

If we want to compare capabilities and knowledge, I would be glad to get into that. I put my money with Krauthammer against anybody who writes an editorial in the Washington Post.

Having said that, I have done what I can do at this point in terms of suggesting that hearings be in order.

Mr. DORGAN. You have suggested.

Mr. LOTT. I have suggested that to the chairman. He has indicated, while he understands and will be working toward that, he has these other issues into which he wants hearings.

But I expect next week to get some feel from him exactly what the schedule would be. When I do talk to him, which will be, I presume, early next week, I will be glad to get back to Senator DORGAN and give him that information.

Mr. DORGAN. I appreciate that.

Let me say I have great respect for the chairman of the committee. We might have disagreements about the policy, but he is the chairman. I have respect for him and in no way denigrate his efforts and his beliefs on these issues.

This is a very controversial matter but very important and one I believe the Senate ought to be entitled to debate. Based on the majority leader's response, I will look forward to further discussing with him next week.

Let me say I appreciate the fact he has initiated an effort to ask that we have some hearings held in the Senate. I think that is movement, and that is exactly what should happen.

Mr. LOTT. I cannot wait to hear how Jim Schlesinger describes the CTBT treaty. When he gets through damning it, they may not want more hearings.

Mr. DORGAN. Mr. Schlesinger will be standing in a mighty small crowd. Most of the folks who are supporting this treaty are the folks who Senator LOTT and I have the greatest respect for who have served this country as Republicans and Democrats, and military policy analysts for three or four decades, going back to President Dwight D. Eisenhower.

Mr. LOTT. I ask unanimous consent that the time just consumed during the leader's presentation of consent items not count against the Coverdell morning business time.

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

Mr. COVERDELL addressed the Chair.

The PRESIDING OFFICER. The Senator from Georgia.

Mr. COVERDELL. Mr. President, I yield up to 15 minutes to the distinguished Senator from Texas.

The PRESIDING OFFICER. The Senator from Texas.

#### PARDONING TERRORISTS BY THE PRESIDENT

Mr. GRAMM. Mr. President, today I want to talk about the tax cut. But I can't help but comment, if only very

briefly, about the fact that some of the terrorists pardoned by the President are schedule to be released today. They were imprisoned for up to 90 years in response to the convictions that were achieved following some 130 bombings in America—the worst terrorist assault in the history of the United States.

We are told by the White House that fighting terrorism is a No. 1 priority. But obviously it is not as important as politics. It is outrageous that at a time when the greatest national security threat facing America is terrorism, that the President of the United States is pardoning radical Puerto Rican nationalists who helped carry out the worst wave of terrorist violence in the history of our country. I think it sends a terrible signal.

I notice the President was saying yesterday that among those who had recommended to him that he pardon these terrorists was former President Jimmy Carter. What an interesting paradox it is that this wave of terrorism, in fact, increased in intensity after then-President Carter pardoned the terrorists who were in prison as a result of an attempt to kill President Truman and were in prison as a result of a shooting in the Chamber of the House of Representatives where Members of Congress were wounded. Those acts of violence were perpetrated in the name of the same cause as that espoused by the terrorists who have now been granted clemency by President Clinton.

I don't know how long it will take President Carter and President Clinton to understand that terrorism is a threat to America and to every American. When you pardon terrorists, you lower the cost for committing terrorist acts.

Our Democrat colleagues have objected for the second time to a simple resolution that condemns the President's actions in pardoning these convicted terrorists. I don't know whether they intend to vote no or whether they intend to vote present, but I don't think there is much confusion. You either believe the President ought to be pardoning these convicted terrorists, or you believe he shouldn't. I wish our Democrat colleagues would let the Senate state its opinion on this important subject as the House did.

#### THE TAX ISSUE IN PERSPECTIVE

Mr. GRAMM. Mr. President, turning to the whole tax issue, I would like to try to set it in perspective. Our President is a master of defining an issue in such a way as to induce the public to support his position. One of his secrets is, he doesn't always tell the truth. So I will try to set this in perspective by trying to define why we believe there should be a tax cut and then outlining the two options that we actually face.

I have several charts that I think will speed the process along. The first chart shows the 7 years in American history where the tax burden on the

American people has been highest. Interestingly enough, the highest tax burden in American history, as one might expect, was under President Truman in 1945. National defense was taking 38 cents out of every dollar earned by every American as we were winning World War II.

The second highest tax burden in American history is the tax burden we'll have on Oct. 1. That tax burden is occurring, by the way, when national defense is taking only about 3 cents out of every dollar earned by every American.

The third highest tax burden we have ever had in American history is right now under President Clinton. The fourth highest tax burden occurred last year under President Clinton. The fifth highest occurred in 1944 under President Roosevelt. National defense spending was 38 percent of the national economy.

The sixth highest tax level was in 1997, under President Clinton, and the seventh highest tax level was the day President Reagan became President. As we all know, soon after his inauguration, we set about an effort, a successful effort, to cut taxes 25 percent across the board.

If you look at these 7 years, you will see that we are facing the second highest tax burden on working Americans in the history of the United States and we have never, except during World War II and under President Clinton, faced tax burdens that approached this level, the only one that was close was the year that we initiated the 1981 tax cut.

As to my second point, while the President continues to talk about how risky and dangerous it is to let working Americans keep more of what they earn and why we shouldn't repeal the marriage tax penalty and the death tax, the reality is as shown in this chart, which shows three circumstances.

First, it shows the tax burden the day President Clinton came into office. The day President Clinton became President, the Federal Government was taking 17.8 cents out of every dollar earned by every American. Today, the Federal Government is taking 20.6 cents out of every dollar earned by every American.

If we adopted a tax cut that took the entire non-Social Security surplus,—and our tax cut is significantly less than the entire non-Social Security surplus because we have finally reached an agreement, which the President initially opposed but finally was shamed into accepting, that we will not spend the Social Security surplus. But if you took the whole non-Social Security surplus and gave it back in tax cuts, the tax burden, when that tax cut was fully implemented, would be 18.8 cents out of every dollar earned by every American, which is still substantially above the tax burden that existed the day Bill Clinton became President. So the adoption of our

smaller tax cut and its full implementation would still mean that during the Clinton Presidency, the tax burden on the American people rose dramatically.

A final chart has to do with the part of the story that President Clinton is not telling the American people. President Clinton, interestingly, has it both ways. He says: Don't cut taxes; let's pay down the debt. Then he says: But if you cut taxes—Senator DOMENICI has heard this; Senator NICKLES has heard this—if you do cut taxes, it will jeopardize all these spending programs.

I ask my colleagues: If the President's plan is to use the revenues that we are not using to cut taxes and instead pay down debt, why does that jeopardize spending programs? How is that possible? What the President is doing, interestingly enough, is he is getting credit with some Americans for saying let's pay down the debt. He is getting credit with other Americans for saying let me spend it, and in an incredible paradox, he can have it both ways.

But facts are stubborn things, and they don't lie. It is hard to cover up facts. I want to remind my colleagues, using the final chart here, that earlier this year, in fact on July 21, the Congressional Budget Office, which is the nonpartisan budgeting arm of Congress, looked at the President's budget and asked the question: How much does it propose to spend and how much would it pay down debt?

What the Congressional Budget Office found is that over the next 10 years, the President is proposing spending a net new \$1 trillion 33 billion. The President, according to the Congressional Budget Office, is proposing to spend every penny of the non-Social Security surplus, plus spend part of the Social Security surplus.

So when the President says: Don't give this money back to working Americans in tax cuts, let's pay down the debt, he is saying something that does not comport with his own budget because the reality is, the President's own budget calls for spending every penny of this surplus on some 81 Government programs.

The reality we face is that the President, as he outlined in the State of the Union, has set out some 81 Government programs on which he wants to spend this non-Social Security surplus and part of the Social Security surplus.

The real choice is not do you want to buy down debt or do you want to give a tax cut to working Americans. The real choice is, do you want to spend this surplus on 81 Government programs, or do you want to give the money back to the American taxpayers.

If I could run the Government by myself, or if the Presiding Officer and I could run the Federal Government, I know exactly what we would do. We would take every penny of the surplus and we would pay down the debt. We would wait until after the election—I am no longer speaking for the Pre-

siding Officer but for myself; I believe my Governor is going to be elected President—and then we would set about doing a real tax cut.

The only reason I supported cutting taxes now is we are spending this surplus as fast as we can spend it, and I am worried that it will be gone on 81 new Government programs before we can have an election and elect a new President and address this issue again.

So if it were up to me, I would do what President Clinton claims he is doing but something he is not doing; that is, I would stay with the spending caps which have already been broken. I would draw the absolute line and not let a penny of Social Security money be plundered. The President is already proposing to plunder it and is going to veto appropriation bills this year because we don't plunder Social Security money. Remember I made that prediction. I will remind you when it happens.

So basically the proof of what I am saying is the following: When the President talks about his budget paying down debt and says our plan does not pay down as much debt, the truth is, when the nonpartisan Congressional Budget Office looked at our tax cut, our budget, and looked at the President's budget, CBO found that the President's budget, for the next 10 years, actually pays down \$219 billion less in the debt that we owe as a nation than the Republican budget does even with our tax cut.

Now, how is that possible? It is possible because the President proposes to spend \$1.33 trillion on new spending programs, which is the entire non-Social Security surplus, plus part of Social Security money. So that is the real choice. I think what the American people need to think about next week when the President vetoes the tax bill is they need to look at those 81 Government programs, and they need to look at our tax cut. Look at the 81 Government programs the President wants to expand, or create and then look at our tax cut and decide which would benefit their family more. I think if they benefit more from the Government spending, they ought to support the President and they ought to vote for a Democrat for President and Democrats to control Congress. But if they believe they can spend their money better than the Government can spend it for them, I think they ought to vote for a Republican President and for Republican Members of Congress.

Lest anybody has forgotten, let me conclude by simply going over what our tax cut does. Our tax cut repeals the marriage tax penalty. As many Americans are aware, because a married couple has a lower standard deduction than two single individuals, and since a married couple gets into the 28-percent tax bracket quicker than two single individuals, the average American couple actually pays the Federal Government \$1,400 a year for the privilege of being married.

Now, as I like to point out, I want to make it clear that my wife is worth \$1,400 a year—a bargain at the price. But I think she ought to get the money and not the Government.

So that is the first thing our tax change does. It eliminates the marriage tax penalty. Now, marriage may not be for everybody, but it is the most powerful institution for human happiness and progress in history. I think having a Tax Code that discriminates against people who get married is a bad mistake and ought to be corrected.

The second thing we do is lower tax rates. We lower each individual bracket by 1 percent, so that every person in that bracket is taxed 1 percentage point less. If you are being taxed at 15 percent, we lower it to 14. If it is 28 percent, we lower it to 27. If it is 31 percent, we lower it to 30.

We repeal the death tax. We believe when Americans work a lifetime to build up a business, to build up a farm, and they pay taxes on every penny they earn, and then they invest their aftertax money in building up a family business or family farm, it is wrong for the Government to force their children to sell that business or that farm in order to give Government up to 55 cents out of every dollar that they built up in that farm or business in their working life.

I know we have Democrat colleagues who say, well, some rich people will benefit. That may be true. But this tax is wrong. It is not right. It is double taxation, and it is very harmful to force children to sell off farms and businesses to give the Government taxes when somebody dies. It is not right when your parents die that the first official contact you get from the Government is from the Internal Revenue Service, in essence, telling you that the lifetime work of your parents has to be sold off to give the Government up to 55 cents out of every dollar that they have earned and set aside in their lives. It is not right.

Another provision of our bill is that we make health insurance tax deductible for the self-employed and for those people who work for companies that don't provide health insurance. Why should health insurance be tax deductible for General Motors but not for Joe Brown? We think that is discrimination. We think everybody ought to be treated the same.

Now, my final point. You have heard our Democrat colleagues and our President say that the Republican tax cut is unfair. Normally, what they mean in saying it is unfair is something like: Do you realize that about 30 percent of Americans will get no tax cut from the Republican tax cut? You hear that and you say that doesn't sound right. But what they never point out is, roughly 30 percent of American families pay no taxes. We are talking about cutting income taxes, and about a third of American families pay no income tax.

Let me tell you how I feel about this. Taxes are for taxpayers. Tax cuts are

for taxpayers. Everybody doesn't get Medicaid. Everybody doesn't get Medicare. Everybody doesn't get food stamps. Everybody doesn't get welfare. You have to qualify for those programs by either paying money in, in the case of Medicare, or being poor, in the case of Medicaid, food stamps, and welfare.

Republicans feel very strongly that tax cuts are for taxpayers. If you don't pay taxes, you don't qualify for a tax cut. That brings me to the final point I want to make. Some people say, well, maybe there could be a compromise between Congress and the President. Let me tell you why there can't and why there is not going to be. It looks as if the President has proposed a \$300 billion tax cut, we have proposed almost \$800 billion, and there is \$500 billion between us. So it doesn't take a genius to figure out you could end up somewhere in the middle.

Let me tell you why it is not going to happen. When the Congressional Budget Office looked at the President's tax plan, they found \$245 billion for USA accounts and concluded that it actually increases spending by \$95 billion, net, over 10 years. Basically the President's tax cut is a set of subsidies that are given to people who by and large do not pay taxes, so that it is really an expenditure instead of a tax cut.

Instead of being \$500 billion apart, the plain truth is, we are closer to \$1 trillion apart. I think in this case, rather than fool around in trying to find some midpoint between minus \$95 billion, which is a tax increase of \$95 billion, and an \$800 billion tax cut, the best thing to do when the President vetoes the tax cut is to let the veto stand. We don't have the votes to override the veto. The best thing to do is to take it to the American voters and let the voters decide in November of next year what they want.

I don't think at this point that a compromise can be worked out. I think basically we are going to have to make a decision as to what we want. That is how democracy works. You make a decision when the American people go to the polls. I think on this tax cut we are not going to find a middle ground. I think we are going to have to let the American people move the middle ground in the election.

But I think there is something we have to do. I want to stay with the spending caps. It is clear now, when you count all the emergency spending, much of which is not emergency, when you get into all of the bookkeeping gimmicks that ultimately will be used, that we are not going to stay within the spending caps, that we are going to spend beyond those caps. I am sorry about that. I think it is a mistake.

But there is one barrier we have not yet broken. It is a barrier where I believe, when the President vetoes the tax bill, we have to draw the line. We have to draw the line in saying, Mr. President, we can't make you give this money back to the American people but we can stop you from spending the Social Security surplus.

I hope Republicans will have courage enough to stand up and say no to any proposal that takes the Social Security surplus, plunders it, and spends it on general government. I can tell you that I intend to stand by that position. I am hopeful that Republicans in the Senate and the House will stand by it. It is not going to be easy.

Our appropriators in both the House and the Senate and the President tell us that unless we spend vast amounts of additional money, the world is going to come to an end in one of a variety of ways.

I think the time has basically come to say to the President that we can't make you cut taxes but we can stop you from spending this money.

That is what we want to do.

I thank my colleagues for their indulgence. I yield the floor.

The PRESIDING OFFICER (Mr. VOINOVICH). The Senator from North Dakota is recognized.

#### REDUCING THE FEDERAL DEBT

Mr. DORGAN. Mr. President, I know the Senator from Maine is waiting to speak on the floor. Let me just take 2 or 3 minutes. I will be mercifully brief. I wanted to make a couple of comments, however, before we discontinue this session for the week, especially in light of the comments that were just made by my distinguished colleague from Texas.

We have returned from an August recess in which most of us spent a great deal of time in our home States around America talking to our constituents about their hopes and their dreams and their aspirations.

One of the things I found in North Dakota is that people believe very strongly that if this country is blessed with better economic times—and we certainly have had good economic times in recent years—that produce a budget surplus, we ought to as a country decide to use a significant part of that surplus to reduce the Federal debt. If during bad economic times you increase the Federal debt, during good economic times you ought to reduce the Federal debt.

We have a \$5.7 trillion Federal debt. We have been very fortunate to eliminate the yearly Federal budget deficit, but we still have this debt that we have run up as a country over many years. It seems to me that one of the best things for America's future to use some of the expected future surplus to reduce this debt.

But it is important in the context of a discussion of the type we just heard about tax cuts to understand the following: There is not yet a surplus. There are only economists who estimate in the next 10 years we will have a surplus. These are economists who don't know what will happen in the future. They do not have the foggiest notion. They are giving us an educated guess.

Prior to the last recession in America, 35 of the 40 leading economists said

in the next year we will have sustained economic growth. In fact, almost all of the leading economists were wrong. The next year we had a recession.

A friend of my mine described the field of economics as psychology pumped up with a little helium. That is probably a pretty good description. I, in fact, taught economics for a couple of years. Economists are telling us that we will have 10 years of economic good times and therefore very large budget surpluses. On that basis, we have people in this Congress who say: Well, if that is the case, let us enact a very sizable tax cut.

So the Congress enacted a \$792 billion tax cut over 10 years, this despite the fact that we don't yet have a budget surplus, we only have projections of budget surpluses.

I voted against the \$792 billion proposed tax cut. It is, in my judgment, unwise to cut taxes and therefore decrease revenues when we don't have actual surpluses, only projections. There is plenty of time in the future to deal with surpluses, if in fact they exist. And if we can't agree on how to deal with them and the best of all worlds will occur, it will mean that the Federal debt is reduced because Congress doesn't decide what else to do with the surplus.

It is interesting that with all of this discussion in August back home around the country, I think most Members of the Senate discovered that their constituents believed that to rush to propose a very sizable tax cut with only an economic projection over the next 10 years was not a very thoughtful or appropriate way to deal with this country's fiscal policy.

We have had good fiscal policy in this country that has given some people the confidence that we are doing the right things. Almost 7 years ago, we had an enormous annual Federal budget deficit. It was \$290 billion, and it was growing. Now it is gone. Why? Because this Congress had the courage to say we are not going to put up with that anymore. We are going to change direction and strategy. And we did. We had a vote. By one vote in the Senate, we changed this country's fiscal policy. It was a tough vote and a political vote. An easy vote would have been to say: Don't count me in on that. It actually raised taxes on income for some folks. Don't count me in on that. That is unpopular. Well, count me in. I voted for it. I am proud that I did. It was the right thing. This country was on the wrong track.

We changed the approach to fiscal policy and said to the American people that we were willing to do tough things. We were willing to make tough decisions. Guess what happened. The American people, I think as a result, have more confidence in the future. This entire economy rests on the mattress of confidence. If they are confident, they do certain things. If they are confident, they buy a car, they buy a home, they take a vacation, and do