The Senate met at 2 p.m. and was called to order by the Presiding Officer, the Honorable Jon Kyl, a Senator from the State of Arizona.

PRAYER
The Chaplain, Dr. Lloyd John Ogilvie, offered the following prayer:
Gracious God, thank You for this moment of prayer in which we can affirm Your call to seek unity in the midst of differences in the parties and politics. So often we focus on what separates us rather than the bond of faith that binds us together. We are one in our calling to serve You and our Nation and in the belief that You are the ultimate and only sovereign. You are the magnetic and majestic Lord of all who draws us out of pride and self-serving attitudes to work together for You. We find each other as we join our hearts in gratitude for the privilege of leading our Nation. Keep us so close to You and so open to one another that this will be a week of great progress. Help us to work expeditiously and with excellence for Your glory and our Nation’s good. Through our Lord and Saviour. Amen.

PLEDGE OF ALLEGIANCE
The Honorable Jon Kyl led the Pledge of Allegiance, as follows:
I pledge allegiance to the Flag of the United States of America, and to the Republic for which it stands, one nation under God, indivisible, with liberty and justice for all.

APPOINTMENT OF ACTING PRESIDENT PRO TEMPORE
The PRESIDING OFFICER. The clerk will please read a communication to the Senate from the President pro tempore (Mr. Byrd).

The assistant legislative clerk read the following letter:


TO THE SENATE:
Under the provisions of rule 1, paragraph 3, of the Standing Rules of the Senate, I hereby appoint the Honorable Jon Kyl, a Senator from the State of Arizona, to perform the duties of the Chair.

ROBERT C. BYRD, President pro tempore.

Mr. Kyl thereupon assumed the chair as Acting President pro tempore.

RESERVATION OF LEADER TIME
The ACTING PRESIDENT pro tempore. Under the previous order, the leadership time is reserved.

ENERGY AND WATER DEVELOPMENT APPROPRIATIONS ACT, 2002
The ACTING PRESIDENT pro tempore. Under the previous order the Senate will now proceed to the consideration of H.R. 2311, which the clerk will report.

The assistant legislative clerk read as follows:
A bill (H.R. 2311) making appropriations for energy and water development for the fiscal year ending September 30, 2002, and for other purposes.

The ACTING PRESIDENT pro tempore. The Senator from Nevada.

SCHEDULE
Mr. Reid. As has been announced by the Chair, the Senate will begin consideration of the energy and water appropriations bill. Today will be for debate only. There will be no rollcall votes today. The next vote is expected tomorrow at approximately 12 noon on cloture on the substitute amendment to the Bankruptcy Reform Act. I am to remind everyone that there is a 3 p.m. filing deadline for first-degree amendments to the bankruptcy reform substitute amendment.

We hope to complete action on the energy and water appropriations bill, the transportation appropriations bill, and/or the legislative branch appropriations bill before the end of this week.

I would say to all those listening, it is going to be extremely difficult to do that, but we can do it. There are only a few issues on the energy and water appropriations bill. We hope to resolve those so it does not take a lot of time. And then, of course, the appropriations bill dealing with transportation has in the last few years gone quite rapidly, and we hope it will again this year.

We are not in a position at this time, Senator Domenici and I, to offer a unanimous consent agreement as to when the amendments to the energy and water appropriations bill should be filed, but we are going to work on that. Senator Domenici is indisposed for the next hour and a half or so. But we expect him to be here at 3:30 today, at which time we will begin opening statements on the energy and water appropriations bill.

MORNING BUSINESS
Mr. Reid. I see my friend from Iowa here. Does he wish to speak on the bill or as if in morning business?

Mr. Grassley. Morning business.

Mr. Reid. Certainly I would have no problem asking unanimous consent. As I said, Senator Domenici is indisposed now for the next hour or so. So what time does the Senator from Iowa expect to use?

Mr. Grassley. I would expect to be done by 2:30.

Mr. Reid. Fine. I ask unanimous consent. Mr. President, the Senator from Iowa be recognized for 30 minutes to speak in morning business. When he completes his work, we will return to the energy and water appropriations bill.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered. The Senator from Iowa is recognized.

TAX CUT ACHIEVEMENT
Mr. Grassley. Mr. President, I want to visit with my colleagues and our constituents about the issues of the tax relief bill that was recently passed by the Congress of the United States and signed by the President on June 7 and will be the reason that tax rebate checks will go out, distributing $65 billion of overtaxation to the American people—back to the American people so they can spend it, so it will do more economic good than if it is politically distributed here in Washington, DC.

That bill not only has the $65 billion of tax refunds that will start going out next week and be out by September 30, but it already has reductions for other rates. The tax rebates come from the new 10-percent rate that is going into effect retroactive to January 1. It is my understanding there will be about 90 million Americans who will be getting rebates of up to $300 if they are single, $500 if they are a single parent, and also then up to $600 if they are married.

Also, remember that this is not a one-shot rate reduction, or tax rebate; that these rebates, even though they will never be received in a check again, will continue on into the future as permanent reductions in taxation for people in the 10-percent bracket. And also remember that everybody who pays taxes would pay some of that 10-percent bracket so that it does affect all taxpayers. But checks are going out for those up to the amount of $12,000 of taxable income.

I think this tax bill is going to make real changes in the lives of folks across our country. The changes I am going to discuss today result in the greatest tax relief provided in a generation—tax relief, I might add, powerfully brought about in a bipartisan consensus.

Some might ask, Why talk about something we have already done? The
answer is that the legislation is quite comprehensive and to do it justice we really need to take a thorough and methodical look at its provisions. It just from the standpoint of the rebate checks that are going out, which are getting all the attention, but all the other aspects of the bill as well.

It is true there have been a lot of press reports on this legislation. Again, most of those have been related to the rebate checks going out starting next week. None of these reports, however, I believe, in the press has really tied the specific benefits of the bill back to its bipartisan purpose.

Also, the press reports have tended to analyze the bill in terms of its impact on certain types of taxpayers. At the same time, many press reports have focused exclusively on the budget angle of the situation. And that is basically a flat, people nervous, tearing out their hair because there is going to be less money coming into the Federal Treasury as a result of our letting the people keep their tax overpayment.

These reports that tend to be very pessimistic often echo the sentiments of the harshest congressional critics of the legislation. These reports, like the congressional critics of this bill—and probably for the most part those who voted against it—tend to ignore the benefits of the bill. Tax relief legislation is just not more money in the taxpayers’ pockets in some selfish way that you let the taxpayers keep more of their money. There is great economic good that comes from the distribution of goods and services in this economy based upon an individual making that decision as opposed to a political leader in Washington, DC, making that decision through the Federal budget.

Now of course, all of this criticism is fair play in the arena of politics. However, in recent weeks it seems to me these arguments have not been answered with the same vigor by the strong bipartisan majority of us who supported the legislation. So today I take the floor to set the record straight. Tax relief is absolutely necessary. Tax relief legislation is an important vehicle in response to our short-term and long-term economic problems. I talked about the short-term stimulus, which, if we had not done it, no doubt, would have had us looking around this body scratching their heads and deploring the fact that we had a flat economy. So what can we do about it?

Congress has passed tax reduction in the past to stimulate the economy but often taking effect after the economy turned them. It tended not to be as beneficial as it would have been if it had been done at the right time.

I do not want to take credit for having been a leader in the tax rebates, knowing they were going to be needed now as a stimulus. I confess not to have thought that way last March and April when we started working on tax relief. But we ended up with tax rebate—$65 billion—and most economists are saying they could not have come at a more opportune time for an economy that is flat and in need of some stimulus.

There are three reasons for this bipartisan tax relief package. One is that it is necessary for the Federal Government to reduce taxes so that there is no overtaxation. No. 2. it is necessary to respond to the current and long-term economic problems. In the short-term stimulus, but there are long-term economic benefits from this bill that are going to enhance the economy.

Third, there is sufficient surplus outside Social Security and Medicare that is still available to accomplish a tax cut that addresses certain inequities in the Tax Code, such as the marriage penalty.

I will start with reason No. 1, that the tax cut corrected overtaxation. Before the tax cut, the Federal Government was collecting too much tax. The Federal Government was on a path to accumulate over $3.1 trillion in excess tax collections over the next 10 years. Federal tax receipts were at their highest level in our Nation’s history.

The bulk of these excess collections came from the individual income-tax payer. Individual income tax collections were near an all-time high, even higher than some levels imposed by World War II.

The chart I have in the Chamber demonstrates this better than I can, how, since 1960, we have seen very high income taxation. In this particular case, we are seeing taxes, as a whole, collected by the Federal Government, not just the income taxes but every thing at the highest level by the year 2000 at 20.6 percent of gross national product.

This chart shows total tax receipts as a percentage of gross domestic product over 40 years. Tax receipts have naturally fluctuated frequently since 1960, but most shockingly they spike up since the height of the war.

The January 2001 Congressional Budget Office report to Congress shows that in 1992, total tax receipts were around 17 percent of gross domestic product. As I said, by the year 2000, they were at 20.6 percent. The significance of this percentage can only be appreciated in the historical comparisons to which I have already referred. But I want to be more specific.

In 1944, at the height of World War II, taxes, as a percentage of gross domestic product, were 22.9 percent. In 1945, it was higher than the tax hikes of today. By 1945, those taxes had dropped to 20.4 percent of GDP, which is actually lower than the collection level today.

It is unbelievable that in a time of unprecedented peace and prosperity, which defines the last decade, the Federal Government would rake in taxes at a wartime level. The sorriest part of this whole story is that this huge increase in taxes has been borne almost exclusively by the American people who pay the individual Federal income tax.

I have another chart which shows tax collection levels for payroll taxes, corporate taxes, and all other taxes over the past decade. It shows they have been relatively stable. Corporate taxes, during the past 10 years, have increased from 1.6 percent of GDP to 2.1 percent of GDP. Estate taxes have remained relatively stable over that period of time.

Moreover, collection of individual income taxes by the Federal Government has soared. There was a 50-percent increase during that period of time: 7.7 percent of gross domestic product in 1992 to 10.2 percent of gross domestic product as of the year 2000.

Individual income taxes now take up the largest share of GDP in the history of the individual income tax. And that dates back to 1916, except for the Civil War when there was one that the courts declared unconstitutional.

Even during World War II collections from individuals were 9.4 percent. So you see it was a full percentage point below what they are today in peace-time. As you can see, the source of current and future surpluses is from a huge buildup in individual income tax collections, and not in runups in any other form of taxes and levies that the Federal Government makes on the taxpayers of this country or the businesses of this country.

Part of this is because the 1993 Clinton tax increase overshoots its mark. These excess collections are attributable to that enactment, in August 1993, of the largest tax increase in the history of the world.

Since 1992, total personal income has grown an average of 5.6 percent. Federal income tax collections, however, have grown an average of 9.1 percent a year, outstripping the rate of personal income growth by 64 percent.

The Joint Committee on Taxation, at the request of the Joint Economic Committee of the Congress, estimated that just repealing the revenue-raising provisions of President Clinton’s 1993 biggest-in-the-world tax hike would yield $2 trillion of more than $1 trillion over 10 years.

We ought to take a closer look at that 1993 world’s biggest tax increase. The 39.6-percent top bracket reflected a
FOR THE RECORD, EVERYONE ON THE OTHER SIDE OF THE AISLE WHO OPPOSED THE BIPARTISAN TAX RATE RELIEF PACKAGE HAD ALREADY VOTED FOR $1.25 TRILLION IN TAX RELIEF. THAT IS WHAT I HAVE ALREADY REFERRED TO AS—"A WORLD RECORD TAX Hike." OBVIOUSLY, WITH INCOME TAX COLLECTIONS AS HIGH AS THEY HAVE EVER BEEN IN THE HISTORY OF THE COUNTRY, WE KNOW THAT TO BE A FACT.

THE RATIONALE FOR THE TAX INCREASES WAS DEFICIT REDUCTION. IT IS REASONABLE TO THINK THAT IF DEFICIT REDUCTION WAS A REASON FOR RAISING TAXES TO RECORD LEVELS, THEN IN THE ERA OF BUDGET SURPLUSES WE ARE IN RIGHT NOW, ANYBODY WHO WAS INTELLECTUALLY HONEST ABOUT PUTTING A 10-PERCENT SURTAX ON THE BASIC 36-PERCENT RATE JUST TO GET RID OF THE ANNUAL BUDGET DEFICIT OUGHT TO TAKE THAT 10-PERCENT RATE OFF. BUT, NO, IT WAS DONE BY THOSE WHO PROPOSED IT AND THOSE WHO DID IT. WE DID IT THROUGH THE GRADUAL REDUCTION OF THE RATES THAT WERE IN THE BILL SIGNED BY THE PRESIDENT JUNE 7.


ALTHOUGH THERE IS STILL CONSIDERABLE UNCERTAINTY ABOUT THE ECONOMY, A NUMBER OF FACTORS SEEM TO POINT IN THE RIGHT DIRECTION, AND ONE IS THERE IS SOME REVERSAL OF THE FEDERAL RESERVE ON ITS MONETARY POLICY. WE HAVE HAD ENERGY PRICES STABILIZE. FOR INSTANCE, A WEEK AGO LAST WEEKEND, I BOUGHT GAS IN CEDAR FALLS, WHERE I SAW, A $1.19 A GALLON.

THE ECONOMIC SLOWDOWN OF 1993-1995—AND WE HAVE A PARTY-LINE VOTE—RAISED TAXES TOO MUCH. AND THIS YEAR, ON A BIPARTISAN BASIS—NOT A PARTY-LINE VOTE BUT ON A BIPARTISAN BASIS—we corrected that overtaxation and that temporary taxation that was put in place in 1993. DEMOCRATS—AND REPUBLICANS, LEAD BY PRESIDENT BUSH, STARTED WITH THE FACT THAT THE 1993 TAX HIKES TOOK TOO MUCH FROM THE AMERICAN TAXPAYERS AND THE AMERICAN ECONOMY, PRESIDENT BUSH OFFERED TO REDUCE INDIVIDUAL TAX RATES ACROSS ALL RATE BRACKETS AND TO REDUCE THE NUMBER OF BRACKETS.

CONGRESS CHANGED ASPECTS OF THE PRESIDENT'S PLAN AND, FROM MY POINT OF VIEW, IMPROVED THE PLAN AS IT MADE ITS WAY THROUGH CONGRESS. THE BILL THE PRESIDENT SIGNED DID CONTAIN RELIEF FOR TAXPAYERS IN ALL TAX BRACKETS. THIS BENEFITS ALL TAXPAYERS ACROSS AMERICA.

THERE IS MUCH WRINKLING OF HANDS AND GRABbing OF TEETH OVER THE FISCAL IMPACT OF THAT TAX RELIEF PACKAGE. WE WERE DAILY FROM THE LEADERSHIP ON THE OTHER SIDE AND FROM MANY IN THE MEDIA, WHAT YOU DON'T HEAR ABOUT IS HOW CLOSE EVERYONE IN THE SENATE WAS ON THE SIZE OF THE TAX CUT. IN OTHER WORDS, FOR THOSE WHO VOTED AGAINST THE TAX CUT, THERE WAS JUST A LITTLE DIFFERENCE BETWEEN WHAT REPUBLICANS AND A BIPARTISAN GROUP OF MEMBERS OF THIS BODY THOUGHT OUGHT TO BE CUT AT A HIGHER LEVEL VERSUS WHAT EVERYBODY ELSE, ON MOSTLY A PARTISAN BASIS, THOUGHT WE OUGHT TO CUT TAXES—JUST A LITTLE BIT OF DIFFERENCE.

FOR THE RECORD, EVERYONE ON THE OTHER SIDE OF THE AISLE WHO OPPOSED THE BIPARTISAN TAX RATE RELIEF PACKAGE HAD ALREADY VOTED FOR OVER $1.25 TRILLION IN TAX RELIEF. SOME OF THOSE PEOPLE WHO VOTED THAT WAY ARE THE VERY SAME ONES WHO ARE SAYING WE CUTOFF TAXES TOO MUCH. I HOPE YOU REMEMBER THAT ON THE DEBATE ON THE TAX BILL, EVERYONE ON THE OTHER SIDE, INCLUDING EVERY MEMBER OF THE DEMOCRATIC LEADERSHIP, INCLUDING THE PRESIDENTIAL CANDIDATE, WANTED TO CUT TAXES IN THE AMENDMENTS. WHEN WE COMBINED THE BIPARTISAN BILL THE SENATOR FROM NORTH DAKOTA, VOTED FOR $1.25 TRILLION IN TAX RELIEF. YET THEY ARE NOW SAYING WE SHOULDN'T HAVE THIS TAX CUT.

FOR INSTANCE, WE HAD A VOTE ON WHAT WAS CALLED THE CARNABY-DAASCHLE DEMOCRATIC SUBSTITUTE. THAT AMENDMENT, IF IT HAD PASSED, WOULD HAVE REPRESENTED TAX CUTS OF THAT $1.25 TRILLION I CITED.

I RAISE THIS POINT FOR TWO REASONS: ONE, TO MAKE THE RECORD CLEAR ON THE VOTES ON THE TAX CUT BILL; AND TWO, TO MAKE AN EVEN MORE FUNDAMENTAL POINT. THAT FUNDAMENTAL POINT IS, DESPITE ALL THE Rhetoric, THERE WAS WIDESPREAD SUPPORT FOR SIGNIFICANT ACROSS-THE-BROAD RELIEF EVEN AMONG THE MOST CRITICAL OF THE FINAL TAX PACKAGE.

LET ME REPEAT REASON NO. 1 FOR THIS TAX CUT BEFORE I GO ON TO REASON NO. 2. THE AMERICAN PEOPLE ARE OVERTAXED. THE AMERICAN PEOPLE HAVE PAID A TAX SURPLUS INTO THE FEDERAL DEPARTMENT. THE GOAL IS TO LET THE TAXPAYERS DISTRIBUTE THOSE GOODS AND SERVICES AS OPPOSED TO HAVING 100 SENATORS DISTRIBUTE THAT MONEY.

Now reason No. 2: The tax cut is needed to reverse slow growth in the economy, not only slow growth long over the last four quarters, 1- to 1.5-percent growth instead of 2.5-per- cent as we had projected.

I provided you with the first reason, to correct overtaxation. Now for the second one.

It is our responsibility to help the folks back home who are facing a slower economy to create jobs, to expand the economy. There has been a slow-down since the latter half of the year 2000. I will expand on the point that the economic slowdown did start in the latter part of 2000.

We have two charts. The first chart shows that economic growth has slowed considerably since the middle of last year. In the last two quarters of the Clinton administration, it started to slow. Compared to the average 4-per- cent growth rate since 1998, the economy grew only a little over 1 percent. Several factors have contributed to the economic slowdown. For the two previous years, we had a tighter monetary policy by the Federal Reserve. We had Chairman Greenspan throw out of the window his very comprehensive program of liquidity from 1988 until 1995, and then he started worrying about inflation. Worrying about inflation so much, he tightened up money so that we didn't have enough liquidity. When he gets back on the kick of worrying about liquidity, not worrying about inflation, the monetary policy will turn it around. But a tighter monetary policy has brought about this slowdown. We have also had the rising energy rates, a decline in the stock market, and we have had rising tax burdens.

The economic slowdown has real impact on working Americans, as evidenced by this second chart we have here, as you have seen the unemployment rate go up. It shows that the unemployment rate had fallen steadily, but since the slowdown began last year, the unemployment rate has risen. It is now at 4.5 percent, the same level it was in October 1998.

Although there is still considerable uncertainty about the economy, a number of factors seem to point in the right direction, and one is there is some reversal of the Federal Reserve on its monetary policy. We have had energy prices stabilize. For instance, a week ago last weekend, I bought gas in Cedar Falls, IA, at $1.19 a gallon.

Given the continued pessimism on Wall Street, however, the economy remains vulnerable to potential shocks. So we should continue to monitor signs of potential trouble and be prepared to take additional steps should they become necessary. Republicans and Democrats have a responsibility to address this problem.
There is some speculation by some on my side of the aisle that those on the other side are hoping the recession comes about for political reasons. I disagree with that speculation. I believe everyone here wants to get the economy on a steady path. Everyone knows that the worst thing you can do in an economic downturn is to raise taxes. On the other hand, a tax cut is a stimulus to economic activity. So if your goal were to further slow down the economy, one sure way to do it would be to raise taxes. On the other hand, if you see a slowdown coming, a tax cut would be a wise response to get the economy growing again.

In other words, if we had not cut taxes, not had these rebate checks going out, we would be nervously trying to cut taxes to stimulate the economy. A tax cut stimulates economic growth in two ways. First is to the extent the tax cut currently provides more money for consumers to spend, it creates more demands for goods and services. Secondly, and most importantly, the tax cut stimulates the economy through changes in expectations for workers, investors, and businesses. In other words, a lower tax bite means that workers, investors, and businesses can expect to retain more of their income generated by their activities. That expectation will change what workers and investors and businesses do right now. That does more economic good than if we have a political decision to distribute the goods and services.

Chairman Alan Greenspan and others have alluded to a new form of “bracket creep,” brought about by high tax rates. In a sense, through this new form of bracket creep, the Federal Government was getting a windfall from workers, investors, and businesses. With the lower marginal tax rates, some of the damaging bracket creep has been eliminated over the long term. That change should free up more income to flow through the marketplace and stimulate the economy.

So it was pretty clear some action needed to be taken to stimulate the economy. Action was taken and now, hopefully, for the folks back home, the economy will start to grow significantly.

Now if I can go to the third and last reason why the tax bill needed to be passed—the issue of fairness. We heard during the debate, and even recently, a hue and cry from some on the other side of the aisle that not all taxpayers should receive a rate reduction. They said the bipartisan tax relief bill that was signed by the President disproportionately benefits upper income taxpayers and does not provide enough relief at the lower income scale.

We have news for that group of people. None of those allegations is true, and the charts that I have will show that. But we first need to understand the current distribution of tax liability anybody here. We already have a highly progressive income tax system. According to the Congressional Budget Office, the top 20 percent of income taxpayers pay over 75 percent of all the income taxes coming into the Federal Government. By contrast, households in the bottom three-fifths of the income distribution pay 7 percent of all individual taxes.

Sometimes I get the feeling around here that when it comes to progressivity, the only way it is going to make people happy is if the richest man in America is supporting the Federal Government totally. But for those who are worried about this tax bill not being progressive enough, it not only preserves an already progressive system; it actually makes it more progressive. Those who don’t like progressive income tax systems don’t like to hear me say that. But for those who say our tax bill has made it less progressive, I hope it causes them to keep their mouths shut.

So to all who are critical of the bipartisan tax relief package as a tax cut for the rich, I invite them to pay special attention to data prepared by a neutral source, the Joint Committee on Taxation. These professionals work for both sides of the aisle, Republicans and Democrats, and for both the House and Senate. As the Joint Committee on Taxation says, the marginal tax rate reductions in our bill, as signed by the President, combined with the increase in the child credit, and its added refundability, the marriage penalty, the education provisions, and the individual retirement accounts and pension provisions—all these aspects of this bill provide the greatest reduction in the tax burden for the lower income taxpayers.

I ask unanimous consent that the tables prepared by the Joint Committee on Taxation be printed in the RECORD. There being no objection, the material was ordered to be printed in the RECORD, as follows:

**DISTRIBUTIONAL EFFECTS OF THE CONFERENCE AGREEMENT FOR H.R. 1836**

(Prepared by the staff of the Conference Agreement for H.R. 1836, May 26, 2001)

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**Present Law**

**Proposal**

**July 16, 2001**
Mr. GRASSLEY. Mr. President, I will go to a couple of the charts I referred to prepared by Joint Tax. Look at the levels of reduction in tax burden shown on this chart. You can see that the lowest income brackets receive the highest reduction.

Now, for the year 2006—and I say for the year 2006 because that is when the individual tax provisions or rates are implemented—taxpayers with over $100,000 of income receive a tax cut of between 5 and 6 percent. Taxpayers earning between $10,000 and $50,000 get a tax cut of between 6.5 percent and 7.9 percent, with those at the lower income levels getting the biggest percentage of reduction. Even those with incomes below $10,000, who, by and large, don’t pay income and payroll taxes, receive a tax cut under the bipartisan tax relief package.

Under the tax relief, 6 million Americans will be taken off the income tax rolls. Those are lower bracket people. Just tell 6 million people who are never going to be paying income tax in the future that they aren’t getting a benefit from this greater than higher income people who are going to be paying income taxes the rest of their lives. A four-person family earning $35,000 a year will no longer have any income tax burden. Now, it is clear that distribution tables aren’t the only way to define tax fairness. There were other categories of tax relief that carried bipartisan priority in terms of fairness. First, on a bipartisan basis, there is concern about the added burden for couples who decide to marry. This important social objective was impaired by the marriage penalty. The bipartisan tax relief legislation provided marriage tax relief.

Second, on a bipartisan basis, there was concern about the Tax Code’s failure to recognize the cost of raising children. The bipartisan tax relief legislation provides tax relief for millions of families with children, including those who pay no income tax at all. In addition, the dependent care tax credit was enhanced for families with children in day care. Third, on a bipartisan basis, there was concern about helping families with the rising cost of education. As a response, the bipartisan tax relief legislation includes a package of educational tax relief measures.

Fourth, on a bipartisan basis, there was concern about declining savings...
rates and the need for more secure re-
tirement plan benefits for more work-
ers to help baby boomers who are sav-
ing less. As a response, the bipartisan
tax relief legislation included signifi-
cant enhancements to individual re-
tirement accounts and retirement plans. This package was then perhaps the greatest improvement in our indi-
vidual IRAs and retirement plans in a
generation.

Finally, there was a bipartisan con-
cern about the confiscatory impact of
the death tax, especially for family
farmers and small businesses. As a re-
spose, the bipartisan tax relief legis-
lation includes death tax relief, includ-
ing repeal.

Today I have talked about the three
most important reasons from my per-
spective why we were able to pass the
largest bipartisan tax relief measure in
a generation.

The first reason is to correct the pol-
cy of overtaxation that stemmed from
the heavy tax hike of 1993.

The second is to respond with an eco-
nomic stimulus against the current econ-
omic slowdown.

The third is there are sufficient bud-
getary resources to address tax fairness
problems.

It is important to realize that the
major tax legislation just enacted rests
on a very sound foundation. It should
not be dismissed, it should not be ob-
fuscated, and it should not otherwise
be distorted by budgetary dema-
goguery. Let us not forget that revenue
reflects the sum total payments to Wash-
ington by hard-working men and
women. It is not abstract when paid
and should not be treated as an entitle-
ment by those of us fortunate enough
to be blessed here to make policy deci-
sions to represent the folks back home.

We have a very good tax bill. Our
challenge is to make sure that those in
Congress who want to spend more
money and do not like giving the peo-
ple back their money—we are intent
upon keeping this reduction of revenue
coming into the Federal Treasury, not
because we are concerned about the
taxpayers, but because if those tax-
payers spend that money, it is going to
do more economic good and turn over
the economy, create more jobs and
more wealth than if I spend it as a
Member of the Senate.

I yield the floor.

The ACTING PRESIDENT pro tem-
por. The Senator from California.

Mrs. FEINSTEIN. Mr. President. I
ask unanimous consent to speak for ap-
proximately 20 minutes in morning
business.

The ACTING PRESIDENT pro tem-
por. Without objection, it is so or-
dered.

CONTROLLING THE PROLIFERA-
TION OF SMALL ARMS AND
LIGHT WEAPONS

Mrs. FEINSTEIN. Mr. President. I
rise today to speak about the prolifera-
tion of small arms around the world
and, specifically, the remarks made by
John Bolton, the Under Secretary of
State for Arms Control and Inter-
national Security Affairs before the
United Nations this past July 9 at the
United Nations Conference on the Il-
licit Trade in Small Arms and Light
Weapons in All its Aspects.

I begin by saying what I sincerely be-
lieve: I think it is right and necessary
to limit the illicit sale of small arms
and light weapons on a worldwide
basis. In order to do that, however, one
also has to address transparency and
legal transfers of small arms and light
weapons because so much of the illicit
proliferation problem has its roots in
legal sales. I was therefore very sur-
pried that Under Secretary Bolton
said the United States may well be op-
posed to being considered by the
conference that are aimed at curb-
ing the international proliferation of
small arms and light weapons.

Before I address Mr. Bolton’s speech,
and the question it raises about the di-
rection of the administration’s policy
in this area, I would like to briefly
sketch out the scope and scale of this
problem:

The worldwide proliferation of small
arms—this includes shoulder-mounted
missiles, assault weapons, grenade
launchers, and high-powered sniper ri-
ffles—is a staggering problem today.
Right now there are an estimated 500
million illicit small arms and light
weapons in circulation around the
globe.

In the past decade alone, an esti-
imated 4 million people have been killed
in civil war and bloody fighting, many
of them with these same small arms.

As a matter of fact, 9 out of 10 of
these deaths are attributed to small
arms and light weapons. According to
the International Committee of the
Red Cross, more than 50 percent of the
4 million people killed—that is 2 mil-
ion people—are believed to be civil-
ians. The sheer volume of available
weaponry has been a major factor in
the devastation witnessed in recent
conflicts in Angola, Cambodia, Liberia,
Mozambique, Rwanda, Sierra Leone,
Somalia, Sri Lanka, and Afghanistan,
as well as the sort of violence endemic
to narcotrafficking in Colombia and
Mexico. These conflicts undermine the
regional stability, and they endanger
the spread of corruption and free mar-
kets around the world.

The United Nations and the Red
Cross estimate that more than 10 mil-
lion small arms and light weapons,
ranging from pistols to AK-47’s to hand
 grenades to shoulder-launched mis-
siles, are today in circulation in Af-
ghanistan where the terrorist organiza-
tion of Osama bin Laden is based.

The United Nations estimates that
over 650,000 weapons disappeared from
government depots in Albania in the 3
years leading up to the outbreak of vio-
lence in the Balkans, including 20,000
tons of explosives.

NATO peacekeepers and U.S. soldiers
in the region are under threat and in
danger from these weapons. In fact, the
increased access by terrorists, guerrilla
groups, criminals, and others to small
arms and light weapons poses a real
threat to all U.S. participants in peace-
keeping operations and U.S. forces
based overseas.

Clearly, this is a substantial prob-
lem, and it has profound implications
for U.S. security interests. It is be-
cause of the scope and scale of the
problem that the United Nations con-
ference on the illicit trade in small
arms and light weapons, I believe, is so
important.

Unfortunately, as the Washington
Post editorial on July 10 put it, Mr.
Bolton’s opening address “appeared de-
signed to cater to the most extreme do-
mestic opponents of gun control”. Al-
though I do not disagree with all that
Mr. Bolton said, I want to ask that we
examine more closely the implications
of some of his statements, and how
they conflict with both settled Su-
preme Court precedent and the goals of
stemming the tide of illicit arms into
the hands of terrorists, drug cartels,
and violent rebellions.

First, Mr. Bolton stated that “The
United States will not join consensus
on a final document that contains
measures contrary to our constitu-
tional right to keep and bear arms.”

As the Post’s editorial points out,
“No such measures appear in the draft
documents before the conference.”

Why, exactly, did he do that?

I believe not our Mr. Bolton wrong in his assertion about the con-
nection between the Second Amend-
ment and the work of conference, but
in any case Mr. Bolton’s position on
the Second Amendment is in direct
contradiction to decades of Supreme
Court precedent.

Not one single gun control law has
ever been overturned by the Court on
Second Amendment grounds.

Contrary to the constant claims of
the N.R.A. the meaning of the Second
Amendment has been well-settled for
more than 60 years—ever since the 1939
U.S. Supreme Court ruling in United
States v. Miller. In that case, the de-
fendant was charged with transporting
an unregistered, sawed-off shotgun
across state lines.

In rejecting a motion to dismiss the
case on Second Amendment grounds,
the Court held that the “obvious pur-
pose” of the Second Amendment was “to
assure the continuation and render
possible the effectiveness” of the
“state Militia.” Because a sawed-off
shotgun was not a weapon that would
be used by a “state Militia”, like the