

between the majority and minority leaders or their designees. I further ask consent that no amendments or motions be in order to the bill, and that following the use or yielding back of time, the bill be read a third time and, finally, the Senate then proceed to a vote on the passage of the bill, with no intervening action or debate, at a time to be determined by the majority leader.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

Mr. CRAIG. I yield the floor.

The PRESIDING OFFICER. The Senator from Texas.

Mr. GRAMM. Mr. President, I ask unanimous consent that though we have the previous unanimous consent agreement, I be able to speak for up to 30 minutes.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

THE MARRIAGE TAX PENALTY

Mr. GRAMM. Mr. President, yesterday, as I listened to our Democrat colleagues talking about the marriage penalty elimination, and their opposition to our bill, I got interested in this debate and eager to speak on it.

I know we have not been able to work out an agreement yet to bring the bill to the floor. I know our Democrat colleagues have refused to agree to limiting it to amendments relevant to the marriage penalty. We all know the easiest way to kill something around here is to pile a bunch of extraneous amendments on it.

I am hopeful we can work out these differences and that we can have a vote on eliminating the marriage penalty. The American people have a right to know where Members of the Senate stand on this critically important issue.

The repeal of the marriage penalty was adopted in the House by an overwhelming vote. I believe it should be repealed. I am hopeful the President will sign the bill, even though to this point in time he says he will not. But rather than waiting around for some agreement to be made—that may never be made—I felt I had something to say that ought to be heard on this issue.

What I would like to talk about today is, first, to set this debate within the context of the President's budget and basically highlight the choice we are making between spending here in Washington, where we sit around these conference tables and make decisions to spend billions of dollars, and spending back home in the family, where the families sit around the kitchen table and try to decide how to spend hundreds of dollars or thousands of dollars for themselves.

I would like to talk about our repeal of the marriage penalty and why it is the right thing to do, why it is not just a tax issue, why it is a moral issue. This is a moral issue we are talking about.

I want to talk about the so-called marriage bonus that some of our colleagues have thrown up. I want to try to point out how it is one of the more phony issues that has ever been discussed.

I want to talk about President Clinton's alternative to our repeal of the marriage penalty.

Finally, I want to talk about the last form of bigotry that is still acceptable in America; that is, bigotry against the successful.

I would like to try to do all that in such a way as to deviate from my background as a schoolteacher and be brief.

First of all, let's outline the choices we have. The President has proposed in his budget that we spend \$388 billion over the next 5 years on new Government programs and expansions of programs.

This is brand new spending. This is \$388 billion the President's budget says we ought to spend above the level we are currently spending, and we ought to do it on a series of new programs and program expansions—about 80 new programs and program expansions.

We have proposed that we give the people of America \$150 billion of the taxes they have paid above the level we need to fund the Federal Government, and at the same time to save every penny of money that came from Social Security taxes for Social Security.

Many people who have followed this debate heard our Democrat colleagues spend all of yesterday saying, it is dangerous, it is irresponsible, it is reckless to let the American people keep \$150 billion of this non-Social Security surplus we have in the budget because the American economy is generating more revenues than we need to pay for the current Government.

The question I would ask, and that I would ask Americans as they are sitting in front of their television screens or as they are sitting around the kitchen table doing their budget, is: How come it is irresponsible for us to let working families spend \$150 billion more of their own money, but it is not irresponsible to let President Clinton and Vice President Gore and the Democrats spend \$388 billion of their money? How come it is irresponsible when families get a chance to keep more of what they earn, and yet it is not irresponsible to take more than twice that amount of money and spend it in Washington, DC?

Why repeal the marriage penalty? Gosh, most people are shocked when they discover that we have such a thing. Let me quickly point out, I do not think anybody ever set out with a goal of imposing a penalty on marriage.

When many of the provisions of the Tax Code were adopted, only 30 percent of adult women worked outside the home; now it is roughly 60 percent. The world has changed dramatically since much of the Tax Code was written.

As Abraham Lincoln recognized long ago: To expect people to live under old

and outmoded laws is like expecting a man to be able to wear the same clothes he wore as a boy. It just does not work.

No matter who set out to do it, we have in today's Tax Code a provision of law that basically produces a situation where, if two people, both of whom work outside the home, meet and fall in love and get married, they end up paying on average about \$1,400 a year in additional income taxes. Paradoxically, that is true if they meet, fall in love, and decide to get married on the last day of December. They pay \$1,400 more of income taxes for the right to live in holy matrimony for one day. The number gets much bigger for working couples who make substantial income, and it gets bigger for working couples who make very moderate income.

Today, if a janitor and a waitress—the janitor has three children; the waitress has four children; they are both working; they are struggling, trying to do the toughest job in the world, which is to make a single-parent home functional—meet and fall in love and have the opportunity to solve one of their great problems, by their getting married, they not only both lose their earned-income tax credit but they end up in the 28-percent tax bracket. We literally have a disincentive in the Tax Code for people to form the most powerful institution for human happiness and progress in history; that is, the family.

This obviously makes no sense. Nobody argues that it makes sense. Even the people who oppose repealing it agree that the Tax Code does not make any sense. They simply want to spend the money that would be given back, and so they don't want to give it back. They don't say it makes sense. They don't say it is fair.

I think it is not only unfair, it is immoral. How dare we have a Tax Code that penalizes people for getting married? So we want to repeal it.

Where does the penalty come from? I know people's eyes glaze over when we talk about numbers. I will not talk about many of them today, but let me try to explain why it happens.

If you are single and filing your tax return, you pay at the 15-percent rate on income up until you earn \$25,750. Let's say you and your sweetheart both get out of school and begin teaching, and you both make \$25,000 a year, and you are both paying 15-percent marginal tax rates. If you get married, then, at a combined income of \$43,000, roughly, you go into the 28-percent tax bracket.

So the first reason for the marriage penalty is that in the case of these two young people who fell in love, got married, were making \$25,000 each, they were paying 15-percent marginal tax rates each, and they got married, \$7,000 of their joint income is taxed at 28 percent.

Secondly, the standard deduction is such that you end up losing and getting

a smaller standard deduction by getting married than if you stayed single.

The net result is, the standard deduction for a married couple is less than the sum of the two deductions for two individuals who are single. You get into the 15-percent tax bracket at a lower income. You get into the 28-percent tax bracket at a lower income.

The bottom line is, when you take into account that rather than getting \$8,600 in a combined standard deduction, you only get \$7,200, and when you take into account that you get into the 28-percent tax bracket \$7,000 sooner, the net result is, on average, for those Americans who fall in love and get married, they pay on average \$1,400 a year for the privilege of being married.

We get rid of the marriage penalty for everyone. How do we do it? First of all, we say, whether you are single or whether you are married, you get the same standard deduction. If it is you and your wife filing a joint return, you get twice what you would have gotten filing individually, or you get the combination of what she would have gotten and what you would have gotten. We then stretch the 15-percent tax bracket to assure that by getting married, married couples do not get pushed into a higher tax bracket. Then we stretch the 28-percent tax bracket to be sure that by getting married, people don't get pushed into the 31-percent tax bracket.

The net result of our bill is, we totally repeal the marriage penalty. As a result, the average taxpaying family in America would get about \$1,400 more that they could spend themselves on their own families.

I know every time we talk about appropriations here, spending money in Washington, people talk about compassion: We are spending money on education, housing, nutrition, those things we are all for. By repealing the marriage penalty and letting families keep \$1,400 of their own money to spend on their own children, they are going to spend it on education, housing, and nutrition—the education they choose, the housing they choose, and the nutrition they choose. That is what we want to do.

The alternative is proposed by President Clinton. I want people to know that when the President stands up and says, I am for repealing the marriage penalty just as the Republicans are, only I want to do it differently, he is not quite leveling with you. You need to know that.

How can I possibly say such a thing? First of all, when you look at the fine print of the President's tax cut, the first year, he raises taxes by \$10 billion; the second year, he raises taxes by \$1 billion. At the end of 5 years, which will be in the second term of the next President—or it could be two Presidents from now—finally, the Clinton plan will grant a grand total of a \$5 billion tax cut. When the President is saying he gets rid of the marriage penalty, he is not leveling with you.

Let us talk about who is excluded. I am sure people know the code. If they don't know the code, I want them to know it. Whenever President Clinton and Vice President GORE and the Democrats want to deny people the ability to keep money they earn, or whenever they want to raise their taxes, there is one label they always stick on them—they are "rich." Every time taxes are raised, if you listen to President Clinton and Vice President GORE, we raised taxes on "the rich."

Go back and look at the President's tax increase he proposed in 1993. It turned out that if you were earning \$25,000 a year and were drawing Social Security, you were rich. That is how they define rich. Then they had tax increases on families making \$44,000 a year. Ask yourself, how did they get rich?

Well, when you looked at the way President Clinton and Vice President GORE proposed their tax increase, to calculate who had to pay it, they added what you would have to pay in rent to rent your home if you owned your home, they calculated what your retirement had grown by, they calculated the value of your health insurance, they calculated the value of your parking place. Some family in Texas making \$44,000 a year, thinking they were a long way from being rich, suddenly, with all of President Clinton's amazing ability to twist the facts, they were making \$75,000 a year, if they owned their own home, owned their own car, had a parking place at work, if they owned life insurance.

But the point was that supposedly they were rich. Now, I am sure if you followed this debate, you have heard our Democrat colleagues say that the Republican bill gives relief from the marriage penalty to people who are rich. Well, who are they talking about?

Well, under the President's bill, he raises the standard deduction, though not enough to eliminate the marriage penalty coming from it, and he does nothing to eliminate the fact that young people, or people who are married, get into the 28-percent tax bracket \$7,000 earlier. So when we stretch the 15-percent tax bracket, who are we helping that the President says is rich? It seems to me that is a reasonable question. Who are these rich people we are helping that the President's bill would not give the tax relief to by stretching the 15-percent tax bracket?

Well, the people we are helping, as it turns out, are people who make \$21,525 each. So that if you have a fireman and you have a dental technician and they meet and fall in love, under the President's notion of rich, you are rich. And to quote one of our Democrat colleagues: "You don't deserve to have this penalty eliminated because you don't need it; you are rich." Under their bill, two people who get married and who each make \$21,525 would be denied the relief we grant by stretching the 15-percent tax bracket.

Now, ultimately, I ask people, if you are making \$21,525, are you rich? You

may not think you are, but realize that when President Clinton and Vice President GORE and the Democrats are talking about rich people, they are not talking about Rockefeller, they are not talking about Mellon, and they are not talking about all of these new rich people who came from the information age; they are talking about you if you make over \$21,525.

Under the President's proposal, he gives no marriage penalty relief if one parent stays at home. So under the President's plan, if you sacrifice and give up things in order that one parent can stay at home, you are rich. Under the President's proposal, you don't deserve any relief under eliminating the marriage penalty. Let me quickly add, I don't want to get into a judgment—and I am not going to—on whether one parent should stay at home. My mama worked my whole life because she had to. My wife has worked the whole lives of our children because she had a career and she wanted to. I think people have to make the decision for themselves. This is the point. You are not rich because you make a decision that one of you should stay home and take care of your children.

The President says that if you itemize your deductions—and about half of all families who make \$30,000 or more itemize deductions, and everybody does that owns a home—you are rich and therefore you don't get marriage penalty relief. The President's plan would grant marriage penalty relief at a maximum of \$43.50 the first year.

This is my point. Does anybody really believe that somebody making \$21,525 is rich? Does anybody believe that every family in America where one of the parents stays at home with their children is rich? Does anybody believe that every family who owns a home is rich? Does anybody believe that anybody who makes \$30,000 a year and itemizes on their taxes is rich? I submit that nobody believes that. But why does the President say it? Why does the Vice President say it? Why do our Democrat colleagues say it?

Let me tell you the only thing I can figure out. The alternative to saying that you are against repealing the marriage penalty, because it goes to the rich, is to say you are against it because you want to spend it in Washington. I think what the President, the Vice President, and their supporters have concluded is that it is not viable to stand up on the floor of the Senate, or in front of a television camera anywhere, and say it probably is unfair that you are paying \$1,400 for the right to be married; but, look, we can spend the money in Washington better than you can, and it is better to let us keep it because we will spend it and we will make you better off. I don't think anybody would believe that and so, as a result, we see an effort to confuse people by saying, well, look, we just don't want to give this to the rich. But who gets tax relief to eliminate the marriage penalty under our bill and ends

up not getting the full relief under the President's bill? People making \$21,525 each, people who choose to have one parent stay at home, people who own their home or itemize deductions.

So the plain truth is, those are the people who are being called rich. I don't think that is an accurate portrayal of rich. But, look, what is wrong with being rich? I will address that in a moment. You have heard, and you will hear again as this debate progresses, about a marriage bonus. Let me not mince words. If there has ever been a fraudulent idea in any debate in American history, it is the marriage bonus. Clearly, some minion at IRS was ordered by a politician to give a justification for continuing the marriage penalty, and after great exertion and twisting of logic, they came up with the concept of a marriage bonus—that there are actually people getting a bonus from being married—an average of about \$1,300, I think it is, for these people who supposedly get the bonus.

What is this bonus? The bonus is the following thing. I have two sons; one is 24 and one is 26. They have been on my payroll for those corresponding numbers of years. I, as many parents, look forward to them being off my payroll. If a wonderful, successful girl came along and married one of them, she would get a marriage bonus. She would get to take a standard deduction by having them on her payroll instead of my payroll. She would be able to file jointly with them and stay in the 15-percent tax bracket, up to \$43,000 a year. She would end up getting, on average, about an \$1,300 benefit by marrying one of my sons. I would lose the benefit, but would I complain? Would this be a great economic deal for her? I mean, let's get serious. Can you feed, clothe, house, educate, and entertain somebody for \$1,300 a year, or \$1,400 a year, or \$4,000 a year?

We insult the intelligence of the American people by talking about a marriage bonus as if the piddling amount of deduction that people get when they marry someone who doesn't work outside the home as if somehow that is a bonus to them, when it is a tiny fraction of what it costs, basically, to care for someone in America.

Let me say I would be willing to supplement the marriage bonus that someone would get by taking one of my sons off my payroll. Maybe for love someday it will happen. I hope so. But for economic reasons, nobody is going to marry somebody to get their standard deduction because they cannot feed them, house them, clothe them, and all the other things they need for them.

Let's not insult the intelligence of the American people by sighing; Oh, yes, it is true that the average family with two members who work outside the home pay \$1,400 of additional taxes for the right to be married, but there are these people who get a bonus. The bonus is a fraud. The tax penalty is very real.

I want to turn to the final question. It is one about which I have thought a

lot and about which I feel very strongly. That is all this business about, every time we debate anything related to the Tax Code, we are always talking about rich people.

For some reason, the President and the Vice President and many members of their party believe you have to constantly divide Americans based on their income. I strongly object to it because I think it is very destructive of everything this country stands for.

There are a lot of things I have always admired about my mama. But the one thing I think I admire the most is, when I was a boy and we were riding around in a car, we would ride down the nicest street in town, and my mama would almost always say, "If you work hard and you make good grades, someday you can live in a house like that."

By the logic of the President and the Vice President and many members of their party, my mother should have been saying: Those are rich people. They probably stole this money from us. It is outrageous that they have this money. They don't deserve this money. We ought to take some of this money away from them.

If we had some landed aristocracy, or something, maybe you could make that argument. But the people who were living in those nice houses when I was growing up as a boy didn't get there by accident. Most of the people didn't inherit that money, most of them earned it. Why should they be singled out?

Under their logic, my wife's father would have been a rich person to be singled out. Both his parents were immigrants. Neither of them had any formal education. He won \$25 for an essay contest when he was a senior on "What I can do to make America a greater country." His essay was, the only part of America he could control was himself; the only way he could make it a greater country was making something out of himself.

He won \$25 in 1932 for writing that essay. And he decided he was coming to the mainland from Hawaii and was going to become an engineer.

He took a freighter from Hawaii, got on a train, met a boy going to an engineering school, went there, went out looking for a job, went to a restaurant, and the guy at the restaurant said: You are in luck. There is a guy coming here with a machine that says it will wash dishes. If you can outwash the machine, you have the job. Joe Lee outwashed the machine.

He went on, and 3 years later he had a degree in electrical engineering.

He became the first Asian American ever to be an officer of a sugar company in the history of Hawaii.

Is he the kind of person we ought to hold up and say, He is rich?

He was president of the Rotary Club. He was president of the Little League. He was the head lay leader of his church.

Is that something in America where we single people out and say they are rich? I don't think so.

There is only one form of bigotry that is still acceptable in America, and that is bigotry against the successful. It is bigotry against the people who, through their own exertions, succeed.

I would just like to say, obviously, it is a free country. If the President and the Vice President and people in their party who constantly engage in this class warfare want to do it, they have a right to do it. But I don't think it is right. And I think they are stretching the truth to the breaking point when they claim that in repealing the marriage penalty, as we do that, we are helping rich people when in fact the President's proposal to "eliminate the marriage penalty" denies marriage penalty relief to people who earn \$21,525 a year.

Where I am from, that is not rich. But there is nothing wrong with being rich.

Look, if we are against the marriage penalty, aren't we against it if a young lawyer and a young accountant meet and fall in love? Why should it exist for some people and not for others? Should marriage penalties be paid by people who have high incomes and not by those with low income?

Our position is very simple. The marriage penalty is wrong. It is immoral. It should be repealed, and we are going to repeal it.

I hope the President will sign this bill. If he doesn't, we are going to have an election. If people want it repealed, they will know how to vote.

I thank my colleagues for their indulgence, having listened to speeches all yesterday about the rich and how we were trying to help them by repealing the marriage penalty. Let me simply say I thought some response was needed. Let me also say I don't have any objection to people being rich. I wish we had more rich people. When our programs are in effect, we will have more rich people because they will have more opportunity. They won't be paying the death tax, and they won't be paying the marriage penalty.

I yield the floor.

The PRESIDING OFFICER. The Senator from Minnesota.

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UNANIMOUS CONSENT
AGREEMENT—S. 2323

Mr. GRAMS. Mr. President, I ask unanimous consent that with respect to S. 2323, the vote occur on passage at 2:30 p.m. today, with all other provisions of the previous consent still applicable and paragraph 4 of rule XII being waived.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

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WAIVING THE MARRIAGE
PENALTY

Mr. GRAMS. Mr. President, I want to take a few minutes to follow the Senator from Texas and talk about one of the most important issues we are going