

income over \$100,000, who only have to pay taxes on the first \$76,200 of income, but to American families earning less than \$25,000—40 percent of all households—it is a tremendous bite. The total payroll tax paid by an individual earning \$25,000 per year and his employer is \$3,825. This is several times greater than their income tax bill. For those who propose spending the Social Security tax surplus to enhance Social Security or Medicare benefits, it is worth noting that the lowest 40 percent of American earners pay more than 40 percent of the benefits for both Social Security and Part A Medicare. And those are the individuals most apt to be uninsured.

Barrier No. 4 is the burden of debt.

Consumer debt has a major impact on a household's ability to save. According to the latest SCF, households earning less than \$25,000 annually bear the most significant burden of debt compared to their income. The median ratio of debt payments to income among those earning less than \$10,000 is 20.3 percent; among those earning \$10,000 to \$25,000, the ratio is 17.8 percent. In fact, 32 percent of those making less than \$10,000 pay more than 40 percent of their income in debt payments, an increase of 16 percent since 1995. About 20 percent of those making between \$10,000 and \$25,000 devote more than 40 percent of their income to debt payments. Finally, 15.1 percent of households with less than \$10,000 of income had debt payments 60 days past due—a doubling since 1995—which not only reflects an inability to keep up with debt payments but also contributes to bad credit and an inability to purchase a future home, etc.

The Federal Government's publicly-held debt also has an indirect impact on the ability of workers to save. As a major borrower, the Federal Government increases interest rates. Higher interest rates lower private capital formation, which in turn hampers growth in productivity and living standards. In addition, higher interest rates on government debt translate into higher interest rates on mortgages, student loans, and credit card debt. When individuals pay higher interest rates, fewer resources are available for saving and investing.

With all of these barriers to wealth accumulation, what can we, as lawmakers, do to eliminate these barriers? I believe the answer is twofold. We must create new savings incentives for low and moderate income workers and we must create a mandatory savings mechanism for all workers.

A number of legislation initiatives have been offered to help low and income workers save. For years, Senator LIEBERMAN has championed an effort to expand Individual Development Accounts beyond a pilot program. IDAs are a way to encourage lower income folks to save for the purchase of a home, the establishment of a business, or education.

President Clinton has offered an interesting plan to get low and moderate

income families to participate in employer pension plans through a government savings match program. While Senators GRAHAM and GRASSLEY and Representatives PORTMAN and CARDIN have offered comprehensive pension reform proposals designed to expand pension coverage among low income workers.

I, along with a bipartisan group of Senate and House Members, have introduced a Social Security reform plan that allows workers to put a portion of their FICA tax dollars into individual savings accounts. Our plan also calls for an additional government savings match program for low income workers. In addition, our plan calls for opening mandatory savings accounts at birth through the KidSave program.

What would this plan do? Fifty years from now we would have a much different wealth distribution situation in America. Men and women who today have no chance of accumulating real wealth would accumulate the kind of wealth that provides them with meaningful financial security. A new generation of Americans would be heading toward their retirement years less dependent on government transfers for health or income. If this plan were enacted, it would immediately change Americans' attitude towards saving on account of informing tens of millions of the power of compounding interest rates.

Sadly, critics of this proposal to help low income workers acquire assets and share in the growth of the American economy too often misdescribe the impact. The key line that is used in opposition is: "I am against privatization of Social Security." This line will usually produce a round of applause with senior groups who would not be affected by any of the proposals. Even sadder, these critics are also the same ones who prefer to merely offer solutions that include transferring more income and thereby increasing dependency on the Government. I do not believe proposals that merely transfer more income will solve the problem of inequitable distribution of wealth.

Ownership of wealth is a much more reliable way of becoming financially secure in old age than promises by politicians to tax and transfer income. Ownership of wealth produces greater independence and happiness. The maldistribution of wealth, the rich getting richer and the poor getting poorer, is not healthy for a liberal democracy and a free market economy such as ours. The costs of financing health and retirement income needs of the baby boom generation exceeds the tax paying capacity of the generations that follow them.

So, Mr. President, after we have spent time debating the need to solve the problem of income inequality we need to turn to the matter of wealth inequality. And when we do we will quickly learn that we will not solve the problem of the rich getting richer and the poor getting poorer by beating up

on the rich. We will solve the problem by lifting the poor out of poverty with programs that enable them to accumulate wealth in a variety of ways including modernizing and improving the Social Security program so that it becomes a means of saving money and a mechanism for transferring income.

I yield the floor.

The PRESIDING OFFICER. The Senator from Iowa.

Mr. GRASSLEY. Mr. President, I yield 1 minute of my time to the Senator from Idaho.

The PRESIDING OFFICER. The Senator from Idaho is recognized.

AIDAN MICHAEL CRAIG

Mr. CRAIG. Mr. President, at the end of the day, we are going to be adjourning for the Easter recess, or at least that is what is anticipated at this time. This Easter recess is going to be a special time for me because I am going home to Idaho to see a new grandbaby I have not yet seen, except by pictures that have been transmitted through the Internet.

His grandmother has already been out there to hold him in her arms. Both Suzanne and I are extremely excited that our son Mike and his wife Stephanie have provided us with a beautiful new grandbaby called Aidan Michael Craig.

We have already enjoyed the excitement of grandmother and grandfatherhood, and now we have one more extension of that. This coming week, I am going to have that unique privilege that only comes with being a grandparent; that is, to hold that grandbaby in your arms. This Easter recess is a special time for me. I wanted to share with all of my colleagues in the Senate that it will be a joyous time for both me and my wife Suzanne.

The PRESIDING OFFICER. The Senator from Iowa.

Mr. GRASSLEY. Mr. President, I yield myself such time as I may consume off the time allotted to this side of the aisle. We have 44 minutes remaining; is that right?

The PRESIDING OFFICER. The Senator is correct. The Senator from Iowa is recognized.

REDUCING TAXES FOR MARRIED COUPLES

Mr. GRASSLEY. Mr. President, I take this opportunity, at the start of debate on this important bill to reduce taxes for married couples by eliminating the marriage tax penalty, to give some reaction to comments made from the other side of the aisle yesterday. My reaction probably should have been given last night, but the environment at that time was such that other Members wanted to speak on issues other than the marriage tax penalty, so I did not take advantage of the opportunity. It would have been more appropriate for me to respond to the Senate minority leader and other Members

of the other side of the aisle last night so it would be more in context.

These comments are in regard to our efforts to repeal the marriage tax penalty and also to clear up some of the inaccurate and misleading statements made by the other side of the Senate.

We heard the charge made yesterday by the minority leader that, in passing this bill, we are going to be dipping into the Social Security surplus. Of course, that is going to be the Democratic mantra from now on, even though it is not the truth. Our own budget document is evidence of it not being our intent. Knowing the other side is salivating at trying to make this bogus political charge stick, we have been very careful in making sure we stay within the \$150 billion in tax relief authorized in the budget resolution that will be before us later today in the form of the conference committee report on the budget for the year 2001.

By carefully staying within these limits, we aren't touching one cent of Social Security money. That is important because people know the irresponsibility of Congress from 1969 until the Republican majority of Congress, the first Republican majority in both Houses of Congress in 40 years, finally got the job done of balancing the budget with decisions made in 1997. For the first time in 43 years, we are paying down on the national debt 3 years in a row. The budget we are going to adopt this afternoon for the year 2001 will be the fourth year, and we will be paying down \$177 billion on that off the debt in the budget year 2001.

Regardless of what the members of the other side of the aisle say, this marriage tax penalty bill we are going to pass to reduce taxes for the average married couple by \$1,400, because they will no longer get hit with the marriage penalty, fits into the budget and doesn't use one cent of Social Security money to accomplish our goal of justice for middle-class married families in America.

Now, we also heard the misleading charge yesterday that we in the majority are trying to dictate what amendments the Democrats could offer. All we have been trying to do is to bring some order to this process so we can get this bill, which even the President of the United States says ought to pass. In his State of the Union Message, he asked us to pass a bill eliminating the marriage tax penalty. So, yesterday, they said we were trying to dictate amendments. Well, during that discussion, we asked if second-degree amendments could be in order to the Democrats' first-degree amendments. We were told absolutely not. So the Democratic side is doing as much dictating as anyone. If we can be accused of complaining about the amendments they want to offer and objecting to it, then they have no right to deny us the opportunity to offer second-degree amendments to their amendments.

In fact, the assistant minority leader stated that his caucus was in lockstep

behind the minority leader. Well, that is simply part of the problem. The other side does walk in lockstep against reform in an attempt to paint this Congress as a do-nothing Congress. Funny, isn't it, how when Democrats brag about being in lockstep and unanimity behind their leader, somehow that isn't being partisan. But if Republicans were to vote in lockstep behind our leader, they would say we are being very partisan.

So, again, it seems as if we have a double standard that is not quite justified. Maybe my accusations should be directed more toward the press and media than the other side of the aisle and their statements. But it seems so often if Republicans are together, we are being partisan. But if Democrats are together, they aren't being partisan. As I have followed the stories on this in the press for the last 2 days, I haven't seen any charge of partisanship by the media toward the other side of the aisle. But, boy, I bet we Republicans would be painted as partisan.

Unfortunately, for the other side, this Congress has already made substantial progress and will continue to do so, and they will never be able to label us as a do-nothing Congress. I wish, though, that we had a few independent thinkers on the other side of the aisle, as we do on our side of the aisle, and not the lockstep following of leaders to the extent which it is. All I have to do as a Republican is proudly point out the independence of Senator McCain on this side of the aisle to show that there are Republicans who are independent and do not always follow in lockstep. It would be nice if there were a few "Senator McCains" on the other side of the aisle who were willing to break ranks and be very independent.

A couple of the amendments the Democrats want to offer deal with prescription drugs. Of course, these are political amendments. We Republicans have already set aside \$40 billion in our budget to deal with Medicare and prescription drugs. All we need to do is have people on that side of the aisle—as there are bipartisan Medicare reform proposals with prescription drug provisions in them—get behind some of these bipartisan approaches and get the White House behind them. We will be glad to move on those within the \$40 billion we have set aside in our budget to deal with Medicare reform and prescription drugs because we all know this problem has to be solved. We know that some seniors can't afford prescription drugs. Some seniors have to choose between food and drugs. That is not a choice they should have to make. And we have, consequently, taken the initiative in our budget and have \$40 billion for that. Now all we need is a little bit of cooperation from the other side of the aisle, following on what one or two on the other side of the aisle have attempted to do with Republicans, to move a bill along in this effort. But the White House happens to be dragging its feet.

Now, I think the insinuation is, from the amendments being offered on prescription drugs, that we don't see this as a problem and that we don't want to solve this problem. They aren't telling the truth.

Another amendment they have asked us to look at deals with the taxation of Conservation Reserve Program payments to farmers. The Internal Revenue Service—as they so often do in their infinite wisdom but lack of common sense—is trying to impose Social Security taxes on these payments. Of course, this is the Clinton-Gore administration that is doing this to the farmers of the United States. These taxes hadn't been opposed until the Clinton-Gore administration started imposing them through the IRS. And now we have a Democrat amendment to overturn what the Clinton-Gore administration is doing to the farmers on the CRP payments. So why don't the people on the other side of the aisle just call up President Clinton and Vice President Gore and ask them to order their own IRS to drop this silly new interpretation of the law because right now we have the Vice President going around the country saying how much he is willing to help the farmers of the United States and, Lord only knows, they need help with prices at 25-year lows.

Well, I guess help came after he invented the Internet because I haven't seen any help in this area since this has been in the courts in the United States. Now we have the Clinton-Gore IRS beating up on farmers with this new tax. Now, there is nothing wrong with the tax being offered from the other side of the aisle, trying to correct this; but it seems to me that there are other ways this could be handled.

Yesterday, we also heard what was really a political attack, that this tax relief is somehow a "risky tax cut scheme." How come from the other side of the aisle all we ever hear about is "risky tax cut schemes"? We don't hear about the risky spending schemes that are offered by the White House or by the other side of the aisle. All you have to do is go back to State of the Union Address on January 2000 and listen to the President of the United States propose 77 new spending programs—77 new spending programs. Somehow, there is shock on the other side that we want to let the people of this country keep their hard-earned money rather than running it through the Treasury in Washington, DC.

Now, there is a certain amount of good economic freedom argument you can give that is very philosophical about why the working men and women of America ought to spend more of their own money and send less of it to Washington just so they can have the economic freedom to do with the fruits of their labor and their minds what they want to do. But there is also a pretty good economic argument for not running any more money than is absolutely needed through Washington,

DC. That is because money spent through the Federal budget does less economic good—in other words, it turns over less times for the economy—than money spent by individual taxpayers and working men and women of America. All one has to do is look at the defense budget. The defense budget produces a lot of expensive items. But once they are made, those items are not used for producing wealth. They serve a good purpose for our national defense. But they don't turn over any more money in our economy.

We come to these risky spending schemes of this administration with 77 new programs, and we have tax cuts before Congress. Being at the highest level of taxation in the history of our country, at about 21 percent of gross domestic product, if we allow the President, through those 77 risky spending schemes, to build up to that level of expenditure at 21 percent, then when we have a downturn in the economy, the spending is going to stay up here and the income is down here. Then you have another budget deficit; whereas, if we continue the pattern of the last 50 years of taxing at about 18.5 to 19 percent of the gross domestic product, then over the historical average there will be less chance of a deficit.

We want to let the working men and women keep more of their money and keep our historical level of taxation at about 18.5 to 19 percent. We do not want the extra money that is now coming into the Treasury to be eaten up by these 77 risky spending schemes of this administration.

I feel compelled to correct a statement made by my democratic colleague from Illinois. My colleague stated that the Republican marriage penalty bill would require 5 million more taxpayers to pay higher taxes. My colleague stated:

Here's the kicker. They don't want to talk about they have drawn their bill up so that five million Americans will actually pay higher taxes. . . . Take a look around the corner—five million Americans end up paying higher taxes under the alternative minimum tax. So now isn't that something?

This is simply incorrect. According to the Joint Committee on Taxation there would be no increase in any taxpayer's overall tax liability as a result of this bill.

In fact, the bill attempts to correct an AMT problem for millions of taxpayers. According to Joint Tax, in the year 2010, 9.2 million tax returns will benefit from the AMT provision in the bill—this includes 6.5 million joint returns and 2.7 million other individual returns benefiting from this bill. This is a worthy goal, and we should do what is right.

According to Joint Tax, in 2010 approximately 1.5 million joint returns benefiting from the AMT credit extension will become AMT payers under the bill. However, as I just mentioned, Joint Tax estimates that the bill would not increase any taxpayer's overall tax liability.

The record must be set straight—no one will pay higher taxes as a result of this bill.

My friends on the other side of the aisle have rejected a request we made yesterday to allow a debate solely on the marriage tax penalty relief. The Senate leader has offered 10 relevant amendments, including their alternative marriage tax penalty proposal. The other side has rejected this offer. The other side claims they want to debate other issues—talk about issues other than tax relief.

Either way you slice it—by what the Senate minority has done or by what they claim—they evidently don't care about marriage tax penalty relief itself.

Senate Democrats could live with a focused debate when it applied to the education savings accounts a month ago, March 2, and ending the Social Security earnings limit for seniors over 65, which only a few weeks ago, on March 22, was passed by the Senate.

However, now when it comes down to marriage tax penalty relief, our colleagues and friends on the other side of the aisle say no. Why? What has changed compared to these other two tax bills? Why were those other items only a few weeks ago so much more important than this bill that would help over 40 million families? The bill before the Senate will help 40 million families. They want to debate other issues, so they are holding up the marriage tax penalty bill.

Imagine the hue and cry Democrats would raise if the shoe were on the other foot—if we were debating these other issues and we demanded to offer marriage tax penalty amendments.

The House has acted. The Finance Committee has acted. The Senate should now act. However, it can't because the Democrats are obstructing this legislation like in-laws on a honeymoon.

We have been more than fair. We have said this is a debate on marriage tax penalty relief—offer any amendment you want that related to this bill and we will give you a debate and a vote on it. Any amendment—up to ten of them.

How many relevant amendments did the Democrats offer yesterday? Less than half of their ten addressed this issue. By my generous calculation that means that they only half care about marriage tax penalty relief.

In the House, it was not this way. Forty-eight Democrats across the Rotunda voted for marriage tax penalty relief. It was bipartisan over there. Why can't it be bipartisan here? Democrats here are seeking to make this a highly partisan Senate.

So the Senate must wait and over 40 million American families will have to wait. Every couple who suffers under this marriage tax penalty, which has existed for 31 years, must wait further. In a sense, everyone is going to have to wait while the other side of the aisle obstructs this tax relief effort.

This is tax week across America. America's families are hunkered down over their kitchen tables figuring out their tax forms. Isn't it time these taxpayers get a break from the most unfair part of this process, the provisions that tax them at a higher rate just because they are doing what is right and are married?

I want to give them that break. My colleagues want to give them that break. However, my Democrat colleagues don't want to give them that break. In fact, they don't want to even give them a debate or a vote on this very important issue.

I urge the Senate to go to the final debate on this and pass it before we adjourn this week. I yield the floor.

THE PRESIDING OFFICER. The Senator from North Dakota.

TAXES

Mr. CONRAD. Mr. President, as I listened to my colleague, I thought some things said required a response.

As we look back at how we achieved balance in our budget and how we turned massive deficits into massive surpluses, let me explain how it was done. This chart covers 1980 through 1999. The blue line is the outlays or expenditures of the Federal Government; the red line is the revenue line. We had massive deficits when we were following the Republican economic prescription for the country, which was trickle-down economics, because the outlays far exceeded revenues. The result was massive deficits and massive growth of the debt.

In 1993, we got a new administration and a new economic plan. We passed a proposal without a single vote from the other side that reduced spending as a percentage of our national economy and raised revenue. That is how we balanced the budget. That is how we stopped the raid on Social Security. That is how we stopped the economic decline the country was experiencing under their plan, under their proposal.

In fact, at the time we passed the new budget plan in 1993, which was a 5-year plan reducing the deficits each and every year as we brought spending down, we brought revenues up until the two lines crossed and we moved into surplus. Our friends on the other side of the aisle said it was a huge mistake. They said it would increase the deficit. They said it would increase unemployment. They said it would increase inflation. They were wrong on every count. They were not just a little bit wrong, they were completely wrong.

Now they come with a new economic prescription to go back to the bad old days—back to debt, back to deficits, back to decline. Are we going to take that path? Haven't we learned anything about what works? Haven't we learned the best course is one of fiscal discipline? Haven't we learned the best course is to stay on this plan that has turned massive deficits into massive surpluses, that has led to the longest