

State of Minnesota, where the \$500-per-child tax credit would return \$477 million annually, completely eliminating the tax liability for nearly 46,000 Minnesotans: This letter came from Northfield, MN:

I'm encouraging you to support passage of a \$500 per-child tax credit that goes to all tax-paying families with children under 18. Let's start strengthening society by supporting the backbone of the society—families!

Then there is this letter from a family in Roseville, MN:

A \$500 Federal tax credit for each dependent is not a Federal hand-out, but would allow parents to keep more of the money that they make, and to use it to care for their own children.

A \$500 Federal tax credit for each dependent would unquestionably strengthen many families—especially middle-class and economically-disadvantaged families.

And finally, a family in Minnetrista, MN, took the time to share these insights with me:

As the mother of seven children with one income, I am especially interested in the \$500 per child tax credit. We refuse to accept aid from Federal or State programs that we qualify for.

We believe this country was built with hard work and sacrifice, not sympathy and handouts. We also believe that we can spend this money more effectively than the Government, who has only succeeded in creating a permanent, dependent welfare class with our money over the last 40 years.

Let's get back to basics.

Getting back to basics is what our budget plan is all about, Mr. President. That is why we are balancing the budget, protecting Medicare for the next generation, fixing a broken welfare system.

That is why we are cutting taxes, too. And if these letters are any indication, the American people are solidly behind our back-to-basics approach.

I yield the floor.

The PRESIDING OFFICER. The Senator from Wyoming.

Mr. THOMAS. Mr. President, I thank my friend from Minnesota. Those of us on this side of the aisle are excited about the opportunities that are here. We are excited that we have worked for 8 or 9 months now toward this time, toward the time to have actually passed the kinds of changes that we bring with us from the election last year. These are the freshmen and sophomores. These are the Senators who are relatively new to this body and are really wound up about what we are able to do here and want to keep moving. So I am delighted they are here.

I yield now 10 minutes to the Senator from Tennessee.

BALANCING THE BUDGET

Mr. THOMPSON. Mr. President, first of all I commend the Senator from Minnesota for his excellent presentation. After listening to those who are always for higher taxes and will use any means to fight any kind of tax cut on the basis that it is just a giveaway to the rich, it is refreshing to hear actually what this tax cut would do, the

\$500-per-child tax cut the Senator from Minnesota has fought so long and so hard for. The letters coming from people who work hard, pay their taxes, raise their kids and obey the law, and find it tougher and tougher to get by—that is obviously who this tax credit will go to benefit. It belies the accusations on the other side that, of course, this is just a tax cut for those who do not need it.

Our friends on the other side of the aisle have made a profession of trying to decide who in America deserves to keep more of the money they are earning and who deserves to have it sent to Washington for those enlightened Members of this body to spend for them.

So I think we are making substantial progress when we are obviously getting our message across to the American people as to exactly what this tax cut is all about. It goes to help those people who everybody in this body says they are concerned about. We are hearing all this rhetoric about the rich, the rich, the rich, and how everybody is for the working person and the working family. If everybody was for the working family and everybody is concentrating on doing something for the working family, why is it the working family feels they are getting worse and worse off every year? As I said, those people who work hard, raise their kids and pay their taxes—this, finally, will do something to reach the people that everybody says they are trying to reach in this country. This will actually serve that purpose.

Mr. DOMENICI. Will the Senator yield?

Mr. THOMPSON. I will be happy to yield.

Mr. DOMENICI. Just for 30 seconds.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. Mr. President, I commend the Senator from Wyoming, Senator Thomas, and all those who are helping him. I think it is imperative that we respond when the other side comes to the floor making statements that are half truths and irresponsible. I commend him for it. I hope he does it every time they come to the floor. Across this land, the real facts of what we are trying to do are getting lost in the plethora of facts that are coming out that have very little to do with what we have done.

I hope the Senator does one on Medicare. Just put a chart here and show what we did, so the American public will see it. We know when the people see what we have done they favor what we are doing. It is when they are told things we are doing that we are not doing that they begin to wonder about this balanced budget.

So I commend my colleague for it, and those who are helping him, very much. I am hopeful they will continue to do it.

I yield the floor.

Mr. THOMPSON. Mr. President, I commend the Senator from New Mexico who has been a leader with regard

to responsible budgeting in this country. It is always easier to give somebody something. It is always easier to maintain the status quo and to tell people they can continue on indefinitely the way we have been going and hold yourself up to accusations of hurting those in need, of not caring for the elderly.

Some Member on the other side of the aisle said, apparently, the only elderly that you know live in Beverly Hills. Those kinds of tactics are designed to scare people and appeal to the greedy side of people's nature, the implication being that as long as we can get ours today we do not care about our children, and we certainly do not care about our grandchildren.

We heard the statement earlier, "Social Security is not in trouble. Social Security is not going bankrupt. Of course, in about 30 years it is going to run out of money." But the implication is, we do not have to worry about that because most of us will have gotten ours by then.

I am concerned, not only about today and my own mother who is dependent on it, I am concerned about my children and my grandchildren, as we all should be. That is what we are talking about here. That is the difference, I think, in the debate nowadays from what it has been in times past. That is the reason that many of us ran for political office for the first time in our lives, because people are sick and tired and fed up with business as usual. We see the results of it. We see in many respects our country is going downhill.

So we passed a reconciliation package to do something about that. People said they wanted a balanced budget. We are on our way to a balanced budget, to save Medicare—not to destroy it, but to increase spending for Medicare, but at a reduced rate of growth; to change a failed welfare system from something that was supposed to do good for people that has changed into something that has done an immeasurable disservice to many, many people in this country; to give more back to people who are earning hard-earned dollars to keep in their pockets.

The President, I thought, pretty much agreed with those concepts. We have come a long way, because some time ago the advisers to the President were saying we really did not need a balanced budget; and then, yes, maybe we need one but in 10 years; then, yes, maybe we need one and then OK, maybe 7 years.

The President pledged to reform welfare as we knew it back during the campaign. He acknowledged that Medicare was going bankrupt, and that we had to do something about it. He has proposed increasing Medicare spending by 7.1 percent a year. We have proposed increasing spending by 6.4 percent a year. It seems pretty close to me. It looks to me like we are fairly close together, at least on some of these basic concepts. And, yet, what does the

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.