

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 Madam President, I ask unanimous consent that the order for the quorum call be rescinded.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

ressed 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?

I happen to believe that most of the recommendations on tax changes are recommendations that I support: Eliminating or substantially reducing the marriage tax penalty makes good sense; full deductibility for health insurance for sole proprietorship, and I've supported that for years. I can go down the list. All of them, or almost all of them, make good sense.

But none of them make good sense if they are paid for with Social Security trust funds, the funds that were taken from American workers' paychecks and pledged to go into a trust fund to be used for only one dedicated purpose.

What the supporters of this tax cut are saying is, let us use those funds now, 5 weeks from election day, so we can tell the American people we gave them an \$80 billion tax cut in the coming 5 years. I believe that those who support it should have to say, we took \$80 billion out of the Social Security trust funds. We took that money despite the fact we told you we were going to save it for your future. We took it and we used it for something else.

That is not honest budgeting. Try to do that in a business, try to claim in a business that you have now reached a break-even stage, or you are even seeing profits in your business because you have been able to take your employees' retirement funds and show them as part of your business profit, you would get sent off to 5 years of hard tennis at some minimum security prison someplace. That is against the law. You can't do that. That is stealing from the funds. You can't do that. And you ought not be able to do it in Congress.

One thing the American people ought to be able to rely on is that when taxpayers put money into trust funds that comes straight from their paychecks, and which we promise is going to stay in this trust fund to be used for their future, we ought not allow this money to be used, 5 weeks from an election day, so that the majority party can brag to the American people that they handed out a tax cut.

If they do that, and if they brag about it, I want them to brag with full disclosure. Let's see if they will brag about taking money out of the Social Security trust funds. That would be theft in any other avenue of public or private life, and it ought to be theft here as we describe it.

This will consume a fair amount of debate in the coming couple weeks of the closing days of this Congress. I would like to see a tax cut. I support most of the provisions of the tax cut that was debated this weekend, but I will not ever support a proposition that says take the trust funds from the Social Security accounts and use those to give a tax cut 5 weeks before the election.

That is not good government, not good politics, not good for this country's future. I hope in the next 10 or so days of legislative activity those of us who feel that way will band together and say to this majority that appears

determined to want to do this that we will not let them. When this country has truly balanced its budget, when we have finished the job—and we have come a long way and made a great deal of progress on fiscal policy—then, and only then, is it time to talk about the kind of tax cuts that are being discussed.

I yield the floor.

Mrs. FEINSTEIN addressed the Chair.

The PRESIDING OFFICER. The Senator from California is recognized.

PROGRESS IN THE MIDDLE EAST PEACE PROCESS

Mrs. FEINSTEIN. Madam President, I rise today to take note of the first signs of progress in the Middle East peace process in many months. This morning, Prime Minister Benjamin Netanyahu of Israel, and Chairman Yasser Arafat of the Palestinian Authority met with President Clinton at the White House to try to move the implementation of the stalled Oslo peace agreements forward.

While no agreement was reached, these talks produced enough progress for the President to decide to send Secretary of State Albright and Special Middle East Coordinator Dennis Ross to the Middle East next week to try to bring the parties to an agreement. Prime Minister Netanyahu and Chairman Arafat are expecting to return to Washington in mid-October, with the hope that they will be able put the finishing touches on a deal at that time.

The progress represented by today's meeting is significant, I believe, for several reasons. First, it reminds us of the essential need for there to be strong American leadership if there is to be progress on the Middle East. No Middle East peace agreement has ever been concluded without high-level U.S. involvement, and this time is no different. The personal attention of the President of the United States and the Secretary of State are crucial to advancing this process, especially at a time when the parties have reached an impasse.

Among supporters of Israel, who long for it to live at peace with its neighbors, there is broad recognition of the centrality of the American role in Middle East peacemaking. That certainly is the view expressed by a group of over 100 senior Jewish community leaders from California, in a letter they sent to President Clinton last week.

This letter is signed by 105 prominent Jewish leaders (rabbis, community activists, academics, and philanthropists). It expresses what I believe to be the widespread feeling of the American Jewish community. In clear language, they appeal to the President not to lose sight of the essential American role in helping Israel reach the peace it is longing for. They write:

We have been strongly supportive of your Administration's efforts to narrow the gaps between the two parties and help them to reach an agreement. As in past Arab-Israeli negotiations, the American role in getting both sides to say yes is indispensable. Al-

though mediating this complex dispute can be a thankless task, and some naysayers may urge you to put the peace process on the back burner, now is not the time to stop searching for ways to help both peoples resolve their differences.

Today's meeting shows that the President shares their sense of urgency and is taking it to heart.

I ask unanimous consent that this letter and the 105 signatories be printed in the RECORD at the conclusion of my remarks.

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

(See Exhibit 1.)

Mrs. FEINSTEIN. Today's meeting is also important, not just because of what it says about the process and the U.S. role, but also for what the prospect is that it can yield an agreement in just a few more days or a few weeks. Far too much time has been lost.

Israel and the Palestinians have been stuck for months on how to complete the interim agreements launched by the Oslo process, so that they can move on to the critical final status talks. These interim talks deal with hard and important questions: How much of the West Bank Israel will redeploy from, what steps the Palestinian Authority will take to ensure a sustained crackdown on terrorist groups, how the security services of the two sides will work together to prevent acts of terrorism, and the understanding that both sides must refrain from unilateral actions that undermine the other side's confidence in the peace process.

Nothing about these talks is easy, but the time has long since come for both sides to take politically difficult, but fundamentally necessary, decisions that will allow this process to move forward. Israel's security and Palestinian dreams of self-determination can only be realized through a mutually agreed permanent peace agreement.

To the extent that today's meeting and the talks set for upcoming days represent a chance to complete the interim agreements and begin final status talks, there is reason for hope. The final status talks—which are supposed to be completed by May 4, 1999, but will probably take much longer—are going to be difficult enough. They will deal with the hardest questions of all: sovereignty, settlements, refugees, water, and Jerusalem.

Every day these final status talks are delayed, they only become more difficult. Every day they are delayed, the temptation on each side to take unilateral measures only increases. Every day they are delayed is another opportunity for extremists on each side to use violence to try to destroy the chances for peace altogether.

If the Israeli government and the Palestinian Authority are truly committed to peace, as I believe they are, they cannot let that happen. They must work hard in the next several days to complete the interim agreement, and then move quickly to make progress in the final status talks.