

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

really wasn't in violation of those resolutions, that somehow the weapons of mass destruction never existed. Here is what David Kay said:

In my judgment, based on the work that has been done to this point of the Iraq Survey Group, and in fact, that I reported to you in October, Iraq was in clear violation of the terms of Resolution 1441. Resolution 1441 required that Iraq report all of its activities: one last chance to come clean about what it had. We have discovered hundreds of cases, based on both documents, physical evidence, and the testimony of Iraqis, of activities that were prohibited under the initial U.N. Resolution 687 and that should have been reported under 1441, with Iraqi testimony that not only did they not tell the U.N. about this, they were instructed not to do it, and they hid material.

Going on:

Iraq was in clear material violation of 1441. They maintained programs and activities, and they certainly had the intentions at a point to resume their program. So there was a lot they wanted to hide because it showed what they were doing was illegal. I hope we find even more evidence of that.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. KYL. Mr. President, if we are going to be quoting David Kay and talking about the state of our intelligence, go to the transcript and present a more fair and balanced picture than has been done today.

The PRESIDING OFFICER. The Senator from Texas.

#### THE PRESIDENT'S BUDGET

Mrs. HUTCHISON. Mr. President, I appreciate my colleague from Arizona talking about some of the statements that have been said on the floor today and really setting the record straight, which I think is very important.

I would like to continue to talk about the President's budget. I heard people say the budget is too much; we are going to have bigger deficits. And then I hear people say: Oh, but it is not compassionate; we are not spending enough.

What the President of the United States has submitted to Congress in a budget is very bold, but it is also very simple. The President of the United States is doing what every family and every small business would do when they are in a budget crunch, when their revenues are not meeting their expenditures. He is prioritizing the spending.

He put as his very first priority the national defense of this country. He raised the spending from last year on national defense by 7 percent. He made a priority the homeland security of our country, protecting our homeland. He increased spending 10 percent on homeland security needs.

He decreased the growth in spending. We never decrease spending in Washington, DC. He holds discretionary spending to below 4 percent and non-security-related spending to .5 percent—less than the rate of inflation.

The President is saying we are going to prioritize our family budget just

like families all over our country are doing. We are going to protect our country in national defense, we are going to protect the citizens of our country in homeland defense, and we are going to cut back in areas that are not absolutely necessary.

I wish to talk about what the President has done and let the people of our country decide who is being responsible in our budgeting.

He advances the ongoing efforts in the war on terror by providing \$1.2 billion for rebuilding Afghanistan, continuing to build the broad coalition. NATO is now in Afghanistan in force to try to defeat that center of terrorism where the Taliban took hold and was helping al-Qaida. We are making the commitment and keeping our word in Afghanistan.

There is \$5.7 billion in military and economic assistance to front-line States supporting the United States in the war on terror.

The President is strengthening and transforming our defense capabilities by providing \$402 billion for the Department of Defense, an overall 7 percent increase. The President's budget is providing a 3.5 percent pay raise for our military personnel; improving housing, which is something that I as the chairman of the Military Construction Subcommittee in the Appropriations Committee want to do, working with the President to assure that we have a quality of life improvement for our military personnel who are on the front lines every day protecting our country and in harm's way in many instances.

He also provides a 10 percent increase in homeland security. We are providing \$5.3 billion for the Transportation Security Agency, a 20 percent increase; \$6.2 billion for the Coast Guard, a 9 percent increase, because the Coast Guard is being called on today to step up to the plate to patrol our borders and our shores. They are doing a great job and we are making sure they have the capability to do that job.

It doubles the level of first responder preparedness grants, targeting the high threat areas that face greater risk. These are the policemen, the firefighters, the front line first responders who can save lives if we have another terrorist attack. In many instances, it is those people who are outside our Senate Chamber today working on perhaps a new terrorist attack that has occurred in the Senate as we speak. The first responders are there trying to go through our buildings, gathering the unopened mail to see if there is any more of this ricin that was found in the Dirksen Office Building. We need to prepare those first responders so that everyone in America who might be vulnerable will also have an immediate response with trained personnel.

It protects our food supply by providing \$553 million, a 180 percent increase in funds for a new agriculture and food defense initiative; \$274 million for a new vital surveillance initiative;

\$5.1 billion, an 11 percent increase, for the FBI, to make sure we have the counterterrorism effort that our FBI can give.

So these are the defense initiatives and the homeland security initiatives the President of the United States is providing for our country. That is exactly what I hoped he would do, focus on the big things that only the Federal Government can do to secure our country. That is his first responsibility, and he met the first responsibility in the budget that is being criticized today.

Let us talk about the discretionary spending. Where are we putting the priorities in discretionary spending? We are cutting back on the increases in discretionary spending but we are holding the priorities that are so important. We initiate a job creation plan. We are looking at an economic recovery that is just in its initial stages, but we have not seen the jobs yet. The President is very concerned about people not having jobs. We are talking about a \$250 million grant program for our Nation's community colleges. These are the places where we can train for jobs in the future. These are places where we can train for the high-demand occupations that are identified as the places where we can put people to work if they have the training.

Our community colleges are the unsung heroes and heroines in our country because they can put people back to work with training. They can take people who have lost jobs in one sector and train them for something else. There is \$333 million to help students make the transition from high school to college.

He provides for a national energy policy, one of our best job creators, to ensure affordable, reliable energy supply; upgrading our Nation's electrical grid so we will not have blackouts and brownouts in any part of our country; promoting energy efficiency and increasing domestic energy production, which will protect the environment and put people back to work.

The budget will also spur job creation by providing more than \$20 billion in small business lending and equity programs. Small businesses are the economic engine of our country. If we free small businesses and help them with the capital they need to expand their businesses and grow, we will be able to create the jobs that will stabilize our country.

So through the President's budget we are trying to increase job creation in our country. We will not have a true recovery if we have a jobless recovery. The President understands and knows that, and he is trying to make sure we address that very important issue.

Let us talk about education. President Bush is the education President. He wants to make the commitments that will allow every child to reach his or her full potential in our country. His budget increases title I funding by \$1 billion, 52 percent more than in 2001; it provides \$1 billion more for special education, a 75 percent increase since 2001;