

and absolutely no opportunity for Senators to offer amendments, the bipartisan McCain-Feingold reform bill fell six votes short of breaking a filibuster, and that was done effectively by the guardians of the status quo.

That was a year ago, Mr. President. Although our opponents continue to proclaim that all is well and reform is not a priority, the evidence from the 1996 campaign stands in stark contrast to the declarations of those who are trying to defend the indefensible.

Last year, according to the Washington Post, candidates and parties spent a record amount of money on Federal elections—\$2.7 billion. Mr. President, \$2.7 billion was spent on those elections, which is an all-time record. This record amount of campaign spending, I assume, is exactly what the opponents of reform, including the Speaker of the other body and the junior Senator from Kentucky had really hoped would happen.

Recall Speaker GINGRICH's words from the last Congress:

One of the greatest myths in modern politics is that campaigns are too expensive. The political process, in fact, is not overfunded, but underfunded.

My distinguished colleague from Kentucky, referring to the 1996 election said:

I look on all that election activity as a healthy sign of a vibrant democracy.

Well, Mr. President, back here on planet Earth, and back home in my State of Wisconsin, the American people have a very different view. They are disgusted by our current campaign finance system. They are appalled at the insane amount of money that is being spent on democratic elections. And not surprisingly, they told us how appalled they are by staying home in huge numbers last November. In fact, fewer Americans turned out to vote in 1996 than in any Presidential election year in the last 72 years.

There are mountains of evidence demonstrating the failure of current election laws. Poll after poll demonstrates the mistrust and cynicism the public feels toward this institution as a result of large campaign contributions.

The newspapers and nightly news programs are brimming with reports of election scandals, with charges and countercharges of abuse and illegality filling the headlines every day.

Scores of candidates—including many current officeholders—are choosing not to run for office principally because of the millions of dollars needed for a campaign for the U.S. Senate. In fact, the theory that unlimited campaign spending produces competitive elections has been completely discredited, as the average margin of victory in Senate elections last year was 17 percent.

Let me repeat that, Mr. President. Not only did 95 percent of incumbent Senators win reelection last November, most of these elections weren't even close. On average, 17 percentage points separated the winners from the losers.

Mr. President, while Rome burns and our campaign finance system crumbles all around us, the junior Senator from Kentucky characterizes the chaos of the 1996 elections as a healthy sign of a vibrant democracy.

Mr. President, as the U.S. Senate continues to duck and weave and dodge around the issue of campaign finance reform, the American people are becoming more and more convinced that we here in this body do not have the courage or the will to reform a system that has provided Members of this institution with a consistent reelection rate of well over 90 percent.

As we all know, Mr. President, this week hearings will begin in the Governmental Affairs Committee on the abuses and possible illegalities that occurred in the last election. I can think of no better time for us to make a major step forward to fundamentally overhaul our failed election laws.

Opponents of reform will surely assert that we should wait until the conclusion of these hearings before we consider reform legislation, so we can adequately identify the loopholes and the gaps and holes in our campaign finance system. But, Mr. President, in the last 10 years on this issue alone, we have had 15 reports by 6 different congressional committees, over 1,000 pages of committee reports, 29 sets of hearings, 49 days of testimony, over 6,700 pages of hearings, 522 witnesses, 446 different legislative proposals, more than 3,300 floor speeches, 76 CRS reports, 113 Senate votes, and 17 different filibusters.

So I think it is safe to assume that we have probably reviewed this issue more than almost any other issue pending before this body.

So, Mr. President, it is time now for serious consideration of reform legislation. I have joined with the senior Senator from Arizona, and others, in authoring the only comprehensive, bipartisan plan to be introduced in the Senate this year.

Mr. President, we are very aware that this bill is not perfect. Some have voiced their concerns or objections about this or that provision, or have criticized the legislation for not addressing particular areas. As we have said—and I think as we have shown all along—this legislation is primarily a vehicle for reform, and we are more than willing to consider additions, deletions, or modifications to the package.

We do have some bottom lines, though. First, we should have a full and robust debate on the issue, with all Senators having the opportunity both to debate the many complicated issues involved here and, also, to have the opportunity they didn't have last year to offer amendments.

Second, it is imperative that any legislative vehicle ban on so-called party soft money. These are the monstrous, unlimited and unregulated contributions that have poured in from labor unions, corporations, and wealthy individuals to the political parties.

It is these multihundred-thousand-dollar campaign contributions that were, more than anything else, at the root of the abuses and outrage stemming from the 1996 elections. Individuals and organizations certainly should have the opportunity to contribute to their parties with funds that can be used for Federal elections. But all of those funds, Mr. President, should be raised and spent within the scope and context of Federal election law.

Finally, Mr. President, we must have provisions in this reform legislation that encourage candidates to spend less money on their campaigns and, if we can, to encourage them to raise most of their campaign funds from the people they intend to represent in their district or State.

We have to provide candidates, and particularly challengers who have less access to large financial resources, with the tools and means to effectively convey their message, without having to raise and spend millions of dollars.

Unless we take fundamental steps to change the 90 to 95 percent reelection rates for incumbents that are seemingly enshrined under current election laws, the American people will justifiably perceive such reform as little more than one more incumbent protection plan.

Mr. President, the senior Senator from Arizona and I have waited quite patiently for the opportunity to have this historic debate. It is my hope that we can sit down with the majority leader in the coming days and begin the process of bringing such a meaningful discussion to the Senate floor in the next few weeks.

I look forward to that discussion, and I hope that it will eventually lead to passage of bipartisan reform legislation that will result in what I like to call moderate, mutual disarmament.

I thank the Chair and I yield the floor.

Mr. THOMAS addressed the Chair.

The PRESIDING OFFICER. The Senator from Wyoming.

Mr. THOMAS. Mr. President, I think we have 30 minutes set aside.

The PRESIDING OFFICER. The Senator from Wyoming is recognized. Under a previous order, the majority leader or his designee is to be recognized to speak for 30 minutes.

The Senator from Wyoming is recognized.

Mr. THOMAS. Thank you, Mr. President.

ORDER FOR CLOTURE VOTE AT 3 P.M.

Mr. THOMAS. Mr. President, may I first, in behalf of the leader, ask unanimous consent that the previously ordered cloture vote now occur at 3 p.m. today.

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

Mr. THOMAS. For the information of all Senators, the cloture vote earlier scheduled at 2:15 will now occur at 3 p.m.

Thank you, Mr. President.

TAX RELIEF

Mr. THOMAS. Mr. President, I want to take this time—and I am sure some of my colleagues will join me—to talk a little bit about one of the items that has been before us and will continue to be before us that I think is probably the premier legislature, and that is tax relief.

I hope, as we move toward the conference committee agreement and as we move toward voting again in the Senate and in the House on tax relief, that we will keep in mind the big picture; the idea that American taxpayers are working harder than ever before, and the concept and the fact that the typical family is now paying more in taxes than they do for food, shelter, and clothing. Too many families have to rely on two incomes, partially because of the burden of taxes. The typical worker faces nearly 3 hours of an 8-hour day to pay their taxes.

So that is what we are talking about. Of course, it is appropriate to talk about and of course it is appropriate to debate how this tax relief is designed. But we ought to keep in mind that we are talking about for the first time in 10 years significant reductions in taxes—tax relief for American families.

What are we talking about? First of all, a child tax credit; \$500 per child tax credit, so the families can use their own money to spend in their own way to support their own children.

We are talking about educational tax incentives; tax credits so that tuition for higher education can be offset with tax credits. We are talking about the reduction so that families can send their kids to college.

We are talking about retirement savings; IRA's to encourage savings to cause people to prepare for their old age, to be able to put away money and have incentive to do that by the incentive of providing for tax-free savings.

Capital gains reduction; taxes on capital gains to be reduced in order to encourage investment so that we could create jobs and so we create an economy that is healthy and robust.

Estate and gift tax relief. I happen to come from a State where there are a large number of small businesses, where we have lots of farmers and ranches, and families work their entire lives to put together a business or put together a farm or ranch, and when the time comes when there is a death in the family, they often have to sell these assets to pay 50 percent in taxes. That ought to be changed.

So I hope we can focus on those things that are beneficial and those things that are useful. I hope we don't allow this idea to be politicized. I hope we don't allow ourselves to enter into this political class conflict which, frankly, the administration is moving toward.

I was disappointed that the Secretary of the Treasury has gotten into sort of

political class warfare. It seems to me if there is one office in the Cabinet that ought to be one that you can sort of depend on for facts, that it ought to be the person who is in charge of monetary policy, who is in charge of our money. Unfortunately, that has not been the case. I hope that it changes. The idea that some opposition, those who really do not want tax relief has been to make it a class warfare thing. And indeed it isn't.

According to Robert Novak, in his article, economist Gary Robbins showed that 75 percent of the tax cuts go to people who make \$57,000 or less in adjusted income. I think that is interesting. Those are the people who pay 38 percent of the total taxes. Taxpayers who get more than \$200,000 in income would get but one dime of relief for every \$100 in total taxes.

This is not a tax break for the rich. Interestingly enough, in the same article he indicates—this is a congressional Joint Economic Committee using Treasury data—that the upper fifth of income now pays 63 percent of all income taxes. After the proposed tax cuts, the figure remains exactly 63 percent.

Similarly, the share paid by the bottom two-fifths of the income earners remains unchanged.

This is not a tax break for the rich. We will hear some things about the tax cuts for the rich. Actually, 75 percent of the taxes, as I said, go to families who make less than \$75,000. Families with two kids making \$30,000 a year, their tax bill will be cut in half; less than half.

So, Mr. President, we have the first opportunity since early in the 1980's to have some tax relief for people who are heavily burdened with taxes.

If in fact the era of big Government is over, then we need to have big taxes to be over as well. We have the highest percentage of gross national product paid now in taxes in history—the highest percentage.

So, as we move away from big Government, we ought to allow American families to spend more of their own money.

Mr. President, I yield to my friend from Nebraska.

The PRESIDING OFFICER. The Senator from Nebraska is recognized.

Mr. HAGEL. Mr. President, I thank my friend and colleague from Wyoming for an opportunity to speak this morning about something that is rather important to Americans, all Americans, Americans who pay the bill, the forgotten American, I think, as we enter this next phase of debate in this country about tax relief. Make no mistake, Mr. President, this is what it is about. This is not about social tinkering. It is not about environmental policy. It is about tax relief—tax relief for those people who pay taxes, those people who have been footing the bill in this country for a long time. So, let's first of all put this in perspective.

I say that especially in light of the news conference that I saw yesterday

and again this morning held by the Vice President and Secretary Rubin. I have the highest regard for Vice President Gore and Secretary Rubin, but I was astounded that much of the focus in that news conference was not about tax relief for the average middle-class American. It was about brownfields. It was about inner cities. It was about other policies.

This policy is about providing Americans tax relief, providing relief for the forgotten American.

The bill that we passed in this body 2 weeks ago, and the bill that was passed in the House 2 weeks ago, is not perfect, but it is a very significant first step. As my friend and colleague from Wyoming just said, it is the first significant tax relief legislation in 16 years.

We are here to do the Nation's business. We are here to focus on the average man and woman who pay their taxes, raise their family, and need to keep more of their income. You heard all of the numbers. You heard the statistics. But I think it is worth noting that we talk a little bit about what is in fact—in fact, not theory, not fabrication, not imputed income, not phony economic tax models that we are hearing from some corners—but in fact what is in this bill. Let's just take a moment to review some of this.

This is about helping the 6 in 10 Americans who must file Federal tax returns, the people who work hard to make a good life for themselves, their families, and their communities.

It is about helping the 3 in 4 Americans who file tax returns and earn less than \$50,000 a year. Three-fourths of all taxpayers make less than \$50,000 a year. In fact, three-fourths of all the tax cuts in the Taxpayer Relief Act that the Senate and the House passed overwhelmingly in a very strong, bipartisan way go to people making less than \$75,000 a year.

This act has a number of provisions that will help families, small businesses, students, farmers, ranchers, and single parents who earn less than \$75,000 a year. Couples earning less than \$110,000 will get the full benefit of the family tax relief in this bill.

Parents with children age 12 and under get a \$500 per child tax credit against their taxes—keeping more of their money. Parents with children ages 13 to 16 also get a tax credit. The Taxpayer Relief Act allows parents to set up special tax-deferred savings accounts to help with their children's education. It allows single people with incomes under \$50,000 and couples with incomes under a \$100,000 a tax credit for part of their children's college expenses.

Mr. President, come on. This is not a rich person's tax bill. This is a middle-class, average-American tax bill. And anyone who says to the contrary doesn't understand what we are doing here.

This also allows recent college graduates who are struggling to get established to deduct up to \$2,500 in student