

There is a sufficient second.

The question is on agreeing to the motion. The clerk will call the roll.

The legislative clerk called the roll.

Mr. FITZGERALD (when his name was called). Present.

Mr. REID. I announce that the Senator from Hawaii (Mr. INOUE) is necessarily absent.

The result was announced—yeas 61, nays 37, as follows:

[Rollcall Vote No. 21 Leg.]

YEAS—61

Allard	Dorgan	Nelson (FL)
Allen	Ensign	Nelson (NE)
Bayh	Enzi	Nickles
Bennett	Frist	Reid
Biden	Gramm	Roberts
Bingaman	Grassley	Santorum
Brownback	Gregg	Sessions
Bunning	Hagel	Shelby
Burns	Helms	Smith (NH)
Campbell	Hutchinson	Smith (OR)
Carnahan	Hutchison	Snowe
Carper	Inhofe	Stabenow
Chafee	Johnson	Stevens
Cleland	Kohl	Thomas
Cochran	Kyl	Thompson
Collins	Lott	Thurmond
Conrad	Lugar	Torricelli
Craig	McCain	Voivovich
Crapo	McConnell	Warner
DeWine	Miller	
Domenici	Murkowski	

NAYS—37

Akaka	Edwards	Lieberman
Baucus	Feingold	Lincoln
Bond	Feinstein	Mikulski
Boxer	Graham	Murray
Breaux	Harkin	Reed
Byrd	Hatch	Rockefeller
Cantwell	Hollings	Sarbanes
Clinton	Jeffords	Schumer
Corzine	Kennedy	Specter
Daschle	Kerry	Wellstone
Dayton	Landrieu	Wyden
Dodd	Leahy	
Durbin	Levin	

ANSWERED "PRESENT"—1

Fitzgerald

NOT VOTING—1

Inouye

The motion was agreed to.

Mr. GRASSLEY. I move to reconsider the vote and move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The question now occurs on amendment No. 41.

Mr. GRASSLEY. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will please call the roll.

The legislative clerk proceeded to call the roll.

Mr. DURBIN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

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

THE ECONOMY AND TAX CUTS

Mr. DURBIN. Mr. President, I seek recognition as in morning business to address the Senate in reference to the state of the economy. I think most of us have read the press reports about what happened to the stock market yesterday. We certainly hope that was an anomaly and that it will not con-

tinue and that our economy rebounds quickly from what apparently has gone beyond a soft landing and is now headed toward what appears to be a harder landing.

The news out of my home State of Illinois is not encouraging. This morning, Motorola announced it is cutting 7,000 more jobs in its cellular phone division, increasing to 12,000 the number it will have eliminated in operations since December. These reductions to its global workforce of more than 130,000 will take place over the next two quarters.

We have seen this phenomenon not just at Motorola but at other industries across America. It raises a very important question about our responsibility in Washington to respond to what is clearly an economic challenge, if not more.

I hope we in the Senate, as well as the House, working with the President, can take the current debate over a tax cut and make it part of a much larger question about economic growth in America. What is our plan? What are we, as a nation, prepared to do to turn around this economy and to start it moving forward again?

We have just come off an extraordinary period of time when the economy of the United States reached record-breaking prosperity numbers, where we had some 22 million jobs created over the last 10 years. Some 2 million more businesses were created over the last 10 years, with more home ownership than any time in our history, with inflation under control, the welfare rolls coming down, and the number of violent crimes committed across America decreasing. All of the positive things we want to see in America occurred during the last 8 or 10 years.

But we seem to have taken a turn in the road. I am sorry to report that these numbers coming out of Motorola, and employers across America, as well as the Dow Jones index, and other stock indices, suggest to us we need to step back for a second and ask, What is right for this country?

The economic prosperity we knew for so long has now been challenged. The feeling of optimism in America, which really had us in its thrall for such a long period of time, is now changing dramatically. We have seen \$5 trillion of economic value that has been wiped out in the last few months because of this economic downturn. When I say \$5 trillion wiped out, what am I talking about? I am talking about the pension plans, the 401(k)s, the IRAs, the savings, the mutual funds of families across America have all taken a plunge. My family has experienced this just as every other family.

We know our value, our net worth in terms of what we have saved and what we hope to have for our future, has been diminished. The question, obviously, before us is, What are we going to do in response.

I think the President has focused almost exclusively on one idea, and that

idea is a tax cut. The general idea of a tax cut is popular. It is hard to think of two words that a politician can utter that would be more popular. But, clearly, the President is having a tough time closing the deal. To think that a President has to go out on a nationwide rally, crusade, campaign, to convince the American people of a tax cut suggests that it may not be as easy as it appears to him.

People across America are skeptical of a tax cut that is based on projections of surpluses that may not occur for 5, 6, 7, 8, 9, or 10 years. They understand this idea of a tax cut was actually part of the President's campaign platform 2 years ago when America was in prosperity. This tax cut was not designed by President Bush as an economic stimulus then. Our economy had plenty of stimulation. It was doing well. But now the President has said: What I really meant to say is that the tax cut will breathe life back into the economy.

Hold the phone here. Take a look at the tax cut President Bush is proposing. Even if he has his way and gets everything he wants, the tax cut will not kick in to our economy in full force for 5 years. I can tell you that the employees at Motorola can't wait 5 years. The people across America who have seen their savings dwindle can't wait 5 years. So the medicine which President Bush is prescribing does not fit the illness that currently affects America.

Frankly, what we need at this point is a tax cut that is reasonable, that will create some stimulus, but is not too large as to really be irresponsible. The President has said \$1.6 trillion over 10 years is not that much in a \$5.6 trillion surplus. We know frankly, his number is much larger when you add in all the hidden costs. He wants to spend some \$2.6 trillion on his tax cut.

It is unfortunate but true that 43 percent of President Bush's tax cut goes to people making over \$300,000 a year. Forty-three percent of the benefits go to people making over \$300,000 a year.

I believe everyone in America should have a tax cut, but for goodness' sake, do not shortchange families in middle-income categories and working families to give a bigger tax cut to the wealthiest among us. We have to look at this tax cut in terms of fairness and the fact that it could be an economic stimulus.

On the Democratic side, we believe we should have an honest tax cut that we can afford. We should not over-extend ourselves in anticipation of surpluses that may not arrive. How can we have day after day of bad news about the state of the economy, and the economists in this town not take that into consideration? If we are having more people laid off, that means fewer people paying their taxes into the Treasury creating surpluses.

So this anticipation by the President of a great surplus, unfortunately, may not occur, as many economists have predicted.

President Bush, as Governor of Texas, faced this situation once before. When he became Governor of Texas, he had a surplus in his Treasury. He declared a tax cut that, unfortunately, was too large and now the State of Texas is back in the deficit ditch, with other States seeing the same thing happening.

Why can't we learn from this experience on a national level and not overextend this surplus, not overextend this tax cut, to find ourselves returning to the days of deficits? I think that is the challenge for this Congress.

Equally important, we have to take the tax cut as part of a larger discussion. What is it that we can do responsibly now to create economic growth again in America? To ignore what is happening with the layoffs and the situation in the stock market and the loss of savings by American families is to ignore reality.

To take the President's tax cut that will not kick in for 5 years, that is no stimulus to the current economy.

It is time we looked at things that can make a difference.

Mr. REID. Mr. President, will the Senator yield for a question?

Mr. DURBIN. I am happy to yield to the Senator from Nevada.

Mr. REID. One of the problems I have had during the past 6 months or so is that we have heard from the man running for President, and now President, always bad news about the economy, always something negative about the economy. There are some economists and others who say that one of the reasons keeping the stock market high is optimism. As we know, the prior administration was very optimistic about the economy. Does the Senator think that the negative talk about the economy for such a long period of time has finally gotten the wish granted?

Mr. DURBIN. I heard the observation of the Senator from Nevada yesterday along these same lines. I agree with the Senator from Nevada. For the leader of our country to repeatedly say that our economy is in trouble is to, frankly, have a self-fulfilling prophecy. In this situation I am afraid people lose confidence if the leader of our country doesn't have confidence. Some of the campaign rhetoric should have been abandoned as soon as the President took office. The spirit of optimism and growth, a positive feeling about the future is important for American families to feel they can do the right thing by perhaps buying a new home or putting an addition on their home, perhaps buying a car, whatever it might be that makes a difference in terms of economic growth. The Senator from Nevada is right.

Mr. REID. If I could ask one more question, I spoke to the American Legion today. Prior to my going to the rostrum to speak, their national security director gave a long speech about the need for increased spending on the military and national missile defense. When I spoke about a number of issues,

I said: All of you out there have to understand that we should have a tax cut, but it should be a modest tax cut. I have heard the Senator from Illinois say that. I think we all agree with that. We also have to pay down the debt. If we are going to have additional spending for the military and we want a prescription drug benefit for seniors, if we want to increase spending for education, does the Senator agree we are going to have to save some of that surplus for some of these things that our country badly needs?

Mr. DURBIN. I agree with the Senator from Nevada. What the President has said to America is—he arrived initially to find a good, strong economy and a big buffet of opportunities—let's eat our dessert first. You don't have to eat your vegetables; eat your dessert first. Let's have a tax cut and a big one.

A lot of us are saying: Isn't it better for America to have a sensibly sized tax cut that helps working families and middle-income families and not just the wealthy and one that also pays off our national debt and leaves money aside for important investments in our future? If we are going to have a plan for economic growth in America, the Senator from Nevada will agree with me that education ought to be the first item on the agenda.

The American people, interestingly enough, when you ask them what we should do with the surplus, do not say: Give me a tax cut. Their first response is: Do something to help our schools and our teachers.

When you look at these priorities and investments that can mean economic growth for a long period of time, we ought to start with education. As the Senator from Nevada says, if the President has his way, if the tax cut is too large, if it goes to the wealthiest people among us and doesn't help working families, we will squander the opportunity to invest in education, to invest in a prescription drug benefit under Medicare, to invest in Social Security and Medicare for the future. The American people understand that. If it sounds too good to be true, as the old saying goes, it probably is.

For the President to suggest we can have it all, we can give this tax cut of \$2.6 trillion and take care of all of our other problems, really strains the credibility of his position.

Mr. REID. One last question: In the western part of the United States—and it is coming back here—there is the high cost of purchasing electricity in the home. I have received a number of very sad letters—for lack of a better description—from people who are senior citizens saying: I have to have electricity in my home. I am now having to make the choice not only whether I am going to have food or a prescription drug but electricity.

With the one-third that we are suggesting should be saved for taking care of some important programs in this country, would the Senator agree that

one of the most important priorities, second only to education, would be a prescription drug benefit for the senior citizens of this country who certainly deserve a change in the Medicare program?

Mr. DURBIN. I agree with the Senator from Nevada. The President's suggestion when it comes to prescription drugs is entirely inadequate. Once you have funded his tax cut, you don't have the resources available to create a universally affordable voluntary prescription drug benefit under Medicare, a position which the Senator from Nevada and I share. In fact, let me read from an article in the *New Yorker* which appeared March 12, 2001, by Henrik Hertzberg in which he describes President Bush's prescription drug plan as follows: When the President said that no senior in America should have to choose between buying food and buying prescriptions, he received quite a bit of applause at his State of the Union Address. But he omitted the details. For example, under President Bush's prescription drug plan, a widow living on as little as \$15,000 a year would receive no help in paying for drugs until she has already spent \$6,000 of her own money. That is, she would have to have already left more than a third of her income at the pharmacy to qualify for President Bush's prescription drug plan.

To put it another way: Her deductible for the President's prescription drug plan, this lady living on a fixed income, would be \$115 per week, not per year.

That is what happens when you take a \$2 trillion tax cut and ignore education, ignore prescription drugs. You can have something that is called a prescription drug benefit, but when you look at the details, is it reasonable that someone who is making \$15,000 a year—imagine scraping by on that amount—who is a fixed-income senior, has to spend down \$6,000 each year on their own pharmacy costs before the benefit helps them?

I can tell the Senator from Nevada, who has spoken to a lot of seniors in his part of the world, that sort of approach is no benefit, and it isn't to most of the people to whom I have spoken in the State of Illinois.

Let me speak for a moment about the national debt. The national debt is an important issue for us not to ignore. The President says out of the \$5.6 trillion surplus, we can only spend down or pay down \$2 trillion of the national debt. I disagree. Much more can be spent down and should be. We collect \$1 billion in taxes every single day in America; \$1 billion from families, businesses, and individuals to pay interest on the old debt. We have a national mortgage of \$5.7 trillion. Most of it did not occur until after 1980, when President Reagan and the former President Bush came to office.

Under President Clinton, we started paying down this debt, but it is still a \$5.7 trillion national mortgage. If we

don't take this seriously, we are going to find ourselves in a predicament where that is a mortgage we are going to leave our kids. I take no comfort in promising a tax cut to myself or anyone else and then leaving my son, my daughters, or my grandson a national mortgage of \$5.7 trillion.

The President likes to say if we have a surplus in Washington, it belongs to the people. Well, I ask the President: To whom does the national debt belong? That belongs to our Nation as well. Do we not have a responsibility in good times of surplus to pay off the mortgage before we tell everybody go ahead and eat your dessert, go ahead and declare a dividend?

What the Democratic side is suggesting, as the Senator from Nevada has said, is take a third of any real surplus, not any guess, and give it to people in the form of a tax cut that helps everybody across the board, not just the wealthy; take a third of it and pay down the national debt so this mortgage is reduced for our kids. And then take a third and invest in things that will get this country moving again: education, worker training, investments in technology. These are things which are good in the long term for America.

Sadly, this President is stuck on a one-note song: Tax cut, tax cut, tax cut.

The tax cut is not a plan for economic growth. It is not a plan for economic prosperity. The President proposed this tax cut in the campaign after he was challenged by Steve Forbes to come up with a massive tax cut. Well, he came up with one. He is still sticking with that song 2 years later.

America has changed. Our needs have changed. The President's response is still the same. If he has his wish and this tax cut goes through, we will find ourselves realizing its benefits 5 years from now, not when we need it. And we will find ourselves short on funds to invest in things important for America, and we won't put the money necessary into paying down our national debt.

This is not a popular thing I am preaching here. The most popular thing is to tell people we can give the biggest tax cut in the world and we are all for it. I guess you can get reelected on that platform. But part of our responsibility on Capitol Hill is to speak honestly to the people about the real problems facing our Nation.

The real problems suggest that the President's tax cut goes too far. It is ironic to me that this President is traveling around the country, going to South Dakota and North Dakota, trying to sell this concept and having a tough go of it, because although Americans like tax cuts, they are genuinely skeptical when the President tells us we can have everything.

The fact is that we need to use the same fiscal responsibility, we need to use the same fiscal conservatism that finally turned the corner a few years

ago and got us out of the deficit world and into the surplus world. When you look at the state of our current economy, we need it now more than ever.

I hope we can find a bipartisan agreement for a tax cut that is sensible. I look at families across Illinois, and I don't believe that two people, husband and wife, who are public school teachers in the city of Chicago, making about \$100,000 a year, are wealthy people at all. I think they are struggling to pay their mortgage, to put kids through school, to make sure they put savings aside for the future. These people need to benefit from the tax cut as much as, if not more than, people making over \$300,000 a year.

I believe if you have an income of \$25,000 a month, the idea of a President Bush tax cut that gives you \$46,000 a year in tax cuts is something these people will hardly even notice, if they are making \$300,000 a year. But I can tell you that several thousand dollars to a family making \$100,000, or \$75,000, or \$50,000 a year can make a real difference.

The President's tax cut, incidentally, leaves 30 million Americans behind—30 million Americans who pay no income tax. The President says, why should they get a tax cut? These 30 million Americans are paying payroll taxes, my friends. I don't think the President would like to look them in the eye and say they are not paying taxes. They are paying a lot of taxes. It is coming out of their paychecks.

The President's tax cut provides no income tax benefit or other tax credit to help those wage earners. So let's come up with a balanced and fair tax cut, in a way to get the economy moving again. Let's not get stuck on the old rhetoric of the political campaign of 2 years ago. Let's have a vision that speaks honestly to the people and puts together investments and things that make a difference.

I yield the floor.

The PRESIDING OFFICER. The Senator from Iowa is recognized.

Mr. GRASSLEY. Mr. President, how ironic it is that we hear about the negativism of the President toward the economy. And then, in turn, we hear all of this negative comment about the new President. It just doesn't quite add up.

I can stand here and talk about the Clinton recession we might be in because the manufacturing index turned down in September and has been turning down since. I could talk about the Clinton recession from the standpoint of the confidence index, which started turning down in August. But I don't think blaming gets much accomplished.

I think we have to look to the future, and the future is that we can pay down the national debt. We have a tax surplus. We can give tax relief to every taxpayer—the working men and women who have made a big difference, the entrepreneurs who have made a big difference over the last 10 years to help us

pay down the national debt. We can fund our priorities.

When we use the Congressional Budget Office, a nonpartisan economist, to judge what the future is—and it is a difficult thing to do, but it is no more difficult than the young workers who are trying to look ahead to see what their income is going to be and convince the banker that they ought to get a 30-year mortgage. They put a lot of trust in the future in order to pay off that mortgage. We put a lot of trust in the future, too, to make a determination of how much income we are going to have coming in over the next 10 years. We determined that that is about \$28 billion, \$29 billion. Out of that, we will have a \$5.6 trillion surplus. Out of that \$5.6 trillion surplus, we are going to take \$3.1 trillion off because of trust funds—Social Security: Save Social Security income just for Social Security, Medicare money just for Medicare. And then we have money for a \$1.6 trillion tax cut. Every American who pays income tax will get a tax cut. Every American who is at a \$35,000 income—a family of four—will have a 100-percent tax reduction. A family of four at \$50,000 will have a 50-percent tax reduction. Six million people who are now paying taxes won't pay any taxes after this program is passed.

When we are all done passing this legislation, the wealthy, the higher income people of America, will actually be paying a higher share of the total income tax money coming into the Federal Treasury than before under present law.

Mr. SANTORUM. Will the Senator yield for a question?

Mr. GRASSLEY. Yes, I will.

Mr. SANTORUM. The Senator made a point that I think has to be emphasized because you hear a lot of comments that this is a "tax break for the rich" or this is "benefiting the wealthy." But the Senator said something that is probably the most important point of this entire debate about fairness. That is, if you look at all the taxes being paid and who pays them before the tax cut, and look at all the taxes being paid and who pays them after the tax cut, what he said is vitally important for people to understand. Would the Senator repeat what happens to the tax burden?

This tax burden was set back in 1993 when we in the Senate raised the top tax bracket and President Clinton signed the bill that shifted the tax burden to higher income individuals, creating another rate at the top and, at the same time, increasing the top income tax credit which goes to people who don't pay income tax. So we raised taxes on people in higher income brackets and took that money and gave it to people who don't pay income taxes. At that point, Democrats said the distribution of taxes between the wealthy and lower income was now fair. What the Senator is saying is we are going to now take this fair distribution and change it. How are we going to change it?

Mr. GRASSLEY. When we are all done passing the proposal the President has put before Congress, we will actually have the high-income people of America paying a higher percentage of the income tax coming into the Federal Treasury than right now.

Mr. SANTORUM. So when the Democrats, in 1993, said, "We have now fixed the Tax Code; we have now changed it so higher income individuals are going to pay more of their fair share"—I think that was the term—and that "we have a fair Tax Code"—I heard that over and over again—what the Senator is suggesting is that we are going to make it even fairer by shifting the burden even more, and the argument on the other side is that isn't fair enough. Their argument is that we need to increase taxes even more on higher income individuals.

Mr. GRASSLEY. Yes. Let me tell you why we don't hear that from the other side. They talk about tax cuts, but they don't have a passion for tax cuts. They talk about reducing the national debt, but they don't have a passion for reducing the national debt. What they have a passion for is muddying the waters, maintaining the status quo, keeping the high level of taxation we have today, so that when we have 20.6 percent of the gross national product coming into the Federal Treasury in taxes today, at the highest level in the history of the country—if we maintain the status quo, in 10 years it will be at 22.7 percent. They are going to be able to spend that. They have a passion for spending. That is why they do not like this program that gives every working man and woman in America, every taxpayer in America who pays income taxes, a tax cut, and it has a larger share of tax cuts for lower and middle-income people than for higher income people.

Mr. SANTORUM. I thank the Senator for his clarification.

Mr. GRASSLEY. Mr. President, we will have \$28 trillion coming into the Federal Treasury over the next 10 years. We are taking \$3.1 trillion of that off the table for Social Security. Social Security money will only be spent on Social Security, and Medicare money will only be spent on Medicare.

We have the \$1.6 trillion tax cut because Americans are overtaxed. We are going to give tax relief to every taxpayer.

We have \$900 billion left over. That is a rainy day fund. When they raise questions, as they have just now, on the other side of the aisle—Will we be able to afford it? Will we have the money for prescription drugs for seniors in America?—we will have a plan that will give universal coverage to seniors in America. It will be affordable, and we will improve Medicare so that Medicare fits the practice of medicine today. When it was passed in 1965, the practice of medicine was to put everybody in the hospital. Today, the practice of medicine is to keep people out of the hospital.

Obviously, prescription drugs are a big part of why not so many people are going the expensive route of hospitalization.

I hope it is clear that this is well thought out, and we will be able to do the things we have said we would do. If we do nothing and that money is in the pockets of Congressmen and Senators in Washington, it is surely burning a hole, and if it is burning a hole, it has to be spent.

If we keep up the level of spending that recent remarks indicate we ought to, at 6 percent growth each of the last 3 years, and continue that for 10 years instead of a \$1.6 trillion tax relief, we will not only eat up the \$1.6 trillion, we will eat up a half trillion dollars more. Then we get that level of expenditure up to where we are now at 20.6 percent of gross national product, and we see a downturn in the economy about which these nervous nellys are concerned.

The income is going to go down but the expenditures never go down. We do not operate as a business in the sense of when there is a change of income, we change our spending behavior.

That is what needs to be considered by everybody. By having a surplus of only 5.6 percent of the \$28 trillion coming in over the next 10 years, a little bit less than one-third is going to go to the taxpayers, some of it is for a rainy day, and the rest of it is to keep our commitment to Social Security and Medicare.

I yield the floor.

The PRESIDING OFFICER. The Senator from Illinois.

Mr. DURBIN. Mr. President, I would like to respond to the statements that have been made by my friend from Iowa, as well as the Senator from Pennsylvania. I think the Senator from Iowa realizes the honest measurement of the size of the Federal Government is the proportion of the gross domestic product—the total value of goods and services in America—against the amount we spend in the Federal Government.

When President Bush's father left office, we were spending 22 percent of our gross domestic product on the Federal Government. During the Clinton years, that was reduced to 18 percent. We have seen a steady decline in the size of Government against the size of America's economy.

We have to ask ourselves: Is this a trend which we should criticize? I think not. It is a good trend. We have shown we can be more efficient, but when the Senator from Iowa stands before us and supports plans, as I do, for a prescription drug benefit under Medicare, that will be more Federal spending. He and I will support that. We believe the seniors and disabled across America are entitled to it.

We have to make sure we reserve enough money, in terms of what our plans are for tax cuts and deficits and debt reduction, so we can still make investments to make sure there is a prescription drug benefit under Medicare.

Let me add another point. The Senator from Iowa understands as well as anyone that we are going to face a balloon payment in Social Security and Medicare when the baby boomers all show up. If we do not make plans right now to protect Medicare and Social Security, we will find ourselves without the resources to take care of these people. We made a promise that throughout their working lives, if they paid into Social Security and Medicare, it would be there when they needed it. We are not providing for that with President Bush's tax cut. In fact, in order to fund his tax cut, he has to reach into the Medicare trust fund and take out money. If you take the money out of this trust fund, it will not be there when the baby boomers show up. The balloon payment will be there.

We will have to pay it to keep our contract with the American people, and the President's tax cut and his strategy will have eaten up the Medicare trust fund.

Senator CONRAD of North Dakota is going to offer an amendment to protect the Medicare trust fund, and Members on both sides of the aisle will have a chance to stand up and say: We are not going to raid the Medicare trust fund to pay for President Bush's tax cut. I am anxious to see how that vote comes out.

If Members of Congress believe as strongly as I do about protecting Medicare and Social Security, then they should vote in favor of Senator CONRAD's amendment, which will be offered this afternoon.

Mr. REID. Will the Senator yield for a question?

Mr. DURBIN. I will be happy to yield to the Senator.

Mr. REID. One of the points the Senator from Illinois made during his initial statement was that he believes it is time we had a bipartisan agreement on the budget and on taxes generally.

I heard the Senator say—and I am commenting on the comment my friend from Iowa, the chairman of the very important Finance Committee, made—we are talking negatively. I say to my friend from Iowa, the Senator from Nevada and the Senator from Illinois are talking about the economy. We are talking about the need to do something about it.

If we, with a 50-50 Senate, butt heads here, we are going to get nothing done.

Will the Senator elaborate a little bit on one of his initial statements that we need to work on a bipartisan agreement to come up with something that is good for the American people?

Mr. DURBIN. The Senator understands President Bush was elected promising he was going to change the tone in Washington—more civil and more bipartisan. I actually thought he got off to a good start. He invited Democratic Congressmen and Senators to the White House. They had a good time. They watched movies, he gave them all nicknames, and it looked as if it was going to be a great change in atmosphere.

In the last week or two, things have not improved. They have gone the other way: The decision in the House of Representatives by the Republican leadership on the tax cut vote they would not even allow amendments from Democrats or Republicans on the floor. They allowed one substitute vote. Their hearings in the Ways and Means Committee did not allow any bipartisan exchange.

Frankly, I do not think that is in keeping with the President's promise of more bipartisanship. It is going to occur over here. There will be a real debate on taxes in the Senate. Senator GRASSLEY, as chairman of the Finance Committee, is going to provide an opportunity for amendments and discussion in his committee. We will have a chance to offer amendments on the floor, and a 50-50 Senate finally will debate this bill.

The last week has not been promising. The decision of the President to go to the home State of the minority leader, TOM DASCHLE, was an interesting choice. I do not think it was the best political decision for a President preaching bipartisanship, but it was his decision. I hope we can return to his promise of bipartisanship.

I guess the Senator from Nevada heard the comment of the Senator from Pennsylvania a few minutes ago about the decision in 1993 by the Clinton administration to put together a package to do something about our deficits. That package, which passed in the House and the Senate, did not have a single Republican in support of it. Many of the Republicans who are saying President Bush's tax cut is the best medicine for America also voted against President Clinton's plan in 1993.

That plan turned it around. We got out of the deficit mentality and deficit experience and started creating surpluses.

The Senator from Pennsylvania talked earlier about the unfair tax burden. I will read from the same New Yorker article I quoted earlier about that tax plan in 1993:

From 1992, the year before a supposedly onerous new marginal tax rate kicked in, through 1998, the most recent figure for which the IRS has information available, the average after-tax income of the richest 1 percent in America rose from \$400,000 to just under \$600,000—

That is in a 6-year period of time, and from 12.2 percent of the national net income to 15.7 percent.

Our friends on the Republican side do not want to acknowledge that we not only put a plan in place that ended the deficits in this country but also created income, wealth, and prosperity, the likes of which we have not seen in modern history. Now comes President Bush saying I want to return to the concept that I tried in Texas, where I started with a surplus, put in a tax cut, and ended up with a deficit.

Excuse me if many Members of the Senate are skeptical of that approach.

#### RECESS

The PRESIDING OFFICER. Time has expired. Under the previous order, the time of 12:30 having arrived, the Senate will stand in recess until the hour of 2:15 p.m.

Thereupon, the Senate, at 12:30 p.m., recessed until 2:15 p.m.; and reassembled when called to order by the Presiding Officer (Mr. INHOFE).

#### BANKRUPTCY REFORM ACT OF 2001—Continued

The PRESIDING OFFICER. Under the previous order, there will now be 30 minutes for closing remarks on amendment No. 29, as modified, and amendment No. 32 to be equally divided in the usual form.

The Senator from North Dakota is recognized.

#### AMENDMENT NO. 29, AS MODIFIED

Mr. CONRAD. Mr. President, my amendment is designed to protect the Social Security trust fund and the Medicare trust fund. It has been called the Medicare-Social Security lockbox. That is a good description. It is designed to try to prevent these trust funds from being used for other purposes, from being used as we saw in the past for spending on other programs.

A quick description of what my amendment provides is the following:

First, it protects Social Security surpluses in each and every year;

Second, it takes the Medicare Part A trust fund off budget just as we have taken the Social Security trust fund off budget, again to try to protect it from being raided and used for other purposes;

Third, it gives Medicare the same protections as Social Security;

Fourth, it provides strong enforcement legislation and strong enforcement provisions to make certain that protections hold.

The alternative—the legislation that will be offered by my colleague, the Senator from New Mexico, chairman of the Senate Budget Committee—does not take Medicare off budget. It contains huge trapdoors for anything labeled "Social Security and Medicare reform."

In other words, they have a lockbox that leaks. They have a lockbox where the door is wide open. The money can be used for other purposes as long as they call it Social Security or Medicare reform. There is absolutely no definition of what constitutes Social Security or Medicare reform.

The proposal of my colleague does not add any new protections for Social Security and does not protect Medicare from sequester. This constitutes what I call the broken safe. The door is wide open to what my colleague from New Mexico is presenting.

Under the President's budget, not a penny is reserved for Medicare. In fact, the President takes the Medicare trust fund and puts it into a so-called contingency fund available for other pur-

poses. In fact, as we have already heard, he went to my State and told folks there that if they need money for agriculture, go to the contingency fund. If people need money for defense, they are being told to go to the contingency fund. If they need more money for education, go to the contingency fund. If they need money for a prescription drug benefit that really delivers something, go to the contingency fund. That money is going to be spent four or five times over.

Some on the other side say: Look, there is no trust fund surplus in Medicare.

That is not what the Congressional Budget Office says. On page 9 of the "Budget Outlook," under the table "Trust Fund Surpluses," they start with Social Security. Then they go to Medicare. And they point out that Part A of Medicare has over a \$400 billion surplus. They point to Medicare Part B. And that is in rough balance over the 10 years of this forecast period.

Some on the other side say: Oh, there is a huge deficit in Medicare Part B; therefore, we should not worry about the surplus in Medicare Part A. I just say to them, the law does not say that. The actuaries do not say that. Medicare Part A is in surplus. Medicare Part B is in rough balance. There is no justification for taking the Medicare trust fund that is in surplus and moving that money into this so-called contingency fund that is available for other spending. That is precisely what will get us into financial trouble in the future.

I hope my colleagues will support having a protection mechanism for both the Social Security trust fund and the Medicare trust fund. It makes sense for the country, it makes sense for taxpayers, and it makes sense for beneficiaries. Most of all, it makes fiscal sense. And that is what my amendment is all about: to wall off the Social Security trust fund and the Medicare trust fund so they cannot be raided for other purposes.

I thank the Chair and yield the floor. Mr. DOMENICI addressed the Chair.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. First, let me say I am very pleased this afternoon to be on the floor with Senator CONRAD. I think those who watch the Senate as it conducts business are probably, in the next 3 weeks, going to see a lot of us because we will have the whole budget up here for at least a week. Senator CONRAD manages it for the other side of the aisle, and I manage it on this side.

I am very hopeful that, while this is a very interesting and somewhat difficult issue today, we will handle it in a very civil manner between the two of us as to what we ought to do.

First of all, everybody should know that when we offered a lockbox on Social Security on this side—it is the only one you could really call a lockbox—the other side of the aisle opposed it because it was too rigid. And