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

to be considering this week. Especially for young families, this could be one of the most important issues we are going to vote on maybe this year. That is the question of waiving the marriage tax penalty.

The Senator from Texas has done an excellent job in laying out some of the concerns, some of the questions, and some of the boundaries of how this is imposed and who is paying this tax.

Is it a fair tax? When you make a commitment to somebody to get married, should you also have to somehow make a commitment to Uncle Sam? And that commitment is to pay higher taxes. That is not fair. It would be like going into a store and buying a suit. The suit is $100. And they ask: Are you married? You say yes. They say: Well, that will be $150.

Why would we pay more? Why would we penalize someone just because they are married or if they are single?

I also want to give a lot of credit to Senator KAY BAILEY HUTCHISON, the other Senator from Texas, for all the work over these last couple of weeks—working with her and others to highlight the problems with the marriage penalty, whom it affects, and how much money it really means to those couples.

We just held a news conference outside the Capitol. Among those speaking were, of course, representatives of a number of groups that represent working families across this country that are there supporting it, along with the Senators who were there to support it; but I think most importantly there were three couples who also came to tell their story, why they thought getting rid of this marriage tax penalty was so important, how they urged Congress to pass this bill, and not only urged the Congress to pass it but urged President Clinton to sign this into law.

Their stories were about young couples with one child and expecting another and how, after they are married, they look at the tax forms and find because they are married—young families not making a lot of money—their tax this year is going to be about $1,100 more because they are married—nearly $100 in penalty every month for this young couple.

Another couple from Maryland talked about the penalty they have—well over $1,400 a year. Again, why? Because they are married.

Go to the Tax Code, to the page referring to you, and look down the lines, and if you are married, there is a penalty.

As one man said, at many weddings across the country today there is an uninvited guest. That uninvited guest is the tax man. He says: Good, you are getting married; when you fill out your tax forms this year, you will pay more to Washington in taxes.

Some in the Senate who say we don't need to repeal this marriage tax penalty. As Senator GRAMM of Texas says, some say they are rich people; they can afford to pay this tax. Don't give them this break. They are rich.

They are the ones who are advocating somehow Washington needs these dollars more than the couples.

There are over 21 million couples across the country penalized at an average of $1,400 a year just because they are married. A young couple Senator CRAIG and I will talk about, when Senator CRAIG comes back to the floor, has a story I have heard a number of times; that is, the couple planned on marrying toward the end of the year, but after filling out their taxes and comparing it to what they would pay in taxes next year because they were married, they have decided to put the wedding off at least for a couple of weeks beyond the December 31 date so as a couple they will not be penalized because they are getting married. This is a young couple who have made a decision based on economics that because Uncle Sam wants to take a bigger bite out of their wallet, they are going to have to put off their plans to get married for at least several weeks just to get around the corner.

We have heard stories of friendly divorces where people have actually decided to have a friendly divorce so they save some money. Or the story of the 78-year-old man who called his wife of over 50 years and said: Do you want a divorce? She said: What are you talking? He said: I am at the tax man's office and if we get a divorce we could save a lot of money.

They didn't do it, but it is unfair that the couple is having to pay more dollars in taxes because they are married.

There are going to be stories during this debate, as the Senator from Texas pointed out, that somehow there is a marriage bonus, many people on one side are getting this bonus because they are married; or the couple on this side who is being penalized. Somehow that is supposed to wash out and be fair and even. I don't think that is true. These families should not be overtaxed, incur a tax penalty, only because they have decided they are going to get married.

I hope, when we consider this legislation this week, we consider these millions of families across the country who are paying on average about $1,400 a year. Nearly $30 billion will be collected for Washington this year from these families. There is a belief that Washington needs this money more than the families do to raise their kids, to buy the clothes, to buy the food, to pay for the mortgage, to put away money for the education of their children. All this is so important, but Washington needs it more.

Several years ago, President Clinton was asked at a news conference if he thought the marriage tax penalty was fair. He said, no, it is not really fair, or something to that effect. But the underlying message from the President was, even if it is not fair, Washington can use this money a lot more than the families can. Washington needs these dollars more than the families need these dollars.

I hope, when we get a chance to vote on this, we remember these families struggling to make ends meet, families looking for that extra dollar they can put into a savings account for their child's education, or just maybe buying something extra, maybe putting money away for a vacation or a night out for pizza, whatever is important to them. I think $1,400 a year speaks loudly for them.

As I said, Washington might believe it needs the money more than these families. However, if we have the families on the floor of the Senate, and one by one ask them if this is an important bill, are these dollars important to your family, could these dollars help out in your budget decisions, or should we give the money to Washington and hope and pray that Washington will give a few of the dollars back? I think if we leave the dollars in the pockets of the families to begin with, they will make the best decisions and they will not have to look to Washington or ask Washington or beg Washington for a few of the dollars to help them raise their families.

I defer to my colleague from Idaho.

Mr. CRAIG. Mr. President, I will be brief. I see our colleague from Illinois on the floor. I stepped back to do this colloquy with my colleague from Minnesota.

I ask the Senator from Minnesota, hasn't the marriage penalty earned a special contempt in our eyes from a firsthand experience involving our two offices?

Mr. GRAMS. The Senator from Idaho is correct. Two young people who we care deeply about, one a dedicated employee in my office and one an employee in the office of the Senator from Idaho, are among the latest victims of this insidious provision of the Tax Code.

One of my legislative assistants is a young man from Minnesota. He worked for me in Minnesota and also here in Washington, DC, for over 5 years. He is engaged to be married to a young woman in the office of the Senator from Idaho, a native of Idaho who has worked in my colleague's office for almost 3 years.

This young couple, very much similar to other couples all around the Nation, is moved by faithful affections, shared values, common life goals to become a family. But the Federal Tax Code is saying something different to this young couple.

Mr. CRAIG. Mr. President, this couple are about the same ages as my own children. I say to everyone of my generation, they are a lot like all of our children and we want to see them succeed. They are like many young couples ready to start a new life together, as we have seen generation after generation.

They originally planned their wedding date for late this autumn this year, but then friends actually started asking them, ''What about taxes?'' So they did an interesting thing; they sat

down and computed their marriage penalty. Guess what. They found out their combined incomes together as a married couple would cause them to have to pay out of their pockets an additional $1,400 more than they are currently paying as single people working on our two staffs.

We are talking about average earners. In fact, the marriage penalty for our young Idaho-Minnesota couple is just about exactly the average-sized marriage penalty American couples are paying across the country, about $1,400. That could be the cost of a honeymoon or a wedding gown or part of a college education, if properly saved and invested for children who might come as a result of this union.

It is critically important we deal with this issue. Yes, they have delayed their wedding only a few weeks, but I asked my friend from Minnesota, does the Federal Government have any business forcing any kind of a decision such as this on families and couples?

Mr. GRAMS. I answer the Senator from Idaho by saying it does not. Again, if there are those in the Senate who believe this is one of those rich families who can afford to pay this tax, believe me, these are not rich young people. They are a hard-working young couple but by no means rich. They will work hard and probably will get there someday but right now they are not.

It is the furthest thing from fairness. That is the Federal Tax Code. Even if this couple escapes the marriage tax penalty this year, they will still have to pay next year and the next year and the year after, for most of the rest of their lives, unless we change that, as we are trying to do this week with the legislation before the Senate.

We are not talking about abstract tax policy. We are not talking about economic theory. We are talking about average families, real families, who are hurt every year by the marriage tax penalty. In many cases, we are not talking about a delay of a wedding. We are talking about a Tax Code that says do not get married if your family may need that second income because the IRS has first claim on that income.

I asked that member of my staff why they felt they needed to postpone their wedding a few weeks. He told me it did not make any sense for him and his fiance to fork over another $1,400 to the Federal Government.

Some might think that is cheating the Government, but he didn't think so. He said they already pay too much in taxes, and they simply cannot afford to give the Government even more of what is rightfully theirs. My staff member said they can use that money for their wedding, they can use it to help take a trip, or to plan for their family's future, rather than giving it to the Federal Government at a time when the Government simply does not need it. I think he made an excellent point.

Washington is taking this money from young couples at a time when it doesn't need the money and these young couples do. I think it is not only wrong but a disgrace that Washington has the large appetite for the hard-earned money of people across America who simply want to get married, start a family, and to begin their lives together.

Mr. CRAIG. Mr. President, I do not think either my colleague from Minnesota or I could ever put romance in the Tax Code. But I hope we can stop the Tax Code from punishing folks such as the two young folks on our staffs we have talked about who are having to change their plans by postponing a wedding date by more than a month, contrary to their hearts, but because of the dictates of a heartless tax code.

Mr. GRAMS. Mr. President, I fully agree with Senator CRAIG. I ask for an additional 3 minutes.

Mr. DURBIN. Mr. President, I will not object, but I believe time is being taken from the Democratic time; is that correct? The Republicans have used all their time in morning business?

The PRESIDING OFFICER. That is correct.

Mr. DURBIN. In a spirit of fairness, I will yield because I do want to respond to some of these wonderful assertions, 3 minutes.

Mr. GRAMS. Mr. President, to wrap up, our staff's story is not uncommon. There are many young couples who are forced to make similar decisions.

The marriage penalty tax has discouraged women from marriage. It even has led some married couples to get friendly divorces. They continue to live together, but save on their taxes.

Dr. Gray Burtless of the Brookings Institution recently found that the decline in marriage may be a major reason why income inequality has increased across families. He believes that many poor unmarried workers suffer because they do not have a spouse's income to help support their family.

The Economist magazine offered a possible implication of this finding:

> Mr. Burtless's research suggests that the Clinton administration, rather than fretting about skills and trade, would do better to encourage the poor to marry and make sure their spouses work.

The family has been, and will continue to be, the bedrock of our society. Strong families make strong communities; strong communities make for a strong America. We all agree that this marriage penalty tax treats married couples unfairly. Even President Clinton agrees that the marriage penalty is unfair.

Contrary to these American values, the Federal tax code contains 66 provisions that can penalize married couples and force them to give more of their income to Washington. The Government's own study shows that 21 million American couples or 42 percent of couples incurred marriage penalties in 1996. This means 42 million individuals pay $1,400 more in tax than if they were divorced, or were living together, or simply remained single—more taxes than they should have.

This was not the intention of Congress when it created the marriage penalty tax in the 1960s by separating tax schedules for married and unmarried people.

If we do not get rid of this bad tax policy that discourages marriage, millions of married couples will be forced to pay more taxes simply for choosing to commit to a family through marriage.

The marriage penalty is most unfair to married couples who are both working, it discriminates against low-income families and is biased against working women. As more and more women go to work today, their added incomes drive their households into higher tax brackets. In fact, women who return to the work force after raising their kids face a 50-percent tax rate—not much of an incentive to work.

The good news is, Congress is working hard to provide marriage penalty relief to married couples. American couples may finally get a congressional blessing this year to eliminate the unfair marriage penalty taxes if our colleagues from the other side cooperate and join in our effort.

The marriage penalty repeal legislation which we currently debate would eliminate the marriage penalty in the standard deduction; provide broad-based marriage tax penalty relief by widening the 15-percent and 28-percent tax brackets; allow more low-income married couples to qualify for the earned income credit; and preserve the family tax credits from the bite of the alternative minimum tax which allow American families to claim full tax credits such as the $500 per child tax credit, which I authored.

Millions of American families are still struggling to make their ends meet. Repealing the marriage penalty will allow American families to keep an average of $1,400 more each year of their own money to pay for health insurance, groceries, child care, or other family necessities.

Elimination of the marriage penalty tax brings American families one step closer to the major tax relief they deserve. It is particularly important to note that this repeal will primarily benefit minority, low- and middle-class families.

Studies suggest the marriage penalty hits African-Americans and lower-income working families hardest. Repeal the penalty, and those low-income families will immediately have an 8-percent increase in their income.

It is unfair to continue the marriage penalty tax. There is no reason to delay the passage of the legislation. I urge my colleagues in the Senate pass the marriage penalty relief legislation.

I yield the floor.

The PRESIDING OFFICER. The Senator from Illinois.

Mr. DURBIN. Mr. President, what an interesting world we live in that a Republican Senator and a Democratic

Senator can look at a similar issue and see it in so many different ways. I sit here incredulous at times when I hear Republicans on the floor describe their view of the world. They live in a world where a young man and young woman fall in love and contemplate marriage and start to make plans for their future but stop cold in their tracks and say: Before we go a step further, we better go see an accountant.

I can barely remember my courtship with my wife. It was a long time ago. But it never crossed my mind to go see a bookkeeper or accountant before I decided to propose marriage. We thought there was something more to it. We knew there would be good times and bad, and we were prepared to make whatever sacrifice it took to live a life together. When I listen to my Republican colleagues, it sounds as if they want to change the marriage vows from ''love, honor and obey, in sickness and in health'' to ''love, honor and obey, in sickness and in health, so long as there is no income tax disadvantage.''

I do not think that is the real world of real people. Nor do I think we can amend the Tax Code in a way that is going to create a great incentive for people to run out and get married. I think there are more basic human emotions at stake. I think it trivializes a very sacred decision by two people making an important decision in their lives to suggest this is all about money and it is all about how many tax dollars you have to pay.

I will readily concede there is unfairness in the Tax Code. Yes, I will concede it is fundamentally unfair for us to increase the taxes on two people because they are being married. But if you would listen to the Republican logic, they grab this hook and take off and run out of town with it.

Their proposal on the marriage tax penalty is so far afield from the argument you have heard on the floor, you just cannot recognize it. In fact, let's describe the situation. If two people are about to be married and their combined income, when they file a joint return, puts them in a higher tax bracket, that is called a marriage tax penalty. However, if two people are married and their combined income puts them in a lower tax bracket, some would call that a marriage bonus. How does that happen? Perhaps one person in the marriage is not working and the other one is; the combined income on a joint return merits a lower tax rate. If both of them are working, their combined income raises them to a higher tax rate, a penalty.

We, on the Democratic side, believe we should eliminate the penalty, eliminate the unfairness, eliminate the discrimination against married people under the Tax Code. You would think from their arguments on the floor that is where the Republicans are. But that is not what their bill says, not at all. In fact, when you look closely at their bill, you find two amazing things: First, on the whole question of the marriage tax penalty, there are about 65 provisions in the Tax Code that could be associated with a marriage tax penalty. The Republicans, who have given speeches all morning about the marriage tax penalty, address how many of the 65 provisions? In the most generous definition: three, leaving some 62 discriminations in the Tax Code against married people untouched in the Republican bill.

The Democratic alternative addresses all 65.

So after all these pronouncements about ending Tax Code discrimination, the Republican bill falls flat on its face when it comes to addressing the 65 different provisions in the Tax Code that apply. The Democratic bill applies it to all 65.

The second thing that strikes you right off the bat is that the Republican bill goes further than eliminating the marriage tax penalty. It, in fact, creates an additional tax bonus for those not suffering the penalty. We are not talking about couples who are calculating how many days they have to wait to avoid paying taxes before they decide to get married. We are talking about couples who really benefit from marriage, and their taxes go down—the Republicans add more tax cuts for them.

Everybody loves a tax cut. If we could give a tax cut to every American, that would be the dream of every politician. But the voting public in America, the people watching this debate, have the right to step back and say: How many of these tax cuts can we afford, as a nation, to give away? I think that is a legitimate point. The Finance Committee in the Senate writes the tax laws, the committee that sent us this bill that is pending. If you look at the minority views, from the Democratic side, you find many Democratic Members believe the best thing we can do with our surplus is to pay down the Federal debt. That is my position. That is the position of the President and most Democrats. Why is that important? Because today in America we will collect $1 billion in taxes from individuals, families, and businesses, and that money will be used not to educate a child, to pay a soldier, or to build a highway; it will be used to pay interest on old debt of the United States.

If we do not change that, it means my grandchild, who is now about 4 years old, will continue to pay taxes, to pay interest on debt incurred by my generation to build our roads and educate our kids.

Some of us think the fairest thing we can do for future generations is to reduce the public debt with our surplus so that perhaps that $1 billion tax bill each day will be reduced for future generations. Relieving this burden is a good gift to give our children and grandchildren.

If one listens to the other side of the aisle, they do not want to take the surplus and pay down the debt. They want to dream up more and more tax cuts. The George W. Bush tax cut is so big, so massive, and so risky that last week not a single Republican would vote for it on the Senate floor when I called for a vote.

He wants to spend—I hope I get these figures right—$1.3 trillion. I believe it was $400 billion or $500 billion more than the surplus. He obviously wants to reach deep into the Social Security trust funds to pay for his tax cuts or to cut spending on basic services for education, protection of the environment, and defense. Not a single Republican would stand up for that, and I am glad they did not. Most Americans know better.

The Senate Republicans now have a George W. Bush tax cut; they want to come in and keep hacking away at the surplus instead of putting it to reducing the national debt, which on the Democratic side we consider to be the highest priority.

The expected 10-year budget surplus, according to the Finance Committee, is $893 billion. It is amazing that in a short period of time, we can talk about those surpluses.

If this bill passes, the Republicans will have already spent over half that in this session on tax cuts. Instead of lowering the national debt, reducing the tax burden on future generations, preserving Social Security and Medicare, they would have us continue on with tax cuts.

Take a close look at the Republican marriage tax penalty bill. First, the tax cuts they offer are piecemeal rather than comprehensive. They are not fiscally responsible because we are not putting money away for reducing the national debt. More than half the taxpayer benefits in their bill go to people already receiving a tax bonus. These are not people discriminated against; these are people doing well under the Tax Code, and they want to give them an additional tax cut.

They do not eliminate the marriage penalty, some 65 provisions; at best, they only address 3. Here is the kicker about which they do not want to talk. They have drawn their bill up in a way so that 5 million Americans will actually pay higher taxes. Their intent was to reduce the tax burden for married people. They went further than they had to. On the bottom, the last page, take a look around the corner. Five million Americans end up paying higher taxes under the alternative minimum tax.

Isn't that something? Take a look at this on a pie chart to get an idea, from the Republican plan, how much is being spent on the actual marriage tax penalty relief: 40 percent. Of the amount of money they have put on the table—$248 billion roughly over 10 years in tax cuts—40 percent of it goes to marriage penalty relief; 60 percent goes to people already receiving a bonus under the Tax Code for being married; and, of course, they raise taxes on 5 million Americans by increasing the alternative minimum tax.

On the Democratic side, we think there is a better alternative. In the Finance Committee proposal, the one that will be before us, married couples will be allowed to file separately or jointly, whatever benefits them from a tax point of view. We fully eliminate all marriage penalties in the Tax Code —all of the 65 provisions. It is fiscally responsible. The price tag is about $150 billion over 10 years, a little over half of what the Republican proposal costs. It does not expand marriage bonuses, and it does not exacerbate the singles penalty.

Why do we want to reduce this idea of tax cuts? First, we think we should be reducing the national debt, paying it down, which is good for the economy, as Chairman Alan Greenspan of the Federal Reserve tells us. In so doing, we strengthen Social Security; most Americans agree that is a pretty high priority for all families, married or not.

We also believe strengthening Medicare, which is something the Republicans never want to talk about, is good for the future of this country, for the elderly and disabled. It is an absolute lifeline. We believe if we are careful and target tax cuts, there are some things we can achieve which are good for this Nation.

One is a proposal which, in my State of Illinois, is very popular, which is the idea of the deductibility of college education expenses up to $10,000. It means if parents are helping their son or daughter through college and pay $10,000 of the tuition bill, they can deduct it, which means a $2,800 benefit to the family paying college expenses. That is going to help a lot of families in my home State. I certainly think that makes more sense than the Republican approach in the marriage tax penalty bill which provides a bonus to people already receiving the tax bonus.

The other item we think should be the prime focus when we talk about targeting tax benefits relates to the prescription drug benefit which has been talked about for years on Capitol Hill. The Medicare plan, conceived by President Lyndon Johnson and passed in the early sixties, was a health insurance plan for the elderly and disabled which made a significant difference in America. Seniors live longer; they are healthier; they have better and more independent lives. I have seen it in my family; most have seen it in theirs. We want it to continue.

There is a noted gap in that Medicare policy, and that noted gap is prescription drug coverage. Virtually every health insurance policy in America now covers prescription drugs but not Medicare. The Republicans have come in with all sorts of ideas for tax cuts, but they cannot come up with the money to pay for a prescription drug benefit under Medicare.

We on the Democratic side think this should be the first priority, not the last. In fact, we put a provision in our budget resolution, with a contentious vote, I might add, to raise that to $40 billion to pay for it. It has already been cut in half in the budget conference committee. There is no will on the Republican side for a prescription drug benefit.

They want to talk about a marriage penalty benefit for those who are not suffering a penalty. We want to talk about a prescription drug benefit for the elderly and disabled who are penalized every day when they cannot afford to pay for their prescriptions.

Perhaps my friends on the other side of the aisle do not understand the depth of this problem. We have seniors in some States who are literally getting on buses and riding to Canada to buy prescription drugs because they cost half as much in Canada as they do in border States such as North Dakota, Minnesota, and Montana. They understand this. They want us to do something about it, but the first tax cut bill that comes before us since we passed our budget resolution is not about prescription drugs, it is about a marriage penalty bonus for people who are not facing a marriage penalty.

I will tell you how bad this drug crisis is for seniors. Their coverage is going down. About a third of seniors have great coverage on prescription drugs, a third mediocre, and a third none at all. At the same time, the cost of these drugs is going up. There was a time when drug prices went up once a year. Then the drug companies realized they could hike their prices twice a year, then once a month, and then every other week. If my colleagues talk with pharmacists or doctors or seniors themselves, they will tell you exactly what I am talking about: Prescription drug costs are going up; coverage is going down.

Take a look at the type of bills seniors are facing. Prescription drugs are a burden on moderate income beneficiaries: typical drug costs versus income. For a patient with heart trouble and osteoporosis, typical drugs cost $2,400, 20 percent of pretax income—20 percent if they are living at 150 percent of poverty. That is an income of about $12,000 a year.

High blood pressure—one can see the percentages go up: 20 percent, 26 percent; arthritis and osteoporosis, 31 percent; high blood pressure, heart disease, 40 percent. Heart disease and severe anemia, more than a person's income.

In the city of Chicago, we had a hearing on prescription drug benefits. Some of the stories that were told were memorable. I can recall several organ recipients, transplant recipients, who came to us facing monthly prescription bills of $1,000 or $2,000. These people, on a fixed income, could not handle it. Medicare only covered it for 3 years. They knew what the cost of prescription drugs meant because for them it was a matter of life or death. Without their drugs, after transplant surgery, they could not survive.

There were some who were not in a serious condition but they could tell me about $200, $400, and $500 a month in prescription drug costs. Many times, seniors then make a choice: Will they take the medicine or not? Will they take half the prescription or the full prescription? Will they choose between food or medicine? That is a real world choice.

We on the Democratic side think a prescription drug benefit should be the first priority out of the box. We believe we can pass marriage penalty relief that addresses the problem, solves it for the vast majority of couples affected by it, and leaves enough money for a prescription drug benefit. That is our alternative to the Republican proposal.

The Republicans want it all to be on the side of marriage tax penalty relief and marriage bonus. We think prescription drug benefits should be part of it. That will be the choice on the floor for Democrats and Republicans.

Let's hear your priorities, whether or not you think a prescription drug benefit should be a high priority. We certainly do.

Look at how drug costs are growing each year. I mentioned earlier, they go up almost on a weekly basis: 9.7 percent in 1995; continuing to grow to 16 percent in 1999.

Of course, drug companies are in business to make a profit. They need to make a profit for research to find new drugs. That is a given. I accept that. A company such as Schering-Plough, that sells Claritin, that spends a third of its revenue on advertising—how many times have you seen the Claritin ads on television, in magazines, in newspapers?—Spends only 11 percent of their revenue on research. We realize the costs are going up for the advertising more than for the research.

We believe that as these costs continue to rise, seniors will continue to be disadvantaged. As I have mentioned, seniors —most of them—are on a fixed income and really have nowhere to turn to pay for these drugs.

Mr. President, 57 percent of seniors make under $15,000 a year; 21 percent make above that but under $25,000. You get to the categories of seniors who make over $25,000, and that is about one out of five seniors; four out of five make less. So as the prescription drug costs go up, their ability to pay is being stretched.

We think this prescription drug benefit then will have a great advantage for seniors. It will give them some peace of mind. The doctors who prescribe these drugs will understand that their patients will be able to afford them and take them.

What is the alternative? If an elderly person goes to see a doctor, and the doctor prescribes a drug, and the elderly person goes to the pharmacy and finds out they cannot afford the drug, and they then do not take the drug, and they get sick enough to go to the hospital, who pays for the hospitalization under Medicare? Raise your hands, taxpayers. We all do.

When someone gets sick and goes to the hospital, under Medicare, taxpayers pay for it. Yet we do not pay for the prescription drugs to keep people well and out of the hospital. That does not make any sense. It does not make sense medically. No doctor, no senior, would believe that is the best way to deal with this.

So we are talking about changing this system for the prevention of illness and disease, for the prevention of hospital stays, and for reductions in the costs to the Medicare program. It is a real cost savings.

It isn't just enough, as I have shown from these charts, for us to provide the benefit for seniors so they can pay for prescription drugs. We have to deal with the whole question of pricing, the cost of these drugs.

How will we keep these costs under control? People in my part of the world, probably all across the United States, get a little nervous when you talk about the Government being involved in pricing. They say: I am not quite sure the Government should be doing that.

They have a right to be skeptical. But let's step back and take an honest look at this. Is there price fixing now when it comes to the cost of drugs? Yes.

Insurance companies contact drug companies and say: If you want the doctors under our insurance policy to prescribe your drugs, we will pay you no more than the following cost. That is a fact of life. The bargaining is going on.

If these same drug companies take their drugs up to Canada to sell them, the Canadian Government says: You cannot sell them in Canada unless we can establish the ceiling for your prices.

That is why the same prescription drugs—made by American companies, in American laboratories, by American technicians, approved by the Food and Drug Administration of the United States of America—when they cross that border, in a matter of minutes, they become a Canadian product sold at half the cost. That is why American seniors get on buses and go up there, to buy those drugs at half the cost.

The Canadians speak out when it comes to the price of drugs, as do the Mexicans and the Europeans and every other industrialized country in the world.

Oh, the Veterans' Administration here in the United States bargains for drugs, too. We want to get the best deal for our veterans. We tell the pharmaceutical companies: This is the maximum we will pay. They sell it to us.

The only group that does not have bargaining power is the seniors and disabled under Medicare. They are the ones who pay top dollar for the drugs in America. Is that fair? Is it fair that the people of moderate income, of limited resources, are the ones who pay the highest price?

That is why we on the Democratic side believe a prescription drug benefit should be the first tax cut that we consider, if you want to call it that, because it affects a program such as Medicare.

But on the Republican side, no, it isn't a high priority. It isn't in this bill. There is no money set aside for it. There isn't a sufficient amount of money set aside for it in the budget resolution presently in conference.

That is the difference. It is a significant difference.

If you take a look at the prescription drug coverage by income level, here is what you find. Those who are below the poverty level, 35 percent of them have no prescription drug coverage. For those barely at poverty and above, it is 44 percent. You will see that as you make more and more money, you have more and more likelihood that you will have drug coverage.

The lower income Americans, the lower income seniors, and the disabled are the ones who do not have prescription drugs protection.

We think the prescription drug benefit should really hit several principles. Any plan that does not is a phony plan. The plan should cover all. There should be universal coverage. Do not pick and choose. Every American should be allowed to be covered under this plan. No. 2, it should have basic and catastrophic coverage. No. 3, it should be affordable.

We think if you put these together, you can come up with a prescription drug benefit the President has asked for, which the Democrats in Congress support, and which the Republican bill before us does not even consider.

We will come back with an alternative, a Democratic substitute, to give this Chamber a choice. You can take the Republican approach and give tax cuts to those who do not need them or you can take the Democratic approach and eliminate the marriage tax penalty for the vast majority of young people who want to be married—all 65 provisions in the Tax Code—and have enough money remaining to deal with a valid prescription drug benefit.

The difference is this. We buy the premise of what the President said in his State of the Union Address, that we happen to be living in good times but we should be careful about our future. If we are going to have surpluses, let us invest them in things that count. Let us pay down the national debt. Let us strengthen Social Security. Let us strengthen Medicare and target the tax cuts where they are needed the most.

Some of the Republicans are running around Capitol Hill like folks with hot credit cards. They cannot wait to come up with a new tax cut—needed or not needed. We think we have to be more careful. If we are more careful, if we show some fiscal discipline, we can not only avoid the deficits of the past, heaping them on the national debt, but we can be prepared for any downturn in this economy as well. I think that is fiscally conservative—a term Democrats aren't usually allowed to use but certainly applies in this situation—and it is fiscally prudent. It is the way a family deals with its situation. Before you run out and pay for that big vacation, you might think about paying off some of the credit card debt. I think a lot of families think that way. The Republican leadership in the Senate does not.

Instead of paying down the debt of this country, they want to give away the tax revenues in a surplus, give it back to the people. They can give it back, but still we will collect $1 billion a day in interest on old debt.

The provision we will be bringing before the Senate during the course of this debate will offer those who are truly fiscally conservative on both sides of the aisle a viable option. We are going to address all 65 provisions in the Tax Code that have a marriage tax penalty effect. The Republican bill goes after the standard deduction and partially addresses two others: Rate brackets and earned-income tax credits.

Among the 62 provisions the Republican bill does not address on the marriage tax penalty but the Democratic optional, single-filing alternative does are adoption expenses. Doesn't that make sense, that we wouldn't want to discriminate against couples who may want to adopt?

Child tax credits, think about that for a second. A couple wants to get married. They may have some children. We want to give them the child care tax credit. The Republican bill doesn't protect them against the discrimination that might be part of it.

Taxation of Social Security benefits, savings bonds for education, none of these is covered by the Republican bill; IRA deductions, student loan interest deductions, elderly credits—the list goes on.

After their pronouncements and speeches about what a serious problem this is, their bill really comes up short. It doesn't address the basic problem. It provides tax cuts that are not asked for or needed. It shortchanges the opportunity to put money into a prescription drug benefit.

We think it is far better to take an approach which is fiscally prudent, conservative, sensible, and straightforward.

We also believe that during the course of this session we will be considering other targeted tax benefits. We can only have limited amounts and still bring down this national debt, so let's spend the money where it will be the most effective: A prescription drug benefit, No. 1; the deductibility of college education expenses, No. 2. If you send a son or daughter to college, you will have a helping hand from the Tax Code to pay for those growing expenses.

A third, which the President has proposed and which I think makes sense, is a long-term care credit. How many

people have parents and grandparents who are growing older and need additional care? We know it is expensive. Because of that additional expense, we want to provide a tax credit to help defray some of those costs. Those are very real and serious family challenges.

As much has been said on the floor about the marriage penalty and the reverence for families, which I agree is the backbone of this country, let's take a look at families in a little different context, not just on wedding day but when those families are raising their children and sending them to college, when those families are caring about their parents and grandparents who meant so much to them. Our targeted tax cuts go after all of those elements because, on the Republican side, they heap tax cuts on those who, frankly, do not need them, those who are not facing a marriage penalty. They cannot have enough money left to pay down our debt and have the resources for a targeted tax cut along the lines I have suggested.

I see my colleague from Wisconsin has come to the floor. I know my time is limited. I ask the Chair how much time I have remaining.

The PRESIDING OFFICER (Mr. GRAMS). The Senator has 16 minutes remaining.

Mr. DURBIN. I thank the Chair and yield the floor to my colleague from Wisconsin, Senator FEINGOLD.

The PRESIDING OFFICER. The Senator from Wisconsin.

Mr. FEINGOLD. Mr. President, one thing observers of the Senate are not likely to see today is anyone defending the marriage penalty. The tax code should not discourage the act of getting married, and it should not encourage divorce.

There is widespread agreement that Congress should pass marriage penalty relief. The President's budget included a proposal to address the marriage penalty. And last week, the Senate voted 99–1 in favor of sense of the Senate language calling on us to ''pass marriage penalty tax relief legislation that begins a phase down of this penalty in 2001.''

The marriage penalty is particularly burdensome for lower-income couples—and many young couples don't have much to spare. For some of these couples, the amount of their taxes could actually affect their decision whether or not to marry. Luckily, in the vast majority of cases, in the words of a recent law review article, love triumphs over money.

But in this debate that the majority has scheduled for the week before the April 15 tax deadline, one can be forgiven for harboring the suspicion that more than marriage penalty relief is involved.

For one thing, on this subject on which there is a broad consensus, the majority appears unwilling to work out a compromise with the President or with Democrats. Rather, the majority seems driven more to create election-year campaign talking points than real tax relief.

For another thing, on this bill, for the third time this year already, the majority seems willing to plow ahead on major tax cut legislation before even adopting its own fiscal plan in the form of a budget resolution. To recount, in early February, the Senate passed a $103 billion tax cut as part of the bankruptcy bill. Then, in early March, the Senate passed another $21 billion tax cut for education savings accounts. And now in April, the Senate is considering another $248 billion in tax cuts labeled as marriage penalty relief. So the majority this year has already moved $372 billion in tax cuts—at an average rate of $124 billion a month—before it has even adopted its budget resolution.

And you need to add to that the approximately $80 billion in debt services that tax cuts of such a size would require. That yields roughly $450 billion of the surplus that this Senate will have spent in just three months—an average of $150 billion a month. And that doesn't even count the health tax cut provisions that we can expect in the Patients Bill of Rights bill. And that also doesn't count the other multi-billion-dollar reconciliation tax cut that the budget resolution calls for no later than September 22.

Some said that the majority brought up the amendment to the Constitution to prevent flag burning when they did because the American Legion was having a convention that week. Now, it seems that they are bringing up the marriage penalty because tax day is coming. What the majority chooses to call up seem more driven by the calendar than by legislative sense.

Moving so many tax bills so early in the year raises another suspicion as well—that if we waited, we would find that there is not enough money to do everything that the majority wants.

The Senate's consideration of a tax cut this size is also premature because the majority continues to push tax cuts before doing anything to extend the life of Social Security, before doing anything to extend the life of Medicare, or before doing anything to make prescription drugs available to seniors who need them.

Yes, Social Security is projected to run cash surpluses on the order of $100 billion a year for the next decade, but beginning in 2015, it is projected to pay out more in benefits than it takes in in payroll taxes. Medicare Hospital Insurance benefit payments will exceed payroll tax revenues as early as 2007.

The tax cuts that the Senate has passed and that we debate today would phase in so that their full impact would come just as the Nation begins to need surpluses in the non-Social Security budget to help address these Social Security and Medicare commitments.

In 2010, the marriage penalty bill before us today alone will cost $40 billion a year. Rather than pay down our debt to free up resources for our coming needs, these tax cuts would add to our future obligations. To commit resources of this magnitude without addressing the long-term solvency of Social Security and Medicare is simply irresponsible.

The size of the tax cut before us today flows in large part from its scatter-shot approach. According to the Center on Budget and Policy Priorities, it delivers a comparable amount of benefits to those who enjoy marriage bonuses as to those who suffer from marriage penalties. And according to Citizens for Tax Justice, more than two-thirds of this tax bill's benefits would go to the fewer than one-third of couples with incomes of more than $75,000. Are tax cuts for the well-off really our most pressing national need? A more targeted approach could save money and leave us better prepared to address our coming fiscal commitments.

Our economy is strong and has benefitted from sound fiscal policy. Monday's papers reported that unemployment has remained below 4½ percent for fully two years now. The Nation continues to enjoy the longest economic expansion in its history. And home ownership is at its highest rate on record.

We have this strong economy in no small part because of the responsible fiscal policy we have had since 1993. That responsible policy has meant that the government has borrowed less from the public than it otherwise would have, and indeed is projected to have paid down nearly $300 billion in publicly-held debt by October. No longer does the government crowd out private borrowers from the credit market. No longer does the government bid up the price of borrowing—interest rates—to finance its huge debt. Our fiscal policy has thus allowed interest rates to remain lower than they otherwise would be, and businesses large and small have found it easier to invest and spur new growth.

Passing large tax cuts like the one before us today without addressing the long-run needs of Social Security and Medicare risks returning to the budgets of 1992, when the government ran a unified budget deficit of $290 billion and a non-Social Security deficit of $340 billion. It risks returning to the Congressional Budget Office's 1993 projection of a unified budget deficit that would climb to $513 billion in 2001, instead of the unified budget surplus of $181 billion and non-Social Security surplus of $15 billion that we now enjoy.

Any young couple would be well-advised to do a little financial planning before entering into a marriage. We can ask the Senate to do no less.

I yield the floor.

The PRESIDING OFFICER. The Senator from Montana is recognized.

Mr. BAUCUS. Mr. President, I know there will be a lot of time for debate

later today and tomorrow, and perhaps in the future, on the so-called marriage penalty. I want to respond to two points that several of our Republican colleagues have made with respect to the Finance Committee bill, the majority bill.

The first claim is that the Finance Committee bill, the majority bill, eliminates the marriage penalty. Not true. It does reduce the marriage penalty for some people, to some extent, but it does not eliminate the marriage penalty.

Why do I say that? Well, first, let me show you this chart. This chart basically shows, in the main, that there are 65 provisions in the Tax Code that create a marriage tax penalty; 65 different provisions in the code create the so-called marriage tax penalty, the inequity that married people pay. The Republican bill, the Finance Committee bill, addresses some of them. How many? Out of the total of 65, how many do you suppose the Finance Committee addresses? A grand total of three. So 62 of the provisions in the Internal Revenue Code that cause a marriage tax penalty are not addressed by the Finance Committee bill.

Let me give you an example. One is the deduction for interest on student loans. The phaseout for this begins at $40,000 for unmarried individuals and about $60,000 for joint return filers. So if two young people each earn $35,000 and they marry, they get hit harder by the phaseout. In other words, they pay a marriage tax penalty. It is not covered by the Finance Committee bill. It is covered by the alternative to be offered by Senator MOYNIHAN.

Another example in the Finance Committee bill is not covered. A marriage tax penalty that is not taken care of is Social Security for seniors. The tax threshold for Social Security for seniors is $25,000 for individuals and $32,000 for couples. Again, a marriage tax penalty. What does the Republican bill, the Finance Committee bill, do about these provisions? Nothing. They are not among the three penalties the Republican bill addresses. The Democratic proposal, in contrast, addresses all 65 marriage tax penalty provisions—all of them. Not 3, not 4, not 5, but all of them, all 65.

So, again, the Finance Committee bill does not eliminate the marriage tax penalty. The Democratic alternative does.

There is a second point made on the floor today that I would like to address. About half of the relief in the Finance Committee bill goes to people who don't pay a marriage tax penalty today. They get a so-called bonus, or they get neither a penalty nor a bonus. That is this chart. This chart shows that less than half of the relief in the majority bill goes to the marriage tax penalty; that is, more than half goes to people who don't have a marriage tax penalty, who are already in a bonus situation.

Some argue, well, gee, we should not penalize couples, such as those with a stay-at-home spouse, by denying them the same tax cut we provide to couples who face a marriage tax penalty. Frankly, that is a red herring, as lawyers say. That is totally beside the point. Obviously, we have nothing against people who receive a tax bonus. Nobody wants to penalize them. But let's be honest. If we are providing half the relief to people who don't pay a marriage tax penalty, it is simply not a marriage tax penalty bill anymore; it is a tax cut bill, and we should evaluate the bill on that basis.

Let's talk about singles, for example. The marriage tax penalty relief bill that we are talking about is going to proportionally put more burden on individuals, single taxpayers, on widows who are not heads of households, widowers. They are going to be hit indirectly because of the action that will probably be taken at a later date on this floor. In the main, this is not a marriage tax penalty bill out of the Finance Committee; it is primarily a tax cut bill.

That kind of tax cut compared with other priorities may or may not make sense. What about prescription drugs, long-term care, retirement security? I don't think we have addressed those issues enough on this floor; that is, trying to determine what our priorities should be, given the limited number of dollars we have in the budget surplus.

Another thing. Viewed as a tax cut, the majority bill is completely arbitrary. There is no particular rhyme or reason to it. If you are married and pay a marriage tax penalty, you get a tax cut. If you are married and pay no marriage tax penalty, you get a tax cut. That is what the Finance Committee bill does, in the main. If you are married and get a tax bonus, you still get a tax cut. That is what the committee bill does.

If you are single, you get no tax cut. In fact, the disparity between married and single taxpayers widens to where it was before 1969.

Think about this for a moment. If you are married, have no children, you are receiving the so-called marriage bonus, you get a tax cut. If, on the other hand, you are a single mom and you have three kids, you get zero tax cut. Is that what we want to do?

So the Finance Committee bill doesn't eliminate the marriage penalty. It simply does not. Sixty-two of the marriage penalties in the code are not addressed by the Finance Committee bill. Only three are.

There are many others I have not mentioned which are very big and have a very big effect.

In addition, the majority committee bill provides a large tax cut unrelated to the marriage tax penalty. It is a large tax cut which has nothing to do with the marriage tax penalty.

I am saying briefly, because my time is about to expire, that there are some major flaws in the majority bill. I have only touched on a couple of them. There are many more which will be brought out later in the debate.

I urge my colleagues, people around the country watching this on C-SPAN, other offices, and the press to take a good look at the majority bill because there are some real problems with it. I hope we can straighten them out and fix them very soon.

I yield the floor.

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WORKER ECONOMIC OPPORTUNITY ACT

The PRESIDING OFFICER. The clerk will report S. 2323 by title.

The bill clerk read as follows:

A bill (S. 2323) to amend the Fair Labor Standards Act of 1938 to clarify the treatment of stock options under the Act.

The Senate proceeded to consider the bill.

Mr. BAUCUS. Mr. President, I suggest the absence of a quorum, and I ask unanimous consent that the quorum call not be charged against either side.

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

The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

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

The distinguished Senator from Kentucky, Mr. MCCONNELL, is recognized.

Mr. MCCONNELL. Mr. President, I want to speak on behalf of the pending measure, the Worker Economic Opportunity Act, which the Senate will pass shortly.

This bipartisan bill will ensure that American workers can receive lucrative stock options from their employers—once considered the exclusive perk of corporate executives.

Senator DODD and I have worked closely with Senators JEFFORDS and ENZI, ABRAHAM, BENNETT, and LIEBERMAN, the Department of Labor, and others to develop this critical bill.

We have the support of groups representing business and workers, as well as Secretary Alexis Herman. In short, everybody wins with this proposal.

All over the country today, forward-thinking employers are offering new financial opportunities—such as stock options—to hourly employees.

Unfortunately, it appears that our 1930's vintage labor laws might not allow the normal workers of the 21st century to reap these benefits.

When we realized this, we decided to fix this problem. It would be a travesty for us to let old laws steal this chance for the average employee to share in his or her company's economic growth.

The Workers Economic Opportunity Act is really very simple. It says that it makes no difference if you work in the corporate boardroom or on the factory floor—everyone should be able to share in the success of the company.

In sum, the bill would amend the Fair Labor Standards Act to ensure that employer-provided stock option programs are allowed, just like employee bonuses already are.