

The PRESIDING OFFICER. The Senator from Minnesota.

TAX CUTS

Mr. WELLSTONE. Mr. President, I won't speak for the Presiding Officer, the Senator from Kansas, or Republicans but I will speak for myself and I hope many in my party.

First, I start with what I think people in Minnesota and people in the country mean by civility. I don't think they mean there should be no debate. I think people are all for passionate debate. They just want to make sure it is civil debate. What I say on the floor of the Senate is based upon what I honestly believe is good and right for Minnesota and my country, but it is not at all directed at any of my colleagues on the other side in any personal way, nor is it directed at the President in any personal way.

Second, another operational definition before I go forward with my comments: what do people mean by "the center"? I think people want us to govern at the center of their lives. I will say something I heard my colleague from Wyoming mention and I agree. Part of what people are focused on is education—no question. People are focused on health security. People are very focused on affordable child care, which I view as education. It is silly to define education as kindergarten through 12. I think it is pre-K all the way to age 65. Elderly people and other working families are focused on the cost of prescription drugs. Many can't afford it. People are also focused, of course, on how to have a small business or a family farm or have a job from which they can support their family.

Those are issues that are terribly important to people, and there are other issues as well. One we will deal with within the next month will be reform and how we can really move to a political process which, hopefully, will be less dependent on big money and more dependent on big and little people.

I want to speak directly, given this introduction, to the President's tax cut. We have heard from a number of Senators about specifics, so I don't need to go over them. To make a very long story short, after we take this \$1.6 trillion tax cut and add additional costs, interest that has to be paid, and after we look at what we have by way of surplus—that is to say, non-Social Security, non-Medicare—basically, what we have is a tax cut that represents a Robin-Hood-in-reverse approach to public policy. That is what we have when, depending upon whose estimate one believes, the top 1 percent of our population gets anywhere from 40 to 45 percent of the tax benefits of the Bush plan. Unbelievable. It is similar to a subsidy in inverse relationship to need.

Now, again, understand—a Robin-Hood-in-reverse tax cut has the wealthy benefitting. At the same time, let me take the President's words in

his inaugural speech about leaving no child behind. At the same time, one-third of the children in America today live in families who will not receive one dime from this tax cut; 50 percent of African American children live in families in our country who will not receive one dime from this tax cut; and about 57 percent of Latino, Latina children live in families who will not receive one dime from this tax cut because none of it is refundable.

If you live in a family with an income of less than \$27,000 a year, you receive no benefit.

The argument is, they don't pay any taxes. These families pay payroll tax; they pay sales tax. You better believe they pay taxes. These are some of the children who are most deserving in terms of being given a chance to reach their full potential. It is not in this tax cut proposal.

While on the one hand we have most of the benefits going to the top 1 percent, we have very few of the benefits going to those families and those children most in need. It is outrageous.

One amendment I will prepare when we bring this reconciliation bill to the floor will be an amendment to make the child credit refundable. Then we can help a lot of children and a lot of families. For all Senators who say, "we are for children, we are for children, we are for children, we are for the future, leave no child behind," I want to give them a chance to vote on that.

Let me go on and make another point which I think is the second and, to me, the most devastating critique of this tax cut proposal by President Bush. It is not unlike 1981. If we do this, there will be precious little for any investment in any other areas—I think by design. I think this is an administration, in spite of its rhetoric about leaving no child behind, which basically believes most citizens should be on their own.

So there will not be the funding to make sure senior citizens can afford prescription drug costs. No question about it. There will not be the funding for expanding health care coverage for our citizens. No question about it. And there certainly will not be the funding for education and to leave no child behind.

Now, the President tried to argue the other day—it has already been shot down—that there is a huge increase in the education budget. Mr. President, some of it was forward funding from this past year. As it turns out, over the last 5 or 6 years, this is the smallest percentage increase we have seen except for one out of the last 5 years. That hardly represents some dramatic, new investment in children.

So my question is, How do you leave no child behind when only 2 percent of the children who could benefit from early Head Start—2 years of age and under, the most critical years for learning—right now benefit? That is all the funding we have. And there are really no additional resources for early Head Start. Only 50 percent of the chil-

dren who can benefit from Head Start—that is, to give a head start to the children who come from disadvantaged backgrounds—and there is going to be a pittance for any additional funding—when 11 percent of the children who could benefit from affordable child care—that is just low-income families, much less working families, much less moderate-income, middle-income families—11 percent who are of the eligible children right now are able to benefit because we so severely underfund early childhood development.

So we have a President who says he is committed to education, we have a President who says he will leave no child behind, and we have tax cuts that go to the wealthy. But will they benefit the families—one-third of the children who live in low- and moderate-income families, half of the children who live in low- and moderate-income families? We have a tax cut proposal that makes it impossible for us to invest in the health and skills and intellect and character of our children. Frankly, "leave no child behind" becomes just a slogan, and I express indignation about this.

There will be a pittance to make sure our children are kindergarten ready, and then when it comes to some of the K-through-12 programs, let me be really clear. Right now, the Title 1 Program for low- and moderate-income children is funded at the 30-percent level. There is, again, a pittance in this budget for any increase in that funding.

The IDEA program for children with special needs is vastly underfunded. In my State of Minnesota, from the Governor to Democrat to Republicans, they say: Live up to your 40-percent funding commitment, Federal Government. Then we would have some additional resources to do other things for children.

Guess what. In this budget we will see a pittance when it comes to any increase in funding for the IDEA program for children with special needs.

We have an education program called Leave No Child Behind, which is going to rely on testing, testing which makes it clear that we should not rely on one single standardized multiple-choice test which everyone who does testing says we should not do, which is educationally deadening; it puts the kids in a straitjacket; it puts the teachers in a straitjacket. We will not have that.

What we will do is take a lot of schools in this country that have been underfunded because they are in districts that are property-tax poor—not rich; they can't have the same resources; they don't have the same resources as the most affluent of suburbs—schools where children come from homes where English is the second language, children who come from homes where families have to move two or three or four times a year because of inadequate housing, children who come from homes where they are hungry when they come to school, children who come from homes where they

haven't had the good developmental child care; they haven't been read to; they don't know how to use the computer; they haven't had any of those opportunities; they come to kindergarten way behind—this budget does nothing to make sure these children will have the same chance as other children to reach their full potential. Instead, we have tax cuts, 40 percent plus of the benefits going to the top 1 percent of the population.

We have testing. All we are going to do is set up these kids, these schools, and these teachers for failure. We are providing none of the resources and none of the tools to make sure these children can achieve and do well, but we are going to have tests and we are going to test kids starting as young as age 8, every single year, and then we are going to say after 3 years: Schools, if you don't make the grade, we will flunk you and we will move to vouchers.

I think the people who deserve an F grade are the White House and those people in the House and the Senate who do not seem to be willing to be held accountable for the health, skills, intellect, and character of all the children in our country. That, to me, merits a failing grade.

I hope my party does not join in this tax-cutting frenzy. I hope we will focus on honest tax cuts that benefit working families, middle-income families and moderate-income families. I hope we focus on a child care credit for all families so we will be helping all children. I hope we get the help where it is needed. I hope this is not just one huge bonanza for wealthy people.

Frankly, I say to Democrats, this is our moment of truth. Above and beyond tax cuts that work for citizens in this country, we want to make sure there are resources for investment. We must be willing to draw the line and say to President Bush and Republicans: You go with your tax cut plan, 40 to 44 percent of the benefits going to the top 1 percent; we go for investment in children and education. President Bush, you go for a tax cut plan with 44 percent of the benefits going to the top 1 percent; we go for expanding health care coverage. President Bush, Republicans: You go for a tax cut plan that is Robin Hood in reverse, with most of the benefits going to wealthy people; we go for making sure our parents and grandparents can afford prescription drug coverage. President Bush, you go for your tax cut, Robin Hood in reverse, going to wealthy people in this country; we go for affordable housing—that is what we are about. We are supposed to be the party of the people, so let's try to make sure the tax cuts, in combination with the investment, benefit the vast majority of people in this country.

I think it is terribly important for Democrats to find their voice and for us to be as strong as possible, both in opposition to President Bush's tax cut proposal going mainly to the wealthy

and in enunciation of what we stand for. We stand for some tax cuts that are honest tax cuts that benefit the majority of families and citizens in our country, not leaving out those families who are most in need of help, and in addition investment in our children, in education, in health care. That is what we are about.

I am lucky enough to be friends with Marian Wright Edelman, director of the Children's Defense Fund, and her husband Peter, two wonderful people of justice. The theme of the Children's Defense Fund has been "Leave no child behind." That is what they are all about. President Bush is now talking about, "Leave no child behind."

"Leave no child behind" I take seriously. "Leave no child behind" is a beautiful way of calling on all of us in the United States of America to be our own best selves. But if "Leave no child behind" is just an empty slogan and we do not back up the rhetoric with resources, and we don't put our money where our mouth is, and we don't make the true investment, which is not in this tax cut proposal or in the budget we are getting from this President, then, frankly, we will have engaged in just symbolic politics. We will not have done well for children, all the children in our country. That will be a profound mistake, and I think we will not be the better for it.

Without trying to sound pseudo-anything, I look forward to this debate. I am going to have a lot of amendments that are going to focus on leaving no child behind; education, leave no child behind; health care, leave no child behind; housing, leave no child behind; violence, leave no child behind. We are going to have votes on all of these. If my colleagues have a better proposal for how not to leave any child behind, I am all for it. I certainly do not see it in the proposal of the President.

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

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

The legislative clerk proceeded to call the roll.

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

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

Mr. DURBIN. Mr. President, I listened with great interest to the speeches this morning on the Republican side of the aisle about the President's State of the Union Address this evening. It is clear the focal point of the President's speech will be his proposed tax cut.

It is interesting when I read the newspapers across Illinois and here in Washington, DC, that the President is having a difficult time convincing the American people that his tax cut is the right thing to do. I have been around politics and politicians for decades. I cannot think of an easier task than to sell people on the idea of cutting their taxes. But it appears the President is having a tough time making the sale

even though he has suggested this is good for the economy and that it will provide additional spending power for people in America.

Folks are a little skeptical. I think they have a right to be skeptical. If you take a look at the President's proposed tax cut, you will find that Americans like the idea of a tax cut until you suggest to them that we really make choices here on Capitol Hill and in Washington, DC—that you have to make a choice between a tax cut and something else. Frankly, when it gets down to those choices, the support of the American people for the President's proposed tax cut starts to dwindle dramatically because I think the American people understand the whole notion of a tax cut is based on an educated guess of what our economy and our Government will look like—not just next year but 5, 6, 7, 8, 9, and 10 years from now.

To say these projections are inaccurate is to be kind because, frankly, they are not much more reliable than a weather report. Imagine a weather forecast for a month from now. Would you take the umbrella or not based on such a forecast? I doubt if many families would not. Yet the President would have us basically say we will now chart the course of America's Government spending for the next 10 years based on these projections and guesses from economists in Washington.

Former President Harry Truman used to say he was looking throughout his professional career for a one-armed economist because he said then they wouldn't be able to say, "on the other hand." He knew, as we know, that even the best economists disagree. Even the best economists are frequently wrong.

Most of the surplus the President is using as a basis for his tax cut doesn't even arrive on Capitol Hill under their projections until 5 years from now. Almost 75 percent of it starts to arrive in the last 5 years of the 10-year period.

So it is reasonable to ask if we are thinking about projections in our economy 5 years from now, how good were these same economists 5 years ago when they had to make an educated guess about what America would look like today. There are a lot of factors that go into that guess. You have to try to assume what the growth of the economy is going to be, the number of people employed. You have to take productivity and inflation into account.

Five years ago, the very best economists sat down with the very best computers and then said this fiscal year we would experience a \$320 billion deficit. That was their best guess 5 years ago. What do we find? Right now we are experiencing a \$270 billion surplus. They missed it by \$590 billion 5 years ago.

This evening the President will begin his speech with the assumption that the economists are right; that we should really base all of our plans and our policies based on economic projections 5 to 10 years from now. I think people are genuinely skeptical; they

understand we have had similar messages from previous Presidents. It wasn't that many years ago that President Ronald Reagan arrived in town. He suggested when he was elected in 1989 that a massive tax cut was the best thing for America. He proceeded to convince a bipartisan group in Congress to vote for that tax cut. The net result of that tax cut was, frankly, a rocky road for the economy throughout his Presidency.

Frankly, I never would have been elected to the House of Representatives had the economy not been so bad in central Illinois in 1982, the second year of the Reagan Presidency. And equally, if not more important, those tax cuts on top of his spending program led to record deficits. We started accumulating more red ink and debt in Washington than ever in our history after President Reagan had convinced the Congress that a tax cut was the best medicine for America.

Fortunately, in the last 8 years we have seen a turnaround. We have seen a fiscally responsible approach. We have seen not only a reduction in Federal spending, a reduction in the size of Government, but an unprecedented era of prosperity. I think the American people value that prosperity more than the promise of a tax cut. They understand that like most free market economies, you will have your downturns. And we are in one of them. I hope it is short lived and shallow. No one can say.

But we want to do the right things here in Washington at this moment with this President to make certain we get back on that track we were on for 8 years under the previous administration.

I can recall in 1993 when the issue came to this Senate floor and to the House of Representatives where I served, and President Clinton suggested we had to take the deficit seriously. We had to put in a combination of spending cuts and tax increases to finally get rid of the deficit. Not a single Republican supported that proposal—not one. It passed in the Senate because Vice President Gore cast the tie-breaking vote.

We have layers of Republican quotes projecting that this idea of giving, I guess, strong medicine to the American economy would be a disaster; that it would really put an end to any prospect of economic growth. Yet we found exactly the opposite occurred.

It is curious to me that President Clinton could come forward as he did in 1993 with a projection for our economy that worked, give us the hard news, face the lumps in the next election, and really come up with a plan to help America. Most families and businesses agreed. For the last 8 years, we have seen 22 million new jobs created in America, more home ownership than ever in our history, inflation under control, the welfare rolls coming down, violent crime coming down, and an expansion across the board in the econ-

omy in virtually everything but the agricultural sector.

We want to return to that. But many of us believe a President's responsibility when it comes to leadership is not just to say what is popular. Being for a tax cut is a popular thing to say. Yet the President is having a tough time selling it.

One of the reasons he is having a tough time selling it is when you take a look at the tax cut, you find out the top 1 percent of wage earners in America under President Bush's tax cut receive 42.6 percent of all of the tax benefits. The bottom 90 percent—people below about \$64,900 in income—receive 29 percent of the benefits.

The President's response is that is not fair to say because the people in the top 1 percent pay all the taxes; they should get a bigger cut. Not so. The people in the top 1 percent in America pay 21 percent of the Federal income taxes. They get 42.6 percent of President Bush's tax cut.

Who are these people? These are folks with an income above \$319,000 a year. These are people with an average income of \$900,000. These are the big winners tonight.

So when you hear the applause after the President says we need a tax cut for America, you are going to hear it the loudest from the top 1 percent. They are the big winners. The folks in the bottom 80 percent are not. These people in the top 1 percent will receive an average of \$46,000 in tax cuts under President Bush's tax plan, while the people in the lower 60 percent, for example, will receive an average tax cut of \$227 a year.

So the President would have us risk the future of our economy by basing a tax cut on projections 5, 6, 7, 8, 9, and 10 years from now; and then he would turn around and, with those projections, have us enact a tax cut not for the average working person, not for middle-income families, not for people in Illinois struggling to pay heating bills and tuition costs but, no, for people who make at least \$25,000 a month. They are the big winners.

Frankly, what it does, in putting all of this money into the tax cut, is it ties our hands when it comes to important priorities for America. Let me give you an example, for just a minute. The national debt is \$5.7 trillion. That is our mortgage. We have accumulated most of it in the last 14 or 15 years. It is a mortgage that costs us every single day in interest payments. How much is the interest payment on our old mortgage? It is \$1 billion a day—\$1 billion in Federal taxes collected every day to pay interest on old debt in America.

What could we do with \$1 billion a day in America? Boy, I can think of some things. Education, health care, investment in America's infrastructure, medical research—these are items which I think most American families value. But we take that amount of money from families and businesses

and individuals each day—\$1 billion—to pay interest on old debt.

Frankly, if we want to leave our children a great legacy, it is not a legacy of giving a fat tax break to the wealthiest people in America. The best legacy for our kids is to pay down this debt.

Let's burn the mortgage. Let's get it over with. If we are in a time of surplus, let's balance the books once and for all. Shouldn't that be our first priority?

If we go with the President's tax cut, let me tell you what it means. Maybe not in the first year, but in the next several years we are going to find our hands tied when it comes to investing in America.

I doubt there is anybody in this country who would argue with the following statement: The future of America is going to be found in our classrooms. If we do not have good teachers, quality schools, and students learning, can we hope the 21st century will be an American century? I do not think so. The President has put that in as a priority but a much lower priority. The first priority is a big tax cut for the top 1 percent of wage earners in America.

I wish to mention one other thing. I see my colleague from Connecticut. I am going to defer to him in a moment.

Senator MIKULSKI of Maryland came up with a term today which I think is important to think about. She said: We not only have a mortgage, we have a balloon payment coming. Do you know what a balloon payment is? When the baby boomers reach Social Security age and when they decide they need Social Security and Medicare—guess what—the current system is going to be truly taxed, and many of us are going to have to answer as to whether or not, when we had a surplus, we prepared for that balloon payment.

If you have a home and you know a balloon payment is coming, you better get ready for it because then you are going to have to refinance the home if you don't have the amount to pay. We are not going to have the money to pay into Social Security and into Medicare if the President's tax cut goes through as proposed. He will take the money out of education. He is going to make a proposal, I understand, to privatize Social Security, by taking money out of the Social Security trust fund. He already raids the Medicare trust fund to pay for this tax cut, primarily for the wealthiest people in America.

So you say to yourself, now I understand why the President is having a tough time selling what seems on its surface to be such a popular idea—the tax cut. If a politician can't sell a tax cut, how is he going to sell the American people on a tough decision, something that is painful? The President is not having good luck selling it because the American people are skeptical. They think it is far more important to empower families across America to get this economy moving again. They think it is far more important to make

necessary improvements in our future—in education, in health care, and a prescription drug benefit under Social Security, Medicare.

Important, as well, is to pay down the national debt. You will not hear much said about that tonight. It will be mentioned in passing that we are going to take care of all these things—not to worry. But the bottom line is, we know that is not the case. We need to be concerned about it. We need to accept fiscal responsibility, as we did 7 or 8 years ago, in the hopes we can return to the prosperity of our economy which we saw a few months ago.

I will listen carefully to the President's speech tonight. I am sure my colleague from Connecticut will, as well.

Mr. President, I yield the floor.

The PRESIDING OFFICER. The Chair recognizes the Senator from Connecticut.

Mr. LIEBERMAN. I thank the Chair and thank my friend and colleague from Illinois for yielding the floor but also for his very astute and targeted comments.

This is an important day. I rise to speak, with my colleagues, about exactly the same matters that Senator DURBIN addressed because they are at the heart of our prosperity as a nation and the future of every single American; and that is the state of our economy, the tax cuts that President Bush will be advocating tonight, and the strategies that we must adopt if we are to create the widest opportunities for the largest number of our fellow Americans.

The President and all of us with him are facing a moment of truth tonight. This is an important evening because the lives of every American will be affected for years to come by how Congress and the administration resolve the important fiscal and economic questions that our Nation faces.

I am afraid, as the President prepares to address Congress and the Nation tonight, that he is reaching for the wrong medicine. The American economy appears to have a slight head cold right now. If we take the medicine President Bush is offering, I am afraid we are going to have a bad case of pneumonia.

I have spoken before about my opposition to the size and substance of the President's proposed tax cut. It is a tax cut we can ill afford, based on money that has not yet materialized, and it gives the most to those who need it the least.

But the trouble with the President's plan is not just a matter of numbers; the trouble is also with the values that it represents, such as the value of work and rewarding work. Because instead of helping those who are working hard around our country to become wealthy, President Bush's tax proposal rewards those who already are wealthy and do not need the tax cut he is going to give them. Instead of expanding opportunity, and other great American values, the Bush tax cut threatens our

prosperity. Instead of honoring our obligations to our parents and our children, the Bush tax cut leaves America unprepared to adequately invest in education, health care, retirement security, and national security.

I am not opposed to tax cuts. I know my friend from Illinois, and our other colleagues, are not opposed to tax cuts either. I am for tax cuts that honor America's values and prolong America's prosperity. I am for tax cuts that are prowork, profamily, and progrowth. I am for tax cuts that fit into the context of an overall sound budget framework because our hard-won prosperity will surely wither if we do not balance tax cuts with significant debt reduction and targeted investments that benefit the greatest number of our citizens.

For 8 years, we have enjoyed a steady and remarkable level of growth that actually has revolutionized long-standing assumptions about economic expansion. After two decades of low growth, low productivity, and high unemployment in the 1970s and the 1980s, technological innovations—remarkable technological innovations—dramatically improved the economy and have brought us the closest I have ever seen in my lifetime to true full employment.

Now we are experiencing an economic downturn. It is not a recession, as some, including some in the Bush administration, have called it. But it is a slowdown in our rate of growth. We have a number of tools at our disposal to keep the growth going.

I want to sound the alarm today that unless we deal wisely with the bounteous growth we have had, we risk throwing it all away. Then the current temporary slowdown will, in reality, become a recession. That is what is on the line as we gather to hear President Bush's State of the Union tonight.

The fact is that a new economy has emerged. Yet the administration's policies seem rooted in the old economy. When you count interest costs and other revenue expenses, the Bush tax cut plan weighs in at \$2.3 trillion over the next 10 years. It would consume 96 percent of the entire non-Social Security and non-Medicare surplus, leaving, by my reckoning, just \$100 billion for all other investments that we need to make in national security, retirement security, education, prescription drug benefits, and worker training. The money left over, therefore, is clearly not enough.

What if the surpluses do not materialize? Remember, although we have had 3 good years, all this talk of the trillions of dollars we are arguing about spending is talk about projections; it is not money in the bank. What if those surpluses don't materialize? Well, then, I don't see how the administration, based on its budget plan and bloated tax plan, would have any other options but to either raid the Social Security and Medicare trust funds or to radically slash Government

spending. Indeed, I say that President Bush's tax cut threatens to return us to the failed economic experiments of an earlier era of ballooning deficits, high interest rates, high unemployment, and high capital costs for business as well.

There is another serious shortcoming to the administration's plan. I want to talk about it in a bit of detail for a few moments this morning. President Bush's tax cut plan contains no business and growth incentives which actually could help the economy lift itself out of the slowdown it is in now and regain the extraordinary high levels of growth we have enjoyed for years. With apologies to Gertrude Stein, there is no "there" there when it comes to spurring on the New Economy or innovation or productivity that have been the central driving forces of it for America and America's families over the last several years.

Let's look at some of the tax cut proposals President Bush is going to recommend and see how they relate to the central question of how do we get our economy growing vigorously again.

The estate tax. I am leaving aside whether you are for or against it but trying to gauge the impact on the question of economic growth. The estate tax changes create no economic or investment incentives. The marriage penalty reform corrects a fairness problem. The broad rate changes being described largely benefit an economic elite, as Senator DURBIN's chart showed. At least a third—depending on your reckoning, as much as 43 percent—is going to people whose average income is \$900,000. That won't stimulate the economy.

It is hard to find very many economists, including those who are for the Bush tax cut, who say it will have the effect of getting us out of the economic slowdown we are in that has dropped the markets and begun to lead to some layoffs. You can be for the Bush tax cut on various grounds, and you can be against it on various grounds, but I don't hear very many people arguing that it is the way to stimulate the economy. Why? Because it won't move through the economy rapidly enough to have an effect where it would count.

The fact is that the economic downturn that we have now is primarily focused on the technology sector of the economy. That is why I think we need to think about incentives for growth in that very same technology sector which has driven the growth we have had over the last 8 years. So what are the tools or how might we use a tax cut better?

First, let me address what I think would be the most equitable way to return some of the dividends of our hard-won prosperity to those who need it most. It is just fairness to help those families reward those who are working hard to raise themselves up in America as a matter of equity. For most Americans, the most crushing tax burden is not the income tax. The tax that they

pay most to Washington is not the income tax; it is the payroll tax, the money taken out of their paychecks. It is a regressive tax. It is, in fact, a tax on work.

Many of us here have been putting together proposals that we think would reduce the work penalty by giving every working American a refundable tax credit. That means it would go to people who don't pay income taxes because their income is so low. Unlike the Bush tax cut, which would bestow at least one-third of its benefits on the top 1 percent, whose average income is \$900,000, the payroll tax credit we are talking about would provide real tax relief to middle-class working families and to the lower income workers—not people who are not working, but workers, those I have talked about who pay payroll taxes or have it taken out of their paychecks but have no income tax liability. Beyond that is fairness in sharing our growth with those who need it most.

I think we have to act on business tax incentives that will target the drivers of economic growth in our time in the new economy: Capital investment, a skilled workforce, and productivity. While large businesses have been driving our productivity gains by implementing information technology, small firms, which still account for 98 percent of employers, have been moving more slowly into the new economy simply because they can't afford its entry fees. A potential fix here would give small companies tax credits to invest—and invest now—in information technology. This is like servers and network hardware, broadband hookups, computers, and e-business software. Small business, after all, accounts for 40 percent of our economy and 60 percent of the new jobs; but fewer than one-third of small businesses are wired to the Internet today.

This is a stunning statistic: Those that are wired—the small businesses wired to the Internet—have grown 46 percent faster than their counterparts that are unplugged. If we encouraged small business owners to strive for information technology efficiency now, and phased a credit out in a few years—if we couldn't afford it anymore—we could keep productivity growing and help us grow out of the current economic downturn.

Let me talk about a second potential business tax incentive tool, and that would be one that would zero out—eliminate—capital gains taxes for long-term investments in entrepreneurial firms.

I have long supported, since I came to the Senate in 1989, cuts in capital gains to spur growth and encourage a strong venture capital market. I remember being one of six members of my party who stood to support the capital gains tax cut proposal that then-President Bush proposed. Capital gains have been purged, in my opinion. We finally adopted a broad-based capital gains cut in 1997, and I think that cut,

and earlier more targeted forms of it, have encouraged the boom in entrepreneurship and startups that have institutionalized innovation in the United States.

This country's entrepreneurial depth is an asset we must nurture, and we can do so by cutting the capital gains rate to zero for long-term investments in startups, small entrepreneurial firms.

In the new economy, finally, employers need a knowledgeable labor force that adds value to the new technology. Right now, employers are investing too heavily in remedial education to make up for failures in the performance of our K-12 school system. Employers who are making these remedial education investments to bring our workforce into the new economy should be encouraged to do so with a new education tax credit system—a business education tax credit system.

For the same reason, I am supportive of tax relief for low- and middle-income families struggling to pay the cost of their children's college education. We are talking about a tax deduction for up to \$10,000 a year that is spent by families in this country to educate their children or themselves.

Those are three proposals where business tax cuts would have a direct effect on sustaining economic growth and getting us back to the boom in the American economy that we seem to temporarily have left.

At the end of the debate which President Bush will begin tonight, the best approach, of course, is the responsible approach; the approach that embraces the highest values and most far-reaching and broadly shared goals of the American people.

The goal of any tax cut and prosperity plan cannot be short-term politics. It has to be the long-term economic interests and values of the American people.

We are poised at a crossroads: After 8 years of economic good fortune, we can go forward and continue to pay down the debt, offer sensible, broad-based tax cuts that are both personal and business, and begin paying the IOUs we already owe for retirement benefits for baby boomers; or we can turn back, choosing policies that will undermine our productivity, reward the few, and leave education, health, retirement security, and our national defenses underfunded.

That is a big choice with serious consequences for each and every family and each and every individual in our country. I know the American people want to move forward toward expanded opportunities and continued prosperity. That is the heart of what it means to be an American. I hope we, their representatives, in Congress and in the administration, from both parties, will have the common sense in good times we had when they were bad to build on 8 years of success with fiscal discipline and sound economic policies and humane investments in our future.

That is what is on the line tonight as all of us in both Chambers and the American people listen to President Bush deliver his first State of the Union. I thank the Chair. I thank my colleagues. I yield the floor, and I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. REED. Mr. President, I ask unanimous consent the order for the quorum call be rescinded.

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

Mr. REED. I understand the time is controlled by the Democrats until noon.

The PRESIDING OFFICER. Until the hour of noon, yes.

Mr. REED. Mr. President, I ask unanimous consent to speak as in morning business for 20 minutes.

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

Mr. REED. I thank the Chair.

EDUCATION

Mr. REED. Mr. President, the last election demonstrated clearly and graphically the importance of education as a concern to the American people. It is perhaps their highest priority. They have indicated overwhelmingly in poll after poll that education reform and improvement is something they desperately want and that this Nation desperately needs. They have also indicated their top priority for the use of the Federal budget is investment in education. Indeed, 81 percent of individuals polled recently indicated they would approve of a bold national commitment to improve education similar to our commitment to build the Interstate Highway System and to do many other projects of critical importance to the American public.

It is, indeed, fitting then that President Bush would embrace this notion of education reform. I commend him for his interest. I welcome the beginning of a very serious debate about how we can at the Federal level assist local communities to improve elementary and secondary education in the United States.

We should begin, I believe, by recognizing that over the past 8 years, we have made progress. We established in Goals 2000 a focus on educational reform. In the reauthorization of the Elementary and Secondary Education Act in 1994, we insisted that high standards be the benchmark and the measuring rod of our commitment to educational reform.

We have also over the last few years passed legislation to diminish class size and to repair and renovate crumbling schools throughout this country. So we begin this process with success, but we also begin with the idea that we have to do much more, and we have to do it together.