Indeed, the person who pays less than that, I presume would not only get a refund but get some kind of an income tax credit in addition to the regular $500 credit.

Who knows what we will adopt? Knowing how legislative bodies are, I suspect that we will go right up to the $240 billion. No one has decided that yet. No meetings of the Finance Committee have taken place in connection with taxes. No decisions have been made. It is total nonsense to say that 51 percent of the tax cut is going to the rich under any Senate plan.

ORDERS FOR MONDAY, SEPTEMBER 25, 1995

Mr. CHAFEE. Mr. President, I ask unanimous consent that when the Senate completes its business today it stand in adjournment until the hour of 2 p.m. on Monday, September 25; that following the prayer, the Journal of proceedings be deemed approved to date, no resolutions come over under the rule, the call of the calendar be dispensed with, the morning hour be deemed to have expired, the time for the two leaders be reserved for their use later in the day, and there then be a period for morning business until the hour of 3 p.m, with the Senators to speak for up to 5 minutes each with the exception of the following:

Senator BENNETT for up to 45 minutes; Senator DORGAN for up to 15 minutes.

I further ask that following morning business at 3 o'clock, the Senate begin consideration of H.R. 2099, the VA–HUD appropriations bill.

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

PROGRAM

Mr. CHAFEE. For the information of all Senators at 3 p.m. on Monday, the Senate will begin consideration of VA–HUD appropriations bill. The managers of that bill have indicated that Senator BUMPERS is prepared to offer his amendment on the space station on Monday. The majority leader has indicated that any other Member who is intending to offer an amendment to VA–HUD appropriations bill should be prepared to offer that amendment on Monday, so the Senate may complete action on the bill at the earliest possible time.

In addition, the majority leader has indicated there will be no rollcall votes on Monday, and any votes ordered in connection with the HUD–VA bill would be postponed until after the weekly party luncheons on Tuesday.

NATIONAL HIGHWAY SYSTEM DESIGNATION ACT OF 1995

Mr. CHAFEE. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of the House message to accompany S. 440, the national highway bill, that the Senate move to disagree with the House amendments and agree to a request for a conference, the Chair be authorized to appoint the conferees on the part of the Senate.

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

The motion was agreed to, and the Presiding Officer appointed Mr. WARNER, Mr. CHAFEE, Mr. SMITH, Mr. KEMPTHORNE, Mr. BAUCUS, Mr. MOYNIHAN, Mr. REID and from the Committee on Commerce, Science and Transportation, solely for matters within their jurisdiction, Mr. PRESSLER, Mr. LOTT, and Mr. HOLLINGS conferees on the part of the Senate.

ORDER FOR ADJOURNMENT

Mr. CHAFEE. Mr. President, if there is no further business to come before the Senate, I now ask the Senate stand in adjournment under the previous order, following the remarks of Senator BYRD.

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

Mr. CHAFEE. Now, Mr. President, we have the opportunity to hear the distinguished Senator from West Virginia.

The PRESIDING OFFICER. The Senator from West Virginia.

Mr. BYRD. Mr. President, I thank my friend, the distinguished Senator from Rhode Island [Mr. CHAFEE] for his courtesy.

Mr. President, I want to be very observant of the rules of comity that exist between the Senate and the House. And, so, I seek never to call the name of a Member of the other body. I think the rules of comity are very important and I hope never to violate them.

However, Mr. President, I cannot allow the recent comments made by a Member of the other body, regarding a possible government-wide default, to go unanswered. Both the Washington Post and the New York Times today contain articles that suggest that a leading Member of the other body is willing to put the United States into default in order to coerce the President of the United States into swallowing a set of budget proposals that large segments of the public and the Congress consider to be extreme.

A Member of the other body has reportedly stated, ''I don't care what the price is,'' and is also quoted as saying that he does ''not care if we have no executive offices and no bonds for 60 days—not this time.'' He has further stated that he would use his office to prevent a vote to increase the debt limit until the President agrees to his proposals for balancing the budget.

That Member may not care, Mr. President, but I do. I care very deeply about the welfare of the United States and the people of the United States. This kind of arrogant brinkmanship can do irreparable damage to the United States, to its creditworthiness, and to its international standing. It could have long-lasting effects on the world stock and bond markets, with unseen ramifications for U.S. interests around the world. That is very careless—careless talk, Mr. President.

With each passing day, we climb ever closer to the $4.9 trillion ceiling on Federal debt imposed by Congress in 1993. We may hit that ceiling as early as the end of October, or as late as mid-November, but hit it we will, as sure as I am standing here today, unless action is taken soon to increase that limit. In the first 5 days of November, the Government must pay $50 billion in Social Security benefits, Medicare, and active-duty military pay. On November 15, some $25 billion in interest payments will be due on interest payments on the debt. Without an increase of the debt ceiling, the Government may be able to limp along until these payments are due, but no amount of accounting legerdemain will cover these large payments. Without an increase in the Government's ability to borrow, Government checks would not be honored. For the first time in history—we have been talking about history here today—the United States would default. It is almost inconceivable for me to imagine the Government of the United States bouncing a check, but that stark possibility looks us right in the face.

A Government default is not something to be taken lightly, as the author of the reported remarks seems to feel. This is a very, very serious issue. It does not just mean that ''executive offices'' might be shut for 60 days. It does not just mean that there will be ''no bonds'' for 60 days. It is far more devastating than that glib picture would imply. The Congressional Research Service paints a far darker scenario. Let me quote the CRS report:

> It is difficult to describe the extent of the problems the Government would face if the debt limit were not increased when needed. Under current Federal borrowing needs (for 1996), the effect would be similar to a 10 percent reduction in spending with no preplanning and uncertain authority to rank activities by importance. From past experience, most non-essential operations of the Government could be shut down. Most Federal employees might be sent home. National parks and monuments could close. Regulatory activities could cease. Discretionary Federal activities would probably be cut back as much as possible so that mandatory activities could be paid for. Depending on how long the situation lasted, employees, and eventually beneficiaries, could stop receiving checks from the Government. Government bondholders might not receive their interest payments. Federal construction projects could stop. Payments to State and local governments could stop. Federal contractors could find their payments delayed or missed. Through its reach into all parts of society, the disruption of Federal activities could spread over the entire country.

Mr. President, this comes from the CRS Issue Brief entitled ''The Debt Limit,'' updated August 10, 1995, by Philip D. Winters, Economics Division.

So, Mr. President:

> Payments to State and local governments could stop. Federal contractors could find

their payments delayed or missed. Through its reach into all parts of society—

Not just here within the beltway; but in all parts of society.

the disruption of Federal activities could spread over the entire country.

Mr. President, if that is not enough to rattle your teeth and curl your hair, it will certainly send a shiver of fear down the spine of every single American.

But let us further consider the international consequences of a failure to increase the debt limit and subsequent default. Perhaps the distinguished—and he is a very distinguished Member of the other body for whom I have a great deal of respect—perhaps he does not care about the dire consequences that his words threaten for the individual American who helped to put him into office. After all, he will continue to be paid, as I will continue to be paid, and as every Member of this body and every Member of the other body, and the Chief Executive at the other end of the avenue will be paid, even if the Government shuts down—down, down.

A failure to raise the debt limit in a timely manner could turn the international economy into a sea of quicksand. The U.S. dollar has been the backbone of international trade for most of this century. A default by the United States, that solid pillar of fiscal sobriety, would cause investor confidence in the dollar and U.S. government securities to plummet—plummet like Lucifer's fall into the lake of fire—affecting both domestic and international stock markets.

But the glib threats made by that distinguished Member of the other body reportedly have already shaken the confidence of the investors that the United States depends upon to finance our debt, through Treasury bond sales. Already, in partial reaction to his words, the value of the dollar dropped by five percent before recovering somewhat. That drop in the value of the dollar will be insignificant in comparison to the effects of an actual default. Only 11 percent of the total value of publicly held U.S. Government debt securities are held directly by U.S. individuals. Some 22 percent are held by individuals and entities residing abroad. These foreign investors cannot be expected to understand the U.S. political system, and will simply invest elsewhere until this whole crisis blows over. But if the United States defaults, these investors will not be quick to come back. Indeed, domestic investors will be hard to win back, even if lured with higher interest rates, which cost the Government more. What used to be called ''government securities'' will become ''government insecurities'' for a long time to come. Is this what we want? Is this what you, the American people, want? I cannot believe that we do, or that you do. This is not in the best interests of the United States.

This political brinkmanship—that is precisely what it is, political brinkmanship—this political brinkmanship which could so easily backfire can only result in the United States being the loser in the long term.

A default would result in the United States facing permanently increased borrowing costs when the time comes to roll over our debt. Interest rates on those loans, which are secured with government bonds, would be raised, increasing the costs to the taxpayer. The Treasury Department estimates that every increase of one percentage point in interest rates would swell the deficit by $4.9 billion this year. So this political extortion game being perpetrated by a single member of the other body on the President and the American people could cost a minimum of $4.9 billion this year alone. And those interest rates would not be lowered again for some time. Is this any way to balance the budget? I thought that was the point of this painful process that we have been engaged in this year, balancing the budget. But with a few foolish, ill-considered, and arrogant words, this whole painful year of cuts to one important program after another can be wiped out, erased in one fell swoop. This is an outrage being perpetrated on the long-suffering American public in order to satisfy the political ambitions and hubris of a single individual. For one party to put its own agenda ahead of the best interests of the American people is a complete abrogation of the trust of the American people.

Mr. President, the sooner we all stop playing this game of chicken, the better off we will be. The sooner we stop talking about a ''train wreck'' on both ends of the avenue, the better off we will all be.

I ask unanimous consent to have printed in the RECORD, Mr. President, articles from the New York Times and the Washington Post to which I have referred today.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

[From the New York Times, Sept. 22, 1995]

GINGRICH THREATENS U.S. DEFAULT IF CLINTON WON'T BEND ON BUDGET

(By David E. Sanger)

WASHINGTON, Sept. 21.—House Speaker Newt Gingrich threatened today to send the United States into default on its debt for the first time in the nation's history, to force the Clinton Administration to balance the budget on Republican terms.

His comments, a more extreme version of the hardball stance frequently used in past budget showdowns, raised the specter that the looming standoff may begin to rattle financial markets around the world. Mr. Gingrich's remarks came in the middle of a day in which the dollar plunged as much as 5 percent against major currencies before recovering slightly, sending interest rates up sharply. [Page D13.] The Speaker's statement appeared to be one of several factors that added to the markets' unsettled condition.

More broadly, Mr. Gingrich's speech to the Public Securities Association, which represents traders in Government debt, underscored the growing agitation and sense of imminent collision in official Washington as both Democrats and Republicans move toward a confrontation that could shut the Government down this fall.

Throughout the capital, there was a sense that the current had quickened and the rumble of a great waterfall could be heard close ahead. Angry disputes broke out on wildly varying issues. Republicans threatened to block sending American ground troops to enforce the Bosnia peace plan, agreed to vast reductions in the protection for endangered species and Federal lands, and pushed ahead with plans for radical changes in Medicare and Medicaid. Democrats fumed and vowed to do what they could to slow the legislation's breakneck pace.

Clearly part of Mr. Gingrich's autumn endgame strategy is to force the White House to accept much of this agenda—many parts of which President Clinton has vowed to veto—by holding an increase in the Federal debt limit hostage. Without an increase in the limit, the Government will be unable to meet many of the payments due in November for Social Security, military pay and interest on the Federal Government's $4.9 trillion in debt.

Such confrontation techniques have been used in the past. But it was highly unusual for a high Government leader to suggest, as Mr. Gingrich did today, that default on Government payments was not beyond the pale.

''I don't care what the price is,'' he said in his speech. ''I don't care if we have no executive offices and no bonds for 60 days—not this time.''

Without concessions from the White House across the board, he said, there will not be any increase in the debt ceiling. ''And we'll see how long they will last,'' he added.

Administration officials were still trying tonight to figure out how seriously to take Mr. Gingrich's comments. A few months ago, the Speaker was forced to back away from his off-the-cuff suggestions that the United States should recognize Taiwan as an independent country, a step that would lead to a breach with China.

But Congress has little direct influence over foreign policy. By contrast, its control of the Government's purse strings gave added force to Mr. Gingrich's remarks. Indeed, the Speaker's comments drew a quick and harshly worded response from Treasury Secretary Robert E. Rubin. ''The President won't be blackmailed by the use of the debt limit as a negotiating lever,'' he said in a telephone interview from Miami, where he was giving a speech tonight.

''It would be unprecedented and unwise for anyone in a position of authority to dismiss the consequences of default on the debt of the United States of America for the first time in our history,'' he added. ''Even the appearance of a risk of default can have adverse consequences, and a default itself would increase the cost of debt for the United States Government for many, many years to come. A sovereign country's credit-worthiness is a precious asset not to be sacrificed under any circumstances.''

Mr. Rubin said he did not expect the United States to default on any debt payment, a step that he has repeatedly called ''unthinkable.'' But even a serious threat of a disruption in payments can move the markets, and may send borrowing costs soaring for the United States.

The Treasury Department estimates that every increase of one percentage point in interest rates would swell the budget deficit by $4.9 billion this year. Republicans, however, argued that interest rates should decline if the ultimate outcome of the dispute between the parties is a big cut in spending. They contend that any short-term blips in the market—because of conflicts with the White House—would be washed away by long-term benefits.

Aside from all the Sturm und Drang in Washington, the debt limit debate has not yet had much effect, traders said. ''The markets have not yet focused on it,'' said David M. Jones, vice chairman of Aubrey G. Lanston & Company, which trades Government bonds. ''One of the risks is that foreign investors will not understand what is happening here. And if they get nervous, they will just flee until it all sorts out.''

The issue will take on added urgency in the first five days of November, when the Government must pay $50 billion in Social Security benefits, Medicare and pay for active-duty members of the military. On Nov. 15, about $25 billion of interest payments are due.

As Treasury officials concede, a number of financial tricks are available to keep the Government afloat even if the ceiling on debt is not raised. There are temporary debt limits, emergency ''cash management sales'' to keep money flowing in the coffers as short-term loans, and borrowing against other Government reserves. But all of the steps come with a cost, and none can go on for too long. Though the overall Government debt is $4.9 trillion, the Treasury sells about $2 trillion of debt securities every year because so much of the Government's borrowings are ''rolled over'' into new bonds.

The debt limit exists as an institution in Washington because the Constitution mandates that only Congress can authorize borrowing. Before World War I, every bond issued by the United States required separate Congressional approval. Today, the raising of the debt ceiling essentially permits the Treasury Secretary to make the day-to-day decisions required to meet the Government's obligations.

From the Washington Post, Sept. 22, 1995)

GINGRICH VOWS NO RETREAT ON DEBT CEILING INCREASE—I DON'T CARE WHAT THE PRICE IS, SPEAKER SAYS

(By Clay Chandler)

House Speaker Newt Gingrich (R-Ga.) threatened yesterday to take the government into default for the first time in history unless President Clinton bows to Republican demands for a balanced budget.

''I don't care what the price is,'' Gingrich declared in a speech to the Public Securities Association, which represents the nation's bond dealers. ''I don't care if we have no executive offices and no bonds for 60 days—not this time.''

Gingrich said that if Clinton refuses to sign a package of tax and spending proposals reflecting Republican priorities, he would block attempts to raise the government's credit limit.

''I, the speaker, will not schedule'' a vote on an increase in the debt limit' ''it will not come to the floor until we have an agreement'' on balancing the budget according to the Republican proposals, Gingrich told the securities group.

Gingrich's pledge provoked sharp criticism from Clinton administration officials. ''It would be unprecedented and unwise for anyone in a position of authority to dismiss the consequences of default,'' Treasury Secretary Robert E. Rubin said last night. ''Even the appearance of a default can have adverse consequences, and a default itself would increase the cost of debt to the U.S. government for many, many years to come.''

''The U.S. has never defaulted on its obligations and it is extremely irresponsible to suggest that that might happen,'' said White House budget director Alice M. Rivlin.

The government is rapidly nearing the $4.9 trillion ceiling on federal debt imposed by Congress in 1993. The government will have difficulty paying $25 billion in interest obligations due Nov. 15 unless Congress agrees to raise the government's credit line so that it can borrow more money to pay the bill, financial analysts estimate. Treasury officials have warned that the government's cash crunch might come as early as the end of October.

The prospect that action to raise the debt limit could be held hostage while Clinton and Congress slug it out over the budget may have made some investors in global financial markets nervous. Some administration officials suggested that Gingrich's comments were responsible for yesterday's drop in the value of the dollar and declines in stock and bond prices, although Rubin would not draw that connection.

On Wall Street, though, some analysts questioned the significance of Gingrich's statements.

Allen Sinai, chief global economist at Lehman Brothers Inc, said the prospect of fiscal deadlock was cause for concern among foreign investors, who ''don't completely understand our ways and the pressures of the election year.'' But he said U.S. analysts were likely to shrug off Gingrich's remarks as political posturing.

The prevailing view on Wall Street is that the two sides eventually will strike a deal, said Carl Steen, an analyst at the global economic consulting firm of Maria Fiorini Ramirez Inc.: ''Somebody's going to blink. . . . They'll have to.''

Steen said it is ''much more likely that the Senate Republicans will say, 'Okay, look, we're winning anyway. Let's not push this thing too far.' ''

Rubin also said, ''I do not believe there will be a default.''

But Gingrich warned against underestimating the commitment of House Republicans: ''What we are saying to Clinton is; 'Do not assume that we will flinch, because we won't.' ''

Gingrich's comments appeared to conflict with remarks made on Sunday by House Budget Committee Chairman John R. Kasich (R-Ohio). In an appearance on NBC's ''Meet the Press,'' Kasich said House Republicans would not agree to a long-term extension of the debt limit ''until we can show that there's light at the end of the tunnel.''

But he also said, ''What we want to do is avoid a default by the government of the United States. So if we can do a short-term, temporary raising of the debt ceiling, that's not inconsistent with the fact that on a long-term basis, we will not raise it.''

The prospect of breaching the debt ceiling is distinct from a looming government shutdown, which could happen unless Clinton and Congress come to terms on 13 separate spending bills making their way through the legislature before Sept. 30, the end of this fiscal year. On Wednesday, Republican leaders offered a temporary spending plan to carry the government through until Nov. 13, but the White House said many aspects of the resolution were unacceptable.

Regarding the debt ceiling, Republicans argue that temporary disruption in financial markets is a small price to pay to ensure a balanced budget.

But Rubin warned that ''a sovereign country's creditworthiness is a precious asset that should not be sacrificed under any circumstances.'' Clinton, he said, could not be ''blackmailed'' into signing a budget deal.

Mr. BYRD. Mr. President, I thank the Chair.

I yield the floor.

ADJOURNMENT UNTIL MONDAY, SEPTEMBER 25, 1995, AT 2 P.M.

The PRESIDING OFFICER. Under the previous order, the Senate stands in adjournment until 2 p.m. on Monday, September 25, 1995.

Whereupon, the Senate, at 2:57 p.m. adjourned until Monday, September 25, 1995, at 2 p.m.

NOMINATIONS

Executive nominations received by the Senate September 22, 1995:

DEPARTMENT OF STATE

ERIC JAMES BOSWELL, OF CALIFORNIA, A CAREER MEMBER OF THE SENIOR FOREIGN SERVICE, CLASS OF MINISTER-COUNSELOR, TO BE AN ASSISTANT SECRETARY OF STATE, VICE ANTHONY CECIL EDEN QUAINTON.

ANTHONY CECIL EDEN QUAINTON, OF THE DISTRICT OF COLUMBIA, A CAREER MEMBER OF THE SENIOR FOREIGN SERVICE, CLASS OF CAREER MINISTER, TO BE DIRECTOR GENERAL OF THE FOREIGN SERVICE, VICE GENTA HAWKINS HOLMES.

FOREIGN SERVICE

THE FOLLOWING-NAMED CAREER MEMBERS OF THE SENIOR FOREIGN SERVICE OF THE AGENCY FOR INTERNATIONAL DEVELOPMENT FOR PROMOTION IN THE SENIOR FOREIGN SERVICE TO THE CLASSES INDICATED:

CAREER MEMBER OF THE SENIOR FOREIGN SERVICE OF THE UNITED STATES OF AMERICA, CLASS OF CAREER MINISTER:

CAROL A. PEASLEY, OF CALIFORNIA
CHARLES F. WEDEN, JR., OF VIRGINIA
JOHN R. WESTLEY, OF THE DISTRICT OF COLUMBIA
AARON S. WILLIAMS, OF VIRGINIA

CAREER MEMBERS OF THE SENIOR FOREIGN SERVICE OF THE UNITED STATES OF AMERICA, CLASS OF MINISTER-COUNSELOR:

KEITH E. BROWN, OF VIRGINIA
MYRON GOLDEN, OF OHIO
JOSEPH B. GOODWIN, OF MISSOURI
WILLIAM T. OLIVER, JR., OF VIRGINIA
CYNTHIA F. ROZELL, OF CALIFORNIA
BARBARA P. SANDOVAL, OF VIRGINIA
KENNETH G. SCHOFIELD, OF THE DISTRICT OF COLUMBIA
WILBUR G. THOMAS, OF OKLAHOMA

THE FOLLOWING-NAMED CAREER MEMBERS OF THE FOREIGN SERVICE OF THE AGENCY FOR INTERNATIONAL DEVELOPMENT FOR PROMOTION INTO THE SENIOR FOREIGN SERVICE, AND FOR APPOINTMENT AS CONSULAR OFFICER AND SECRETARY IN THE DIPLOMATIC SERVICE, AS INDICATED:

CAREER MEMBERS OF THE SENIOR FOREIGN SERVICE OF THE UNITED STATES OF AMERICA, CLASS OF COUNSELOR:

ANNE H. AARNES, OF WASHINGTON
GLENN E. ANDERS, OF FLORIDA
GRANT WILLIAM ANDERSON, OF THE DISTRICT OF COLUMBIA
LILIANA AYALDE, OF MARYLAND
PATRICIA K. BUCKLES, OF FLORIDA
JONATHAN M. CONLY, OF PENNSYLVANIA
J. MICHAEL DEAL, OF CALIFORNIA
DIRK WILLEM DIJKERMAN, OF NEW YORK
KENNETH C. ELLIS, OF VIRGINIA
PAULA FEENEY, OF WEST VIRGINIA
LINDA RAE GREGORY, OF FLORIDA
TOBY L. JARMAN, OF VIRGINIA
EDWARD L. KADUNC, OF FLORIDA
DONALD G. KEENE, OF CALIFORNIA
GAIL M. LECCE, OF VIRGINIA
MARY L. LEWELLEN, OF NEVADA
LEWIS W. LUCKE, OF TEXAS
DONALD R. MACKENZIE, OF FLORIDA
TIMOTHY M. MAHONEY, OF VIRGINIA
LAURIER D. MAILLOUX, OF THE DISTRICT OF COLUMBIA
DESAIX B. MYERS III, OF CALIFORNIA
WALTER E. NORTH, OF WASHINGTON
THOMAS E. PARK, OF THE DISTRICT OF COLUMBIA
DONALD L. PRESSLEY, OF VIRGINIA
EMMY B. SIMMONS, OF VIRGINIA
MARCUS L. STEVENSON, OF MARYLAND
KAREN D. TURNER, OF THE DISTRICT OF COLUMBIA
RONALD E. ULLRICH, OF VIRGINIA
ALAN E. VAN EGMOND, OF MARYLAND

CAREER MEMBER OF THE SENIOR FOREIGN SERVICE, CLASS OF COUNSELOR, AND CONSULAR OFFICER AND SECRETARY IN THE DIPLOMATIC SERVICE OF THE UNITED STATES OF AMERICA:

SARAH S. OLDS, OF PENNSYLVANIA