

understands, is something that has to be done.

Medicare and Medicaid. Clearly if you think Medicare is something you would like to have in the future, if you think health care for the elderly is something that we should maintain and strengthen, then you have to change. The trustees say you have to change. It cannot continue to go on the way it is.

Welfare. Most everyone who has watched welfare at all would agree, first of all, with the concept that we ought to have programs that help people who need help, but that they should be designed to help people help themselves to go back into the workplace. That has not worked. There are more people in poverty than there were when Lyndon Johnson was here and started this whole system.

Yet each year in the interim, as things did not go well, the solution was to put more money into the same program and expect different results, which of course, does not happen.

Reduction of taxes allowing people to spend more of their own money, is that not a concept? And we are seeking to do that.

So that is what we need to do. Unfortunately, we need to come together on these principles. We need to come together to move forward in an area that will accomplish these things. And guess what? Guess what? We do not have any leadership from the White House. These are the things that the President has said he is for—balancing the budget, saving Medicare, reforming Medicaid.

He wrote a letter when he was Governor in 1989 asking that some of the mandates be removed so that the States would have more flexibility. That is what we are trying to do. The President in his campaign was the one that was going to change welfare as we know it. These are the things that everyone will stand up and agree we need to change. And all we find is resistance and denial, that, "No, we can't do that. No. That is too fast. That is too much. That isn't the right way."

So we end up in something of a gridlock, a gridlock that I think we will overcome, a gridlock that we will overcome and still maintain the principles that are involved in making these things succeed.

Let me talk just a minute about what happens if we do not do something. If we do not do something about balancing the budget, the deficit will top \$460 billion by the year 2005. Now, that is a projection of the Congressional Budget Office. The deficit will be \$288 billion in the year 2000 and upward of \$462 billion in 2005 if we do not do something different than we have been doing.

The national debt now stands at about \$18,000 for each of us. It is a debt of \$18,000 per capita. The servicing on the interest of that debt—not the servicing on the debt, not the reduction of the principal—the interest cost each American \$800 in 1994. Today's newborn

child, who is born today, owes \$187,000 over his or her lifetime just to pay the interest on the national debt. That is what happens if we do not do something. If we do not do something, six programs will absorb 75 percent of the Federal budget: 22 percent for defense, 18 percent for net interest, 15 percent for Medicare, 11 percent for Medicaid, 6 percent for retirement programs; that is 75 percent of all Federal revenues will go in those areas unless we make some changes.

With respect to the Medicare tax, we pay now, what, 2.9 percent payroll tax? If we do not slow the program from 10.5 percent down to 6 percent a year in growth, it will require an 8 percent payroll tax instead of 2.9 percent by the year 2030. So we need to make some changes.

On the other side, what happens if we do? As a result of balancing the budget in 2002, a 2-percentage-point reduction in interest rates on a typical 10-year student loan for a 4-year private college would save American students 8,800 bucks. If we could get that 2-percent reduction in interest rates as is predicted, on a 30-year mortgage on an \$80,000 home, it would save the American home buyer \$107 each month, or \$38,000 over the life of the mortgage.

So not only do we have some very destructive kinds of things that will happen if we do not make some changes, there are some very, very positive things that will happen.

So, Mr. President, I hope that President Clinton will reconsider his position and join in a useful dialog in terms of coming to some agreement and seek to deliver on some of the promises he made in 1992. I invite the President to drop the rhetoric and come to the table in good faith.

Mr. President, I now yield to the Senator from Minnesota.

The PRESIDING OFFICER. The Senator from Minnesota is recognized.

BENEFITS OF BALANCING THE FEDERAL BUDGET

Mr. GRAMS. Mr. President, my freshman colleagues and I have come to the floor again this morning to talk about our plan to balance the Federal budget and what that balanced budget will mean to this generation and, more importantly, or as importantly, to the generations to follow. But no statement that we make today could speak more eloquently than a letter I received from a young Minnesotan in Duluth, MN. He writes to me and urges me:

I urge you, Mr. Grams, to take a stand for eliminating this overwhelming national debt. It is a cancer that is growing and growing, and something needs to be done soon, if not for your generation's sake, for mine.

For the first time in a quarter of a century, Congress is standing up for the coming generations, and we are standing up to the big spenders who have long dominated the decisionmaking here on Capitol Hill. We have fi-

nally said, "Enough is enough—it is time to return to reality, it is time to stop the wasteful spending, and it is time to balance the Federal budget," and that is what we have done with our revolutionary budget plan that eliminates the deficit by the year 2002 without raising taxes and without drastically slashing Government spending.

Ask Minnesotans if they think the Federal Government ought to balance its budget, and most people would say, "Well, yes, of course," after all, Minnesota families have to balance their own budgets every month, altering their spending habits to keep pace with the paychecks coming in and the bills that are going out.

The corner grocer, the video store owner, and every other job provider has to do the same thing. It is the responsible thing to do, and at a time when the taxpayers are demanding accountability in Washington, a responsible Congress is expected to meet those same standards that we ourselves have to meet.

Besides the obvious benefits that come with prudent financial management, balancing the Federal budget offers tremendous economic benefits for all Americans—and my friend from Wyoming just went through a list—through lower unemployment, lower interest rates, and a higher standard of living.

The story of the credit-hungry power shopper really illustrates why.

With a new job and a pretty good salary to go along with it, he applies for and receives his first credit card. An incredible shopping spree follows, and then another and another, and it does not take long before he reached his credit limit. Now he has three choices: Stop spending so recklessly; ask for more credit; or go to your boss and ask for a raise.

The spending has become addictive and he is not about to stop. He already spent his last raise, so he phones the credit company and asks for additional credit. They are happy, of course, to oblige and he is off on another spending spree.

This pattern continues for several years until he has increased his credit line to the point now where his monthly payments are barely keeping up with the interest that he owes on his tremendous debt. He has spent every raise in advance without a second thought, yet refuses to stop spending. He knows what he is doing is wrong and, in the back of his mind, he understands that he cannot keep doing this forever, after all, sooner or later the credit card company is going to come after him for their money, and that is the very position that our Federal Government finds itself in.

For four decades, the Government has been that uncontrollable shopper, raising taxes, spending hundreds of billions of dollars more than it takes in and, in the process, it has dug this Nation into a \$5 trillion debt. Whenever it

reached the credit limit, Congress would vote to increase it. Whenever it needed to ask for a "raise," it would vote to increase taxes on middle-class families.

But now the Federal Government is in the very same position as that over-eager shopper. We have now reached the point where we are only paying enough on our national credit card, so to speak, to cover the interest, let alone trying to make any dent at all on the principle. In fact, this year for the first time, we will pay as much in interest on the debt as we will on national defense.

Let us be clear, the call to raise the debt ceiling is so that this Government can go out and borrow another \$25 billion so it can just make an interest payment.

Let me say that over again. The reason the debt ceiling is going to have to be raised is so this Government can go out and borrow \$25 billion to meet an interest obligation. That would be like you or me going to the bank and borrowing money so we could come home and make an interest payment on our credit cards.

Usually when we go to the bank to borrow some money, we do it in order to purchase something—a home, a car, or other goods—and we do get something in return and then we plan to make the payments, both principle and interest, out of income that we have. But we have a Government that is now so out of whack that we now are asking the taxpayers to let us borrow more money so we can just pay the interest. In other words, it is like you taking your Visa card and paying off your MasterCard.

Because the Government is borrowing so much money, the dollars that would otherwise be available to the job providers, to the home buyers are no longer there. They have been sucked up by this Government.

Without those investment dollars that could go to the private sector that are now going to the Federal Government, companies have been forced to put their long-term investments, such as new facilities and new equipment, on hold, and those are the type of investments that create the jobs that we need. Those are the investment opportunities currently being undermined by the Government.

That has been especially hard on the economy, because when American businesses are not making long-term investments or cannot find the money to do it, the jobs are not being created, productivity is slipping and incomes do not grow. Balancing the budget and eliminating the deficit will free up those valuable dollars for investment allowing businesses to create new and higher paying jobs, by some estimates as many as 6.1 million new jobs by the early part of the 21st century.

Under a balanced budget, interest rates will decline by up to 2 percent, making loans for education, automobiles or startup businesses more affordable. For home buyers, a 2-percent

drop in the interest rate would drop mortgage rates on average \$100 a month. Those lower interest rates could boost a household's annual income by an additional \$1,000 a year by the year 2002 and raise a family's standard of living to go along with it.

Mr. President, I was listening to the distinguished junior Senator from North Dakota while he was speaking on the floor one day earlier this year. I have to thank him for introducing me to a very interesting book. It is a children's book, and it is something I think my grandchildren are going to enjoy, but its central message certainly has a special meaning for here in Washington as well.

The book referred to is called *The Berenstain Bears Get the Gimmies*. The plot resolves around the little bear cubs in the family during a trip to the mall. It seems they have been infected with the "gimmies"—gimmie this, gimmie that, gimmie the other thing. The cubs were asking for everything in sight on this shopping spree, never giving a thought to the price tag, and it was driving the parents crazy.

Well, for 40 years, the Federal Government has been infected with the gimmies, as well. Every pork project it wanted to dole out, every new social program it wanted to bankroll, it just said, gimmie. The Government got what it wanted because the liberal Democrats had the votes to take the money, and it always gave away the bill to the taxpayers.

Well, this Congress is finally putting a stop to the gimmies because it is the only way we will ever begin to restore fiscal sanity.

Along with cutting taxes for working-class Minnesotans, balancing the budget by finally getting spending under control is the most important statement this Congress can make to the American people that we have heard their calls for reform.

Balancing the budget demands patience, however, because the greatest benefits from eliminating the deficit will not be realized tomorrow—it is not a short-term political fix—but rather 5 or 10 years from now, for our children and grandchildren's future.

Mr. President, it is our moral responsibility to free the coming generations—our children and grandchildren—from the burdens of paying decades of extra interest payments because of this generation's extravagant spending. We cannot continue to spend our children's money.

We have made a lot of promises, but are we really committed to fulfilling that tremendous responsibility? Does this Congress have the will, the determination, to prove that there is a better way out there to govern than we have seen over the past 40 years?

Our balanced budget legislation should be proof enough that this Congress is prepared to meet that challenge. This is not the easy way out. The easy way out has always been the quick fix, going to the taxpayers and raising taxes, year after year, time

after time. That has always been the easy fix, the compassionate fix, to give more money away that we do not have. But when we start picking our children's pockets, I think it is time we face our problems squarely in the eye and take the necessary steps to improve it. Again, this is not a short-term fix. We are not going to realize a lot of the benefits or see it as early as tomorrow, but if we do not, we are going to see the tragedy in our children and grandchildren's faces 5, 10 years from now, when they look back and ask why we did this to them.

I yield the floor.

Mr. THOMAS. Mr. President, I will utilize the remainder of our time.

The PRESIDING OFFICER (Mr. ASHCROFT). The Chair informs the Senator that, under the previous order, the Senator has 5 minutes 6 seconds remaining.

Mr. THOMAS. Mr. President, we have talked largely about balancing the budget. There are a number of other fundamental items involved in what we are doing now, including Medicare, Medicaid, welfare, and it includes doing something about tax reform. I think those are equally important.

At this time, I yield to my friend from Oklahoma.

THE 1994 ELECTION MANDATE

Mr. INHOFE. I thank the Senator. I was listening, and I think I can pretty well summarize why my colleagues are distressed about the demagoging going on in the reconciliation legislation.

We have to remind the American people that there was a mandate that went with the 1994 elections: Less Government involvement in our lives, balanced budgets, and to do something about the tax increase of 1993. In other words, let us offer tax relief and welfare reform and Medicare reform. That is exactly what we have in our reconciliation effort.

I really think that those who are trying to stop these major changes and the revolution from taking place are underestimating the intelligence of the American people. I would like to read a couple paragraphs of something that appeared just the other day. This was the day of the vote in the U.S. Senate of this reconciliation bill. This is a quote: "I have been in this field all my adult life, almost 60 years now, and I have never seen a change of this magnitude." This is Richard Nathan, provost of the Rockefeller College of Public Affairs. He said: "This is bigger than Lyndon Johnson's Great Society because it is going to profoundly affect the American federalism and social policy." And then Jim Richley, a political scientist from Georgetown University, said, "Nothing on this scale has ever been attempted before."

I think that it is necessary to talk about the magnitude of what we are doing here. This is something we have