

ask for 6, 7, minutes as in morning business at this point.

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

A BALANCED BUDGET

Mr. DOMENICI. Mr. President, I want to talk a little bit about the balanced budget that we have put forth and that we all worked so hard for—at least on this side of the aisle. I am going to put it into the framework of the Secretary of Treasury, Mr. Rubin, talking to the American people and us about that day sometime after October 20, perhaps before November 15, in that timeframe, when the debt limit that we have imposed upon ourselves expires, and in order to borrow additional money, Congress has to act to raise that debt limit. Essentially, that is being discussed with the American people. I am not sure they all quite understand what that means.

I want to, in a sense, respond as I see it to the fear that the Secretary of the Treasury is pushing across this land in terms of that debt limit day.

First of all, Congress has never given up the power to tell the President and those who work for him, like the Secretary of Treasury how much they can borrow. Occasionally, it seemed kind of strange to me because Congress passes all these laws to spend money, and everybody votes on those, and then when it comes time to extend the debt, people say, "We will not extend the debt." But I am beginning to understand that power to control the debt limit is very important, especially in this year and years like this one.

The Secretary of the Treasury is saying to us, "You'd better agree to extend that debt limit because if you do not, something very ominous might happen." Then he talks about such things as default and we will not be able to pay interest on some bonds.

First of all, let me make it very clear from the standpoint of the Senator from New Mexico, who put this budget resolution together, and look at it from my vantage point as to the seriousness of that contention on the part of the Secretary that we had better be prepared to let that go up.

Now, I see it this way. I think there are two major events that are coming together in the month of November. One is described by the Secretary of the Treasury with all of those ominous tones about what will happen; the other is whether we are going to get a balanced budget—no smoke and mirrors—and entitlement reform.

Frankly, many people are now experts on this Federal budget. Interest rates out there on bonds affect our standard of living because it affects interest rates on many things. Those who look at that know precisely what is a balanced budget and what is not a balanced budget.

Mr. President, we know precisely what the big ingredient in a balanced budget is. The big one is reforming the

entitlement programs that are out of control—Medicare, Medicaid. I did not say cut them, I said reform them. In addition, we must look at commodity price supports and a whole list of programs that are on automatic pilot.

If we do not stop them and change them, they just spin, some at a 10-percent increase a year, some 12. We had Medicaid in some States, increasing as much as 19 percent a year. I think we had as high as a 28-percent increase in one year in Medicaid—28 percent, automatic. Experts on the Federal budget know if you do not fix those and if your assumptions are not honest, then you have a budget that is smoke and mirrors, and ineffective.

Now, what I am saying to Members on the other side and others who will listen is do not jump to the conclusion that the most serious event is the day that we do not extend the debt limit when it needs to be extended.

Actually, an equally important day is coming when the President of the United States has to decide whether he wants to help us get a real—no smoke and mirrors—entitlement reform budget. Both of them are important events.

I will not place one above the other because I believe we must do everything we can this year—not next year, that is an election year; not 2 years from now; right now, this year. We have to get a balanced budget, with no assumptions that are too optimistic, and one that changes entitlement programs to reduce their ever dramatic increases.

Now, I cannot put it any better than that. I am not suggesting I am for a default. I am suggesting that is an important event. I believe we have to put the other event right up there alongside it. We have to serve notice on the Secretary of the Treasury and the President that we are not just going to run out on this balanced budget. We think we have done a job. We think it is positive. We think it is right.

Let me close by saying the reason that this is a big event is because for the first time in 31 years, elected officials are saying, "We care about the future. It is not about today only. It is about the future. And we care about our children, not ourselves. We care about those yet unborn as much as ourselves." If we really believe that, we cannot continue to spend at what is currently, believe it or not, \$482 million a day—a day. That is the amount we are adding to the debt every day—\$482 million. That is a lot.

Who will pay it? If we are standing up saying we do not care, well, somebody is going to pay it. Do you know who is going to? The next generation, with a lost standard of living, because too much of the income has to come back up here and pay for our profligacy.

That is not right. That is a big event for adult leaders. It is just as big an event as the event that is closing upon us on whether we increase the debt limit, to let us borrow more or not.

I do not think the Secretary or the President should read anything more into my statement than what I have said. It is pretty clear that I am not running off in some kind of trepidation because we are being told about this need to extend the debt limit. For those who wonder about that debt limit extension, let me suggest—none of which I advocate—but there are a number of ways the Secretary of the Treasury can pay some bills out there after that debt limit is extended, without extending it. They know it. The Secretary knows it.

There are at least four. A couple of them have serious political ramifications. A couple of them they could use. It may be they do not want to do that, even when push comes to shove. But we do not want to abandon our balanced budget. And I am repeating, the kind of balanced budget we are talking about involves no optimistic economic assumptions, no smoke and mirrors. It is entitlement reform that is consistent with what is happening to the budget under current entitlement programs which, run unabated, have no relationship to what we can afford, just merrily run along, causing the debt to increase at \$428 million a day.

I yield the floor and I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. HOLLINGS. 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 BUDGET AND SPENDING

Mr. HOLLINGS. Mr. President, while we are trying to arrange a vote here on this important amendment, I would just revisit what our distinguished chairman of the Budget Committee was talking about: the budget and spending.

Mr. President, the present budget for the fiscal year is \$1.518 trillion, in other words, one trillion five hundred eighteen billion dollars. The budget under consideration, of which this State, Justice, Commerce appropriation is a part thereof, is \$1.602 trillion. So, one trillion six hundred two billion dollars means spending is going up \$84 billion.

Which reminds me of my distinguished chairman of the subcommittee, the Senator from Texas, always talking about those in the wagon who are going to have to get outside the wagon and start pulling it. The funny thing, like Pogo, "We have met the enemy," we have met those in the wagon, "and it is us." We have been spending literally hundreds of billions more than we are taking in each year. While the budget itself increases some \$84 billion, interest costs increase \$348 billion, or \$1 billion a day, as has just been referred to by the distinguished chairman of the Budget Committee.

That is what is bothering this Senator—the reality of it all. We push and pull and tug and talk about those in the wagon, out of the wagon, and hard choices and biting bullets. But the comeuppance is that we continue to spend way more, and we act like we can actually eliminate the deficit by cutting spending. That is absolutely false. It is going to take taxes.

They do not want to say the word “taxes” around this town except to cut them, because a little poll you take, whether it is a Republican poll or a Democratic poll, says that is political poison. A hot-button item is what they call it. So what you do is you get out and you are for the family and you are against taxes. You are against crime and for prisons and on and on, this nonsensical charade we are engaged in.

The truth is, having been in the vineyards here, trying our dead-level best with others. We tried a freeze. Then we tried a freeze and spending cuts. Then we tried a freeze, spending cuts and loophole closings. Then we tried a freeze, spending cuts, loophole closings and a value-added tax. And then just most recently, we opposed new programs that we cannot afford—AmeriCorps.

I stated yesterday the AmeriCorps Program took away 346,000 student loans in order to fund 20,000 to 25,000 student loans. Actually, it is the Federal Government cost of some \$20,000 per student on AmeriCorps, plus \$6,000 from private and local government resources, so it is \$26,000. I remember when I got out of law school, if I could have gotten paid \$26,000 I would have jumped for joy. I would have jumped for joy.

I can tell you now—voluntarism? At \$26,000 a head, you call it volunteer? Let us cut out the charade and get down to brass tacks and realize it is going to be way, way more than any kind of spending cuts.

The idea of a broad-based consumption tax I proposed over 10 years ago, almost 15 years ago. Now they are copying the idea to replace—I have been through about seven tax reforms in my 28, almost 29 years. The need is not to replace; the need is to replenish. What we need is more money, not different money. So the flat tax is now a wave—a hot-button item, again in the poll, where we are just going to do it one way and replace the income and replace the corporate and replace everything, every other kind of tax. The truth of the matter is, rather than cutting taxes, we need to increase the taxes. And the bill to increase the taxes is presently, and has been, in the Finance Committee for the past 4 or 5 years. I have introduced it right regularly. They quit having hearings on it.

I will never forget the one hearing we had 5 years ago with Senator Bentsen as chairman. As I was leaving the Finance Committee room, a couple of the Finance Committee members said, “If we had a secret ballot we would pass that thing out unanimously. We need it

now.” That was before the 1992 election for President Bush’s reelection.

Of course, we were up to then \$400 billion deficits, and the Democrats did not win the 1992 election so much as the Republicans lost that election. I campaigned in it. I know it intimately.

Once again, we are going through the tortures of big talk about how we are really going to balance this budget by the year—they put it out where nobody can get their hands on it—2002; 7 years hence. We used to do it in a year. Then we went to 3 years. Then we went to 5 years. This crowd over here has it for 7 years. And the President has it for 10 years. You meet another Congress and they will have it in 15 years and up, up and away.

But they do not want to write that. They write in a very reverent, respectful, studious term—the media does—that the present budget on which we are now torturing would balance in the year 2002. That is absolutely false. It has no chance of doing it. Simple arithmetic—it is not going to take care of the interest payments. The interest payments are \$1 billion a day. There is no plan here. The cuts? You take the consummate cuts right across the board, there is not \$1 billion a day to get on top of the increases.

Like the famous character in “Alice in Wonderland”, in order to stay where we are, we have to run as fast as we can. In order to get ahead, we have to run even faster.

That is the reality. Nobody wants to talk about it because the poison in politics is taxes. I will never forget, back in 1949, 1950, when Jimmy Byrnes—former Senator Byrnes, Secretary of State, Supreme Court Justice, Governor—he had just come in as Governor. I had a little committee. I said, “This is South Carolina, our little lowest per-capita income State next to Mississippi. We have ground to a halt. We need money. We are going to have to put in a sales tax.”

We could not even get the senators to meet with us. We just had House members. I chaired that House group. We sold the idea to Governor Byrnes, and he put it over. Mind you me, we never could have done it without the Governor’s leadership. But we put in a sales tax at that particular time for public education, so that then, when we went out and solicited industrial development in South Carolina, we could talk not only of good schools, but fiscally-responsible government.

We did not balance that budget in South Carolina until I finally came in, in 1958. I again raised taxes over the objections. What we did was we got the first triple A credit rating from Texas all the way up to Maryland. So, as a young Governor, I had, as a calling card, a triple A credit rating, which South Carolina has now lost, again with this item of growth—growth. And we are going to have a property tax cut and we are not going to pay the bills and we are going to put the nuclear facility up for sale and start storing nu-

clear waste all over again at Savannah River; going backwards.

That virus is at the local level, at the Federal level and throughout the land. We have to kill it if we are ever going to get competitive internationally.

If we can pay our bills, develop a competitive trade policy, cut out this nonsense about free trade and join the real world and get a competitive trade policy—Cordell Hull said reciprocal trade policy—then we will begin to survive and rebuild this economy and clean up our cities and get rid of the drug and crime problems and come forward like a great America that I came into in my early years.

With this plan, these programs now have been taken over by the pollsters and we are going right straight down the tubes. We are talking nonsense. The media is going along with it. They think it is great progress. It is not great progress—a half a hair cut—because we had that great progress last year and we had that great progress the year before. We had the great progress the year before that. Like Tennessee Ernie Ford, “another day older and deeper in debt.” The debt continues to go and grow and go and grow. It took us 200 years of our history before Ronald Reagan came to town. When he came to town after that 200 years and 38 Presidents, Republican and Democrat, we were less than \$1 trillion. And \$903 billion was the deficit and debt. We had with President Ford an economic summit, and everything else of that kind after the OPEC cartel crisis, and what have you. When President Reagan came to town, he said, “First I am going to balance the budget in a year,” and then said, “Oops—this is way worse than I thought. It is going to take 3 years. We are going to get rid of waste, fraud, and abuse.”

We had the Grace Commission. I served on the Grace Commission. I got me a picture here earlier this year, but Peter Grace and I started implementing his savings. We had to report annually. By 1989 we had implemented some 85 percent of the Grace program. But then we stopped, and we quit reporting.

But the truth is the Budget Committees have come along. Republicans and Democrats have voted for taxes in the Budget Committee. We got eight votes for a value-added tax because back 5 years ago, we could see the coming default and the debt growing up, up, and away.

So now after Reaganomics, voodoo, riverboat gamble, now we have voodoo all over again. We are talking about it again by the very author of voodoo, the chairman of the Finance Committee. That started off as—what is that football player’s name? Kemp. Yes. That is right. Kemp-Roth. I remember when the distinguished majority leader said we are not going that direction. He said, “You cannot go that way. We have got to start paying the bills.” But the Presidential political pressures that come from GINGRICH to go to GRAMM to come to DOLE have got us all

talking nonsense here on the floor of the U.S. Congress. We are talking again in the Finance Committee of devastating health care. Last year, they were saying, "Oh. What is the matter? We have the best health care on the planet." Last year, we had a survey by the very group they quote this year that said Medicare was going broke by the year 2001. This year they are saying it is going broke by the year 2002. Now they say what they are trying to do is save it.

Well, they come in with a contract that increases the deficit and Medicare some \$25 billion because, yes, without that contract crowd, we voted to increase taxes on Social Security, liquor, cigarettes, gasoline, and everything else and cut spending \$500 billion which has the stock market and the economy, they say, going up and away. But the truth is that of that \$25 billion that we got from the increase in Social Security taxes, we allocated it to Medicare and they said, "Abolish that." No. We do not believe in that. They are playing the game, the pollster proposition of Social Security and saying that we are trying to frighten the American people.

The debt now has gone not just to \$1 trillion as it did in 1981, but to \$2 trillion, to \$3 trillion, to \$4 trillion. It is right now at \$4.9 trillion, and it is going up \$5 trillion and on and away, because of what? We are in the wagon. The kids, the children, the grandchildren are the ones pulling the wagon. We are acting like the taxpayers are the ones pulling the wagon. Well, they can hardly move the wagon. The wagon is drifting back. It is not being pulled. It is gradually going backward into debt, and we are on board.

For the last 15 years, the Senator from New Mexico and I have been working in the Budget Committee, and it has gotten worse and worse. The rhetoric has gotten better. We really have them fooled—everybody out in the land, particularly in this editorial column crowd saying we are making progress, that we are going to balance the budget.

We are not even near it. We are doing some cutting. We are devastating programs. But we are not balancing any budget because we will not do all of the above, and all of the above includes taxes. And we need that tax increase allocated to the deficit, and the debt.

Let us get on top of this fiscal cancer, excise it once and for all, and then start spending the amount of money that we need on Government itself rather than on past profligacy and waste. If you had a \$74.8 billion interest cost in 1980 and in 1996 in the President's budget, it is \$346 billion, that means the interest cost alone has gone up to \$273 billion. That is exactly the level of domestic discretionary spending. You take Congress, the courts, the Presidency, you take the Department of Commerce, Agriculture, Interior, Treasury—go right on across the Gov-

ernment itself, take the departments and domestic discretionary spending, it is right at \$273 billion. We could double that budget, if we were not wasting it on the interest cost on the national debt.

That interest is what I call "taxes." This crowd that says they are not against taxes is really for taxes. There are two things in life: Death, and taxes. You cannot avoid them. There is a third thing. It is the interest cost on the national debt. It cannot be avoided.

So what we are doing talking about no, we are not going to increase taxes, is, yes, we are going to cut taxes. The truth of the matter is we are going to cut taxes in order to increase the taxes more so the debt can go up so the interest costs or the taxes on that debt go up. You pay it, not avoid it, and you do not get anything more.

But we are in the wagon. All of us are in the wagon, and the children and the grandchildren, are hopefully going to pull it. I hope the country just does not come down in fiscal chaos. But whatever it is, we are in the wagon, and we are raising taxes every day \$1 billion. We have a tax increase on automatic pilot in this Government of \$1 billion a day. We are talking about cutting taxes. That is how ludicrous, ridiculous, and outrageous this whole rhetoric has gotten in the treatment by the media itself. They do not want to report the truth. They do not want to report the facts. They go along with the political charade.

I yield the floor.

Mr. KENNEDY addressed the Chair.

The PRESIDING OFFICER (Mr. SHELBY). The Senator from Massachusetts.

DEPARTMENT OF COMMERCE, JUSTICE, AND STATE, THE JUDICIARY, AND RELATED AGENCIES APPROPRIATIONS ACT, 1996

The Senate continued with the consideration of the bill.

AMENDMENT NO. 2819

Mr. KENNEDY. Mr. President, I rise in support of the amendment offered by the Senator from New Mexico to restore funds for the Legal Services Corporation.

The words inscribed on the wall of the Supreme Court building capture the idea at the very heart of our constitutional democracy: "Equal Justice Under Law."

The Constitution guarantees to every man and woman in this country the same rights and privileges before the law. Indeed, we require Federal judges to take an oath to render justice equally to the poor and to the rich.

But our courts are largely powerless to render justice to persons who are too poor to afford a lawyer to assist them in protecting their legal rights. And a constitutional right without a remedy is no constitutional right at all.

The bill reported by the Senate Appropriations Committee would unleash

an unprecedented assault on the rights of our most impoverished citizens. It would eliminate the Legal Services Corporation, which Congress established more than 20 years ago with the active support of President Richard Nixon.

And though it would authorize the Attorney General to make civil legal assistance block grants to the States through the Office of Justice Programs, it would not earmark one penny of funds for this program and it would impose unprecedented and excessive restrictions on the ability of legal services programs to represent poor people.

There are compelling reasons why the legal services program should be administered by an independent Federal corporation. First, and foremost, litigation to protect the legal rights of poor people often antagonizes powerful interests in the community. President Nixon recognized this when he introduced what later became the Legal Services Corporation Act. He said,

The program is concerned with social issues and is thus subject to unusually strong political pressures * * * if we are to preserve the strength of the program we must make it immune to political pressures and make it a permanent part of our system of justice.

Many of my colleagues will recall that Federal support for civil legal services for the poor was first provided by the Office of Economic Opportunity [OEO] and later by the Community Services Administration, each of which was part of the executive branch. But in the early 1970's, the Federal program became the subject of heated political debate.

During this period, President Nixon's Commission on Executive Reorganization concluded that the legal services program should not be maintained in the executive branch and that a new structure should be created to administer the program.

Congress responded to that recommendation with passage of the Legal Services Corporation Act of 1974. In its Statement of Findings and Declaration of Purpose, Congress found that "to preserve its strength, the legal services program must be kept free from the influence of or use by it of political pressures"; and "attorneys providing legal assistance must have full freedom to protect the best interests of their clients in keeping with * * * [professional responsibility] and the high standards of the legal profession."

An independent Federal corporation remains the best way today to assure that powerful constituencies do not pressure legal services lawyers not to protect their clients' legal rights. A block grant program simply cannot insulate these lawyers from political pressure.

Nothing in the bill requires States to apply for block grant funds. Nothing in the bill prohibits States from denying block grant funds to programs that challenge unlawful State actions.