

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

threatens to veto; reforming welfare to get people back to work, to strengthen families and force deadbeat dads to pay support; and consolidate and eliminate other programs. So the tax relief is the dividend to the American people for Congress downsizing this Government.

Some oppose tax relief because they do not believe the American people can make better decisions on how to spend the money that they worked so hard to earn. The Republican Party puts faith in the American people and the States. I would not be rich but I would be wealthier than I am if I had a dollar for every time somebody on the other side of the aisle proclaimed that it was necessary for the Federal Government to make these decisions because we cannot trust the States.

Mr. President, you and I know it is a whole lot easier to influence directly the people at the State and local levels who are making the decisions than it is to get the Federal Government to slow down, to change direction and to begin moving in the right direction.

The opposition's bottom line is, support big Government. They do not want to see programs and agencies eliminated. But the bottom line is that the Government is the problem. As Bill Bennett, former Education Secretary said earlier this year in testimony before the Senate Budget Committee:

We have created a nanny state that takes too much from us in order to do too much for us. This has created inefficiency, sapped individual responsibility, and intruded on personal liberty.

Mr. President, I could not say it better. It is time for us to take a stand. Congress cannot duck its responsibility and neither can the President.

The PRESIDING OFFICER. Under the previous order, the Senator from Tennessee has 15 minutes.

THE REPUBLICAN COMMITMENT TO THE AMERICAN PEOPLE

Mr. FRIST. Mr. President, I rise today to join my freshman Republican colleagues in discussing further the Republican commitment to the American people, initially made last year in the elections and carried through to today. We promised essentially four things: to balance the Federal budget, and to do that in 7 years; to end welfare as we know it; to save Medicare, to have the courage to save Medicare and, at the same time, as pointed out by my colleague from Arizona, to strengthen Medicare and preserve it for that next generation, and to not just put Band-Aids on a system that is literally hemorrhaging but to prepare that system and strengthen that system on into the next century; fourth, to reduce taxes in a way that provides relief to families with children, allowing them to keep some of the money they have earned in their own pockets, and to stimulate growth and generate jobs.

The bottom line is very clearly that the future of our Nation and the future of our children depends upon whether

we have the courage to balance the budget, to save Medicare, to strengthen Medicare, to end welfare as we know it, and to give some degree of tax relief.

The current path of this country leads to uncontrolled Federal spending and borrowing, skyrocketing annual deficits—\$200 to \$300 billion by the year 2000 and even higher deficits thereafter. In fact, the deficit spending increases approximately \$320,000 every minute, which means just in the short period of time that I have been talking, it has increased about a million dollars.

Our current path leads to another \$1.2 trillion added to our national debt. It is unacceptable. It will bring, by the year 2000, that debt to about \$6.7 trillion. Our current path, if we were to do nothing, leaves a Medicare Program that goes broke, a Medicaid Program that doubles in size, with no tax base that can support that.

Our current path, if we do nothing, leads to an enormous, unsustainable tax burden on young workers, on our children today, who will be forced to face an 82-percent tax burden over the course of their lives. Unless we do something, and do something courageously and aggressively, our current path will lead to the first generation of Americans in our history who have fewer opportunities than their parents.

What will happen if we balance the budget? The Senator from Arizona pointed out a number of interesting facts. Again, we have to face the truth. We have to return to see what the facts actually are. A lot of scare tactics are being used today—especially in the field of health care, against our seniors—which are in essence, I think, cruel. In that same debate, we have to come back to the facts of what can be accomplished, what the realities are today.

Similarly, by just balancing the budget, what are the facts? Economists calculate, again—everyone that has come through—that interest rates will fall incrementally by 1 to 2 percent once we balance the budget. The higher interest rate people pay today because of the debt means that people pay more for car loans, for mortgages, for credit card balances, and for equipment for their small businesses.

Thus, if we can balance the budget—and we need to do it within 7 years, again, with no phony numbers, but accurate numbers—we can do the following: lower interest rates, which to the average family will mean that they can save as much as \$1,200 each year on a \$75,000, 30-year mortgage. It means on the purchase of a car, say \$15,000, over the life of that loan a family will be able to keep \$1,000 additionally in their pocket to invest, put in their small business or to put in education. For a typical credit card balance of \$1,800—which is what it is in this country—an individual or family will save \$36 per year by just balancing the budget. Over the next 6 to 8 weeks, the blueprint will be out there. A family can save as much as \$1,100 over the life of a loan on

a small business or for a typical piece of farm equipment.

For business, lower interest rates will mean that businesses—by that, I mean small businesses—one- and two-person operations, as well as large businesses—will be able to grow because an investment will cost less. Profit margins will exist or be higher. Short-term loans will be less expensive. Inventories will cost less to store. Expansion will increase and innovation will be less costly.

By simply putting a blueprint out there in law over the next 6 to 8 weeks to balance the budget, we will also, in addition to allowing interest rates to come down, allow businesses to grow, new jobs to be created. And as businesses invest and grow and our Nation's output begins to rise, opportunities for every American will expand. According to recent studies, as many as 6 million new jobs—new jobs—will be created.

According to a well-known economic forecasting firm, if we balance the budget by the year 2002, the gross national product will be \$170 billion higher than if we do nothing and we do not balance the budget. That represents, overall, a 2.5-percent increase in productivity for businesses. That translates down to an average family's standard of living being increased by about \$1,000 a year.

What does it take? Courage. It takes us acting as elected representatives in a responsible way. The outcome of the budget battle will clearly determine in what direction our country will move for the remainder of this century, the next 6 years, but also well into the next. It will take the courage of each of us, the President of the United States, every Member of Congress, and every American citizen, to make sure that the direction we choose is the right one.

We will either have the courage to make tough choices, to face facts, so we can march into the future secure in the knowledge that the promise of America will be as bright for our children as it was for our parents.

The alternative is to sink deeper and deeper into debt, until the despair that many Americans now register in the polls will be justified. The President talks a lot about common ground today, but really what this country needs is common sense—common sense and the courage to carry out the blueprint.

Thank you, Mr. President.

Mr. SANTORUM addressed the Chair.

The PRESIDING OFFICER. The Senator from Pennsylvania is recognized.

THE MISSION BEFORE US

Mr. SANTORUM. Mr. President, I rise to join today with my freshman and sophomore colleagues to talk about the mission before us here in the next several weeks. We here in the Senate, and in the House, and the American public are now focused on the mission at hand, which is to try to balance