

Some people have said: Well, no, we want to take away some of those tax cuts. We want to take away some of the tax cuts for the upper 1 or 2 percent. I will tell you, that will not work. I was one of the architects of that plan. I was the principal sponsor, with Senator MILLER, to cut taxes on capital gains and dividends. If you try to do that and say, "We will leave the rate at 15 percent for everybody in America except for the upper 1 or 2 percent," that will not work.

To tell everybody in America, "Your capital gains rate is going to be 15 percent, unless you make over \$200,000, and your rate is going to be 25 percent higher," that is a real disincentive. Or to tell corporations, "We are going to tax proceeds on corporate dividends at 15 percent, and, oh, if you have income over \$200,000, we are going to tax yours at 35 percent"—and under some proposals it would be much higher than that; they want to increase maximum rates maybe well beyond 39.6 percent—that is distorted, and it will undermine the whole idea of saying: Wait a minute; let's not tax corporate dividends twice.

If you tax some corporate dividends at 39.6 percent on the corporate side, and have a corporate rate of 35 percent on top of it, you are taxing corporate dividend distributions of 75 percent plus, and you are discouraging people from making investments in corporations and distributing those proceeds to their owners. Therefore, it would be very counterproductive.

So those who are making those recommendations have not thought them through. I do not think they will work. Or if they did work, it would be very counterproductive, and you would see GDP declining; you would see jobs declining, and you would see a very stalled or stagnated economy.

I think we can be proud of the fact we passed the tax bill last year. The President signed it, and it has had a positive impact. Those are the facts, just the facts. I compliment my colleagues, and particularly Senator MILLER, who made it happen.

Madam President, I yield the floor.

Mr. REID. Madam President, how much time is left on the majority side?

The PRESIDING OFFICER. There is 2 minutes remaining on the majority side.

Mr. REID. We will wait until their time expires.

Madam President, how much time is remaining on the majority side?

The PRESIDING OFFICER. There is 10 seconds.

The Senator from Nevada.

BUDGET DEFICITS

Mr. REID. Madam President, I am going to yield in a minute to my friend, the distinguished Senator from New Jersey. But I would hope everyone who has heard all these speeches understands the country has a deep problem with these huge deficits. The largest

deficit in the history of the world, the history of our country, was last year. This year we will exceed that.

I hope everyone understands there is spending going on like a bunch of drunken sailors here, and the spending is being paid for with borrowed money.

Madam President, I yield 15 minutes to my distinguished friend from New Jersey.

The PRESIDING OFFICER. The Senator from New Jersey.

ECONOMIC DISTRIBUTION

Mr. CORZINE. Madam President, I thank my distinguished colleague from Nevada. I very much appreciate him pointing out one of the great flaws in the discussion I am hearing on the floor. It seems we only want to focus on a very short period of time and a very limited measurement or metric on how well the economy is doing.

I have been on the floor over the last 6 or 8 weeks trying to address issues on the budget, taxes, and growth in our economy. I feel very strongly that we need to have this debate. I am glad it is happening because the American people, I think, actually understand what is happening in their pocketbook and their own sense of where we are in the economy. It is a lot different than this tsunami of good news that is being quoted and cited.

People like to talk about statistics. We need to deal with what is actually going on in people's lives. That is why a whole series of us have come down and asked that question Ronald Reagan asked in the 1980 Presidential campaign: Are you better off than you were 4 years ago?

Remember, 4 years ago, we had come through a period of creating 22.5 million jobs. This is an administration that has overseen the loss of 1.8 million jobs. So we have had the loss of 1.8 million jobs, after creating 22.5 million jobs, when we saw real income growing every single year. Now we are asked to say: Wow, isn't it wonderful we have seen such a change in the last 2 or 3 or 4 months? And at what cost has that come?

As the Senator from Nevada said, we have the largest deficits in the history of mankind. You can always spend yourself into economic growth. Maybe that is what we are doing, but it is coming at a huge cost to this generation and future generations.

But that is not what I wanted to talk about today. I want to talk about who is better off than they were 4 years ago. There is a clear, commonsensical view among people, at least in the State of New Jersey, whom I live with every day, that things are not so well in their home, in their bank accounts, in their financial condition.

I will go through some of the data. Are they better off? We have had flat wages for the last 3 and a half years. To be absolutely accurate, average weekly earnings have grown 1 percent over 4 years. College tuition costs, on the

other hand, are up 28 percent at the same time; up 13 percent in New Jersey last year at State schools. Gas prices are over \$2 a gallon, up 34 percent in a 4-year period. Family health care premiums are up 36 percent. These are expenses people have to pay every day out of their budgets.

Some cite macrostatistics such as the GDP is growing. What is happening is, individual average weekly earnings are up 1 percent. Health care costs are up 36 percent. Gas prices are over \$2 a gallon, and there has been a 28-percent increase in college tuition. It is off the charts.

State and local taxes in almost every State in the country have gone up in the last 4 years. In New Jersey, the average property tax has gone up 7 percent each year because the Federal Government is not picking up its responsibilities, such as Leave No Child Behind, and with other mandates we have put on them for which we then don't provide the money. Now we are hearing we are going to be cutting back on some of that.

There is a case for middle-class Americans to say things are not so great. Average weekly earnings are up 1 percent. We have everything else in our budget going off the charts.

It is possible, though, when we look at this picture of middle-class America getting squeezed, that there are people who are actually doing well in this world. That is what I want to talk about because there are some people who are better off than they were 4 years ago. It comes from the concept that there is a ladder in America. People like to get on that ladder and climb up and have great opportunity. This is a country that has aspirations that are a part of people's lives.

But we seemingly want to make sure the people at the top of the ladder are doing really well and we are squeezing the folks at the bottom. Average weekly earnings, as I said, had relatively flat growth. But HMO profits are up 50 percent. There is a correlation between that 38-percent increase in family health premiums to HMO profits. I used to be a CEO so I can talk about this with some knowledge. Compensation for people who are leading corporations is up 61 percent during the same period—one percent or zero-percent average weekly earnings growth for middle-class Americans, while CEO compensation is up 61 percent.

To give a little perspective, back in 1980 the average CEO made 31 times the lowest average worker in a corporation. Today it is over 500 times. It grew 61 percent last year. Somebody is better off, aren't they?

It strikes me that the numbers are working. Somebody is getting it and somebody is not. As I said, it is most visible when you compare HMO profits versus what is going on with health care costs for average Americans. It is tough to argue that things are a lot better when we are seeing growth in

HMO profits and growth in CEO compensation, and you wonder who is better off than they were 4 years ago.

Another way to look at this is to focus on the oil companies. Are they better off or not? In New Jersey, we have the average cost of gasoline at \$2.04 cents a gallon. We see over \$40-a-barrel oil. We could think about supply and demand conditions and maybe tap into the Strategic Oil Reserve, but that is a story for another day.

The fact is, middle-class Americans are paying the freight, \$2.04 a gallon, and somebody is benefiting from that. Are the people paying the \$2.04 better off or are the oil companies that have seen their profits soar as the price of a barrel of oil has gone up enormously right in front of our eyes? British Petroleum's earnings are up 165 percent, year over year; Chevron-Texaco, 294 percent; Conoco only got 44 percent; and Exxon is up 125 percent.

Thirty-four percent was the increase in the cost of gasoline for Americans. That is middle-class folks going in, pulling up to the gas pump, putting it in, paying for it. That is coming out of their pocket. Remember, those are the people who are getting a 1-percent increase in weekly earnings. And Chevron-Texaco has a 294-percent increase in profitability.

I am not against profitability. We want people to be profitable. But there needs to be some balance in how the economic pie is actually working for folks in America. It is very troubling that some are huge winners and other people are getting the scraps, with a zero-percent to 1-percent increase in real weekly earnings.

There is another group besides HMOs and CEOs and oil companies. There is the issue of those who actually despoil our environment. It sort of goes at the oil company topic. Instead of debating how we are going to get the price of oil down, House Republicans are now insisting on giving oil companies immunity in cases where they have contaminated ground water with MTBE. In New Jersey, there is a serious problem because we have MTBE all over the State, and it is increasingly thought to cause all kinds of health problems. We are proposing to give a break to the oil companies—the ones making 294 percent higher profits this year than they did last year—a \$29 billion break in damages in 43 States around the country.

Who is better off today than they were 4 years ago? Is it the oil companies or the people potentially exposed to MTBE? By the way, I could go on to "polluter pays" taxes; who is paying, who is not paying, for clean air. You could go through a whole series of environmental applications and ask, who is winning, who is losing.

This is not about class warfare. This is about who is winning and who is losing: a 294-percent profit increase, or are we actually going to deal with MTBE? Are we going to have the resources to clean it up? Or are we going to take the

\$29 billion in damages and lay it on the shoulders of working Americans? Are we going to pass it along?

Let me talk about another issue. This gets at some of the tax discussion I hear so much about as being so beneficial to everyone in the world. You could talk about where the tax breaks go. Those making \$1 million or more are getting \$123,000. Those in the top 1 percent are getting about a \$34,000 tax break, almost \$35,000. If you do the analysis, the middle 20 percent of Americans is getting about \$647. That is the average.

Anybody can talk about statistics. They can pick it out different ways. They can mush all this together. They can put the 7 footer with the 5'4" person and come with an average height that sounds as if you are 6'2". But the fact is, so much of the tax break is actually going to the people who make \$1 million or more, the top 1 percent, and very little is going to middle-class Americans.

But that fits. We are only getting a 1-percent increase in mean weekly earnings to the middle class. We are creating tax breaks that primarily go to those who are already doing well. Again, the aspiration of Americans to try to work their way up the ladder is perfectly acceptable. That is the American dream. I know a little bit about it because I know how it happened in my life. But when you get the ladder down and you put it up, why roll it down?

That is what we are doing here. We are giving tax breaks to people who could always use them. Everybody could always use a tax break. But how are we going to fund Leave No Child Behind? How are we going to deal with making sure special education is properly funded? When are we going to get it that we need to make sure we share the benefits in this society? This makes almost no sense.

It is not an issue of class warfare. It is how do we make sure every American has an opportunity to have access to the American dream.

It is incredible to hear some of the discussions that go on. By the way, I want to take this one step further. One of the reasons this number is so high and this is so low is so much of that income comes in the form of capital—capital gains, dividends—and people with capital gains and dividends are paying 15 percent. But if you are working and you are up in the \$40,000, \$50,000, \$60,000 area, you are paying 28 percent; your marginal rate is significantly higher.

We are charging more for working people's earnings than we are for capital. I don't think that is right. I don't think it is right that we turn around and allow situations where somebody pays a 15-percent marginal rate against some kind of income—i.e., capital income—and we charge much higher rates for the poor guy who has to go to work every day. Why are we advantaging capital over wages? It makes no sense and we end up with a distribution like this.

Again, there is nothing wrong with getting good returns on capital or with people working their way up the ladder and being successful. But we have a lot of choices in this country, and we are making them so that these guys up here are ending up with most of the benefits—unless you are one of those oil companies that get an MTBE break and huge growth in profits. But the wages are not growing. The cost of living is going up, as is health care, college tuition, and State and local taxes, and there is so much need that I don't understand why we are turning around and skewing everything the way we have.

That is why I think it is fair to ask who is better off in 2004 versus 2000. Is it the people who were at the top of that chart, the top of the ladder or is it the people in the middle of the ladder, who are aspiring to get up the ladder? Who is benefiting from this \$400 billion or \$450 billion budget deficit? I think it is a very hard case to make.

As the chief economist from Merrill Lynch said, "We've had a redistribution of income [in this country] to the corporate sector." It is through this capital gains distribution of dividends and cutting of the marginal tax rates. It is very clear that somebody is winning, but somebody is getting a little less of that break. I think it is very hard to answer the question "who is better off today" without going back through those HMOs, CEOs, oil companies, and a lot of the folks who are gaining their income from capital as opposed to wages.

I believe that is a tough way to argue to the American people that things are going really well in the economy. I think we have an answer to the question. We have seen someone do better, and it is those who have had that redistribution to them through the tax system. That is something we need to debate on the Senate floor, we need to debate it among the American people, and we need to come to a conclusion about who really deserves to have the fair benefits as we go forward.

I yield the floor.

The PRESIDING OFFICER. The Senator from Nevada is recognized.

Mr. REID. Madam President, I direct a question to my friend from New Jersey. Would my friend agree that these huge deficits that are piling up at unprecedented rates are also, long term, very damaging to our economy?

Mr. CORZINE. The Senator from Nevada asks a particularly appropriate question. Anytime the Federal Government is competing for money in the capital markets, instead of us having that money go into the private sector, instead of being invested in the kinds of growth you see in Nevada or what we hope will happen in New Jersey, it undermines the economic health of the country, and we have fewer jobs, wages are less, and you get a negative cycle. It is absolutely dangerous to the longrun health of this country.

Mr. REID. Would the Senator also agree that during the last 3 years of

the Clinton administration, we were actually spending less money as a Federal Government than we were taking in—meaning we were paying down the debt? Was that not a good sign for the economy, to the rest of the world, and to our own taxpayers?

Mr. CORZINE. The Senator from Nevada is leading the witness because at that point in time we were in the process of creating 22.5 million jobs over that 4 years—10 million in the last sector. People would earn money and spend money, and it would multiply through the economic system. We were creating wealth in the greatest single period of time, when the Federal Government was running from the pulling down of capital and stayed out of the capital markets and put money where it was most efficient.

What we are doing right now is setting up a dynamic that will reverse that. We are going to see less investment over a period of time because the Federal Government has taken up all the dough and it is going to show lower growth in jobs, lower creation of wealth, and nobody will argue that the longrun deficits at the level we are running them now make any sense for this country. I don't think anybody would argue that—with the kinds of policies we have now, our taxes are about 15.5 percent of GDP. They were about 18 percent when this administration came in. But we have grown spending under this administration and the Congress, led by the other side of the aisle, up to about 21 percent. President Clinton's administration cut that to about 18 percent—a little lower, because we were running surpluses. The track we are on is absolutely a potion for disaster.

Mr. REID. Madam President, everybody within the sound of my voice should understand that the distinguished Senator from New Jersey is a person who understands the business world. Before coming to the Senate, he was one of the Nation's leading economic advisers, a person who had been so distinguished in the economic world that he was known all over the United States and in many parts of the world. When the Senator from New Jersey speaks about aspects of our economy, people should really listen.

THE HIGHWAY BILL

Mr. REID. Madam President, today many people in the Chamber came to work extremely early. The reason is they wanted to avoid being stuck in traffic. They got up early in the morning. They came to work earlier than they were required to come to work because they were afraid of being late for work because of the traffic jams in the Washington, DC, area. You may say, well, Washington is a unique place. But it is the same in Las Vegas, Reno, or anyplace else in our country. We have traffic jams, highway problems, too few mass transit systems, and those we do have need renovation and replenishment.

To mention a road in Las Vegas or here on the capital beltway as being a place to stay away from during rush hour, certainly everybody understands that. Is there going to be an accident in the morning? Maybe there was an accident. Maybe it is just routine congestion that creates difficult problems. People sit, losing precious time they could be spending with their families or getting to work and getting things done. But they are stuck in traffic.

As the Senator from New Jersey and I have talked about on the floor of the Senate a lot of times, the price of gasoline is tremendous. You sit there with your car idling, wasting precious fuel. In Nevada, there are places now where you are paying \$2.70 a gallon for gasoline. People are locked in these traffic jams that are unbelievably difficult. They keep us away from our families and our work, and that also adds to the stress of the individual involved.

But while Americans are stuck in traffic all over America, a bill to get America moving again is stuck in Congress. The highway bill is stuck in Congress. Why? Where is it stuck? It is across this great Capitol in the House of Representatives. They have refused to appoint conferees so that we can go to conference.

We were able to work out an arrangement in the Senate where we appointed very good conferees. The Republicans have 11 and the Democrats have 10. They are anxious to go to work and do something about the comprehensive 6-year surface transportation bill on which we have to work.

The House passed a version. The Senate passed a version. We like ours better, but they are both bills on which we need to work out the differences.

During the Memorial Day recess, staffs held bicameral meetings to begin a dialog between the two bodies. But because the House has not appointed conferees, these meetings mostly dealt with procedural matters. In effect, we did not do much.

I cannot imagine why the House is taking so much time to appoint conferees. We are losing weeks of valuable time. Before we can get to the meat of this bill and sit down with members of the conference to take votes on issues, staffs have to spend weeks going over this very complicated bill. It is a 6-year bill. It is a bill of hundreds of pages dealing with problems we have with our highways and problems we have with our transit systems all over America. We need to have something done yesterday. We need to meet this country's growing transportation needs which are improving safety and relieving congestion.

In 2003, the last year for which we have statistics, more than 43,000 people in America lost their lives on our roads, the highest number of fatalities since 1990. In addition to the personal tragedy associated with these accidents, they cost an estimated \$137 billion each year in property losses, productivity, and medical costs. There is

not an amount you can put on the loss of a life. In addition, we have a situation where we talk about 43,000 people—more than 43,000 people—being killed, but hundreds of thousands of people are injured. People become paralyzed. People lose eyes. I have visited a facility in Las Vegas where they deal with head trauma. The vast majority of people in that facility are the result of automobile accidents.

This year, Americans will lose more than 3.6 billion hours to traffic congestion. That is 3.6 billion hours they will not be able to spend with their families, their friends, or at work. The cost of wasted fuel will be about \$70 billion.

The bipartisan Senate bill—and it was bipartisan, led by the distinguished chairman of the committee, Senator INHOFE, and the ranking member, Senator JEFFORDS—this bipartisan Senate bill invests \$318 billion over 6 years, allowing States to improve safety and reduce congestion on roads.

Even this big bill is only an effort to keep a level playing field. We do not make any advancements, as we probably should, but at least it allows us to tread water in most places to keep from drowning with the problems we have with traffic in our country. The \$318 billion represents an investment in our transportation infrastructure, protects our economy and quality of life, and it creates hundreds of thousands of jobs. Why the President would pick this vehicle to flex his muscles is something I do not understand. There have been other issues that have come out of this Congress that maybe he should have taken a look at, but certainly not the highway bill. It creates hundreds of thousands of jobs.

We need to move forward on this legislation. I think we need to let everyone know that the House of Representatives is the cause of our not moving forward on this bill. If the House appointed conferees today, we might be able to complete this conference by the end of the Congress, but it is going to be a close call. There is so much work to do, and we need the House to work with us, not against us.

There are some reports that the chairman of the full committee in the House—and I have not talked with him; he is my friend—does not want a bill; that he is so disappointed with what has happened with the White House that he just says: I don't want a bill.

I hope that is wrong. I am confident the Members of the Senate and the House can work out the differences on this legislation, and we will do it with the number that will be appropriate to take care of the needs of this country. I think \$318 billion is a good figure. If the President vetoes the bill, it will just be overridden. I have spoken with the leadership in both the House and the Senate, and they acknowledge that would happen. But please let the Members vote to do this.

Again, all the Senators who have come to me and asked what is happening to the highway bill, I say we