yet for some reason or other, as meritorious as it seems to sound right now, I don't know how other people justify their vote against this when, as I say, the mayors, the Governors, the city councilmen, municipalities, everybody under the shining Sun charged with the responsibility of making their hometown and their home State function, favors mine and Senator GRAHAM's amendment.

Madam President, I yield the floor and suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mrs. HUTCHISON. Madam President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Ms. COLLINS). Without objection, it is so ordered.

THE HOUSE-PASSED TAX CUT

Mrs. HUTCHISON. Madam President, I want to speak for a few moments about the action that was taken by the House of Representatives last week in passing a tax cut for the middle-income, hard-working Americans. I commend the House for doing that and hope that the Senate will follow suit. I think it is very important that every year we give the taxpayers back something of what they have worked so hard to earn when we are looking at a surplus. That is, in fact, what we are looking at.

You know, if I had said to my constituents 5 years ago, ''I'm running for the U.S. Senate, and I'm going to balance the Federal budget,'' most of them would have probably smiled benignly and thought, ''Oh, at least she is naive enough to think that she can make a difference.''

Well, in fact, that is exactly what has happened. I did run saying that I wanted to work to balance the budget. I did not promise that I would come to Washington and do it alone, but I did say that this is something I thought our Congress should do. In fact, in the Congress that came in in 1994, we did make the promise and keep the promise that we would balance the Federal budget. In fact, this year, we will see that balanced budget.

So then, of course, the question comes, What are we going to do with the new surplus? Of course, there are lots of ideas. Of what we think is going to be a $1.5 trillion surplus over the next few years, the lion's share should go toward making sure that Social Security is secure—no question about it. But an $80 billion tax cut every year, I think, will stimulate the economy, will do what is right by America, and will correct some inequities that we have found in the Tax Code—the major portion of what the House passed is the bill that I introduced with Senator FAIRCLOTH last year and the year before; and that is to reduce the marriage tax penalty.

In fact, if a policeman who makes about $33,000 a year in Houston, TX, marries a schoolteacher in Pasadena, TX, they have a penalty of $1,000, or a little more; and every person in those income categories in our country has the same. In fact, the average is about $1,400. Now, this is a young couple who gets married that wants to start saving to buy a new house or buy another car, have their nest egg, get started in life. And they get hit with a $1,000 penalty.

That is not what was ever intended. But the Tax Code, because there are more two-income-earner couples now than when the last revision of the Tax Code was passed, in fact, has penalized those two-income-earning couples, many of whom have two incomes because they are trying to make ends meet. So we are taking away a part of their quality of life. So I commend the House for saying it is time to correct that inequity and it is our highest priority. I am pleased that they passed the bill that Senator FAIRCLOTH and I introduced. It is our highest priority.

It will also help ease the burden for small business owners and farmers and ranchers and others who have been able to accumulate something to realize the American dream; and that is, that they would give their children a better start than they had by increasing the inheritance tax—the death tax—exemption to $1 million starting January 1 of next year. I think that is the right thing to do. It will begin to ease the tax on the elderly. I think we should do that.

We have already eased the capital gains tax. I hope we can eliminate that. But, Madam President, I think it is important that we, every year, make a little bit more progress in giving the hard-working Americans more of the money they earn back to them so they can decide how to spend the money for their families rather than having Government decide for them.

I hope the Senate will pass tax cuts. It is a high priority. I think we can have two goals that are very clear: We are going to save Social Security; and we are going to give a little bit of the money people work so hard to earn back to them to get our Government in perspective.

I think it is time that we lowered the opportunities for spending at the Federal level, let the States and local governments have more leeway, have families have better opportunities to spend the money they earn, and to make sure that Social Security is secure. I think those are the right priorities for spending that surplus. I hope the Senate will follow suit.

Thank you, Madam President.

I yield the floor.

Mr. DORGAN addressed the Chair.

The PRESIDING OFFICER. The Senator from North Dakota is recognized.

TAX CUTS AND SOCIAL SECURITY

Mr. DORGAN. Madam President, the subject about which my colleague from Texas just spoke and the subject addressed by a couple of my colleagues earlier today, the question of a proposed tax cut, is one that I think will engender a great deal of debate in the coming weeks, not with respect to the question of whether the American people could use a tax cut or deserve a tax cut, not about whose money it is. The issue, instead, is going to be, that there is an election 5 weeks from tomorrow.

On Saturday of this past weekend, the House of Representatives passed an $80 billion tax cut. And the discussion by many, including those on the other side of the aisle, and by those on the other side of the Capitol, is about what to do with the so-called ''surplus.''

I want to make the point again, as I have made before, that there is not at this point a budget surplus, evidenced by the fact that even though there are those who say there is a budget surplus, the Federal debt will increase this year to next year, and next year to the year after.

Now, why would the Federal debt be increasing if there is a surplus? The answer is, the Federal debt is increasing because there is not a surplus. What is called a surplus, in fact, is the Social Security dedicated funds that are to go into a ''trust'' fund to be used on behalf of future generations.

This chart shows that what is called a surplus can only be called a surplus if you take these Social Security funds and put them over here. Take the Social Security moneys away, and you don't have a surplus in the 5-year budget window. Instead, you are short $130 billion. The point is that, without using the Social Security revenues in the trust fund, there is no surplus.

Now, there have been two arguments made in the last days about this subject. One is we are not using Social Security trust funds; the second is that we are only using 10 percent of the surplus. Those arguments don't mean very much to me. These numbers do not lie.

The Federal debt will increase. To those who argue for this tax cut by saying that there is a surplus, I would simply point to the following fact: the Federal debt will continue to increase because there is no surplus.

We have made enormous progress in tackling this Federal budget deficit. Most people would not have predicted we would have been this successful. And we have very nearly balanced the Federal budget, but not quite. We will have truly and honestly balanced the Federal budget when you can call it ''in balance'' without using the Social Security trust funds, and that is not now the case.

If we here in the Senate debate using Social Security trust funds for this tax cut, we should be honest and call it theft. It will be a theft; yes, theft. It will be a theft to use the trust funds to give a tax cut. If that debate exists, I will offer an amendment to take the word ''trust'' out of the trust fund. Why call it a trust fund if people reach in and grab the money and use it for something else?