"SEC. 207. AUTHORIZATION OF APPROPRIATIONS.

"(a) IN GENERAL.—There are authorized to be appropriated to the Office to carry out this title, such sums as may be necessary for each fiscal year.

"(b) AVAILABILITY.—Any amount appropriated under subsection (a) shall remain available, without fiscal year limitation, until expended.".

(d) INCUMBENT CHIEF COUNSEL FOR ADVOCACY.—The individual serving as the Chief Counsel for Advocacy of the Small Business Administration on the date of enactment of this Act shall continue to serve in that position after such date in accordance with section 203 of the Office of Advocacy Act, as amended by this section.

ORDERS FOR TUESDAY, MARCH 27, 2001

Mr. MCCONNELL. Mr. President, I ask unanimous consent that when the Senate completes its business today, it adjourn until the hour of 9:15 a.m. on Tuesday, March 27. I further ask unanimous consent that on Tuesday, immediately following the prayer, the Journal of proceedings be approved to date, the morning hour be deemed expired, the time for the two leaders be reserved for their use later in the day, and the Senate then resume consideration of the Hagel amendment to S. 27, the campaign finance reform bill.

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

Mr. MCCONNELL. Mr. President, further, I ask unanimous consent the Senate stand in recess from the hour of 12:30 p.m. until 2:15 p.m. for the weekly policy conferences to meet.

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

PROGRAM

Mr. MCCONNELL. Mr. President, for the information of all Senators, the Senate will resume consideration of the Hagel amendment tomorrow morning. A vote may be expected on that amendment prior to the recess for the weekly party conferences. Further amendments will be offered, and therefore votes will occur throughout the day.

ORDER FOR ADJOURNMENT

Mr. MCCONNELL. Mr. President, if there is no further business to come before the Senate, I now ask the Senate stand in adjournment under the previous order, following the remarks of Senator GRAHAM of Florida and the remarks of the Senator from Connecticut.

The PRESIDING OFFICER. Without objection, it is so ordered. The Senator from Connecticut.

HAGEL AMENDMENT NO. 146

Mr. DODD. My colleague from Wisconsin is here, and my good friend from Nebraska is in the room. I oppose the Hagel amendment. I guess people always concern themselves. CHUCK HAGEL happens to be a good friend of mine, someone I admire immensely as a Member of this body. We have worked together on issues on numerous occasions. So my opposition, while it will come as no great surprise, is not rooted in anything personal at all; it is a substantive disagreement, and my admiration for him is in no way diminished, even though we disagree.

I wish to focus on one aspect. Senator FEINGOLD talked about the soft money aspects. My concern is that and also the raising of the hard money limitation. I know this gets lost on some people. There are distinctions between soft and hard money. To the average citizen, money is money, and they get confused between what is hard and what is soft money. But the hard money increases are troubling to me in that we raise it from $1,000 to $3,000 an individual.

Let me translate that. That is really raising it from $2,000 to $6,000 because you contribute both to the primary and the general election.

Let me get even more realistic. As a practical matter, when we call for contributions and there is a married couple, we usually get double that amount. So instead of $2,000 or $4,000, we are now talking about $12,000 for that couple.

Those are the practicalities, and everybody who has ever raised money knows exactly what I am talking about. All of a sudden, we have gone from $4,000 to $12,000, plus we raise the individual total amount for a calendar year to $75,000, and then double that, really, because it is $150,000.

Now we are getting into the bizarre world where there are individuals—and of course not many in the country can do it; we are told it is really not enough because we ought to index it according to the consumer price index or some other parameter, much as we do with Social Security recipients or people on food stamps who are having a hard time feeding their families. We are going to index how much you can give, how much more access you can have to the process for the less than a fraction of the top 1 percent of the American public who could even begin to think about writing a check for $150,000 per calendar year to support the candidates of their choice.

As we look at this, just to put it in perspective, we had .08 percent of the population who actually gave $1,000 or more during the same period in 1999–2000. There were 1,128 individuals who gave $25,000 annual aggregate maximums to candidates. So, unbelievable as it is, here we are debating the need to raise contribution levels to benefit somewhere in the neighborhood of 1,200 to maybe 2,000 people in the country.

How many Americans can write a check for $150,000 in hard money? Obviously, very few. The idea somehow we are impoverished as candidates and we therefore need to raise the limits so people who fall into that category can write checks for us—only in this bizarre world could we even be talking about these numbers in this context.

My hope is Members will not be tempted to go this route. We ought to be looking for ways to reduce the amount of money in politics. There are those who disagree with me on this, but I think we are awash in it. It is running the risk of moving our very system of democracy into deep trouble. There is no issue more important than this one.

The other issues we will have come before us are significant, but this goes right to the heart of who we are as a people, who can run for public office, who can get elected to public office. Our failure to do something about it places, as I said the other day, our democracy, in my view, in peril.

So, reluctantly, because he is a good friend of mine, I will oppose the amendment of Senator HAGEL. I think we can do better. There will be alternatives offered this week that I think will be more attractive, and therefore I urge the rejection of this amendment.

The PRESIDING OFFICER. The Senator from Florida is recognized for 10 minutes.

TAX CUT

Mr. GRAHAM. Mr. President, I am going to use this time at this late hour, not to talk about the subject that has been before the Senate most of the day but, rather, to an issue that I think is dominating the attention of the American people even more than the question of campaign finance reform, and that is what is happening in their wallets, what is happening to their economic well-being.

We went through a long Presidential campaign in the year 2000. During that campaign there was considerable discussion about tax policy, fiscal policy, the direction of the economy. Each of the candidates tended to mark out their own position.

Then Governor Bush basically said, beginning before the Iowa caucuses in January of 2000, that taxes were too high; that the surplus was generating more money than the Federal Government could intelligently utilize, and therefore a significant amount of that surplus should be returned to the taxpayers. He laid out a specific plan to return $1.6 trillion of an estimated $5.6 trillion surplus; about a $2.6 trillion surplus minus the Social Security and Medicare trust fund.

The Democratic candidate, Vice President Gore, said we should have a tax policy targeted to achieve a set of specific economic and social purposes. They ranged from education to encourage more people to send their children to college, to continue their own personal education in a changing economy, to energy conservation: How could we use the Tax Code to encourage a set of incentives for conservation?

I suggest that just as the long campaign of 2000 finally ground itself to an end, those arguments have, similarly, ground themselves to an end. What we have come to realize is that the issue no more is how to return an unending gusher of surpluses or how to target in a very clinical, almost surgical sense, tax relief in order to achieve specific economic and social purposes; rather, the question before us now is, What should the National Government be doing in a time of unexpected economic slowdown?

We even had, in the period of the transition, the Vice President-elect state the ''R'' word. He began to use the suggestion that we might be in or close to a recession.

If that is true, and if we are clearly—as we are—in a slowdown, and if in fact we are moving to an even more serious economic situation, it is largely because consumers have suddenly lost confidence in their own future and in our Nation's economic future, and they have stopped spending. Since two-thirds of the Nation's economic output is predicated on the ability of consumers to spend and consume that output, that starts a process of a downward cycle. Spending slows on a grand scale. The economy slows. Layoffs begin. Pay cuts materialize. The cycle intensifies. The disease that may have started out largely in our heads is now in our bank accounts.

Colleagues, we are in the throes of that illness today.

Just a few statistics over the past couple of months:

Layoffs totaling 275,000 jobs have been announced, and they have been announced from some of the businesses that we regard as the mainstays of America's consumer economy, such as last week's announcement of Procter & Gamble. This bad news has led to a 35-point plunge in the consumer confidence index from an all-time high of 142.5 just as recently as September of 1995.

I think the good news in this dreary circumstance is that we do not have to stand on the sidelines as spectators and let the hand of the market control our destiny. We have the ability to take some steps that would soften the impact of a declining economy that might be able to even buy an economic insurance policy to protect us against an unnecessarily long or deep economic decline.

Part of that ability is being exercised by the Federal Reserve Board as it has started the process of ratcheting down the interest rate increases which it ratcheted up over the preceding couple of years.

We also have the opportunity to play a role not as a spectator but as a participant through our control of fiscal policy.

In the past, Democrats would have said the fiscal policy that we want to follow is one to accelerate spending: Let's spend more money as a means of generating greater economic activity. Today, some of us who are the descendents of the Presiding Officer's noble son, Thomas Jefferson, believe that the step we need to take to stimulate the economy is to put additional dollars in the pockets of American families so that they can make the decision as to where to spend, and those decisions and the increased confidence they have will cause additional dollars to go into their pockets, and we will begin to attack this psychology of despair which has become such a significant reason for the decline in consumer demand.

I believe that stimulative tax cuts in this year of 2001 and in the year 2002 are what are required of Members of the Congress to play our role as active participants in avoiding an unnecessarily severe economic downturn. I believe there are some characteristics those tax cuts should have. I believe that is where the debate is today.

As recently as a month ago, if you had said I believe we ought to use the resources that are available through our surplus for an economic stimulus in tax cuts, you could not have commanded a majority on the Republican side because there would have been objection as to the direction in which you were suggesting the tax cuts flow. And you would not have gotten a majority on the Democratic side because they would have said tax cuts are too large in terms of our overall allocation of the surplus, and maybe a question as to whether tax cuts could make any difference as a stimulative matter at all.

I believe that argument has now been decided, that the American people want us to—and the American people have concluded correctly, in my opinion, that it will be in their economic best interest if we provide an immediate significant tax stimulus.

The American people understand what some of the characteristics of that tax stimulus must be. That tax stimulus must be large enough to make a difference. We might argue at the edges as to what the numbers would be, but my suggestion, based on the advice of a range of prominent economists, is that we need to be able to inject into the economy during calendar year 2001 at least $60 billion in tax cuts; and, if we can do so, we can anticipate that the gross national domestic product will grow by one-half to three-quarters of a percentage point greater than it would have grown had we not taken that action.

Senator CORZINE, who joins us now, and I have developed a formula that we believe meets the criteria of an effective economic stimulus. That formula came from an idea in President Bush's tax proposal; that is, that we create a new 10-percent tax bracket; that that tax bracket cover taxable income for single Americans up to the first $9,500 of their taxable income; and that for joint filers, for married couples, it would be up to $19,000 of taxable income; the first $19,000 would be taxed at the 10-percent rate; and that all of those would be effective as quickly as Congress could pass it but made retroactive to January 1, 2001.

That simple, easily enacted withholding rate change would result in single Americans this year—calendar year 2001—receiving a $475 tax cut if they had taxable income of $19,000 or more. For married couples, it would result in a $950 tax cut for the year 2001. Our proposal would continue this as a permanent change in the law, so those same reductions would be applicable in each future year.

This plan is not deceptively simple; it is truly simple. That is why it would work. Taxpayers will see it. They will understand it. They will feel comfortable that this is not a one-time ''manna'' from Heaven; that it represents a permanent change in their tax relationship. They would feel comfortable as early as this summer in beginning to incorporate that into their economic expectations.

While this tax relief is broad based—every American taxpayer, single or married, who pays Federal income tax would be a beneficiary of this plan—it would provide the largest portion of the relief to middle-income families. That is not a statement based on class warfare or a statement based on fairness; it is a statement based on sheer economic reality.

There is a correlation between the tendency of people to spend and the amount of their income. The lower the income, the greater propensity there is that the new additional dollar that would come by reducing tax rates would actually move quickly into the bloodstream of the American economy. So we are, for that reason, since our goal is to stimulate the demand side of the economy, suggesting this single rate change as the most effective means of getting that immediate surge of action in our economic bloodstream. It is large enough to make a difference but it is not so large as to crowd out other important budget priorities.

While it is a substantial share of this year's budget surplus—approximately $2 out of every $3 of the non-Social Security, non-Medicare surplus in 2001 would be committed for this purpose—its claim on future surpluses is much smaller.

If I could contrast this with other proposals that are before the Congress and before the American people: The President has a total tax plan of $1.6 trillion. That compares over 10 years with approximately $693 billion that would be the cost of the 10-percent plan Senator CORZINE and I are advocating. But there are other differences beyond just the sheer scale of the tax measure.

The President's plan would be largely backloaded. Most of the tax benefits would come in the last 4 or 5 years of the 10-year cycle. In fact, in the year 2001, when I believe the stimulus is most needed, the tax cut in the President's plan is only $183 million. That contrasts with the $60 billion Senator CORZINE and I believe is the appropriate level of stimulus for this economy.

Another plan that is before the Congress and has already passed the House of Representatives is the Ways and Means proposal: The first phase of the President's tax plan, which is limited to changes in marginal rates of the income Tax Code for personal filers.

In my judgment, this, too, falls far short of what is needed because it would only provide $11 billion of so-called stimulus in 2001. Eleven billion dollars is better than $183 million, but neither of them are adequate to the task of providing the stimulus that our economy needs. And these packages do not target those taxpayers who are the most likely to use this money, to spend this money in the ways that would best advance our economy.

Three-quarters of all taxpayers do not pay beyond the 15-percent bracket as it is currently calculated. That means that three-quarters of all taxpayers have total taxable income of less than $45,000, which is the top of the 15-percent rate. Yet nearly 60 percent of the total cost of both the President's plan and the House Ways and Means's plan is devoted to persons who earn more than $45,000 in taxable income.

Again, this is not an issue of class warfare. It is an issue that those higher income folks are less likely than the middle- and lower-income Americans to spend that money and, therefore, create the stimulus in the economy.

As I have said, Senator CORZINE and I have been very impressed with the President's excellent idea of creating this new 10-percent bracket. We think that deserves to be the centerpiece, the focus, of an economic insurance policy that we can enact soon.

What would this mean for a middle-class American family? With the kind of cut we provide, they could almost buy a new Dell computer. They could buy a new RCA 36-inch stereo color TV. They could buy a week's vacation in Florida. We all agree that America's hard-working families deserve that computer, that color TV, and especially that Florida vacation. We all agree that America's workers need job security. Now let's agree on a tax cut that can stimulate the economy and make that job security happen for all Americans this year.

I am afraid that we are about to move from the chapter in which the debate was over: Should we have an economic stimulus, a chapter that I think has ended—we now have broad agreement that should be the title of whatever tax relief we provide first in the year 2001—and we are now about to go into a debate on which is the most perfect way to get to that objective. That then fall prey to exactly the comments that the Chairman of the Federal Reserve Board, Mr. Alan Greenspan, made in February to the Senate Budget Committee when he said he was skeptical about an economic stimulus tax plan, not because it did not have the economic potential but he did not believe that the Congress had the capacity to enact it quickly enough to make a difference; that the history of these efforts to use the Tax Code to stimulate the economy has been that a good idea was birthed but it was never nurtured quickly enough to be fully available while the problems still existed.

To me, it is critical we have a plan that is simple and direct enough, that is sufficiently shorn of controversy that it can be enacted, ideally by the first of July, so that it could begin to affect paychecks in August of this year.

We need to be bold and aggressive and recognize that this is our time to step out of the boxes above the arena down to the floor and become an active participant in assisting American families in dealing with this serious problem of a declining economy and the effect that it is having on the quality of their lives and on their psychological sense of the future for their families and our Nation.

We have the opportunity to do so. We should grasp that opportunity now.

Thank you, Mr. President.

The PRESIDING OFFICER. The Chair thanks the Senator from Florida.

The Senator from New Jersey.

Mr. CORZINE. Mr. President, I ask unanimous consent to speak for up to 10 minutes.

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

Mr. CORZINE. Mr. President, I rise to endorse the concepts about which the Senator from Florida has spoken this evening and to make the point that the economic necessity of this grows clearer every day.

There is a need for a stimulative package, and it needs to be brought to bear in the quickest possible fashion. The apparentness of that need is reflected very clearly in the economic indicators we see reported almost daily, apart from what many people talk about in most of their conversations, which is the stock market, which is an important indicator of future economic conditions.

We see a pattern of deterioration currently in place that needs to be focused on, particularly the pattern of layoffs coming out of corporate America. Those are broadening and are reflective of underlying recession business conditions, if not more broadly in the economy.

This substantial deterioration is beginning to show up in consumer confidence numbers. At the end of last week we saw a deterioration in new home sales which reflects underlying consumer confidence. As we know, it is about 65 percent of our economic engine in the United States. These kinds of conditions are most properly underscored, most vividly underscored by actions taken by one of America's most important consumer companies, Procter & Gamble, which reported last week they would be laying off 9,500 people. This is another indication of growing economic weakness.

Add to that that there are problems in our international sector, the reported deterioration in the Japanese economy. The central bank in Japan actually lowered their interest rates to zero percent trying to stimulate the economy. This is important because it demonstrates that if you only depend on monetary policy, as opposed to a combination of monetary and fiscal policy, you sometimes can lead the horse to water but it won't necessarily drink, and you won't get the kind of stimulus we need to make sure that this economy is secure; that we keep job growth increasing. International weakness is also one that we need to be concerned about, particularly in Asia, but we are seeing early signs of weakness in Europe as well.

Right now we are depending far too much on monetary policy, where the Federal Reserve has moved, on a proportionate basis, actually faster, certainly than I have ever seen in my own personal experience, with three 50-basis-point cuts in interest rates in less than 2½ months, a very substantial move percentage-wise on interest rates. It is even more imperative that we move to have a fiscal stimulus as a partnership with the Federal Reserve to get that stimulus going. That needs to be substantial. It needs to be done efficiently and speedily. It needs to be sustainable.

Too often, one-time cuts go into savings. Most economic thought would show that single one-time payments tend to go to savings as opposed to consumption. The plan Senator GRAHAM and I are proposing is one that is intended to be substantial but sustainable through time. People can count on that tax cut over a longer period of time. It changes consumer confidence. It changes their way of how they are going to look at future earnings. They can discount that to the future. We think that will end up having a meaningful impact on current economic conditions. In fact, it is an economic insurance policy. If we are wrong and we are not in a recession, this is a good thing because it will boost economic growth. But if we fall into a slower period where recession actually takes place, and you never know that until after the fact, then we have a fiscal stimulus in place to go hand in hand with monetary policy.

We believe strongly that this is a proposal that does reflect balance on many of the competing arguments we see. It is a direct lead-in from where the President suggested a 15- to a 10-percent cut. We just give it now as opposed to in future years. We think this is an important precondition to make sure we have a strong economy that will allow for all boats to rise on that rising tide.

I thank the Chair for the opportunity to support the arguments and description of the program Senator GRAHAM, my friend from Florida, has proposed.

ADJOURNMENT UNTIL 9:15 A.M. TOMORROW

The PRESIDING OFFICER. Under the previous order, the Senate stands adjourned until 9:15 a.m. on Tuesday, March 27, 2001.

Thereupon, the Senate, at 8:21 p.m., adjourned until Tuesday, March 27, 2001, at 9:15 a.m.