

President do when we passed the reconciliation package? He says he will veto it, and basically he is not willing to negotiate—that we are destroying Medicare: that his 7.1 percent is a responsible percentage of growth but our 6.4 percent would destroy Medicare. These are scare tactics, even though we are spending twice the rate of inflation under our proposal; appeals to greed; appeals to grandparents. And there is the implication that, if you are making \$100,000 a year, or if you are retired, you do not have to make any kind of incremental adjustment, we can continue on not only just increasing spending, which we are all saying that we will do, but increase spending at the rate that we are increasing now or closer to it.

So people must be confused as to what the President's position is. Is he for a balanced budget? Is he for changing welfare as we know it? Is he for doing something about Medicare, or not? He says he is. Yet, he seems to not be willing to even sit down at the table to work out these differences that some might interpret as being not all that great, that we might be able to work out.

I think the answer is clear that we are in the era now of political posturing, that the President feels he must come into this process feeling strong, feeling tough—and that is OK—delivering the message, and posturing himself. That is OK. A deal will be worked out of some kind, and, if it is not, that will be up to the President. But I think probably even more important than this particular resolution is that we will get by somehow. Even more important than that is the question of whether or not we have a commitment to these basic things. We can argue and fight over the details. That is why we have two branches of Government. That is why we have separation of powers, and checks and balances in this country. That is fine.

But the real question we have to face up to is whether or not we as a people, as a Congress, and a President are committed to the underlying propositions, for example, of a balanced budget because, if we are not, we are going through all of this for nothing. We are going to have to do so much more for so long. If we cannot pass this first hurdle, we will never make it past the others because we are making the initial downpayment on the balanced budget. We are going to have to own up to our responsibilities year after year after year. If we cannot solve these problems that merely have to do with numbers, how are we going to address the other major problems that are facing our country—with the problems of the world economy where wages are stagnating, especially among our younger people; the problems of the inner city where we see youth violence skyrocketing, youth drug use skyrocketing, illegitimacy skyrocketing; all of these social problems. If we cannot solve these numbers problems, how in the world are we going to address

those? How are we going to address the underlying problem, probably that overshadows the rest of them? And, that is the cynicism that some of the American people have in this country toward their own Government, toward their own Government's ability to get things done.

Those are the underlying questions. Those are the more serious ones. I think that we can make a statement to the American people as we have tried to do in Congress by taking the tough votes, taking the tough measures, saying we cannot have everything exactly the way we have always had it, and we are going to speak the plain truth. We can tell the American people that we can do this, and because we did do this we can address these other problems that lie down the road before us.

So I urge the President, if he is serious about balancing the budget, changing welfare as we know it, saving Medicare, if he is serious about the statement that he made that he raised taxes too much, if he is serious about the position that, yes, we should have a tax cut, then I would urge him to sit down at the table and let us talk about those details. Because I think the message that I would like to deliver—and there are a lot of the new Members here who would like to deliver it, along with some of the maybe not-so-new Members—is that regardless of what the policies that have been around here in times past, things are different now, and we are not going to continue to roll over these problems to the next generation.

Thank you, Mr. President.

Mrs. HUTCHISON addressed the Chair.

The PRESIDING OFFICER. The Senator from Texas.

Mrs. HUTCHISON. Mr. President, thank you.

THE REPUBLICAN TAX PLAN

Mrs. HUTCHISON. Mr. President, I appreciate hearing from my friend, Senator THOMPSON from Tennessee, who differentiates between the new Members and the not-so-new Members. And I do not know in which category I fall. But I am pleased to be on the same side of this issue because I think some of the new Members are standing up and trying to talk the way people are talking back home.

I was really struck the other day when I was listening to C-SPAN in one of the call-in programs, and a woman called in with a very simple question. She said, "My husband and I are working two jobs, and we make \$25,000 a year. How is this going to help us?" I think what Americans are saying is that it is the way Americans are talking. They are saying it is a legitimate question, simple and to the point. And we can answer her question, and we can give her a good answer.

What happens to her? Under the new budget, a single mother with one child working two jobs making \$15,000 a year

will have more money to feed her family and make ends meet. Instead of an EITC check of \$864, which is what she would get this year, next year under the Republican plan she will get a check for \$1,425. If she has two children, that will go up to \$2,488. So she is not going to pay taxes at all. It is going to be how much she gets as an incentive for doing what she is doing, and that is working two jobs instead of being on welfare. She is going to have the incentive of getting a check back from the Government, and not paying taxes, if she is a working mother with one or two children.

What about the married couple? This is the woman who called into C-SPAN the other day. For this year, a married couple with two children and an income of \$25,000 will pay \$929 in income tax. That is this year. With the new Republican budget, next year that couple will not pay taxes at all. Instead, they will get an EITC check of \$171.

So we are going to eliminate taxes on 3.5 million families that would pay taxes today, that will pay taxes for 1995—3.5 million families in America that are paying taxes this year under our plan will not pay taxes at all next year.

That is what it means in real terms. This is what we are trying to do.

In 1974, families spent 33 percent of their income on the necessities of housing, health care, and utilities. In 1995, that is 46 percent of a person's income, a family's income. We have heard people talking on the floor about what the real income is. People are making more. But they do not feel like their quality of life is as good. They do not feel like they are able to buy as much for their families, or go out to eat once a week anymore, or go to a movie once a week like they used to be able to do. Yet, they are earning more. What is wrong? That is what is wrong. Instead of 33 percent of their income going to necessities, it is 46 percent. That does not count clothes or food.

So what we are trying to do is put the money back into the pockets of our families, and we are putting money into the pockets of our working poor.

Let us talk for a minute about the marriage penalty. Right now in our country, unfortunately, we have a marriage penalty. We should be encouraging young couples to get married. But, instead, we discourage them with a marriage penalty.

I heard someone on the floor say, "Oh, if we can do away with the marriage penalty, it will cost the Treasury \$25 billion." Well, the Wall Street Journal, I think, puts it in perspective. They said wait a minute. To do away with the marriage penalty will save the taxpayers of America \$25 billion.

This is money that belongs to the person who worked for it. It does not belong to the Treasury. It belongs to the person who worked for it.

Now, everyone in our country is here because we want to pay our fair share.

We want to participate in paying taxes for the things that we cannot do ourselves. Everybody has that attitude. It is when the taxes encroach so much on the quality of life and when the family does not really see what that does for them that we start getting people saying, "Wait a minute. I am paying 39 percent; I am paying 27 percent; I am paying 15 percent," whatever it is, "and I do not see the results. And I don't feel that my taxpayer dollars are being spent wisely." That is when people step up and say, "Let's put this in perspective." And that is what we are trying to do.

Under the Republican plan, we increase the standard deduction for married couples that are filing jointly. By the year 2005, the marriage penalty will be eliminated for couples that do not itemize their deductions. That is the right approach. That is encouraging families.

Also encouraging families is homemaker IRA's. This is something that I and other women Members on both sides of the aisle have been very active in pursuing, and that is because we are saying we value the American family unit. The family unit is the core of our society. And yet, if you are a homemaker working inside the home, doing your part to strengthen society, you cannot set aside \$2,000 a year in an IRA for your retirement security. If you work outside the home, you can. But if you work inside the home, you cannot.

We are going to change that with the budget reconciliation package that has passed both Houses of this Congress. We are saying the homemaker makes a contribution to the strength of our country that is every bit as important, if not more so, than the contribution made by people who work outside the home.

So we are going to correct an inequity that has been in our system. That helps the one-income working family. Many people sacrifice for the homemaker to stay home with the children. And when they sacrifice, they also are going to have to make a sacrifice for retirement security, and I think that is wrong and so did a majority of both Houses of Congress.

Then there is the homemaker who becomes displaced after 25 years of marriage; she becomes divorced or she loses her husband. She, too, is discriminated against in retirement security because she does not have that nest egg to build up for her retirement, which she is entitled to. This is in the bill that has passed both Houses.

We also add to other investment savings opportunities. America has one of the lowest savings rates of any industrialized country of the world. Why is that? One reason is we tax it twice. We tax savings when you earn it, and we tax it while it is in a savings account. It is taxed twice. Most industrialized countries do not do that.

We are going to provide more savings alternatives in this bill so people can put money into an account and the savings will mount tax free, so that

when they need it, when their income levels are such that they need it, they are going to be able to pull it out tax free. Or, if they do not wait until retirement because they have an emergency need such as education for children, or first home or health care emergency, that is going to be provided for as well.

So it gives people an incentive to save because they know they can draw it out for an emergency and yet they are going to be able to earn money tax free either for their retirement security or for their emergency needs. This is going to be a savings incentive bill that is also, besides helping the family that is trying to take care of its retirement needs or emergency needs, going to spur economic activity which creates new jobs for people coming into our system.

So this is a new approach. That is for sure. And many times when you have something new, people are scared. They do not know what to expect, and so they wonder: what is all of this new action going to produce? We are trying to have some simple and basic themes. We are trying to help to encourage the American family. We are trying to encourage the working families that are having a hard time making ends meet but they are not on welfare. They are working to make ends meet, and we are encouraging them by taking more of them, 3.5 million more of them off the tax rolls completely. We are going to do away with the marriage penalty. We are going to try to spur investment to create new jobs in this country. It is very simple. We are trying to save Medicare for our citizens that are on Medicare now as well as for the future.

The Medicare trust fund is going broke. The President's own Cabinet people say it is going broke. Our plan is going to save it—not by cutting it but by slowing the rate of growth from 10 percent per year to 6.4 percent per year. Even 6.4 percent per year growth is more than we have in the private sector health care industry now. That is why we think it is reasonable. We are going to save the system. But we are going to do it over a 7-year period so that we can grow gradually rather than having a meat-ax approach. We are doing the responsible thing for this country. We are also keeping a promise. We are doing what we said we would do. We told the people in the 1994 election: Here is what you can expect if you vote for me. The people did vote for us, and now we are giving them what they expected and what they asked for.

Did we make a few mistakes? Probably. Do I agree with everything in the bill? No. Probably no one on this floor does either. But we can afford to come back again and correct mistakes that we might have made. What we cannot afford to do is nothing. That is the only mistake that we cannot afford to make. We cannot afford not to fix the Medicare problem. We cannot afford not to balance this budget. And we cannot refuse to keep the promises that we

made—for tax cuts, for encouraging the American family, for encouraging the working families of our country. It is going to help the working people of our country and the elderly as we save the Medicare system.

I thank the Chair. I thank him for his leadership, and the Senator from Wyoming and others who are speaking to try to set the record straight. It is scary. There is no question that people not knowing what to expect are afraid. We have to let people know exactly what we are doing and hope that their common sense makes them understand that this is going to be good in the long term for our children and grandchildren so that we do not give them this \$5 trillion debt that we are bumping up against in 2 weeks in this country.

I thank the Chair.

Mr. THOMAS addressed the Chair.

The PRESIDING OFFICER. The Senator from Wyoming.

Mr. THOMAS. Mr. President, I thank the Senator from Texas.

I think it is extremely important that we walk through this bill; it is a large bill; it covers lots of things; but to talk about how it will affect each of us as citizens of this country. And so I congratulate the Senator on doing that.

Let me just observe that one of the principal things we are doing is thinking about young people, is talking about what kind of shape we want this country to be in when we go into a new century. We have maxed out on our credit card. We charged it to the young people who are coming, and it is time we do something about that.

I now yield our time remaining to the Senator from Washington State.

Mr. GORTON. Mr. President, I have been informed by the Senator from Missouri that he has a brief interruption which he would like to make. I yield to him for that purpose.

Mr. ASHCROFT addressed the Chair.

The PRESIDING OFFICER. The Senator from Missouri.

VISIT TO THE SENATE BY PETER DUGULESCU, MEMBER OF THE ROMANIAN PARLIAMENT

Mr. ASHCROFT. Mr. President, I am pleased to be able to introduce to Members of the Senate Peter Dugulescu, a Member of the Romanian Parliament. Peter is a friend of mine of some time, and was influential in bringing much greater levels of democracy to Romania.

As a matter of fact, when the revolution in Romania began, he was part of a crowd in the city of Timisoara where 100,000 people had gathered one day to protest the lack of religious freedom there. They had called for a pastor to come to speak to the crowd. And no one felt confident enough in the regime to come and speak to the crowd. And Peter finally offered himself to the crowd.