CONGRESSIONAL RECORD—SENATE
17843
July 27, 1999
EXTENSION OF MORNING BUSINESS
Mr. THOMAS. I ask unanimous consent that the Senate continue in a period of morning and families, for 90 minutes, equally divided in the usual form.
The PRESIDING OFFICER. Without objection, it is so ordered.
TAX CUTS
Mr. DURBIN. Mr. President, this morning we devoted most of the morning business to a discussion of an item which will come before us soon, and that is the whole question of how our economy is to look for the next few years. There are two very different visions of that future which will be articulated one on the Republican side and another on the Democratic side.

The Senator from Wyoming was kind enough to speak and to tell us earlier about his concerns over taxes. Certainly, this concern is shared by many on both sides of the aisle. He made a point which I think is worth noting and explaining. Yes, it is true that Federal tax receipts are higher than they have ever been from individuals and families, but it is also true the tax rates on individuals and families in every income category are at some of the lowest levels they have been in modern memory.

The reason why taxes and tax receipts are higher reflects the fact that the economy is strong, people are working, they are earning money in their workplace, as well as in their investments, and they are paying some tax on it.

If you look at the dynamic growth in taxation on American families, you will find it is not from Washington but, rather, from State capitals and local sources, local units of government. That, to me, is an important point to make as we get into a question of whether we should cut Federal taxes. I, for one, believe we can cut Federal taxes and do it particularly for the lower and middle-income families and really enhance our economy—if they are targeted; if they are contained. Because people who get up and go to work every day, and sweat out the payroll tax, which is usually higher than their Federal income tax liability, are the folks who need a helping hand.

Sadly, the Republican proposal before us, which will be about a $1 trillion tax cut over the next 10 years, does not focus on the lower and middle-income families. It reverts to the higher income levels. So the Republican plan, the tax break for wealthy people, injecting money into the economy, it will increase economic activity. It is expected, then, that some people will buy more. It may mean Donald Trump will buy another yacht or Bill Gates will buy something else.

That money spent in the economy creates the kind of economic movement which the Federal Reserve watches carefully. If that movement seems to be going too quickly, they step in and slow it down. How do they slow it down? They raise interest rates.

So the Republican plan, the tax break for wealthy people, the $1 trillion approach, is one which runs the risk of heating up an economy, which is already running at a very high rate of speed, to the point where the Federal Reserve has to step in. And once stepping in and raising interest rates, the losers turn out to be the same working families who really do deserve a break.

It has been suggested that if we, instead, take our surplus and pay down the national debt, it not only is a good thing intuitively that we would be retiring this debt, but it has very positive consequences for this economy.

Consider for a moment that in the entire history of the United States, from President George Washington through President Jimmy Carter, we had accumulated $1 trillion in debt. That means every Congress, every President, each year, who overspent, spent more Federal money than they brought in in taxes, accumulated a debt which over the course of 200 years of history, came to $1 trillion, a huge sum of money, no doubt.

But after the Carter administration, as we went into the Reagan years, the