

what he means by that, so we can discuss what he means is factual and not factual.

Mr. THOMAS. If the Senator will yield back my time, I will be happy to, because I intend to do that. We are talking here that it is being done to save taxes. That is not true. That is just not true. If there was no budget crisis at all, if there were no tax reductions being talked about, you have to do something with part A of Medicare. Kevin Phillips and others seem to ignore that.

The fact is, the money that goes into part A of Medicare is taken from your salary and mine, 2.9 percent, and goes into this fund. And this fund, according to the trustees, three out of six of whom are Cabinet members, they say that by the year 2002 that fund will be paying out more than it is taking in. That is a fact.

The fact is, even if you did not have anything to do with the budget, you would have to do something if you want to continue to have Medicare based on that premise of paying for part A from what is withheld from salary and from the employer. That is a fact.

So, that is where we are. The people who oppose change do not talk about that. They get into this tax thing, which really, really has nothing to do with it. And, on the contrary, the opposite is they do not have any suggestions. They simply want to complain about the idea that people are saying we need to make some changes there. And our friends stand up and say "Oh, yes, we need to make changes," and then resist every change that is made.

So, I think we need to start talking a little more about the facts and get a little off this idea of a marketing rhetoric that is designed, simply, to oppose what it is we are doing. We have a basic difference in philosophy. I understand that. That is perfectly legitimate. That is what elections are about. That is what two parties are about.

I happen to think we are better with less government and less taxes, and trying to find a way to reduce the costs of Medicare, not to simply find more money to put in it.

Do you want to talk about fraud? The Senator mentioned fraud. Most experts indicate that there is \$30 billion of fraud in Medicare now. So I feel very strongly that, if we are going to have public policy that is good public policy for all of us, public policy needs to be made based on some facts and not simply some kind of marketing technique.

The other is change. Mr. President, we have a great opportunity now to make change. We have an opportunity in the next several weeks to finish the job the American voters asked us to start last November, to finish the job we said we would do: To have a less intrusive Government, to have a Government that costs less, to have a Government where the programs that are in place have been evaluated in terms of their effectiveness, whether or not the

expenditure of taxpayers' money is getting to the people it is designed to assist. For a program such as welfare, the job is evaluating whether it is indeed accomplishing what it set about to do, and that is to help people who need help and then to help those people into a position to help themselves. Is that happening? The answer is no.

So, if you would like to have different results, I think it is imperative that you change. It is pretty hopeless to look for something to happen, to continue to do the same thing and expect different results. Mr. President, that does not happen.

We have a great opportunity in the next several weeks to talk about fundamental change for the first time in 40 years; for the first time in 25 years, to balance the budget. Who would argue with the idea that we need to balance the budget, that it is not morally and fiscally responsible to balance the budget? We hear that—yes, yes, that is a good thing to do. But, when we seek to do it, all we hear is resistance to it.

We are going to do that. We are going to save Medicare, and Medicare has to be changed to be saved. We are going to reform welfare. These are the things we are setting about, necessarily, to do.

It is tough when you talk about change. It is hard to change the direction of Government. It is increasingly difficult as the Government is in more and more programs, that more and more people are involved in lobbying for those programs, that more and more people are involved in the bureaucracy that supports those programs. So it is difficult to make change.

Change is what President Clinton talked about almost 3 years ago when he was elected. Has he brought about change? The biggest change was the largest tax increase we have had in the history of this country. But I think change was the basis for the 1994 elections. I think change is something that almost everybody embraces, but it is difficult to do, and I do understand that. But if we are to have different results, we have to change the way we do things.

Mr. President, we have worked now for a number of months. We are down to the critical decision time, when all this work now will result in a decision and we will decide whether we are going to balance the budget. We will decide what kind of country we want to transfer to our kids and their kids, as we go into another century.

What happens if we do not? In a few weeks we will be talking about voting on a debt extension to \$5 trillion. In just a year or two, unless we change, we will find that all the available tax revenues will be used for entitlements and interest on the debt. If we do not change, we will not have a Medicare Program by the year 2002.

So, change is not an option, in my view. Change is exactly what has to be done, and, of course, there are different

views of how you do it. But the idea that you use a marketing rhetoric designed to scare people and say change will devastate the programs that the country is committed to carrying out just is not the case.

I think we need to continue to say, here are the good things that happen when we balance the budget and ultimately reduce the amount of money we take out of families to pay for Government. We can reduce the growing inflation. We can create more jobs by putting more dollars into the private sector. And we can be more effective in what we do.

So we are talking about change. We are talking about public policy based on facts. We disagree, then, as to the remedy. But we ought to start, at least, by recognizing these facts that are there, that are described not by the Members of Congress but by the trustees of Medicare.

Mr. President, our time is to be shared among several of our freshman colleagues, so I would like now to yield to my colleague and friend from Georgia. And he then will be followed by another. I yield to the Senator from Georgia.

Mr. COVERDELL addressed the Chair.

The PRESIDING OFFICER. The Senator from Georgia.

HISTORIC DECISIONMAKING

Mr. COVERDELL. Mr. President, as my good colleague from Wyoming has noted, the contemporary custodians of this great democracy are coming upon a decision in the next several weeks that will be historic. For the first time, we will be considering major questions with regard to how we are going to govern ourselves. We will be taking under advisement major changes. We will be talking about balancing the budget for the first time in 32 years. We will be talking about dramatically changing the welfare system that has been developed over the last 30 or 40 years. We will have before us a proposal to protect Medicare, and we will be talking about lowering the economic burden on every working family and business by lowering taxes.

Obviously, when you are talking about changes of this magnitude, which I believe the vast majority of Americans believe should occur, they want taxes lowered. They are tired of a welfare program that does not work. They cannot believe we do not balance our budgets, and they are worried about a Medicare Program that is collapsing.

In the midst of this, of course, you will have very adversarial debate, contentious debate. Essentially, the debate is centered between two very different ideas about governing America. On the one hand, mostly on the other side of the aisle, we have defenders of Washington as it is, that we should not balance our budgets, it is too difficult to balance our budgets; we do not need

to lower taxes—in fact, we should raise them; Medicare is just fine the way it is, put a Band-Aid on it and it will be OK; and we ought to leave the welfare system just the way it is today. Obviously, these two views take the country into the new century very differently. If we leave things the way they are, I think we are turning our back on the American people.

Coming back to my point, though, about the contentious debate, I was with a group of people from my State last week. I was very interested, as they tried to sort out these two presentations, change or leave it the way it is, and I purposely asked them were they aware of the Medicare trustees' report? They really were not.

Then I asked them: Do you know about the bipartisan entitlement commission work that was issued earlier this year? They had not even heard of that.

So the point I would like to make this morning to every citizen who may be listening is, in addition to listening to this debate, which is historic, on their own they ought to get a copy of the bipartisan entitlement commission report, which was chaired by Senator KERREY, a Democrat, and Senator DANFORTH, a Republican, appointed by President Clinton, and they should for themselves read the report, or scan it. Beyond listening to the debate going on back and forth, go get a copy of the report. It was issued early this year. Get a copy of the Medicare trustees' report for themselves and their family and look at what it says. That is not a political ad. That is not a political speech. That is just an objective statement about the condition of the financial affairs of the United States. Read it for yourselves. You can skip the ads. You can almost skip these debates, but just look at the documents themselves among your own family.

What does the bipartisan entitlement commission report say? It says that within 10 years, maybe 8, maybe 12, all U.S. resources are exhausted—all of our revenues, the vast revenues of the United States are exhausted—by just five expenditures.

The five expenditures are: Social Security, Medicare, Medicaid, Federal retirement, and the interest on our debt. And then there is nothing left. So we will not be arguing about the size of the Defense Department; there will not be one. And the debate that went on in the House about school lunches, we will not have to worry about that; there will not be enough to deal with it.

Five expenditures; nothing left. Social Security, Medicare, Medicaid, Federal retirement, and the interest on our debt, and it is all gone. That ought to be a wakeup call for anybody.

Now, the Medicare trustees' report came out in April. It says the first entitlement to run out is Medicare in 2001, 6 years and it is all over; there will not be any money to write a check. And then it goes on to say the

Congress and the President need to take bold and corrective actions to make this program solvent.

The balanced budget that we will be dealing with in the next 3 to 4 weeks attacks all of these issues. It balanced the budget so it quits adding debt. That is a plus. It takes Medicare and tries to reconfigure it, save money, so that it stays solvent longer. That is a plus. It takes Medicaid and starts to restructure it and move it to the States so that it can be more efficiently run. That is a plus. It lowers taxes, which expands the economy, which makes it easier for us to deal with these problems. That is a plus.

Now, meanwhile, the President first said he was not going to give us a budget. Then he gave us a budget that was unbalanced as far as the eye could see. And then he said, "I'm going to give you a balanced budget. It will balance in 10 years." He has gone across the country saying that. And the Congressional Budget Office says that is phony, that that budget does not balance in 5 years, which he promised when he ran for President. It does not balance in 7 years, like the majority of this Congress is trying to do. And it does not balance in 10 years like he said it does. It is never balanced.

I do not think you have to be a math major to understand that if you just keep submitting budget after budget and it never balances, we are not going to solve these problems that these two reports have told America about.

Mr. President, in conclusion, let me just say that while these are sober messages and this is an important debate, we ought to remember that if the United States, this great democracy, this only superpower, takes control of its own finances and manages them, we will create unlimited opportunity for America as it comes into the new century. And we will start reaping the benefits very quickly.

We are going to lower interest rates because our budgets are balanced. That means every family that buys a car, borrows money to educate, or buys a refrigerator or new home saves money that they can use to carry out their mission in their own family. It means we are going to create millions of new jobs. And it means America is going to be strong when it comes into the new century, able to defend itself and its stature in the world and make this a more peaceful world and a more secure world for every son and daughter of America and the world itself.

Mr. President, we have everything to gain and everything to lose. And the decision about what this country is going to be as we get into the new century is going to be made on our watch. I like to tell Americans whenever I am speaking to them that they are sitting next to the American right now that is going to make the decision. We cannot pass this to another generation. We are going to make this decision.

If we do it right, we will have done what every generation of Americans

has done, protected the great democracy and given it to the future with broader and greater opportunity.

Mr. President, I yield the floor.

Mr. GRAMS addressed the Chair.

The PRESIDING OFFICER. The Senator from Minnesota.

TAX CUTS

Mr. GRAMS. Mr. President, as an author of the \$500 per child tax credit, I want to join other Republicans this morning and am very pleased to express my support for the Senate Finance Committee's tax-cut package. I want to congratulate the chairman of the Finance Committee, Senator ROTH, for keeping his pledge to fight for the entire \$245 billion tax-cut package and also for making the \$500 per child tax credit the centerpiece of the committee's plan.

This plan represents the true change that the American voters called for last November. Contrary to the long-standing belief inside the Washington beltway, tax dollars do not belong to the Government; they belong to the taxpayers. Cutting taxes is not some kind of reward to the American people; it is rightfully their money to keep.

Now, when I introduced the \$500 per child tax credit as part of my Family First legislation in 1993, I had high expectations, but I never thought we would make so much progress so quickly. But then, again, I never counted on a revolution in 1994.

As we Americans know, revolutions do occur over tax policy. Just think of the Boston Tea Party, which paved the way toward the American Revolution, which was staged over a tax of just one-half of 1 percent. Now, that does not seem like much when it is compared to the President's \$255 billion tax hike that we were fighting just 2 years ago, the largest tax increase in American history.

Then came November 1994, a second American revolution, which turned the Washington elite on their heads. With it, along with the dramatic change demanded by the voters, comes the opportunity to disprove the liberals' well-worn philosophy that your salary somehow belongs to the Government. With just one election the American people stopped this tax-and-spend trend in its tracks, and it reminded Washington to get off our backs and to get out of our back pockets.

By passing the \$500 per child tax credit, the Senate will give nearly \$500 million a year in tax relief to families in Minnesota every year. It will be \$25 billion in tax relief for Americans across this country every year. And the benefits of this tax credit will be directed where it is needed most, and that is to the middle-class Minnesotans and all Americans who work hard, pay their bills, and finance the Federal Government with their tax dollars.

But most important, we will keep the promises we made to the American people. Minnesotans elected me to the