

better because I feel a large part of the peace we have had in the last 50 years was what we brought about. If we hadn't forced the surrender, there would have had to be a land invasion of Japan and the estimates are that a million Americans and as many Japanese would have died in it.

Which is absolutely correct. The fact is, Mr. President, that Tom Ferebee and his comrades deserve better than to be symbols of phony guilt resulting from an absolute necessity of war. Tom Ferebee knew—as we do—that he did the right thing by carrying out his mission.

Mr. President, I yield the floor.

The PRESIDING OFFICER. The Senator from Nevada.

THE BUDGET

Mr. REID. Mr. President, last year we spent a great deal of time talking about whether or not we should have an \$800 billion tax cut. We spent an inordinate amount of time working on that. The minority, the Democrats, thought we should not do that, that it was too much; that instead of having this large tax cut, we should have some targeted tax cut, much, much, much smaller. This debate went on for months. The sad part about it is, when we came to the appropriations bills, the 13 appropriations bills, suddenly there was no money. Even though there had been \$800 billion set aside, supposedly for tax cuts, there was no money to take care of the expenses that were necessary in the funding of this country.

Day after day we were talked to—some say talked down to—by our friends on the other side of the aisle, that the economy would come to a grinding halt if we did not pass this \$800 billion tax bill. Of course, that has not happened. Not only did the minority not buy the plan of the majority, but the American people did not buy the plan. In any poll taken, the American people decided there were more important priorities.

What were those priorities?

Education—when you have 3,000 children dropping out of high school every day, you would think that would be a priority.

Social Security is a priority. We have to make sure in the outyears Social Security is as good to people as it is today. Social Security is going to be doing just fine until the year 2035, maybe 2036. But after that period of time, people will only be able to draw 75 percent or 80 percent of their benefits. We need to make sure after that time they can draw all their benefits.

We have to make sure Medicare is taken care of, that we do something on this program that has been in existence for 35 years to take care of people who need prescription drugs; that is, all seniors. The average senior over age 65 fills 18 prescriptions a year. So we have

to make sure Medicare, a very important program that has done a great deal to help the American senior population, that has allowed them to live longer and live more productive lives—we have to make sure that as a component of that there are some benefits for prescription drugs.

We have to make sure the debt is paid down. During the Bush-Reagan years, we accumulated a huge debt of some \$5 trillion. It is time we started paying down that debt. We are not going to have the rosy economic scenario we now have forever. We are in the longest economic growth period in the history of this country. We are now in the 108th or 109th month, but that does not mean it will go on forever. It will not. I hope when the economic downturn comes, we will have paid down that debt and not have voted for irresponsible tax cuts.

It is interesting that the demagoguery and rhetoric has not stopped. It is at full blast—again, talking about tax cuts. Governor George W. Bush has recently proposed tax cuts which would add up to \$1 trillion over 10 years. House Majority Whip DELAY from Texas—Congressman DELAY—last week, when asked about this, said let's do that and even more. He wants even larger tax cuts than George W. Bush has called for. I think there could be no better example of ignoring the wishes of the American people and ignoring what the economy needs.

As justification for this \$1 trillion worth of tax cuts over programs such as saving Social Security, doing something about education, Medicare, and of course doing something about the national debt, the Governor and others in the majority continually point to the overwhelming tax burden on the American people. I imagine there were a few people around America this past Sunday wondering why have we been talking about that after reading newspapers all over America.

A column in the Washington Post from the front page reads: "Federal Tax Level Falls for Most; Studies Show Burden Now Less Than 10%."

This was not a partisan poll put out by the Democrats or some liberal think tank. This information is from a series of studies by liberal and conservative tax experts. It shows that taxes are at their lowest point in more than 40 years; Federal income taxes are at their lowest point in more than 40 years.

I ask unanimous consent the article that appeared in the Washington Post and other newspapers around the country be printed in the RECORD.

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

[From the Washington Post, March 26, 2000]

FEDERAL TAX LEVEL FALLS FOR MOST;
STUDIES SHOW BURDEN NOW LESS THAN 10%
(By Glenn Kessler)

For all but the wealthiest Americans, the federal income tax burden has shrunk to the lowest level in four decades, according to a series of studies by liberal and conservative tax experts, the Clinton administration and two arms of the Republican-controlled Congress.

Each of the studies slices the data in different ways, but the bottom line is the same: Most Americans this year will have to fork over less than 10 percent of their income to the federal government when they file federal income taxes.

The Congressional Budget Office estimates the middle fifth of American families, with an average income of \$39,100, paid 5.4 percent in income tax in 1999, compared with 8.3 percent in 1981. The Treasury Department estimates a four-person family, with the median income of \$54,900, paid 7.46 percent of that in income tax, the lowest since 1965. And the conservative Tax Foundation figures that the median two-earner family, making \$68,605, paid 8.8 percent in 1998, about the same as 1955.

Federal income taxes are so low for so many Americans that it is little wonder many voters place tax cuts near the bottom of their priorities in many opinion polls.

"It's a shocker," said Bill Ahern, spokesman of the Tax Foundation, of the group's calculation that families paid just 8.8 percent of their income in federal tax. Low federal taxes make it harder to make a case for tax cuts, he added. "With the lower- to middle-income taxpayers paying so little . . . there won't be pressure" for change.

George Velasquez agrees. "I don't have any complaints on the federal side," said the 29-year-old network engineer as he left an H&R Block office in Falls Church last week. Velasquez, who says he makes about \$50,000, said he got hit with unexpected state taxes when he moved recently, but thinks his federal taxes are fair.

The low effective rates are the result of years of tinkering with the tax code by Congress and various administrations—rates were cut in the 1980s, millions of Americans were removed from the tax rolls in 1990s by an expansion of a tax credit for the working poor, and a bevy of tax credits for children and education was added in 1997. More than one-third of eligible taxpayers pay no income taxes, according to the congressional Joint Committee on Taxation.

These effective tax rates don't include payroll taxes to fund Social Security and Medicare, which have risen since the 1970s, now taking on average about 9 percent of income, the CBO says. Most Americans, however, now receive far more in benefits after retirement than they paid while working. Federal excise taxes for such items as alcohol, gasoline and cigarettes—on average 1 percent of income—also aren't included; neither are state and local taxes.

But federal income taxes are a key point of contention between Texas Gov. George W. Bush and Vice President Gore in the presidential race. Bush has proposed a tax cut estimated to cost from \$1.1 trillion to \$1.7 trillion over 10 years as the centerpiece of his economic plan, much of it aimed at cutting tax rates for all taxpayers.

Gore has countered with what is now \$350 billion in tax cuts targeted at middle-income Americans. The size of Gore's package has grown in recent months as the vice president has added tax breaks aimed at what a

spokesman describes as other burdens, such as the rising cost of college.

Neither man has suggested changing payroll taxes or significantly altering excise taxes. Bush has called for repealing 23 percent—4.3 cents—of the 18.4 cent federal gas tax.

"I look at the data all the time," said Bruce Bartlett, senior policy analyst at the Dallas-based National Center for Policy Analysis, a conservative group. "Taxes are never showing up as a major factor. As far as people wanting a big Reaganesque tax cut, I just don't see it. People are satisfied with their economic situation."

In the latest Battleground 2000 poll, conducted March 10-13 by the Tarrance Group and Lake, Snell Perry & Associates, only 6 percent of respondents listed reducing taxes as a very important issue—behind restoring moral values, improving education, strengthening Social Security and improving health care.

Celinda Lake, a Democratic pollster, conducted a series of focus groups earlier this year that in part looked at attitudes toward taxes. She said that in contrast to previous years, "there was a lot less energy" to the tax issue, in part because people are cynical about whether they will personally ever get much from a tax cut.

People appear more interested in government benefits that would put money in their pocket—such as for prescription drugs or college loans. Interestingly, Lake said, blue-collar workers were more interested in tax breaks than more affluent, college-educated workers who pay the bulk of taxes.

There now are five tax brackets that range from 15 percent to 39.6 percent, depending on income level. But deductions, exemptions and tax credits help to dramatically reduce the effective rate for many taxpayers. Bush has proposed replacing the current brackets with four ranging from 10 percent to 33 percent because, as he put it earlier this month, "after eight years of Clinton-Gore, we have the highest tax burden since World War II."

Bush acknowledged that polls show little support for tax cuts, but said: "I'm not proposing tax relief because it's the popular thing to do; I'm proposing it because it's the right thing to do."

Bush's assertion that the tax burden is so high is based on dividing tax revenue into the nation's gross domestic product. According to the Clinton administration's latest budget, anticipated federal tax revenue from both corporate and personal taxes will represent 20.4 percent of gross domestic product this year, which is the highest since 1945.

The booming economy has added millions of jobs to the work force, boosting tax revenue, and many economists also attribute the surge in tax revenue in part to increased capital gains revenue from the booming stock market.

But the gross domestic product, the broadest measure of the economy, does not include capital gains income, thus overstating the impact of increased capital-gains revenue. And taxpayers making more than \$200,000 pay more than three-quarters of all capital gains taxes, according to calculations by the Institute on Taxation and Economic Policy, which uses a computer model to calculate the impact of tax policy for Citizens for Tax Justice, a progressive organization.

John Cogan, senior fellow at the Hoover Institution and a Bush economic adviser, said the ratio of taxes to the nation's goods and services is an accurate way to measure the nation's tax burden. But he acknowledged that taxes have declined for many low- and middle-income Americans.

"That's a point worth talking about," Cogan said. The burden of paying taxes has mostly shifted to high-income Americans while taxes have decreased for others, he said.

The CBO estimates the wealthiest 20 percent of families (with average income of \$132,000) paid 16.1 percent of their income in federal taxes in 1999—about the same as the late 1970s, before the Reagan tax cuts took effect. The top 1 percent (with average income of \$719,000) paid more, 22.2 percent—but still far from the 39.5 percent top rate.

Sen. William V. Roth Jr. (R-Del.), chairman of the Senate Finance Committee, acknowledged that federal taxes have declined for many working Americans. "We made some progress because of the Republican Congress," he said, "and we are very proud of that fact." But he said taxes are still too high, citing the ratio of tax revenue to the gross domestic product.

In many of Bush's speeches, he expresses concern for the tax burden of ordinary Americans, such as a waitress trying to raise two children on \$22,000 a year, as their incomes increase. Larry Lindsey, Bush's chief economic adviser, agrees that tax credits and the like have reduced effective tax rates. But Lindsey said there is "an egregious problem" of higher marginal rates—how much of additional income goes to taxes—as the credits begin to phase out.

Bush's World Wide Web site (www.georgewbush.com) includes a "Bush Tax Calculator," which also demonstrates how low taxes are for most Americans. A family of four making \$56,000 pays 8.3 percent of its income in federal tax, according to the Bush online site, which Cogan said is based on the tax code.

The online site's calculator also says a single parent with two children making \$22,000 a year pays \$110 in federal income taxes, or 0.05 percent of her wages. But the Bush calculator doesn't include the impact of the earned-income tax credit, which results in a rebate of \$1,700 for this wage-earner. A single parent with two children actually doesn't owe federal tax until her income reaches nearly \$27,000.

Bush's plan would take many Americans who already pay relatively low taxes off the tax rolls. But because Bush has focused on cutting tax rates, the largest share of the tax savings would go to Americans who pay most of the taxes.

The Institute on Taxation and Economic Policy estimated that the wealthiest 10 percent of taxpayers would receive more than 60 percent of the tax cuts in the Bush plan. Someone making \$31,100 would receive a tax cut of \$501, about 1.6 percent of income, while a taxpayer making \$915,000 would receive a tax cut of \$50,166—5.5 percent of income.

The Bush online calculator doesn't calculate taxes—or tax cuts—for people making more than \$100,000.

Mr. REID. I draw my colleagues' attention to this front-page story and a few of the statistics the article discusses.

The middle fifth of American families with average incomes of \$39,100 paid 5.4 percent in income tax in 1999, down from 8.3 percent in 1981. Families with an income of \$54,900 paid 7.46 percent in income tax, the lowest level since 1965. Even the median two-earner families making \$68,605 a year were at 8.8 percent, paying their lowest level of income tax in 50 years.

According to the Washington Post and other newspapers around America, even conservative think tanks see the writing on the wall. A spokesperson for the Conservative Tax Foundation said:

It's a shocker.

That was referring to the 8.8-percent income tax level.

Low Federal taxes make it harder to make a case for tax cuts. With the lower- to middle-income tax payers paying so little there won't be pressure [for change].

Bruce Bartlett, senior policy analyst at the Dallas-based National Center for Policy Analysis, another conservative group:

Taxes are never showing up as a major factor. As far as people wanting a big Reaganesque tax cut, I just don't see it. People are satisfied with their economic situation.

It is time we start addressing the real problems facing this country. Sure, we would all like less taxes, but let's look where the taxes are coming from. They are coming from State and local government, not from the Federal Government. Take a look at payroll taxes, but get off the income tax kick. The taxes are the lowest they have been in some 40 to 50 years, according to your tax category. Even a Bush adviser acknowledges that taxes have declined for many low- and middle-income Americans. I don't know if this adviser for Governor Bush will continue working for him.

The problem, which is what we have been saying, as quoted in the article:

Federal income taxes are so low for so many Americans that it is little wonder many voters place taxes near the bottom of their priorities in many opinion polls.

Why are our friends on the other side of the aisle not listening to the American people? The public continues to demand first things first. What are they? Save Social Security, especially when we have the budget surpluses which allow extending Social Security's long-term solvency. The fact can't be ignored. We must do something about Social Security in the out-years. Republicans basically want to ignore Social Security, ignore the debt of \$5 trillion, and squander this surplus with rhetoric which champions more than \$1 trillion worth of tax cuts.

Remember, we have the lowest taxes in some 40 to 50 years, according to your tax category, yet most of the rhetoric on that side of the aisle has been: Lower Federal income taxes.

As I said on numerous occasions, paying down the debt is a tax cut for everyone. If we cut down the \$5 trillion debt, which means we pay less interest every year as the Federal Government's biggest obligation, other than military, we would save billions and billions of dollars every month. It seems to me that is where we should put our priorities. Paying down the debt is a tax cut for everyone. Interest saved from paying down the debt could

be credited to the Social Security and Medicare trust funds, which would extend their solvency and give us flexibility to target tax cuts. In other words, let's do tax cuts we can afford.

Certainly, there are some tax cuts that are necessary. We can increase the standard deduction for both single and married filers. We can provide tax relief to married couples who suffer as a result of their having been married. We can offer a long-term tax credit, providing a deduction for long-term-care insurance premiums. In America today, people are living longer, more productive lives. As a result, there are a lot of people going to extended-care facilities. It has become a tremendous burden for people placed in these institutions. We need to provide some tax credits for people who buy insurance for their golden years. This tax cut makes it easier not only for the people who buy the insurance but for families who care for their elderly family members.

We need to increase deductions to make health insurance more affordable and accessible, especially for self-employed Americans. We need to increase the maximum amount of child care expenses eligible for tax credit. These are targeted, reasonable tax cuts that would more evenly distribute the load.

I think it is remarkable we can pick up the paper Sunday and get the good news. The good news is, Federal income taxes are the lowest they have been in America for 40 to 50 years. I think that says a lot for the 1993 Budget Deficit Reduction Act that passed without a single Republican vote; we passed it. The Vice President came to the Senate and broke the tie. As a result of that, America has been put on a long-term economic upturn. Not only has there been great economic news in that the economy is doing well for a record amount of time but, in addition to that, taxes are lower than they have been in 40 to 50 years.

The PRESIDING OFFICER. The Senator from North Dakota.

Mr. DORGAN. Mr. President, I understand we have 45 minutes in morning business set aside.

The PRESIDING OFFICER. That is correct.

Mr. DORGAN. Mr. President, if I could be notified after 12 minutes.

NEED FOR ACTION ON PRESSING HEALTH ISSUES

Mr. DORGAN. Mr. President, I want to talk about two issues we must address in this Congress before the end of the year, both dealing with health care. I will describe very briefly why these are important and why many have been pushing for some long while to try to get the Senate to act on this issue.

First is prescription drugs and Medicare. On Friday of the past week, I was

in New York City with Senator CHUCK SCHUMER holding a hearing on the issue of prescription drugs and Medicare. I have held similar hearings in Chicago, in Minneapolis, and various places around the country as the chairman of the Democratic Policy Committee. We have had virtually identical testimony no matter what part of the country we were in. Senior citizens say drug prices are very high. When they reach their senior years, living on fixed incomes, they are not able to access prescription drugs that they need.

In Dickinson, ND, a doctor told me of a patient of his who had breast cancer.

He told the woman after her surgery that she was going to have to take some prescription drugs in order to reduce the chances of the recurrence of breast cancer. When she found out what the cost of the prescription was, she said: I can't afford to take these drugs.

The doctor said: Taking them will reduce the risk of recurrence of breast cancer.

The woman said: I will just have to take my chances.

Why did she say that? Because there is no coverage in the Medicare program for prescription drugs and because many of these prescription drugs cost a significant amount of money. Senior citizens in this country are 12 percent of America's population, but they consume 33 percent of the prescription drugs in our country.

Last year, spending on prescription drugs in the United States increased 16 percent in 1 year. Part of this increase is the increase in drug prices and part is greater utilization of prescription drugs.

What does that mean? It means that everyone has a rough time paying for prescription drugs, especially senior citizens who live on fixed incomes. Many of us believe that were we to create a Medicare program today in the Congress, there is no question we would have a prescription drug benefit in that program.

Most of these lifesaving prescriptions were not available in the sixties when Medicare was created. But a lifesaving prescription drug can only save a life if those who need it can afford to access it. That is the point. That is why many of us want to include in the Medicare program a benefit for prescription drugs. We do not want to break the bank. We want to do it in a thoughtful way. We would have a copayment. We would have it developed in a manner that allows senior citizens to choose to access it or not. They could either participate in this Medicare prescription drug program or they could decide not to do it.

In any event, we ought to do something on this subject. Those of us who have come to the floor over and over again saying this is a priority believe with all our hearts this is something we should do for our country.

I will take a moment to describe part of the pricing problem with prescription drugs. The U.S. consumer pays the highest price for prescription drugs of anyone else in the world.

I ask unanimous consent to show a couple of pill bottles on the floor of the Senate.

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

Mr. DORGAN. Mr. President, these are two pill bottles. They are a different shape, but they contain the same pill made in the same factory, made by the same company.

This happens to be a pill most of us will recognize. It is called Claritin. It is commonly used for allergies. This bottle of 100 tablets, 10 milligrams each, is sold in the United States for \$218. That is the price to the customer in the United States. This pill bottle is sold in Canada. It is the same pill made by the same company, in the same number of tablets and the same strength, but this bottle costs only \$61. The same bottle of pills is \$218 to the U.S. consumer; to the Canadian consumer, \$61. By the way, the Canadian price has been converted into U.S. dollars.

One must ask the question: Do you think the pharmaceutical manufacturers are losing money in Canada selling it for \$61? I guarantee you they would not sell it there if they were losing money, but they charge 358 percent more to the U.S. consumer. I will demonstrate another drug.

These two bottles contain Cipro. It is a common medicine to treat infection. This time, the drug is actually packaged in the same type of bottle, with the same marking, same coloring, and containing the same pills made by the same company. Incidentally, both were from facilities inspected by the FDA in the United States. Cipro, purchased in the United States, 500 milligram tablets, 100 tablets, costs \$399. If one buys the pills in the same bottle in Canada, it is \$171. The U.S. consumer is charged 233 percent more.

We need to do something about two issues: One, we need to put some downward pressure on pharmaceutical drug prices and to ask the legitimate question: Why should the American consumer pay higher prescription drug prices than anyone else in the world? Is that fair? The answer, of course, is no.

What does it mean to those who can least afford it? It means lifesaving medicine is often not available to those who cannot afford access to it. I can tell my colleagues story after story of folks who came to hearings I held in Chicago, New York, and all around the country describing their dilemma. There were people who had double lung transplants, heart transplants and cancers, talking about \$2,000 a month in prescription drug costs.

This is serious, and this is trouble for a lot of folks. We need to do something