

That is what the legislation is all about.

Again, I applaud and commend the two managers of the bill, those who offered amendments and debated the issue. This is good legislation, good for the country. It makes America a better place. I urge my colleagues to vote for this legislation so we can take another step to fulfilling the directives we were given by the 9/11 Commission.

I yield the floor.

The PRESIDING OFFICER. The Senator from Maine.

Ms. COLLINS. I ask unanimous consent that a list of the homeland security staffers on the Republican side who worked so hard on this bill be printed in the RECORD at this point.

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

Brandon Milhorn, Andy Weis, Rob Strayer, Amy Hall, Allison Boyd, Kate Alford, John Grant, Amanda Wood, Jennifer Tarr, Asha Mathew, Brooke Hayes, Priscilla Henley, Jane Alonso, Jay Meroney, Melvin Albritton, Mark LeDuc, Tom Bishop, Doug Campbell, Emily Meeks, and Neil Cutter.

Ms. COLLINS. I also wish to add my voice in thanks to the families of the victims of 9/11. They have truly been the committee's inspiration as we worked on these issues for the last 4 years.

I yield the floor.

The PRESIDING OFFICER. The majority leader.

Mr. REID. For the information of all Members, we are working—Senator McCONNELL and I—on a consent agreement to deal with the Iraq debate tomorrow. Hopefully, we will be able to resolve the Iraq debate. Thursday, we will be able to deal with the U.S. attorneys bill and some judicial nominees. We do not have that worked out yet, so everyone stay tuned.

This will be the last vote today.

The PRESIDING OFFICER (Mr. SALAZAR). The bill having been read the third time, the question is, Shall it pass?

Mr. LIEBERMAN. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There appears to be a sufficient second.

The clerk will call the roll.

The legislative clerk called the roll.

Mr. DURBIN. I announce that the Senator from South Dakota (Mr. JOHNSON) is necessarily absent.

Mr. LOTT. The following Senator was necessarily absent: the Senator from Arizona (Mr. MCCAIN).

The PRESIDING OFFICER. Are there any other Senators in the Chamber desiring to vote?

The result was announced—yeas 60, nays 38, as follows:

[Rollcall Vote No. 73 Leg.]

YEAS—60

Akaka	Bingaman	Byrd
Baucus	Bond	Cantwell
Bayh	Boxer	Cardin
Biden	Brown	Carper

Casey	Kohl	Reed
Clinton	Landrieu	Reid
Coleman	Lautenberg	Rockefeller
Collins	Leahy	Salazar
Conrad	Levin	Sanders
Dodd	Lieberman	Schumer
Dole	Lincoln	Smith
Dorgan	McCaskill	Snowe
Durbin	Menendez	Specter
Feingold	Mikulski	Stabenow
Feinstein	Murkowski	Stevens
Harkin	Murray	Tester
Inouye	Nelson (FL)	Voinovich
Kennedy	Nelson (NE)	Webb
Kerry	Obama	Whitehouse
Klobuchar	Pryor	Wyden

NAYS—38

Alexander	DeMint	Lott
Allard	Domenici	Lugar
Bennett	Ensign	Martinez
Brownback	Enzi	McConnell
Bunning	Graham	Roberts
Burr	Grassley	Sessions
Chambliss	Gregg	Shelby
Coburn	Hagel	Sununu
Cochran	Hatch	Thomas
Corker	Hutchison	Thune
Cornyn	Inhofe	Vitter
Craig	Isakson	Warner
Crapo	Kyl	

NOT VOTING—2

Johnson McCain

The bill (S. 4), as amended, was passed, as follows:

(The bill will be printed in a future edition of the RECORD.)

Mr. LIEBERMAN. Mr. President, I move to reconsider the vote.

Ms. COLLINS. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. LIEBERMAN. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

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

Mr. GRASSLEY. Mr. President, I ask to speak as in morning business for such time as I might consume, and if there are other Members who are wondering how long that might be, it wouldn't be probably for more than 15 minutes at the most.

The PRESIDING OFFICER. The Senator from Iowa is recognized.

TAX GAP: BLUE SMOKE

Mr. GRASSLEY. Mr. President, I wish to finish the discussion I started earlier today about the tax gap and efforts to close it. As I said this morning, the tax gap is the difference between what is paid in taxes and what is actually owed. While more reliable and timely data on the tax gap is greatly needed, the tax gap was thought to be \$345 billion for the tax year 2001, which seemed to be the year that the IRS had the latest information where they could put together something that was fairly solid for that year.

I also pointed out this morning that many of my colleagues in the Senate see the tax gap as a sort of magical

tonic that can be used to cure all sorts of ailments. Some people see \$345 billion in AMT relief or health care spending or national debt reduction without thinking about what would be involved in actually collecting the money. So I am raising the question: Do people think through whether every dollar will be brought into the Federal Treasury?

The IRS is already making some progress in closing the tax gap. This morning I mentioned the Internal Revenue Service told the Budget Committee it could reduce the tax gap by nearly \$70 billion, of that \$345 billion, in the year 2007.

So where does that leave us? Can we do more in enforcement? The administration has proposed an increase in funding for the Internal Revenue Service. That increase looks toward the tax gap with funds directed toward increased data matching, improved research, as well as more auditors—auditors to make sure that more money comes in. I suggest my colleagues might also want to make certain that if we consider adding more Internal Revenue Service employees, we have greater confidence that the Internal Revenue Service is utilizing current resources effectively. In other words, before we hire more people, we ought to make sure the existing employees at the Internal Revenue Service are being used in the most efficient way to bring in the most money possible.

That doesn't preclude more money, but that is a necessary first step before we automatically think of more money and more employees.

For instance, the IRS has hundreds of employees, according to a Treasury inspector general for tax administration report, that do part- or full-time union work. This is thousands and thousands of work hours that could be spent going after the tax gap. What could we gain if we directed all those union hours to actually working on the tax gap before we appropriate more money to hire more employees?

So we have proposals then for increased enforcement. Let me remind my colleagues, though, that the Joint Committee on Taxation—that is a congressional committee that specializes in watching the Tax Code and making estimates and studying all ways to make the Tax Code more efficient and bring in more money—that committee will not give us a score for additional dollars based on increased enforcement. So we can talk all we want about hiring more people to bring in more revenue, but until that revenue is in the bank, the Joint Committee on Taxation isn't going to give us any credit for it.

As we are looking at budget debates over this week and next week, keep that in mind. That isn't going to get Senators anywhere in terms of reducing projected deficits or paying for tax cuts or bringing in more money to spend someplace else.

It is important to emphasize the Commissioner of the Internal Revenue

Service made it clear to the Budget Committee a few days ago at a hearing that we cannot audit our way out of the tax gap. The Commissioner also warned about increasing the IRS budget too quickly if we decide to go the route of hiring more people by giving more money because he said a big increase in staffing would harm taxpayers' rights if the IRS was not able to grow in a managed way to control the outcome.

We can look at what we can possibly do legislatively beyond greater enforcement. The Democratic leadership hasn't proposed anything new, but the administration has put forward some proposals in the budget—in its own budget, meaning the budget of the executive branch. Many of the administration's proposals deal with information reporting. Information reporting is an important way to improve tax compliance. This is very clear from all the work that has been done so far on the tax gap.

However, information reporting places additional burdens on taxpayers, and it is very frustrating that we often find the Internal Revenue Service is not doing enough to match or review the documents taxpayers are already providing the IRS as a paper trail to make sure all taxes are paid. Needless to say, this greatly limits the benefit information reporting provides.

Setting these concerns aside, the administration in their budget has proposed, one, information reporting on payment to corporations; two, basis reporting on securities sales; three, broker reporting; four, reporting of merchant payment card reimbursement; five, increase information return penalties; six, taxpayer identification number verification for independent contractors; and seven, information reporting on certain Government payments.

The administration has proposed other proposals, including increased penalties, expanded IRS access to information, and required electronic filing as some of the other new proposals.

This is a very comprehensive list of proposals coming from the administration. Is it everything? No, but it seems to me this is a serious start and shows that people within Treasury, within the Office of Management and Budget, and maybe even within the White House, are very concerned about closing the tax gap.

If Senators who have attacked the Secretary of Treasury and the Internal Revenue Service believe more can be done, I suggest they should come forward with their own proposals and add to the multitude I read coming from the executive branch of Government.

I think Senators will find that while it is easy to complain about what is coming out of the Treasury's kitchen, it is a lot harder to get in there and do it themselves. I think Senators need to be careful—very careful—at putting out pie-in-the-sky numbers for what can be achieved by reducing the tax

gap without at the same time putting forward their own detailed, concrete, Joint Tax Committee-scored proposals that show how it can be done.

That brings me to a chart. This chart shows there is a lot of smoke and mirrors when it comes to the tax gap, in other words, all the people who are saying they are going to use the tax gap to reduce the deficit, to fund tax cuts or even to take the money and spend it on some new program or increase spending on existing programs. There are a lot of ideas out there.

What I want this chart to demonstrate to us is that there is a lot of smoke and mirrors when it comes to the tax gap. We can't use smoke and mirrors to pay for tax cuts or to decrease the deficit; we have to have proposals that are in detail, black and white, and are scored by the Joint Committee on Taxation, our experts who are on top of the Tax Code and how much money will come in or how much money we lose if we cut taxes.

Tax gap proposals shouldn't be used for spending. The tax gap is appropriately viewed as unfairly placing a heavier burden on compliant taxpayers, 85 percent of the people who pay what they owe and file accordingly.

If we enact tax-gap closers, they should be used to reduce taxes or reduce the deficit, not to increase spending.

Let me conclude my discussion of the tax gap by saying you can have a blue Moon, you can have blue cheese, you can have blue-suede shoes, but when it comes to balancing the budget, you can't do it with blue smoke and mirrors. That, unfortunately, is what so much of the tax gap is right now: blue smoke.

I strongly encourage the Budget Committee chairman and other Senators not to use blue smoke during the upcoming budget resolution debates. That is going to happen Wednesday and Thursday in the Budget Committee this week. It is going to happen all next week on the floor of the Senate.

Now I will review some of the issues we must consider as the Senate works on its budget resolution. In an earlier visit with my colleagues in the Senate, I discussed the importance of preventing a tax hike on the American people. Anyone who considers themselves a deficit hawk needs to do more than raise taxes. So I challenge the new Democratic majority to also examine the spending side of the ledger; that is, if they are truly serious about deficit reduction.

In another visit with my colleagues from the floor of the Senate, I highlighted a study prepared by Goldman Sachs. That study shows that the likely result of letting tax relief expire could lead to a recession. Since tax relief was enacted, Federal revenues have increased, employment has increased, household wealth has increased—in fact, household wealth has increased to the highest level it has ever been in the

history of our country—and the S&P 500 index has consistently moved upward. Again, a failure to extend tax relief or make it permanent puts all this at risk, and at risk for nothing.

Anyone serious about deficit reduction needs to also look, then, at the spending side of the ledger. In a third visit that I had with my colleagues from the Senate floor, I pointed out that Democratic revenue raisers did not come close to covering new spending contained in Democratic amendments when we had the budget up exactly 12 months ago this month. In many cases, I showed the same offset was used in multiple amendments to pay for multiple projects, just like every dollar coming into the Federal Treasury could be spent two, three, four times, and somehow just multiply and, like blue smoke, solve all of our problems.

If the Democratic leadership is serious about pay-go, and that is short for pay as you go, and if they are serious about deficit reduction, they need to be realistic about where the money is going to come from to cover any new spending proposals. The budget plan advocated by the other side last year would have either increased the deficit or gutted tax relief that was passed in 2001 and 2003, including items such as the alternative minimum tax fix that we did, and all of these things the other side of the aisle claims to support and yet have proposals that would gut them or increase the deficit.

I want to state my intention to fully cooperate with my colleagues of both parties to produce a budget that preserves our growing economy while addressing the needs of our government. I am particularly looking forward to exploring ways to use the Tax Code to help more Americans acquire health insurance. I am also looking forward to using the budget resolution to ensure, on a revenue-neutral basis, that we continue to pursue tax simplification and tax reform. In order to produce the best possible budget, we must be careful not to endanger our growing economy. We must be willing to examine spending. We must not just focus on revenues, and in the whole process, we have to be intellectually honest about how far we can push revenue raisers and other offsets. In other words, avoid the smoke and mirrors.

Mr. President, I yield the floor.

Mr. SESSIONS. Mr. President, I ask unanimous consent that I be allowed to speak in morning business for 10 minutes.

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

Mr. SESSIONS. Mr. President, I thank Senator GRASSLEY for his remarks and would share his concerns that we have to be intellectually honest about the numbers with which we are dealing. We are not going to be able to have the kind of revenue collection enhancement that some have suggested is possible. I wish it were so. I pay my taxes. Most people pay their taxes. It is

not right for people to cheat on their taxes. It cheats all of us when that occurs. From experience, we know that we can't get that big of an enhancement, at least that is what the experts tell us. We cannot get the enhancement from collections that some have suggested that we can. They will use monies projected to be collected—that is, they will say we are going to collect a lot more to justify spending—and then when the revenue doesn't come in, all we have done is increase the debt.

So that is a problem and I am pleased Senator GRASSLEY has raised it and we might as well deal with it openly.

(The remarks of Mr. SESSIONS pertaining to the introduction of S. 863 are located in today's RECORD under "Statements on Introduced Bills and Joint Resolutions.")

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

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. REID. I ask unanimous consent that the order for the quorum call be rescinded.

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

MORNING BUSINESS

Mr. REID. Mr. President, I ask unanimous consent that there now be a period of morning business with Senators permitted to speak therein for up to 10 minutes each.

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

TRADE POLICY

Mr. BROWN. Mr. President, it is only Tuesday, and already we have a laundry list this week of reasons why we need a new direction for trade policy in our country.

First, we learned that Halliburton, the beneficiary of more than \$20 billion in no-bid Government contracts, is going to, in a sense, take the money and run by moving its headquarters out of the United States and to Dubai in the United Arab Emirates. Then we learned the United States is again discussing trade deals with the United Arab Emirates. These trade talks first fell apart last year during the Dubai Ports World scandal.

Because of our fundamentally flawed trade policy, our Government nearly sold our port security to state-owned companies in the Middle East, and because of our fundamentally flawed trade policy, our Government continued to award no-bid contracts to Halliburton despite the fact that its subsidiaries have come under fire for doing business with the Government of Iran and for potential contract fraud in Iraq. It is time for a trade policy that rewards good corporate citizens, not one that allows our Nation's security assets to be sold to the highest bidder.

Last November, in my home State of Ohio, voters from Toledo to Steuben-

ville, from Chillicothe to Lorain, from Dayton to Youngstown spoke out for change in our Nation's trade policy.

For too long, our Government has stood idly by as U.S. companies that benefit from our tax policy, that get Government contracts, that benefit from community support move their operations overseas. For too long, our Government has pursued fundamentally flawed trade agreements that fail to secure labor and other standards, fail to establish a policy to support business development at home, and fail to provide for national security reviews.

But in this Congress, a new direction has begun. Thirty Members, last week, of a fair trade coalition, that began with the Central American Free Trade Agreement, gathered on Capitol Hill to reaffirm that we need a new direction for trade. Senator DORGAN, Senator GRAHAM, and I have introduced legislation that would ban sweatshop imports and address concerns with China.

What is more distressing than Halliburton's news to abandon the United States for the Mideast is that it owes the Government at least \$2.7 billion as a result of bad, possibly even illegal business practices in Iraq—practices which allowed for contaminated water to be served to our troops, which hired unauthorized security forces, and which shamelessly overcharged our Government. Will Halliburton pay their debt before leaving town or will they try to leave American taxpayers—who have already afforded them billions in profits—holding the bag? Congress must do all it can to assess the debt and ensure that Halliburton, before they leave town, pays their debt to our country.

It is unclear whether the administration will take any action to safeguard our Nation's interests when it comes to Halliburton, but it is clear they are not yet ready for a new direction on trade. The latest attempt at another flawed trade agreement is not even inked, and the first corporation is moving offshore.

That is why we need a new direction for trade. That is why we need a trade policy that rewards companies that keep production, and headquarters, in the United States, investing at home as well as in opportunities abroad. That is why, as we learned during the Dubai Ports scandal, we need a national security review of all future trade agreements.

Halliburton's decision to relocate its headquarters also underscores the critical importance of freeing our Nation from its addiction to oil.

Government should foster a climate where companies are rewarded for being good patriot corporations. It is time our Government stop rewarding the Halliburtons of the world and start investing in those businesses that want to help build our Nation, not cheat us and then leave us.

IN HONOR OF VACLAV HAVEL

Mr. CARDIN. Mr. President, 30 years ago, the Charter 77 movement was established with the simple goal of ensuring that the citizens of Czechoslovakia could "live and work as free human beings." Today, as cochairman of the Commission on Security and Cooperation in Europe, I join with my colleagues in celebrating the founding of Charter 77 and honoring those men and women who, through their personal acts of courage, helped bring freedom to their country.

When the Charter 77 manifesto was issued, three men were chosen to be the first spokespersons of this newly formed movement: a renowned European philosopher, Jan Patočka; Jiri Hajek, who had been Czechoslovakia's Foreign Minister during the Prague Spring; and the playwright, Vaclav Havel. They had the authority to speak for the movement and to issue documents on behalf of signatories.

Tragically, Jan Patočka paid with his life for his act of bravery and courage. After signing the charter and meeting with Dutch Ambassador Max van der Stoel, he was subjected to prolonged interrogation by the secret police. It is widely believed this interrogation triggered a heart attack, resulting in his death on March 13, 1977.

In spite of the chilling message from the regime, Jiri Hajek and Vaclav Havel continued to work with other chartists, at tremendous personal cost. Two-hundred and thirty signatories were called in for interrogation; 50 houses were subjected to searches. Many supporters lost their jobs or faced other forms of persecution; many were sent to prison. In fact, the harsh treatment of the Charter 77 signatories led to the creation of another human rights group, the Committee for the Defense of the Unjustly Persecuted, known by its Czech acronym, VONS. In October 1979, six VONS leaders including Vaclav Havel, were tried for subversion and sentenced to prison terms of up to 5 years.

Perhaps the regime's harsh tactics reflected its knowledge that, ultimately, it could only retain control through force and coercion. Certainly, there was no perestroika or glasnost in Husak's Czechoslovakia, no goulash communism as in neighboring Hungary. And so, the regime was threatened by groups that might have seemed inconsequential elsewhere: by the psychedelic band, "Plastic People of the Universe;" by a musical appreciation group known as the Jazz Section; by environmentalists, historians, philosophers and, of course, playwrights.

Mr. President, 1989 was an extraordinary year—a year in which the regime sought to control everything and, in the end, could control nothing. In May, Hungary opened its borders. In June, free elections were held for parliamentary seats in Poland for the first time in decades. By August, 5,000 East Germans were fleeing to Austria through Hungary every single week.