

private sector. This is needed so that people don't get trained in the military for a specialized job and then leave for more pay in the private sector. So defense spending would be increased.

It provides for \$80 billion over 10 years for assistance to farmers and ranchers. We are in the process, during the next year, of coming up with a new farm bill before the one now in place runs out. There will be something to replace that. Hopefully, an effort will continue to move toward a marketplace in agriculture but also to provide some kind of a safety net so we don't go through the sort of trauma that we have over the last several years.

It also expands child tax credits and earned income tax credits—an \$18 billion increase over that time. So there are a lot of great details that could be talked about, obviously, and will be talked about, and indeed should be talked about.

The real question is, If you have a surplus, what should you do with it? You should certainly accommodate those things that are high necessities and priorities in the budget, and then you ought to return that money to the taxpayers, the people who paid it in. That is the way it ought to be. We ought to be able to understand that it is really the responsibility of the Federal Government to provide these programs but not to excessively spend the money that could very well be either spent by the taxpayer or, indeed, if there are special programs that need to be done, we would make an opportunity for the States and local governments to make the taxation they need so the things could be done there.

Mr. President, we are going to enter into a very lively debate. I suppose taxes and budgets probably personify as well as any other thing the differences in view about how people would approach governance. That is perfectly legitimate. That is what this place is for, to talk about differences in view. There are those who think that we ought to be spending much more on the Federal Government; the Federal Government ought to be funding every need that exists; and the Federal Government ought to grow and have more expansion into people's lives.

I am one of the others who believe there ought to be a limitation on the role of the Federal Government, that governance closer to the people is the kind of governance that is best, and we ought to tax to the extent necessary to pay for those functions. But when it is beyond that, we ought to do something about leaving taxpayers' money in the taxpayers' pockets.

Those are the decisions that are before us. Those are the decisions that we will be dealing with, hopefully this week, certainly next week, and they are tough. I just hope that we have an opportunity. We have a 50/50 Senate now, which is an unusual division of parties, and somewhat of an unusual division philosophically. Yet our challenge is to come together with some-

thing that is good for the country. Nobody would argue with that. But everybody has a different view of what is good.

I hear people say you need to do it "the right way." I don't know of anybody who wants to do it the wrong way.

There are differing views and there should be. The President has laid out a program that is quite good. There are those who would like to discredit the President's program, of course, in order to create their political ideas. But that is not why we are here. We are here to resolve problems that exist. We are here to govern. That is our job. We need to move forward. We have been a little slow. I think we have to really come to grips with the fact that we are here to make decisions, to move forward, to do something with education, to do something with taxes, and we are here to take on many of the other issues. That is our task.

Mr. President, I think there will be others joining me in a few moments. In the meantime, 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. CRAIG. 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. CRAIG. Mr. President, it is my understanding we are in a period for morning business.

The PRESIDING OFFICER. The Senator is correct.

TAX RELIEF

Mr. CRAIG. Mr. President, today I join with several of my colleagues to talk about an issue that has dominated the Senate and the Congress of the United States for many months. That dominance, I think, has been shared in most of the minds of our American citizens as we have worked to complete a budget for fiscal year 2002. Tax relief is an important component of that budget and an important issue to the American people.

As a matter of fundamental fairness, the most heavily taxed generation in America's history, in my opinion, deserves tax relief. There is plenty of room in this budget for tax relief. Listening to some of the speeches in this Chamber last week, one would assume we were dramatically cutting the budget of the American people in order to give some of that money back. That is simply not true.

The budget resolution increases overall spending by about 5 percent. Important national needs will be met. We are taking less than a third of the total surplus—surplus tax dollars—to provide tax relief. Without question, there is room in this budget to provide tax relief to that overtaxed American consumer taxpayer and to adequately fund a budget for America's citizens.

According to the Tax Foundation, May 3 was tax freedom day this year. In other words, the average working American had worked from January 1 through May 3 just to pay his or her taxes. Said another way, on May 3, the American worker finally was beginning to put money in his or her pocket and provide money for the breakfast table of his or her family.

The average American works the first 123 days—the first one-third of the year—to support the appetite of Government, and still we heard in this Chamber this past week the siren song saying that appetite was not big enough, that somehow it needed to grow ever increasingly larger.

May 3 is the latest tax freedom day in the history of this country. Tax Freedom Day occurred as early as April 18 in 1992, before the record tax hike enacted in 1993. But from 1992 to now, another half-month has been added to the amount of time the average worker is required to work just to meet his or her tax obligation.

May 3 is actually a national average because, because it brings in the State and local tax burdens. In Idaho, for example, at least that burden is less than in other States, and Idaho's Tax Freedom Day fell on April 25, making its citizens the tenth least taxed group of citizens of any State in the Nation. There is no wonder Idaho is a fast-growing State. Somehow the word is out that if you live and work in Idaho, because of our attitudes about government and the way we manage our government in Idaho, and thanks to my colleague, our Governor, Dirk Kempthorne, who once served with us in the Senate, we tax citizens less, even though we provide adequate government for their needs.

Americans have never been more heavily taxed than they are now. The average American family pays 37 percent of its income in all taxes at all levels, half again as much as our parents paid in the 1950s.

Stop and think about that. Compare the wages, compare the cost of living, compare everything else then relative to now, and yet today taxes have dramatically increased, by about half, compared to our parents' generation.

No wonder the personal average savings rate in America is now a negative 1 percent. Government is taking away what the people otherwise would save—what they would save for their retirement, for their children's education, for their parents' care, or to build a better standard of living. Oftentimes we hear economists analyze the negative savings rate in our country compared with other nations of the world, and they say: It is a matter of culture. Certain nations have a culture of savings.

My suggestion to our citizens is this: If you were granted the opportunity or the incentive, my guess is you would be saving a great deal more than you are saving now. When you are paying 37 percent of your income for taxes at all

levels, you simply have less to live on, less to save, and, therefore, you are using more of what you have for necessities.

The total Federal tax take this year will be 20.7 percent of the total economy. In other words, 20.7 percent of the gross domestic product of this country is required to pay for Government, the highest level ever, except for one year, 1944. Of course, we can all remember where the nation was in 1944. We were at the peak of World War II. We had committed this country to saving the world and saving the free world from tyranny and knocking down the powers of fascism. We had committed all of our resources to doing that. Only at that time, compared with now, did we have comparable tax burdens.

In fact, in the six years of highest taxes in American history, two fell during World War II and the other four have been the most recent four.

Where is the war today? Are we committed to saving all of the world from the direct threat of a powerful enemy of the kind we saw in World War II? That is not at all the case. Simply, our Government's domestic appetite has dramatically grown from 1944 to today, and as a result of that, our hard-working Americans have fallen victim to that appetite.

Can anyone seriously claim that the Federal Government is now engaged in a life-and-death struggle, compared to World War II? I don't think so. Oh, we have a lot of problems to solve and challenges to meet. There is no doubt about it. We are attempting to address them. On the floor this week we are debating education and are committed to putting a substantial increase in Federal funding into what is a traditional State and local funding priority, to help enhance the ability of State and local educators and education-providers to improve the conditions under which our children learn.

Still, on top of all that, we have the opportunity to provide the tax relief that will go a long way toward helping our economy and freeing the American people.

The new budget provides for paying down more than \$2.4 trillion worth of debt in the next 10 years. Some Senators said we are going to give all the money back to the taxpayers, that we are not going to deal with the debt. Somehow in the midst of all this debate, somebody did not look at the plain numbers in the budget resolution to recognize that, if we stay this course, over the next 10 years we are paying down \$2.4 trillion of that debt. That is nearly twice the amount of tax relief that is in the budget and 50 percent more in debt relief than in the amount of tax relief requested by the President.

So we clearly will have more debt paid down than tax relief. But in the balance of both, my guess is Alan Greenspan is going to say: "Good job. That means Government will not grow larger. That means the appetite of Gov-

ernment has been curtailed. That means a freeing up of the domestic productive economy of this country, which means that monetary policy and fiscal policy are a good deal more in synch."

This Senator is glad we are paying down the debt. I hope in my time of service here I can turn to my children and grandchildren and say: Of all the things my generation and I have not done for you, there is one good thing we did do for you in my lifetime, and that was to rid our country of debt and therefore to rid you of your obligation as current and future taxpayers of having to respond to that debt by a very large chunk of your tax dollars being consumed by it. That ought to be the responsibility and obligation of my generation. Clearly, we have set a course with this budget and this budget resolution for doing so.

I think we have to go even further than that. The budget already calls for paying down debt at a fast pace - the fastest pace at which the debt can be paid down.

The budget includes overall spending increases of about 5 percent. Frankly, in my State of Idaho, folks are not so sure why Government should grow at all, that 5 percent is maybe even too large. There is no question there are some very real needs out there. We are going to meet some of those needs. At the same time, it is important to recognize we can in fact give tax relief and pay down debt.

This year's tax relief will only be about 5 percent of total revenues over the next 10 years. It will be about one-half of President John Kennedy's tax cut, adjusted for the times and the size of the economy. Yet we hear people now suggesting this is a devastating tax cut, that this simply destroys the revenue flow of Government. Yet in another era, another time, comparing economies in a fair way, the Kennedy tax cut was nearly double the one we are dealing with today.

This year's tax relief will be about a third of the package that was enacted under President Ronald Reagan. Yet of course it was the Ronald Reagan tax cut that fueled the booming economy of the late 1980s.

The PRESIDING OFFICER. The Senator has reached 10 minutes.

Mr. CRAIG. Mr. President, let me wrap up. With the passage of the budget resolution, and now with the beginning of the work of the Finance Committee to produce a tax bill, we are clearly receiving the message from the American people. We are acting on their goal for us, to deliver back to them in both the immediate and long term, some tax relief—to offer up to them the right—government may act like it is a privilege, but it is a right to keep a little more of their own, hard-earned money.

Now is the time to stop the government tax man from being the uninvited guest at every wedding, the unwelcome intruder at family funerals, and the rude bill collector at every graduation.

Maybe, just maybe, next year's Tax Freedom Day will come not in May but in April once again. If that is true, we will have accomplished a great deal more than anyone thought we could, not too long ago.

I yield the floor.

The PRESIDING OFFICER. The Senator from Colorado.

Mr. ALLARD. Mr. President, I join my colleagues to talk a little about taxes this week since we are expected to bring up some tax relief legislation here the latter part of this week. I think it is time for us to remember that tax freedom day was May 3 of this year. This is the latest it has ever been.

What does that mean? It means the average American family will work the first 123 days of the year to pay the combined tax bill from all levels of government. That is Federal, State, and local. Obviously, the Federal bite out of the family's budget is the largest of all three of those. I hope I have time to get into a little more detail on that. But certainly it is time for a tax cut.

We frequently discussed the budget surplus, but I think it is more accurate to refer to it as a tax surplus. The tax surplus represents an overpayment by taxpayers and should be refunded to those who overpaid. Tax cuts will benefit all Americans by making the economy stronger. Low taxes help reward work, savings, and investment. Low taxes provide the fuel for our economy to create new jobs and raise our standard of living. I think it is reasonable to conclude if we raise taxes, just the opposite is going to happen.

In today's economy, it would be ill advised if we did not make a sincere effort to cut taxes. This allows people to keep their own money and helps our economy. It makes sense. People are in a better position than the Government to know what they believe. I believe in the people's priorities instead of Washington's priorities.

This tax cut we are going to be talking about is real money that can be used for things such as helping to buy a home, helping to pay for a college education, or help in purchasing a computer to help the kids through school so they can learn math and become more proficient in English. Some have attempted to shift the focus on tax cuts by claiming we cannot afford tax cuts. In fact, tax cuts do not jeopardize debt repayment or the Government's other obligations.

I would like to take a moment to look at that. The budget that has been proposed now allows the Government to return a major portion of the surplus to its rightful owners, the taxpayers. It continues to pay down our national debt, and it continues to protect Social Security and Medicare surpluses. The Congressional Budget Office forecasts the 10-year surplus is large enough to allow the Federal Government to retire all available debt held by the public.

I would like to refer my colleagues to my efforts over the past 4 years. Four years ago, I introduced legislation to pay down the debt in 30 years. Then I looked at the amount of revenue that was coming into the Federal Government, part of this tax surplus, and I determined 2 years ago we ought to be able to pay down this debt within a 20-year period. So I introduced legislation to pay down the debt within 20 years. This year, we are looking at paying down the debt in 10 years and still being able to provide for a \$1.6 trillion tax cut.

The Congress has backed off on what was originally proposed by the President and finally agreed on somewhere between \$1.35 and \$1.4 trillion in tax cuts. Certainly we have allowed ourselves plenty of margin.

The tax bill that is supposed to be coming to the Chamber contain many important provisions. Many of them have been referred to by the President. First, the tax rates are lowered across the board. This will benefit Americans in all categories who pay taxes. This year, taxpayers will get immediate relief when the 15-percent rate is lowered to 10 percent on a significant portion of that income.

The tax bill also lowers the top rate significantly, increases the child tax credit, provides tax relief for education expenses, and eliminates the death tax.

I am particularly pleased to support repeal of the death tax.

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.

The estate tax can destroy a family business. This is the most disturbing aspect of the tax. No American family should lose its business because of the estate tax.

Similarly, more and more large ranches and farms are facing the prospect of breakup and sale to developers in order to pay the estate tax.

We feel it acutely in Colorado, especially because of the rapid growth and demand for real estate in Colorado.

One change which is not included is a reduction in the capital gains tax. I hope that this can be added to this tax bill or one later in the year. This change would actually increase revenue to the Treasury.

I support a reduction in the top rate from 20 to 14 or 15 percent. I also believe that we should include indexing so that taxes are paid only on real capital gains, not those which result only from inflation.

In 1997 we reduced the capital gains tax from 28 to 20 percent.

Many of you will recall the debate over whether this would raise or lower revenues. We now have the answer—revenues from capital gains increased dramatically after the rate cut.

In fact, in just the 4 years since the rate cut, 1997 through 2000, the Government has received \$200 billion more capital gains revenue than forecast before the rate cut.

That is \$200 billion of added revenue in just 4 years.

I think the Tax Foundation does some very good work. I have been looking at a chart that was put out by the Tax Foundation.

From 1992 until the year 2001, we actually see a large spike in rates of increases for taxes and the total tax revenues that are being paid to the Federal Government.

We see the tax burden days go from April 18 to May 3—within a period of a little less than a decade. I think this is a phenomenal amount of revenue increase that has come from working Americans.

Of the 123 days that America spends laboring for Federal, State, and local taxes, it is interesting how this breaks out. Fifty days of that goes toward individual income taxes, 42 days goes to Federal and State, and for local it is 8 days.

For social insurance taxes, 29 days goes to that category. And all of that is Federal. There is no State or local part in that aspect of the tax.

Of the 123 days, 16 days go toward sales and excise taxes. Three days of that is allocated towards Federal and 13 days is allocated towards State and local. Property taxes—the Federal Government has no property taxes, but State and local governments do. Ten days out of that 123 days goes for property taxes for State and local governments.

Let's look at the corporate box that has been analyzed by the Tax Foundation. Corporate income taxes make up 12 days of the total of 123 days. The Federal part of it is 10 days and the State and local part of it is 2 days.

If we look at other business taxes, there is a total of 3 days put in that category. The Federal Government doesn't have any, but State and local has a total amount of 3 days. For all other taxes is that general category. There are 2 days allocated to that box. One of them is Federal and one is State and local.

I think those are some interesting factors coming out.

Then there are those who say the tax cut is way too much. We know what happens.

If we go with the President's tax cut that he proposed—I remind the Senate that it hasn't gone as much as the President proposed—then basically what you are doing over the next 9 or 10 years is holding the tax burden day on May 3, 2001.

What happens if we don't have any tax cuts? Suppose we didn't go with any tax cut at all? We would see the tax freedom day move out to May 9. This is not a particularly remarkable tax cut, but it is something that certainly is badly needed.

I am looking forward to the debate because I think it is very important that we move forward with the tax cut right now. If my memory serves me correctly, we have raised taxes retroactively. I don't see what the problem

is with trying to cut taxes retroactively, particularly in light of the fact that we have the surpluses we are facing today.

In summary, Americans are spending more than ever on taxes. In fact, we now pay more taxes than we do for food, shelter, and clothing combined. Since when did the Federal Government become more important than life's essentials? It is time to reverse this trend by cutting taxes across the board. Lower taxes would help our economy and would also help America's families.

Thank you, Mr. President.

The PRESIDING OFFICER. The Senator from Nebraska is recognized.

U.S. TRADE POLICY

Mr. HAGEL. Mr. President, last week President Bush laid out an aggressive trade agenda for America. Few policy areas will be more critical to the future prosperity of not only the United States, but the world.

Trade is essential to the continued growth of our economy. U.S. exports totaled more than \$1 trillion last year, an increase of 12 percent from 1999. Those exports accounted for 11 percent of our GDP in 2000.

The impact and importance of trade extends far beyond our borders. The nations of the world live in a global community—underpinned by a global economy. We are all directly affected by the development and growth of markets around the world. Stability, security, economics, markets, communications, trade, and investments are all interconnected.

Taking advantage of the opportunities of this hopeful new world will require vision and leadership—bold Presidential leadership with the vision to see through the haze of the present and into the possibilities of the future. This will require leadership that is wise enough to seize the moment and help move the world forward. Nations of today are not the nations of yesterday. We must rise above past differences and old conflicts. This is not without risk. But the risk must be taken.

Trade connects people. Increased commerce and the bridges it builds has broad implications for human rights, democracy and increased stability and freedom around the world.

Trade binds nations together in strategic and political alliances. Throughout history trade and commerce have been key instruments that have helped break down totalitarian governments and dictatorships, and opened the doors to democracy and higher standards of living for all people—improved health, better diets, and hope for the future. Trade and international investment have helped pave the way for peace in many areas of the world. Trade and democracy are interconnected. Trade and investment lead to political and economic stability.

The key to this is a strong trade agenda that pursues our interests while balancing them with other priorities.