

take over Hong Kong Telephone. Hong Kong voted them out.

I ask unanimous consent to have this article dated July 19 printed in the RECORD.

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

DUTCH STATE TO SLASH KPN STAKE
(By Kirstin Ridley and Matt Daily)

LONDON/THE HAGUE, July 19 (Reuters)—The Dutch government may slash its 43.5 percent stake in Dutch carrier KPN Telecom to just over 20 percent as part of a global share issue slated for the fourth quarter, an industry source said on Wednesday.

KPN is hoping to raise around 15 billion euros (\$14 billion) from the issue, with about four billion slated for third generation mobile investments in Germany, the Netherlands and Belgium and 10 billion for the government, the source said.

The Dutch state had hoped to raise around nine billion euros from its current auction of UMTS licenses. But with only five major contenders for five licenses, analysts say earlier estimates look for too high, and some now believe the licenses might only fetch around three billion euros.

That shortfall for government coffers could now be made up with the KPN share issue.

The Dutch Finance Ministry, whose large KPN stake was blamed for prompting Madrid to help derail Dutch merger talks with Spanish carrier Telefonica in May, said only it would take part in the stock issue "in a big way".

"We can't say the percentage (of our stake that will be sold in the issue) * * * but we are going to participate in the offering because we have said in the long-term we would get rid of our stake," said Finance Ministry spokesman Stephan Schrover.

The Dutch government has said it will have sold its entire KPN stake by 2004. But it has so far given no timing details, and news of the share issue sent KPN's stock plunging.

It ended 7.3 percent lower at 42.87 euros, valuing the company at around 44.2 billion euros.

The industry source also noted that a listing of KPN Mobile, KPN's cellphone business which is 15 percent-owned by Japanese mobile phone giant NTT DoCoMo, was "pencilled in" for next February or March. It was delayed from an earlier proposed date of September, 2000, due to the planned KPN share issue.

KPN EYES BELGIAN BUY-OUT

Meanwhile KPN, which is seeking to buy the 50 percent it does not own in Belgian mobile phone group KPN Orange, is likely to offer its current joint venture partner France Telecom around one billion euros for its stake.

France Telecom has to resolve questions surrounding its 50 percent stake in KPN Orange, which it inherited from its takeover of British mobile phone company Orange, for regulatory reasons because it holds a competing Belgian cellphone operator.

KPN will raise the 15 billion initially through a short-term bridging loan, which it will pay back swiftly from the issue.

For bankers say KPN would risk compromising an implied mid investment grade credit rating if it sought to raise a long-term loan of that size. Any credit is strictly conditional on prompt pay-back through the share issue, they say.

The issue will be aimed at institutional investors around the world and at private investors in the Netherlands, Germany and the United States. ABN AMRO Rothschild, Gold-

man Sachs International and Schroder Salomon Smith Barney will act as joint global coordinators.

FRESH SPANISH TALKS?

News that the state is cutting its stake could pave the way for fresh merger talks with Spain's Telefonica.

KPN has said it remains open to any possible deal with Spain's former state-owned telecoms giant. But it has also noted that time is moving on.

Since May, it has signed up two new allies—Japanese cellphone giant NTT DoCoMo and Hong Kong conglomerate Hutchison Whampoa, making the accommodation of a Spanish deal increasingly complex.

Nevertheless the aborted Spanish merger talks were partly blamed on the fact that Telefonica's Chairman Juan Villalonga had fallen out with his former schoolmate, Spanish Prime Minister Jose Maria Aznar, as well as with key shareholders.

But Villalonga is now under mounting pressure from core investors to resign amid a stock market probe into allegations that he violated insider trading rules.

It remains uncertain whether any successor can be found with the ambition and experience to run a Spanish/Dutch venture.

(Additional reporting by Tessa Walsh.)

Mr. HOLLINGS. Mr. President:

The Dutch Government may slash its 43.5 percent stake in Dutch carrier KPN Telecom to just over 20 percent as part of a global share issue slated for the fourth quarter, an industry source said on Wednesday.

If a foreign government owns more than 25 percent of the telephone company, they are not welcome. If they own less than 25 percent, they are welcome. We love the Germans. Tell them to come to America.

One addendum. This won't take but a couple of minutes because the distinguished chairman of the Budget Committee is on the floor. I hold the earlier announcement from a newspaper this week that the surplus forecast has doubled. We heard the distinguished Senator, Mr. ROTH of Delaware, the chairman of the Senate Finance Committee, putting through his budget. We had a vote this morning on the marriage penalty. Tax cut, tax cut, tax cut. To this Senator who lives in the real world, that is an increase in the debt.

When they announced this, I went to what they call the Budget and Economic Outlook of the Congressional Budget Office. That is what the article quoted that said the surplus doubled. On page 17, we can see the debt, as reported by the CBO, goes from \$5.617 trillion to \$6.370 trillion, an increase of \$753 billion.

It wasn't there that they found the surplus. I said, the President is always good at finding surpluses, so I went to his Mid-session Review, table 23 on page 49 in the back, and I see instead that the debt increased \$1 trillion.

Then I called Treasury and I asked them. I have now the most recent report from this morning. It shows the public debt to the penny. It has increased \$22 billion according to the U.S. Treasury.

I reiterate the Budget Committee's wonderful offer: If you want to become a millionaire—and I am sure the distinguished chairman can find that million

in the surplus; I have heard him mention it, also—we will give \$1 million to anyone who can find a real surplus that Congress and all the media are talking about.

I yield the floor.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. I wonder if I might ask Senator HOLLINGS a question. I was listening to the remarks about telecommunications, and I was very impressed.

Am I to understand that we have a regulated, governmentally-owned company that wants to buy into a deregulated market which we have created?

Mr. HOLLINGS. The Senator's question concludes—as astute as our distinguished chairman is—the answer. It is that Deutsche Telekom is government regulated and controlled. That is the best answer. We were trying to continue the competition, but we cannot compete with the government coming in. If they are going to allow that, I vote under your budget and mine that we go over there and take over China's communications. If we can take over China's communications, we can cut the defense budget in half. They wouldn't know where to go or how to do it. We would be in charge over there in Beijing.

I thank the distinguished chairman.

Mr. DOMENICI. Senator, I don't agree on whether we have a surplus or not, and I listened attentively to that discussion, too, but I actually think you are raising a very good point in telecommunications. I voted for the telecommunications reform, but one of the big strengths, we were deregulating the industry.

Mr. HOLLINGS. That has caused part of the economic boom we are enjoying at this particular time. All this stirring of investment and expansion and services and competition is a wonderful dynamic that we all enjoy. Let's keep it going.

Mr. DOMENICI. It seems to me the question we have to ask is, Do we want a deregulated market that is working very, very well?

Mr. HOLLINGS. In this particular company, Deutsche Telekom, one-third of the employees have permanent employment. Wouldn't you and I love that—permanent employment?

Mr. DOMENICI. I have been here 28 years. It is almost that.

Mr. HOLLINGS. I have been here 34 years just about, and I am still the junior Senator. And Senator THURMOND said, "Get used to it."

Mr. DOMENICI. On this one subject, I have great respect for you and consider you a friend. I hope you are my friend.

Mr. HOLLINGS. You are my best friend.

TAXES

Mr. DOMENICI. Mr. President, I want to lay before the Senate two propositions. One, using a normal conventional budget approach, I want to

share with the Senate the incredible amount of money we are taking from our taxpayers each year, and for the foreseeable future, that the current Government doesn't need. The question is, How much of that extra money we are getting from our taxpayers should we give back to them, and how much should we spend, and how much should we put on the debt?

That is a very important threesome, with everybody knowing one of the most significant things to do is to get the debt down. Pervasive in everybody's plan, whether it is a 10-year plan or whatever, is don't give it all back; put some on the debt.

Those who know they want to spend a portion of it have to answer the question, Do you not want to give some back to the taxpayer? And a further question: Don't you want to try to fix the Tax Code where it is unfair and where it unfairly taxes Americans?

I think the answer would be, if you have a very large surplus, that essentially belongs to the taxpayer—not the Government; it just happens we are putting in more taxes than we need. The question should be, Do you want to fix the marriage tax penalty?

I believe almost anyone looking at the American Tax Code and taking into account our culture, what we live by, what we say is powerful about America, has to say that we honor and respect married life along with families. We are not saying it has to be every family structure, but I think nobody should disagree, we surely want to stay there and move in that direction and cherish that concept.

If we do, then you have to answer a question: If that is the case, why would we leave a tax on the books that makes it more difficult for married couples to survive economically? We tax the working couple and the married couple more than we would tax two individuals who are not married, earning the same income.

That is the essence of the problem. Most married husbands and wives are not quite aware, if they run into two people with whom they have been friends a long time and they have similar jobs to theirs, and the two who have a family are struggling, their friends are paying significantly less in taxes because they are not married. That is what we are asked: Do we have enough resources accumulated in surpluses to do that?

Second, there is a very onerous tax called the death tax. Anybody looking at the Tax Code would have to say that deserves looking at, because at a point in time it is no longer considered to be very wealthy; or on an estate that has a lot of assets, citizens can wake up and find out that the Federal Government is going to take 55 percent of the accumulated worth that might have come over 40 years of work.

Say you have parents, a mother and father living together, struggling, both working, and they now own two filling stations—I use that as an example—

and a very nice house. Today, filling stations are not the little filling stations with two pumps that were on Highway 66 when I grew up. If you were in the business, it was a pretty good enterprise, but you owned two of them because you worked at it. Both of them are in an airplane crash and die. They have five kids, three kids—whatever. What a shock when those two filling stations and the house are worth, just hypothetically, probably in today's market, \$1.5 million to \$2 million.

They are going to get whacked by the Federal Government on everything over \$650,000. That is not fair. The Democrats can deny this and talk about all the rich people who are not going to pay, but most Americans say it is not fair to take it away. Believe it; I may get there myself. Things are happening so vibrantly in the American economy, maybe this person is looking at this and says: I might be rich enough for them to take away 55 percent of what I had left and accumulated in my life. So what the Republicans have done is they have said: Let's, over time, get rid of that. Let's take the marriage tax penalty and really take the ax and chop a bunch of it away.

There can be two reasons the President will veto these bills, and two reasons that most of the Democrats who have voted against them would use as their excuses. No. 1, they say it is too big a tax cut and therefore it uses up too much of the surplus. They even use the word "risky." What is risky, in essence, to fix the marriage tax penalty? There is nothing risky about that. What is risky about getting rid of the death tax? That cannot be risky per se.

So this is what happens. The answer is it is risky because it is giving too much back to the American taxpayer and we do not want to give that much because that is risky economics.

I want to make one simple point today and that is for anybody who is listening, wondering: Is there money left for Medicare if we want to do something, small or large, about it? Is there money left if we decide to move in a direction of more defense money each year? Is there money if we were to decide on a little more assistance for education? I will tell everyone you should understand we do not participate, out of the National Treasury, in helping with education to any significant degree. So we have our debates about education but we are talking about 8 percent of the funding for our public schools that comes out of Federal tax coffers. Maybe at one point it was 9, but it is now tottering between 7.5 and 8.5 percent. Maybe we want to change that and make it 2 percent higher.

I want to assure everyone, using conventional, acceptable budget analysis, if the President were to sign the Republican tax cuts which amount to \$195 billion over 10 years—do you see this chart? You can hardly see the piece in red that the U.S. Government is giving

back to the people. See the little sliver?

All of this is money set aside for the Social Security trust fund or, believe it or not, a huge amount of money over the decade that the taxpayer has sent us that does not belong to Social Security. Therefore we say: Is that too much? We are calling this the love and death tax cuts. I don't know who nicknamed it that on the floor, but I borrowed it here. Only 5 percent of the non-Social Security surplus will be used over the decade. Five percent will be used for those two taxes.

Frankly, I challenge anybody to say to the American people this is risky, giving back that much in tax cuts. All the rest of the money that we might need for anything—Social Security, Medicare—is all the rest of this surplus that is in white. Because that total is \$3.15 trillion—trillion—of which we are giving back, under our cuts, \$195 billion. You understand, the argument cannot be maintained that it is too big. The only argument that can be made is that we would like to use it for something else.

I would like somebody to come down and we can talk about President Clinton's marriage tax penalty relief. It is so small, in his tax package; it is 10 percent of what he would do in his various tax relief targeted measures—10 percent. I believe the marriage tax penalty has to be solved, and it cannot be 10 percent of the tax package that you put before the Congress. It has to take care of the marriage tax penalty significantly, substantially, almost all.

Then let's look at this. The Clinton-Gore budget that we got showed 10 years with new spending. Out of the \$3.35 trillion, that plan would spend \$1.35 trillion, leaving \$1.99 trillion. I do not believe we are ever going to spend this much out of this surplus. But even if you gave them all that money, there is \$1.99 trillion left, of which we are giving back \$195 billion.

I truly believe when we really get down to this, in order to make sense to the American people, the President and those who oppose this are going to have to say we really don't believe that a significant portion of this money that is accumulating, that the taxpayer has paid to us, that is in excess of our Government needs—you have to be saying we are not going to give much of it back. I believe that is a terrible mistake. Unless you could say—and nobody could say this—we are not going to touch any of it; we are going to put it all against the national debt.

The next time I come to the floor I will tell you how much we are reducing the national debt already. It is the most significant reduction of the national debt, that will occur by the end of this year, for a 3-year period. And there is no comparable debt reduction period in American history; it is so big.

So the only answer could be: Wait around for our plan and we will not give the taxpayers back that much money; or they will come to the floor

and say they want to give it all back to the poor taxpayer, the taxpayer who is middle income and poor. Before we are finished, that debate is going to be talked about, too.

What we have to do when we have a tax cut, we have to give it back to people who are paying taxes. One would not think that tax relief would mean giving it back, in some way, so the people paying taxes do not get any relief, and those who are not paying, or paying very little, they get some relief—even a check from the Federal Government. To say we think you are paying too much taxes, even if you are not paying any, so we give you back more money—that may be one of the propositions. We ought to debate that for the American people. You can then say the tax relief is going to the working poor. Frankly, you are not giving it to anybody who earns money enough to pay a tax. I thought this all was about tax reduction. I thought the overage was giving back Americans who paid it a little more, a little bit more than what is being talked about by the other side.

I close by saying some people think it is a mystery about all this new revenue we have, this surplus, part of which goes to Social Security and part of it is left over. There is no mystery about it. Cumulatively, all the taxpayers who are paying taxes, the American people, the combined amount has increased. Some will come up and say, "but the median income has not increased, this has not increased, and the tax on these people has not increased"—how does the tax take go up \$3.35 trillion? Everybody out there combined is paying more taxes—and is it really more? Yes, it is. On average, America existed and existed beautifully with 18 percent of the gross domestic product coming into the Government as taxes.

We are now at 20.4 percent, 2.4 percent higher in terms of a tax take versus the gross domestic product of our Nation, a way to measure what we want to measure, and that is out of the total economy how much are we taking away and putting in our coffers. It is very high at 20.4 percent, and the economy is booming. The reason we have the surplus is because we are taking more from the taxpayers.

I believe if it can be understood and if we can get around ads that are confusing the issue and attack ads that have nothing to do with the real problems and issues, if we can boil it down to: Mr. and Mrs. America, if the surplus is this much, would it seem fair to you that we should give back 25 percent of it to the American people by way of tax relief? I think most people would probably end up saying: I guess that seems fair; maybe that is even a little low.

That would leave 75 percent of this surplus for the things everybody says we will take care of when we get a new Congress. I submit that we cannot forget the taxpayers as we think about new ways to spend this surplus. We

ought to probably start with them, not stop with them at the end of the line. That is what we will be talking about, it seems to me, in the next few months, at least I hope so.

Then we can look at whose tax cuts are fair. We will see the other side stack up dollars and say the Republicans give it back to the rich people. The marriage tax penalty relief in this bill, in terms of to whom it goes—if the President of the United States would listen to us instead of listening to the technical advice of the Treasury Department—it is eminently fair; it is loaded at the bottom end of the earnings and yet gives people in the middle- and high-income categories something.

If you do not want that, what do you want? Stack up the dollar bills—rich versus the poor—all you want when it comes to the marriage tax penalty, which is a very big and fair tax cut and tax reform at the same time.

Obviously, I am on a subject on which I could talk for a long time, and I continue to have a lot of interest buildup in me. Sooner or later, people listening cannot pay attention, and I believe we are getting close to that.

I yield the floor and thank the Senate for giving me the privilege of speaking.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

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

CONSERVATION AND REINVESTMENT ACT OF 2000

Ms. LANDRIEU. Mr. President, I wanted to come to the floor and spend a few minutes this afternoon talking about a very important bill that is moving through this Congress—it is the Conservation and Reinvestment Act of 2000—and to talk about some of the more important aspects of this legislation as it passed the House by an overwhelming bipartisan majority a couple of weeks ago. This bill is being considered as I speak in the Energy and Natural Resources Committee, which is ably chaired by my good friend from Alaska and the leadership of our friend from New Mexico, Senator BINGAMAN.

It is appropriate I follow with my remarks on the heels of our other Senator from New Mexico, Mr. DOMENICI, because as I appreciate his remarks, he was speaking about the obligation we have to make good and wise decisions about the surplus. He, of course, was arguing for as much of that money as possible to go to tax cuts, supported by many members of his party. Along that same line, we will be judged in this Congress by the discipline, restraint, and good judgment we show on this issue. Truly, these are happy days in

Washington because we are talking about an extraordinarily historic surplus. A lot of that should be credited to the current administration and the President's policies regarding discipline in budgets, spending restraint, as well as a strategic investment for America's working families.

Nonetheless, it is much better when we can all agree to talk about allocating these surpluses than trying to fairly distribute sacrifices or fairly distributing cuts. It is a good time to be here so we can make good judgments on behalf of all the people whom we represent—of course, coming from the State of Louisiana, that is 4.5 million people—in the country and, frankly, the world as to our obligations to our neighbors around the world.

In this great discussion about how much should go for tax cuts and then when we set aside money for tax cuts, how should it be allocated, what families should receive those tax cuts, how can we help to strengthen and widen the circle of economic opportunity, that clearly has a role and, hopefully, we will have more discussions about that in the days ahead.

There will be, as the Senator from New Mexico pointed out, an opportunity to make some strategic investments. We should pay down our debt, and we should give a significant portion of tax breaks to working families in America, helping them with the things that are most important to them—sustaining the strength of their family, providing educational opportunities and economic opportunities for children and grandchildren. That is what every parent in America wants, to see the opportunities for their children greatly expanded.

The third thing we are going to be discussing is how to take some of this money, hard earned by the American people—not necessarily the Government's money, but the people's money—how should we allocate the people's money on their behalf for the good of their future.

That is part of our job as Members of Congress. I am very proud to be leading a great bipartisan effort by many Senators in this Chamber and House Members who are arguing that a small portion of this surplus, a small portion of the \$2.2 trillion surplus—let me say our portion represents about 1 percent of this surplus; less than 1 percent actually—should be invested in the environmental resources of this Nation, along our coasts, in our interior portions of the Nation, for wildlife conservation, preservation of our coastlines, and investments in other types of environmental programs that have been underfunded and undernourished for decades. There have been promises made by Congresses in the past but promises not kept. It is time that we make strategic investments to fund those programs and to hold and keep our promises to our children and grandchildren.

I wanted to come to the floor to show you the front page of USA Today. I am