

So these are very important issues for all of us. And we hope—I notice that the conference committee did not meet today because there is a flareup that does not relate, I think, to what we are talking about. But we hope when these conferees meet they understand the importance of getting this right when they bring this bill back to the House and the Senate, because otherwise I do not think you will have a conference report pass the Senate.

Mr. KERREY addressed the Chair.

The PRESIDING OFFICER. The Senator from Nebraska.

Mr. KERREY. Mr. President, so people wonder what the impact of this is going to be, and 94 percent of American homes have telephones, 60 percent have cable—I believe those are the numbers—and nearly 100 percent have television sets, and more people have telephones and television sets than have running water. It is a substantial success story we have that kind of penetration into American households.

Every single household in America is going to be affected by this, and we are talking about trying to describe a significant change in the way they are going to be coming into contact with their providers. I think, as a consequence, it is very important for us to decide in our own minds what kind of an environment are we trying to create.

One of the pieces that is in here that seems a little contrary to my own desire for competition—in fact, a little more than just a little contrary, it is contrary, but it is necessary to build a bridge in that competitive environment—is the Snowe-Rockefeller-Exon-Kerrey provisions having to do with education.

I am very pleased, and I ask unanimous consent that a letter written by the chairman of the conference committee, Senator PRESSLER, indicating that he intends to hold and support the Senate's view on that provision, be printed in the RECORD at this time.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

U.S. SENATE, COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION,

Washington, DC, November 28, 1995.

Hon. J. ROBERT KERREY,  
U.S. Senate, Washington, DC.

DEAR BOB: Thank you for your cosigned letter regarding the amendment contained in S. 652 which will ensure affordable access to telecommunications services for schools, libraries, and rural health care providers.

As Chairman of the conference, I have the responsibility to advance the interests of the Senate. As your letter indicates, there is strong support for this amendment to S. 652 in the Senate, and I am aware that many in the House support the provision, too. I think this provision left the Senate with strong bipartisan consensus, and the view of the Senate that it should be adopted is strong. Since two of the sponsors of the amendment also are Senate conferees on the bill, I know they, too, will argue forcefully for its inclusion in the final bill.

Thank you for taking the time to contact me, Bob. I will try to keep you apprised of our progress in conference.

Sincerely,

LARRY PRESSLER,  
Chairman.

Mr. KERREY. Mr. President, this idea of technology being a constructive force in our lives is sometimes a difficult sell to make to people, particularly with software, because they have experienced the joy of downsizing as we get more efficient. They sometimes wonder what good this is all going to be, or particularly in an educational environment, people, like myself, remember the old "talking head" environment that was there with the television sets coming into the classroom.

I really want to emphasize that I think the only way that we are going to be able to increase the amount of learning that goes on, whether it is in the home, which I think is the first line of defense in education—if we can increase the amount of learning that goes on in the home, it is going to be an awful lot easier to make an educational form work inside the school, since the homes were there before the schools were—it will make it an awful lot easier for any of our institutional efforts to succeed.

This technology gives us the opportunity to provide continuous learning inside of the home environment. It is going to be very difficult for us to do the sorts of things we want unless we embrace a future that changes the way we teach and changes the way we use technology unless we are willing to bet not only to change the law but also change the allocation of resources.

It is going to be very difficult to make this work unless we, as adults, with the responsibility to make these decisions, say that this is going to become part of our core competency, whether that is a school or that is in a university or whether that is a government agency that is trying to operate in some kind of an efficient fashion.

So I am here this afternoon to say that I want to embrace change. I do embrace change. I am working on it all the time, particularly in the environment of our schools. But we can put change in place that makes things worse.

I say to the men and women who are on the conference committee, my colleagues and Members of the House that are on this conference committee, I urge you to put a meaningful role in there for Justice, some kind of role in there for Justice or, in my judgment, you are going to regret that you did not. You will regret that you did not because we are not going to have the kind of competitive environment that we need to have at that local level to enjoy the benefits that we all promise at least when we talk about supporting change in the law.

#### THE BUDGET

Mr. KERREY. Mr. President, before I yield the floor and suggest the absence

of a quorum, I noted earlier there were a number of Republican colleagues that came down and talked about the budget. There were some statements made that I feel compelled to respond to. Some came down and said the Democrats are not really serious. They do not have a plan. There is no attempt here, no willingness here to, in fact, address these budgetary difficulties.

(Mr. GORTON assumed the chair.)

Mr. KERREY. Mr. President, I respectfully say, just the opposite is the case. There is unanimous desire on the part of the Democrats to come up with a change in our law so as to get to a point where our budget is balanced, but we have a different vision. We have competing visions and competing ideas on how to do that.

I appreciate, for example, the willingness of Republicans to say that they want to preserve and protect Medicare. It is a very important change. At least I hear it as a change. One of the things that must be understood with Medicare as a fundamental principle is that we said in 1965, when people hit the age of 65, they are going to have difficulty purchasing health insurance, so we are going to create a change in the Federal law under the Social Security Act to provide a mechanism for Americans over the age of 65 to get insured.

The question is, has it worked? Ask your Representative or Senator, "Has this worked?" Is that an example of something that has accomplished the job? In 1965, 43 percent of people over 65 were uninsured. Today, it is less than 1 percent. The answer is unquestionably yes. Mr. President, 100 percent of the people over the age of 65 are today insured. It has worked surprisingly well.

However, there is a problem, and the problem is, first, we allowed customary and usual reimbursement, so we had no cost controls to begin with and the costs have blown completely off the chart. We came back in the eighties and implemented a system called perspective payment system and started to reimburse according to diagnostic groups and, unfortunately, that tended to shift costs over into the physician services and costs continued to escalate.

Today, they are growing, I guess, 10, 11, or 12 percent, somewhere in that area. We are facing a tremendous increase in costs. I completely agree with the Republicans who say that we have to control those costs. We do not need to cut Medicare, but we have to slow the growth of the program. There is no question that that needs to be done.

However, the point of departure that I have, and I have made it a number of times—I feel like I am running a broken record here in saying it—there is a short-term problem and a long-term problem with Medicare, and it is the long-term problem that is enormous.

The long-term problem with Medicare begins about the year 2008 when, as I indicated earlier, the largest population group, the largest generation in the history of this country, the baby-

boomers, begin to retire. We cannot meet the promises with the current rate of taxes. We do not even come close. We are either going to have a tremendous tax increase out there or a very quick cut, not in the growth of the program, we are going to have real cuts in the program itself. So we have to slow the growth, not just in the short term, we have to slow the growth in the long term for Medicare.

I hope as we move through these deliberations, the Democrats, in addition to coming to the floor and saying we want to protect Medicare and preserve Medicare and we want to make sure the cuts there and in Medicaid do not fall in a disproportionate or unnecessarily harsh fashion, I hope we also come to the floor and say, as I have done now two or three times, I think we should drop the tax cut.

I am for reforming our Tax Code so as to promote economic growth, but one of the odd anomalies in this whole debate is that a \$245 billion tax cut, according to CBO, actually decreases growth. It does not increase growth, it decreases. I am for having a debate about how do you relieve, in a fair fashion, particularly not just on working Americans, but families from some of the penalties that they currently face.

But if we drop the tax cut—I ask unanimous consent for 2 minutes.

Mr. ASHCROFT. Mr. President, I want to propound a unanimous-consent request.

Mr. KERREY. I will be pleased to yield.

Mr. ASHCROFT. Mr. President, I ask unanimous consent that the period of morning business be extended, with Senators permitted to speak for up to 10 minutes each.

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

Mr. KERREY addressed the Chair.

The PRESIDING OFFICER. The Senator from Nebraska.

Mr. KERREY. Mr. President, again, I will not go on this little diatribe about entitlements, but I will summarize what I was saying earlier.

I hope we do not get a continuation of visitations to the floor asserting that Democrats do not want to balance the budget or we do not have a plan or, conversely, that Republicans are all heartless and do not care about the poor and have no desire—it may score relatively well, but it will not enable us to solve this problem.

The problem, to be clear, is, not only is the budget out of balance, but the growth of entitlements are continuing at an unsustainable pace, not only eroding our ability to pay for appropriations but also, Mr. President, eroding our long-term ability to be able to do anything.

We will, by the year 2012, convert the entire Federal Government into an ATM machine if we continue. That is all we are going to be doing, is transferring money: collect it and transfer it. Everything else is going to be shut down.

To solve that problem, if you really want to create a revolutionary change, indeed, if you want to vote for something that is tough as heck this year, but every year afterward is going to get easy, as opposed to this budget—this budget is relatively easy to vote for because the cuts occur later—next year's vote is going to be tougher and the year after that is going to be tougher. It gets tougher every single year, because we are squeezing these appropriations accounts, and we have not tackled the entitlements as we ought to.

I will give you some things you have to do. Can we get it out of the farm program, cut defense? The answer is no, there is not much room in those things. Here is something you have to be willing to vote for: You have to be willing to vote to reduce the CPI, I would say at least by half a point. I would vote for a full point. The full point pushes the insolvency rate of Social Security back 30 years. That is the kind of revolutionary change which produces change not only in the short term, that enables us to put more money back into Medicare, Medicaid, and education, if that is what you want to do, which I think would be a reasonable thing, but in the long term the impact is tremendous.

Second, we ought to think about an affluence test not just on part B, not just on COLA's, but on the whole shebang. If you have a contract with a retiree where they paid in, that is fine; do not break a contract we have in place. But if it is merely a transfer of payment being made because we presume somebody needs it, when their income goes up, they do not need it; when their income goes back down, let them have it again. Do not take it away from them, but adjust it according to income. It produces tremendous savings, both in the short term and in the long term.

Lastly, if you want to produce some real change out there in the future that will enable us to look at beneficiaries under the age of 40 and say there is going to be a Medicare Program for you and a Social Security Program for you, let us adjust the eligibility age both for Medicare and Social Security to 70. That is what the entitlement commission recommended. The Kerrey-Simpson proposal on Social Security does that.

I say to all those who are listening, what will typically happen is I make a statement like that and somebody will interview a 70 year old: What do you think of that proposal to have the eligibility age changed?

That is a terrible idea. It would hurt me.

It does not affect anybody over the age of 50. We can phase it in. But the longer we wait, the quicker the change has to occur. The longer you wait, the more painful the decision is. Those are the kinds of things the Democrats need to come down and say to Republicans, as we look for a way not only to bal-

ance the budget but balance the growth of entitlements and enable us to have a Federal Government that can, when we agree what it ought to do—this whole thing started with me in a discussion of the Safe Drinking Water Act. Senator BOND, chairman of the committee, pointed out accurately that we are authorizing more than we have. We have a certain amount of infrastructure just for safe drinking water over the next several years, and we are going to struggle to come up with the money, as a consequence of being unwilling or unable, whatever, to vote a change in the law that will produce the changes in the outlays on those mandatory programs.

That is a tough vote. But if you had a bipartisan vote on something like that, I think we can take a lot of political rhetoric out of it and it would still be tough. But every year after that it gets easier. Whereas, whether it is the Republican proposal, by the way, or the Democratic alternative, either one, the easiest vote is this year. Next year is tougher, and it gets tougher and tougher and tougher. And these mandatory programs continue to grow.

So I hope that as we come to the floor and talk about our own ideas for solving this problem, we do not say that one party is insincere, or the other party is heartless; I hope we will actually come to the floor and suggest things that might not only balance the budget in 7 years, but put us on a track where we are able to say to every single beneficiary that there is going to be something there for you, and we are able to say to our people that once Republicans and Democrats have decided what we ought to be doing in research, education, space, defense, or law enforcement—once we have decided what it is we ought to do—and the disagreements are typically a lot more at the margin than meets the eye—once we have made a decision, I hope we have the money to do it.

I would like to see that happen. I do not have a lot of optimism given the current lay of the land. But I would like to see sooner, rather than later, us making those kinds of changes because it is inevitable to me.

I challenge any staff that happens to be listening—I assume Members would not listen to all this stuff—to try to figure out what I am talking about. Take the number \$445 billion and then go to the 13 appropriations accounts and add up what we are currently spending, because \$445 billion is what we are allocating in 2002 under the Democratic budget and under the Republican budget. You cannot do it. Take \$260 billion out for defense—and very often people say, "I know how to save the money, we will cut defense." Well, you cannot cut it enough. You cannot cut waste, fraud, and abuse enough to be able to get it done. You can take our salaries to zero and it would not impact the sort of choices we are going to have to make. Constructive budget, defense and

nondefense, was \$445 billion. Then you begin to see the dilemma if we do not vote for the changes in our mandatory programs that will enable us to have the Federal Government do those things that I believe the American people want us to do.

I yield the floor.

Mr. GORTON addressed the Chair.

The PRESIDING OFFICER (Mr. ASHCROFT). The Senator from Washington is recognized.

#### ENTITLEMENT SPENDING

Mr. GORTON. Mr. President, 4 years ago at this time, the distinguished Senator from Nebraska was a candidate for the Democratic nomination for President of the United States. That was an unsuccessful quest. But I will reflect on the fact that had that been a successful quest, we would not be faced with the challenge or the deadlock with which the Congress is faced today.

The Senator from Nebraska, very clearly, goes much further in his recommendations for dealing with entitlements than does the Republican budget, which will be vetoed by the President because it does much too much for this President with respect to entitlement spending. Each of the suggestions that he has made, each of the suggestions that his bipartisan organization has made have a great deal of merit. Each of them ought to be seriously debated here in the Congress of the United States and, for that matter, in the White House. Very bluntly, however, they are not because the person who is President of the United States essentially sets the agenda, or at least the parameters of the debate over matters of this nature.

So, at this point, we are faced with the proposition that, at best, we can do some of the things, take some of the steps toward a reform of our entitlement programs and the preservation of Medicare, advocated by the Senator from Nebraska and those who worked with him. But that is not the nature of the debate today.

In spite of the fact that the Senator from Nebraska speaks as a Democrat, speaks from the other side of the aisle, we are faced today with the proposition that this body, this Congress, without a single Democratic vote here in the Senate, and with only the tiniest handful in the House of Representatives, has, in fact, passed a balanced budget in the year 2002, and has in fact, for the first time that this Congress really has ever done so, proposed profound reforms in entitlement programs, both for their own preservation and in order to preserve some ability on the part of the Congress to fund these discretionary programs.

We are faced with the position of at least the vast majority of the other party, and certainly the President, that they will not propose any alternative which will reach the same goal. We struggled through bitter debates on this floor and much difficulty to pass a

modest 3-week continuing resolution just a short time ago, just before Thanksgiving, the heart of which, as far as we were concerned, was the proposition—which the President signed—that we would come up with a balanced budget in the year 2002, using statistics provided by the Congressional Budget Office. Now, halfway from the date of that passage until December 15, we have no such proposal from the President, or, I may say, from the leaders of the party of which the Senator from Nebraska is a Member—none whatsoever. We have critiques of various elements of our proposal, including the critique of our tax reductions from the Senator from Nebraska. Well and good. Such criticisms are certainly appropriate within the frame of reference for reaching a balanced budget by 2002.

It would be wonderful to debate whether or not we ought to go further and to pass a set of reforms that would last longer and be more decisive. But the Senator from Nebraska knows that no such debate of any seriousness will go on during this administration.

So the real parameters are, is there a different way of reaching the goal set out in a law passed by this Congress just 10 days ago and signed by this President just 10 days ago? Do they want to make some kind of adjustments with various spending programs or with tax reductions? So far, the answer is, "no," they do not want to play the game at all. They are content with the status quo.

Last night, we were informed by the President of the United States that if we would simply pass appropriations bills with the items in it that he regarded as priorities, then he would sign the appropriations bills. Wonderful. Not a word about reforms in the entitlements, which are absolutely necessary in order to have any money left over in future years for any of these discretionary programs. Well, of course, that is an unacceptable offer. The only way we can determine whether or not there is money for any of the programs that we feel important, or that the President feels are important, is to operate within the same set of parameters, and to have the President submit to us something which his party will support and he will sign, which meets that goal of a balanced budget in the year 2002.

It can be as radically different as that which the Senator from Nebraska advocates here. That would clearly be a starting point. I suspect that if it were a program such as he proposed, he would find a great deal of support for many of its elements on this side of the aisle. But he knows we are not going to get any such proposal from his political party. I hope that he regrets that we have gotten no proposal at all that meets those requirements—none at all. We have simply a statement that "we have these priorities and those priorities," none of which includes balancing the budget. Now, this is not a zero-sum game, Mr. President, because

built into the proposal which passed as part of the Balanced Budget Act of 1995 is a huge dividend of \$170 billion to the Government of the United States—perhaps half a trillion more in income in the pockets of the American people in the form of higher wages and lower interest rates, a dividend which disappears if we do not reach the goal.

Almost precisely identical with the date of last year's elections, interest rates began to drop in the United States. Almost precisely with that time, productivity began to increase in the United States. Inflation is lower in the United States, as I read the statements of the Chairman of the Federal Reserve Board, due to anticipation of a balanced budget.

If this deadlock continues—if the President makes no proposal to reach that goal, no proposal, not that his own advisers think is a good one, but one that will stand the test of time and the financial markets of the United States—these improvements in our economy will be ephemeral. Interest rates will go up, the number of jobs will go down. We will be in a serious situation.

So I know that those Senators on this side who have heard the remarks of the Senator from Nebraska will admire them and in most respects agree with them, but the time has come that either he needs to persuade his party to adopt his position, or at least he needs to persuade his party to respond within the frame of reference that is now the law of the United States for the last 10 years, and come up with some alternative that reaches those goals using the same set of figures that will provide the dividend we have been told will be the dividend resulting from a balanced budget.

Somewhat or another we have to get such an answer. We cannot negotiate a precise position on one side against no position at all on the other side. That is what we have from the President of the United States.

I return to the beginning of my remarks: 4 years ago the statement of the Senator from Nebraska would have been more widely heard in the United States, when he was a candidate for President. I do not think I would have voted for him against the candidate of my own party, but I certainly think the country would have been better off had he succeeded in being the Democratic nominee.

Mr. KERREY. In response to my friend from Washington, let me say that I do believe the President started off this year with a budget as everybody knows that he submitted, and I do not think there was a single vote for it when it came out. He understood he had to change and came on with a 10-year plan and, 10 or 14 days ago, agreed now to support a plan to balance the budget in 7 years.

What I was trying to do and am trying to do is not just persuade Democrats, but Republicans as well that we have, as we go into these negotiations,