesota for up to 10 minutes.

The PRESIDING OFFICER. The Senator from Minnesota is recognized.

Mr. GRAMS. I congratulate the Senator from Georgia for putting together this special order on taxes. If we don't talk about it, if we don't act on it, as sure as day follows night, Washington will spend this surplus unless we do something. It is a very important issue, and I appreciate the opportunity to join in.

A few minutes ago the Senate cast another important vote in an attempt to lock away every penny of the Social Security surplus for Americans' retirement security. If enacted, this lockbox legislation would effectively end the practice of allowing the Government to spend Social Security money on other Washington "wish list" programs.

I take this opportunity also to commend Leader LOTT, Chairman DOMENICI, and Senators ABRAHAM and ASHCROFT for their leadership on this very important issue. I believe stopping the Government from raiding the Social Security trust fund is an essential first step to ensure Social Security will be there for current beneficiaries, the baby boomers, as well as their children and grandchildren. I am pleased this remains our No. 1 priority.

We will protect Social Security, preserve Medicare, and dramatically reduce the national debt, while providing major tax relief. Republicans are pleased that President Clinton agrees that shoring up Social Security and Medicare should be our Nation's top priority. But the difference is that President Clinton talks about it and Republicans are ready to act on it.

A good example is the President's commitment to work out a Social Security lockbox compromise when talking with the leadership this past Monday. Yet here we are again, another cloture vote, and no agreement. Where is the action to back up that type of commitment?

The Republicans are determined to achieve these goals. We have locked in every penny of the estimated \$1.9 trillion Social Security surplus over the next 10 years—not for Government programs, not for tax relief, but exclusively to protect all Americans' retirement.

We have been working hard to reform Medicare to ensure it will be there for seniors. Prescription drug coverage for the needy will be part of our commitment to seniors, to protect their Medicare benefits. Had the White House and the Democrats cooperated, we could have fixed Medicare by now.

We have reduced the national debt and will continue to dramatically reduce it. Debt held by the public will decrease to \$0.9 trillion by 2009. The interest payment to service the debt will drop from \$229 billion in 1999 to \$71 billion in 2009. We will eliminate the entire debt held by the public by 2012.

We have not ignored spending needs to focus on tax cuts as has been charged. We not only have funded all the functions of the government, but also significantly increased funding for our budget priorities, such as defense,

education, Medicare, agriculture, and others.

Meanwhile, Republicans are committed to providing nearly \$800 billion of the projected non-Social Security surplus—the tax overpayments of working Americans—for tax relief.

This is the largest tax relief since President Reagan and it does not come at the expense of seniors, farmers, women, children, or any other deserving group.

However, despite our healthy economy expanding our on-budget surplus, which, again, is not the Social Security surplus, President Clinton still denies meaningful tax relief for working Americans. He and his aides accuse our tax relief plan of being "dangerous" and "risky," squandering your money by giving it back to you, worried that you won't spend it right. The administration believes you are smart enough to earn your money but you are not smart enough to know how to spend it—Washington is.

He believes public opinion polls show less interest in tax relief. No wonder! How many people do you know like paying taxes and actually expect a refund? Most people have given up any thought of tax relief—but they still constantly remind me how important it is when I travel around Minnesota.

To tell the public they don't deserve tax relief is just plain wrong. The Bureau of Census just released a report last week that finds 49 million hard-working Americans—nearly one person in every five—lived in a household that had trouble paying for their basic needs.

They are going further into debt each month trying to make ends meet. Credit cards are charged to the limit. They need tax relief.

What's even more shocking, Mr. President, is that not all of these 49 million are underprivileged people, over 8 million Americans are from middle-class families, families that earn more than \$45,000 a year.

Let me repeat, Mr. President, a significant number, 8.1 million, to be exact, of middle-class and well-off families today have difficulties making their ends meet. They even have trouble paying rent, medical bills or other basic daily needs. A family night at the movies, a dinner out, braces, piano lessons are often out of reach to average income families.

Mr. President, this is not my data, nor is it data from think tanks. This is the data produced by the government of the United States.

Some experts attribute this financial hardship to lack of savings, which is true, but there is much more.

Our personal savings rate has dropped from 9.4 percent in 1981 to only six-tenths of a percent last year. This year the government reported that the rate actually dipped below zero for the first time since the Great Depression.

In fact, in the past 70 years, including the Great Depression, our savings rate has dropped as low as it is today

only twice before. The personal savings rate has remained low for more than a decade, and net personal savings other than pensions have virtually disappeared over the past ten years.

But why? My answer is that government tax bites have been getting bigger and more cruel. Americans have been struggling to pay basic bills. After paying Uncle Sam and paying for basic family needs, there is nothing left for working Americans to save, or for money even to provide for the basics.

Americans should be able to save for their future, but they also should be able to pay for what most of us here take for granted—the family's night out, the lessons, camps, etc.,—the things that improve our quality of life. Tax relief can improve the quality of life of middle-class American families.

Mr. President, I remind you the total tax burden on working Americans is at an all-time high. The government's own data shows that the average household pays \$9,445 in federal income taxes alone—twice what it paid in 1985.

Federal taxes take a huge bite out of Americans' hard-earned paycheck and consumes about 21 percent of the national income, the highest proportion since World War II. And it's still growing. Total taxes from all levels of government—federal, state, and local taxes—stand at a record 32 percent of national income.

Mr. President, according to the Census report, the income of the average American family has grown only 6.3 percent in constant dollars between 1969 to 1996. However, federal tax revenue increased nearly 800 percent during the same period of time.

Studies show that if government spending in this country had remained at the 1960 level, the average income of an American family of four, even accounting for inflation, would be \$23,000 higher today than it is. That could certainly improve the quality of life for those families.

The tax burden has become even more excessive since 1993. Over the course of President Clinton's administration, Washington's income has grown faster than our economy and twice as fast as the income of working Americans. In fact, federal taxes have grown by over 54 percent. That's nearly \$4,000 a year more per person.

Because of the unfair tax system, millions of middle-income Americans who have worked hard to get ahead have been pushed from the 15-percent bracket into the 28-percent bracket. Hundreds of thousands of others have been pushed from the 28-percent bracket into the 31- and 36-percent brackets. No one can escape this growing tax burden, not even low-income and minimum wage workers.

Since payroll taxes are levied against everyone, as low-income and minimum wage workers work harder and earn more, their payroll taxes also increase, taking a huge bite out of their hard-earned dollars that are most needed to keep families above the poverty line.

As a result, Americans today are working harder and longer but taking less home. A larger share of the earned income of working Americans is siphoned off to Washington, and isn't available to spend on family—not Washington—priorities. No wonder working Americans have trouble making their ends meet. No wonder they cannot save for emergencies. No wonder they work two or three jobs but still cannot get ahead.

President Clinton himself at one time admitted that Americans were taxed too much. But he still refuses to return the tax overpayments back to them because he does not think working Americans will spend it right. Instead, President Clinton has decided he will spend much of the surplus for his own government programs.

President Clinton and some of our Democratic colleagues insist we should have Social Security and Medicare first before we have tax cuts. In my view, this is nothing but an effort to deny working Americans tax relief.

Republicans have saved Social Security and have tried to create interest in Medicare reform. Tax relief only detracts from the need to spending more to bring home the bacon for many of our colleagues on the other side. Even after we've set aside and protected \$2 trillion for Social Security and Medicare, he and my Democratic colleagues in the Senate still insist the tax relief is unachievable.

Over the next 10 years, the federal government will collect over \$22.7 trillion in taxes. Excluding the Social Security tax surplus, the government will take \$17 trillion from Americans' paychecks while it needs only \$16 trillion to operate the government. In other words, the average U.S. household will pay approximately \$5,307 more than the government needs over the next 10 years, according to the Congressional Research Service.

One question we should ask ourselves before we decide how to spend any non-Social Security surplus is where the budget surplus comes from. Do we have a budget surplus because the government is spending less or because it is taking more of our money? The CBO has showed us precisely where we will get our revenues in the next ten years. The data indicates that the greatest share of the projected budget surplus comes directly from income tax increases, primarily from the capital gains realizations and increase of effective income tax rates.

Clearly, Mr. President, as I have argued repeatedly our revenue windfall did not just fall from the sky, nor has it come from any belt tightening in Washington. It comes directly from American taxpayers.

Again, my point is, Mr. President, that this non-Social Security surplus is nothing but tax over-payments. It is the American taxpayers' money and it should be returned.

Like the Chairman of the Federal Reserve Alan Greenspan, my biggest fear

is that if we don't give the non-Social Security surplus back to the taxpayers, Washington will soon spend it all. Such spending will only expand the government, making it even more expensive to support in the future, creating an even higher tax burden than working Americans bear today and a higher federal debt. That's why Chairman Greenspan says "If we have to get rid of the surpluses—I would far prefer reducing taxes than [increasing] spending, and, indeed, I don't think it's a close call."

Major tax relief as we have proposed will help all Americans keep a little more of their own money. It will give middle class families relief from the tax squeeze. It will help farmers and small business owners pass their hard-earned legacies onto their children. It will help to reduce self-employed medical costs, and correct the injustice of the marriage penalty tax. It will encourage working Americans to save and invest more. It will reward people who work hard to get ahead. It will benefit all Americans and ensure our economy continues to grow. But more importantly, it will give working Americans more freedom to control their own fate and decide what's best for themselves and their families. This is exactly what President Clinton and our Democratic colleagues fear will happen. They simply cannot let go of their misconceived belief that higher taxes and more government spending are the best answers to America's challenges. That's the fundamental difference between the two parties. That is what this debate on tax relief is all about.

The PRESIDING OFFICER. The Senator from Georgia.

Mr. COVERDELL. Mr. President, I thank the Senator from Minnesota. I appreciate his accommodating the somewhat tight schedule. The remarks he made are very pertinent to what we are going to be hearing a lot about over the next 3 weeks.

I now turn to the distinguished Senator from Colorado for up to 10 minutes.

The PRESIDING OFFICER. The Senator from Colorado is recognized.

Mr. ALLARD. Mr. President, I thank the Senator from Georgia, Mr. COVERDELL, for leading the discussion this morning on the need to have tax cuts for all Americans. I agree with my colleague from Missouri, Senator ASHCROFT, and his call to action. He said: Americans have earned it; Uncle Sam ought to return it.

I agree with my colleague from Idaho, Senator CRAIG, who pointed out that right now Americans are facing the highest tax burden since World War II. I also would like to associate myself with the comments of my colleague from Minnesota, Senator GRAMS, who says we can save Social Security, we can pay down the public debt, and we can still provide tax cuts for Americans. My colleague from Kansas, Senator BROWNBACK, will probably talk about the need of cutting taxes for the benefit of American families.

These are all very good points on why we should cut taxes. In talking with my constituents in town meetings across Colorado, one thing I hear in every meeting is that Congress should cut taxes. The legislature in the State of Colorado, and the Republican Governor in the State of Colorado, have heard the same message. This year there were some major tax cut provisions for the people of Colorado. The Governor of Colorado, Governor Owens, has pointed out that he plans on making another major tax cut for the people of Colorado next year. They recognize that government is receiving a windfall with our good economy, and we ought to cut taxes to give people the power to determine how they want to spend that money.

The government in Colorado or the Government in Washington should not be spending those dollars. The power really does belong with the people, not with the government in Colorado or, particularly, with the Government in Washington, DC.

People of all ages, professions, and positions in life believe they send too much of their paycheck to Washington. I happen to agree with that. Taxes are currently at a record high level. According to the Tax Foundation, Tax Freedom Day, the day in the year to which the typical American family must work to pay their combined Federal, State, and local taxes, was May 11 this year. This is the latest day ever, but it is hardly surprising in light of the fact that the combined effective tax rate is also the highest ever. When you add in the cost of Government regulations, Americans did not finish paying for the cost of Government until June 22nd. I believe Congress should downsize Government and return power to the States, localities, and individuals.

Part of the effort to downsize Government must also include a tax cut. I believe Americans should be able to keep more of their own money. American workers already pay 38 percent of their income in taxes, which is more than they spend on food, clothing, and housing combined. For the average family, this translates to a large percentage of their paycheck going straight to Uncle Sam.

A tax cut means they could keep more of their money to use for their priorities, not Washington's priorities. Some families may choose to use that money for a downpayment on a house, others, for education, and other families will now have the money to work fewer hours and spend more time together. The important point is, they know their own family needs and we, in Washington, do not.

I realize some question the wisdom of tax cuts. We always hear from those, sometimes I think louder than we do from others, except when it comes to election time, and then their voice is heard. They believe the budget cannot be balanced or Social Security cannot be saved if they return taxpayer

money. However, according to a recent Congressional Research Service study, there will be an additional \$800 billion on budget surplus over the next 10 years, even after assuring that all our obligations to Social Security and Medicare have been met.

The study also found the average household will pay \$5,000 more in taxes than the Government needs to operate over the next 10 years. This money belongs to the American people. We must refund the excess in the form of tax cuts and not spend it. At the very least, we should reduce the excessive recent growth of the Federal tax burden.

During the Clinton administration, Federal tax receipts have increased by over 54 percent. Tax revenues have grown twice as fast as our economy and twice as fast as economic growth for working Americans. Clinton tax hikes have left each American \$4,000 per year poorer, yet the President is not done. His budget for Fiscal Year 2000 proposes \$96 billion in new taxes. Congress should reject new taxes and new spending in favor of meaningful tax relief.

In conclusion, I point out that it is time we return Government money to its rightful owner, and that is the American people.

I thank the Senator from Georgia for allowing me to join with him and my other colleagues in the Senate to deliver this very important message.

The PRESIDING OFFICER. The Senator from Georgia.

Mr. COVERDELL. Mr. President, I know our time has been scheduled to conclude at noon.

The PRESIDING OFFICER. The Senator has 14 minutes remaining.

Mr. COVERDELL. Do I have 14 minutes remaining? Thank you.

Mr. President, let me, first of all, thank all of these speakers. In their own way, each pointed out the effect of a circumstance in which working American families are paying the highest taxes they have ever paid. These numbers begin to back into each other, but if you get down to the bottom line, what we are talking about is that American workers today are keeping just over half their paycheck—about 52 cents. If they kept two-thirds of their paycheck, which I think everybody in the country would agree at a minimum would be appropriate, they would have about \$7,000 a year in their checking accounts.

We have just spent a fierce week of debate arguing about how people deal with prescription drugs and the Patients' Bill of Rights and the needs of American families. The problem is, we have taken so much out of those folks' checking accounts they do have to start looking to some other place to take care of these problems. Obviously, if every working family had \$7,000 more in their checking accounts, the problem of a \$2,000 drug bill or an additional educational requirement could be facilitated.

We have created, by these enormous tax levels, massive pressure on American working families. I will give you two immediate manifestations of what this does, and there are many.

One of them is that American families this year, for the first time, have a negative savings rate.

In other words, they are in the red in terms of the amount of money they are saving each year. The reason is, if somebody—the Government—goes into their checking account and takes over half what they make, there is not enough left to save. In fact, there is not enough disposable income left to do what that family is supposed to do. Education, housing, transportation, and health needs are all impaired because we have taken those resources and moved them away.

There are people in this city who believe they can make better decisions about where that money ought to go. If you are interested in tax relief, economic relief, leaving those funds in those families' checking accounts, you are a person who believes they make a better decision about what they need, they make a more efficient decision, they make a more intelligent decision about what the requirements are in that family than some bureaucrat buried in the basement of one of these buildings in Washington, DC.

They know whether they have a special education problem. They know whether they can afford and need more health insurance or not. They know whether or not they have a housing requirement or transportation requirement.

There is absolutely no way this city, despite all the intellect, can figure out what are the specific needs of an individual family. The best thing we can do for middle America, the best policy we can enact, is to get more resources into their checking accounts. They worked for it; they earned it.

If Thomas Jefferson were here today, he would faint that we had come to the point where nearly half the resources of working families are sent off to the Government. If he woke up, he would be furious that this condition had ever been imposed. So American families are not saving.

Also, we have the highest bankruptcy rates in contemporary history. Why is that? Once again, it is a reaction to all the pressures we put on working families across the country. We are taking too much of their paychecks and moving those resources away from them to Washington for others to decide what to do with it, leaving those families without the resources necessary to do what they have always done for America.

Mr. President, I am going to conclude. I know there are several other Senators who have remarks to make on other subjects.

In my judgment, there is no single policy more deserving of our attention than that of focusing on how to lower the highest tax levels in American history, how to return resources to the

checking accounts of our average American families so they are empowered to do the things they need to do to make America great.

There are three pillars of American freedom. One is economic opportunity, the second is safety of persons and property, and the third is an educated mind. We have ratcheted down economic opportunity to a point where it is changing the behavior and the way Americans function and act. It is robbing them of the dreams and the visions that have been such a special part of America.

This is the time, the perfect time, for us to be conscious of this, to leave those resources in those checking accounts and empower those families to build not only their family, their community, but their Nation, the United States of America.

I yield the floor, and I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. BUNNING). The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. KERREY. 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. KERREY. Mr. President, first of all, I did not hear everything the Senator from Georgia said. As I understand it, he was talking about income tax cuts; is that correct?

Mr. COVERDELL. That is correct.

BIPARTISAN SOCIAL SECURITY REFORM ACT OF 1999

Mr. KERREY. Mr. President, the Senator from Georgia does not have to stay for this, but I agree with the fundamental principle the Senator from Georgia laid out. I may come at it slightly differently.

There have been a lot of arguments about income tax cuts and why they are needed. I call to my colleagues' attention, one of the biggest reasons is the total amount of taxes we are currently taking from the American people which totals 20.7 percent of U.S. income. That is the highest it has been since 1945, and it continues to go up.

I believe we need to measure and look at that very carefully as we decide how much in taxes we are going to take from the American people. I put myself on the side of I believe at least the fundamental principle about which the Senator from Georgia talked. There are many ways to cut taxes, and I want to talk about one way to do so this afternoon.

I rise today to talk about the introduction of a bipartisan bill called the Bipartisan Social Security Reform Act of 1999. It is the only bipartisan, bicameral—it has been introduced in the House as well—Social Security reform bill, and it is the only bill that can claim to cut taxes, cut programmatic costs, leave current retirees' benefits untouched, and it substantially in-

creases the benefit checks of women and low- and moderate-income workers. This reform plan is a reform plan for all generations.

First, in our bill, current seniors—those who are eligible either for the old age, survivor, or disability benefits who have not had time to financially prepare for benefit changes—will not face any benefit cuts.

Second, current workers—the baby boomers and the generation Xers—will participate in a modernized and strengthened Social Security program. Our proposal gives all current and future workers a 2-percentage point payroll tax cut which they can invest in individual investment accounts. That is a \$928 billion tax cut over the next 10 years.

Indeed, as I will illustrate with my presentation, what Congress should consider, when we consider the payroll tax, is do we want to take that payroll tax and pay off the national debt.

I favor a substantial debt reduction. Under our proposal, instead of going all for debt reduction, that \$928 billion will be accumulated as an asset in 137 million working American households. That will add to the net worth of American working families. It is, in my view, a preferable way of dealing with the payroll taxes. It gives the baby boomers and generation Xers who have time to plan under our proposal not only a payroll tax cut, but it gives them an opportunity to invest in their future. At retirement, these workers will receive the traditional monthly benefit check. We preserve not only the old age benefit, but we preserve intact the survivor and disability benefit. This traditional defined benefit will be supplemented by the retirement wealth they have accumulated in their individual savings accounts.

Third, future workers—that is, those who are born after 1995—will not only get to participate in individual savings accounts, but they will get to start saving for their retirement at birth through our bill's KidSave account program.

Through KidSave accounts, all children will be given a stake in the American economy and a chance to build substantial retirement wealth at the same time. Each child born in the United States will receive \$3,500 to invest in their retirement. When a child takes his or her first job, he or she will be able to contribute 2 percentage points of their payroll tax to the KidSave account.

Not only is this a plan for all generations—it is a plan for all income levels. Our plan has something for every wage earner. It will result in substantially higher benefit checks for low- and moderate-income workers. It will result in substantially lower taxes for high-income workers, and it has a combination of higher benefits and lower taxes for middle-income workers.

I have brought with me some examples of how real Nebraskans would be affected by our legislation. These

charts compare Social Security benefit checks under current law with Social Security benefit checks under the Senate bipartisan Social Security reform plan.

The first example is a friend of mine by the name of Verner Magnuson, a retired farmer from Oakland, NE. This chart says, 75-plus. I do not think Verner would object to me telling you he was born in 1915. So Verner obviously is an individual who says: Well, what do I benefit from additional savings? He is exactly right. He does not have time to save and benefit from the buildup in cash that can occur by taking advantage of compounding interest rates.

So under current law, Verner receives a benefit check of approximately \$1,500 per month. Under our bill, his check will be exactly the same, \$1,500—and it will continue to grow with inflation from year to year. We make no adjustment in Verner's CPI nor in anybody's CPI over the age of 62.

The second example shows an Omaha resident and the divisional social services director for the Salvation Army, Linda Burkle. Linda, who has a relatively high income—although she may object to that description—demonstrates how higher income individuals will experience somewhat lower monthly benefits under our Social Security plan—at least during the transition period. These temporary benefit reductions for high-income people will only occur until the new Social Security program—that is to say, with individual accounts—is fully phased in. At that point high-income people will not experience reductions in overall benefits. These are temporary benefit reductions for higher income people, and they will only occur until a new program with individual accounts is fully phased in.

You can see from this chart that a baby boomer with a low or moderate income will still have a higher income benefit in our plan than under current law. A moderate-income worker, for example, will receive a monthly benefit check of \$673 under current law. Since Linda will become eligible to retire for old-age benefits in 2020, her benefit check will not reflect the large benefit cuts that are expected to occur in 2034 under current law.

I will not spend a great deal of time on this point, but one thing we all need to understand is if we do not change the law, people who are under the age of 45, under current law, according to the trustees of the Social Security Administration, will experience a 25- to 33-percent cut in benefits. Ask them. If any citizen doubts that, call the Social Security Administration. If you are under the age of 45, call them up and ask them: What will my benefits be unless Congress changes the law? And they will tell you that your benefits are going to be cut 25 to 33 percent.

I have listened to my colleagues from time to time who say: Gosh, it is not going to run out of money until 2034,