

goes to taxpayers with incomes or families whose incomes are over \$100,000 a year.

Mr. BIDEN. Mr. President, I rise to speak in favor of the amendment offered by the Senator from North Dakota. We are fast approaching the culmination of this session—the culmination of a year of significant debate on the course of the Federal budget.

This amendment goes to the heart of that debate—how should we bring the budget into balance, and how should the burdens of that process be shared among the people of this country?

As one who voted for a balanced budget amendment, and as a cosponsor of a balanced budget plan, I share the conviction that deficit reduction should be among the top priorities of this Congress. But we should not let the urgency of that task blind us to our fundamental principles, or to the other, equally important responsibilities we face.

As I have explained here before, Mr. President, balancing the budget is essential, not as an end in itself, but a means of restoring healthier growth to our economy, and as a means of promoting the basic principles that first led me to the Senate.

I won't revisit here the clear and convincing reasons for fundamental change in our Federal budget. But while I am encouraged by the powerful consensus behind balancing the budget, Mr. President, I am concerned about the shortsighted priorities and the lack of fundamental fairness that characterize the budget plan that is now taking shape in this Congress. We will debate that budget plan on the floor of the Senate this week.

The amendment of the distinguished Senator from North Dakota represents what should be simply common sense. But unfortunately, Mr. President, common sense seems to be in short supply these days.

The amendment says simply that we should limit any tax cuts to families with incomes under \$250,000, and use the savings to reduce the cuts that are planned for Medicare.

I believe that there is a real need for tax relief—in a perfect world, perhaps we could spread tax cuts around a little more. But there can be no argument that families with middle incomes have seen their paychecks stuck for years—with no reward from the substantial gains in productivity that our national economy has made.

Those working families spend more of their waking hours running faster just to stay in place. Mothers and fathers strain for a few minutes with their kids, with each other—never mind a moment for themselves. Because their wages haven't gone up, they have to spend more hours working every day just to keep up with growing expenses.

Chief among the costs that are growing faster than the average family's income are health care and education. For most middle Americans, Mr. Presi-

dent, those are not luxuries to be deferred or cut back—they are costs that must be met by cuts in family time, in savings, in things that we used to consider essential and that increasingly are beyond reach.

So we should do what we can to cut the costs of health care and education for Americans. Incredibly, the budget that is shaping up now does exactly the opposite. In their search for the funds to give tax cuts to people with incomes over \$250,000, the Republican majority is increasing the costs of health care and education for the average American family.

And, by itself, the tax bill just reported by the Finance Committee would actually increase the tax burden on the majority of Americans, Mr. President, those with incomes of \$30,000 or less. Can't we at least put a cap on the unfairness in that plan?

And, as the Republicans' own Congressional Budget Office has certified, Mr. President, their plan does not balance the budget. It continues to borrow from the Social Security surplus in the year 2002 to cover up a glaring \$98 billion deficit.

This is unconscionable, Mr. President, and it is unnecessary. We can reach the goal of a balanced budget, provide tax relief for the middle class, and restore some of the excessive cuts in Medicare that are part of the Republican budget plan.

With Senator BRADLEY, I cosponsored earlier this year a budget plan that would have permitted up to \$100 billion in tax relief for the middle class, including help with higher education expenses. That plan would have balanced the budget by 2002, without borrowing against the future obligations of the Social Security system. I also supported Senator CONRAD's plan, that would have balanced the budget without raiding the Social Security system.

We apparently cannot pass a budget this year that will not continue the charade of using Social Security surpluses—needed to meet its future legal and moral obligations—to cover up annual deficits in our operating budget.

But, by supporting the amendment now before us, we can still restore some fairness to tax relief, and we can reduce some of the damage that will be caused by the exorbitant increases in Medicare costs in the Republican plan.

This amendment simply expresses the sense of the Senate—a statement of our priorities—that we should limit any tax cuts to those who really need it, and that we should use those savings to reduce the hit on Medicare that the Republicans have planned—a hit that will be used to pay for tax cuts for those who don't really need it.

I think those are the real priorities of almost all Americans—even those who may not directly benefit from the tax cuts. Most Americans share the goals of deficit reduction—because it will help all Americans. Deficit reduction will free up more of our scarce saving for private investments by

homeowners, entrepreneurs, and corporations—investments that will create jobs and sustain a growing economy.

For those who are now well off, who will share in the benefits of a growing economy at least as much as anyone else, a tax brake now to sustain those whose incomes have been stuck for years is scarcely grounds for resentment.

This amendment recognizes that we must use common sense and fairness as we search for ways to reduce the deficit and restore balance to our country's finances.

So I urge my colleagues to join me in supporting this amendment, that will put the Senate on record sharing the priorities of most Americans—doing what is right and what is fair while we do what is necessary.

Mr. DORGAN. I notice, Mr. President, Senator PELL is waiting to speak.

I will, because of that, relinquish the floor.

Mr. PELL addressed the Chair.

The PRESIDING OFFICER. The Senator from Rhode Island is recognized.

#### MEDICARE BY THE NUMBERS

Mr. PELL. Mr. President, the national debate over the future of the Medicare and Medicaid programs is not so much about objectives as it is about means. But it is the means that make all the difference.

There clearly is widespread agreement that steps must be taken to restrain growth in Government spending for medical programs. But there is considerable disagreement about how to achieve this objective, how to distribute the impact of change, and about the timeframe in which all of this is to occur. In that connection, I join in expressing my distress about the course the congressional majority would have us take.

I should say at the outset that I believe it is unfortunate that we are allowing arbitrary dollar limits to drive our consideration of essential social policy. We are seeking to evaluate fundamental human needs through the green eye shades of accountants.

As I have stated on previous occasions, while I do share the view that Government spending should be curtailed where appropriate and that the deficit should be substantially reduced, I do not believe that this automatically translates into a cast-iron doctrine that the national budget must be in absolute balance by a time certain.

In the case of the medical programs, it would have been far preferable, in my view, to have devised first a rational strategy for curtailing unreasonable growth in spending for these programs—while preserving their essential services—and then see how much savings could be dedicated to deficit reduction.

But since the majority has committed us to a dollar-driven course of action, let's consider the figures.

In their quest to reach budget balance by the year 2002, the majority seeks to reduce Government spending by an arbitrary \$894 billion over the 7-year period.

Over half of the saving—and by far the largest single component—would be \$452 billion in reduced spending for the Federal medical programs: \$270 billion would be realized from reduced spending on Medicare, and \$182 billion from Medicaid.

While protracted cutbacks may be needed to assure solvency over the long term, there simply does not seem to be justification for reductions of the proposed order of magnitude in the time-frame of the next 7 years.

I found particularly persuasive in this regard the recent testimony of the Secretary of the Treasury, Robert Rubin. Speaking in his capacity as managing trustee of the Medicare hospital insurance trust fund, Mr. Rubin stated:

Simply said, no member of the Senate should vote for \$270 billion in Medicare cuts believing that reductions of this size have been recommended by the Medicare Trustees or that such reductions are needed now to prevent an imminent funding crisis . . . Nonetheless, the Majority is asking for \$270 billion in Medicare cuts, almost three times what is needed to guarantee the life of the Hospital Insurance Trust fund for the next ten years.

The Secretary went on to observe that the \$270 billion in reduced Government spending would be accomplished in part by increasing costs to beneficiaries of the Medicare part B program, even though such increases do not contribute to the solvency of the Part A Hospital Trust Fund.

"In this context," Secretary Rubin stated, "it is clear that more than \$100 billion in Medicare funding reductions are being used to pay for other purposes—not to shore up the Hospital Insurance Trust Fund."

Secretary Rubin's testimony is disturbing because it validates the presumption that the proposed reductions in Medicare are being made for reasons not dictated by necessity, including the possibility that the amount of proposed reductions might have been inflated for the specific purpose of accommodating a tax cut.

In that light we can only ask what manner of needless sacrifice, worth more than \$100 billion, are we asking of our senior citizens. Will most of it be accounted for by the \$71 billion in increased payments by beneficiaries? Or will it be attributed to the \$73.6 billion in reduced payments to hospitals, or the \$22.6 billion reduction in the allowable fee schedule for physicians treating Medicare patients?

It seems apparent to me that the majority has overreached and that a far more modest cutback of the Medicare Program would serve our purpose. Since Secretary Rubin says that more than \$100 billion is being siphoned off for other purposes, this would suggest that the \$270 billion reduction proposed should be in the order of \$150 billion at

the most. And the reduction could be even less if we take appropriate steps to deal with the annual loss of \$18 billion through waste, fraud, and abuse.

With respect to Medicaid, I am very distressed that the majority proposal would dismantle a 30-year-old commitment to the poor and disabled, and transfer a less binding responsibility to the States.

The result, it seems to me, can only be the creating of pockets of medical impoverishment between a few overburdened oases of generosity. Some States and regions simply will not be able to maintain the level of compassionate service on which their citizens have come to depend.

My own State of Rhode Island is in this latter category, partly because it has a larger proportion of elderly people using nursing home facilities. I would point out that our Republican Governor, Lincoln Almond, has voiced his opposition to the block-grant formula as it was proposed in the House.

Here, I would like to salute the efforts in the Finance Committee of my distinguished colleague, Senator CHAFEE, to modify the plan, particularly through restoring entitlement status to pregnant women, children under age 12, and the disabled. But notwithstanding these efforts, the basic proposal is still fatally flawed in my view.

As one of the original advocates of the Federal medical programs, I regret exceedingly that we have come to this juncture when in the name of economy, the gains of decades of progress in social responsibility are being jettisoned or badly compromised. The proposals should not become law, and I applaud and support the President's announced determination to veto them if they reach his desk in their present form.

#### JERUSALEM EMBASSY RELOCATION IMPLEMENTATION ACT OF 1995

The Senate continued with the consideration of the bill.

Mr. PELL. Mr. President, on the question of the American Embassy in Jerusalem, I suggest that most of us here believe the same thing, that Jerusalem is the capital of Israel and that our Embassy belongs there one day. Where some of us disagree, however, is whether or not the President has the right to decide when. I do not think the Congress has the right or the obligation or the responsibility to micromanage the decision. We all agree it should move. How it should move and when it should move, that I really think should be left to our President.

All Americans are aware, too, of the respect and deeply seated, emotional attachment that Israelis—indeed all Jews—have for Jerusalem. I would add the same emotions and attachments apply to Moslems and Christians, and I think all of us appreciate the care and effort that Israel has made to make Je-

rusalem accessible to adherents of all faiths. For these reasons, I find it difficult to fathom a final settlement for the Middle East that does not declare, once and for all, that Jerusalem is, and shall forever remain, Israel's undivided capital.

The administration has suggested that by adopting this legislation, Congress would be prejudging the outcome of the Israeli-Palestinian talks, and in doing this, we might undermine our own traditional place as the honest broker and cast the peace process into disarray.

Mr. President, I believe we must take due acknowledgement of the administration's strong and forceful views about this bill. When officials from the administration suggest, as they have in recent days, that adopting this legislation could interrupt—or indeed kill—the peace process, I think we must take those suggestions seriously. When the same officials predict that adopting this legislation could lead to an explosion of passions in the West Bank and Gaza, we cannot take those predictions lightly. When these officials say that passing the bill could mean that people, whether they are Israelis, Palestinians, Jordanians, or U.S. diplomats, could lose their lives, we have a solemn obligation to be absolutely sure of what we do.

I am not convinced that the arguments, both pro and con, have been given a chance to be aired properly. The Senate is on the verge of making an extraordinary decision without even having had the benefit of one hearing on the Senate side, at least, devoted to the issue.

Against all these concerns, most of which I share, we must balance some fundamental truths. First among these is the fact that Israel is the only country in the world where the United States does not have its Embassy in the functioning capital. With the Israeli Government based in Jerusalem, having our Embassy in Tel Aviv has made it difficult to maintain our official contacts with the Israeli Government. Frankly, it has also stigmatized, indeed cheapened, our relationship with Israel. Moving our Embassy will at least settle once and for all what many of us know to be true—that Jerusalem is truly the capital of Israel.

Second, by requiring the President to move our Embassy, the United States will once and for all dispel whatever unrealistic hopes remain that Jerusalem will somehow become the capital of a Palestinian State.

Finally, no one, including the Palestinians, can really contest Israeli sovereignty over West Jerusalem. If this bill passes and is implemented, our Embassy would clearly be moved there, not to East Jerusalem.

I acknowledge, Mr. President, that I opposed this bill when it was introduced in an earlier form. Since then, it has been reintroduced with a significant change in text which has given a more flexible approach than existed