

\$25,000 is earning one-twelfth of what the person with an income of \$300,000 is earning. The tax cut for the person earning \$25,000 would be one forty-second as large as the tax cut the person earning \$300,000 would receive.

Then if you look at the figures 5 years out after their tax cut really begins to substantially impact, the person earning \$25,000 would get a \$300-per-year tax cut. The person earning \$300,000 would get nearly \$10,000 in tax cuts, or 32 times as much tax of a cut as the person who is earning \$25,000.

I have tried to get some statistics also on the impact of the President's proposal in my State, to work those up and try to understand how the people whom I represent would be affected. Of course, some of it is not that clear. But if you look at the demographic breakdown of the Bush tax cut as it affects the New Mexico taxpayers, the inequity is fairly stark.

Based on the statistics that were supplied in the Wall Street Journal last Thursday, while only roughly 4 percent of the Bush tax cut will be going to the bottom half of the people who file tax returns in my State, nearly half the benefits of the tax cut will go to fewer than 4 percent of the wealthiest individuals in my State.

On the issue of eliminating the estate tax—part of what the President has proposed is to have no estate tax in the future—in 1998, in New Mexico, to give a clear impression as to whom this benefits, there were 166 estates that paid estate tax. If, instead of repealing the estate tax, we would increase the current exemption from the \$675,000 to \$2.5 million, which is one of the proposals some of us have embraced, then there would be 26 of those estates that would have paid estate tax in my State in that year under that changed law.

At a time when the administration is asking charities and private citizens to do more for their communities, we are eliminating one of the largest tax advantages for charitable contributions by wealthy individuals, if we, in fact, eliminate the estate and gift tax.

There is serious doubt as to whether this proposed tax cut is fair in its distribution of benefits, and we need to study that. We need to try to come up with something that is more fair, something that will benefit average working families in the country. We should move quickly to try to enact a tax cut because that will help us economically, but we should not move so quickly that we do not take the time to change what has been sent to us by the President and come up with the right size tax cut, which, as I say, would be substantially less than the \$1.6 trillion. We should take the time to be sure it is structured in a way that the benefit is realized this year, a significant portion of the benefit, so Americans can take money home this year and see benefits in their own checking accounts.

We should alter what the President has sent us to make it more equitable.

We should see to it that average working families and individuals get their fair share of whatever tax cut is enacted. This tax cut is not designed to appropriately distribute those benefits. It is something that will require substantial work. I hope we can do that.

One of the unfortunate things about our political process is that oftentimes candidates for public office make proposals and get locked into political positions long before they are elected to the office and in a position to actually try to work for the enactment of those positions. That is what has happened in this case. President Bush adopted his proposal for a \$1.6 trillion tax cut well over a year ago when he was in the primaries running against Steve Forbes. There was a lot of competition within the Republican Party to see who could propose the larger tax cut.

President Bush proposed a very large one, and he has stuck to that in spite of the fact that our circumstances have changed, in spite of the fact that the economy today is not the robust economy we had a year ago, and in spite of the fact that there are real uncertainties about where we are going.

I hope we will take the time to analyze what the President sent. I hope we will also take the time to revise it so that we can better serve the people of this country by giving them a tax cut from which they can benefit quickly, a tax cut that most Americans will consider fair. I believe that is in the best interest of the country and that is clearly what our constituents have sent us here to do.

I yield the floor and suggest the absence of quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

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

Mr. DORGAN. Mr. President, I ask unanimous consent to speak in morning business for 15 minutes, after which I ask unanimous consent that Senator BOXER be recognized for 15 minutes.

The PRESIDING OFFICER. Under the previous order, the time of the Senator is under the control of the Democratic leader until 11 o'clock, and at such time, for those who wish to use it, the time is allocated to the Republican leader.

Mrs. BOXER. Mr. President, I ask—if no one is here at 11—whether the Democrats could speak until the Republicans come at that time.

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

Mrs. BOXER. Thank you so much.

Mr. DORGAN. Mr. President, I withdraw my request.

The PRESIDING OFFICER. The Senator is recognized.

Mr. DORGAN. Mr. President, I ask unanimous consent to speak until 11 o'clock.

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

#### ECONOMIC POLICY AND TAX CUTS

Mr. DORGAN. Mr. President, there is now a great deal of debate about economic policy, about tax cuts, and a range of issues surrounding President Bush's proposal for a \$1.6 trillion tax cut that he sent to the Congress last week.

I would like to speak for a bit on that subject and talk specifically about what I think we are facing. I know it is running down hill to be talking about tax cuts and politics. It is not exactly a tough political position to say I support tax cuts; in fact, the larger the better. But I think it is also important for us to understand what we need to do to make sure we retain a strong and growing economy, one that provide jobs and economic opportunities for American families. We have had times in the past in this country where tax cuts have been proposed that are so large that we then see significant Federal deficits occur, increases to the Federal debt, the slowdown in the economy, and increases in interest rates that are very counterproductive to the interests of American families.

There have been a number of things written about tax cuts recently that I wanted to share with my colleagues.

The Wall Street Journal article dated February 8, entitled "A Tax Cut That Redistributes to the Rich," by Albert Hunt:

The gist of the Bush tax plan to be formally presented today is analogous to a familiar baseball riddle: Which brothers hold the Major League record for the most home runs? Answer: Hank Aaron, who hit 755, and his brother Tommy, who hit 13.

The wealthy are the Henry Aarons of the Bush tax plan, while working-class taxpayers are the Tommys. But the president packages the cut as equally generous to all.

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Most appalling in the Bush plan, however, is who's left out. The president talks about helping the \$25,000-a-year waitress with two kids, but the Center on Budget and Policy Priorities, a liberal advocacy group that conducts widely respected research, reported yesterday that under the Bush plan, 12 million lower- and moderate-income families, supporting 24 million children, would get nothing. Over half of African-American and Hispanic kids wouldn't benefit from the Bush initiative.

Let me show you another piece by the Wall Street Journal, written by Jackie Calmes, published yesterday:

As president Bush promotes his \$1.6 trillion, 10-year income-tax cuts here, back in Texas, state legislators are so pinched after two tax-cut plans he won as governor that they are talking of tapping a state rainy-day fund or even raising taxes.

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"He got elected president, yet we were left holding the bag here," state Sen. Carlos Truan said last week as the Senate Finance Committee began grappling with the fiscal needs.

Mr. Truan is a Democrat, so what was more attention-grabbing was the comment of a Republican, Senate Finance Committee

Vice Chairman Chris Harris. "We made tax cuts because we thought we had this huge surplus," he said, adding, "I might have voted a little differently on all those tax cuts" had he realized just the Medicaid pressures ahead.

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"It will work," Mr. Junell says of the budget-balancing. But Mr. Coleman, watching the tax-cut bidding in Washington, suggests the Texas experience "should give people pause."

Next, the Washington Post:

The bigger problem for middle-income Americans since the Reagan tax cuts in the 1980s has been the payroll tax for Social Security and Medicare, which actually eats up much more of a worker's paycheck. Payroll taxes are not addressed by Bush's 10-year \$1.6 trillion tax cut.

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Bush hasn't emphasized that the benefit from his plan ends when a worker no longer owes income tax. So, because the single mom making \$25,000 pays only at most a few hundred dollars in federal income tax, that would be the extent of her tax cut. The lawyer, now at the 36 percent rate, would benefit from the drop to 33 percent, and from most of the other rate cuts.

You get the picture.

The point is this is a very interesting tax cut proposal that suggests everybody is going to benefit when, in fact, not everybody is going to benefit.

If I might provide another chart that I read last week that also addresses a part of this question for the Congress, this is written by Alan Sloan of the Washington Post:

There are weeks when you have to wonder whether the American economic attention span is longer than a sand flea's. Consider last week's two big economic stories: The Congressional Budget Office increased the projected 10-year budget surplus by \$1 trillion, and the Federal Reserve Board cut short-term interest rates another half-percentage point to try to keep the economy from tanking.

To me, the real story isn't either of these events; it's their connection. The Fed is cutting rates like a doctor trying to revive a cardiac patient because as recently as last fall, Fed Chairman Alan Greenspan didn't foresee what today's economy would be like. Meanwhile, although it's now clear that even the smart, savvy, data-inhaling Greenspan couldn't see four months ahead, people are treating the 10-year numbers from the Congressional Budget Office as holy writ.

Why is this important? Because we are now somewhere in the process of the longest economic expansion in the history of this country, with an economy that is weakening sufficiently so that the Federal Reserve Board is very nervous and is taking quick action to try to stem this weakening economy. In fact, 7 months ago, Alan Greenspan felt so strongly that our economy was growing too fast that he increased interest rates 50 basis points. Seven months ago, he felt the American economy was out of control and was growing too rapidly. "We need to slow it down," he said. He couldn't see 7 months ahead.

We are told, however, that we can see 10 years ahead. President Bush says let's lock in a permanent tax cut the cost of which in 10 years, he says, is

\$1.6 trillion. But, in fact, the cost is much more than that—about \$2.6 trillion. Then he says despite the fact that the top 1 percent only pay 21 percent of the federal tax burden—the burden of income taxes, payroll and other taxes—they will get 43 percent of the tax cut that is proposed. This President says let's have a tax cut but only take one portion of the tax system and measure our burden by that. And in that circumstance he says let's provide 43 percent of my tax cut to the top 1 percent.

One final chart: This is the income tax to show what is happening with this tax cut proposal. Eighty percent of the population would get 29 percent of the benefit, and the top 1 percent would get over 40 percent of the benefit.

There are a couple of things wrong here. One, it would be very unwise to risk this country's economy, risk jobs and opportunity that comes from it, risk Social Security and Medicare, risk education and health care investments that are needed by believing we can see 5 or 7 or 10 years out, and that we ought to lock in a large tax cut, the bulk of which is going to go to the very highest income people.

Mr. DURBIN. Mr. President, will the Senator yield for a question?

I thank the Senator for his presentation. Now that we are in the national debate over tax cuts, and the question of projections, I heard a statistic last week which I think the Senator might also have heard.

Five years ago, the economists were trying to predict what would happen this year. This whole tax cut is based on our projections into the future of 5 years and 10 years. Five years ago, economists—the same people to whom we are turning—suggested that—I believe these numbers are correct—we would face a \$320 billion deficit this year; five years ago, a \$320 billion deficit. It is my understanding that instead we have a \$270 billion surplus.

The same economists that we are basing our projections on for 5 and 10 years missed it by \$590 billion in this year.

If that is the fact, when we project where we might be going with this tax cut, I think the Senator makes a good point.

Let us be conservative. Let us be sensible. Let us be prudent to make sure we don't overspend any surplus in the future.

Mr. DORGAN. The year before the last recession, 35 of the 40 leading economists in this country said next year will be a year of economic growth. The point is the same point the Senator from Illinois made. We don't know what is going to happen in the future. The field of economics is a little psychology pumped up with a lot of helium. I say that having taught economics. We don't know what is going to happen in the future.

Alan Greenspan, who is canonized in a book, couldn't tell 7 months in advance what was going to happen to this

economy. So we don't know what is going to happen in the future, and we would be very wise to be cautious.

There is room to provide a tax cut, and we should do that. At the same time, we ought to be cautious enough to understand that while we provide a tax cut, and one that is fair to working families in this country, we ought not lock ourselves into a situation that could cut off economic growth and opportunity in the future. How would we cut it off? By sinking right back into the same deficit ditch we were in before.

What will happen if we do that? We will see higher interest rates, economic growth slowing, fewer opportunities, and fewer jobs. In the last 8 years, we have had over 22 million new jobs created. The 4 years previous to that, when we had growing deficits, higher interest rates, and economic trouble all around us, we saw one of the worst periods of job growth in history.

This is a very important economic decision we are making. The debate about it ought not be partisan. It is just a debate in which we have different ideas about how to proceed. My feeling is, proceed cautiously. Let us provide a tax cut. Let us do it in a way that is fair to working families. Let us have a trigger so that in the event the economy goes sour, we will not sink back into big deficits.

Let us also be concerned about the other things we must do. We ought not dip into Social Security or Medicare trust funds. We ought to have enough money available to provide a prescription drug benefit through the Medicare program. We ought to invest in schools that are crumbling and reduce classroom size. We ought to pass a Patients' Bill of Rights and help people who are dealing with health care needs. There are a series of things we can and should do that represent a set of priorities that are also important to us.

Mr. DURBIN. If the Senator will yield for another question, I know in the Senator's home State of North Dakota there are many areas that are conservative, as there are in downstate Illinois. I speak to a lot of business groups with generally conservative people when it comes to politics. I ask the Senator from North Dakota what kind of reaction he finds from these same conservative businessmen when talking about the surpluses and the tax cut.

Mr. DORGAN. The first reaction is, we ought to pay down the Federal debt. That ought to be part of the original priority. If you run up the debt during tough times, then you ought to pay it down during good times.

Second, they feel very strongly that most important is we ought to keep this economic expansion going. We don't want to sink back into budget deficits once again. Almost all of them would say we can't see 2, 3, or 5 years ahead.

The PRESIDING OFFICER (Mr. ENZI). The time of the Senator from North Dakota has expired.

The Senator from Illinois.

Mr. DURBIN. May I inquire if there is a unanimous consent on the order of speakers?

The PRESIDING OFFICER. There is a unanimous consent. The time from 11 until 12:30 is under the control of the Senator from Alaska or his designee.

Mr. DURBIN. I thank the Chair.

The PRESIDING OFFICER. The Chair recognizes the Senator from Idaho.

(The remarks of Mr. CRAIG pertaining to the submission of S. Con. Res. 10 are printed in today's RECORD under "Submission of Concurrent and Senate Resolutions.")

#### STRENGTHENING OUR NATIONAL SECURITY

Mr. THOMAS. Mr. President, I am waiting for one of our associates to come. In the meantime, I want to begin some conversation and discussion about the topic of the week, which the President has been working on certainly, and that is strengthening our national security.

I suspect most people would agree that the responsibility for defense is perhaps the No. 1 responsibility of the Federal Government. It is the activity that no other government at any other level can handle. It is the thing that, of course, all of us are very aware of. We are constantly grateful for the kinds of things that have been done to preserve our freedom by the military over the years. For more than 200 years, the military has been that arm of Government that has preserved our freedom. Many people have sacrificed, including the soldiers, sailors, and the marines, over the years.

So as we face the question of defense and the military, that is one of the things with which we are obviously most concerned. The President has put this as one of his high priorities, and I think properly so. Clearly, over the last 8 years, specifically, the military has not been supported to meet the kinds of needs they have had.

I think it is very clear that there are at least two kinds of questions to be answered as we go about funding the military. One has to do with improving the quality of life for military personnel. The other, then, has to do with the idea of examining the structure, examining where we are in terms of the military and how it meets today's needs and the changing needs that obviously have happened around us.

I think the President has been very wise to commit himself to some payments soon to help with the quality of life for the military. I think equally as important has been his request for some studies, bottom-up analyses, of the military prior to making any substantial changes in the way the military is structured, the kinds of weapons that are necessary and those things that will deal with that aspect of it.

With regard to quality of life, certainly one of the things that is impor-

tant, obviously, is that the military is built around personnel, around the idea that you have men and women willing to serve. We now have a voluntary military, of course, so that it has to be made somewhat attractive for people to be interested in joining the military, so that recruitment can be kept up. Equally as important, of course, is after the training that takes place in the military, it is necessary to have the kind of arrangement where people can stay there once trained, whether it be airplane mechanics, or pilots, or whatever, to leave the training and their training goes unused.

So the President has, I believe yesterday, gone down to Georgia and committed himself to some things to improve the lives of our troops—to raise military pay, renovate substandard housing, to improve military training, and take a look at health care, as well as some deployments in which we have been involved.

The President will announce, as I understand it, about a \$5.76 billion increase, which will include \$1.5 billion for military pay, which is in the process and should be in the process of causing these folks to be able to come a little closer to competition with the private sector; about \$400 million for improving military housing; and almost \$4 billion to improve health care for the military.

I believe these things are very necessary and should happen as quickly as possible. I have had the occasion and honor over the last month or so to visit a couple military bases, Warren Air Force Base in my home State, a missile base in Cheyenne, WY, and Quantico, VA, the Marine Corps base close to D.C., here, where I went through training for the Marine Corps many years ago. It is an interesting place. In both instances, the first priority on these bases was housing, places for enlisted NCOs, officers, to live on base.

As to the housing in both instances, it is interesting. As different as these two bases were, and as far as they were apart, the problems in housing were very similar. Housing that had been built back in the thirties was still being used. It really had gone to the extent that rather than being renovated or repaired, it wasn't worth that; it had to be destroyed and replaced. Some, of course, could be fixed up. It is very difficult, particularly for enlisted with families, No. 1, find a place to live, particularly at a place such as Quantico, but more importantly to have it economically reasonably attractive for these folks. As we move toward this, I hope the President will maintain—and I want to comment on this later—his commitment to doing something immediately for the personnel, and then to go through this study. I think there is a great deal that needs to be done in terms of how the military is structured. It is quite different now.

Obviously, our big problem now is terrorism. There are problems around

the world in smaller units. We are not talking about ships full of divisions of troops with tanks landing somewhere. We are talking about something that can move quickly and is available to move and sustain itself without logistical support for some time. These are things that I think are very important.

I intend to come back later this morning and talk more about this. In the meantime, I yield to the Senator from Arizona.

The PRESIDING OFFICER. The Chair recognizes the Senator from Arizona.

Mr. KYL. I thank the Chair.

Mr. President, I thank the Senator from Wyoming for his interest in the subject of national defense. As he noted, this is a week in which the President is announcing several initiatives in that regard. One of his primary objectives, he said, is to strengthen the military so we can meet the challenges of this new century.

He is beginning, naturally, with the support for the troops, which is the right place to begin, but he has also noted there are a lot of other challenges. We in the Congress who have been working with this over the years appreciate the warnings of the Joint Chiefs of Staff and the immediate past Secretary of Defense who have noted we are going to have to spend a lot more on defense in order to bring our defense capabilities up to the level where they need to be to deter threats around the world.

One of the threats that has received a lot of attention in recent weeks on which I want to focus today is the threat of an attack by an adversary delivering a weapon of mass destruction via missile. Of course, there are other ways of creating problems for the United States. We try to deal with each of these different threats.

As chairman of the Subcommittee on Terrorism of the Judiciary Committee, for example, I have worked hard to ensure we can both detect and deter terrorism, whether in the form of delivery of a weapon in a suitcase that people like to talk about or in the case of an attack directly against an installation or U.S. assets, such as the attack on the U.S.S. *Cole*. In all of those situations, we have plans and we have made some progress in meeting that threat of terrorism.

Where we have been lacking is in a commitment to deal with the other equally ominous threat of weapons of mass destruction delivery, and that is via the intercontinental ballistic missile or a medium-range missile. Why would countries all over the globe that mean us no good be spending so much money on the development of their missile capability and weapons of mass destruction warheads that could be delivered by the missiles? And by that, the WMD—the weapons of mass destruction—we are speaking of would be biological warheads, chemical warheads, or nuclear warheads. Why would