

getting started. Undoubtedly, it would be especially helpful to lower income families.

I am particularly pleased to support the provision to eliminate the death tax. I share the President's belief that the tax should be eliminated. I have already introduced legislation to do just that, as have a number of other Members in the Senate.

The United States retains among the highest estate taxes in the world, and top estate tax rates can reach over 55 percent. This is money that was already taxed when it was earned. Frankly, the estate tax—or death tax—can destroy a family business. This has been called to my attention a number of times in the State of Colorado. One of the more recent examples happens to be a ranch in the Aspen area—a pretty affluent area experiencing a lot of growth.

A family happened to have an unexpected death. They had to sell off the family ranch to pay the estate tax. As a result, open space will be developed, contrary to what many people in that area wanted to see happen. They wanted to see more open space instead of more development.

Repeal of the estate tax would certainly benefit the economy. Without the estate tax, greater business resources can be put toward productive economic activity.

I think the President's proposal to expand education savings accounts will also give parents more flexibility in determining what is best for their children.

There is a lot more to the President's tax plan. But the fact is that I do think we need to move forward. Americans are spending more than ever on taxes, and we need to reduce that tax burden.

I strongly support the President's comments that we should make it retroactive. In other words, we ought to address the problem now and not wait. I offer my strong endorsement of the President's proposed tax cut, and I look forward to a swift enactment.

I yield the floor.

The PRESIDING OFFICER. The Senator from Maine is recognized.

Ms. COLLINS. Thank you, Mr. President.

(The remarks of Ms. COLLINS pertaining to the introduction of S. 253 are located in today's RECORD under "Statements on Introduced Bills and Joint Resolutions.")

The PRESIDING OFFICER. The Senator from Texas.

#### TAX RELIEF

Mrs. HUTCHISON. Mr. President, I rise today to talk about President Bush's tax relief plan and what I hope will be congressional approval of tax relief for hard-working Americans.

It is very clear we are going to have a bigger surplus than we ever even dreamed would be possible when we passed the Balanced Budget Act. It is estimated now at \$5.6 trillion. The

President's plan takes approximately 25 percent of this huge surplus and says the people deserve to keep more of their money. This is an income tax surplus. People are sending more to Washington than Washington needs to do its responsibility to cover the costs of Government, to the tune of \$5.6 trillion. Doesn't it make sense to cut back on the amount people have to send to Washington? We think so.

The President's plan gives a tax cut to every American who is paying taxes. It replaces the current five-rate tax structure with four lower rates: 10, 15, 25, and 33. It doubles the child tax credit to \$1,000, reduces the marriage penalty, which we have been trying to do now for 4 years, eliminates the death tax, expands the charitable tax deduction, and makes the research and development tax credit permanent.

What happens when this is passed? Who are the biggest winners? One in five taxpaying families with children will no longer pay any income tax at all. One in every five families who pay taxes and have children will pay no income tax. It will remove 6 million American families from the tax rolls. A family of four making \$35,000 will get a 100-percent Federal income tax cut. A family of four making \$50,000 a year will receive a 50-percent tax cut, receiving at least \$1,600 in tax relief. A family of four making \$75,000 a year will receive a 25-percent tax cut. The marginal income tax rate on low-income families will fall by more than 40 percent. That is the effect this tax relief will have on American families.

The current code is not fair, and it is taking too much. What we need is balance in our system. What this approach will do is pay down the debt, protect Social Security, increase spending for priority needs, and give hard-working Americans more in their pocketbook.

Mr. President, you are going to hear a lot more about this in future months because I believe Congress is going to work with the President to give the tax relief he is seeking. I look forward to the discussion because I cannot think of any reason hard-working Americans should not have the money they earn in their pocketbooks rather than sending it to Washington for a program of which they have never heard.

I thank the Chair. I yield the floor.

The PRESIDING OFFICER. The Senator from Illinois is recognized for 11 minutes.

Mr. DURBIN. I thank the Chair.

Mr. President, during the last hour and a half Senators have come to the floor to talk about the President's proposed tax cuts. Of course, we are all interested in finding out what the details are on that tax cut because it is true, the devil is in the details. We need to know exactly what the President is proposing, the impact it will have on our budget, first, certainly on our economy, and on the families of this Nation.

I guess two of the most magic words for politicians are "tax cut." Can you

think of anything more popular to say to an audience? I think we have learned over history that if you just focus on the term "tax cut," and you do not fill in the details, you can find yourself in a pretty terrible predicament.

When President Reagan was elected in 1980, he was dedicated to a tax cut. He said that was the highest single priority. Of course, he enacted that tax cut. We all understand what happened after that tax cut was enacted. We totaled up the biggest run of deficits in the history of the United States. We created such a monster that many of my Republican friends who were faithful supporters of President Reagan came to the floor and said: We are going to have to amend the Constitution now; there is no other way to stop this mess between the President and Congress; we have to give the Federal courts the authority through a constitutional amendment to stop Congress from spending and stop the President from spending.

Thank goodness cooler heads prevailed. Leadership came on the scene that changed the dynamics of this debate dramatically. In 1993, under President Clinton, we passed a deficit budget reduction plan, and several years later we passed a bipartisan plan. Between the two of them, we have finally reached the point in our history where we are no longer laboring with annual deficits adding to the national debt but we are dealing with surpluses.

The obvious question is, What is the responsible thing to do?

First we have to ask ourself this question: How big is the surplus? How much money do we have to spend either on tax cuts or for programs or for some other purpose? I have to say, quite honestly, that is where I have some difficulty with this whole debate.

Let me give one illustration. Seventy percent of all the surplus we are talking about for tax cuts does not appear for 5 years. Thirty percent of it starts to show, but then 70 percent of it is in the last 5 years of the economists' estimates.

Think about that for a second. We are pinning our hopes on statistical projections starting 5 years from now as to what America is going to look like, what the economy is going to look like.

I have a very limited education in economics, and I do not consider myself an expert, but I will tell you, I have worked with some of the real experts on economics here in Washington, and they miss by a country mile trying to guess where we are going to be 5 months from now, let alone 5 years or 10 years from now.

Allow me to use one example. If the 5-year projection is where we really start coming into surpluses, it is reasonable to step back and ask: What were the economists in America saying 5 years ago about today? Let's take a look.

They projected that today in America we would be running a \$320 billion

deficit. Guess what. They were wrong. We are running a \$270 billion surplus. They missed it by \$590 billion 5 years ago. They did not have a clue. They were clearly guessing based on assumptions that were just plain wrong.

I think one can understand the skepticism of many of us who say, if we are going to build on America's future, let us do it with assumptions that are honest, that are accurate, and on which we can count. When one starts off with the premise that we are going to have this fantastic surplus 5, 6, 7, 8, 9, 10 years from now, I say take care, be careful, because if we are wrong, if we commit ourselves to spending tax cuts we cannot cover, we will find ourselves not only putting our toe but our whole leg back into that red-ink deficit pool. I do not want to see that happen.

Keep in mind, the mortgage we now have on America, our national debt, is substantial. We owe over \$5.7 trillion for things we have done in the past—roads we have built, decisions we have made, programs we have funded. That \$5.7 trillion national debt costs American families, businesses, and individual taxpayers \$1 billion a day in interest. We collect that much in your taxes and mine to pay interest on old debt. That \$1 billion a day does not educate a child, does not buy a computer for a school, does not provide a prescription drug benefit under Medicare to a soul in America, nor does it buy us a new tank, a new plane, or pay for a new soldier—nothing. It is money paid on interest servicing old debt.

I believe if we have any surplus, the first thing we should dedicate it to is eliminating the national debt. Can you think of a better thing to leave our children than to say to them: We paid off our mortgage, kids; it's your America; dream your dreams and you won't be saddled with our debt. It seems pretty basic to me.

Will there be room for a tax cut if we do that? I think there will be, but I think we ought to take care that that tax cut is one that makes sense. This is where Democrats and Republicans really part company. I am sorry we get back to this debate, but the President made his choice, and now we will return to that debate: Who deserves a tax cut in this country? If we want to pick out a group of Americans who really need a helping hand in reduced taxes, where should we turn first?

Forty-three percent of the tax cut that President Bush is proposing goes to the top 1 percent income earners in this country, people making over \$300,000 a year. Take a look at this chart which gives an idea about what I am talking. This is President Bush's tax plan and the impact it has on people in different income categories in America.

The top 1-percent income—people making over \$300,000 a year, incidentally, have an average income of \$915,000. For people who are making over \$25,000 a month in income, the President wants to give them \$46,000 in tax cuts.

Then take a look down the list at how this number starts diminishing as you get closer to working families and middle-income families. It starts off with \$42 for those in the lowest income categories, the lowest 20 percent. It goes up to \$187 if you are making \$24,000; \$453 a year if you are making \$39,000 or less.

What a disparity: That if we are going to give a tax cut in America to the people most deserving, the people who need the most help, it is those who are making over \$300,000 a year.

Yesterday at a press conference in Springfield, IL, about an issue that is near and dear to people in Springfield, IL, and I think nationally—it goes back to a telephone call I received a month or so ago from my consumer advocate in Illinois. Her name is Loretta Durbin. She is my wife. She called me and said: I just got the gas bill, Senator. What is going on here?

People across America are getting heating bills and electric bills that are absolutely stopping them in their tracks. These are working families, by and large, who have seen their bills doubled and tripled, and they are calling my office and saying: What can you do to help us?

There is a limited amount we can do, but one thing we can consider and I support is providing some tax relief to these families struggling to pay their heating bills. I do not think that is an unreasonable idea. Senator HARKIN has a proposal, which I think makes sense, to give a tax credit to people for the increase in their heating bills over this last year. Do you know what the people are going to do with it? They will pay their bills or they will replenish their savings accounts, or they will decide, yes, we can go ahead and make an important purchase for our family. I think that is the kind of tax cut that really is reasonable in America.

Can you imagine the people making over \$25,000 a month having husbands calling wives, saying: Our heating bill is up to \$400 this month. I don't think so.

But I can tell you, if you are making \$25,000 a year, a \$400 heating bill, or more, is something of which you would take notice. That is why I hope if there is going to be a tax cut, that it be sensible, based on the real surplus, and that it be after we have dedicated funds to bringing down this national debt, the debt that costs us so much, and raises interest rates on everything across America and, finally, a tax cut that really zeros in on the people who need it the most.

I am worried, too, that the President's proposal, when you take a look at it, takes 85 percent of our surplus and dedicates it to a tax cut, leaving precious little for things which we value.

I just left a meeting of the heads of Illinois school boards. I think those are some of the best public servants in America, people who serve on school boards. It is a tough job. In Illinois,

they are trying to make sure they serve the needs of the children. And, of course, they are responsible to the taxpayers. They have talked to me about the needs of education in my State, which would be the same in many other States: crumbling schools, areas where they need new schools, teachers needing training, schools that have a hookup now to the Internet but need new computers and new access to new technology. They are saying to me: Senator, if there is a surplus, for goodness' sake, can't we have a piece of this for education? Isn't that important to our Nation? I think it is. But if you take 85 percent of our surplus and spend it on tax cuts, it leaves so little to consider any money for education.

In the last campaign, both candidates talked about a prescription drug benefit under Medicare. We know what seniors are facing now in trying to pay for their drug bills. We have not had a conversation about this in 3 or 4 months. Since all of the hoopla of November 7, people have not talked about it. But President Bush does not leave the money aside to take care of that necessity, as far as I am concerned, for seniors and disabled people.

There are important programs in education, in health, and in national defense that will cost us as a nation. I think we have to be prepared to look at the surplus honestly, to make certain if there is a tax cut, it is fair, and to make certain that we do keep money aside for important national priorities.

Thank you, Mr. President.

---

#### CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. Morning business is closed.

---

#### RECESS

The PRESIDING OFFICER. Under the previous order, the hour of 12:30 having arrived, the Senate will now stand in recess until the hour of 2:15 p.m.

Thereupon, at 12:42 p.m., the Senate recessed until 2:15 p.m.; whereupon, the Senate reassembled when called to order by the Presiding Officer (Mr. INHOFE).

---

#### EXECUTIVE SESSION

NOMINATION OF ROBERT B. ZOELLICK TO BE UNITED STATES TRADE REPRESENTATIVE

The PRESIDING OFFICER (Mr. INHOFE). Under the previous order, the Senate will now go into executive session and proceed to consideration of the nomination of Robert Zoellick which the clerk will report.

The assistant legislative clerk read the nomination of Robert B. Zoellick, of Virginia, to be United States Trade