

against any kind of health care coverage were the quickest ones to sign up. You can go down in the office of the Secretary of the Senate, and they have a blue sheet down there, and you can go down and check off if you do not want your health care coverage. Every Member in this Senate now has checked that and said that they do want it.

So the Senator is right. We have applied laws to ourselves that cover others, with the important exception that we have not given the American people what we have given ourselves in terms of health insurance, which is another issue at another time. But I think it is always important to mention that, particularly when the total number of uninsured is going up through the roof, particularly children in my State and around this country, and where the cost of health care continues, particularly in prescription drugs, to rise.

Mr. HARKIN. The Senator is our expert on health care. My question was dealing with the staff right now who are not getting paid in the Senate and the House, the air traffic controllers, and the people who work for the Department of Defense. But we do. I thought we passed a law that says that Congress has to live by the laws that the rest of the people do. You pointed out one in health care. Is it not true also that Congress is not applying to itself the very laws that say that those staff people, air traffic controllers, people working for the Department of Defense, essential Government workers, they do not get paid?

But guess what, Senators and Congressmen? We get our pay.

Mr. KENNEDY. That is certainly the way that I understand it, the way that the Senator explained it. I think it is one of the reasons why I think the American people are so frustrated and should be frustrated.

This did not have to happen, does the Senator agree with me? This did not have to happen, to work through this whole kind of a situation where they are halting the Government and effectively blackmailing the President of the United States for the first time in the history of this country, and also loading up the debt limit with similar kinds of activity to try to halt full faith and credit when we ought to be able to, as individuals, be able to work out an accommodation. That is the way it is done around here.

Mr. HARKIN. Will the Senator yield?

It seems funny, since Congress has not applied this law to itself—that is, Senators and Congressmen continue to get paid but other Government workers will not get paid.

They are the ones who have mortgages to meet, car payments, kids in school. Does it not seem fair to the Senator that perhaps we ought to take up the Boxer bill and pass it here, that would say that Senators and Congressmen and the Speaker of the House and everybody else, that we put ourselves in the same boat, that we do not get

paid either during this same period of time? Does that not seem reasonable?

Mr. KENNEDY. It certainly seems reasonable to me. It would make a great deal of sense.

Mr. HARKIN. I hope that the other side, the Republicans, would agree to bring this up and put ourselves in the same boat as all the other Government workers who are not getting paid and see how long this foolishness will go on if Senators and Congressmen are not getting paid.

Mrs. BOXER. Will the Senator yield?

Mr. KENNEDY. I am happy to yield to the Senator.

Mrs. BOXER. My question is—

Mr. NICKLES. Mr. President—

Mr. KENNEDY. Mr. President, who has the floor?

The PRESIDING OFFICER. The Senator from Massachusetts has the floor.

Mr. KENNEDY. I will yield briefly and then I will yield the floor.

Mrs. BOXER. I wanted to ask the Senator if he was aware, because the Senator from Iowa raised the subject, that in fact the U.S. Senate did pass the Boxer amendment which said no budget, no pay.

It was bipartisan. Senator DASCHLE and Senator DOLE helped me get it through. It passed twice. But it is, in fact—and I ask the Senator if he is aware of this—Speaker NEWT GINGRICH who refused to allow it to be voted on on the House side.

Is the Senator aware of that?

Mr. KENNEDY. I was not aware that very sound and worthwhile, valuable suggestion which I supported was sidetracked—Speaker GINGRICH, in other words, sidetracked that measure.

Mrs. BOXER. Yes, I say to my friend, that is true.

Mr. KENNEDY. And as a result of that, we have the inequity which the Senator from Iowa pointed out.

I yield the floor.

MORNING BUSINESS

Mr. NICKLES. Mr. President, I ask unanimous consent there now be a period for the transaction of morning business, with Senators permitted to speak for up to 15 minutes each, so if we have discussion we can have discussion on both sides of the issue.

The PRESIDING OFFICER. Without objection, it is so ordered.

THE CONTINUING RESOLUTION

Mr. NICKLES. Mr. President, I want to respond to a couple of comments made by my friend and colleague from the State of Massachusetts.

I heard two or three statements that Republicans have a budget and they are trying to balance the budget on the backs of senior citizens and making unrealistic cuts in Medicare would be the thrust. I disagree.

Mr. President, if you look at the Medicare fund, it is going broke. The Medicare system is funded by a payroll tax. All the money goes into one fund.

It is financed by a tax that costs right now 1.45 percent of payroll, matched by employer. That is 2.9 percent.

Now, next year the fund pays out more than it takes in. You cannot continue to do that indefinitely. The fund is going broke. The President's own trustees said it is going broke.

Some of us do not want that to happen. Some of us think that would be unfair to seniors. Maybe some of my colleagues on the other side of the aisle say, "Well, do not do anything. We will not solve that problem." I disagree.

Now, there are two ways to solve the problem—either reduce the rate of growth of spending in Medicare, which is, frankly, what we are proposing, or you increase payroll taxes, which is what Congress has done in the past.

Just for my colleagues' information, I looked up years ago what was the history of Medicare taxes. The maximum tax in 1977 was \$177. That is employee and employer maximum tax. The maximum tax in 1993 was almost \$4,000. So it went substantially from \$177 to almost \$4,000.

Guess what? The fund is still going broke. So we have increased the tax rates, we have increased the basis. We are spending a lot more money, and still spending exceeds the revenues. Next year, the spending is greater than the revenue in spite of the fact that now there is no cap. It is 2.9 percent of payroll. It can be well over \$4,000 and the fund is still going broke.

If it goes broke, it cannot pay the bills. It cannot pay the hospital. It cannot pay the doctor. How is it responsible to allow that to happen? I do not believe it is responsible. So we need to fix it. That is part of our budget.

Somebody says, "Well, you are cutting Medicare." I disagree. This year we are spending \$178 billion in Medicare. By the year 2002, we will be spending \$286 billion in Medicare. That is an increase. That is an increase at twice the rate of inflation. So, Medicare under our proposal grows twice the rate of inflation, and it stays solvent. We keep the Medicare trust fund solvent for beyond the year 2010. The President keeps it solvent for a couple more years. That is not satisfactory. We are trying to be responsible. Some people are playing politics.

The President is playing politics. The Republicans wanted a 25-percent increase in beneficiaries' payments. That is so demagogic. The facts are, just to be very simple, part B, part B is voluntary. It pays for the doctors. When the system started 30 years ago, it was supposed to be 50-50. Now the percentage that beneficiaries pay is 31.5 percent. That means taxpayers pay 68.5 percent. That means my son and daughter, who are not wealthy by any means but they have jobs, they are helping to subsidize the wealthiest persons' Medicare—they help pay 68.5 percent of the Medicare premium of the wealthiest persons in America.

We are trying to make some changes in that. One, we try and keep the perk

at 31.5 percent under our proposal. Anybody that has looked at the problem of financing Medicare says that the Medicare beneficiary should probably pay at least 31.5 percent. Here you have the President of the United States saying that is an outlandish increase in Medicare copayments. No, we were trying to keep the percentage at 31.5 percent.

People should know the country's law says it will drop to 25 percent. Should it drop to 25 percent when it is going broke? We are trying to keep it at that level. Is that an unfair attack on senior citizens to give rich people tax cuts as was alluded to on the floor? Definitely not.

As a matter of fact, we passed a provision that says any increase between the 25 percent and 31.5 percent, 100 percent of that goes into the part A trust fund, which is going broke. Any of the changes that we made in part B, any of the changes we made as increased contributions—and we say wealthier people—we will drop off the subsidies. If they make over \$150,000 or something, they have to pay 100 percent of their Medicare payments. We will eliminate the subsidies for wealthier people. I believe that subsidy phaseout begins at \$60,000 for an individual and \$90,000 for a couple. We say above those amounts—and it takes \$50,000, I think, to get to where there is no subsidy—we say above that amount people should pay their own.

I think that is a good proposal. Why should our kids be subsidizing people who have incomes of over \$150,000? That is a good proposal. Does that wreck the Medicare system? No. It helps save the Medicare system. It reduces the subsidy that a lot of people are paying for people who can well afford to pay for their own.

I want to make a couple of comments concerning the stopgap spending measure that we in Washington, DC, call a continuing resolution. The President vetoed one that we sent him the other night, on Monday night. I wish he had not. He vetoed it because of the part B, and he demagogued it and maybe scored some points. It might have helped electionwise, but it was bad policy for him to do that. I regret that.

What else did he veto? I met with the negotiators yesterday. And I compliment Senator DOMENICI and Congressman KASICH. And we met with Mr. Panetta and Secretary Rubin representing the administration, we said we will not mess with Medicare. We say what we really want is a commitment to balance the budget in 7 years. So we want to pass a continuing resolution, a stopgap spending bill, that will allow Government offices across the country to stay open, but we want a commitment from them to balance the budget in 7 years.

Mr. Panetta said that is not acceptable. Why? Because we want to use Congressional Budget Office economics because we feel those are more realistic than the Office of Management and

Budget, than the President's economic figures. They said it was not acceptable. I will just remind you, Mr. President, that the President of the United States in a speech in the House of Representatives, in a State of the Union speech, said that he would use Congressional Budget Office figures. He did not want smoke and mirrors. He did not want to play games. He said, let us use the same numbers. There was a big round of applause.

Now the President does not want to use the Congressional Budget Office. You say, what difference does that make? I will tell you. Over a 10-year period of time it makes \$475 billion difference, the difference in economic assumptions. So you are talking about a lot of difference. That is twice what we are talking about for changes in Medicare and so on. So we are talking about a significant difference.

The President says we can balance the budget just by having greater economic expectations and so on. We are saying, no, let us use realistic numbers, let us use the same numbers the President said he would use 2 years ago. So that is what we are saying. Then we said we want to balance the budget in 7 years.

President Clinton, as a candidate in June 1992, said we can balance the budget in 5 years. In the last 4 months, he has said we should balance the budget in 10 years, 9 years, 8 years, 7 years, and more than 7 years. He said all the above. We believe it should be done in 7 years.

Do we know what is right? Why did we pick 7 years? Because, when we had a balanced budget amendment on the floor of the Senate, we said we would balance the budget by the year 2002, and we said we would try to do it whether we had a balanced budget amendment or not. We happened to think that was the right thing to do. We should balance the budget. That is what this is all about.

Do we want to fund Government? Do we want to shut Government down? No. Do we want to pass a responsible short-term spending resolution? Yes. But we also want the President to start working with us to balance the budget. And, so far, he has been AWOL: absent without leadership. He has not been at the table.

His negotiators have said, send us a bill, we will veto it, and then we will negotiate. Why should we not negotiate now? Why should we not try to solve the problems now, not later, but now? We have not been able to get anybody's attention in the White House to make it happen. We want it to happen. We want to save Medicare and we want to balance the budget and we want to be able to give American families tax relief.

Then I just have to answer the claim that I heard two or three times by my colleague from Massachusetts, when he said Republicans want to make all these changes, they are cutting all this spending, and they want to do it so

they can give their wealthy friends tax cuts. I disagree.

Are we cutting spending? Not really. Today we are spending \$1.5 trillion. In 7 years we are going to spend almost \$1.9 trillion. Spending rises every single year.

Do we slow the growth of spending? Yes. Do we curb the growth of entitlements? Yes. Have we done that before? For the most part, no. Congress has never really had the courage or the leadership to slow the growth of entitlements, and some entitlement programs have been exploding. So now we are saying, let us control their growth. In most cases, like Medicare, it is growing at over twice the rate of inflation. But we can do that and balance the budget, moderate their growth and save Medicare.

All the savings in Medicare go in to help save the Medicare fund, so Medicare reductions in growth have nothing whatsoever to do with tax cuts. But we are saying we can make this slope. We can actually make it happen, balance the budget by the year 2002, and allow American families to keep more of their hard-earned dollars.

Over 70-some-odd percent of our budget, 75 or 76 percent, is directed toward American families. The bulk of that is the \$500 tax credit per child. Most all that—we passed it in the conference—it comes out to individuals who make less than \$70,000 or families who make less than \$110,000. So we target it toward working families who are paying taxes. Then they can use that.

If you have two kids, that is \$1,000 a year. If you have four kids, that is \$2,000 a year. If you have an income of \$24,000, you will not pay any income tax. If you have income of \$30,000 with two kids, we just cut your tax in half. If you have income of \$40,000, we just cut your income tax by a fourth. If you have income of \$75,000, we did not reduce your tax very much percentage-wise, but we still allow that person to have \$2,000 more. If they have four kids and they can send their kids to college, that will help them make that decision. People will be able to make that decision, not Government. To me, that is very profamily.

We do some other things. We have some IRA enhancement so people can be encouraged to save. We have some inheritance tax changes so people can be encouraged to build a small business and pass that on to their children and grandchildren. There are some very positive things in this bill that I think would be supported and should be supported by both Democrats and Republicans, and we do it in a responsible fashion.

Mr. President, I have been here for 15 years and we have never voted for a balanced budget. We have never voted for the implementing legislation to make it happen. Now we are talking about doing it.

Granted, the White House does not want to participate. They do not want it to happen. But we are really serious

about making it happen. We want to balance the budget.

To me, this battle is not about who wins, Democrats or Republicans. It is who wins as far as our children are concerned. Are we to continue piling up debt after debt after debt?

The President's budget, according to CBO, has \$200 billion deficits as far as the eye can see. For 7 years, 10 years, it is over \$200 billion and climbing. That is not acceptable. That is not realistic. It needs to be changed.

We are trying to convince the President he is going to have to negotiate with us to get us to a balanced budget. He says he is for a balanced budget; he just does not have one. We are producing one, and hopefully in the next couple of days we will vote on one.

Mr. President, I am optimistic. I hope the President and his advisers would quit saying "what makes me look better in the polls" instead of saying what is right for America. I know some of the President's advisers, and I know they know we can never ever get to a balanced budget unless we start curbing the growth of entitlements, which is about \$1 trillion out of a budget today that is \$1.5 trillion. They know you cannot say we are going to balance the budget and only work on a third of the budget. They know you have to work and really look at the entire budget, and that is what we are trying to do.

So I urge the President—I hope we send the President a short-term spending bill tonight. I believe the House will be taking up one soon. That bill will be a continuation—it will be a short-term spending bill, and it will also have language that we should balance the budget with real economics by the year 2002.

I hope the President receives that bill tonight. I expect he will receive that bill tonight, and I hope he will sign it. Thousands of people can go back to work and we can go back to work and we can finish our business, and that business should include balancing the budget. To me, that is not a victory for Republicans or Democrats; it is a victory for Americans. That is what we should be doing. That is what this Congress has been working on for the most part of this year, and now it is coming to a crisis point; it is coming to a head. Now is the time to do it. In my opinion, if we send the President a clean CR with language that we should be balancing the budget in 7 years, he should sign it, and I hope he will.

Mr. President, I yield the floor.

The PRESIDING OFFICER. The Senator from Tennessee.

A BALANCED BUDGET

Mr. THOMPSON. Mr. President, I think the Senator from Oklahoma has hit upon the real issue. I think it is important that we get back to the real issue, focus on the real issue, what all this complex debate is about. It simply boils down to whether or not we want

a balanced budget—whether or not we want a balanced budget. All the discussion, all the debate, all of the figures, all of the back and forth—do we want a balanced budget, and what are we willing to do to achieve it?

Everybody says they want a balanced budget. Everybody gives lip service to a balanced budget. We came close to passing a constitutional amendment, lacking one vote, to balance the budget, and everybody said we do not need a constitutional amendment. All we have to do is balance the budget and do the right thing. The day of reckoning now has come, and we are challenged to do the right thing.

Why does everybody admit that we have to have a balanced budget? It is because of the simple fact we are in the process of bankrupting the next generation. The fact we say it over and over again, like water rolling off a duck's back, does not make it any less true.

That is what is happening. That is why many of us ran for office. That is why many of us came here—not because we want to say no to anybody; not because it will not be more comfortable to have business as usual, continue the same programs, the same levels of spending, and making everybody happy; not because of that but because we realize that there was going to be some heavy lifting to do. That is a challenge for a serious person.

I like to think there are a lot of serious people addressing this. Now the very people who are crying the loudest over students—who are the purported defenders of the elderly and all of the other people who these large deficits are hurting and creating a Nation and an economy that will hurt them because of the deficit presided over this last 30 years with the lack of a balanced budget—perhaps can tell those of us who have not been here that long why, if they are concerned about all of these little people, they allowed this country to get into the shape of a \$5 trillion debt. They say, "Well, the Republicans were in the White House part of that time." That is true. The Democrats controlled the Congress almost all of that time. And that is true.

And half the time that I listen to the debate here it is "who shot John?" Who is the bigger person that is the most blameworthy in all of this debate? We have to get past that. We have to get past this idea that one side is for the average person and the other side is not.

The real issue here is whether or not we want to balance the budget. The President says now that he wants a balanced budget. But the American people are gradually going to focus in on the fact that the President, and those that are supporting the President in this deadlock that we are in right now, are twisting and squirming and maneuvering all the time they say they want a balanced budget to do everything in the world to avoid a balanced budget. Why would they want to

do that? Because, if we have a balanced budget, we cannot continue to spend the way that we have been spending for the last 30 or 40 years in this country. And everybody likes to spend.

In all of the congressional hearings we have up here nobody comes up here and testifies, "Please cut out our grant." Nobody comes up here and testifies that "we get too much money." Everybody loves spending. Everybody wants a little more. Everybody wants their nose in the trough, and everybody has been there for the last several decades in this country. Now we have to decide not who is going to give lip service to a balanced budget but who is willing to do what is necessary.

The fact of the matter is that the irony is if we act now, if we do a responsible thing now in order to get a balanced budget, a major step toward a balanced budget, we do not have to engage in draconian measures. We can make some incremental adjustments. We will be spending more money.

The Senator from Oklahoma pointed out that over a 7-year period we will be spending more money—\$1.9 trillion in this country. We do not have to hurt anybody. But we have to get to our job. We have to start down that road toward what everybody says they want. Everybody wants to go to Heaven. Nobody wants to do what is necessary to get there.

The President now has figured out, apparently, how we can balance the budget without really making any incremental adjustments. He decided to turn his back on his own figures that he said he wanted—the Congressional Budget Office figures over all these years to let his staff come up with new figures, and they produced about a half a trillion dollars out of thin air because they changed the estimates. They changed some estimates, projections, and figures and said, "Well, we do not really have to do anything." Of course, that will get them past the next election, will it not? It will get them past the next election before that little house of cards comes tumbling down just like every other projection in this country over the last decade has come tumbling down.

We are trying to use real figures over here. The President said during the campaign that he had a plan to balance the budget in 5 years. Then when he is submitting his budget, everybody kind of looked at it, and said, "Well, that is \$200 billion a year of deficits as far as the eye can see." They kind of acknowledge that was the case.

Then the President said, "Well, we need to balance it maybe in 10 years." Then, since that time, he has been at 7 years, 8 years, and 9 years, too, I think. I do not think he has gone back to 5 years, or anywhere along the line.

Then he submitted another document purported, I guess, to be a budget document that has the new figures in it. Lo and behold, we really do not have to make many adjustments at all because we have this windfall over \$400 billion