

minute, you can only pay down so much of the debt because a lot of it is in bonds and other long-term instruments that people are not going to want to sell because a lot of us have given savings bonds, and other things, to our kids or people who have made long-term commitments to saving. So we cannot get them all back.

So Alan Greenspan, when he testified before the Budget Committee, said it is time that we start reducing taxes. We need to continue to pay down the debt in a steady, consistent, prompt manner, but do not try to get rid of all of it, and start now with some tax relief.

So the President has come up with a proposal for that \$5.6 trillion: To use \$2.9 trillion of it for Social Security and Medicare; to use \$1.6 trillion to reduce the tax burden of those who are paying taxes; and set aside another \$1 trillion for needed investments—actually, expenditures that may come along, and that is after we have the ordinary inflationary growth. So that is even after Government grows by, say, 4 percent in discretionary spending.

The one thing that everybody agrees we should not do with that surplus is lock it in totally to more mandatory spending, entitlements, because that is what, according to David Walker, is going to break this country 20, 30, 40 years down the road, if we do not do something about it. We cannot continue to lock in automatic spending because you never can get out of it; it is too difficult.

So the President said he wants to give a \$1.6 trillion tax reduction. Our Democratic friends say: We want only \$900 billion in tax reduction. The President said: We are going to increase spending some. But apparently—my guess is—my colleagues on the other side of the aisle would want to spend the \$700 billion difference between what they want as a tax reduction and what we want as a tax reduction.

Frankly, I think that is a bad way to go because our economy is suffering right now under the highest income tax rates we have ever had in peacetime. Mr. President, 21.6 percent is what we pay in taxes now. The only time it was higher was in 1944, at the height of World War II. That tax rate is too high. It threatens to choke off the money flowing into productivity, to businesses, to families, to make their own decisions, to make their own investments. So I believe \$1.6 trillion is a reasonable figure. A portion of that must go to reduce marginal income tax rates.

Just a few years ago, the top marginal rate was 28 percent. A lot of people, if you poll them, will say: Yes, the Federal Government could take 28 to 30 percent of a rich person's income, take it in taxes.

The President is only lowering the top rate to 33 percent, but he is giving across-the-board tax relief to all Americans paying income tax. Six million people, the lowest income people paying income tax, could be dropped off

the rolls. For a family of four making \$35,000 a year now paying income tax, they would pay none. For a family of four making \$50,000 a year, their income tax burden would be cut in half.

A question has been raised in this Chamber about progressivity. Are you continuing to tax the wealthy more? The answer to that is yes. You drop 6 million people off at the bottom; then you have the wealthy. Anybody who makes over \$100,000 a year—we could say that is relatively high income—right now those people making over \$100,000 a year pay 61.9 percent of the total income taxes collected. After the Bush plan is fully implemented, they would pay 64.1 percent. They would be paying a larger share, more than 2 percent more of the taxes. If we want progressivity, President Bush's plan is important.

Why is it important? Because only with that tax reduction can we make available the continuing investment in productivity that keeps the economy growing. Individuals, small businesses are making investments in other companies and in their own companies. There are some 20.7 million small businesses in America taxed at personal rates. They are proprietorships, personal operations—a farm, a small store, a computer consultant—or they are partnerships or sub S corporations. That means the individual tax rate affects the business.

A few years ago, after the 1985-86 tax cut, they only had to pay 28 percent as a top rate on their income. They used that money to invest in new equipment, in new employees, to expand their business. Now some of them at some rates pay as much as 44 percent as a top rate in their business. That is a significant cut in the amount of money that is available to invest in business and expand productivity.

I asked Alan Greenspan: Why is it that marginal tax rate cuts are the best thing we can do for the economy?

He said: For the long-term, the best thing you can do for the economy is to reduce marginal rates because reducing marginal rates puts more money into the investments we need—into technology, equipment that improves productivity, provides better wages and better economic opportunity and more jobs.

That is basically the reason why the Bush tax plan makes a great deal of sense.

There are a lot of other ideas around here. I am sure we will have an opportunity to work on them. For the long term, if we want to keep our economy growing—and I think we certainly do—we need a balanced approach that does as the President said: No. 1, reduces the debt as far as it can; provides tax reductions that will be put into productive investment; and puts money into high priority items, items such as education, items where we can see a real need.

We also need to reform Medicare, including prescription drug options for

seniors in assisting low-income seniors. We ought to get about working to reform Social Security as well. As we do those things, leaving money in the private sector is the best way to make sure our country can progress.

There are those on the other side who say we are giving tax money back to the wealthy to purchase a Lexus. Frankly, we make a lot of cars in Missouri; we don't make the Lexus. If they have earned the money, the question is, How much of that do you tax away? If they buy a Ford or a Chevy or a Dodge minivan, they are putting a Missourian to work. That is not all bad. We could have that if we adopt a sound economic plan, a sound budget, and a responsible tax reform proposal. I believe the President's proposal is sound.

We have heard statements made, a lot of statements, that the top 1 percent of the income earners only pay 20 percent or 21 percent of the income tax. That is not true. They pay 34 percent of the income tax. They would wind up paying more under the Bush plan. It does keep progressivity as well as providing relief up and down the line.

I hope the American people will take the time to find out the truth about the economics of the budget and this tax relief plan. I believe if they do, they will find that this is a plan that makes sense. It is balanced. It meets the priority needs of the American people, and it is the best recipe we have to see continued economic growth, good jobs, increasing productivity, and a better way of life for all Americans.

I yield the floor and suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. SMITH of Oregon). The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. REID. Mr. President, I ask unanimous consent the order for the quorum call be dispensed with.

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

FEMA

Mr. REID. Mr. President, in recent years in the State of Nevada we have had two natural disasters that have been very traumatic. One was in Reno, one in Las Vegas, and both were floods. The majority of the natural disasters that we have in America, are caused by water. There are earthquakes, of course, and there are fires, but most of our natural disasters have to do with water.

As I just mentioned, in Las Vegas and Reno we had two devastating floods. They both destroyed property. Thankfully the loss of life was fairly minimal, but there were lives lost, nevertheless, these floods were devastating. Homes were washed away. Businesses were washed away.

The one highlight, as I look back, was the fact that the Federal Emergency Management Agency, FEMA, was there and they did a wonderful job.

They were there during the violent storms—the storm in Las Vegas and the one in Reno.

I cannot stress enough how important FEMA was to the people of the State of Nevada. They move in quickly, set up first aid and relief stations, and constructed temporarily shelters. They set up a Federal office where they would meet with people to talk with them about their losses, whether or not there were emergency loans available.

After the worst was over, FEMA, through something called “Project Impact,” set up a disaster mitigation project. In effect, what it did after the flood, was to help in Las Vegas to reduce Las Vegas’ vulnerability to floods. Project Impact offers seed money to help cities all around the country allay the effects of natural disasters.

In Las Vegas, officials worked with State and local officials on waste, to upgrade the sewer system, build ducts, install backlog valves to prevent flood waters from entering homes, and install barriers to prevent similar disasters from happening again. Project Impact has made a real difference in Nevada.

The former mayor of Las Vegas, Jan Jones, said Las Vegas could not have gotten through the floods without the assistance of project impact.

I credit this project with helping hundreds and hundreds of Nevadans bounce back from a very difficult time.

Most recently, in fact yesterday, I was doing a radio program, National Public Radio, with Juan Williams. The program was interrupted because of the earthquake that took place at about 11:15 a.m. in Washington State. At the time I was on the radio program and he did not indicate the severity of the quake.

Yesterday’s earthquake survivors were fortunate that the quake occurred deep in the ocean, some 30 miles underground. Even though it was almost 7 on the Richter scale, the loss of life was minimal. At this point we only know of one person who died as a result of that very severe earthquake. Several hundred have been hospitalized, and several of them are hurt badly, but the impact, because of where it occurred, was lessened.

Project Impact is a program that works. In the State of Nevada, with the money allocated to FEMA under Project Impact, the city is working on bracing schools, water tanks, working on bookshelves—things like that. The same is taking place, as we speak, in Seattle. Furniture and computers are being restored or repaired, and they have trained 1,600 homeowners to shore up their own houses.

I give this brief background to indicate that I think this new administration, wants to wipe out Government waste, they want to cut Federal spending, as we all do. I commend this administration for that. They want to save whatever money they can and return it back to the people in the form of tax cuts, and that is the right thing

to do. But with all the good Project Impact has done, it is hard to understand why President Bush has targeted this program for elimination in his budget.

In the budget proposal, the outline which was presented to Congress yesterday, the President canceled FEMA’s Project Impact, saying that the \$25 million Federal-city program has not been effective.

I ask President Bush to reconsider. I am deeply concerned, because from the experience we have had in Nevada, this is a good program.

I am also very concerned that the President plans to cut overall FEMA spending by 17 percent. This is wrong. He is going to cut this program by about \$400 million, forcing us to come back with a supplemental and put this money in anyway.

I do not know where the natural disasters are going to take place in America today. I do not know where the floods are going to take place. I do not know where the fires are going to take place. I do not know where the earthquakes are going to take place. But they are going to take place sometime during this fiscal year, and FEMA must have the money and resources to meet these emergencies.

When people are hurt, when people are afraid, we need to have the Federal Emergency Management Agency have the resources to take care of these people. FEMA has done a remarkably good job. They have become so much better than they were.

I say that our President, must take a look at what his people have recommended be done. This is the President’s budget. He makes the ultimate decision. But I want those people who are working with President Bush to take another look at this. We cannot—we should not—eliminate \$400 million from FEMA because, I repeat, even with the full funding, it is very likely we are going to have to come back, as we do every year, for more money for these emergencies.

Late yesterday, President Bush dispatched his new Director of FEMA, Joe Allbaugh, to the State of Washington. President Bush said Mr. Allbaugh would work with State and local officials to provide whatever help he could to the people of the State of Washington.

We have seen the pictures of Washington after the quake—the still pictures in newspapers—and we have seen the disaster more vividly on television. Seattle and other places in the State of Washington have very serious problems, and Seattle is showing the Nation exactly why FEMA funding is necessary and the real impact some of these budget cuts would have on our cities.

The State of Washington needs these moneys. Project Impact is a major reason that damage to Seattle was not more serious than it was.

So as we find ourselves in this tax and budget debate, these are the de-

tails we have to account for these emergencies.

I know Nevadans want a tax cut, and I know the people of Alabama want a tax cut. In every State of the Union, people want a tax cut. Nevadans and all Americans have worked hard to ensure this surplus. We have worked hard and they have worked hard to get it. They deserve a major tax cut. It is time to reach a compromise to make sure they can receive a fair tax cut, but it has to be one that pays down the debt and protects Social Security.

We have to give people their fair share of a tax cut, but that does not eliminate programs such as FEMA. It has to leave money so we can have a prescription drug benefit. It has to leave money so we can do the things we need to do regarding education.

So just as families plan for unexpected demands on their resources, we have the responsibility to ensure that this Nation has resources to respond to its emergencies, such as the floods I have talked about in Nevada and this earthquake that took place yesterday in Seattle.

In the past, parts of our Nation have been devastated by unyielding wildfires and unforgiving hurricanes and earthquakes. Unfortunately, we will have these emergencies.

I believe it is our responsibility to account for these inevitable commitments. The best way to do that is by preparing for the worst, not by reacting when lives have been taken and property has been destroyed. We need to be prepared, and we cannot be if we are going to cut Federal Emergency Management Agency funding by 17 percent. Certainly, we should not cancel FEMA’s Project Impact moneys. These moneys are very important.

As I said, with Seattle, Project Impact has helped make Seattle buildings more earthquake resistant. Without this, problems in the State of Washington would even be worse.

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

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

The PRESIDING OFFICER (Mr. SESSIONS). Without objection, it is so ordered.

RULES OF THE ARMED SERVICES COMMITTEE

Mr. WARNER. Mr. President, I ask unanimous consent that the Rules of Procedure of the Committee on Armed Services, as adopted yesterday by the Committee, be printed in the RECORD.

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