

the tax system rather than make it even more complicated than it is. Therefore, I think those will be the issues we should really address.

Mr. President, I yield the floor.

Mr. DURBIN addressed the Chair.

The PRESIDING OFFICER (Mr. ENZI). The Senator from Illinois.

Mr. DURBIN. I ask unanimous consent to be recognized in morning business.

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

Mr. THOMAS. Would it be possible for me to make a unanimous consent request?

EXTENSION OF MORNING BUSINESS

Mr. THOMAS. I ask unanimous consent that the Senate continue in a period of morning business for 90 minutes, equally divided in the usual form.

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

The PRESIDING OFFICER. The Senator from Illinois.

TAX CUTS

Mr. DURBIN. Mr. President, this morning we devoted most of the morning business to a discussion of an item which will come before us soon, and that is the whole question of how our economy is to look for the next few years. There are two very different visions of that future which will be articulated on the floor—one on the Republican side and another on the Democratic side.

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

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

If you look at the dynamic growth in taxation on American families, you will find it is not from Washington but, rather, from State capitals and local sources, local units of government. That, to me, is an important point to make as we get into a question of whether we should cut Federal taxes.

I, for one, believe we can cut Federal taxes and do it particularly for the lower and middle-income families and really enhance our economy—if they are targeted; if they are contained. Because people who get up and go to work every day, and sweat out the payroll

tax, which is usually higher than their Federal income tax liability, are the folks who need a helping hand.

Sadly, the Republican proposal before us, which will be about a \$1 trillion tax cut over the next 10 years, does not focus on the lower and middle-income families. It reverts to the favorite group of the Republican Party time and again in tax policy—those at the higher income levels. So we see dramatic tax cuts for the wealthiest American families and “chump change,” if you will, for working families.

That in and of itself is an injustice. The Republican Senator who spoke before me made the statement that he could not see why giving more money back to people to spend could possibly hurt the economy. In fact, it is a source of concern.

You notice that about once a month, or once every other month, we wait expectantly for news from the Federal Reserve Board as to whether they are going to raise interest rates. It is an important issue and topic for many Americans. If you have a mortgage with an adjustable rate on it, the decision by Chairman Greenspan of the Federal Reserve to raise interest rates will hit you right in the pocketbook. Your mortgage rate will go up. The payment on your home will go up.

Most people think this is a decision to be made looking at the overall economy. I suggest most American families look at interest rate decisions based on their own family. What will it do to my mortgage rate? What will it do, if I am a small businessperson, to the cost of capital for me to continue doing business? These are real-life decisions.

If the Republicans have their way this week and pass a tax break, primarily for wealthy people, injecting money into the economy, it will increase economic activity. It is expected, then, that some people will buy more. It may mean Donald Trump will buy another yacht or Bill Gates will buy something else.

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

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

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

Consider for a moment that in the entire history of the United States,

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

But after the Carter administration, as we went into the Reagan years, the Bush years, and the early Clinton years, that debt just skyrocketed. It is now over \$5 trillion. That is America's mortgage. We have to pay interest on our mortgage as every American family pays interest on their home mortgage. What does it cost us? It costs us \$1 billion a day in interest to borrow the money, to pay off our national debt—\$1 billion a day collected from workers through payroll taxes, from businesses and others just to service the debt.

So the question before us is whether or not a high priority should be reducing that debt. Frankly, I think it should be one of the highest priorities. You know who ends up paying that interest forever? The young children in our gallery here watching this Senate debate: Thank you, mom. Thank you, dad. Thanks for everything. Thanks for the national debt, and thanks for the fact that we are going to have to pay for it.

We have some alternative news for them that may be welcome. We have a chance now to help you out. We have a chance to take whatever surplus comes into the Federal Government because of our strong economy and use it to retire the national debt, to bring it down.

That is the proposal from the Democratic side, from President Clinton, and most of my fellow Senators who share the floor with me on this side of the aisle. It is a conservative approach but a sensible one.

The alternative, if we do not do it, I am afraid, is to continue to pay this \$1 billion a day in interest on the debt and not bring it down.

If we stick to a disciplined, conservative approach, we can bring down this debt.

Chairman Alan Greenspan said last week: Yes, that is the highest priority. You want this economy to keep moving? You want to keep creating jobs and businesses, people building homes, starting new small businesses, and keeping inflation under control? He said the worst thing you can do is create new programs and spend it, going back to the deficit days. The second worst thing you can do, as the Republican proposal suggests, is give tax breaks to wealthy people. The best thing he said to do is to retire the national debt.

It is eminently sensible on its face. We step forward and say bringing down that debt is good for the economy, will not overheat it, will not raise interest rates. You see, if we can have interest rates continuing to come down, it helps families. How does that happen?