

changing the forecasts around here, signs of talking about the thing being taken care of in the outyears, and no action being taken right now around here. And they do not like it, and they are selling the stock. They are selling their investment in America because they believe for the first time that we may not be successful in our effort to get a balanced budget.

I learned in private business that the market can be ruthless. The market can be unfair. But long term the market is the best barometer of all of what is finally going to happen.

We had a serious signal today, Mr. President. The market is telling us to get our act together, and make this happen—not with phony estimates, and not with price increases that do not ever come to pass in terms of actual revenue but with firm resolve to deal with the structural costs built into our balance.

I conclude, Mr. President, with this analogy that illustrates what it is we must do. I was watching television about a week ago. There was a tribute on television to the memory of the late Jack Benny. I remember laughing at Jack Benny when I was a preteenager. Some people may not remember Jack Benny. But I remember him very, very fondly. In this tribute to Jack Benny they told a classic Jack Benny joke. Jack Benny, as you will recall, Mr. President, built his persona around his stinginess and his unwillingness to spend money.

So here is the joke. Jack Benny went in to see his doctor. And the doctor looked at the x rays and said, "Mr. Benny, you need an operation, and it is going to cost you \$400." And Jack Benny responded by saying, "Doctor, for \$25 can't you just touch up the x ray?"

Mr. President, that is what we are being told now. "Can't we just touch up the estimates? Can't we just touch up the forecasts, and avoid the pain of actually having to deal with the balanced budget? After all, we have been doing that for 35 years."

You can find Presidents, Republican and Democrat, all the way back to Harry Truman who have promised balanced budgets sometime, promised balanced budgets in the outyears, promised balanced budgets down the road, far enough away that, if you just touch up the estimates a little, we can convince ourselves that we do not have to do anything now.

Well, Mr. President, we do. And it is wonderful to say touch up the x ray for 25 bucks. But the underlying problem that the x ray tells us about is still there, and the operation dealing with it is still required. And if ever there was a signal coming to us as strong as anything that the retribution for our failure to act will be severe, it was in today's 100-point drop in value in the Dow as the market says for the first time we are beginning to get nervous about your willingness to do what you have said you will do.

If it is necessary for us to be here on New Year's Eve, this Senator will be here on New Year's Eve. My wife is not going to be happy to hear me say that because she is in Utah, and I am not too happy about her being there alone because she has the credit cards, and she is doing all of the shopping. But if that is what it takes, that is what we will do because the stakes are too high, and the eventual responsibility is too great for us today.

Mr. President, I yield the floor.

Mr. KENNEDY addressed the Chair.

The PRESIDING OFFICER. The Senator from Massachusetts.

Mr. KENNEDY. Mr. President, I ask unanimous consent to proceed as if in morning business.

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

#### THE BALANCED BUDGET

Mr. KENNEDY. Mr. President, I have listened with a great deal of interest to my good friend, the distinguished Senator from Utah, and my friend from Iowa as well, talk about the challenges that we are facing on the balanced budget.

I am always mindful of the fact that under the recommendations of President Clinton in 1993 we saw an \$800 billion reduction in our deficit. So we have someone who has been serious about trying to do something and has a record of achievement.

Still out there—in terms of the proposals that are advanced by our good friends and colleagues—I was listening carefully to see if they would talk about their tax cut of \$245 billion and the additional kinds of costs that are going to be out there for our elderly people of \$275 billion. That is still out there, and still on the table. It is a central part of the differences which are out there. The fact that there are those on the other side of the aisle that want to use those Medicare savings for tax breaks for the wealthiest individuals has been talked about. It is an issue. We do not hear a great deal of discussion about it on the Senate floor today, or this afternoon, or even by the negotiators, and the benefits that will go to the wealthiest individuals.

Also, there is a significant tax increase. We do not hear very much about that. Who is the tax increase on? It is on those workers who are making \$28,000 a year or less. We hear often expressed here on the floor of the Senate by our good Republican friends saying let us get more money and put it in the pockets of the people at home who know better how to spend it than the Federal Government. I do not understand why that argument does not go for working families in this country, those that want to work and provide for their families. They have some EITC, the earned income tax credit, basically trying to help working families who are moving out of the challenges of the economic stagnation which is taking place today to help offset some

of the increases in Social Security and Medicare figures—some \$32 billion to \$34 billion tax increase on those working families. We do not hear very much about that.

That really gets to the heart of the difference. That is, can we have a program—and I believe that we can—that will balance the budget in 7 years, and also meet the fundamental test of fairness.

As the President has pointed out, and any one of us can point out, anyone can reach a balanced budget just by slashing and cutting—cutting Medicare, cutting Social Security. Oh, yes. That is what we are doing in cutting Social Security when we talk about collapsing the COLA for our senior citizens. That is what we are talking about. We are talking about real cuts in Social Security—cutting back on the protection for children, cutting back on the nutrition program, cutting back in immunization programs, cutting back on day care programs for working families that are trying to make ends meet. This is about priorities. I think that the President has stated not just his priorities but the American people's priorities in terms of placing high on that list of priorities the interest of our seniors who receive Medicare.

Let us not forget about the average person that receives Medicare is 73 years old, more likely than not a widow, is receiving about \$10,000 a year of which their health care costs are about 20 percent of that out of pocket, living alone with diabetes or arthritis and probably very cold alone over these past few weeks, when we were trying to find some release and opportunity if they are living in the colder parts of this country because of the drop in temperature and the failure of funding the fuel assistance program. Eighty percent of that fuel assistance goes to families with \$10,000 a year or less in income.

That is who we are talking about. Those are real families. Those are real people. I am worried about the stock market, but, quite frankly, I am worried about the senior citizens. I am worried about the children. I am worried about the young people who want to try to go on and receive an education. I am concerned about that worker, to make sure that work is going to be respected and recognized and rewarded here in the United States. We have done that under Republicans and Democrats in the past.

Yet, we are seeing all of those interests challenged under the proposal basically, what I consider a scorched-Earth policy in terms of the Republican balanced budget amendment. I think all of us welcome the new opportunities and the new advances that the President is making. I was listening to the importance of maybe staying here New Year's Eve. Many of us were meeting all afternoon on Sunday and Saturday as well in trying to find some common ground. That is certainly what the President is interested in. We joined

with him in trying to find that ground, and I think important progress has been made.

But it will be useful to find out, quite frankly, in the various actions that are taken by the majority in this Congress about how they are holding the 250,000 workers, Federal workers hostage to these negotiations. They are innocent bystanders trying to do a good day's work in servicing people in this country and yet they are the ones who are left out and left behind through no fault of their own, many of them with long and distinguished careers and a commitment to public service. They effectively are being told, no, we are going to hold them hostage until they are going to finally yield to our position.

That I think is one that the country does not find to be satisfactory. What they want is action; that is what is needed at this time, but action that is going to preserve the best of our values and priorities. And those priorities are expressed in respecting the elderly people who have made this country the great country it is.

And the principal reason for that is very simple. It is a recognition that when people get on into their golden years, their incomes are going to go down and their health needs are going to go up. It is true today. It was true in 1965 and 1964 when Democratic administrations battled for it. It is true today.

To put those seniors at risk is not in the interest of this Nation, and the budget can be balanced without doing that. We do not have to sacrifice the interests of working families by escalating their tax obligations through increased taxes in the EITC. We do not have to put at risk further the children of this Nation with the cutbacks in support programs for Head Start, the programs that reach out to the schools, that help with math and science. We do not have to cut back for the sons and daughters of working families that want to go on to their universities and schools across this country. We should not kill their hopes and dreams. We know that every dollar that is cut in education will be repaid three or four times with additional kinds of social service. We know that the best investment that this country made was in the cold war GI bill. For every dollar invested in the education of those veterans that came from all parts of the country, men and women alike, was \$8 returned to the Treasury—a pretty sound investment. Nonetheless, the budget of the other side cuts those programs.

All we are saying is, sure, we can reach the common ground, but we also have to reach it in preserving the kind of priorities that the American family holds dear.

We have in the Chamber this evening, I see my friend and colleague, Senator WELLSTONE, who was really the leader in the Senate in making sure that scarce resources were advanced out to

the senior citizens and needy families all over this country. I can say to him and to President Clinton that New Englanders, whether they are in Maine, New Hampshire, Vermont, Massachusetts, throughout New England, so many families tonight know they are going to have a better, warmer Christmas because of the release by the President, letting forth the low-income fuel assistance, which is of such desperate importance.

How tragic it was to be reminded just the other day, once again, in our forums that we have held on some of these cutbacks of the children. The schoolteachers testified a noticeable body-weight reduction in children happens every single year as the temperature decreases. You can almost measure the impact on children in many of the schools in the neediest parts of the country, in rural and urban areas. The weight goes down. The children are not being fed. The choice is being made at home between food on the table and heat for those children.

In the testimony by some of those wonderful teachers in a number of different schools they talked about how at this time of the year, when the cold comes, they are followed up and down the corridors, small children grabbing their hands and asking whether they have something to eat and if that individual teacher has more. They say, can you give us something more because I have a brother or sister home.

That is happening. That is happening. And we went to briefings today in terms of where the nutrition program is going. It is going down, not up. It is going to make the problem more intense, not less.

So for those who have slick, easy, quick answers for these issues, I hope they will think hard and long about these judgments and these decisions.

Finally, Mr. President, as one, like 99 others, who cares deeply about this arrangement, I am troubled by the fact that we are not having really the fair allocation of belt tightening across this country as we will see over the period of the 7 years—\$400 million which is in there today, in the budget in terms of tax expenditures. Others call that corporate welfare. That will go up \$4.4 trillion over the next 7 years—\$4.4 trillion—and the various proposals that are going to be advanced before us are going to index that so that every single tax loophole can be preserved over that period of time.

Sure, we are going to try to find \$30 or \$40 billion, and that is certainly a worthwhile effort, but we are talking about \$4.4 trillion. We are quite prepared to index all those tax revenues, including the billionaire's tax loophole. Those are the billionaires that renounce their citizenship so they can avoid paying taxes.

We voted on that on two different occasions with over 90 Democrats and Republicans. Pull that out of the balance. Pull that out of the budget. The door is hardly closed in that conference when

they put it right back in. You wonder how we are going to do the public's business on some of this. There is no indication that they are prepared to drop that provision, no suggestion that they are prepared to try to do something about Medicare; that they are trying to do something about children; that they are trying to do something about these priorities.

So we understand the complexities and the difficulties that the President has, and he is working through those and doing it with the interests and the needs of the American people in mind. But it is one that bears careful watching and defies an easy and simple solution.

#### NATIONAL DEFENSE AUTHORIZATION ACT FOR FISCAL YEAR 1996—CONFERENCE REPORT

The Senate continued with the consideration of the bill.

Mr. KENNEDY. Mr. President, it is with great disappointment that I oppose the conference report on the Defense Authorization Act for fiscal year 1996. There are many good provisions in this bill that deserve the support of the Senate. But they are outweighed by other provisions which, if enacted, would damage American security, waste taxpayers dollars, and treat our servicemen and women unfairly.

I voted against this bill when it passed the Senate in September. We then began a conference with the House that I hoped would produce a better bill. The conference lasted over 3 months, and now it has produced an even worse bill.

One of the most serious defects in the bill is its provisions on ballistic missile defense, which would call upon the United States to violate the ABM Treaty.

A compromise on this issue was painstakingly worked out by Senators WARNER, COHEN, NUNN, and LEVIN, with broad Senate support and the approval of the administration. This was a carefully crafted compromise, and as we began the conference, Secretary Perry made clear that any substantial deviation which violates U.S. commitments under the ABM Treaty would be unacceptable. Yet the conference provision abandons that compromise.

It threatens United States security because it undermines the ABM Treaty, and because it is also likely to prevent Russian implementation of the START I Treaty, and ratification of the START II Treaty.

These treaties would reduce the number of Russian strategic nuclear weapons threatening the United States from 10,000 to 3,500. This reduction would increase U.S. security from nuclear attack to a much greater degree than the illusory security offered by the multi-billion-dollar missile defense system mandated by this legislation.

I am also concerned about several additional issues related to the shipbuilding provisions in the bill. We have examined these provisions in detail in