

I yield the floor.

Mr. DORGAN addressed the Chair.

The PRESIDING OFFICER. The Senator from North Dakota is recognized.

Mr. DORGAN. Mr. President, I appreciate very much what the Senator from Minnesota had to say about the dissidents in Indonesia who, at their own peril and at the risk of their lives, are saying that they would like the right of self-determination and they would like freedom.

I was in China the day Wang Dan was sentenced to 11 years, I believe, in prison in China for criticizing his Government. And I saw Tiananmen Square, I say to the Senator, and I thought about that young man in the white shirt.

You remember the picture during the demonstration in Tiananmen Square when the tanks came to break up the demonstrators and this young man in a white shirt walked out and stood in front of this column of tanks in front of the first tank and forced the tank to change course. Then he moved over again in front of the tank.

I watched that. I thought, What on Earth must be inside of this young man? What kind of courage must it take to say, "I am going to stand in front of a tank and risk my life for freedom"?

That is what the Senator from Minnesota is talking about with respect to the price that is paid by, in many cases, young people, and older people as well, who demonstrate to resist regimes that are oppressive and regimes that tend to try to squelch freedom of speech.

So I think this country should always be vigilant about the need to stand up for those around the world who do that at their own peril. They are asking for only what we understand in this country makes a good society. That is freedom—freedom of speech, freedom of movement.

Mr. WELLSTONE. Will the Senator yield for a comment?

Mr. DORGAN. Yes. Certainly.

Mr. WELLSTONE. Given what the Senator just said about Tiananmen Square, given the courage, again, of the students and others, that is why I wish the President would not go to Tiananmen Square. I think the President is making a terrible mistake. I didn't think the President should be there.

I will just make that comment to my colleague.

Mr. DORGAN. I would respond to the Senator by saying that I think, and have always thought, that our foreign policy must always have a human rights component to it. That is, it seems to me, what we owe to others around the world who struggle for freedom. And I appreciate the leadership of the Senator from Minnesota in this matter. He is once again today calling the Senate's attention to the importance of human rights.

CBO'S MONTHLY BUDGET REVIEW

Mr. DORGAN. Mr. President, I come to the floor to speak first about the Congressional Budget Office, which last week released its monthly budget projection. And I noticed that this projection, this estimate, received prominent coverage in the Washington Post and in other major daily newspapers around the country last week.

Actually, those papers may have mentioned this CBO report twice. First there were news stories saying that the Congressional Budget Office now predicts that in this fiscal year—1998—we will have a budget surplus, they say, of anywhere from \$43 billion to \$63 billion. And in the next 24 and 48 hours, there was a spate of stories about a group of people telling us what they would like done with this alleged surplus.

Just as quick as you can light a candle around here, any discussion about a surplus brings people who want to spend it or give it back in tax breaks. And very quickly they clustered around that flame of the surplus and told us what they thought should be done about this.

I would like to simply say that the Congressional Budget Office does us no service when it gives us half the story. The Congressional Budget Office is a fine organization, and I mean no disrespect to the work of CBO or the people who do that work. And CBO is right to say that we have made substantial progress dealing with fiscal policy, and especially the Federal budget deficit in recent years. For a number of reasons, our deficits have shrunk dramatically. We have made remarkable progress.

But we are not there yet, and we will not have and do not have a surplus this year. We will continue to have a deficit this year, albeit a much smaller deficit—shrunk dramatically from its previous size. We are continuing to make great progress, and we will have a surplus soon, but we will not have a surplus this year. Let me explain why.

On April 2d of this year, this Senate passed a budget. I might add that this House still has not yet figured out what it wants to do on a budget. But in the Senate budget resolution, which billed itself as providing a budget surplus, on the fourth page, I believe, it admits that the actual deficit for fiscal year 1998 is going to be \$95.6 billion.

That is very much at odds with the Congressional Budget Office, which says, "Gee, things are rosy, and they are getting better. In fact, we will have a very significant surplus." And we have people slicing up this estimate of a surplus, figuring out how to give it back or what to do with it when, in fact, our budget resolution says we are going to have a deficit this year of \$95.6 billion.

The key to the difference is in the Budget Act. The Budget Act says—this is law—"The concurrent resolution"—that is, the budget resolution—"shall not include the outlays and revenue totals" of the Social Security system.

In other words, we have enshrined in the law the principle that the revenue of the Social Security system is dedicated tax revenue going into a trust fund to be used only for Social Security. And the revenue will be used for Social Security—because it will be needed in the long term. We all understand that. But this provision of law says that you can't use that revenue, you can't bring it out of that trust fund over here to the budget and say, "By the way, we have all of this revenue we are using over here and the budget looks great."

The law says you cannot do that. But the Congressional Budget Office report just ignores that law. They don't admit they're using the Social Security trust fund, but they, in fact, do it because that is the way they report. They say, well, we are going to have a \$43 billion to \$63 billion surplus in this year. How do they get that? By taking the Social Security trust fund money, adding it in as other revenues and saying, wow, we have a surplus. And so we have folks who are going to spend this alleged surplus, or create some new tax breaks to give back the supposed surplus before a surplus really exists.

Now, my own vote on the surplus, if one develops, is to say let us begin to reduce the Federal debt just a bit. If for 30 consecutive years you increase the Federal debt, it seems to me that when times are good and you begin to have some significant progress in fiscal policy and you begin to run a real surplus, the prudent thing would be to begin to reduce the Federal debt. So that would be my vote.

But we are not there yet. And I certainly do not support those who rush to this flame now and say, well, if CBO says there is a surplus, here is how we ought to deal with it: Let's provide some more tax breaks. Let's provide some more spending.

What about let's do some honest accounting? What about let's say that the CBO, when it reports, if it reports, it must follow budget law and report to the American people the facts, not just half the story?

So I come to the floor not to say there is not a parade going on—I guess there is a parade—but they are celebrating the wrong thing. Let us celebrate some success. We have had some major progress in fiscal policy. That progress is due in no small part, in my judgment, to the President's 1993 recommendations on a new fiscal policy. That plan required some effort to vote for it, but we did, and things are better. I would also say some restraint on spending by the Republicans and Democrats here in the Congress and also a growing economy have also helped our budget picture.

All of that contributes to a better story on fiscal policy. But we are not at a real surplus yet. And the Congressional Budget Office knows better, as do the newspapers that print this. In fact, I sat with a reporter last Thursday just briefly just to say hello. We

happened to see each other accidentally, and I said I read the story about the supposed budget surplus. I said, "You know that's not in surplus."

Well, that reporter understood about unified budget surpluses and on-budget deficits. But the fact is that CBO was reporting half the story last week, and the press dutifully reports it the way CBO says it, and CBO and everybody here knows they are wrong.

So I hope those who began last week to talk about what they want to do with all this alleged surplus, and who will likely waste this week trying to figure it out, I hope they will take a look at page 32-33 of The Economic and Budget Outlook produced by CBO in January. There—not in the monthly review, but in the annual January report—CBO has a line that describes what the real deficit is.

But that line is nowhere to be found on their monthly reports that they put on the Internet that resulted in last week's press statements. I hope CBO will change that, and put the information about the real state of our budget in its monthly reviews. And I hope the press picks up on that information and starts reporting it.

That information will add enormously to our budget discussions this summer. Then we might have an honest debate on whether there really is going to be a surplus at the end of this fiscal year, a surplus that can be used for purposes other than Social Security. I don't think there will be, and I look forward to making that point.

A RETURN-FREE TAX SYSTEM

Mr. President, one additional point. Last week we passed a major IRS reform bill. I voted for the bill because I think it has many provisions that ought to be very helpful for taxpayers dealing with the IRS. I have some continuing concerns about other parts of the bill. For example, I'm concerned about the method used to pay for it. It was a sleight-of-hand kind of method and needs to be changed in conference.

Having said all that, in this Chamber last week I complimented Senators ROTH, MOYNIHAN and others for their leadership in writing some of these provisions. I want to point out a significant provision in the bill that requires the Treasury Department to study and develop procedures for implementing a return-free tax system beginning after the year 2007.

I have described to my colleagues a piece of legislation that I have worked on for many months that could provide a return-free tax system for up to 70 million Americans. While I am very encouraged by what Senator ROTH and Senator MOYNIHAN have done and fully support it—and think they have advanced this issue some, I have also visited with both, encouraging them to work with us in conference to move up this 2007 date.

The fact is we could much more quickly go to a return-free income tax filing system for anywhere from 50 to 70 million Americans. It is not a very

complicated thing to do. It would be relatively easy to say to most Americans with incomes mostly from wages and salaries—and who have only a modest amount of non-wage income such as interests, dividends and capital gains—that they could decide never to file a federal income tax return again. These taxpayers would make a few simple adjustments on their W-4 form at work, and their employers would withhold their precise tax liability over the year using a table provided by the IRS. This withholding now becomes their exact tax liability for the year. No return needs to be filed. They don't have to go looking for records. They don't have to rush to the post office on the night of April 15 to get a postmark. It becomes the exact tax liability. And, in most cases, these taxpayers won't have to worry about an audit.

Two additional adjustments would be put on the W-4, which all employees now file with their employer, to capture the per child tax credit that Congress adopted last year and a tax deduction for home ownership. These adjustments are provided by the IRS on a table. These adjustments would be no more difficult for the employer.

But from that process, I believe that 50 to 70 million people could be relieved of the obligation to file an income tax return. Some 365 million hours of work now done by taxpayers to prepare returns and get them filed could be eliminated. How much paper for 70 million tax returns and supporting materials gone? And we could do this in the next year or so.

I rise today only to say I am very pleased that Senator ROTH and Senator MOYNIHAN included this return-free approach in the Senate's IRS restructuring bill. I would just comment to them that a piece of legislation I have written would advance that very quickly. We could do it in a year or so. More than thirty countries around the world use some form of return-free filing system—no paper. Employees do not have to file a return. Some of the countries, incidentally, have a reconciliation by the taxing agency, while others mirror my approach where you simply retool the W-4 form to make it slightly more accurate. It isn't much longer and is no more difficulty for the employer, but my plan relieves probably 50 to 70 million people from having to file an income tax return.

I think if we did that, it would be a giant step towards real tax simplification for millions and millions of Americans. There are others in Congress who say, well, what we want to do is get rid of the entire tax system, which is fine. If one believes we should do that, then with what do you replace it? They say, well, a flat tax so that Donald Trump pays the same tax rate as the barber in my hometown.

I don't happen to share the belief that that would be a fair system. I think maybe Donald—maybe I shouldn't use his name, but he seems to have his name on everything. He probably

would not mind my using it. I think Donald might want to pay a slightly higher rate than the barber in my hometown; or others say, well, let's have a national sales tax.

A study by a tax expert at the Brookings Institution says if you have a national sales tax, the rates would probably be over 30 percent, and then add the State and local taxes, and that would be on almost everything. So say you would like to buy a house and here is the price we have agreed on, and then have someone tell you, oh, yes, you have a 37-percent sales tax applied to that price, 30 percent Federal, 7 percent State and local.

Others say a value-added tax. There are all kinds of ideas for how to change the tax system. I would say it is unlikely that we are going to see the current income tax system completely obliterated. I expect that in some form it will be around for some while, and if it is, I would very much like to see it radically simplified for most of the American people. It is hard to have a one-size-fits-all. I understand that some people have very complicated income situations; they have a lot of income from different areas and a lot of expenses from other areas. I think in some cases those are very complicated; it is very hard to simplify that. But for the vast majority of the American people, working families whose main income comes from a wage or salary and who have very little other income, this income tax system need not be a headache. It could be radically simplified. It could be done very quickly.

We could move to a return-free system, as I indicated, for up to 70 million Americans and we could do it in a year. I very much hope—with the cooperation of my friend, the Senator from Delaware, Senator ROTH, and Senator MOYNIHAN—we can make some progress on that.

As I close, let me also say, as I did last week, they have provided significant leadership, I think, to pass the legislation we did through the Senate last week. I once again commend both of them for that leadership.

Mr. President, I yield the floor and I make a point of order a quorum is not present.

The PRESIDING OFFICER (Mr. BENNETT). The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

The PRESIDING OFFICER (Ms. COLLINS). Without objection, it is so ordered.

UNANIMOUS-CONSENT REQUEST—
S. 1618, S. 1723, S. 1260, and S. 2037

Mr. McCAIN. Madam President, I intend to, on behalf of the majority leader, propound a unanimous consent request. I understand that at this time the Democratic leader may have to oppose this unanimous consent request.