

I yield to the distinguished Senator from North Dakota.

Mr. DORGAN. Mr. President, will the Senator yield for a question?

Mr. HOLLINGS. Yes.

Mr. DORGAN. Mr. President, yesterday on NPR's "Morning Edition," Kevin Phillips, a Republican author and commentator, had some interesting comments, and I wonder if the Senator from South Carolina had an opportunity to hear this Republican commentator discussing the House of Representatives tax cut.

Tax bills often deal with Pie in the Sky. The mind boggling ten-year cuts passed late last week by the House of Representatives however deserve a new term: Pie in Stratosphere.

He points out that the top 1 percent would get 33 percent of the tax cuts; the bottom 60 percent get only 7 percent of the tax cuts.

I thought the last paragraph of this Republican commentator was interesting:

We can fairly call the House legislation the most outrageous tax package in 50 years. It's worse than the 1981 excesses, you have to go back to 1948, when the Republican 80th Congress sent a kindred bill to President Harry Truman. Truman vetoed it, calling the Republicans bloodsuckers, with offices in Wall Street. Not only did he win reelection, but the Democrats recaptured Congress. We'll see if Bill Clinton and Albert Gore have anything resembling Truman's guts.

This is from a Republican commentator. He points out the amount of these tax cuts extending 10 years into the future, by economists who predict these surpluses; economists who can't remember their phone numbers and their home addresses are telling Americans that in 3, 5, 10 years in the future we will have big surpluses. What do we do? The House of Representatives says: Give most of the surpluses back to 1 percent of the people.

A Republican columnist, Kevin Phillips, says it is the most outrageous tax package in the last 50 years.

Can the Senator from South Carolina comment?

Mr. HOLLINGS. I will comment, too, on what the Senator from Illinois discussed about the lockbox and why we can't talk. We couldn't talk about lockbox, and we couldn't get cloture for the simple reason they would not allow my amendments. I gave them notice. I sent a "Dear Colleague" letter to all Senators. I said, No. 1, I will put in a true lockbox. It was worked out with the Social Security Administration. Ken Apfel, who used to work with me when I was chairman of the Budget Committee, is now the Social Security Administrator. The only way to get a true lockbox is to not double the counting and say, I saved it, but then spend it. On the contrary, actually require the Secretary of the Treasury to deposit those amounts each month, place the Treasury bills you have to issue for the debt of Social Security back into the Social Security trust fund.

Somebody says: Wait; what are you going to do with that money? Do ex-

actly what all pension reserves and insurance companies do: Keep it there—what we did for 35 years, from 1935 to 1968, until this changed in 1969. I was going to put a cap on the debt. They think it is a surplus. Say whatever the debt is as of September 30th, in 2 months' time, cap it off. Say that can't be exceeded. Put that limit there and find out who is telling the truth.

They are talking surpluses. I am saying it is deficits. It is debt increases.

Also, cut out the monkeyshine. The distinguished Senator from New Mexico and I had challenged the late Senator Chiles when he was chairman of the Budget Committee and he started using different economic assumptions. We lost on appeal of the ruling of the Chair, but we came around with 301(g) and wrote in the Budget Act that you couldn't have the new economic assumptions different from those in each particular budget resolution. These are the things we wanted to put in with respect to getting truth in budgeting when we passed Gramm-Rudman-Hollings back in 1985.

We have gone totally astray—the White House, Republican and Democrat, the news media—until this morning. That is my point. I thank the Wall Street Journal, I thank the Washington Post for finally reporting some of the truths out here. If we can't level with the American people, no wonder they are talking about "what kind" of tax cut. They all want to pay down the debt. When they use the expression, "pay down the debt" or the "public debt," it doesn't pay any debt at all.

Those T bills come due during the next 10 years and are not renewed. In the meantime, while they are not being renewed, the debt is transferred over to Social Security and other trust funds, so we owe Social Security this very minute \$857 billion; by the year 2009, we will owe Social Security \$2.7 trillion. Then they talk not only of surpluses but saving Social Security, how we have extended the life of Social Security, when we have actually bankrupted the blooming program.

Mr. President, \$2.7 trillion by 2009; we get to 2013, when they really need the money, and it will be over \$3 trillion. What Congress will find \$3 trillion to start paying the benefits? This is serious business.

I see the distinguished Senator from Wyoming.

Mrs. BOXER. Mr. President, I have one question.

The PRESIDING OFFICER. All time has expired.

Mrs. BOXER. I ask unanimous consent for 2 additional minutes.

The PRESIDING OFFICER. Is there objection?

Mr. ENZI. Reserving the right to object, our side hasn't had 1 minute of debate on this; the other side has used up 45 minutes.

Mrs. BOXER. I ask for 2 additional minutes so that the senior Senator may answer a question.

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

Mrs. BOXER. Has the Senator heard from his people that they are clamoring for the tax cuts? Has he heard from his people who are earning in the high dollar amounts, and who will benefit from this, that they want the tax cuts?

Someone earning \$800,000 a year is going to get back \$22,000 a year, and someone earning \$30,000 gets back \$100 bucks. Are the phones in his office ringing off the hook with people asking for these tax cuts and to forget about Social Security and Medicare?

Mr. HOLLINGS. I thank the distinguished Senator and will limit my time so the Senator from Wyoming can take the floor.

The answer is, no, the phone is not ringing off the hook. I had this in the campaign for reelection last year. I put in a value-added tax in order to retire the deficit and the debt. Of course, I was called "High Tax Hollings." I said, rather than tax cuts, we ought to get rid of the national debt and the waste of interest costs of \$1 billion a day. I was reelected.

We have the most Republican of all States. South Carolina is the most conservative of all States.

Somehow the truth is coming around to the American people, or at least to the Washington Post and the Wall Street Journal as of this morning. I thank them for that.

The PRESIDING OFFICER. The Senator from Wyoming.

TAX RELIEF

Mr. ENZI. Mr. President, I thank the Senator from South Carolina for his comments. As the accountant in the Senate, I appreciate when others join in the debate about the accounting issue, that if there is a surplus, why is the national debt going up? It is a very simple test. It is printed in the RECORD.

It is our duty to be sure there is good accounting around here; that we aren't keeping two sets of books; that we aren't borrowing the best of each world. The articles mentioned, I point out, said everybody is involved in this. The President is even accepting the best of both worlds so that things can be done this year rather than future years when a more accurate surplus shows up.

The best anybody is estimating now is \$3 trillion in surplus. This is supposed to be a true surplus after Social Security. We are almost \$6 trillion in debt. Even if all the surplus went to debt, we would still be \$3 trillion in debt. That is a lot of money.

However, what we are talking about today isn't whether it is true surplus or not. We are not talking about spending down the national debt. We are talking about spending versus tax relief. Taking away from tax relief by the Democrats isn't with the intent of paying down the national debt. It is to put the money into new programs. We already have programs not adequately funded

in this country. We have programs we have dedicated ourselves to in the past that are not adequately funded.

We keep hearing ideas from the other side. We all have ideas about how to spend our money. We hear the ideas for new spending programs, which we will also inadequately fund. However, it is spending versus tax relief.

If Members are confused, it is confusion in the rhetoric just heard: spending versus tax relief. We are saying there will have been a true overpayment of \$3 trillion. That is an overpayment of your tax money.

Do you want that spent on new programs, or do you want to get some of it back? That is the issue.

If we are truly talking about paying down the national debt—Senator AL-LARD and I have a bill that calls for paying off that national debt. It does not call for just paying down the national debt, but it calls for paying off the national debt over a 30-year period just as you pay a house mortgage. We are all familiar with that. It has been talked about on this floor this morning. It would pay it down like a house mortgage with 30 years of payments.

How do we do that? We take \$30 billion of that a year, plus the interest we save by paying down the debt, and we pay it off over a 30-year period. It does not have all the pain everybody talks about, but it is something we owe to future generations. It was not the future generations who spent the money; it was us. We have an obligation to start the payments. We are buying a house for future generations, and, yes, they will have to make some of the payments on it because it extends over 30 years. But we can pay off the national debt, and we can do it and still have money to do some of the other things.

There is a bill that will put that on 30-year payments. I hope the people will pay a little bit more attention to it while we are touting paying off the national debt. That should be an important factor for us. That is not what the debate is about. The debate is about spending versus paying back overpayment of taxes.

I listened to these 45 minutes of speeches that preceded me, and it appears to me the Democrat definition of wealthy is anyone who pays taxes: If you pay taxes, you ought not get any back; we just have to worry about the poor.

Everybody in this country gets something from the Government—everybody. As we look at the other people, sometimes it appears as if they are getting more, but everybody gets something from the Government. We are in a situation in this country where almost half the people do not pay taxes. When that slips over half in a democracy, in a republic where we vote for our elected officials, what will be the sole source, the sole reason, for that vote? Whether we pay taxes or not. There will always be some paying taxes, and those who pay the taxes

when there is an overpayment ought to receive some of their money back.

The President has been saying he wants to save Social Security first, that he wants to extend the life of Medicare second, and let me—it is a little confusing what comes third; I think it is spending and then tax relief.

I have listened to two State of the Union speeches where the message was: Save Social Security first. I am still waiting for the plan, a true plan. I have seen the plan where money is taken from Social Security and put into the trust fund and then a check is written for spending, and all the trust fund winds up with is IOUs. That is the way it has been, it is the way it is, and it is the way the President wants it to be.

You can take that money and, instead of putting it back into regular spending, you can put it back into Social Security. This is the greatest pyramid scheme that has ever happened. You can show where you get that trust fund up a couple trillions of dollars, and it is just by spending the money in the trust fund and putting it back in again. It is the same money being counted time after time. We cannot put up with that. That is not true accounting. That is what we have been talking about this morning. That does not save Social Security.

We do have a crisis coming up in Social Security. There are at least five plans on Social Security. The best of each of those plans can be combined into one, and we can save Social Security first.

Medicare is extremely important. There are a lot of people relying on it. Do my colleagues know what the biggest debate in Medicare is these days? How we can spend more money, how we can include more people, include more benefits. And we are still leaving those people who are really counting on Medicare dangling. We have a trust fund that we are spending. It is revolving, too. We have to quit doing the IOUs.

There is something else that is a little misleading on this tax policy. This is not a Republican plan; this is a bipartisan plan which passed out of the Finance Committee. If my colleagues will check the Washington Post that everybody seems so intent on quoting this morning, they will find a guest editorial by BOB KERREY who explains why the tax relief package is important and why he voted for the tax relief package. It is a bit more complicated than anything I am interested in, but every Senator does not get his own way on a tax package, and I am willing to recognize that.

Again, we need to save Social Security, we need to strengthen Medicare, we need to take care of debt reduction, and I have already suggested a way that might be done. There is a bill that will do that relatively painlessly over a 30-year period. I do hope that, instead of going into a whole bunch of new spending programs, some of which are very new and not well thought out, we

will look at tax relief for every American taxpayer as the money is available, and that is giving a tax break to those who are paying the tax.

I also want to talk about small business and individual death relief. It is a big issue in my part of the country. Most of Wyoming is small businesses. Those small businesses are sometimes retailers, sometimes manufacturing, quite often they are ranches and farms.

Let me tell you what happens when the head of household dies. The IRS estimates the value of his property—estimates it. I have not heard anybody saying that those estimates are low. They estimate the value of the property, and that family sells off part of the land or all of it to pay that tax debt. If one sells off a part of a ranch or a farm, quite often what they are left with is not economically viable. In fact, in the current economic situation there is a lot of question about the economic viability of the future of our family farms and ranches. There is tremendous concern for that.

We also have this death tax we impose by IRS estimates at the time of death. If I were involved in the Finance Committee final decisions on these things, the way I would work that is not to have an estimate at the time of death. Instead, I would have the real value at the time there is any sale. If that stays in the family, it keeps the same basis it always had and they do not have to estimate it. When the property is sold, when the business is sold, you are not eliminating an economically viable business at that point in time. At that point in time, you are just collecting the revenues for a true value on a sale. There are other ways that can be enhanced, and I hope in an incremental way they will be.

I see the Senator from Texas is here. I have joined her in working on marriage tax penalty relief, a grossly unfair situation in the United States. We are not putting our tax policy where our mouth is. We are saying we want stronger families in this country, and then we are penalizing marriage. We cannot have that.

There are a number of changes that need to be made in our tax policy. When I came here, I was very naive. I anticipated that Senators sat down in little groups and talked about policy like this and then crossed outlines and added words and came up with bills on which people agreed. I am a little disappointed in how much cross-communication there is here.

I congratulate the Finance Committee for the work they did on this tax package. It is a bipartisan tax package. I hope people will work to improve it, that they will work not only on the Senate side but they will work on the other side of this building. Often it looks to me as if we have more conflicts between the House and Senate than we have between Democrats and Republicans.

When one is listening to the rhetoric on whether we are going to spend,

which is the reason for not doing tax relief, or do tax relief, pay attention to the debate, and, yes, my colleagues will hear some dissension among the Republicans, probably because we understand taxes and want to come up with the best possible plan, the best possible way to deal with any overpayment that comes up.

I thank the Chair and yield the floor.

Mrs. HUTCHISON addressed the Chair.

The PRESIDING OFFICER. The Senator from Texas.

Mrs. HUTCHISON. Mr. President, I thank my colleague from Wyoming for talking about the tax cuts and why we need them because we heard a lot of debate this morning about that very issue.

I think we are getting down to the core issue between how the Democrats on their side of the aisle would spend taxpayer money and how the Republicans would spend taxpayer money.

I think you can tell right off the bat what people are going to think about tax cuts by how they describe them. When they talk in terms of: How much is it going to cost us to give tax cuts to the American people, right away you know they believe the money you earn belongs to them.

We believe the money you earn belongs to you. We do not think we have a choice to take that money and go spend it on some program that you may or may not like. But if you had the choice of whether to spend \$500 to take your children on a vacation or to make a car payment or to save for a downpayment on a home, or a program that may or may not affect you, most people would rather make the decisions themselves.

So let's talk about some of the issues that have been raised this morning.

First of all, if I heard "reckless" one time, I heard it 100 times this past weekend. Let's talk about "reckless." We have \$3 trillion estimated as our surplus. Let's talk about how we are going to spend that, and let's see if it seems reckless.

We are going to set aside 75 cents of every dollar of the surplus for paying down debt, for strengthening Social Security, for spending on Medicare, education, and other sources. That will be 75 cents on the dollar to pay down debt, strengthening Social Security, strengthening Medicare, and other spending items.

And 25 cents of every dollar is going to be given back to the people who earned it. So 75 percent to pay down debt; 25 percent given back to the people who earned it.

We are not a corporation. We do not have a choice of what to do with profits. We take just as much money as we are going to need to fund legitimate Government programs and services. That is what governments do. Anything left over goes right back to the people who earned it.

Right now, the people of our country are paying more in peacetime taxes

than ever in our history. They deserve to have some of that money back. Many families have two income earners just to cover the taxes so they can keep their quality of life for themselves and their children. We want them to have the quality of life they choose, not by taking taxes from them but by letting them decide how they spend the money they earn.

I am reading a headline in the Washington Post that says: "Clinton's Plan Appeal to Women on Tax Cut." They make the argument that we are not going to do anything for Medicare, and if we do not strengthen Medicare it is going to hurt women the most because they live longer.

I agree with the premise that women live longer, and cutting Medicare so that it is not there for them would hurt women the most, but that is not what the Republican plan does. The Republican plan does set aside the money for Medicare.

I would ask the President, when he is talking about strengthening Medicare, why he chose to disregard his own Medicare trustees and the bipartisan plan they supported that would have strengthened Medicare on a bipartisan basis and would have given prescription drug help to those who need it that was agreed to by both sides of the aisle in Congress; and yet the President walked away from that Medicare reform. Today he is saying our plan does not help Medicare, when he had a chance to help Medicare and he walked away from it—a bipartisan effort of Congress to save Medicare.

I do not think the President can have it both ways.

Let me tell you what our tax plan does for the women of our country.

No. 1, we eliminate the marriage penalty tax. If a policeman marries a schoolteacher, they owe \$1,000 more in taxes to the Federal Government because they got married. The highest priority the tax cut plan has is to eliminate that penalty. I would say that is very good for the women of our country because they are often the ones who are discriminated against with the marriage penalty tax. We are going to correct that with our tax cut plan. I think that is good for the women of our country.

No. 2, I have introduced a bill for the last 3 years that would allow women who leave the workplace and have children and decide to raise their children, either 6 years before they start school or even 18 years if they decide to, when they come back into the workforce they would be able to buy back into their pension plans as if they had not left.

You see, women are discriminated against in our country, in the pension system especially, because they are the ones who live the longest and they have the lowest pensions. They have the lowest pensions because women are the ones who have children and who stay home to raise them for at least part of the early years, and they never

get to catch up under the present system.

I commend Senator ROTH for making that a priority in the Senate tax cut bill, that we would stop discrimination in the pension plans of women in the workforce by allowing them to catch up.

So I think we have done a lot for women. We are setting aside the money to strengthen Medicare; \$500 billion over 10 years for added spending on Medicare, education, defense. We need to have that cushion—\$500 billion.

In addition to that, we set aside all of the Social Security surplus—every single penny. We fence it off for Social Security because that is the No. 1 concern, and it is the No. 1 stabilizing force for the elderly in our country. That is the first priority in our whole plan. Also, \$2 trillion goes directly to Social Security reform and stabilization. That will be fenced off.

The other \$1 trillion we want to divide among spending increases and tax cuts. We believe it is a balanced plan. We believe the American people deserve to have back in their pocketbooks the money they earn in order to make the decisions for their families. Also, we have been especially attentive to trying to bring equality for women back into the system.

It is the Republican Congress that gave women the right to contribute equally to IRAs. Before we had our tax cut plan 2 years ago, women who didn't work outside the home could only set aside \$250 a year for their retirement security; whereas, if you worked outside the home, you could set aside \$2,000 a year. That has gone away. We have equalized women who work outside the home and women who work inside the home with our IRA spousal opportunities.

Now we have to go back and help them on pensions, too. That is where the lion's share of the stability is for our retired people. It is in their retirement systems. That is where women have been hit the hardest because it is women, by and large, who have the children and who will stay home and raise them. I applaud the men who do this, and I appreciate them, but by and large, it is the women who do it. When they come back into the workforce, they are penalized by not being able to have the opportunity to buy back into their pension system so they will have stability when they retire.

Our bill does target women. It is a balanced bill. It saves Social Security. It contributes to more Medicare. It allows for added spending, and it gives tax cuts to the working people who earn this money. We don't own this money. The people who earn it own it. That is the difference I ask the people of our country to look at as we go through this debate.

Listen to how people talk about tax cuts. If they talk about what it costs the Federal Government, then they don't think your money belongs to you. If they talk about it in terms of how do

we best give it back to the people who own it, then you know we are looking out for the hard-working American who owns the money and wants to do his or her fair share to contribute to government but isn't looking to finance a landslide.

Mrs. BOXER. Will the Senator yield for a question on the amount of money that a person who earns \$800,000 a year gets in a tax break compared to the person who earns \$30,000? Will she answer that question?

Mrs. HUTCHISON. Yes, I will answer that question because the Senator from California raises a good point. You have to look, in an across-the-board tax cut, at what people are paying in taxes. A family of four who makes \$30,000 doesn't pay taxes. I am glad they don't.

Mrs. BOXER. They certainly do pay taxes. Under your plan, they get back \$121 of their hard-earned income. Under your plan, the \$800,000 person gets back \$22,000. If you earn a million, you get back \$30,000. I think when the Senator says hard-working Americans, she is talking about, in their plan, hard-working, very wealthy Americans, unfortunately, leaving out the bulk of the people.

Mrs. HUTCHISON. Actually, I think the Senator from California is overlooking the fact that everyone gets an across-the-board tax cut. In fact, in the Senate plan, it is weighted toward the lower levels because you only have the 1-percent decrease in the 15-percent tax rate.

The average person who pays hundreds of thousands of dollars in taxes is going to receive about \$400 in tax relief in the Senate plan. The House plan is different. The House plan gives 10 percent across the board based on how much you pay, which I think is fair. I think everyone should get the benefit according to what they have paid.

The Senate plan is very heavily weighted. I am surprised the Senator from California would oppose something that does help people at the lower end of the scale.

Mrs. BOXER. I say to my friend, read the CBO estimate. If you earn \$30,000, you get back \$121. That is it. If you earn \$800,000, according to CBO, you get back an average of \$22,000.

Mrs. HUTCHISON. How much does the person pay at \$30,000, and how much does the person pay at \$800,000?

Mrs. BOXER. They pay sales taxes. They pay income taxes. I say to my friend, this bill is so unfair to the average working person that the wealthy people get back twice as much as someone working full time on the minimum wage. I look forward to this debate.

Mrs. HUTCHISON. I look forward to the debate as well. I think it is very important that we give across-the-board tax cuts, and I think everything that we can give back to the people who earn it is something I am going to support.

Mr. ALLARD addressed the Chair.

The PRESIDING OFFICER (Mr. ENZI). The Senator from Colorado.

Mr. ALLARD. Mr. President, I thank my colleague from Texas for her remarks, and I also thank the two Senators from Wyoming for their remarks this morning regarding tax cuts.

Our economy has been doing well. It is an unprecedented time of economic growth. Whenever our economy does well, everybody does well. People who are poor do well. You can break it out to any type of economic group you want, but everybody does well because the total tide comes up.

I happen to believe our economy is doing well because we have worked hard in the last decade, decade and a half, to hold down taxes, to reduce the regulatory burden, and to promote good economic growth.

The last effort by the Republicans in the Congress to make sure we continue to have good, strong economic growth in this country was when we dropped the capital gains rate. Nobody is talking about the profound impact that reducing the capital gains rate has had on this country's economic growth. Historically, every time we have dropped capital gains, whether it was during the Kennedy administration or whether it was during the Reagan administration—in some cases, I have seen that happen in my own State of Colorado—revenues to the Federal Government increase.

Today tax revenues to the Federal Government are at a historic high. There is a windfall. There is more money coming into the Federal Government than any of us would have imagined. I think we need to give back some change to the American people. It is their money. They worked hard to earn the money. Consequently, I think they should be the primary recipient of a windfall.

The people of Colorado were blessed because a Republican legislature, with a Republican Governor, returned dollars that came in unexpectedly as revenues to the State of Colorado. They returned it to the taxpayers of Colorado, the people who earn the money, who pay taxes. I happen to think my State of Colorado, under their leadership, has set a great example for the country. I certainly hope this Congress will move forward with a meaningful tax break that will make a difference in people's lives.

We hear a lot of figures thrown around here on the floor. We just heard an example of some of the numbers that had been thrown around this morning and then this afternoon about what is happening to our budget.

We have figures that have come out of OMB. We have figures that have come out of CBO. Let's just take one agency so we are comparing apples with apples and oranges with oranges. I don't think it is fair to pick some of the figures out of OMB and then some of the figures out of CBO and make comparisons. We need to go with one agency.

Let's make a comparison between what the President has done with his

plan and the Democrat Party, and what the Republican leadership is pushing for. Let's take the figures from the Congressional Budget Office and see what they look like, comparing the President's budget with what the Republicans are putting together and what they would like to see happen for the future of America.

The President's budget, as reported in the latest report issued by CBO, on July 21, 1999, would leave a public debt of \$1.80 trillion in 2009. When you compare that to the Republican proposal, it is over \$200 billion higher than the amount left under the congressional budget resolution and the tax cut.

Let's look at the President's budget in terms of the total surplus under CBO's scoring. CBO says the President's budget saves just 67 percent of the total surplus. Now, that compares to a 75-percent saving of the total surplus by the congressional budget resolution and tax cut on the Republican side. President Clinton's budget contains \$1 trillion in new spending. I think this issue is really more about spending than about taxes. The President wants to have the money so he can continue to spend more and more. We have heard from the big spenders. They would much rather increase spending than cut taxes. I think we ought to cut taxes instead of increasing spending.

President Clinton's budget, again, contains \$1 trillion in new spending. That is 25 percent larger than the Republicans' \$792 billion reconciliation tax cut. President Clinton's budget increases taxes by \$100 billion over the next 10 years, according to the CBO report, in contrast to the largest middle-class tax cut since Ronald Reagan that is being offered by the Republicans. President Clinton's budget spends the Social Security surplus, the off-budget surplus, for fiscal years 2000, 2004, and 2005 by a total of \$29 billion. Now, that is in contrast to the congressional budget resolution and tax cut where the Social Security trust fund is not raided at all in any year.

Even Democrats don't agree necessarily with their own President on his obsessive stand against tax cuts. I can think of one problem to which a Democrat, a friend of mine with whom I serve on the Intelligence Committee, who also happens to be on the Finance Committee, refers. He says: "To me, cutting taxes when we have \$3 trillion more coming in than we forecast in the neighborhood"—he is talking about his \$800 billion tax proposal—"is hardly what I call an outrageous, irresponsible move."

Some of the Members of the Senate on the other side who have been talking this morning are talking about more spending as opposed to wanting to cut taxes. They say they are willing to run on that agenda. I am willing to take our agenda as Republicans and put it up against what the President is proposing in his plan for the American people. This Republican Congress, I

think, has the right message and has the right approach for protecting the future of America.

I think this is great. I am willing to brag about the fact that we protect every cent of Social Security's \$1.9 trillion surplus in every year, which adheres to the spending agreement reached with the President in 1997. It also leaves \$277 billion to finance emergencies and other priorities, like Medicare and prescription drugs, or simply additional debt reduction, yet still proposes returning \$792 billion of the \$1 trillion personal income tax overpayment to the taxpayers—I will run on that. I would be glad to run against any Democrat who would come up and say that he supports the President's plan which proposes to increase taxes by \$100 billion over the next 10 years, a plan that, despite the largest Federal budget surplus in history, wants to increase taxes, wants \$1.1 trillion more spending than a Congress which is adhering to the 1997 budget agreement, which raids Social Security for \$30 billion over the next 10 years, which retires over \$200 billion less in public debt than the Congress, and which would still not provide a single cent in net tax relief, despite a \$1 trillion personal income tax overpayment.

I would be glad to run on that. It amazes me that as we get closer to the election, more and more of the debate gets to be toward cutting taxes. But when we are out from the election, then people criticize Republicans. Other Members in this body, on the other side, criticize Republicans for trying to do the responsible thing and recognize that the windfall that is coming into the Federal Government, the windfall that is coming into the States, actually belongs to the people. They are the ones who worked hard and the ones who earned it.

I want to come down on the side of many of my colleagues on the Republican side who have argued for a tax cut. I think we can do that and pay down the debt. As Senator ENZI mentioned in his comments earlier this morning, we can do both. We can pay down the debt. We can provide for a tax cut, and that is the responsible thing to do. To say that the responsible thing to do is more spending, I believe, is irresponsible.

I want to let it be known that I am strongly in favor of a tax cut, and I am strongly in favor of paying down the debt. I believe we can do both.

I yield the floor.

ORDER OF PROCEDURE

Mr. BAUCUS addressed the Chair.

The PRESIDING OFFICER. The Senator from Montana is recognized.

Mr. BAUCUS. Mr. President, I understand the other side had time, which would expire at 12:30, but I don't want to cut into that time.

The PRESIDING OFFICER. The other side has 4 minutes 5 seconds left.

Mr. BAUCUS. Mr. President, if the Senator from Colorado is not going to

use that time, I ask unanimous consent to speak for the remaining 4 minutes.

Mr. ALLARD. Mr. President, if he asks unanimous consent to be allowed to speak for 2 minutes, I will be glad to yield that time.

Mr. BAUCUS. Mr. President, I ask unanimous consent to speak as in morning business when the Senate reconvenes at 2:15, for 15 minutes, and that Mr. SESSIONS be allowed to speak for 12 minutes as in morning business immediately following my remarks.

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

RECESS

The PRESIDING OFFICER. Under the previous order, the Senate stands in recess until the hour of 2:15 p.m.

Thereupon, the Senate, at 12:27 p.m., recessed until 2:17 p.m.; whereupon, the Senate reassembled when called to order by the Presiding Officer (Mr. INHOFE).

The PRESIDING OFFICER. The Senator from Montana is recognized.

THE TAX "SURPLUS"

Mr. BAUCUS. Mr. President, when the tax reconciliation budget comes before the Senate tomorrow, I plan to offer an amendment which will provide for a lockbox on the Social Security surplus; that is, all the payroll tax surplus that would otherwise go to the Social Security trust fund would be locked into that trust fund. The amendment also provides that one-third of the onbudget surplus be set aside for Medicare.

Why am I doing that? Very simply, Mr. President, because I believe that as we leave this century and this millennium and as we move into the next century and the next millennium, we are faced with a historic opportunity to make decisions that are going to either correctly or incorrectly affect lots of Americans.

What do I mean? Very simply this. A little history first:

About 18 or 19 years ago, after the 1980 elections, this Congress passed a very large tax reduction bill—very large—proposed by the President and passed by this Congress.

What happened as a consequence of that very large tax cut in 1981? I think all commentators will agree—at least a vast majority of commentators will agree—that it caused the deficits in this country to shoot up and the national debt to rise. That tax cut was accompanied by a big increase in defense spending. I am not going to quarrel how much that increase was correct or incorrect. But the agreement is—and by far most people agree—that as a consequence of that action deficits rose dramatically.

If we add up the annual deficits beginning with President George Washington and continuing every year through all the Presidents in American history, up through and including

Jimmy Carter, they total about \$1 trillion.

In 1988, when Congress passed a tax cut, what happened? The national debt shot up. Why? Because deficits shot up. The national debt in 1980 was about \$1 trillion. Twelve years later, the national debt was about \$5-, \$6- or \$7 trillion. It increased \$4- or \$5 trillion, from \$1 trillion to \$6- or \$7 trillion in that 12-year period—a huge national debt—and we are paying interest on that national debt in the neighborhood of \$267- to \$280 billion a year. That is what happened.

What did Congress do? It passed two tax increases. The Republican President, Republican Congress, passed two tax increases. There was a significant tax increase in 1982 because the deficits were going out of sight and, in 1984, another tax increase with the Republican President, Republican Congress because the deficits were still going out of sight. That is what happened in the 1980s when Congress was tempted and succumbed to the get-rich-quick siren song with huge tax reductions. That is what happened: instant gratification. However, the future kids and grandkids paid for it in the national debt increase. We passed on the burden and gave it to ourselves, saddling the future with the burden. That is what we did in 1981, pure and simple.

In 1999, what happened? Through a lot of factors, including the Democratic President and the Democratic Congress in 1993, we enacted a large deficit reduction, half tax increases and half spending cuts. Economists agree, as a consequence of that, the national deficit started coming down. The debt starting coming down.

That is not the only reason the debt started coming down. The economy was doing pretty well. Interest rates were down, probably because the market saw the President was going to get a handle on spending and handle on the deficit because the deficits were so high. With increasing technology and globalization, American firms became much more competitive in competing in world markets. The American economy did very well in the last several years as a consequence of all those factors. Incomes have gone up, payroll tax revenues have gone up, and income tax receipts have gone up.

What does that mean today? In 1999, we are projecting a \$3 trillion surplus over the next 10 years. Mr. President, \$2 trillion of that is payroll tax revenue increases, which we all agree will go to the Social Security trust fund; \$2 billion of the \$3 billion comes from payroll taxes, and we all agree it will go to the Social Security trust fund. That leaves \$1 trillion in the surplus. That \$1 trillion is generated by income tax receipts.

The question before the Congress is: What are we going to do with that \$1 trillion? That is the question. As we are poised to move into the next millennium, I say we ought to make careful decisions about that. We better not