

most significant tax relief in 20 years. Not only will we have this distribution, of course, which is designed to give some immediate impact to it, both for the taxpayers themselves and for the economy—\$300 for single filers, \$500 for single moms, \$600 for families, and that is very important—but following that, of course, is a new tax law that goes a long way to restore fairness in the Tax Code.

It reduces the marriage penalty, which my friend from Texas was obviously almost the singular leader in causing that to happen, and we appreciate it, the death tax, doubles the child credit and child care enhancements. We need to recognize that over a period of time we are going to do a great deal to increase fairness and return dollars via the Tax Code, although that doesn't happen for several years. That is why this is very important, this immediate impact. I think it is one of the greatest things that can happen. And, in addition, it should happen.

We now hear people talking about raising taxes, for heavens' sake, when we are facing difficulties in the economy. When we find ourselves with real surpluses, to talk about raising taxes—give me a break. I cannot imagine anything more unlikely to happen than that.

I think we should feel very good about what has happened. I am hopeful all these checks will be out very soon. They are now in the mail. Beyond this, I want to emphasize again we have had a significant change in the tax culture and the Tax Code over time. This is the most important thing. I am happy to have had a chance to participate in it and recognize it today.

I yield the floor.

The ACTING PRESIDENT pro tempore. The Senator from Texas.

Mrs. HUTCHISON. Madam President, I thank the Senator from Wyoming for working on this ever since he has been in the Senate, for being committed to tax relief for every hard-working American, and for being one of our leaders, speaking out on this issue and talking about how important it is that we not only give tax relief right now, but also hopefully will have another tax relief package in the near future. We want to have all the surplus used wisely. That means part of it should go back to the taxpayers who have worked so hard to earn it.

I am pleased to yield the remainder of our time to the Senator from Pennsylvania, Mr. SANTORUM.

The ACTING PRESIDENT pro tempore. The Senator from Pennsylvania has 3 minutes 20 seconds.

Mr. SANTORUM. Madam President, I thank the Senator from Texas and the Senator from Wyoming for being here this morning to talk about what I think is one of the most important issues we can talk about in the Senate,

and that is what we are going to do to strengthen our economy. Why is it I put it in that context? The right medicine at this time is to put more resources into the economy to get this rather flat-line economy right now jump started.

Over the past year now, we have been going through a fairly substantial economic slowdown. The right medicine is exactly what the Congress did. We worked very hard with the President of the United States to pass a tax relief measure that got an infusion of money out into the public just in the nick of time, I hope—I hope just in the nick of time to help get this economy up and going and churning again. Checks are in the mail and being received by people all across America in amounts that are substantial, in amounts that are meaningful to people, to families who are preparing for their children to go back to school and need to buy school clothes and books and school supplies. Those are the kinds of expenditures that I know, with the number of children I have, can put a real pinch in your budget because they are one-time expenditures, mostly at end of the summer, the beginning of the fall, and they are very difficult to budget.

This check coming at this time can provide some help to middle-class and lower income families who really do need this help and help the economy at the same time. It gets that infusion of money into our economy.

I am proud that we were able to work in a bipartisan way in the Senate. Twenty-five percent of the Senate Democrats along with the Republicans voted for this proposal. It showed that with good leadership we can get bipartisan work done to meet the needs of the American people, to help the average American. At the same time, we can strengthen our economy at a time when we are going through a very difficult slowdown.

I know there are other things we need to do. We need a national energy policy because at least in my State, in Pennsylvania, we have some real problems in our manufacturing sector, driven principally by high energy prices over the past 18 months. We need to have a national energy policy so we do not have these spikes that cause economic downturns and difficult times in our manufacturing sector, which is still, from my perspective, a very important sector of our economy.

We need to do something on trade. We need to open up new opportunities to trade around the world, which by doing so will create better jobs in America. The economy is important. We need to be aware here in the Senate of what we can do at a time of economic slowdown to get this economy up and running.

The first and most important thing is to reduce the tax burden on the American public to get more money in the

economy. The second thing is to develop a national energy policy to make sure we have stable, long-term, affordable, clean energy for America's future so we are not relying on foreign energy and that problem. The third thing is to increase trade.

I yield the floor.

The ACTING PRESIDENT pro tempore. Under the previous order, the next 30 minutes shall be under the control of the Senator from Illinois.

#### THE TAX CUT

Mr. DURBIN. Madam President, historians and political scientists will find this a very interesting morning debate in the Senate. Over the next few months, they ought to take a look at what primarily Republican politicians and the President are saying and mark it as a special part of American history because the American people really have been lobbied by the President and by his supporters to support a tax cut. They have been lobbied to support a tax cut.

This morning we have had an array of Republican Senators coming to the floor to explain why a tax cut is a good thing.

Think about it. The average person in Illinois would think a \$300 check for a person or a \$600 check for a family is obviously a good thing. That is going to help pay for school expenses, as the Senator from Pennsylvania said. It is going to be around if you need it for whatever the cause—paying off last winter's heating bill or taking care of some expenses around the house. These are real things that families face, and \$300 from the Government or \$600 from the Government, of course, is a good thing.

But, of course, the reason the Republicans are spending so much time trying to convince us it is a good thing is because there is some doubt as to whether, on a long-term basis, the President's tax cut is really the right thing for America. Do we need an economic stimulus right now? You bet we do. This economy apparently is continuing to go down.

Yesterday the stock market took quite a hit. I hope it recovers soon. Everyone does—anyone who has a pension fund or IRA or 401(k) or any kind of investment. But we do need a stimulus for this economy. Alan Greenspan is desperately looking for the right stimulus. He has reduced the prime rate from time to time to try to stimulate the economy. It doesn't seem to be working as he hoped because long-term interest rates have not come down, and that is kind of an indicator as to whether or not we are going to be moving forward and the people who make investments believe we are so they can have some confidence in our future.

To say we need some kind of tax cut now for economic stimulus for families, you bet; I think it is a good idea.

This would have been an easy thing to vote for—\$300 for individuals, \$600 for a family. But that is not what President Bush proposed. That is not what passed the Senate.

What he passed was a package of tax cuts that span 10 years. How do you get to a point where you can say what America's economy is going to look like 2 years from now, 5 years from now, or 10 years from now? That is where a lot of us think this tax cut proposed by the President went too far. He should have come in with a tax cut as a stimulus for this economy now. The Democrats and Republicans both support that kind of a tax cut. But when you expand it to a 10-year program, when you cannot say with any certainty what this economy is going to look like, you run some real risk.

The fact is, the truth is, in a very short period of time, in a matter of just weeks since the President had his bill signing, we have received some economic information about the current state of the economy that shows that all the economists who painted the rosiest picture in the world to justify a tax cut may have been wrong about this year, let alone 10 years from now.

This morning, KENT CONRAD, chairman of the Senate Budget Committee, brought in Members to talk about some of the problems they can foresee. If you look at them, they are already very troubling. Even this year it will be necessary, because of President Bush's budget and tax cut, for us to take \$17 billion out of the Medicare trust fund—the trust fund for the elderly and disabled that is clearly under siege because of the number of people who need it and the increasing cost of medical care. Already this year, because of the Bush tax cut, we are going to have to start raiding the Medicare trust fund.

I can tell you that Republican and Democratic Senators alike said that would never happen; we are going to protect these trust funds. Yet already we can see that is on the horizon. Sadly, it gets worse.

In a very short period of time, we are not only raiding the Medicare trust fund but also the Social Security trust fund. For what? Because the surplus is not adequate to cover the Bush budget and tax cut. That is what it boils down to.

Those who come to the floor and take great pride in having voted for this Bush tax cut and this Bush budget also have to acknowledge that they were wrong in the economic forecast. There are already revisions that we are receiving showing that America's economy is not growing as fast as they said it would. We find ourselves in a perilous position.

It has not been that long ago; I can remember when I was first elected to Congress when we had deficit after deficit. We piled up a national debt of \$5.7

trillion. That is our national mortgage. When people receive a \$300 check from the Federal Government, I hope they don't think we have paid off the mortgage before we sent the check. No. The mortgage is still out there for all the folks receiving the check and their children and their children. It is still there.

What does our national debt cost Americans? One billion dollars a day in interest. How do we raise the money to pay the interest on the national debt? You will see it in your payroll tax. You will see it in your income tax. We continue to collect \$1 billion a day to pay the old debt—the mortgage—of Americans at a time when we are sending out a refund of \$300 for individuals and \$600 for families.

You say to yourself: What would have been the more prudent and careful thing to do, the conservative thing to do, if you want? Certainly, from my point of view, it would have been to pay down this national debt as fast as possible; get this off the books as quickly as you can so our children don't have to carry that burden and so we don't have to collect over \$350 billion a year to pay interest on our old mortgage, our national debt. That should have been our first priority. It was not the first priority of the Bush budget.

Second, if you are going to have a tax cut, let's have a tax cut to stimulate the economy. But let's focus it on families who really need the money. Many families who will receive \$300 or \$600 really need the money.

When you look at the Bush tax cut, it isn't a tax cut that is directed toward working families or those who are struggling to make ends meet. It is a tax cut where 40 percent of the benefits go to people making over \$300,000 a year.

I find it incredible that the President and his friends in Congress believe that people making over \$300,000 a year desperately need a tax cut. In fact, they get 40 percent of all the tax breaks. That is what the Bush tax plan proposed.

As individuals receive \$300 with this tax cut, keep in mind that if your income is over \$1 million a year you will receive a \$300 tax cut check every other day under the Bush tax cut plan. That is the unfairness of this.

For us to really put ourselves on the line and to imperil our economic future by enacting a tax cut based on economic assumptions that have already proven to be wrong because we didn't pay down the national debt as we should have when we had the chance to do it but instead declared a bank holiday with \$300 checks for everybody is where we missed the boat.

It is not popular to say pay down the national debt. People do not rise, cheer, applaud, and say they really love that Senator who wants to pay

down the debt. No. As you go down the parade route, they say: Cut my taxes. I heard it before the July break, and I have heard it as long as I have been in this business.

What is the responsible thing to do for this country? As we see now, it isn't enacting the Bush budget, which has us this year already raiding the Medicare trust fund to pay for the tax cut and soon to be raiding the Social Security trust fund to do the same.

What else is at risk? Secretary of Defense Donald Rumsfeld, who has been doing a review of the Department of Defense, has said we need to make some significant changes in the way we defend our country. All of us, I hope, agree that is our highest single priority—the common defense of America. Yet when Secretary Rumsfeld is put on the spot, when people ask, How will you pay for this, he is at a loss. He can't answer it. The money has already been spent. The money has been spent on a tax cut projected for the next 10 years.

I think that is shortsighted. Instead of focusing on paying down the national debt and on the defense of America as our highest priority, we have decided that a tax cut primarily for the wealthiest people in America is a much higher priority.

I don't think history is going to judge us well for that. The men and women in uniform who put their lives on the line for the country expect us to do the very best we can for them. They expect that equipment works. They expect to be well armed and trained so they can defend America and its interests.

For us to have to shortchange that or cut back on that because of this Bush budget and tax cut I don't think makes much sense.

Let me add another thing. If you ask American families, What is the highest priority issue in your life that you think the Government can deal with time and again, whether it is a State poll or a Federal poll or a local poll, the answer always comes back: education. The answer is education. People believe education is really what America is all about. That has been our ladder of opportunity in this country.

The President came forward with a bipartisan education bill supported by Democrats and Republicans. I supported it, too. I thought it was a good piece of legislation. I might have made some changes here and there, but on balance I thought it really moved us in the right direction. It said for the first time in a long time that the President's party was committed to investing in education.

It wasn't that long ago that the President's party and its party platform wanted to eliminate the Department of Education in Washington. They said this is a State and local issue; it shouldn't be Federal. They

have changed. Thank goodness they have. I think it is a wise course they have taken now—to say that the Federal Government should make strategic investments in education for the good of our country.

That is what the bill said—include accountability for teachers and tests for students. It included a lot of incentives to deal with afterschool programs and to improve the quality-of-reading programs, mathematics and science programs. These are all great ideas and great investments. But the sad news is, because of the Bush budget, the money is not going to be there to invest in education. We will pass legislation saying this is a good thing to do. We will authorize it. We will approve it as a concept. But when it comes to appropriating the money and actually spending the money, we are going to find that it is not there. That is the difficulty, too.

Again, as we receive these tax cut checks in the mail, we have to put it in perspective. Life is a tradeoff. Politics is a tradeoff. In this tradeoff, we have decided that a tax cut plan by President Bush that is primarily loaded for the rich is far more important than paying down the national debt, improving America's national defense, and investing in education. In the long run, I think that is going to be viewed as very shortsighted. I think we should have been more careful and more prudent in the approach that we took.

When you look at the long-term outlook for the amount of money that will be taken from the Social Security trust fund and the Medicare trust fund, next year we will have to raid the Social Security trust fund by some \$24 billion and the Medicare trust fund by \$38 billion. That means people who are paying payroll taxes today to sustain today's Social Security retirees have to understand that the trust fund they are counting on to be there when they retire is going to be diminished because of the Bush budget and because of the Bush tax plan. This is something that is a reality. It is a reality that we have to face in Congress. It is not one we are happy to face but one we must face.

Let me also say that when it comes to other economic assumptions in the President's budget, there are some real weaknesses, too. The President's budget did not include appropriate contingencies for natural disasters. I hope there will never be another one. I know there will be. When there is a disaster, we will rise to the occasion—whether it is a flood in Illinois or a hurricane or a tornado. All of these things cause problems, and the Federal Government rallies to help families solve them. It costs money. The Bush budget, sadly, does not have enough money for that help.

Tax extenders are programs such as investment in research for corpora-

tions that come up with new and innovative and creative products. These need to be reextended. They cost money. The Bush budget didn't provide that.

The alternative minimum tax, which was established to try to catch the high rollers who might escape some tax liability, has really been ignored, and it should not be. Yet the Bush budget does not take into account that is something that obviously has to be done or we will end up penalizing middle-income families who thought they were receiving a tax cut, on the one hand, from the President and, on the other hand, get nailed with the alternative minimum tax.

So what we have here, sadly, is a budget proposed by the President that already has us raiding the Medicare and Social Security trust funds that already imperils our ability to deal with priorities, such as national defense and education and paying down the national debt.

I see my colleague from Minnesota is in the Chamber.

#### THE PRESIDENT'S COMMISSION TO STRENGTHEN SOCIAL SECURITY

Mr. DURBIN. Madam President, I want to say a word or two, in closing, about the effort that has been made by the President's commission to strengthen Social Security. I hope this commission is going to be more objective in the way they deal with the Social Security Program. All of us understand that Social Security cannot go on indefinitely, that it needs help, and that we need to make the appropriate investments to make sure that Social Security is there for generations to come.

It is the most broadly based and most successful social program in the United States. Social Security gives to retirees the safety net they need to live a life of comfort. Along with Medicare, these are the two things that retirees really count on in America.

I am concerned about the draft interim report by President Bush's commission which is supposed to look to the future of Social Security. The report makes many misleading assertions in an attempt to convince the public that Social Security is on the verge of collapse. I hope that any commission entrusted with the challenge of strengthening Social Security will carefully consider all options for reform. Unfortunately, this commission has been charged only with the task of how to convert Social Security into a system of private accounts, not with the careful study of whether or not this is the right thing to do.

Let me give you an example. If you wanted to invest in a mutual fund today, you would generally find there is a minimum investment. Why is there a minimum investment? Because there

is an administrative overhead cost to that investment. Unless you put in \$500 or \$1,000 or \$2,000, it really does not warrant the administrative cost. Think about it in terms of individuals who decide they want to invest \$100 a month, let's say, of their Social Security check into a private investment. Administrative costs come with each of those investments, and that has to be taken into account in the real world.

Secondly, we have seen yesterday—and we have seen over the last year—that although the stock market can be very generous to those who invest in it, it can also be very cruel. And any who happen to have invested in the last year, making retirement dependent on their investments, will have to think twice about it because things have not gone well in a lot of indices, whether it is the Dow Jones or the S&P 500.

So those who think the stock market will always go up, historically they are right, it has always gone up, but there are peaks and valleys. If you should happen to make the investment of your Social Security retirement fund at a point when we are in an economic valley in the stock market, you may find all you counted on is not there when you need it. That is an important consideration.

There has also been a consideration that some 2 percent of Social Security would be invested in these private investments. Because it is a pay-as-you-go system, that could require cuts of up to 40 percent in the benefits under Social Security or increases in Social Security payroll taxes.

So what I would say to the President's commission is: Give us your alternative in its entirety, give us your program, get beyond the principles and the theories. Tell us how you are going to pay for this. If we are going to move to private investment and private accounts, show us how this will work.

This program of Social Security, created in the days of Franklin Delano Roosevelt, was one many people branded as socialism. Many predecessors of the folks on the other side of the aisle voted against it because they thought it was an experiment in which America should not be involved. History has proven them wrong. Social Security is important. But those of us who serve today in the Senate and the House have an important responsibility to serve that legacy well, to make certain that Social Security and Medicare are here for many years to come.

We can make Social Security stronger, and we can guarantee to successive generations that safety net will be there, but we have to be prudent and careful in the way we approach it.

Madam President, I yield the floor.

(Mrs. CARNAHAN assumed the chair.)