President, because a lot of people say, is not a cut. Medicaid goes $139.5 billion. That is a 46 percent increase. That is not a cut. We have a balanced budget proposal. We do have a road map on how we can get there. We should do it. Thomas Jefferson was exactly right—exactly right. I just hope that my colleagues on this side of the aisle will look at this and ask, ‘What is in the best interest of the United States? Should we not pass a constitutional amendment to balance the budget?’

I think we should, and we should do it. This is right. Jefferson was right, Mr. President. I hope that our colleagues will reconsider. I am proud of the Senators on this side of the aisle. We had 98 percent of the Republicans, all but one, voted for a constitutional amendment to balance the budget. I hope that we will have that strong support on this side of the aisle, and I hope a few of our colleagues who supported a constitutional amendment to balance the budget in the past will likewise vote for it this time and give the American people what they really want. And that is a constitutional amendment to balance the budget.

Mr. President, I yield the floor.

The PRESIDING OFFICER (Mr. Grams). All time given is at the Senator from Georgia has expired.

Under the previous order, there will now be 30 minutes for debate under the control of the Democratic leader, or his designee.

Mr. DORGAN addressed the Chair.

Mr. DORGAN. Monday, and we have had an hour and a half of morning business by the majority party. It is, ‘He said, she said, they said.’

And it is, ‘President Clinton this’ and ‘President Clinton that.’

And it is, ‘We have a balanced budget and the other folks don’t.’

And it is, ‘They are the big spenders and we’re the folks who want to put America back on track.’

Let us review exactly where we are, because it is important for people to understand the business of the Senate is today.

The business of the Senate is to discuss a proposal by the majority party to change the Constitution to balance the budget and require a balanced budget in the Constitution, and the pending order of business in the Senate is a missile program, a national missile defense program, called the ‘Defend America Act,’ which according to the Congressional Budget Office, upward of $60 billion of new spending just to construct—not to operate.

So the same folks who have been treating us to an hour and a half of discussion about the need to change the Constitution to balance the budget are also saying, ‘By the way, we want to balance the budget, but we want a new $60 billion spending program, and we want to work on that immediately, and we demand that that money be spent right now.’

Following that, also pending before the Senate, is we also want to cut the gasoline tax, and we also want a very substantial tax cut during the 7 years. All of this from the same folks. ‘We want a balanced budget, so let’s increase spending,’ they say, ‘we want to cut taxes, gas tax and other taxes.’

I do not understand what school they went to. I do not understand what arithmetic book they have studied.

It seems to me to be consistent if one says, ‘Let’s change the Constitution to require a balanced budget,’ and the very next act of business would not be to bring to the floor an enormously expensive new spending program called the Defend America Act, which is a nice way, a retitling, of saying we want to build star wars again.

Everybody has a right to develop their priorities and to advertise them, however inconsistent they may be. I am going to talk tomorrow about the Defend America Act, or the star wars program. We have had some experience with that. The only one that was ever built, the antiballistic missile program, was built in my state of North Dakota. There has been a large concrete monument to it, a large concrete pyramid that sits up in the hills of North Dakota. In today’s dollars, $25 billion was spent in order to construct it, and it was decommissioned the same month it was declared operational—$25 billion. That is called shooting blanks.

But it is all right, I guess, according to some, because it was not their money, it was the taxpayers’ money. That is the attitude of some—anything that explodes, they want to build, any new weapon, they want to construct. Katie bar the door. The sky is the limit. The American taxpayers’ credit card is at stake, so let’s build it.

The same people who say let us change the Constitution to require a balanced budget, in the next order of business on the Senate floor will also say, let us spend $60 billion on a program that will not really defend America but that they can advertise will defend America.

At another time I will discuss that in greater detail. But first the issue of the constitutional amendment to balance
the budget. There is no balanced budget, contrary to the claims made in the last 1 1/2 hours.

This is from recent weeks on the floor of the Senate. It sat on every desk here in the Senate. It is from the Budget Committee. It is the bill that was passed by this Senate that advertised it was balancing the budget. It says for the year 2002 that there will be a $108 billion deficit. This is the resolution they said balanced the budget.

What is the case? Why, if they advertise a product they say balances the budget, would it in the text of the bill laying on every desk of the Senate say that in the year 2002 the deficit will be $108 billion? Because they take money from the Social Security trust funds, $108 billion, and use it over in the operating budget to say, "Oh, by the way, our budget is in balance."

But technically the law prohibits them from doing that in this legislation. There is nothing in the Senate that prohibits anybody from false advertising or false claims or deciding to boast about whatever they want to boast about. They boasted this was a balanced budget. Of course, it was not.

But the point I want to make today is that exactly what they did in the budget resolution for this year is what they insist on enshrining in the Constitution. The language in the constitutional amendment to balance the budget enshrines in the Constitution the provision that they shall use the Social Security trust fund surpluses to balance the Federal budget. There would be a vote in favor of that proposition in the U.S. Senate today if you had to vote up or down on it.

I was here in 1983, serving in the House Ways and Means Committee, when we passed the Social Security reform bill. That bill provided that we begin saving each year—that is, raising more money in the Social Security trust fund—than we spend out through payroll taxes in order to save for when the baby boomers retire.

Why do I say all about? If you read your history books, you will know that just after the Second World War America had the largest crop of babies in its history. I am told that there was an enormous outpouring of affection and warmth and love when people who had been apart and not seen for long periods of time were re-acquainted. And guess what? The war babies, the largest group of babies ever born in this country's history, were born just after the Second World War, just after all those folks came back from fighting that war. They will retire after the turn of the century.

In 1983, the decision was made to begin saving in the Social Security system for when we will need those funds when the baby boomers retire. This year, $69 billion more will be collected in the Social Security trust funds than will be spent out; $69 billion will be accrued as a surplus this year alone.

The hope is that the majority party brings to this Congress is to say this: Let us balance the budget, and let us, in fact, enshrine in the Constitution a provision that will balance the budget by allowing us to take the trust funds in the Social Security system every year and show it over here in the operating budget and claim we have balanced the operating budget.

My colleague from North Dakota, Senator Conrad, says if you were in business and did that, they would put you in jail. If you were in business and did that, and said, "By the way, I am going to balance my business budget this year by taking my employees' pension funds, that is how I am going to balance my budget, I will just take $69 billion out of the Social Security, the Social Security trust funds, or there are trust funds. If they want to do that, they will not be able to do it in the U.S. Constitution.

If the majority party changed section 7 of their constitutional amendment proposal that they would not misuse the Social Security trust funds to balance the budget, they would get 75 votes for this proposition. But they will not do that. They will not do that because they understand that to lay their hands on the Social Security trust funds gives them an opportunity to claim they have balanced the budget even while they are pushing their own agenda of more tax cuts, building a $60 billion star wars programs. And the fact is, none of it adds up. None of it adds up.

It is interesting. I have seen and heard the three stages of denial about the Social Security trust funds on the floor of the Senate. I will not name the Senators. I could, but I will not. Three Senators.

One stands up and says, "There are no Social Security trust funds. There are no trust funds." That is the first denial. The second Senator stands up and says, "There are trust funds, and we are not misusing them." The third denial. The third denial is the Senator who stands up and says, "There are trust funds, and we are misusing them, but we promise to stop by the year 2006." All three assertions have been made with the same authority of the aisle. What is it? There are no trust funds? That is interesting. Tell the millions of people who work, who pay into that trust fund every year with payroll taxes, that there are no trust funds, or there are trust funds, but we are not misusing them. Explain this. Explain the bottom of the budget document that was brought to the floor of the Senate. Or there are trust funds, we are misusing them, and we promise to stop by 2008. Translated, this means: Allow us to write in the Constitution at least for the next 12 years that we can misuse Social Security trust funds to claim we balanced the budget that is not in balance.

I know people have said, well, there has been switching here and there. Somebody voted for it before, then is against it. Look, when the constitutional amendment to balance the budget was previously brought to the floor of the Senate, Senator Simon, who spoke not too long ago today, was an author. I raised the question with him about using the Social Security trust funds. The fact is, he wanted a constitutional amendment that would exclude the Social Security trust funds. He proposed that. He favored that. But in order to have a bipartisan coalition, he did not get that. But he said to me on the floor, and he said to others: We would not be using Social Security trust funds, we had a vote on whether or not they would, and they voted to say, "We will use the Social Security trust funds." Then people say the vote was exactly the same vote under the same circumstances. No, I am sorry to disagree. The first was a promise they would not misuse the Social Security trust funds, and the second was a legislative promise they would. Big difference, a difference that amounts to well over half a trillion dollars.

I want us to balance the Federal budget. I will vote for a constitutional amendment to balance the budget if they will change section 7 to say we are not going to misuse the Social Security trust funds. I do not want to do that, they will get 75 votes, in my judgment, for this constitutional amendment. If they do not want to do that, it means they do not want a constitutional amendment and do not intend to balance the budget.

I also say, the most consistent thing they could do, those who allege they should balance the budget by enshrining in the Constitution a provision that they should misuse the Social Security trust funds, but want to do that, they will get 75 votes, in my judgment, for this constitutional amendment. If they do not want to do that, it means they do not want a constitutional amendment and do not intend to balance the budget.

I voted for a provision in 1993 that substantially changed expenditures by the increasing Federal spending, increasing some Federal Taxes. And the deficit has been decreased substantially. All of us who voted for that experienced some difficulty because of the vote, because it was a hard vote to cast. I am glad I cast that vote. I think we did the right thing. Those of you who did that vote cast an affirmative vote that says: We stand on the side of reducing the Federal deficit.
We will cast our votes to demonstrate that we will reduce the Federal deficit. I am glad I voted that way. We did not get one accidental vote on the other side of the aisle. Not one. You would think occasionally with a mixed vote voting. We did not get one vote on the other side either in the Senate or the House.

They wanted us to do it because it was not easy to do it. We did it. The deficit is coming down. But the deficit will only come down with a menu coming to the floor of the Senate for people that say the next thing we want to do is a $60 billion star wars program. I say to those people, how will you pay for it? Show me the money. Who will you tax to build the star wars program? Will it be like the concrete pyramid we have in the Dakotas, declared dysfunctional the same month it was declared operational, of which $25 billion of the taxpayer money was used? Is that a consistent kind of philosophy? Does that come from people who really want to balance the budget? I do not think so.

The Senator from North Dakota, Senator CONRAD, my colleague, is on the floor. He also was involved in this discussion about the trust fund, Social Security, the right way to balance the budget, the right way to put something in the Constitution. There is a right and a wrong way to do it. I yield the floor so my colleague, Senator CONRAD, could offer some comments on his on this subject.

Mr. CONRAD. Mr. President, I thank my colleague from North Dakota for talking about a balanced budget amendment that will be offered this week and opening the discussion about what are we really doing here. I think this is one of the most misunderstood discussions in the United States.

When people talking about a balanced budget amendment to the Constitution of the United States, the first question we ought to ask is, what budget is being balanced? It is very easy to talk around this town about balancing the budget. What one find is there are not many folks who are willing to actually put down and put their name next to a budget that does, in fact, balance.

What we have over the time I have been in Congress and for the time before I came to Congress, a series of folks who are willing to stand up and say, "I am for Gramm-Rudman-Hollings. That is a formula that will balance the budget." Or, "I am for a balanced budget amendment to the Constitution," without a plan attached to it and without talking very clearly about what budget they are balancing.

I hope people are paying attention because I will give them precisely what this balanced budget talks about. It says in section 7:

"Total receipts shall include all receipts of the United States Government except those derived from borrowing. Total outlays shall include those of the United States Government except for those for repayment of debt principal."

That is what is included in this amendment. Do you know what this means, colleagues and people who are listening around the country? This means you are including all of the receipts and all of the expenditures of the Social Security system. Social Security is not contributing to the deficit. It is not contributing to the debt. Social Security is in surplus. In 1997, for fiscal year 1997, the most recent estimate is that Social Security will contribute a billion by surplus of surplus. Yet this definition would have us include in the determination of a balanced budget all of the Social Security surplus used between now and the year 2002.

Mr. President, that is $525 billion being thrown into the pot to call it a balanced budget. What a fraud. That is not a balanced budget. There is not a company in America that would take the retirement funds of its employees and throw those into the pot and call it balancing their company's budget. In fact, if anybody attempted to do that would be on their way to a Federal institution and it would not be the U.S. Congress. They would be on their way to a Federal penitentiary because that is a violation of Federal law. It is a violation of Federal law to loot the trust funds of employees who are going to retire in order to balance a company's budget. Mr. President, that is precisely what is being proposed as a constitutional amendment.

Mr. President, let me say it as clearly as I can. We are talking about enshrining a principle and a policy in the Constitution of the United States that defines a balanced budget as one that uses Social Security trust fund surpluses to achieve balance. What could be more wrong? What could be more fraudulent? What could be a greater violation of the trust of the people that sent us here than to put into the Constitution, the President of the United States, a definition of a balanced budget that assumes you raid and loot trust funds in order to achieve balance? Mr. President, I would not vote for that proposition under any circumstances, under any circumstances. I would not vote for that if my life were threatened because that is a fundamental violation of any precept of honesty.

Mr. President, some will say "Senator, we changed it in that process now. We loot the Social Security trust fund every year and call it part of the unified budget." Mr. President, that is exactly right. That is what we are doing. That does not make it right. We are taking Social Security surpluses and counting them when we report on the deficit of the United States because even though the law says that is not to be done, people put all the funds into one pot. As this chart shows—which I call the budget teakettle of America—Social Security is in it. Within a half billion into that teakettle. The individual income taxes make up 45 percent of the revenue, Social Security taxes make up 37 percent, corporate income taxes, 10 percent, other taxes 8 percent. That is the money that goes in. The spending that comes out, Social Security is 22 percent, interest on the debt is 16 percent, defense is 16 percent, Medicare is 14 percent, Medicaid is 7 percent, and all other spending is 22 percent.

This shows precisely that is happening. All the money goes into one pot comes out of that same pot. That is the budget they are talking about balancing under this balanced budget amendment. The problem with that is Social Security is in surplus by $70 billion. What they are saying is they will take every single penny of Social Security surplus, throw that into the pot, and call it a balanced budget. That is an absolute fraud. That is not a balanced budget.

I have a financial background. Before I came here I was the tax commissioner of the State of North Dakota. I have a memorandum in business school. Any class for anybody in business school, if you would have said you will take the retirement funds of your employees and throw those into the pot to call it a balanced budget, you would be laughed out of the class if you proposed such a thing. That is the balanced budget proposal that will be before this body. It is not, by any serious definition, a balanced budget.

The only way one could claim a balanced budget would be to take out the trust funds from the calculation. In fact, that is what the law requires. The law says specifically you are not to count Social Security surpluses in making a determination, whether or not you have balanced the budget. We passed that law right here. The Senators overwhelmingly said it is not honest, it is not correct, to use Social Security surpluses to determine whether or not you have balanced the budget. We have had a Republican balanced budget plan. We have had the President's balanced budget plan. I have been part of a group called the centrist coalition, 22 Senators—11 Democrats and 11 Republicans—who have put together a plan. As I said in the Budget Committee, if we are going to be honest with each other and honest with the American people, none of those is a balanced budget plan. Each of them assumes the use of Social Security trust funds to balance by the year 2002. That is not a balanced budget.

In fact, last year I offered the Fair Share Balanced Budget Plan, the only plan that has been offered here that balances without using Social Security surpluses. Mr. President, I recognize that makes it more difficult to achieve balance, but it is the only honest way to get the job done. Mr. President, I am going to oppose, with every fiber in my being, taking Social Security surpluses out of the United States—let us think a minute about what we are talking about here. Let us think about what we
are talking about. We are not talking about passing a budget plan. We are not talking about passing a statute. We are talking about changing the organic law of this country. We are talking about changing the document that has made this country the greatest one in human history. We are talking about changing the document that has provided a protection and a series of guarantees to the American people, unrivaled in world history. We are talking about putting the definition of a balanced budget in that document that says, yes, it is OK to go loot and raid trust funds to call it a balanced budget.

I will tell you, I really have to think, what would Benjamin Franklin think of that? What would Thomas Jefferson think of that? What would George Washington think of that? I do not think that would be a very proud moment in America’s history—to enshrine in the Constitution of the United States that millions of a balanced budget that includes raiding every trust fund in sight in order to achieve balance.

Mr. President, that cannot be the outcome here.

Mr. DORGAN. Will the Senator yield?

Mr. CONRAD. Yes.

Mr. DORGAN. I ask the Senator if he has heard this. I have heard people stand on the Senate floor and say this issue is an arrogant issue about the Social Security trust funds is a bogus issue. There is a fellow, whose name I will not give, who wrote a piece in the Washington Post that said this is a bogus issue, that the Social Security trust funds are just part of the regular revenues of the Federal Government. Do they just profoundly misunderstand the circumstances here? How would the Senator respond to the folks who try to create kind of a smokescreen and say this is all bogus and none of this means anything?

Mr. CONRAD. I always hesitate to characterize the statements or motivations of others. But I will simply say this. It matters a lot what we do here. You know, sometimes the actions in this Chamber do not matter and the actions in the other Chamber do not matter much. This action matters a lot. Here is why it matters. For those who say, ‘Well, we have been doing something wrong and we want to stop it to prepare for the future.’ We have to get ready for when the baby boomers retire. If we spent it all, squandered every penny, if we deluded ourselves by passing a phony balanced budget amendment to the Constitution, and the baby boomers retire and they go to the cupboard and the cupboard is bare, we are going to have some mighty angry folks in this country, and they are going to ask some pretty tough questions. They are going to ask, ‘Where did the money go? I thought you balanced the budget and secured the solvency of the Social Security System.’

Mr. President, the hard reality is that we have been doing something wrong and we want to stop it to prepare for the future. We have to get ready for when the baby boom generation retires. The only way we can do that is to balance the budget and do it honestly, without counting Social Security surpluses. To put it into the Constitution of the United States, to put a definition in the Constitution of the United States that a balanced budget includes raiding and looting the Social Security trust funds is just profoundly wrong. There is no upside in that.

The PRESIDING OFFICER. All time has expired under the previous order.

Mr. CONRAD. Mr. President, I ask unanimous consent for an additional 5 minutes.

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

A BROKEN PROMISE TO THE FARMERS

Mr. CONRAD. Mr. President, on a different matter, on Friday last, I learned that the Republicans on the House side have now broken the promise to farmers contained in the most recent farm bill.

Mr. President, I think everyone in this Chamber remembers that America’s farmers were told that if you accept this new farm bill that has sharply declining payments in it and has no safety net for when prices plunge, you will at least be assured that for the 7 years of this farm bill the payments contained in that will be guaranteed. In fact, the proponents of the so-called Freedom to Farm Act told the American farmers that this is like a contract. In fact, they related it to the Conservation Reserve Program contracts. They said, ‘Farmers, at least you will be assured you are going to get payments of these amounts.’

Mr. President, last week, the House Appropriations subcommittee broke the promise, violated the pledge, and said to the American farmers that that was all a trick. We promised you a contract, but we are breaking the contract before the ink is even dry. The farm bill has just been signed into law, and already you might as well throw it out the window because the congressional pledge and promise has turned out to be a hoax. Not a word of truth is in it because they have cut the transition payments before farmers have even received one—the payments that were supposed to be inviolate, the payments that were supposed to be guaranteed, the payments that were supposed to be a contract. It turns out that they have no guarantee attached to them at all.

There is no contract. Farmers are being asked not how to sign up, but their name on the line. But they do not know what they are signing up to because it is very clear from the action taken in the House Appropriations Committee that they can cut the funding for those transition payments any time, in any amount, in any way they want. It does not have to be 7 years of payments; it could be 3. In the first 3 years, they could cut them 50 percent, or they could cut them 80 percent.

There is no contract. There is no commitment here. There is no guarantee here. All there is is a betrayal, a betrayal of the farmers who trusted those who promoted this approach, who were told, and told repeatedly, that these are sharply declining payments, but at least you can be assured you will be getting what the formula provides over the next 7 years. Now we know none of it is true.

Mr. President, I think those who promoted the Freedom to Farm Act on the basis that it was a guarantee ought to apologize to America’s producers. I think they ought to stand up and admit that there are not contract payments. They have broken the promise, and that is assured. They have sold farmers a pig in a poke. That, I think, was one of the most disappointing betrayals that I have seen in the 10 years I have been in the U.S. Senate; if there ever was a circus, I think this was the one most clearly what the promise was—with respect to the so-called Freedom to Farm Program.