

when they move up, they will always be replaced statistically with someone who is earning less than they are who ends up in the bottom 20 percent.

Interestingly enough, when we had hearings before the Banking Committee on the issue of the Tax Code and tax relief, and Alan Greenspan was testifying before us, one of the members of the committee said to him: Mr. Chairman, with respect to the good economy we are enjoying, tell us who has benefited the most in terms of the economic strata of the United States, which group has gotten the greatest benefit out of this good economy?

Knowing the political orientation of the Senator who asked the question, I think he was expecting and hoping that Alan Greenspan would say: Well, this economy has mainly benefited people at the top and the people at the bottom have not gotten anything out of it.

I think the Senator was a little surprised when Alan Greenspan said: Without question, the people who have benefited the most from this good economy are the people at the bottom of the economic scale.

Then he was asked how can that be because statistically the top 20 percent has gotten richer than the bottom 20 percent. But Alan Greenspan pointed out a great truth: It probably does not make any difference—I am not quoting him now; this is my summary—it probably does not make any difference whatsoever to Bill Gates whether his portfolio is \$60 billion or \$80 billion in terms of his lifestyle. He still has his big house at \$60 billion. He still has all of his opportunities at \$60 billion. His life has not changed at all if it goes from \$60 billion to \$80 billion.

However, someone who cannot get a job, who suddenly finds that he or she can and become gainfully employed for the first time in his or her life sees an enormous change, and that, indeed, has been the primary impact of this good economy. It has virtually, at least for a period of time, eliminated unemployment.

I can remember when we thought structural unemployment in this country was about 6 percent, and when we got down to 6 percent, we had functional full employment. We saw unemployment go down below 4 percent at times in the recent boom situation, and who got those jobs? People who were unqualified for the jobs that were available when unemployment was higher.

I remember visiting with employers in my State and asking them: What is your biggest progress in this booming economy?

They said: We cannot hang on to workers. We will take any warm body. We need workers.

I said: Will you take the unskilled?

They said: Absolutely, we will take the unskilled and we will spend the money training them; we will spend the money making them skilled because we have to have people.

One employer said: We have a job fair opening where we rent a room and ask

people to come in. They come in, we make a presentation to them. Say there are 30 or 40 people in the room. We make a presentation for an hour. We break for coffee and only 10 of them come back afterwards. All 40 of them are unemployed and want a job, but 30 of the 40 decided they did not like the way we made the presentation. And they can always walk down the street and get a job someplace else.

That is the impact of a booming economy on the people at the bottom. It gives them an opportunity that will make a more dramatic change in their lives than the change in the lives of the people at the top. That is what Alan Greenspan was talking about when he said in terms of the impact for good on people's lives, there is no question whatsoever but that the booming economy we are having has affected for good more people at the bottom than it has people at the top.

Yet from the rhetoric we hear around this Chamber, we are told over and over that if we do not somehow take money away from the people at the top and shift it to the people at the bottom, we are going to destroy American democracy.

This class warfare kind of rhetoric simply does not jibe with reality. It does not jibe with what we have experienced in the last 10 years. It does not jibe with what the economists tell us is reality, and it certainly does not jibe with that which the small business man and small business woman will tell you in terms of actual job creation.

Of course, the statistic we need to keep in mind is that the great job-creating machine in this country is not the Fortune 500. The great job-creating machine that is creating new jobs is not headed by Exxon, General Motors, Ford, and DuPont. No, the jobs are being created the way the jobs were created in the circumstance of which I was fortunate enough to be a part: A company started in a basement by a husband and a wife that within a decade has created 4,000 jobs, and in the process of creating those 4,000 direct jobs, among the suppliers, there are another 2,000 to 3,000 to 4,000 jobs as people are hired to produce the articles that our company has to buy in order to provide its product to its customers.

As we wait for the report to come in from the conferees as to where they are going to put the marginal rate, I wanted to take the time to make it clear that the political rhetoric that flows around this issue really has little or no connection with reality.

In reality, a lower marginal rate primarily helps small businesses to grow. A lower marginal rate is crucial to the rate by which small businesses grow. The rate at which small businesses grow is the most important dynamic in terms of how the economy is growing, and for those who get statistically hung up on the gap between the top 20 percent and the bottom 20 percent, they must remember and recognize that in America, more than any other

society in the world, the freedom to move both up and down the ladder is greater than anywhere else.

If we can understand those things, we can come to a more intelligent decision with respect to where the marginal rate will be. I have no illusions that the conferees will bring the marginal rate in at the level that I would like, but I hope that once it comes in, in future Congresses we can keep all of this in mind and take another bite at the apple at some particular point.

My desire would be to bring the top marginal rate back down to where it was during the decade of greed where, quite frankly, we sowed the seeds of the great economic expansion about which we are all excited and for which politicians of both parties have been taking credit when, in fact, they have had little or nothing to do with it.

I think the work I did at the Franklin Company before I came here had more to do with creating jobs than anything I have done since I have been here. I want to get the marginal rate back down so others who are trying the same kinds of things we did will have the same opportunity that we did.

I yield the floor.

The PRESIDING OFFICER (Mr. HAGEL). The Senator from Michigan.

Ms. STABENOW. Mr. President, I ask unanimous consent to speak up to 15 minutes in morning business.

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

TAXES AND THE ECONOMY

Ms. STABENOW. Mr. President, I rise to speak also about the tax cut proposal, about the debate on how to keep the economy going. I rise in great respect for my friend from Utah, who was successful in business, and lays out a prospective about how to keep the economy going.

While I share his view that we need to be focused on a skilled workforce and that is critical to keeping our economy moving, he and I represent two different views of how best to do that. That is the debate going on in Washington now. I characterize it as a debate about whether or not the 1980s or the 1990s worked. I argue the bill that will come back—whether tonight, tomorrow, or next week—is a bill based on the notion that the economic policy of the 1980s worked. I argue from the Michigan standpoint, and anyone in Michigan, any families, businesses, farmers I represent, would indicate the 1980s were not a good time for Michigan. We had high unemployment, high interest rates. We saw massive debts both at the State and national level. It is the same kind of approach I fear will be happening today with the policies being laid out.

No. 1 in the debate is how to give a tax cut. Is it supply side, as my colleague talked about?

The proposal we are being asked to vote on is a very large tax cut, two-thirds to the upper income wage earners, those in the top 10 percent. And

then we wait for it to trickle down. My folks in Michigan have been waiting for the tax cut of the 1980s to trickle down and hit their pocketbooks. Many have not seen it. We are being asked now to, once again, place it there. I am supportive and have voted for tax relief and will continue to do that. I prefer to do tax relief that goes directly into the pockets of the majority of Americans.

Contrary to this tax cut, I believe we should eliminate the marriage penalty, not in 6 years, as in this bill, but now. Talk about unfair, that is extremely unfair. We are a country that values family and marriage. Yet we have a tax structure that unfairly penalizes those who are married. I support a proposal and did vote for a proposal to give relief now to married couples by eliminating that unfair tax penalty.

There is a difference in approach. The approach being put forward says a very large supply-side tax cut will trickle down. Coupled, in the 1980s, with a very large increase in defense spending and not controlling other spending, what happened? We tripled the national debt, interest rates were at the highest level ever, and employment went down.

In the 1990s we tried something different. Tough decisions were made. Revenue was put aside to pay down the national debt that had been tripled in the 1980s. We paid it down, slowed the rate of spending. We were able to make sure we were putting aside money for Social Security and Medicare and paying those dollars back instead of spending it on other programs. We were putting those dollars back and paying back Medicare and Social Security trust funds. We have had very tough decisions made to balance the budget.

And we did something important in the 1990s. We focused on real investments in education, job training to get that skilled workforce, and in research, health research, technology research, developed the new technologies that when combined with an educated workforce would increase our labor productivity.

It is a very different approach. We focused on growing the economy by investing in education, paying down our debt, investing in research and technology development, and balancing the budget.

What happened? In the 1990s, high interest rates went down. We have seen home ownership up. In my State of Michigan, more and more young people and older people are able to have their own home, an important part of the American dream. We have seen unemployment, jobs, go up in the 1990s as a result of this approach to the economy. We saw budget deficits go down and the Federal deficit go down.

This is a no-brainer. What do we want? The 1980s or 1990s? Yet what comes before us in the year 2001 is a set of proposals that takes us back to what happened in the 1980s. We are seeing a proposal that gives two-thirds of the tax cut to those at the very top, hoping it will trickle down.

We know as soon as this bill passes there will be requests for very large increases in defense again, and other increases will come forth. To me, what is most intolerable, is the tax cut proposed spends \$550 billion of Medicare and Social Security to pay for it. That is not acceptable.

Over the next 10 years, we are seeing a tax cut and budget proposals that spend Medicare and Social Security right before the baby boomers begin retiring in 11 years. There is no time to pay it back. We are going to be facing massive debt if that is the case. I am very concerned about that.

Right now we are seeing the financial managers in the country, in the private sector, who are beginning to see it, as well. While short-term interest rates are going down, long-term high interest rates are going up in anticipation of the country going back into massive debt.

I urge Members, it is not too late to stop this train, to put some brakes on it. I propose we create, as we did on this floor—we had an amendment we tried twice to pass—a budget trigger which says if the phase-in of the tax cut dips into Social Security and Medicare to pay for it, if we go back into debt, we will suspend that action, further tax cuts or spending, until the revenue comes in.

In Michigan, we call that common sense. Don't spend it unless you have it. We believe fiscal responsibility, keeping the budget balanced, paying down the debt, protecting Social Security and Medicare are critical and should not be compromised for any other actions no matter how well intended. We have a train going down the track. My fear is there will be no budget trigger to stop the train before it goes off the track. That is common sense.

We are going to be asked at some point to vote on a final budget proposal that spends Medicare and Social Security moneys for the future. When we look at the fundamental unfairness, we see that those who are most dependent on Social Security, most in need of Medicare health benefits, are those who receive little or nothing from the tax cut but their Social Security and Medicare, will help pay for it.

It is not fair. It is just simply not fair. We have in front of us a proposal that kept us moving in the same policy track as the 1990s. I urge we still have time to consider that. It is a proposal that gives tax relief but makes sure we condition it upon using none of Social Security and Medicare and that we keep our commitment to fiscal responsibility and paying down our debt while we do it.

The proposal I support also would put aside dollars for education to continue our ability to keep labor productivity going in our country. When we asked Chairman Greenspan at the Budget Committee hearing what was the one thing driving this economy, he said it was increased labor productivity. So

why in the world would we be creating a situation where education funds are going to have to be cut and research funds and technology development will have to be cut in order to pay for the tax cut in front of us?

I believe common sense would dictate we pay down the debt, we protect Medicare and Social Security, we give a major tax cut focused on our middle-income families and small businesses and family farmers, and that we can do that and also be able to continue investments to keep the economy going.

This is the approach that worked. It is hard to argue with success. The policies in the 1990s were successful because of the hard work of both the private sector and the public sector to move us out of debt, to balance the budget, and to make investments in education and the economy.

I hope we will take a deep breath and reconsider what is about to be done in the next few hours or the next few days. We can do better than that.

Also, when we talk about putting money back in people's pockets, there are multiple ways to do that, all which I support, which we need to do and can do while being fiscally responsible. No. 1 is a tax cut. No. 2 is keeping interest rates down so your mortgage is down, as are your car payment and your student loan—those things are low enough for people to be able to afford those items for their families.

Finally, for the senior citizen in this country who gets up in the morning and sits at the table and decides, do I eat today or get my medicine, which too many seniors are doing in the greatest country in the world, we can put money in their pockets by lowering the cost of prescription drugs. They will not see much of this tax cut, but they deserve some money in their pocket, too.

If we do this right, if we use good old common sense, we can put forward a plan that keeps the economy going, puts money in people's pockets, and supports our families in a way that allows the economy to grow and prosper. We owe no less to our children.

We can do better. It is time to take a second look at what we are doing.

I yield my time.

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.

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

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

Mrs. FEINSTEIN. Mr. President, I ask unanimous request to be recognized as in morning business.

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

(The remarks of Mrs. FEINSTEIN pertaining to the introduction of S. 976 are located in today's RECORD under "Introduction of Bills and Joint Resolutions.")

Mrs. FEINSTEIN. I thank the Chair. I yield the floor.

KOREAN WAR HEROISM

Mr. SMITH of New Hampshire. Mr. President, with the approach of Memorial Day, it is my privilege to call the attention of this body to one of the greatest, yet least known, acts of sustained heroism in the history of the United States. It occurred 50 years ago in the sixth month of the Korean war.

In December of 1950 American forces accomplished the unbelievable evacuation of 100,000 Allied troops from the port city of Hungnam in North Korea, barely hours ahead of the charging forces of our two newest enemies, North Korea and Communist China. At the same time our American soldiers, sailors, and marines, managed to evacuate another 100,000 persons, all North Korean civilian refugees who were fleeing their own harsh dictatorship and the ruthless Chinese army whose leaders had threatened to cut off their heads because some had been aiding our United Nations forces.

One of the most heroic acts in the evacuation of Hungnam is the virtually unknown story of a small American merchant marine freighter, the S.S. *Meredith Victory*. With space for only twelve passengers, the ship loaded and rescued 14,000 North Koreans—the innocent people of our enemy—old men, young mothers with their babies on their backs and at their breasts, children carrying children. Their rescue was accomplished during one danger-filled voyage of three days and three nights in bitter winter cold that ended in safety and freedom on Christmas Day. The United States Government, through its Maritime Administration, has called it “the greatest rescue operation by a single ship in the history of mankind.”

The Korean war has been called “America’s forgotten war,” and the evacuation of Hungnam has been called “the forgotten battle in the forgotten war.” I submit, that the heroic story of the men of the S.S. *Meredith Victory* is “the forgotten rescue.”

Fortunately, this story is now being brought to the attention of the American people in a new book “Ship of Miracles” by Bill Gilbert, a former reporter for the Washington Post who served in the U.S. Air Force during and after the Korean war. The foreword to his book is written by General Alexander M. Haig Jr. whose career included serving as White House chief of staff, NATO commander, and Secretary of State. Appropriately, however, General Haig served in Korea during the war and was directly involved in the rescue of our troops and the refugees from Hungnam. The book was released by Triumph Books of Chicago.

General Haig states in his foreword, “The story of Hungnam and the *Meredith Victory* is a brilliant yet relatively unknown chapter in American history that can now take its place, during this

fiftieth anniversary of the Korean war, among such legendary names as Bunker Hill, Midway, the Battle of the Bulge, Iwo Jima and Okinawa. This book did not just deserve to be written—it needed to be written.”

The men of the *Meredith Victory*, led by their captain, Leonard LaRue of Philadelphia, emerge as the heroes of this amazing story. Every one of the 14,000 refugees aboard that ship survived, plus five babies born enroute to safety with no doctors to help. There was no food for the refugees, no water, no sanitation facilities, no interpreters, and no protection against the enemy. The men of the *Meredith Victory* accomplished their rescue while sailing through one of the heaviest-laid mine fields in the history of naval warfare with no mine detectors. They had no anti-aircraft guns in case of an air attack. Radio contact with other ships was forbidden for security reasons. To add to the prolonged tension, the ship was carrying a large supply of jet fuel.

The *Meredith Victory* arrived at Pusan on the southern tip of the Korean Peninsula on Christmas eve but was not allowed to land because the port was already overflowing with refugees and rescued American troops. Captain LaRue wrote later of “these people aboard who, like the Holy Family many centuries before, were themselves refugees from a tyrannical force.” The ship did land safely on Christmas Day on Koje-Do island, fifty miles southwest of Pusan.

One of the Navy officers who participated in the Hungnam evacuation was the late Admiral Arleigh Burke who became Chief of Naval Operations. He later said, “As a result of the extraordinary efforts of the men of the *Meredith Victory*, many people are now free who otherwise might well be under the Communist yoke. Many unknown Koreans owe the future freedom of their children to the efforts of these men.”

Larry King, the talk show host, said “‘Ship of Miracles’ will make you proud to be an American.”

The book has already won its first award. Mr. Gilbert has been awarded the Theodore Roosevelt and Franklin D. Roosevelt Naval History Prize, awarded annually by the New York Council of the Navy League. The Council’s president, Rear Admiral Robert A. Ravitz (USNR, ret.), said Mr. Gilbert was selected “because his book tells a story of American heroism and humanitarianism which has gone overlooked for 50 years and should be told and made a shining part of our military history.”

Admiral Ravitz added, “At a time when we are reading other stories about what American forces did or didn’t do in Korea and elsewhere, Mr. Gilbert has made a valuable contribution to American history of revealing this story of both the bravery and the goodness of America’s men in time of war.”

For these reasons, our nation owes a debt to Bill Gilbert on this Memorial

Day for writing a book which reminds the American people of that forgotten war and of an heroic incident in that war by the brave men of the S.S. *Meredith Victory*.

IN RECOGNITION OF OLDER AMERICANS MONTH

Mr. SARBANES. Mr. President, I rise today in recognition of “Older Americans Month.” Since 1963 when President Kennedy began this important tradition, each May has been designated as a time for our country to honor our older citizens for their many accomplishments and contributions to our Nation. Those of us who have worked diligently in the U.S. Senate to ensure that older Americans are able to live in dignity and independence during their later years look forward to this opportunity to pause and reflect on the contributions of those individuals who have played such a major role in the shaping of our great Nation. We honor them for their hard work and the countless sacrifices they have made throughout their lifetimes, and look forward to their continued contributions to our country’s welfare.

Today’s older citizens have witnessed more technological advances than any other generation in our Nation’s history. Seniors today have lived through times of extreme economic depression and prosperity, times of war and peace, and incredible advancements in the fields of science, medicine, transportation and communications. They have adapted to these changes remarkably well while continuing to make meaningful contributions to this country.

Recent Census figures reveal that the number of Americans 85 and older grew 37 percent during the 1990’s while the nation’s overall population increased only 13 percent. Baby boomers, who represented one-third of all Americans in 1994, will enter the 65-years-and-older category over the next 13-34 years, substantially increasing this segment of our population.

At the same time the number of older Americans is skyrocketing, they are in much better health and far less likely than their counterparts of previous generations to be impoverished, disabled or living in nursing homes. More older Americans are working and volunteer far beyond the traditional retirement age to give younger generations the benefit of their wisdom. These figures show that commitment to programs such as Medicare and Social Security, and investment in biomedical research and treatment are improving the quality of life for older Americans. One of our national goals must be to ensure all older Americans experience these improvements. We must continue to enact meaningful legislation to help meet the needs of this valuable and constantly expanding segment of our society.

By 2020, Medicare will be responsible for covering nearly 20 percent of the population. Yet 3 in 5 Medicare beneficiaries lack affordable, prescription