

He had a picture on his wall in his Senate office—he now has it in his home—of two boys with an apple. The reason that was so important is, in his getting out of Holland, he always had to find two boys eating an apple. He, of course, would take a bite out of his apple. That meant it was safe to go where he wanted to go through enemy territory.

As a consequence of his gallantry, of evading these German soldiers—of course, if he had been caught he would have been executed—he was able to unite with American troops, and for his efforts he received a Purple Heart, Legion of Merit, Distinguished Flying Cross, Air Medal with two oakleaf clusters, the French Croix de Guerre with Silver Star, the European Theatre Ribbon with eight Battle Stars, and a Presidential citation.

After the war ended, Howard Cannon moved from Utah to Las Vegas where he settled with his wife Dorothy and they raised their daughter Nancy and son Alan.

He served as a Las Vegas city attorney. He was a fine lawyer. He was elected in 1958 to the U.S. Senate. He accomplished so much for the State of Nevada.

He had a personal commitment to the U.S. military based upon his patriotism but also based on the fact that he had been such an outstanding part of the U.S. military during the Second World War.

When he was in the Senate, he test-flew all new aircraft before voting for money to develop them. He could fly those airplanes. He helped preserve Nellis Air Force Base when it was threatened with Air Force funding cuts and worked to make Nellis what is now the preeminent military installation for training American fighter pilots.

Senator Cannon considers the impact he had on aviation, though, even more significant. His support of the Airport and Airways Development Act, and later airline deregulation, helped make air travel what it was prior to September 11.

Howard Cannon's contributions enabled Nevada to attract more travelers and become the tourist capital of the world, one of the most popular destination resort areas in the world. He helped expand our Nation's transportation system. He served as chairman of the Senate Rules Committee. We were very proud of Howard Cannon at that time. And, of course, later he served as chairman of the Commerce Committee.

He contributed so much for the State of Nevada, not the least of which was his farsightedness in providing money through the Congress for the Southern Nevada Water Project that has allowed Las Vegas to grow the way it has, drawing water out of the Colorado River. This was just one of his accomplishments, but he had numerous accomplishments.

One reason I admire Howard Cannon so much is Nevada was and is a very

conservative State, but he was willing to take political risks to do the right thing, as he demonstrated in 1964 when he voted for cloture, allowing the Civil Rights Act to come up for a vote. That was a very courageous vote for him. He voted for the Panama Canal Treaty, also politically dangerous. It hurt him, but he did it because he thought it was proper.

Howard Cannon provides a legacy which endures. His work continues to have a positive impact on the country.

On behalf of all the people of the State of Nevada and those people who served with him in the Senate, I thank Howard Cannon for his service.

I also want to say a word about his lovely wife. I underscore that because she is the sweetest woman you could ever know. She was so nice and represented Howard and the State of Nevada so well in her duties as a Senator's wife. She was so instrumental in his success. Howard and Dorothy live in Las Vegas. He is a little bit hard of hearing, but other than that, he is physically very strong, as he was when he was in the Senate.

Happy birthday, Howard.

The PRESIDING OFFICER. The Senator from New Mexico.

#### HOPE FOR CHILDREN ACT— Continued

AMENDMENT NO. 2723

Mr. DOMENICI. Mr. President, I believe I have an amendment at the desk, amendment No. 2723. I ask unanimous consent that we set aside the pending amendment and take up the amendment that is at the desk, amendment No. 2723.

The PRESIDING OFFICER. Without objection, it is so ordered. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from New Mexico [Mr. DOMENICI] proposes an amendment numbered 2723.

Mr. DOMENICI. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

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

The amendment is as follows:

(Purpose: To provide for a payroll tax holiday)

At the end, add the following:

#### SEC. . . PAYROLL TAX HOLIDAY.

(a) IN GENERAL.—Notwithstanding any other provision of law, the rate of tax with respect to remuneration received during the payroll tax holiday period shall be zero under sections 1401(a), 3101(a), and 3111(a) of the Internal Revenue Code of 1986 and for purposes of determining the applicable percentage under section 3201(a), 3211(a)(1), and 3221(a) of such Code.

(b) PAYROLL TAX HOLIDAY PERIOD.—The term "payroll tax holiday period" means the period beginning after February 28, 2002, and ending before April 1, 2002.

(c) EMPLOYER NOTIFICATION.—The Secretary of the Treasury shall notify employers of the payroll tax holiday period in any manner the Secretary deems appropriate.

(d) TRANSFER OF FUNDS.—The Secretary of the Treasury shall transfer from the general

revenues of the Federal Government an amount sufficient so as to ensure that the income and balances of the trust funds under section 201 of the Social Security Act and the Social Security Equivalent Benefit Account under section 15A of the Railroad Retirement Act of 1974 (45 U.S.C. 231n-1) are not reduced as a result of the application of subsection (a).

(e) DETERMINATION OF BENEFITS.—In making any determination of benefits under title II of the Social Security Act, the Commissioner of Social Security shall disregard the effect of the payroll tax holiday period on any individual's earnings record.

Mr. DOMENICI. Mr. President, I am offering this payroll tax holiday amendment today to move this process forward. Right now, we have a Republican stimulus bill that passed the House; we have the President's plan and the Senate Republicans' plan; we have the Senate Democrats' plan.

But we don't yet have a stimulus plan that will pass the Senate and be signed by the President.

Let me be clear. I support the President. I think this administration is right on track when it comes to an economic stimulus package. However, any existing plan has to be modified to garner enough Senate support to pass.

The payroll tax holiday is an idea supported by both Republicans and Democrats.

Yes, I think we should have acted on a stimulus plan last October or November. I would have preferred that this payroll tax holiday had been in place for the December holidays.

But having said that, whenever implemented, a payroll tax holiday will be more effective at increasing spending than the rebate checks sent out earlier. It will put the tax cut in paychecks automatically, without the need for special mailings.

This tax holiday would be in March 2002. This gives employers and payroll administrators time to adjust their systems for the change.

Psychologically, workers are used to adjusting their spending habits based on the size of their paychecks. At present, workers spend about 95 cents for every dollar of after-tax earnings. Increasing their after-tax earnings will therefore lead to more spending—if they perceive the tax cut to be part of their regular earnings.

The Congressional Budget Office analyzed the various stimulus proposals. CBO said:

Among the options being considered for providing fiscal stimulus, a payroll tax holiday could have a comparatively large bang for the buck . . . bigger paychecks might induce more spending than rebates would and a payroll tax holiday would reach many lower income working families.

The bottom line: A payroll tax holiday is truly a stimulative, temporary tax cut that is very likely to be spent.

Nearly all wage earners, all except those who have already reached the taxable maximum of \$84,700, even those who don't earn enough to pay income taxes, would benefit.

Both the employee and employer share—6.2% each—of the Social Security—OASDI—payroll tax would be suspended. Self-employed Social Security

payroll taxes would also be suspended. The Social Security trust fund would be made whole via a transfer from the general fund.

Employees would have more take-home pay and employers would have increased cash flow.

A school teacher making \$40,000 would see an increase in their take-home pay of \$207 in May. A self-employed contractor earning \$40,000 per year, who pays both the employer and employee share of 12.4%, would see an increase in pay of \$413.

This proposal enjoys wide support. The majority leader was ready to include it in his earlier plan. Several Senators have cosponsored the bill here in the Senate. I believe this proposal could provide us with a bipartisan way to enact a stimulus bill quickly.

Mr. President, I didn't want to let today go by without reintroducing this measure we call the "payroll tax holiday" amendment. The occupant of the chair has on a couple of occasions spoken to the Senator from New Mexico about this amendment. At some point in the history of the so-called stimulus, are we going to do it or are we not? The distinguished Senator was a cosponsor of the amendment.

People are now talking about the fact that a very large surplus that we were reporting at the beginning of this year, some \$300 billion, has disappeared for all intents and purposes and that the President tomorrow night is going to deliver to the American people his ideas and his proposals and concepts. And, obviously, shortly thereafter he will call for the budget that will be his proposals to match fiscal policy and tax policies with the speech he made and what he intends to do during the ensuing year.

I remind everyone, once again, what actually happened to this surplus for the year we are talking about, this year, had very little to do with whether we cut or raised taxes. Some are saying to the American people, the tax cut is what brought down this wonderful surplus that was going to pay down our debt and we should not be cutting taxes. Well, the point is, we only cut \$38 billion worth of taxes as a temporary reduction in that surplus. The fact that we have gone down in terms of our economic prosperity and slowly but surely ended up with a recession, a real recession—it doesn't seem as if it is going to last too long—that period of time of the American economy coming from a projected growth of over 3 percent to what all of us know is currently a negative growth, that is what took \$220 billion of this surplus.

I know as I say this, if there are people interested in what we say, some are asking, what do you mean?

In the U.S. Government, when we have a growing economy, an economy that is projected to grow for the rest of this year at 3.4 percent, we have to estimate how much in taxes is going to come into the Treasury of the United States based on that kind of growth.

What I am saying to Senators and to the public is that everyone agreed we should project the growth for this year at about 3.4 percent, a pretty healthy growth year over year. That means the entire basic growth of the United States was going to go up substantially. It turned out the estimates were wrong, and it came down. We lost \$220 billion in the assumption with reference to how much money we were going to take in.

Let me repeat, that is about a 72-percent reduction in the surplus we had expected to accumulate, just that one item. For those who wonder about the effect of our tax cut, it was \$28 billion compared to the 220 that came from the economy plunging. It is 14 percent for the tax cut. That is the reality of it.

I remember rather vividly that the chairman of the Budget Committee, who presided over two hearings early this year, at the last one or the second-to-last hearing, did acknowledge that in terms of this year the tax cut had only the impact about which the Senator from New Mexico is talking.

When we speak about a tax cut that we have already passed being too big, then we have to try to look at what we are talking about. We passed a tax cut that came into play little by little over a full decade, a little bit each year, with the biggest tax cuts coming 6, 7, and 8 years from now. That was already passed, but it will not take effect. So for those who think it is too big and that we should not give the American people that kind of tax relief 6, 7, 8, 9 years from now, they have plenty of time to fix it. They could fix it this year in the budget, if they would like, by suggesting we increase taxes in lieu of the decrease we passed. They could wait until next year and say let's increase taxes.

I don't believe we should increase taxes. Actually, the tax reductions we made over the next decade still leave the overall tax on the American people at a high level compared to other tax years during the last 30 to 40 years.

Let me quickly tell you about that. For 60 years, postwar, the average taxes as a percentage of GDP were 18 percent. For a period of 60 years, after the war and continuing on, the average tax take was 18 percent. Now even with the tax cut over the 10 years, the taxes are going to be 19 percent of the gross domestic product. They are projected by CBO to rise to 20 percent of the gross domestic product over the next decade. In this year, it will be 19 percent. Over the decade it will go up to 20.

How can they be higher than they have been on average for the past 60 years and yet there are some who would like to increase taxes from this high level that already is imposed upon them?

So we ought to be talking about that for some time. But right now, the President will be speaking to us tomorrow, Senators and House Members. On

behalf of our people, we are going to have to make a choice. He is going to suggest that while there is evidence the American economy is coming back and, as some say—perhaps Dr. Greenspan would say—if he were to put nine criteria up there on the economy, he would say we are now out of recession on five out of nine. So if you want to weigh that, a majority of the indicators of growth, or nongrowth, are on the growth side.

We still have to ask ourselves, is it going to take too long to come out of this recession or should we pass a bill that would stimulate the American economy?

I believe the President is going to say he would like us to join him in passing a stimulative tax incentive package. It is with reference thereto that today I ask if the Senate is going to consider passing a tax incentive bill, that they give serious consideration to a payroll tax holiday—that is, a Social Security payroll tax holiday—for all of the employees of the Nation for 1 month and all of the employers of the country for 1 month, and that that month be the month of March. That is about as fast as you can do it. It is also about as fast as any of the other taxes you are going to consider and get implemented and become part of the tax laws of the land, to either cause growth or restrain growth.

As I have said, I knew this was going to be the case when I asked for cosponsors, and many helped. Many have said this is probably a good way to get the economy going. It probably amounts to about \$40 billion that gets back into the hands of American workers everywhere and employers, large and small, in 1 month, for they don't have to pay their half.

In the meantime, we also heard from various institutional analysts—in this case the CBO, which does a lot of analysis and upon whose numbers we base our projections with reference to what is going to happen when you pass tax packages. We run it through a joint committee, but CBO gives their estimates, and they are pretty good. They indicated that, of the taxes being contemplated, the most stimulative would be this tax holiday. They base that on assumptions as to what happens when you get more money in your paycheck and what happens when you get less in your paycheck. They have concluded that the overwhelming percentage of Americans will spend the money if it is reflected in their check as a payroll check. This will not be huge for each taxpayer of America. But somebody making \$40,000—depending on who is working, the husband and wife, it could be between \$200 and \$400 in 1 month. That would be the change in their checks.

If an employer has 10 such employees—you see, they don't pay—their half is the same amount. They don't pay that to the Federal Government. They get it to invest or do whatever they would like, in terms of helping their

business grow and helping them to add more employees or, as may be the case, staying off having to lay someone off or, indeed, being able to buy equipment they weren't going to be able to buy.

All of this is going to be at the disposal of businesses, large and small. It will be a very healthy dollar amount as we move through that 1 month and the effective date that will take place, depending upon whether we in the Congress decide to pass this proposal.

Let me repeat, for simplicity, we will call it the payroll tax holiday amendment. So everybody will know, it is the payroll withholding for Social Security for 1 month on employers and employees of America. I believe I am correct in saying it is somewhere between \$39 billion and \$42 billion in that 1 month. And to the extent there is a month that we do not put the money into the Social Security fund, we do replenish it from the general tax revenues of the United States, which is the way we have done it for years when indeed we have had this kind of expenditure occurring.

I will repeat that when the President sends his budget here and he is asking that we spend more, not less, on defense—in fact, I think he will ask for a 12-percent increase in defense spending. I believe on homeland defense spending he is going to ask that it be doubled in percentages—about a 111-percent increase. Of course, it was a small number. He is going to ask that those two items across our various expenditure lines be considered the highest priority and that we spend our money on those two. And a third is that we produce a stimulus. I believe the stimulus I am talking about here—the payroll tax holiday—will ultimately, depending upon what you put with it, receive the support of the President. I believe he will sign a bill with that in it.

I think if Senators begin to pay attention to what might work, surely we have to do something on unemployment compensation and we have to do something on a few other of the social programs that affect our working men and women. But we are also going to do something on the tax side of the ledger. I submit that this one is more apt to get us out of the lethargy that is currently in various parts of our economy, which doesn't seem to want to move.

I ask unanimous consent that at the end of this speech, the chart on the CBO baseline projections of the surplus since January 2001 by fiscal year in the billions of dollars be printed in the RECORD.

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

CHANGES IN CBO'S BASELINE PROJECTIONS OF THE SURPLUS SINCE JANUARY 2001  
[By fiscal year, in billions of dollars]

|  | 2002 | Total 2002-2011 | % 2002 | % 2002-2011 |
|--|------|-----------------|--------|-------------|
| Total Surplus as Projected in January 2001 ..... | 313  | 5,610           | .....  | .....       |

CHANGES IN CBO'S BASELINE PROJECTIONS OF THE SURPLUS SINCE JANUARY 2001—Continued  
[By fiscal year, in billions of dollars]

|   | 2002  | Total 2002-2011 | % 2002 | % 2002-2011 |
|---|-------|-----------------|--------|-------------|
| Changes <sup>a</sup>  |       |                 |        |             |
| Legislative   |       |                 |        |             |
| Tax act <sup>b</sup> .....                                      | (41)  | (1,657)         | 12     | 41          |
| Discretionary .....   | (45)  | (714)           | 14     | 18          |
| Other .....   | (5)   | (49)            | 1      | 1           |
| Subtotal .....  | (91)  | (2,420)         | 27     | 60          |
| Economic and Technical <sup>c</sup> .....                       | (242) | (1,588)         | 73     | 40          |
| Total .....   | (333) | (4,008)         | 100    | 100         |
| Total Surplus or Deficit (-) as Projected in January 2002 ..... | (21)  | 1,602           | .....  | .....       |
| Legislative changes to discretionary spending <sup>a</sup>      |       |                 |        |             |
| Defense .....   | (34)  | (396)           | 10     | 10          |
| Nondefense .....  | (11)  | (318)           | 3      | 8           |

<sup>a</sup> These estimates include the interest effects of changes assumed.  
<sup>b</sup> CBO cost estimate for the Economic Growth and Tax Relief Reconciliation Act of 2001 (P.L. 107-16). The estimate includes both a reduction in taxes and an increase in outlays.  
<sup>c</sup> Changes not directly driven by new legislation or by changes in the components of CBO's economic forecast are considered technical.  
 Source: Congressional Budget Office.

Mr. DOMENICI. Mr. President, that is what it is going to be in 2002 through 2011. The source is the CBO. The facts are pretty easy to understand—the estimates for the Economic Growth and Tax Relief Reconciliation Act. The estimate includes both a reduction in taxes and an increase in outlays. That will be in the budget if we choose to do something on the tax side.

The PRESIDING OFFICER. The Senator from Nevada is recognized.

Mr. REID. Mr. President, we have had an agreement with the minority since this bill came up that we would alternate amendments. We have done that, but we have never formalized that.

I ask unanimous consent that the first-degree amendments offered with respect to H.R. 622, the economic recovery/stimulus measure, be offered and considered in an alternating fashion.

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

Mr. REID. Mr. President, I inquire of the Chair if the following is the order in which these amendments have been offered: Durbin, No. 2714; Bond, No. 2717; Baucus, No. 2718; Allen, No. 2702; Harkin, No. 2719; Bunning, No. 2699; Baucus, 2721; and Hatch, No. 2724, plus we have an amendment, No. 2723, offered by the Senator from New Mexico.

The PRESIDING OFFICER. The Senator is correct.

Mr. REID. That being the case, there would be two Democratic amendments next in order.

The PRESIDING OFFICER. The Senator is correct.

Mr. REID. I thank the Chair.

The PRESIDING OFFICER. The Senator from Iowa is recognized.

Mr. HARKIN. Mr. President, I commend Chairman BAUCUS and Senator DASCHLE for their leadership and their determination on this important issue of the ever-deepening recession of the United States and the fact that so many people are out of work. They have consistently returned time and

time again to make sure we commit to the real needs of the people in this country.

But in our slowing economy, States are already facing a serious budget crunch, forcing some of our State leaders to make tough decisions. In fact, the recession would force Iowa to cut \$18 million from its State Medicaid budget, funds that would have brought an additional \$32 million in Federal money to our State.

All of us, when we are talking about a stimulus, have to think about what is happening in the State budgets. I know the occupant of the chair is the former Governor of the distinguished State of Delaware and he knows, as well as others, that when recessions go up and unemployment goes up, the impact on the State budgets to meet their requirement for Medicaid increases dramatically.

What happens is, as these rolls grow, then there is more of a demand on the State moneys. For example, there are already 240,000 Iowans on Medicaid, about 15 percent more than what the State expected to serve this year. The same providers who are facing the cuts will also be called upon to serve a growing number of people. When the providers are cut, the patients they serve feel it.

As we look at what is going on in the country today, we cannot allow Medicaid recipients, some of the most vulnerable people in our country, the most vulnerable of my constituents in Iowa, to fall through the cracks. But unless Iowa and other States get help, they will have to either make deeper provider cuts take effect, make eligibility requirements tougher, or cut benefits, all of which are going to impact the most vulnerable people in our society.

One provision in the stimulus bill is of particular importance to my State of Iowa, and I would say all States across the country. This provision will give States critical assistance in meeting their Medicaid responsibilities by increasing the Federal match for Medicaid, the FMAP, for 1 year.

Under the Daschle amendment, every State would get a 1.5-percent increase in their 2002 FMAP. I do not know what it will mean to all the States, but I do know it will mean an additional \$30 million to the State of Iowa.

Again, while what is in the underlying bill is an important first step, we must remember it was developed when State-projected deficits were estimated to be a lot lower than they are today.

On October 31 of last year, the National Association of State Budget Officers predicted a \$15 billion shortfall for the States for 2002. On October 31, there was a \$15 billion estimated shortfall in our State budgets. Six weeks later, on December 19, they updated that to a \$38 billion shortfall in our State budgets. We all know when we talk about State budget deficits, we are talking in large part about their Medicaid budgets. In many States, that is the largest part.

Because most States are required by their constitutions to balance their budgets every year, they have to look to Medicaid for cost savings.

Without adequate State fiscal relief through a temporary increase in the FMAP, the Federal Medicaid matching rate, these cuts are likely to be approved. It could be even worse as the deficits worsen further.

To help States avert these otherwise unavoidable cuts, I have offered an amendment which is in the lineup for tomorrow that will increase the Federal Government's match of State Medicaid spending by 3 percent instead of the 1.5 percent that is in the underlying amendment for the next fiscal year.

If this amendment is agreed to, all States will receive an enhanced 3-percent increase on their FMAP. Also, the States that have high unemployment rates will still get their 1.5-percent bonus and all States will still be held harmless.

Basically, my amendment takes the underlying 1.5 percent and makes it 3 percent in terms of the Federal match for Medicaid.

It will provide about \$3.5 billion more to the States than the pending legislation and over \$7.5 billion more than the House-passed plan to help offset the impending State Medicaid cuts for providers and beneficiaries.

Again, State fiscal relief is one of the best ways to stimulate the economy because Federal dollars used for this purpose help avert the State budget cuts and the tax increases that can be detrimental to any economic recovery.

The people in Iowa and all across the Nation have enough trouble finding affordable quality health care. They need our help and support during this recession. When it comes to protecting the vulnerable in these difficult times while getting our economy back on track, putting Iowans and all Americans back to work, this proposal to increase the FMAP, the Federal match on Medicaid, is right on the mark.

This amendment will be up tomorrow for a vote. I hope it will get overwhelming support because, again, we cannot afford to let the most vulnerable in our society fall through the cracks, and we have to recognize that States are facing over a doubling of the initial estimate of what their State shortfalls would be in their budgets for this next fiscal year.

Looking at all that, we need to make sure we increase the Federal share. For a small amount of money we put into it, considering the nationwide impact, the multiple effect it will have on our economy will be tremendous, especially as it affects those State budgets.

Again, I commend Senator DASCHLE and Senator BAUCUS for the underlying amendment. If we had voted on this last year, perhaps 1.5 percent might have been sufficient with what we knew then. But with what we know now, 1.5 percent is not sufficient. I believe this amendment I have offered to

double that from 1.5 percent to 3 percent will make it so that the States will not have to cut their Medicaid budgets this year.

I hope we can adopt this amendment. I hope we can get the stimulus bill passed and get increased unemployment benefits out there, health care benefits, and help our States with their Medicaid budgets. This will do more to stimulate the economy than anything else we are doing.

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

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

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

Mr. KYL. Mr. President, I ask that I be allowed to speak in morning business for a period of 25 minutes.

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

#### WITHDRAWAL FROM THE ABM TREATY

Mr. KYL. Mr. President, tomorrow evening President Bush will be giving his State of the Union speech. He will undoubtedly review the actions of the past year and talk about his plans for this current year. It seems to me appropriate to focus a little bit on what I believe is one of the most important decisions he made in the last year and to reflect a little bit upon what that decision will mean for the United States in the years to come. It was made at a time when Congress was not in session and the country, frankly, was primarily thinking about the Christmas season. There was not a lot of media attention paid to the decision.

For reasons I will discuss in some subsequent speeches, it seems to me one of the most fundamental and important decisions of any President in recent years and certainly of President Bush during his first term. I refer to his decision on behalf of the United States to give notice to Russia of the withdrawal of the United States from the 1972 ABM Treaty. As I said, I am going to discuss different aspects of this decision in some subsequent remarks.

For example, I will discuss the President's legal authority to withdraw. Some have suggested action by the Senate should take place or that somehow the President doesn't necessarily have the authority to withdraw from the treaty. That is not true; he does. I will be discussing that. I also want to address in subsequent remarks how I think this decision changes the geopolitical relationships and, frankly, reflects a 21st century view of the world, especially the relationship between the United States on one hand and Russia on the other hand, a view far different

from that of the adversarial cold war relationship between the two superpowers, and how this ABM decision is probably the most dramatic recognition of that new relationship.

I will discuss what that means both in terms of the relationship between the two countries in the future but also what it means in terms of a change in the direction of the philosophy of this country with respect to national security issues, especially how it relates to the question of how we protect ourselves. Is it through a combination of ideas that are premised on peace through strength, going back to the Reagan days, or more of a focus on arms control agreements, reflecting more of the Clinton administration view?

Clearly, the Bush administration has decided defending the United States depends first and foremost upon our ability to defend ourselves through missile defense, for example, and less on arms control agreements. I will be discussing what I think are the important ramifications of that decision.

Today, I will first of all commend the President for his decision, made on December 13 of last year, of the intent to withdraw from the ABM Treaty and, secondly, discuss the reasons I believe this was the right decision for the President to make. Let me note those two reasons in summary.

It is highly questionable whether the ABM Treaty ever served U.S. interests. It did not stop an arms race, its purpose, as proponents claim. It was the product of a bipolar international structure, as I said before, that no longer exists and no longer reflects the relationship we should have with Russia as a result. It remains a serious obstacle to U.S. ability to defend itself against the long-range threat of ballistic missiles. The President's decision was a necessary step forward in addressing that threat. The future national security of the United States requires the construction of ballistic missile defenses that were flatly prohibited by the treaty.

Let me discuss those items in turn. First, with respect to the purpose of the treaty, the premise of the ABM Treaty back in 1972 was that if neither the United States nor the Soviet Union took steps to protect itself against a devastating nuclear strike, then both nations would feel confident in their ability to retaliate against each other, secure in the knowledge that each possessed that capability, and neither would find it necessary to increase the size of their nuclear arsenals. An accompanying agreement, SALT I, was intended to limit the size and shape of the arsenals in order to enhance strategic stability.

Proponents of the ABM Treaty—and their numbers are many—have for the 30 years or so since the treaty's ratification considered it the cornerstone of strategic stability. They view the treaty not just as the guiding document in United States-Soviet and now United