

you better know things rather than think things.

I went back and reread the presentation to the United Nations by the Secretary of State. When he made that presentation, I thought to myself, that is a masterful presentation. And what he did, interestingly enough, is say: We know the following; we know the following; we know. And he put pictures up and he put up pieces of information—we know this from human resources; we know this from inspections; we know this from satellite photos.

They did not know it. What he said we knew turns out to have been fundamentally wrong.

So it seems to me the President, the Congress, and the American people ought to demand on an urgent basis there be an independent commission to find out what on Earth happened and how do we fix it.

Let me make one final point, if I might. Can there really be an independent commission, when a President, who did not want a commission in the first place, and said in recent weeks he did not want a commission, now will say our executive branch and our administration will create a commission that is independent? Can that really be a commission? Or is it not the case that a truly independent commission would be one that follows the course that we usually follow on urgent issues, and that is, we put in law, a law from Congress, that creates and funds a commission and creates a truly independent body to take a hard look at what happened.

The executive branch cannot possibly have a commission that investigates itself. This is not about politics. There is no political way to talk about safety and security of the American people and our great reliance on intelligence.

This is not about Republicans or Democrats. This is about the future of this country and getting it right. It is critically important.

The Senator from New Jersey and what he has been talking about for months about this independent commission is right on the mark, as is the Senator from Illinois. I am pleased to join him in this discussion about how important intelligence really is.

I ask that 10 minutes be added to the Senator's allocation for his presentation.

Mr. DURBIN. I think the Senator said something important in relation to the September 11 commission, a commission which is headed up by former Republican Governor Kean of New Jersey, which has asked for an extension of time, so on a bipartisan basis they can ask all the questions as to whether or not we did anything wrong that led up to September 11, and what we could have done to prevent it.

Former President Bill Clinton said to a gathering of Senators, I am prepared to testify before that commission. I am prepared to cooperate with them completely. If there was any shortcoming

or failing in my administration, so be it. It is more important that the American people know that we have done everything in our power to make this a safer nation.

That should be the attitude of all Members. We should swallow our political pride and say this is not about partisanship. If an error was made by any President, Democrat or Republican, which has put us in harm's way or endangered America's security, don't we deserve to know that? The fact that the Senate Intelligence Committee has drawn a line and said they are not going to even ask the question as to whether the intelligence was misused by any member of the Bush administration tells me they are being politically protective. They are protecting the political interests of the White House instead of the paramount concern, which should be protecting the American people.

I hope, frankly, there is an independent commission that asks hard questions of those in the Clinton administration and President George W. Bush's administration and any administration that might have some bearing on the intelligence capacity of America and on the protection of this great Nation. I thank the Senators who joined in on this important issue.

THE PRESIDENT'S FISCAL YEAR 2005 BUDGET

Mr. DURBIN. Mr. President, I came to the floor to address President Bush's fiscal year 2005 budget. This budget was presented to Congress yesterday. It has been characterized by the Concord Coalition, and others, as one of the most irresponsible Federal budgets to have been filed. It continues President Bush's failed tax policies, unfortunately, at the expense of Social Security and Medicare. It shortchanges funding for schools. It shifts the burden of paying for environmental cleanup from the polluters to ordinary taxpayers. And it hurts States in the Midwest, such as my own State of Illinois, that are facing terrible budget situations. It imposes new Federal mandates without providing adequate Federal funds.

The budget is a fundamental reversal of the very things the President said his administration stands for. It is not compassionate, it is not conservative, and, sadly, it is not credible.

Why is it not compassionate? The President's budget again fails to provide full funding for No Child Left Behind. This was the premier education policy of the Bush administration, supported, on a bipartisan basis, by this Senator and many others on the floor, with the understanding that as we identified the weaknesses and shortcomings in public education, we would come forward with the money to help the students reach the level of testing where they should be.

Now we find in Illinois and States across the Nation that test scores show

that kids need help, and the Federal Government continues to say: Take the test, announce whether you are a failing school or a successful school, and we will provide you with less money than we ever promised.

During the debate on No Child Left Behind, Senator Paul Wellstone of Minnesota sat behind me. He opposed the program from the start. He said: You are going to create a program where the tests become the object of education rather than learning. Unfortunately, because the tests create such high stakes, many teachers will have no recourse but to teach to the test, thus dampening the enthusiasm to learn, the creative element that is part of education.

That was Paul Wellstone's point. I said: Paul, I disagree with you. Tests are about accountability. We have taken tests all through our school years, and we should hold our students accountable, our teachers accountable, our school boards and others accountable through testing. So I disagreed with him on that premise.

Then he added: But I will tell you something else. When it comes to providing the Federal resources that you are going to promise, I'll bet they won't be there. When the schools need them, they won't get the help from the Federal Government to improve the education of our children.

Unfortunately, as I have traveled around Illinois, I am afraid former Senator Paul Wellstone was right on both counts. We are finding more and more teachers and principals and school boards complaining that they are spending more and more time focusing on tests, doing their level best to avoid being branded a failing school and facing sanctions from the Federal Government. And when they find some students who are not meeting the test standards, they are hard pressed to come up with the tutoring that is necessary, the afterschool programs or summer school programs to bring these kids back in the mainstream and to bring them up to the level where they should be.

So what do we find in this budget from President Bush when it comes to his premier policy on education? The law in No Child Left Behind authorized \$34.3 billion in funding to school districts in this next fiscal year—\$34.3 billion. The President's budget only provides \$24.9 billion. The President's budget falls short by over \$9 billion of keeping its promise to the American schools and people that we would give them a helping hand so that the kids could move forward in their education.

In Illinois, a State which is facing a deficit, which is causing a lot of hardship, we are going to lose over \$250 million which would have come to us had the President put in his budget a request for funds adequate to fund his premier policy for education. So in Illinois we are facing a mandate, No Child Left Behind, and no funds to pay for it.

Well, I can tell you, school districts around my State can think of a lot of

ways to help their students, ways that do not involve the test we are sending them. Unfortunately, they do not have the resources to deal with it. But they deal with the test, paid for by the Federal Government, and do not have the resources to help the children.

When it comes to housing, the President's budget eliminates entirely the Department of Housing and Urban Development's HOPE VI Program—the only Federal program that focuses on revitalizing the Nation's most distressed public housing developments. The Chicago Housing Authority received \$105 million in direct HOPE VI grants in fiscal year 2001 and has also given approval to issue another \$291 million worth of bonds.

HOPE VI provides grants and unprecedented flexibility to address housing and social service needs. In Chicago, these grants were to be used to demolish 4,500 aging public housing units and to replace 1,675 units with new ones in public and mixed-income housing.

In most States, including my own State of Illinois, we are facing a terrible housing shortage. Working families are struggling to find safe, decent places to live. If we do not provide a helping hand to these working families, these families, with their children, will be pushed into housing situations which, sadly, are going to be very difficult for them to cope with. This decision by the administration to eliminate HOPE VI funding, to say we cannot afford this limited Federal commitment to help with public housing, is going to be an expensive one.

The President's budget also will provide \$12.7 billion in additional Federal funding for Medicaid between the current fiscal year and 2009. That sounds good: an additional \$12.7 billion for Medicaid, but there is a catch. The President's plan requires that Medicaid funding remain budget neutral over a 10-year period. In other words, in 2011, 2012, and 2013 money going to the States will have to be reduced by the amount that they were compensated in higher payments early on in budget years. Who can believe in these out-years the cost of medical care will go down?

So as the costs go up, the States are going to be asked to give up money that was paid them years before. That is not going to provide health care for a lot of families, particularly lower income families and those who cannot afford health insurance—unfortunately, a growing class in our society.

When it comes to veterans benefits, for the second year in a row the Bush administration proposes that veterans pay a larger share of their health care costs.

All of us come and praise veterans, as we should, the men and women who risk their lives for our country, some of whom I have seen recently at Walter Reed Hospital, and many you find returning from Iraq and Afghanistan. We are all there at the parades to shower them and their families with praise for

their contribution to America. But our speeches are cheap and our words are hollow if we do not follow through with support for veterans programs.

The President, in his budget, proposes increased fees for some veterans, including a \$250 annual enrollment fee and an increase in monthly pharmaceutical copayments. Congress rejected both of these proposals in recent years. The Bush administration comes back demanding them in their budget.

I might say a word, too, about the global AIDS commitment of the President. I thought the President spoke for this country and our values when he stood up a year ago in his State of the Union speech and said: Let's commit \$15 billion over a 5-year period of time to fight the global AIDS epidemic. But for the second year in a row, the President's budget fails to meet his rhetorical promise to the world. It falls short of his full commitment.

The President proposes \$2.8 billion, which is again short of the \$3 billion annual commitment over 5 years. Furthermore, the President's budget proposes to cut our contributions to the Global Fund to Fight AIDS, Tuberculosis, and Malaria. He cuts it by two-thirds, from \$550 million this year to just \$200 million in the upcoming year. The problem grows. Our commitment to it recedes and backs off. That does not help.

When it comes to the environment, in the proposed Bush budget, the environmental programs sustained the second largest reduction of any section of the budget, after agricultural programs. For the first time since 1981—almost 22 years now—line items for environmental programs were reduced for two consecutive years.

The President's budget will make taxpayers pay for even more of the cost of cleaning up toxic waste sites in the Superfund Program. Illinois has 40 such contaminated sites that are not to be cleaned up because Superfund is broke. The President refuses to fund it, and the President refuses to hold the polluters responsible. It means that average taxpayers and families across my State will have to pay for pollution caused by industries that are let off the hook by the Bush budget.

The President is asking for \$1.38 billion for the Superfund Program this year, all of which will likely come from general revenues because the administration has refused to reinstate the polluter pay program.

To pay for that increase, the President proposes cutting clean water funding from \$429 million to \$94 million. Last year the Bush administration proposed a 79-percent decrease in the same program.

In agriculture, this is the area hit hardest by the Bush budget. This area sustained the largest cut with a reduction in discretionary spending of 8.1 percent and conservation programs are the first casualties. That is unfortunate, because preserving our soil and water resources are absolutely critical

to the future of farming and critical to those who believe that we have a stewardship responsibility for the land. That responsibility is not met.

The President's budget proposal imposes deep cuts in the COPS Program, a program started under the Clinton administration, which has been wildly successful. Cities and counties and local units of government, States as well, have come to the Federal Government and with a very simple application form brought more men and women in uniform onto the streets of America, making it safer. President Bush's fiscal year 2005 budget proposes no funding specifically for the hiring of officers and instead provides \$17.6 million for community policing development initiatives, whatever that means.

Even if all of this funding were used to hire law enforcement and school resource officers, it would be a 91-percent cut from the fiscal year 2003 funding level. In Illinois, during fiscal year 2003, COPS hiring grants provided funding for 123 full-time police officers. A cut of 91 percent that the President proposes would mean 111 fewer police officers patrolling Illinois neighborhoods and schools. This is a step in the wrong direction. This program is not only popular; it is needed.

When it comes to homeland security, we can do better than the Bush budget. In Illinois, 671 law enforcement agencies have directly benefited from funding made available through the COPS Program since it was created in 1994. Since that time, over \$410 million in COPS grants have been awarded to my State. These grants have funded 5,832 additional police officers and deputies, as well as additional school resource officers who break up gangs and try to find out when children who have problems attending school have much bigger problems at home than even teachers realize.

The President's 2005 budget request for homeland security includes \$3.6 billion in the Office of Domestic Preparedness. This funding request represents a 19-percent overall decrease from this year, when \$4.4 million was available. So we see that in areas of homeland security, this budget makes cuts.

I am very concerned about this budget. I am also concerned about the fact that this is not a conservative budget. How can you claim to be conservative, as President Bush says he is, when his budget is swimming in more than \$500 billion worth of red ink? Let me show you some charts which graphically tell the story.

Every minute the Bush administration spends \$991,000 more than it takes in. A few years ago we had a budget surplus under the Clinton administration. The number was \$236 billion. A few years later, under this administration, we are anticipating a deficit of \$521 billion. So that is a swing of \$757 billion from surplus to deficit. It gets worse.

We have asked the President year in and year out: How can you justify this?

Look at the quotes from the President and this administration. He said in 2001:

[We] can proceed with tax relief without fear of budget deficits. . . .

Sadly, he was wrong.

In 2002, the President said:

[O]ur budget will run a deficit that will be small and short-term. . . .

That is certainly not the case. We are facing recordbreaking deficits.

In 2003:

Our current deficit . . . is not large by historical standards and is manageable. . . .

Wrong again.

In 2004:

The deficit will be cut in half over the next five years. . . .

Clearly, he is going to be wrong again on that projection.

Then you take a look at the claim that he will cut the budget deficit in half and you see that it is not credible. By 2009, the operating deficit is likely to be far larger than \$237 billion. This is the deficit claim. This is the Social Security surplus which will be included in regular spending for our Government so that the President reaches his goal nominally when, in fact, he is doing it at the expense of Social Security.

The Medicare surplus will be raided for \$23 billion. The alternative minimum tax, which I predict will be the biggest single family tax issue this Congress faces over the next 5 years, to even fix that would cost \$55 billion by 2009.

And then, of course, we have the additional cost for war. Isn't it interesting that the President's budget doesn't include the cost of the war in Afghanistan and in Iraq, nor does it include increases in homeland security? So the deficit we are talking about doesn't even take into account the billion dollars per week we are spending on that war effort.

Let me tell you how the President will maintain his spending when he runs out of money. President Bush's budget hides the full story. Every penny of the Social Security surplus will be spent by this administration under their proposed budget plan. The amount of Social Security surplus saved between 2005 and 2014: Zero. The amount of Social Security surplus spent in that same period of time: \$2.4 trillion. Instead of strengthening Social Security and Medicare as the baby boomers arrive, President Bush's budget plan will make them weaker than ever in our history.

Let me also take a look at what happens with the Bush budget when you look at the full story. The President said repeatedly in his State of the Union Address that the key to our economic prosperity is to make his tax cuts permanent. I think, frankly, the first round of tax cuts were not advisable and were unwise. Not because we didn't need a tax cut and a stimulus but because the majority of the tax breaks went to the wealthiest people in

America. The President has said we have to continue on that course, continue to give tax breaks to the highest income Americans.

Sadly, if we follow the President's advice and make those tax cuts permanent, take a look at what this means in terms of the long-term budget picture: a \$1.6 trillion, 10-year cost to extend the tax cuts. How can this be sensible, prudent, or conservative? It is a spending spree and cutting spree that fails to take into account the ultimate cost.

I mentioned the cost of the AMT reform, the alternative minimum tax. Just 3 or 4 million people are currently paying this tax. But the way it is geared to take into account inflation, millions more will be brought in to pay this tax. In fact, many families are going to learn that they are paying more in alternative minimum tax than any other tax. You can expect to hear from them. The President ignores this reality. The cost of reform of this alternative minimum tax goes through the roof if we don't do this and do it quickly. Sadly, there is no suggestion that we even consider the problem.

Incidentally, when you take a look at the amount provided in President Bush's budget for ongoing military operations in Iraq and Afghanistan and the war on terror, there is zero provided. So in addition to the budget document we are considering, we will have a supplemental appropriations bill much later in the year which will add on more spending which we must have to sustain the troops in the field. How much: \$280 billion is the anticipated cost between 2005 and 2014—a hidden cost which the Bush administration doesn't want to deal with directly in their budget document.

The gross Federal debt, assuming extension of Republican tax cuts on a permanent basis, AMT reform, and defense policies, \$15.1 trillion in 2014. What a wonderful and glorious gift we are leaving our children and grandchildren. We are spending them into a debt that, frankly, they are going to have to deal with for the rest of their natural lives.

What do the Bush administration's irresponsible fiscal policies mean? By 2009, each person will have a share of the national debt which will total \$35,283. So the President says for the average family: We will send you a check for \$300 or \$400 for each member of the family, and we will give you a little bit of a helping hand.

What he doesn't tell you is that, at the same time, he is mortgaging the future of this country. For what? For tax cuts for wealthy people.

How do we pay off our debt in this country, how do we sustain it, if we are spending \$991,000 a minute more than we are bringing in as the Bush budget proposes? There is only one way to sustain our economy and to pay off that debt. That is to borrow money. Which countries come up to the window and want to buy the securities to fund America's debt? Take a look at the

list. The top 10 countries holding America's national debt: Japan, \$526 billion; China, \$144 billion, United Kingdom, \$112 billion. The list goes down the line.

Isn't it interesting that the countries that are holding our national debt in many instances are the same countries that have substantial trade surpluses with the United States? In fact, the two fit together. When China, for example, which now has an inordinate trade surplus with the United States, wants to make good on the extra dollars they have, they buy securities and pay off our national debt in that regard. So we end up beholden to the banking systems in these countries that, frankly, are holding America's debt. They have a powerful position. That has become a reality. In order to fund this debt—the largest deficit in our country, a debt that will grow to record proportions—we do two things. We borrow all the money in the Social Security trust fund and from the Medicare trust fund, and then we turn to nations around the world and ask them to buy the securities to sustain our debt. That is the future which the President is suggesting to us.

During the course of the State of the Union Address, the President said at one point—I remember it well—that manufacturing jobs are increasing. I can say to the President, whether it is the State of Illinois or Iowa or Michigan, manufacturing jobs are not increasing. They are increasing in China. We have lost 20 percent of our manufacturing jobs in the last 5 years, and in Illinois there is no end in sight.

Sadly, as you see the shrinking of our economy in each State, with more than 3 million jobs lost under the Bush administration, you understand that we are not only spending ourselves into long-term debt, we are not getting what is essential for America, and that is strengthening our economic base, making certain that our schools are the best, that we are training our children for the quality jobs of the future, making certain businesses have a helping hand from Government to help meet their health insurance obligations to employees, making certain that our trade laws are enforced in a fair way.

I am a Democratic Senator who has voted for free trade in the past. I believe globalization is as inevitable as gravity. But we have to understand that simply entering into a trade agreement is no assurance that the other party—other country in this case—will live up to the terms of the agreement. We have seen case after case—steel is a classic example, where countries such as Brazil, Japan, and Russia started dumping steel in the U.S. By “dumping,” I mean selling it at lower than the cost of production. They were not only trying to bring in dollars from the U.S.; they were trying to close down the American steel industry. Sadly, they were successful, to some extent.

What does it mean today to us to have fewer steel companies and fewer steelmaking jobs? Let me give you one illustration. Today, in Iraq, there are 8,400 Humvees that our troops are using in the field. These 8,400 vehicles are special problems for us because they are not equipped with armored plating. If you go to Walter Reed and meet the amputees and injured soldiers, many will tell you: Senator, do something to make the Humvees safer.

So when I went to the Department of the Army and said, "What are you going to do about the armored doors needed on Humvees?" they said, "It is our highest priority." I asked them how they would make them. They said they are going to turn to arsenals in Rock Island and Anniston Depot and contract it out. I asked: How long will it take to make 8,400 armored doors and get them there as quickly as possible to protect our soldiers? They said: If we work night and day, we can get it done in 1 year. One year? During World War II, we were building bombers every 12 hours and ships every 30 days, and we need a year to build 8,400 sets of doors to protect these Humvees?

I was incredulous and asked why. They said: Senator, we only have one steelmaking plant left in America, which is in Pennsylvania, which has the capacity to make the steel we need for the armor on these doors. There is one left in America.

When countries violate trade agreements and dump steel in the U.S., ruin our steel industry, close down the businesses, kill the jobs, endanger retiree benefits—after that happens, we find ourselves in this situation where we need steel, the best in the world need it desperately, and we cannot make it in the U.S.

When the President talks about a strong America in the future, it involves education and job training and helping businesses pay for health insurance but also enforcing trade agreements. I supported the President's tariffs on steel as the only way to answer this dumping of steel. Are we going to quit now, since the WTO has threatened they will impose \$2 billion in tariffs? I hope not. Frankly, I think we need to take a more aggressive stand when it comes to building our economy and jobs for the future.

Don't tell me we are in a recovery. A jobless recovery is no recovery at all. Families who are still unemployed and cannot meet the basic obligations to keep their families together are not families that are better off just because productivity is higher in America. We need a stronger economy that has good growth, including jobs. Right now, we are far from it. The Bush budget doesn't move us in that direction. It is not a credible budget, a compassionate budget; it is not a conservative budget; it is a testament to a failed economic policy, where the U.S. economy is not back on its feet, where we continue to see people losing their jobs, where good-paying jobs are going overseas, and little or nothing is being done.

That will be an issue which drives this electorate in this election, as it should. As we review the budget, I hope Members of Congress will step back and realize that making tax cuts for the wealthy permanent policy in this country will guarantee weakness in Social Security and Medicare for generations to come. If that is the reason my colleagues believe they came to the Senate, then they should stand and cheer this budget. But if they feel a special obligation, as I do and many colleagues do, to Social Security and Medicare, we should demand more.

How can you claim to be conservative when your budget is swimming in more than \$500 billion worth of red ink? The President is proposing a paltry \$53 billion in revenue-raising measures to offset the budget's \$1.3 trillion in tax cuts. And he's proposing changes in the budget process that will make it harder to increase spending on important social programs down the road while failing to place similar constraints on Congress's ability to extend tax giveaways to the rich.

The cost of extending the tax cuts alone will reach \$1.6 trillion between 2005-2014. Before the end of this fiscal year, Congress will have to raise the debt ceiling—currently at \$7.4 trillion once again. The continuation of the administration's policies could produce a national debt of greater than \$15 trillion by 2014. Is this fiscal conservatism?

Even the unofficial voice of the right seems shocked by the fiscal irresponsibility of this administration. Talk show host Rush Limbaugh weighed in on the gloomy fiscal picture painted by this budget on his nationally broadcast radio program. "Bush has outspent Clinton," Limbaugh told listeners last Thursday. "I hate to say this; I'm sorry folks."

And how can you claim to be credible when you increase funding for missions to outer space, provide even more tax breaks for the wealthy but cut money for community oriented policing, for higher education and for critical transportation projects?

In 2000, our Nation had a \$236 billion surplus; in 4 short years, the Bush administration has managed to turn that into a deficit for the current fiscal year that they project to be \$521 billion. CBO estimates the fiscal year 2004 deficit will be closer to \$477 billion. Either way, that is a striking turn of events, and neither figure tells the full story. Once Social Security is factored out of the budget, the OMB's fiscal year 2004 projected deficit soars to \$675 billion.

The President claims his budget will cut the deficit in half in 3 years. This promise speaks directly to the credibility gap facing this administration. The President simply isn't leveling with the American people; we've heard this story before.

In 2001, the President, upon inheriting a fiscally sound house, told us that "we can proceed with tax relief without fear of budget deficits." He was wrong.

In 2002, when it was clear that this wasn't the case, he told us that "our budget will run a deficit that will be small and short-term." Wrong again.

In 2003, he said, "Our current deficit is not large by historical standards and is manageable." Once again, wrong.

Now he is promising to cut the deficit by half over the next 3 years and is focusing his deficit reduction plan on limiting domestic discretionary spending. That is not a credible solution. Growth in domestic discretionary spending has been almost non-existent over the past 2 years. Out-of-control spending did not cause these record deficits. The President's irresponsible tax cuts for the wealthiest Americans did.

The OMB's estimates were \$134 billion greater than the estimates the Bush administration used to build support for the program in Congress. Democrats in the House are calling for an investigation into when the President knew that the number would be much higher than the one used during deliberations.

The \$521 figure is slightly inflated. No one else is this high. CBO is \$477 billion. The \$521 includes \$20 billion in lower revenue estimates for fiscal year 2004 just to be "careful." This would certainly make it easier to cut the deficit in half if the baseline from which you are cutting is artificially inflated tens of billions of dollars higher than anyone else's estimates of that baseline.

Another component of the credibility gap is that the President is engaged in a high-stakes shell game, shifting the actual responsibility for paying for his policies until after he has left town and hiding their true costs from sight in the current budget.

The administration provides no estimates of the cumulative 10-year deficit in this budget, thus masking the real long-term costs of these policies. Groups on the right and the left have estimated that the administration's policies will add over \$5 trillion to the federal debt over the next 10 years.

The budget does not include the full cost of the supplemental spending in Iraq that was passed last year, some of which will take place during this fiscal year. We know we will be in Iraq. Why isn't all of this money included in the DOD budget?

Furthermore, the CBO says that as late as 2009, we may still face tens of billions in costs to fight terrorism. Yet, these funds are not included in the budget either. The President has added \$250 billion in supplemental requests since taking office; we can certainly expect more of these in the future.

The President's budget ignores the impending retirement of the baby boomers, and fails to factor in the full cost of the Alternative Minimum Tax relief he requests in this budget.

Finally, despite promising during this campaign to make Social Security solvent, the administration's budget proposals will use every penny of the

Social Security surplus over the next 10 years to pay the bills we are racking up today.

Mr. KYL. Mr. President, I will respond to my colleague from Illinois. First, regarding the budget deficit, and comments made earlier regarding intelligence issues, I will find it interesting to see whether those who are so concerned about the Federal budget deficit will back up their words with actions by voting against runaway spending.

Alan Greenspan, head of the Federal Reserve, says the biggest problem is that Congress cannot restrain its bad spending habits. So for colleagues such as the Senator from Illinois—will they vote against the \$30 billion in subsidies in the energy bill? Will they vote against twice that much in unpaid for highway funding—that is to say, unpaid for in the highway trust fund? It will be interesting to see how those who complain about the deficits actually vote when it comes to adding to the deficit.

Remember that last year, when we had a whole series of votes, when the Republican majority finally got a budget passed, we had to defeat a whole series of amendments by our Democratic colleagues—we usually got 51 or 52 votes—because almost all of the members of the Democratic Caucus voted in favor of spending more money in these amendments. We defeated something like \$88 billion in spending amendments offered by our Democratic colleagues. Thank goodness we did. That amounted to over a trillion dollars in savings over the 10-year period of the budget.

So for my Democratic colleagues to complain about spending and budget deficits and then go on and vote for the projects that they can brag about back home, I think that at least is—shall we call it a dichotomy, in any event.

What about this business of tax cuts for the wealthy? Actually, I have some statistics here which I think are interesting. It shows that the reduction of the tax rate, the top marginal rate—these are the “wealthy” that our Democratic colleague spoke about—actually, mostly helps small businessowners, the very people who create the bulk of the jobs in this country.

You cannot have it both ways, my friends. You cannot complain on the one hand that we are cutting taxes for the people who create the jobs and then complain we are not doing anything to create jobs. That is just exactly what the tax rate reductions on the highest marginal rate accomplished. About 78 percent of that savings went to small businessowners. These are the people who pay at the top individual rate. They are subchapter S corporations or partnerships; we call them flowthrough entities, which pay at the top individual tax rate. They are small business employers. Sixty-two percent of the income tax filers in the top bracket are small businessowners, and 98 per-

cent of the companies are small businesses.

According to the Small Business Administration, 75 percent of all of the new jobs are created by small businesses, which would suggest that small businesses created over 2 million of the 2.8 million jobs added since the start of 2002. How were these small businesses able to create those jobs? They had the capital to invest to do so. How did they get the capital? We cut their marginal income tax rates. Again, they received, by far and away, over three-fourths of all the relief that went to the top filers, the small businessowners, by cutting that rate.

Tax cut for the rich? No. It was for the small businessowners to create the jobs that have gotten our economy moving again.

Let's recall who actually pays the taxes in this country. These are Internal Revenue figures, I might add. The top 1 percent of taxpayers pays over a third of all of the taxes. One-third of all the taxes are paid by 1 percent of our population. The top 5 percent of the taxpayers pay over half, 53.4 percent. So just the top 5 out of 100 are paying more than half of all the income taxes in the country. The top 10 percent pay about 65 percent—in other words, almost two-thirds.

How much does the top 50 percent pay? Ninety-six percent. In other words, the bottom 50 percent of taxpayers in this country pay less than 4 percent of the taxes. So divide the taxpayers in this country into two parts. One of our Democratic colleagues running for President is fond of saying there are two Americas out there: the wealthy and not so wealthy.

Let's take the top 50 percent and the bottom 50 percent. The top 50 percent is paying 96 percent of the taxes, and the bottom 50 percent is paying less than 4 percent of the taxes. Naturally, if we are going to give a tax cut to taxpayers, you are going to be cutting the taxes of those who are paying most of the taxes. But I wouldn't call these people all rich.

As a matter of fact, if you look at the categories, the top 50 percent makes \$28,528. I wouldn't call that rich. How about the top 25 percent? We ought to be getting into the rich category here: \$56,000 income a year. Raising a family of four, that is not exactly a big income these days. You can get by on it, but I wouldn't call those people wealthy or “the rich.”

I think we have to be a little bit careful. And I know my colleagues wouldn't do this, but there are those outside this Chamber who would demagog this issue saying it is all about dividing America between the wealthy and the deserving, the so-called middle class.

We appreciate the fact that America is made up of every stripe of folks, and they all contribute in one way or another, but when it comes to creating jobs, it turns out if you reduce the highest marginal rate, which is what

we did, what we have done is to reduce the rate for small businesses which have created the jobs that have gotten the economy going again. That is the effect of the tax relief that was recommended by President Bush and this Congress approved.

I suggest we give a little credit to the President for helping to stimulate the economy, create jobs, provide economic growth that is unparalleled. We had over 8 percent growth in the third quarter last year, and 4 percent in the last quarter. The stock market is doing very well.

It seems to me the message ought to be one of hope; that we have turned this recession around; that we have reduced taxes. As a result, we are creating jobs and actually things are looking pretty good.

If our Democratic colleagues would like to help us keep a lid on spending, then stop voting for every amendment that spends more money. It is pretty much that simple, Mr. President.

EXCERPTS FROM DAVID KAY TESTIMONY

Mr. KYL. Mr. President, with respect to the other subject which I wish to briefly deal with, this afternoon several of our Democratic colleagues have criticized the President and the administration and invoked the name of David Kay, a weapons inspector, to make the point that they claim proves the administration somehow misled the American people and the rest of the world in making the case for taking military action against Iraq. That is not true. I think it is time people start quoting David Kay properly to see just exactly what he said. I am briefly going to do that.

I have a few excerpts from his testimony before the Senate Armed Services Committee on January 28 of this year. Senator MCCAIN asked him this question:

[Y]ou agree with the fundamental principle here that what we did was justified and enhances the security of the world by removing Saddam Hussein from power?

David Kay:
Absolutely.

Senator KENNEDY asked this interesting question:

Many of us feel that the evidence so far leads to only one conclusion: that what has happened was more than a failure of intelligence, it was the result of manipulation of the intelligence to justify a decision to go to war. . . .

David Kay responding:

All I can say is if you read the total body of intelligence in the last 12 to 15 years that flowed on Iraq, I quite frankly think it would be hard to come to a conclusion other than Iraq was a gathering, serious threat to the world with regard to WMD.

And WMD, as we know, is weapons of mass destruction.

How about its violations of the United Nations resolutions? Somehow the impression has been created that maybe it was just a fraud, that Iraq