

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

Senate to balance the budget, reduce the size of Government, and to allow average working-class people to keep more of their hard-earned tax dollars. And the passage of the \$500 per child tax credit is the best message that we can send that our promises will be kept.

While we still may need to work out all the details of this plan, we should all agree on the overall thrust of empowering people, not Government; rewarding taxpayers, not the bureaucrats; and take money out of Washington and leave it in the hands of the people who have earned it.

We cannot back down now. We must continue to push ahead in spite of the criticism that is aimed our way by the defenders of the status quo. They will try to chip away at this tax cut in an attempt to maintain the grip that they have held on your salary for the past 40 years. So I encourage my colleagues to resist these attacks, to be proud of our efforts to cut taxes, because it is the right thing to do.

Mr. President, I again commend Chairman ROTH and the majority leader for producing this tax package. I look forward to supporting a balanced budget and a \$245 billion tax-cut plan here on the Senate floor. We can do both. We must. We will cut taxes and we will balance the budget this year.

Thank you very much. I yield the floor.

Mr. KYL addressed the Chair.

The PRESIDING OFFICER. The Senator from Arizona.

A BALANCED BUDGET

Mr. KYL. Mr. President, earlier this year the Congress had the opportunity to pass the balanced budget amendment and put an end to chronic budget deficits. As we know, the amendment failed by a single vote. A number of those who opposed it did so saying it was not needed, that Congress could balance the budget if only it had the courage and the will to do so.

Well, those of us who heard the message that the American people sent so loudly and clearly just about a year ago pledged that with or without the balanced budget amendment, we would work to balance the budget by the year 2002, just as we promised the American people last fall. Failing to address the budget problem not only threatens the economic well-being of generations to come, but also the ability of our Government today to respond to our needs.

The national debt now amounts to about \$18,500 for every man, woman, and child in the country. In 1994, every American paid an average of about \$800 in taxes just to pay the interest on the national accident. My new grandson, born just 5 months ago, can expect to pay \$187,000 in his lifetime just to service the debt, just to pay the interest on the debt. I cannot look at him without thinking of that obligation, without thinking of our responsibility to every child like him where this Congress and

the Congresses before us have run up the credit card debt and, in effect, as we leave the stage, we will be handing that to our children and our grandchildren. It is immoral, Mr. President.

The gross interest on the national debt will amount to nearly \$300 billion this year. That is \$300 billion of lost opportunity now, money that cannot be spent on health care or housing for the poor, nutrition, law enforcement, and defense—anything else. We cannot afford not to balance the budget given these realities.

A failure to balance the budget means condemning our children and grandchildren to a declining standard of living just because we are unwilling to pay our bills today.

Balancing the budget will not only pay dividends to future generations in that they will have less in taxes to service the debt and thus get more out of their Government for every dollar they pay, it will also pay dividends to our generation as well.

The Congressional Budget Office predicts that a balanced budget by the year 2002 would facilitate a reduction in long-term real interest rates of between 1 and 2 percent.

For business, a 2-percent interest rate reduction would result in lower investment costs, opening up new opportunities for job creation and business expansion.

A 2-percent reduction on a typical 30-year \$80,000 mortgage would save homeowners \$107 a month, that is \$1,284 a year, or over \$38,000 over the life of the mortgage.

A 2-percent reduction in interest rates on a 4-year \$15,000 new car loan would save the car buyer \$676.

A 2-percent reduction on a typical 10-year student loan for a 4-year private college would save students and their parents nearly \$9,000 in interest costs, an 8.5-percent cost reduction.

Critics will not argue these points, but they are not willing to make the difficult choices to balance the budget either. They are avoiding their responsibility.

Frankly, as the Senator from Georgia pointed out a moment ago, President Clinton has no plan to balance the budget and, therefore, must accept key responsibility today. The CBO projects that the President's so-called balanced budget plan would result in \$200 billion annual deficits for the foreseeable future. So that is not an alternative.

Let us put the Republican budget into perspective. This year, the Federal Government will spend about \$1.59 trillion, a sum of money that none of us can really comprehend, Mr. President, but that is \$1,590,000,000,000.

In 7 years, by the year 2002, we will be spending \$1.88 trillion—\$1,880,000,000,000 that is an additional \$300 million, or an increase of 18 percent.

One of the areas of growth is Medicare. Even under the Republican budget, Medicare spending will rise from about \$178 billion this year to \$274 bil-

lion in the fiscal year 2002, that is an average increase of about 6.4 percent per year. Medicare spending will be 54 percent higher by the year 2002.

Mr. President, I was just informed before I came over to the floor that my office has begun receiving a lot of telephone calls from seniors who have received a bulletin from the AARP warning of a cut in Medicare. With all due respect to the people who prepared that bulletin, I think we need to assure the senior citizens of this country that that bulletin is wrong; that they need not be worried about a cut in Medicare because, as I just said, under the budget that is being criticized, Medicare spending will rise from \$178 billion today to \$274 billion 7 years from now. In other words, we will be spending 50 percent more in 7 years than we spend today.

Total Medicare spending will be \$1.6 trillion over the next 7 years, 73 percent higher than what was spent over the previous 7 years. And on average, per beneficiary, Medicare spending will increase from about \$4,800 per person this year to \$6,700 by the year 2002. That is a \$1,900 increase. I think that it is totally irresponsible for any organization to be scaring America's senior citizens, asserting that a \$1,900 increase is a cut.

The money that we are spending on Medicare is a lot of money, but we believe it is necessary to care for our senior citizens. We also know that it is necessary to prevent the Medicare Program from going broke. The Republican budget will slow the growth in Medicare because the Medicare trustees have warned us that without doing so, the system will go broke.

But are we cutting the growth in Medicare in order to pay for tax cuts for the rich? No. Revenues in fiscal year 1996 are projected to be \$1.4 trillion. By 2002, they will total \$1.88 trillion. That is 34 percent more than this year. So revenues to the Federal Treasury are increasing, not declining. We are proposing that those revenues just not increase quite so much, just like we are proposing that spending just not increase by quite so much; that a tax cut is not reducing the revenues to the Federal Treasury. They are still going up by 34 percent.

Many in the opposition do not want to concede that Medicare spending constraint is needed because, frankly, they like big Government—the Government that chooses the doctors people see, the procedures that they perform. They do not want to see tax relief because it deprives them of the revenue to expand Government even further into our lives.

Let me conclude by talking for a moment about our proposed tax cuts. Tax relief is really the dividend we are giving the American people from the downsizing of the other parts of the Government: The \$200 million reduction in the congressional budget, which the President has vetoed; elimination of the Commerce Department, which he