

year, and they have to pay the marriage tax for the whole year. It is \$1,000. That is roughly \$100 a month out of their budget simply because they quit being engaged and were married. That is not right. That is wrongheaded. We do not need to continue this.

A good friend of mine, a fine person, unfortunately went through a divorce. She divorced in January a year ago. She told me that had they divorced in December, it would have saved them \$1,600 on their tax bill. That is approximately \$130 a month. They gave up that much because they did not divorce earlier. Can you imagine a governmental public policy that provides a subsidy, an incentive, a bribe almost, to divorce? That is wrong. We do not need to do this any longer. I believe in this strongly.

This is a disadvantage too often to women. Women are just now breaking through the glass ceiling and making higher incomes. Many on the other side of the aisle and the President say: We do not want to deal with this problem of higher income people; we only want to have a marriage penalty elimination for the lowest income people.

What is wrong with two people working and doing modestly well today? Here is an example. Heather's income is \$33,000. Her husband Brad's income is \$37,000. Their total income is \$70,000. It is the American dream, to do well and make those kinds of incomes. That is not rich. You cannot buy a house, buy a car, and educate your children well if you are not making in that range. It is harder and harder to do those things if you make less than that. Everybody knows that. Those are salaries one wants to see more and more Americans achieve.

Because they are married, they may take a standard deduction of \$7,100, as well as two personal exemptions of \$2,700. This leaves them with a taxable income of \$57,500. If they were cohabitating, living outside marriage, Heather and Brad could each take a standard deduction of \$4,200. Heather's taxable income would be \$26,000; Brad's would be \$30,000. Their combined taxable income would be \$56,000. Because they are married, Heather and Brad must pay \$1,400 more than if they were cohabitating. To them, it means approximately a \$40-a-month charge.

That is a policy we should end. I believe this Congress is committed to it.

We are going to continue to proceed to work through the fine details of all these tax regulations and the thousands and thousands of tax pages to make sure we are doing it right and fair. But I do not think a couple making \$80,000 or \$90,000 or \$100,000 ought to be denied equity. Why should they be taxed more than two single individuals making \$100,000 collectively? They do not have to pay the extra taxes.

We are dealing with an issue whose time has come. The marriage penalty

must end. We are not against singleness. I do not think there should be any battle between people who are single, who think it is some sort of tax advantage, and those who are married. We do not believe there should be any tax advantage. We are simply trying to level the playing field. This is a move toward equity and fairness at its basic level. It is a move to encourage good public policy, good activities, such as marriage and raising a family, and not taxing them. It sets a goal for us that we ought to pursue.

We ought to quit discouraging marriage, quit taxing and penalizing it, and allow people to make their choices in this country as they choose without having the tax man sticking his nose in their financial and personal matters.

I thank the Chair for this time. I am glad to see the Senator from Wyoming here. I appreciate his leadership. I know the Presiding Officer has been a champion in eliminating a lot of inequities in the Tax Code. I thank him for his leadership in that regard.

I yield the floor.

THE PRESIDING OFFICER. The Senator from Wyoming.

Mr. THOMAS. Mr. President, I appreciate very much the remarks of the Senator from Alabama. We have lots of choices when we talk about tax relief, but this is one choice that is not only good for our country economically but certainly as a fairness issue is one that each of us, I think, supports.

#### THE REPUBLICAN AGENDA

Mr. THOMAS. Mr. President, there are lots of things we can talk about and, indeed, should talk about. The Senator from Alaska talked about the problem of fuel, the problem of petroleum costs. That is a very real issue for us, of course, and one we need to deal with. We talk about the marriage tax penalty. There are all kinds of things we must talk about.

There are some basic issues—and I have talked about them before—that I believe strongly in, issues that clearly are the responsibility of this body and the responsibility of the Federal Government to deal with. Frankly, sometimes it is very difficult to do that.

Unfortunately, I suspect that Presidential election years make it even harder than usual to do some of the things that clearly need to be done. One of the reasons, of course, is that there is a great tendency to talk about the things that can be used as campaign issues as opposed to seeking solutions. Unfortunately, that does happen.

The majority party, this side of the aisle, does have an agenda. I think we have a strong agenda that reflects, at least in my State, the majority of voters. I have been back home in my State every weekend this year. We talk about those issues all the time.

I am hopeful we can focus on those issues. I know sometimes it is difficult

to get those issues on the floor. It is difficult to get them out and to find some sort of solution. I believe we have a responsibility to do that. I think we have a responsibility to do that as the majority party.

There are times, of course, when, if we could pass something, the President would veto it. That is his choice. Let him veto it. I think it is our responsibility to bring those issues forward and to resolve them in a way that best fits our philosophy of what we think is good for this country.

Certainly, there are a number of things that are very high on the agenda, such as the budget, such as the spending level and for what, in fact, the taxes are spent. Social Security, I am sure, is an issue that almost everyone is concerned about. Frankly, the younger you are, the more concerned about it you ought to be.

Another issue is doing something about the debt that we still have, a substantial debt that we have incurred over the last number of years and now, apparently, are expecting somebody else to pay. Another issue is tax relief.

These are the things we really ought to focus on; and I wish we would.

We talk about the budget. It seems to me, there is probably nothing more important, in terms of gauging where we go with the Federal Government, than the budget, because the budget, after all, is sort of the limitation as to where we go. The limitation is the thing that causes us to have to establish spending priorities. Of course, if you had an endless amount of money, you would not need to have priorities; you would just spend money. I do not think many people would want to do that; certainly, most taxpayers would not.

In the budget we have to find an amount. I think one of the things we are dedicated to, as Republicans, and, hopefully, all of us in the Senate this year, is to complete the budget and, subsequently, the appropriations, at the time set forth in the law and the time set forth in our operation here.

Last year, for example, we waited too long. We were here at the very end of the session trying to complete the budget. Of course, there is always controversy at the end of the session. There are always decisions to be made when you are at the end of the session.

It is even more difficult at the end of a session because the administration—particularly with this President—has used the end of the session as a very effective leveraging tool for the President to get what he wants; otherwise, he threatens to shut down the Government. Even though the President shut the Government down in the last experience, the Congress got the blame for doing that.

We need to get this thing done. We need to get it done before the first of September, and certainly before the end of September which is the end of the fiscal year.

We need to set the amounts so that they somewhat control growth. If you believe, as many of us do, that there ought to be some limitation to the size of the Federal Government, it ought to be constitutionally limited to those things that the Constitution provides. If you believe that most of the governing ought to take place at the local level, closer to the people, in the States and in the counties, then there ought to be some limit in growth.

Last year, unfortunately—and I voted against the bill—we ended up with something like 7½ or 8 percent growth in the budget—too much, I think. That is too much. Hopefully, we can hold it this year to no more than the growth due to inflation.

Of course, there are new programs that have to be funded. But there also ought to be a termination to some of the programs that are there. It is very difficult to do that.

Last year, we had sort of fancy footwork which allowed us to spend more than it really seemed as if we were spending. But now, finally, of course, it comes out that we spent more.

In fairness, we also did some good things last year. For the second time in about 25 years we balanced the budget in operational dollars. For the second time in about 40 years, we did not spend Social Security money for the operations of Government. That is good. That is very good. Those are two things we ought to continue to do.

One of the other things that ought to happen—there is a good opportunity this year—is to have a biennial budget so that, as is the case with most States, we can deal with the budget every other year, which then gives us a year to have oversight. One of the most important things that Congress ought to have is oversight of the agencies, oversight of the regulations, so that we can ensure that what we have done, what we have passed, what we have put into law, is, indeed, working; in fact, as the money is being spent, the accountability is there, and so on. We could do that. Hopefully we will be able to do that.

It seems to me, the budget is key to managing the Government and is something we ought to be doing. Of course, the spending ought to be within the budget. We spend something like \$1.7 trillion in our budget—almost an incomprehensible amount of money. Last year I think \$586 billion of that was in discretionary spending. The rest of it was already set.

This year we are dealing with the question of, if it was \$586 billion last time, how much do we spend? Do we spend \$600 billion? Do we spend \$630 billion?

It is hard. I think it is more difficult when you have the idea of a surplus than it is when you have the idea of a deficit. When you have a surplus, everybody has ideas as to where we ought

to spend all that extra money. But it isn't extra money. It belongs to the taxpayers. When we have done those things we think are essential for good Government, then the surplus money ought to be used in other ways.

It is my belief, and the belief of many, that we ought to limit the size of Government, we ought to limit the number of things we fund, and we need to have better Government. Certainly, we can do that. We can do that in our appropriations.

Social Security. Almost everyone talks about Social Security. Almost everyone would agree that Social Security is one of the most important issues that we face. Social Security, of course, is not a retirement program. It is a supplement, but it is very important. When I talk, particularly to young people, most of them say: I will never see any benefits. They are probably right. Unless there are some changes, the program will not sustain itself.

We have seen so many demographic changes. It started out at a time when almost 20 people were working for every one who was drawing benefits. Now it is about three. It will soon be two. Of course, it will be almost impossible then to provide those kinds of benefits over time. What do we do? We have to make some changes, pretty clearly.

There are several options. One is to increase taxes. Social Security taxes are the highest taxes many people pay, about 12.5 percent of their earnings when we take into account what the employer pays—a very high percentage. So that is not a very popular option. We could reduce benefits. Benefits are not especially high now. That is not really a very attractive option either. So the third option is to increase the return on the money that is in the Social Security trust fund. There are billions of dollars there, of course. Under the law they can only be invested in Government securities. So they bring a relatively small return. And up until now, they haven't even done that because they have been replacing debt for other purposes.

We have a plan that ought to be considered and put into place. The administration keeps talking about saving Social Security but doesn't have any plan to do so. I think there is a plan out there. There is a bill of which I am a cosponsor, along with others, that would, in fact, set up individual accounts and would take at least a portion, whatever portion we could decide upon, and that account would belong to you or to me. It would be there to be invested in your behalf. It could be invested in equities; it could be invested in bonds. The return would be substantially higher than it is now. Over a period of 40, 50 years, that would bring a really good return and fund the program.

Furthermore, if one was unfortunate enough not to use the program, passed away before they had the chance to get the benefits, it would belong to them. It would be part of their estate. I think that is a reasonable way to do it, one we ought to fully consider.

The other issue with which we need to deal, with regard to the budget and money, is the debt. We still have a substantial amount of debt. Part of it is privately held and part is held by Social Security dollars; part of it is publicly held. We talk all the time about reducing the debt. We did, indeed, last year put the Social Security money over there and replace publicly held debt. The fact is, when that is to be used for benefits, the taxpayers at that time will still have to bail out that money so it can be used in the trust funds.

What we would like to do is, assuming we have paid what is substantially needed for programs, set aside Social Security money. If there is still some surplus there, I think we ought to dedicate a portion of that to paying off the debt and do it in a systematic way, not just say, well, we will pay it off when we get some money, whatever, but, in fact, say, we are going to set aside enough money each year, as you would on a mortgage on your home, and say, in 15 years we will pay off this \$3 trillion of debt or whatever it happens to be, publicly owned debt. Each year the payment on that will be in the budget. It will be there. It will automatically be spent for that purpose. And over a period of time we would do away with that debt that is owned by the public and earns a substantial amount of interest. I think a couple of years ago we paid about \$380 billion a year on interest out of this budget of ours to do that. I think that is one of the things we clearly could do.

Finally, of course, assuming there is still some left, we could, as the Senator from Alabama has said, do something about returning these excesses to the taxpayers who paid them in in the first place and certainly deserve to have them. Obviously, there are different ideas about how that is done, whether it is marriage penalty, estate tax, whether it is an across-the-board tax. The fact is, that money should go back to the people who paid it in. It is really bad policy to keep extra money in Washington because it will be spent. Once we have met our obligations, hopefully that can be returned.

These are the things that are clearly before us. There are many other items, of course, but these are the ones we have to do. These are the ones the American people want us to do. These are the ones people in Wyoming talk about when I am there.

I have to mention one other area they talk about that is a not in this category, but it has to do with management of public lands. It has to do with

the so-called land legacy this administration has been working on for some time. Apparently the President, wanting to leave some kind of a Teddy Roosevelt legacy, wants to change the legacy he has before he leaves in several months, to have it be some sort of a setting aside of public resources for singular uses. That doesn't mean a lot to people who live in States where Federal lands are not a big issue. My State of Wyoming is 50 percent owned by the Federal Government; Nevada is 85 percent owned by the Federal Government, and it varies in between.

The things that happen in those States economically and other ways are affected greatly by the management of those lands. We have seen a number of designs to set aside lands for uses different than have been in the law. The law now provides there will be wilderness set aside, or, indeed, that they be set aside for multiple use, which means for recreation, for hunting, for scenery, for grazing, for minerals, for all kinds of things under the multiple use concept.

When that is not available, then the economies of our States suffer greatly, as do the long-term upkeep and availability and accessibility of those lands for Americans. I happen to be chair of the National Park Subcommittee. The purpose of a park is to maintain resources and to provide an opportunity for its owners, the American people, to enjoy it. Now we find ourselves faced with a number of things being proposed that would limit access, limit the enjoyment of these lands: 40-million acres roadless in the national parks, for example, which has never been fully explained as to what it means. The Antiquities Act is being used to set aside lands only by action of the President. The Congress is not involved. BLM has set out a roadless plan without details; nobody knows exactly what that means. Does it mean you are not accessible to it, that there are no roads to get to it? Forest regulation—instead of having multiple uses, one of the concepts of the plan goes totally to ecology. No one knows exactly what that means.

We have proposals from the administration to put billions of dollars, over a \$1 billion each year, directly to purchase more Federal land. In the West, we think there is a substantial amount now.

We have a lot of things to do. I am confident we will get to them. I hope we do. I think we should. There is a philosophy, of course, that is different among Members of the Senate as to the role of the Federal Government, as to the size of the Federal Government, as to whether or not in an area of education, for example, there is flexibility to send the money, if you are going to support education, to the States and let them decide how it is used, or do you have the Federal Government bu-

reaucrazy in Washington tell people how it should be used. Frankly, whether it is schools or whether it is health care, whether it is highways, whatever, the needs in Wyoming are quite different than they are in New York and Pennsylvania. The school district in Meeteetse, WY has different needs than Pittsburgh. We ought to be able to recognize that and allow local people to be able to do that.

That is one of the big differences we have on this floor. The minority whip this morning talked about coming together to do things, a perfectly great idea. But as long as there is opposition to those concepts of letting States and counties participate, then it is very difficult to do that.

I am hopeful we will look forward. I am sure we will; that is the system. This is a great system. There are weaknesses and complaints, of course. But after all, this is the best system in the world. It is up to us to make it work.

I suggest the absence of quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

The PRESIDING OFFICER. In my capacity as the Senator from Arizona, I ask unanimous consent that the order for the quorum call be rescinded.

Without objection, it is so ordered.

#### RECESS

The PRESIDING OFFICER. In my capacity as the Senator from Arizona, I ask unanimous consent that the Senate stand in recess until 3 p.m. today.

Thereupon, the Senate, at 2:10 p.m., recessed until 3 p.m.; whereupon, the Senate reassembled when called to order by the Presiding Officer [Ms. COLLINS].

The PRESIDING OFFICER. In my capacity as a Senator from the State of Maine, I suggest the absence of a quorum. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

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

Mr. GRASSLEY. Madam President, regardless of the conditions for speaking in morning business, I ask unanimous consent to speak for 15 minutes.

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

#### PERMANENT NORMAL TRADING RELATIONS WITH CHINA

Mr. GRASSLEY. Madam President, there are a number of misconceptions about the upcoming vote in the Senate to grant China permanent normal trading relations or, as we often call it, PNTR. I will refer to it as normal trading relations.

Today, as chairman of the International Trade Subcommittee, and to inform my colleagues about the importance of this issue because I favor normal trading relations with China, I want to address two misunderstandings regarding China.

The first misconception is that a vote by the Senate on normal trading relations is a vote to admit China to the World Trade Organization. We do not have anything to do with China being in the World Trade Organization. It is a wrong misconception. Also, there is a belief if we do not approve PNTR, China will not be able to join the World Trade Organization. As a member of the World Trade Organization, we can say something about it through our representative there, but in the Senate our vote on PNTR will not affect China's ability to join the WTO.

I want to tell my colleagues what will be consequence of not approving permanent normal trading relations with China. The only thing that will happen if we vote against permanent normal trading relations with China is that American farmers and all of our businesses will miss out on lower tariff rates and the other market-access concessions China will grant to farmers and businesses in other countries.

Remember, China is not just a big chunk of land; China is 20 percent of the world's population. When we talk about doing business with China, we are not talking about doing business in East Podunk; we are talking about doing business with 20 percent of the people of this Earth.

Let me explain what the PNTR vote is really about. Congress has placed conditions on our trade with China. These stipulations are not consistent with the core World Trade Organization obligations for member countries to grant each other unconditional, most-favored-nation treatment. If we do not grant permanent normal trading relations with China, thus removing the Jackson-Vanik restrictions, and if, at the same time, China eventually becomes a World Trade Organization member—and this is going to happen sooner or later—then the World Trade Organization rules will require the United States to opt out of the tariff and market access concessions we helped negotiate.

It does not hurt China, it does not hurt any of the other 137 members of the World Trade Organization, but it is going to help us because these other countries will get market access. Other countries will gain and build market share in China while the United States is sitting on the sidelines. This will be at the expense of the American soybean farmers, at the expense of the American pork producers, at the expense of the American insurance companies, and other financial service providers. You can list any segment of the