

standards which address the condition of school facilities.

Nonetheless, I firmly believe that it is inherently unfair to expect our children to meet national performance standards if they do not have an equal opportunity to learn.

That is why I introduced the Education Infrastructure Act last April. This legislation, which was included in the reauthorization of the Elementary and Secondary Education Act [ESEA], is specifically designed to help local school districts ensure the health and safety of students through the repair, renovation, alteration, and construction of school facilities.

With the help of my distinguished colleague from Iowa [Mr. HARKIN], I was able to include \$100 million in the 1995 Department of Education budget for the education infrastructure program. While this appropriation level represents a drop in the bucket in terms of our Nation's education infrastructure needs, it is significant, nonetheless, because it is the first drop.

The Education Infrastructure Act requires the Secretary of Education to award funds to school districts with at least 15 percent child poverty rates and urgent repair and renovation needs.

This legislation further targets program funds by requiring the Secretary to award funds among eligible school districts on the basis of:

The number or percentages of children in poverty;

The extent to which they lack the fiscal capacity to undertake the project without Federal assistance;

The threat the physical condition of the plant poses to the safety and well-being of students; and

The age of the facility to be replaced.

Mr. President, the Education Infrastructure Act does not infringe upon local control over public education in any way. Rather, it seeks to supplement, augment, and assist local efforts to support education in the least intrusive way possible by helping local school boards support the repair, renovation, alteration, and construction of our Nation's public elementary and secondary school facilities.

Mr. President, the Education Infrastructure Act will help our children learn by providing an environment conducive to learning. In her research at Georgetown University, Maureen Edwards found that students in poor school facilities can be expected to fall 5.5 percentage points below those in schools in fair condition and 11 percentage points below those in schools in excellent condition.

For all of these reasons, the Education Infrastructure Act was enthusiastically endorsed by the National PTA, the National Education Association, the National School Boards Association, the American Association of School Administrators, the Council of Great City Schools, the National Committee for adequate School Housing, the City University of New York, the AFL-CIO Building and Trades Commis-

sion, the Military Impacted Schools Association, the American Library Association, the American Federation of Teachers, the National Association of Federal Education Program Administrators, ASPIRA, the Council of Education Facilities Planners International, and the American Federation of School Administrators.

Mr. President, I have taken the time today to highlight the results of the GAO report as well as the merits of the Education Infrastructure Act because Republican Members of Congress are currently preparing legislation that would rescind the \$100 million appropriated for the Education Infrastructure Act in 1995.

Needless to say, I am vehemently opposed to any proposal that would force Congress to take this giant leap backward. In my view, it would be unconscionable for Congress to withdraw funding for the Education Infrastructure Act—especially now given the results of the GAO report.

Mr. President, I would like to conclude my remarks by urging my colleagues to read the "Condition of America's Schools" report for themselves and to join me in working to secure funding for the Education Infrastructure Act in 1995 and 1996.

Rather, I believe that President Clinton should include at least \$200 million for the Education Infrastructure Program in his fiscal year 1996 budget request and that Congress should meet this request.

By providing this needed and long overdue support, we will begin to address our failure to adequately engage Federal resources in behalf of preparing our children for competition in this global economy and securing the future of our Democratic institutions. This is not our children's interest; this is in our national interest.

Mr. SHELBY addressed the Chair.

The PRESIDING OFFICER. The Senator from Alabama is recognized.

#### BALANCED BUDGET AMENDMENT TO THE CONSTITUTION

The Senate continued with the consideration of the joint resolution.

Mr. SHELBY. Mr. President, we are involved here in a truly historic debate. The proposed balanced budget amendment will decide the fate of America for years to come. Our decision will dictate whether our children and grandchildren will live free and prosper from the fruits of their labor or, on the other hand, live in a Third World economy subservient to the economic leaders of other industrialized nations in the world.

Debtors are never free to choose. They are never free to choose. They are only subject to the dominion of their creditors. We all know this.

Interest payments on the national debt now are expected to be \$310 billion this year. Interest payments on the national debt are expected to be \$310 billion. Think of it. That comes out to be

about \$4,600 per family, or 52 percent of all individual income taxes collected in America this year. The national debt itself is over \$4.75 trillion, going on \$5 trillion. Gross domestic product is only about \$6.5 trillion.

Combined, these numbers produce a debt-to-GDP ratio of 73 percent. As the debt continues to grow, so inevitably does the tax burden on the American people. Granted, Mr. President, we have gotten away with debt in the past, but the time to pay the bill is rapidly approaching. The global markets are beginning to experience a capital crunch. European economies are expanding and picking up steam. Southeast Asian markets are booming. Japan is calling on its reserves to rebuild infrastructure after the earthquake.

In short, Mr. President, demand for capital is simply growing faster than can be supplied and, as a result, investors are being more selective about which markets they place their money in, as they should be.

A very clear and primary concern of financial markets is a nation's poor economic policies and its debt structure. I submit here today that the lack of budget discipline we display here in the United States is not highly regarded among any investor in the world. Our current account stood at \$104 billion in 1993. This means we either sold \$104 billion in assets to foreign entities, borrowed \$104 billion from foreign entities, or a combination of the two.

Although a current account deficit in and of itself is not a bad thing, the accumulation of persistent current account deficits, over time, leads to a great big external debt. These deficits identify a systematic shortfall of savings below investment, due to an expansion of consumption relative to income. The implication is that we borrow to finance current consumption expenditures that have no effect on economic growth or future income in this country. In other words, the Government is borrowing abroad to finance an excess of expenditures over income. We are living beyond our means.

Projections of higher current account deficits run well into the foreseeable future. The former Chairman of the Federal Reserve Board, Paul Volcker, for whom we all have great respect, has warned of the current account deficit addiction, as he calls it.

He said:

\*\*\* we simply cannot afford to become addicted to drawing on increasing amounts of foreign savings to help finance our internal economy. Part of our domestic industry—that part dependent on exports, or competing with imports—would be sacrificed. The stability of the dollar and of our domestic financial markets would become hostage to events abroad. If recovery is to proceed elsewhere, as we want, other countries will increasingly need their own savings. Although we do not know when, the process eventually would break down.

Those are not my words. They are the words of Dr. Volcker. We cannot,

Mr. President, continue to finance our debt through a balance of payments deficit unless we want to find ourselves in the same type of crisis as Mexico, or perhaps Canada.

Mexico, as we all know, is in dire financial straits. The cause of Mexico's problems is based on large budget and current account deficits. Mexico tried to finance consumption by running a current account deficit at nearly 8 percent of the gross domestic product, living well beyond their means. Financial markets realized the risk of holding Mexican currency and proceeded in a widespread selloff of the peso. Mexico was virtually helpless in its ability to manage monetary policy due to what? Their structural debt problem.

Now, Mr. President, private investors will not even prop up the peso without a guarantee from the United States or something similar to that, the President announced.

If you look to our north, another neighbor is financially destitute. Canada's long-suffering dollar is at a 9-year low. Canada has the second highest ratio of debt-to-gross domestic product of any industrialized country, and 35 percent of all Federal revenues in Canada go to service the debt. In addition, Canada ran a \$30 billion balance of payments deficit in this past year. Canada is in serious trouble. Some Third World countries have a better handle on their debt than our neighbor to the north.

The fiscal order of Canada is forcing real budget decisions and real budget cuts. No fiddling around the edges, Canada is on the verge of becoming a Third World country if they do not take immediate and radical steps to address their debt problem.

Mexico and Canada, for us, provide valuable, tangible lessons of what happens if a country does not address its debt. Some will agree but then point out that a balanced budget amendment is not the means to achieve fiscal restraint. We have heard it before. They say, "All we need is the will to balance the budget." That is a common refrain. Unfortunately, Mr. President, the collective will is not present in this body.

In a 1932 radio speech, President Franklin Delano Roosevelt said, "Any government, like any family, can for a year spend a little more than it earns. But you and I know that a continuance of that habit means the poorhouse."

Well, President Roosevelt knew what he was talking about. Our continued habit has produced deficits in 33 out of the last 34 years in this country. Can you imagine? In 33 of the last 34 years we have run a deficit. Presently, there is no end in sight. I believe every Senator has the will to balance the budget. What they will not agree on is the way to get there. The nature of this institution instills incentives to vote for additional expenditures and deficit financing.

No one likes to take the heat for cutting specific programs. Indeed, many Senators do not vote to cut programs

for that very reason. That is why we need a balanced budget amendment—to instill the individual will for action on the collective body. Planning strategic cuts over a period of 7 years will be much less painful than waiting until the debt collector is standing at our door.

Currently, 48 States possess one sort of a balanced budget requirement or another. For them, these restrictions provide a source of discipline throughout the budget process. It is an extremely aristocratic notion to believe we are better than the States and do not need such forced discipline to help us balance the budget, because we all know better. Congress has proven we cannot balance the budget on our own, and we will not.

Canada and Mexico are wake-up calls. I do not want the United States to be like Britain in the 1970's or New Zealand in the 1980's. Both had to call in the International Monetary Fund to stabilize its falling currency. We had a scare last year and unless we pass this amendment, we may very well experience far worse in the future.

Government deficits reduce national savings. As a result, the economy accumulates less domestic capital and fewer foreign assets. The lack of Government investment means that borrowing is not being used to finance increased productivity and therefore will not provide a foundation for future repayment of the debt. Federal Government surpluses are pertinent to the repayment of the public debt. Some will say we can raise taxes. I, for one, will not support an increase in taxes. It has been proven time and time again, higher taxes do not eliminate the deficit. Instead, experience suggests Congress will spend all tax revenues plus the highest deficit markets will accept.

The accumulation of debt will cause our children and grandchildren to have lower standards of living, because they will inherit a smaller capital stock and because they will have to pay more interest to foreign investors. This reduction in future living standards reflects the true burden of Government debt.

To vote against this amendment is to disregard the obligation we have to protect and serve not only this country but the children that we bequeath this burden to.

Mr. President, I yield the floor.

Several Senators addressed the Chair.

The PRESIDING OFFICER. The Senator from Georgia.

Mr. COVERDELL. Mr. President, I rise in support of the passage of the balanced budget amendment. I could not think of a single issue—not one—that is more central nor more tied to what the American people were saying in these past elections than the balanced budget amendment.

It is interesting to me that in the President's speech on the state of the Union, he said something to the effect that the American people were not singing to us, they were shouting at us.

On that point, the President is absolutely correct. They were shouting at Washington and they were demanding change in the way we govern ourselves. Eighty to eighty-five percent of the American people have indicated support of the passage of an amendment to the Constitution to balance the budget.

The President said he heard the shouting, but apparently he has not because if you heard what they were saying, you would be in front of the train trying to bring the change that they are asking for here to Washington and he would be leading the charge for passage of the balanced budget amendment.

The President is going to be submitting his budget next week and we will see what kind of glidepath or pattern he sets toward approaching a balanced budget by the year 2002.

I want to repeat, Mr. President, in the last election, there was no greater centerpiece than the issue of passage of a balanced budget amendment. None. That election had a profound effect on this administration, which is obvious. It has found itself in deliberation. It is talking about reinventing, the President rereading the speeches of 1992, trying to understand where a disconnect occurred. I would suggest that the administration need not go no further than to read what America is saying about the passage of a balanced budget amendment.

Very often those who speak in opposition to the passage of the amendment will cite various sectors of our society and suggest harm will come to them if we exercise the discipline of balancing our budget. I would suggest the complete reverse.

Mr. President, if we do not take charge of our financial health, the various constituencies—children, the poor, the aged, whatever—of our Nation will be the first victims of a Nation so financially unhealthy that it cannot take care of its critical needs. It is exactly those constituencies.

There is an article in my home paper, the Atlanta Constitution, that suggests that a balanced budget amendment could only be achieved on the backs of children. How absurd.

The balanced budget amendment is exactly for children, for the future, for guaranteeing a country that has sufficient financial strength to defend itself, financial strength to care for itself. Have we ever known a family, Mr. President, or a business or a community that was able to function if it was financially unhealthy? I mean, are bankrupt companies able to do what they are supposed to do? Absolutely not. If a family is charged too much on a credit card, what happens? They are in trouble. It often leads to even break-up of the family. A country without having secured financial health cannot care for itself.

Mr. President, we are engaged in a defining moment in the history of this Nation and specifically on the issue of a balanced budget amendment. This is

a clarification of exactly where we stand. Are we for changing the way we govern ourselves in this country in Washington or are we for leaving everything just the way it is?

Mr. President, America has already made up her mind. She has said just as loudly as she can—the President is correct, shouting at us—“change.”

One of the reasons I think the President had difficulty in the last midterm election was that they thought that was what he was going to do, fight for change, and they came to know that he would not. And he has defined the next 2 years of his administration by saying that he will not support a balanced budget amendment.

Mr. President, as I said, this is a defining moment. You either stand with the country that called for change, we change the manner in which we govern our finance, or you reject the elections, you reject what the American people have called for and you become a defender of Washington just the way it is. It is just that clear. Are you for change or do you want it to stay the way it is?

America is calling for change. This is the chance to answer the call.

Mr. President, I yield the floor.

Mr. LAUTENBERG addressed the Chair.

The PRESIDING OFFICER. The Senator from New Jersey.

Mr. LAUTENBERG. Mr. President, I rise in strong support of cutting wasteful spending and closing tax loopholes. I also rise in opposition to this balanced budget amendment to our Constitution. I rise in strong support of fiscal discipline, but in opposition to a fiscal straitjacket that could cripple our economy and possibly even cause a depression.

I rise in strong support of balancing our operating budget, but in opposition to using the Social Security trust fund to do it.

I rise in support of a pay-as-you-go approach to the Government's operating expenses, but in opposition to an amendment that ignores the fundamental principles of capital budgeting under which virtually all businesses and States operate.

And I rise in strong support of holding Congress accountable for deficit spending, but in opposition to giving unelected judges the power to raise taxes and to cut Social Security benefits.

Mr. President, I know that very deep public concerns have led to the consideration of this amendment. The American people have made it quite clear that they want to do more to cut wasteful spending, and I agree. We have made some progress, but there is still far too much waste from top-heavy Government bureaucracies to farm subsidies, the B-2 bomber, star wars, the space station, and a variety of special interest tax loopholes. We should do better.

Americans have every right to be angry about the deficits and the waste that contributes to it. Unfortunately,

the balanced budget amendment is not a magic bullet that is going to kill the deficit. I only wish it were. We must be frank with the American people. This amendment will not cut a dime of spending or close a single tax loophole.

As many of my colleagues have urged on this floor, it is critical that before this amendment is approved, its proponents should tell the American people how this is going to get the job done. Unfortunately, so far, we have seen very little inclination to do so.

Proponents do not want to tell the people that taxes for ordinary Americans could skyrocket. They do not want to tell the people that Social Security benefits could be slashed. They do not want to tell the people about lost Medicare services or fewer FBI agents or fewer border guards, or weakening of immigration enforcement.

Mr. President, are these kinds of drastic consequences really likely? Let us just take a look at the numbers. Proponents of this amendment claim that they can balance the budget while increasing military spending and cutting taxes for the very wealthy.

But according to an analysis by the staff of the Budget Committee, to accomplish that and meet the Government's existing commitments to retirees and Medicare, you would have to cut everything else literally 50-percent. Think about that for a moment, Mr. President: A 50-percent cut in law enforcement, a 50-percent cut in education, a 50-percent cut in immigration enforcement, a 50-percent cut in job training.

The people in my State of New Jersey would pay a very high price for this amendment, especially if it is adopted in conjunction with other items in the so-called Contract With America.

According to a study by the Department of Treasury, New Jersey would lose almost \$1 billion annually for programs like education, job training, environmental protection, and housing. We would lose another \$200 million for highways. And to make up for these and other cuts, State taxes would have to increase by 17.5 percent across the board, 17.5 percent.

Our Governor has been working very hard to reduce the tax burden on the citizens within our State. Her target is 30 percent. And with this change, we could be looking at a 17.5 percent increase in taxes.

The balanced budget amendment also could wreak havoc on our State's economy. There is a study by a well-respected organization, the Wharton econometrics group, or WEFA, as they are known, which analyzed how the amendment would affect the economy in the year 2003.

According to WEFA, the amendment would mean that more than 178,000 people would lose their jobs and the unemployment rate would increase by almost 5 percent and personal incomes would decline by about 12 percent.

Again, Mr. President, these are figures from a well-respected, nonpartisan

research organization and they should at least give us serious pause.

I wonder if the American people have any idea that we are talking about these kinds of drastic steps. I doubt it. And one reason is that amendment proponents have kept the public in the dark. They refuse to say what will be necessary if this amendment passes.

Why? Because the public would turn it down and it would remove this kind of hide-and-seek cover that is being used to present this deception, to suggest that the way we are going to solve our problems is by some formula change to our Constitution which has as its structure the separation of powers and the responsibility for each one of those divisions of Government.

No, Mr. President, what we are trying to do is escape by this the responsibility that each of us took when we took our oath under the Constitution to protect our public and the Constitution of the United States. What we are doing is we are seeing a duck-for-cover tactic that I do not think, in the final analysis is, A, going to work and, B, going to answer the problems.

Unfortunately, by the time the public learns what this amendment will really do, it may be too late. That, in fact, is the admitted strategy of its proponents, and it is outrageous and abhorrent as a way to debate an amendment to the Constitution of the United States.

We should be honest not only about the cuts and tax increases that are likely to result from this amendment, but also about the way the amendment would hamstring critical efforts to stimulate the economy during serious recessions.

When the economy suffers a cyclical downturn, tax revenues go down, and spending for unemployment benefits and other items go up. So the deficit increases. Under this amendment, Congress would then have to make up the difference with measures that will stifle the economy even further.

That is not good economic policy, and it will have extremely serious consequences for ordinary Americans. It will mean lost jobs and lost wages and, quite possibly, could send us into another Great Depression before we would know what hit us. Having lived through the Depression as a child, I can tell you, that is something to avoid like the plague.

Let me discuss another aspect of this amendment that will take us backward. The amendment proposes to balance the budget by raiding the Social Security trust fund. Social Security represents a sacred trust between the Government and our citizens. Often, it is the mainstay of retirees. We have made a commitment, virtually a contract, with the men and women who have been paying into that trust fund. And so it is critical that we keep it off budget.

If Congress spends too much on welfare or the military or farm programs, or if we give too many tax breaks to

the wealthy, why should Social Security beneficiaries have to suffer as a result? They earned their benefits. They paid into that fund, and it is wrong to make them pay for Congress' over-spending.

Just as it is wrong to include Social Security in the budget, it is also wrong to commingle the capital and operating budgets.

Mr. President, how many times have we heard the same line: "If ordinary Americans can balance their family budgets, if State governments can balance their budgets, and if businesses can balance their budgets, why can't the Federal Government?"

It is a good question. The real answer is that families, States, and businesses balance their operating budgets most of the time.

But they also borrow for long-term investments. Families borrow to buy a house. They borrow to buy a car. States borrow for capital projects that will benefit future generations. Every day, individuals borrow to invest in their future by taking student loans. Every day, if they did not, most would have no future, especially in today's increasingly technological age. That is why they do not balance all receipts and expenditures. They balance only their operating budgets.

By contrast, Mr. President, this amendment lumps the capital and operating budgets together and makes no distinction between investments and operational expenses. This ignores the basic standards of budgeting under which virtually every business in America operates. As a former CEO of a major public corporation, Mr. President, I can attest to that. Commingling the capital and operating budgets threatens to rob us of investments that are critical to our Nation's future.

Mr. President, investments are necessary in our Nation's roads, in our bridges, in our airports, in our air traffic control systems, investments in the information superhighway, and the technology of tomorrow. To ignore these kinds of investments is to ignore our own future.

We hear it said many times that if we do not have the balanced budget amendment, we are delegating to our children and future generations huge obligations to repay debt, interest, and principal. Mr. President, as all know, if you do not make investments in tomorrow, that really deprives our children and our grandchildren of opportunities to learn, to earn, to work, to develop. That is when the real penalty to our children and grandchildren is going to come into place. And we can do something about it. We can reduce our spending, and we can proceed to a closer balance of our budgets.

We have seen in the last few years, with the President's leadership, we have been able to substantially cut our annual deficit, somewhere around a half-trillion dollars over the 3-year period as contemplated.

This amendment also violates a fundamental principle upon which our Na-

tion was founded, and that is the principle of no taxation without representation. The balanced budget amendment is intended to encourage the Congress and the President to agree on measures to eliminate the deficit, but what happens if the two branches disagree? What happens if notwithstanding the amendment the budget is still not in balance? The answer most likely at least as presently designed is that the courts eventually would step in to implement the constitutional requirement. That could mean not only cuts in Social Security, Medicare, and other Federal benefits but substantial tax increases.

Some proponents of a balanced budget amendment may say that that is not their intent, but the courts will not be able to rely on such claims. First, there is real disagreement among amendment proponents, and some insist the courts must enforce the amendment. More importantly, there is nothing in the amendment itself that seeks to preclude the courts from enforcing the amendment's provisions. This contrasts starkly with other versions of a balanced budget amendment. And so the obvious question for the courts will be if the amendment is not intended to preclude judicial enforcement, why does it not include an explicit statement to that effect?

Mr. President, the court's power to interpret and enforce the Constitution has been well established since the famed case of *Marbury versus Madison*. That long established power is not likely to be relinquished. So, Mr. President, the threat of judicial taxation under a balanced budget amendment is not hypothetical; it is very real. And that is not just my opinion. Legal experts of all political stripes agree.

For example, Harvard law professor Laurence Tribe has testified that "Judicial enforcement of the proposed balanced budget amendment would necessarily plunge judges into the heart of the taxing, spending and budgetary process."

Similarly, the conservative former Supreme Court nominee, Robert Bork, who also opposes the balanced budget amendment, has warned that the amendment could lead to tax increases mandated by unelected, lifetime-tenured judges. In his words, "The judiciary would have effectively assumed a considerable degree of control over the fiscal affairs of the United States. That outcome cannot be desired by anyone, including the courts."

Mr. President, over 200 years ago, this country was born after citizens were burdened with stiff tax increases imposed by distant elite rulers who did not represent the people and who were unaccountable to them. The rallying cry of our oppressed forefathers was clear and compelling, and that same rallying cry applies to this amendment—no taxation without representation. I say it again: No taxation without representation. It is permanently embedded in the earliest of our school-

children. They know about that episode in American history. They know the impact that had in the creation of this wonderful democracy of ours.

Mr. President, it is bad enough that ordinary Americans are now paying an unfair portion of the tax burden, but that burden may get a lot heavier when judges inherit the task of balancing the budget. After all, the judiciary is the branch of Government that by design is most insulated from the public. In fact, judges are supposed to ignore public opinion.

Mr. President, if we think the American people are angry today, just wait. Wait until they get hit with a huge tax increase by a district court judge who they have never heard of, never voted for, and they will never be able to vote out of office. The reaction will make the famous Boston insurrection look really like a tea party.

I know that some amendment proponents are convinced that the courts will not intervene to enforce this amendment. Some have pointed to the doctrines of standing or justiciability and conveniently assume that these old doctrines would apply to a newly adopted constitutional amendment. But supporters of the amendment cannot have it both ways. If this amendment really will force Congress to reduce the deficit, who is going to force us if not the courts?

After all, Congress has already passed laws to force itself to balance the budget, but without an effective enforcement mechanism we simply sidestepped our own law. And now amendment proponents assure us that the same evasion will not be possible under a constitutional amendment. But just as prohibition did not stop drinking because it was unenforceable, a balanced budget will not stop spending if courts are impotent to enforce it.

I find it absolutely astounding to hear amendment proponents argue that the courts would never enforce this amendment. We are talking about an amendment to the Constitution of the United States, not a sense-of-the-Congress resolution. Can the proponents really believe that the balanced budget amendment is nothing more than a meaningless scrap of paper that cannot be enforced? Could they really be that cynical? I do not think so, Mr. President. And I do not think the courts will either. As Laurence Tribe and Robert Bork concluded, the courts will not presume that this is a meaningless and utterly unenforceable scrap of paper. To the contrary. And that is why the threat of judicial taxation is so real.

Mr. President, there is no need to rely on the judiciary to reduce the deficit. Congress could do it. We could start now if we had the political will. In fact, we have already made significant progress which I have talked about earlier.

Consider what happened over the past 15 years. In 1981, the deficit was

\$79 billion, but then President Reagan's huge military buildup, combined with tax cuts for the wealthiest Americans, led to massive borrowing on an unprecedented scale. By 1992, Republican policies had increased the deficit from \$79 billion to \$290 billion. Since President Clinton began to reverse those policies, however, there has been a dramatic improvement. The deficit this year will be about 40 percent smaller than in President Bush's last year. For the first time in a decade we will have reduced the deficit for 3 consecutive years. The number of Federal employees is the lowest since the Kennedy administration. And though much remains to be done, we have shown that it does not take a constitutional amendment to reduce the deficit in a meaningful way.

The irony, Mr. President, is that passing the balanced budget amendment actually will make it far less likely that Congress will balance the budget any time soon. This amendment does not require a balanced budget until the year 2002. Meanwhile, Members who vote for the amendment will be able to point to their vote as evidence of their supposed commitment to fiscal discipline. I called it a coverup, and I use the same term now. What do you want from me? I voted for a balanced budget. Yes; I did not do my share by cutting expenses properly or balancing revenues with expenses, but I did vote after all for a balanced budget amendment. It is hide and seek. Hide the mission and seek the culprit.

Meanwhile, Members who will have voted for the amendment can draw a degree of satisfaction, not for the job done but for escaping responsibility. If you can say that you voted for a balanced budget, why bother to antagonize constituents by cutting their benefit programs or raising taxes? There is far less incentive to make those hard choices.

Mr. President, we should not play games with the American people. We do not want to shift, or should not shift, the burden of our responsibilities to the judiciary. Let us not put off the hard decisions for another 7 years. Let us take personal responsibility for the problem and make those tough choices now.

In conclusion, Mr. President, I strongly support cutting wasteful spending and reducing our deficit. I want to work with my colleagues to actually cut the spending and close tax loopholes. This balanced budget proposal does not help reach that goal. Its proponents refuse to spell out what steps they would actually take to reduce spending. Whose benefits will be cut and whose taxes will go up? But one thing we do know for sure. The impact on our Nation could be disastrous. It could hamstring our ability to respond to economic and other emergencies, undermine our entire Social Security system, rob us of investments for our future, and allow unelected and unaccountable judges to impose huge tax increases on ordinary Americans.

Mr. President, this amendment could go down as one of the most tragic mistakes ever made by this Nation. I hope that my colleagues will face up to the reality of the situation. As has been said before, you can run but you cannot hide. That is what happens if we pass this amendment without detailing how it is that we are going to balance their budget and how it is that we are going to deal with the responsibility and maintain it where it belongs, in the House and in the Senate.

I urge my colleagues in the strongest possible terms to reject it.

I yield the floor.

Mr. BYRD addressed the Chair.

The PRESIDING OFFICER (Mr. ABRAHAM). The Senator from West Virginia.

Mr. BYRD. Mr. President, I thank my distinguished colleague, Mr. LAUTENBERG, for his excellent statement. He has very eloquently stated the clear and present dangers with which this amendment is fraught.

Mr. President, I thank the Chair for momentarily indulging me.

I have listened to the claims of the proponents of the constitutional amendment for several days now. I compliment them on their dedication to their cause as they see it. I respect their viewpoints. I respect their sincerity. I realize that not everyone will agree with my viewpoint.

I commend the distinguished Senator from Illinois [Mr. SIMON] for his steadfast adherence to the belief that the way to get our deficits under control and lower the interest on the debt and reduce the debt is to adopt a constitutional amendment on the balanced budget. I respect his viewpoint. I differ with it. But we can differ as friends and we do differ as friends.

I also speak with respect to the distinguished Senator from Utah, [Mr. HATCH] the chairman of the Senate Committee on the Judiciary who, likewise, is a very formidable and principled supporter of the proposal.

I think they are wrong. They think I am wrong. But it is the people out there that we hope to try to persuade as to which viewpoint is the right one under the circumstances that obtain.

So, I have listened to the claims of the proponents of the constitutional amendment for several days now. As I listen, it seems to me that the proponents are selling this amendment very much as the oldtime peddlers sold tonic and liniments, kidney pills and snake oil. To hear the proponents tell it, this amendment will cure everything that is wrong with America today. Just take a good swig of this magic tonic, Mr. and Mrs. America, and your problems will disappear. Your head will stop aching, your arthritis will clear up, your fingernails will grow long and strong, your taste buds will tingle, your hearing will become more acute, you can throw away that old hearing aid, your eyesight will sharpen—you can just pitch those glasses out in the garbage can, your dandruff

will cease if you have any hair, and if you do not have hair, it will grow hair, and your teeth will whiten, and your marriage will probably improve. Well, never mind what is in the bottle, Mr. and Mrs. America. Truth in labeling does not apply here. Truth in advertising has no place in this debate. Just swallow this magic elixir and all will be well.

The American people are usually good consumers. They are smart consumers. They read the labels on the grocery store shelf to get the fat content of the food they purchase. They read the labels on the cans of food that they buy. I know that I do. I want to find out how much fat there is in the contents, how much sodium, how much cholesterol, and how much by way of proteins and carbohydrates, and so on. They look under the hood of cars that they buy. They kick the tires. They squeeze the cantaloupes and the cabbage heads and the other vegetables that they buy. They read the fine print. And by law that fine print has to be placed on those labels.

But, I do not believe that the U.S. Senate is helping the people to exercise their prowess as good consumers with the debate so far on this floor.

We are not discussing national priorities. We are not spelling out the contents of this snake oil amendment. We are not talking about what should or should not be on the chopping block for cuts. We are not debating the impact such an amendment might have on the economy. We are not talking about the hard choices that will have to be made by somebody if we enact this amendment.

The proponents have steadfastly refused to lay out a plan to get to balance. Take it on faith, America. It will be good for the Nation. I ask the American people this question. How will you know if this amendment will be good for the Nation, if you do not know what cuts will be made, how much each State, how much each county, how much each municipality across this land will have to absorb as a result of the cuts, how much your State taxes will rise as a result of Federal cuts, what will happen to Federal aid to education, what will happen to Medicare, what might happen to our ability to compete with other countries in the global marketplace, what the amendment might mean in terms of clean water, clean air, veteran's pensions, the national defense? In short, what is good for the Nation cannot be determined without these critical details. To claim otherwise is simply untrue. The American people are entitled to more than a wink and a nod and an empty promise. We cannot treat the American people like children. If they want us to balance the budget, we must honestly try to do it, but we must also honestly tell them what it will take and that it will mean radical changes

in their personal lives. We owe the people that. To do less is to betray their faith in sending us here.

It is puzzling to me that after the results of this election, when the people said that they were tired of Washington politicians telling them what to do, we come right out of the box with this proposed major, major, major change in our organic law and with the proponents claiming that the people do not need details. In other words, once again, we in Washington know what is good for you, Mr. and Mrs. America.

This balanced budget amendment is good for you. You do not need to know the details. Take the tonic. Swallow the snake oil. Do not read the label. There is no label to read. Take our word for it.

Well, if the American people let us get away with that dodge, then they have done themselves a giant disservice.

If they swallow this quack medicine without being sure that it will not be toxic to the system, they surely may regret the results.

If the Governors and the mayors and the State legislators do not demand to know just exactly what we have in mind when we talk about balancing this budget in 7 years, then how can they have an informed debate if and when the matter rests squarely on their doorsteps? How will they explain to their own constituents what the amendment means?

If I were a Governor contemplating the enactment of this amendment, I would be very, very nervous about any promises that I had made to lower taxes. I know that I have heard some of the Governors throughout the land boast about how much they have cut taxes in the States. They want the Senate to adopt this balanced budget amendment, and they talk about how much they, the Governors, have cut taxes in their States. I heard the Governor from New Jersey speak about how many taxes she had cut and how much more in taxes she proposes to cut. Well, I have news for you, Governor, if this amendment is adopted, you will not be cutting taxes, you will be raising taxes—and remember that.

With the magnitude of cuts that will have to be made to get a balanced budget by 2002, the States are going to have to pick up an awful lot of slack. Essential services will have to continue. Unemployment, dirty air, dirty water, hazardous waste, hungry children, natural disasters—all of these problems will still be with us. A balanced budget amendment will not change any of those things. Not one. State and local officials should know what we here in the Congress propose to do before they are asked to buy this pig in a giant poke. We do not even know if there is a pig in that poke. We cannot even get a squeal out of that pig. If State and local officials do not trust the Federal Government to make decisions involving the States, how in the world can they sit on their hands

and trust us with the mother of all decisions? That is what we are talking about. How in the world do we dare to ask the people and the Governors and the mayors and the State legislators to make this giant leap of faith?

What will the people do if they do not like the plan that emerges? What if we adopt this amendment without laying out the plan? Well, it will be too late then. The contract with evasion will have been signed, sealed, and delivered, right to your doorstep. Once the amendment is in the Constitution, the politicians do not have to listen to the people's voices on the matter anymore. The politicians can cut and run. They can say we have to cut Medicare, whether you like it or not, because the Constitution has this new amendment in it and it says we have to; we have to do that. The politicians can say to the States, you have to pay for these services now with hikes in your own taxes. You told us to balance the budget in 7 years, so we have to cut money to the States. Or the politicians can commit the ultimate act of evasion and say we cannot do this, Mr. and Mrs. America. We told you that we could, but it is too harsh and we will not do it. The President will have to do it. He will have to impound funds, or the courts will have to order us to balance the budget, and they will also have to tell us which taxes to raise and which programs to cut.

What then will we have done to our country? What then will we have done to the Constitution, as written by the Framers 208 years ago? It has been in effect now for 206 years. What then will we have done to representative democracy?

We must not treat the people as children. We must tell them the truth, even though it is inconvenient for us politicians to do so. What kind of Senators are we if we simply pass this amendment without ourselves knowing what it means? We say that the American people ought to know what it means. We, as their representatives in this great assembly, have a right to know what it means and have a duty to ask what it means before we vote. What kind of representation are we giving to our people if we do not demand to know the details of this proposal before we vote on it? We as Senators cannot say, "Let this cup pass from me," vote on the amendment and then let us tell the people what is in it. We cannot say, "Let this cup pass from me." We cannot say that we shall wash our hands of it. We have a duty to those constituents who send us to this forum of the States to know what we are doing, what we are buying onto, and what we are about to perpetrate on the people, before we cast our votes. I say we will not be giving the people very worthy representation unless we insist on it. I say we ought to feel like backing up to the pay window if we cannot do better. The American people pay us very well. We ought to be willing to do what they pay us to do, which

is to make intelligent, well-informed decisions in their behalf and in their best interests. We cannot do the job they sent us here to do if we are simply going to be stonewalled by the proponents and prevented from knowing what we are about to do to our country.

Talleyrand, who was Napoleon's foreign minister, and who dominated politics in Europe for 40 years, said, "There is more wisdom in public opinion than is to be found in Napoleon, Voltaire, or all the ministers of state, present and to come." And that is true. But there is wisdom in public opinion only if the public is informed, if the public is duly and well informed about the subject on which a judgment is to be made. Woodrow Wilson said that the informing function is as important as is the legislative function of a legislative body. Inform the people who send us here.

At this point in time, this amendment is nothing more than a slogan. It has no teeth at this point in time. Its impact is unknown. It is nothing more than an empty promise. Many of the Members who will vote on it will not even be here when it has to be fulfilled. It is, in that sense, a fraud. It is a fantasy created for children, and the American people are not all children. It is an illusion without substance. It is cotton candy for the public mind. It is Tinkerbelle on wings of gossamer. Disneyland has really come to Washington after all. But the American people are not children and Senators are not elected to simply pacify the American people with fairy tales.

Let us demand to know the proponents' plan to achieve a balanced budget by 2002 before we ask the States to decide and before we graft this pneumatic excrescence, this wart filled with wind onto our time-tested Constitution.

Mr. President, if this amendment is adopted, it will likely mean massive cuts in Federal spending over the next 7 years.

As the chart to my left states, the Congressional Budget Office estimates that a balanced budget amendment would require a cut of \$1.2 trillion in Federal spending by the year 2002. To make matters worse, the so-called Contract With America; which I did not sign onto, Mr. President. I carry my contract right here over my heart. Alexander the Great idolized "The Iliad" and he kept a copy under his pillow at night. I keep a copy of my contract with America—right here, here it is—over my heart, the Constitution of the United States of America. It is a contract that was signed 208 years ago, not something that just blew up out of the wind before last year's election.

To make matters worse, the so-called Contract With America calls for tax cuts—tax cuts; what a folly—tax cuts along with balancing the budget. This would require a cut of \$1.5 trillion in Federal spending by the year 2002.

How much is \$1 trillion? Count it at the rate of \$1 per second—32,000 years.



Now, you may ask, what will get whacked? What will get whacked? What will get whacked?

CBO tells us that if we were to cut all Federal spending across-the-board, except interest on the debt, it would require a 13-percent cut in all programs in the year 2002 alone. That means cutting defense, Social Security, Medicare, Medicaid, veterans' pensions, veterans' compensation, veterans' medical care, prison construction and operations, environmental cleanup, civilian and military pensions, housing, education, all student loan programs, infrastructure investments on transportation projects, water projects, locks and dams, the FBI, national parks, food stamps, WIC, and the list goes on and on—all will have to be cut 13 percent across-the-board. But, there are a number of Senators who want to take Social Security off of the deficit-cutting table. If we do that, everything else will have to be cut 18 percent.

The so-called Contract With America—which I did not sign. This is my contract with America, the Constitution of the United States. I have sworn 13 times to support and defend that Constitution over the last 48 years—13 times.

But it calls for increases, not cuts, in defense spending. If we exempt interest, if we exempt Social Security, if we exempt defense, then everything else will have to be cut 22 percent. And the so-called Contract With America calls for tax cuts which, if they are enacted, will increase the across-the-board cut to 30 percent—30 percent.

This next chart to my left shows the Federal budget for fiscal year 1995. That is all we have to go on as of now. The President will send us up his proposed budget next week. In the upper left-hand corner, we see that total spending for 1995 equals \$1,531 billion; in other words, \$1.531 trillion. Of that amount, 22 percent, or \$334 billion, will be spent on Social Security; 18 percent, or \$270 billion, will be spent this fiscal year on defense; net interest on the national debt will take up \$235 billion, or 15 percent of the whole budget; Medicare will take up 11 percent, or \$176 billion; State and local grants will take up \$231 billion, or 15 percent of the total; and all other Federal spending in fiscal year 1995 will equal \$286 billion, or 19 percent of the Federal budget.

What is it that could be cut from this and future budgets if this constitutional amendment requiring a balanced budget is put in place? Well, as I have said, there is strong interest in exempting Social Security—they want to exempt Social Security—so let us take that slice out of the pie. Then, the so called Contract With America says we cannot cut defense, so let us take that slice out of the pie. Then, as we all know, we cannot cut the interest on the debt—we all agree on that—so out comes that piece of the pie. So, lo and behold, what do we have left? All that we have left to cut are: Medicare, State and local grants, and the rest of the

Federal Government, all of which total less than half of the Federal budget. We have, therefore, exempted 55 percent of the budget from cuts—Social Security at 22 percent, plus defense at 18 percent, plus net interest at 15 percent—and the \$1.5 trillion in budget cuts would have to come from this remaining 45 percent of the budget.

That is all there is. There "ain't" any more.

Now, let us look at what this means when we have to take the cuts all from this remaining 45 percent of the budget. Let us take a look at what this means.

How do the States get stuck? How do the States get stuck?

This chart to my left sets out the Federal spending that will be subject to cuts, if one excludes Social Security, defense, and net interest. For fiscal year 1995, the total spending that would be subject to cuts is \$693 billion.

This pie represents Federal spending subject to cuts, once defense is taken off, once Social Security is taken off, if it is, and once interest is taken off the table, which it has not been taken off the table. All three of these categories of Federal spending shown on this pie chart will have to be cut across-the-board by 30 percent—by 30 percent—in the year 2002 if we exempt Social Security, defense, and net interest from any cuts and if we enact the tax cuts being called for in the so-called Contract With America. This includes unemployment benefits, veterans' benefits, education programs, the FBI and the Justice Department, including prison construction and operations, the Judiciary and the Courts, infrastructure, health programs, safety programs, health and safety programs for our food and water, aviation safety—including air traffic control—civilian and military retirement, all agriculture programs—all of them—national parks—national parks, I say that to the West in particular—highways, transit, environmental cleanup, NASA, research and development, the NIH, and on and on and on. If we want to exclude any of the spending shown on the pie chart, then everything else will have to suffer an even larger cut than 30 percent. If we exclude Medicare, for example, then the cut that would be required for everything else would rise from 30 percent to a cut of 46 percent. Can you imagine the devastation this would cause throughout the Nation?

Now, let us examine the effects that this level of cuts would have on the States. This is the forum of the States. Let us examine the effects that the cuts would have on the States.

Which States get the sharpest stick by the knife? Which States get the sharpest stick by the knife? And that is some knife, I want to tell you, and they will know when they are stuck with that knife. They are going to bleed.

This chart sets out the total Federal dollars that will go to the top 20 States. I have set aside that chart for

the moment. But nevertheless, it would set out the total Federal dollars that would go to the top 20 States in 1995 for 149 grant programs.

The top prize goes to the State of New York, which will receive \$22,261,068,000 in Federal grants. That is the total amount of dollars in Federal grants that the State of New York will receive this year. That is 10.8 percent of the total grants for all States.

Second prize goes to California. That State will receive this year \$21,661,615,000, or 10.5 percent of the total Federal grants to States for 1995.

Third prize goes to Texas, \$12,292,605,000, or 5.9 percent of the total. And these top three are followed by Pennsylvania, \$8,232,634,000, or 4 percent; Florida, No. 5, \$8,067,751,000, or 3.9 percent.

Ohio is No. 6, with \$7,837,289,000, or 3.8 percent. Illinois is next, \$6,858,553,000, or 3.3 percent of the total. Michigan, \$6,745,979,000, or 3.3 percent; New Jersey, \$5,523,542,000, or 2.7 percent; Massachusetts with \$5,400,302,000, or 2.6 percent; Louisiana, \$5,300,141,000, or 2.6 percent; North Carolina, \$4,741,842,000, or 2.3 percent; Georgia, \$4,638,039,000, or 2.2 percent; Indiana, \$3,945,534,000, or 1.9 percent; Tennessee, \$3,889,558,000, or 1.9 percent; Washington, \$3,517,731,000, or 1.7 percent; Wisconsin, \$3,407,554,000, or 1.6 percent; Missouri, \$3,381,960,000, or 1.6 percent; Minnesota, \$3,010,222,000, or 1.5 percent; Kentucky, \$3,004,724,000, or 1.5 percent.

These are the top 20 States in terms of receiving Federal grants in this fiscal year. I hope that these 20 States—and all other States—recognize that these grants are going to be cut dramatically in the coming years if the balanced budget amendment goes into effect, and those cuts will affect people. Those cuts will affect people in every State throughout the land.

Mr. President, I ask unanimous consent that the table to which I have just referred be printed in the RECORD.

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

FEDERAL DOLLARS TO THE STATES—FISCAL YEAR 1995  
FUNDING FOR 149 GRANT PROGRAMS

State	Amount	Percent of total
New York .....	\$22,261,068,000	10.8
California .....	21,661,615,000	10.5
Texas .....	12,292,605,000	5.9
Pennsylvania .....	8,232,634,000	4.0
Florida .....	8,067,751,000	3.9
Ohio .....	7,837,289,000	3.8
Illinois .....	6,858,553,000	3.3
Michigan .....	6,745,979,000	3.3
New Jersey .....	5,523,542,000	2.7
Massachusetts .....	5,400,302,000	2.6
Louisiana .....	5,300,141,000	2.6
North Carolina .....	4,741,842,000	2.3
Georgia .....	4,638,039,000	2.2
Indiana .....	3,945,534,000	1.9
Tennessee .....	3,889,558,000	1.9
Washington .....	3,517,731,000	1.7
Wisconsin .....	3,407,554,000	1.6
Missouri .....	3,381,960,000	1.6
Minnesota .....	3,010,222,000	1.5
Kentucky .....	3,004,724,000	1.5

Source: OMB, Budget Information for States—Fiscal Year 1995.

Mr. BYRD. Mr. President, now let us explore what these Federal grants to the States consist of. What do the

States use this money for? What do the cuts mean to you, Mr. and Mrs. America, and your children? What do the cuts mean to you and your children?

This next chart sets out what these grants to State and local governments consist of in fiscal year 1995, "Grants to State and Local Governments in Fiscal Year 1995." The largest amount goes to the States for Medicaid—\$102 billion, or 44 percent of the total. Then, going counterclockwise on the chart, we see that transportation grants to the States equal \$24 billion, or 10 percent of the total. Next, we have income security programs which total \$54 billion in grants to the States for such things as AFDC, Section 8 and other housing, school breakfast and lunch programs, and WIC. Then we come to grants for education, training, employment, and social services, which total \$35 billion in fiscal year 1995. Finally, there is the category designated "all other," which equals \$16 billion, or 7 percent of the total. This category includes grants to the States for community development, health, water infrastructure, disaster assistance, justice assistance, including law enforcement programs such as "cops on the beat", and the Federal payment to the District of Columbia.

A large part of all of these programs will obviously have to be picked up by the State and local governments if the balanced budget amendment goes into effect. What will that mean to the budgets of the various States?

I say to the State senators out there—and I once was one—I say to the members of the House of Delegates in West Virginia and the lower houses in other States—and I was once one of those members—what will that mean to your budgets, the budgets of the various States? Will Governors and State legislators have to increase State taxes in order to continue to provide adequate services for these programs that we have been talking about here? According to the Treasury Department they surely—surely—will.

They will have to increase State taxes in order to continue to provide adequate services for these programs.

The chart to my left was prepared based on information provided by the U.S. Treasury Department to the National Governors Association. It is the Treasury Department's opinion that State taxes would have to be raised by the percentages shown on this chart if States are to fully replace the reductions in Federal grants that will occur if the balanced budget amendment goes into effect under the terms I have previously stated.

State legislators in Alabama would have to increase their State taxes by 16.4 percent; Alaska, 9.8 percent; Arizona, 10.4 percent; Arkansas, 16.5 percent; California, 9.2 percent; Colorado, 11.8 percent; Connecticut, 11.2 percent; Delaware, 7.2 percent; District of Columbia, Lord knows how much, but the Treasury Department says 20.4 percent; Florida, 10.2 percent; Georgia, 12 per-

cent; Hawaii, 6.8 percent; Idaho, 9.9 percent; Illinois, 11.6 percent; Indiana, 13.8 percent; Iowa, 10.9 percent; Kansas, 13 percent; Kentucky, 14.5 percent; Louisiana, 27.8 percent; Maine, 17.5 percent; Maryland, 9.9 percent; Massachusetts, 12.6 percent; Michigan, 13.2 percent; Minnesota, 9.4 percent; Mississippi, 20.8 percent; Missouri, 15.5 percent; Montana, 19.8 percent—up go your taxes; Nebraska, 13.3 percent; Nevada, 6.2 percent; New Hampshire, 17.6 percent; New Jersey, 12.7 percent; New Mexico, 12.9 percent; New York, 17.4 percent; North Carolina, the State in which I was born and whose motto is "to be rather than to seem, 11.1 percent; North Dakota, 19.7 percent; Ohio, 14.4 percent; Oklahoma, 12.4 percent; Oregon, 12.2 percent; Pennsylvania, 12.7 percent; Rhode Island, 21.4 percent; South Carolina, 14.3 percent; South Dakota, 24.7 percent; Tennessee, 19.5 percent; Texas, 14 percent; Utah, 11.4 percent; Vermont, 17.4 percent; Virginia, 8.2 percent; Washington, 8.4 percent; West Virginia, 20.6 percent; Wisconsin, 10.3 percent; and Wyoming, 18.7 percent.

Mr. President, I ask unanimous consent that the table to which I referred showing these tax increases be printed in the RECORD.

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

TAX INCREASES TO OFFSET SPENDING CUTS

State	Required State tax increase (percent)
Alabama .....	16.4
Alaska .....	9.8
Arizona .....	10.4
Arkansas .....	16.5
California .....	9.2
Colorado .....	11.8
Connecticut .....	11.2
Delaware .....	7.2
District of Columbia .....	20.4
Florida .....	10.2
Georgia .....	12.0
Hawaii .....	6.8
Idaho .....	9.9
Illinois .....	11.6
Indiana .....	13.8
Iowa .....	10.9
Kansas .....	13.0
Kentucky .....	14.5
Louisiana .....	27.8
Maine .....	17.5
Maryland .....	9.9
Massachusetts .....	12.6
Michigan .....	13.2
Minnesota .....	9.4
Mississippi .....	20.8
Missouri .....	15.5
Montana .....	19.8
Nebraska .....	13.3
Nevada .....	6.2
New Hampshire .....	17.6
New Jersey .....	12.7
New Mexico .....	12.9
New York .....	17.4
North Carolina .....	11.1
North Dakota .....	19.7
Ohio .....	14.4
Oklahoma .....	12.4
Oregon .....	12.2
Pennsylvania .....	12.7
Rhode Island .....	21.4
South Carolina .....	14.3
South Dakota .....	24.7
Tennessee .....	19.5
Texas .....	14.0
Utah .....	11.4
Vermont .....	17.4
Virginia .....	8.2
Washington .....	8.4
West Virginia .....	20.6
Wisconsin .....	10.3
Wyoming .....	18.7

Source: Department of the Treasury, Jan. 12, 1995.

Mr. BYRD. Mr. President, I hope that my remarks today will have helped to shed light on the devastation which will take place if we do not muster up the courage to say no to the balanced budget amendment now before the Senate. It does not make any difference, Mr. President, if you have a vocabulary of 10,000 words, make it 20,000, make it 30,000. If you cannot say no, then all of that vast vocabulary will not amount to a great deal. We have been elected by the people to come here and to work hard to develop and enact legislation that is in their best interest—not in ours as politicians, not what will get us votes in the next election or the next one or the next one, but in the best interest of the people. Surely we can screw up our courage to the sticking place to stay the course and continue to cut the Federal deficit in responsible doses. We cannot afford to risk the economic security of this Nation by passing this unseen pig in a very large poke.

I remind the Governors, Mr. President, that the devastation to the States, as shown through these charts, is going to happen irrespective of the recently passed, highly touted unfunded mandates legislation. Congress will brush that aside. It only takes a majority vote. That is not binding on the next Congress, not even binding on this one, if Congress chooses to brush it aside. That bill is not going to protect one single State from the costs and responsibility of dealing with their problem absent Federal dollars. If State officials are leaning on the weak reed, the flimsy reed of the unfunded mandates bill, they are badly mistaken. It will be as a straw in a hurricane; as a leaky boat in a tidal wave.

I say to the American people, no one—no one, no one—is going to escape the wrath of the balanced budget mandate.

We cannot run to the mountains and pray that the rocks will fall upon us, put us out of our misery. No one can come to this floor and, in all honesty, tell the people of America that they will escape real pain under the amendment.

Finally, I remind my colleagues that the American people have a right to know what is going to happen to them as a result of the balanced budget amendment, if it is riveted in the Constitution.

A new poll, in fact, underscores the people's demand to know what will happen to them at this time shows overwhelming public support for the "right to know."

This poll, released just this morning, Mr. and Mrs. America, my colleagues on the right and on the left, this poll released just this morning by the American Association of Retired Persons and conducted by the Wirthlin Group, shows that support for the "right to know" cuts across party lines: 68 percent of the Republicans, 77 percent of the Democrats, and 83 percent of the independents want to know



what will be cut. And they want to know what will be cut before Congress passes a constitutional amendment to balance the budget. Not afterwards. Before.

In addition, 85 percent agree that Social Security should be exempted from the amendment. But under House Joint Resolution 1, Social Security is not exempt. It is on the chopping block no matter what anyone says.

If this amendment is passed, what will Senators say to their constituents? How will Senators explain the fact that, despite the public's desire to know beforehand what cuts will be made, Senators took it upon themselves to substitute their wills, our wills for the will of the people out there. Talk about arrogance. That is the height of arrogance.

So I implore my colleagues to heed the wisdom of the people. Let us tell the American public what is involved here. Tell them and tell them now. That is what the people in the poll want to know. Let us not continue this vow of silence. Let us not close out the sunshine. Let us not pull the shutters on the windows and shut out the scrutiny of the public.

Mr. President, Shakespeare, in "Timon of Athens", said it best:

The devil knew not what he did when he made man politic; he crossed himself by't; and I cannot think but, in the end, the villainies of man will set him clear.

Chief Justice Marshall in *McCulloch* versus *Maryland* said:

We must never forget, that it is a Constitution we are expounding.

Mr. President, if I might add my own modest footnote, we must not forget that it is a Constitution that we are amending.

Mr. President, I am prepared to yield the floor unless a Senator wishes to ask me a question.

I yield the floor.

THE PRESIDING OFFICER (Mr. THOMPSON). The Senator from Utah.

Mr. HATCH. Mr. President, there are very few people in this body who have more respect, in fact I do not think there is anybody who has more respect for the distinguished Senator from West Virginia than I have. I learned early in my Senate career that he is very, very formidable. And he is, I think, one of the people who is the most dedicated to this body and to what the Senate means in the United States of America.

I might mention that I believe that he is as dedicated to the Constitution as anybody I know. And I also believe that he is, without question, without peer with regard to Senate rules and procedure. I have had personal experience of being on the wrong side of the distinguished Senator from West Virginia and I admire him and care a great deal for him. I do not know when I have heard a more interesting set of remarks than he has just given to the Senate this day. I think we should all pay heed to what he has said. I think his comments are important.

But I also think the Senator is wrong. If I did not believe that I would not be out here fighting for a balanced budget amendment. He knows that. And he knows that I believe this very deeply, as he believes his position. And I respect him for his commitment to his position.

He has taken a goodly amount of time, but not enough, perhaps, to explain his position. I think it is critical that the American people see the two sides of this subject and I do not know of anyone in the body who could have articulated his side any better.

I think a lot of this great Senator and, when histories of the Senate are written to include his time here, certainly he will be shown to have played a pivotal and very important role in the history of this institution.

But let me just see if I can respond to some of the things my friend and colleague has said. First of all, the American people are not stupid. They know that this Federal Government is a money eating machine. They know that billions, hundreds of billions of dollars are eaten up right here in Washington, without much care for the American taxpayers.

They also know that we have built the most gargantuan bureaucracy in the history of the world. Keep in mind, our Founding Fathers wanted to have a central Government that was limited, not all-embracing; where the people in the States do not just look to the Federal Government to solve all their problems, but where they solve them for themselves for the most part. The Federal Government as originally intended was to be a limited Government to take care of our national security interests, to do the few commerce things that should be done by the Federal Government: To watch over the public welfare.

I think our Founding Fathers would be absolutely devastated if they saw the state of the Federal Government today. If they saw the domination of the States by the Federal Government that we have going on today, if they saw the way the Federal Government soaks up the public's money today, if they knew—as some argue very eloquently, maybe not as eloquently as my friend from West Virginia—that of all the public welfare money that we spend through the Federal Government, this wonderful stuff we do for the States—when it comes to welfare only about 28 percent of every dollar gets ultimately to the people who need it.

We in the Federal Government act like we know more about what people need than they do, so we study things, we build bureaucracies, we hire sociologists and Ph.D.'s and other specialists and experts and we use up the people's money here like it is going out of style while the people who need it—the people we are supposedly helping—get 28 percent of it. That is what is wrong with a bloated Federal Government. That is what the Founding Fathers

were trying to guard against. Avoiding this was the work of Madison and Jefferson and Washington.

I might have a number of others who are maybe not quite as well known, but certainly well known by my friend from West Virginia, who is a great scholar of history, and especially the history of this country. We know the Federal Government right now means a lot to the States because they cannot make a move without its consent.

We also know that if we pass a balanced budget amendment, every dollar will become more valuable. If we pass a balanced budget amendment that stops this continual drop into the abyss of deficit spending, which we have been doing now for 60 years, certainly 26 of the last years in unbalanced budgets, and in recent years because of Great Society programs, these reasonable—reasonable is not the word—this overwhelming desire by everybody to do everything good for everybody in our society.

We now have deficits that, after the turn of the century, are going to be over \$300 billion a year, and the interest against the national debt has now become the second highest item in the Federal budget. And it is going up exponentially with compound interest. We all understand compound interest, do we not? The interest just starts to multiply like you cannot believe. If we do not get control over the spending of this all-eating, voracious, money-grubbing Federal Government, if we do not bring it to heel, then all of these gifts and grants to the States that the distinguished Senator has so eloquently spoken about are not going to be worth anything anyway, assuming that we can afford to make any more of them. They are going to look to us and say, "You people did it to us. You did not have the guts to balance the budget." Let me just say this about my friend from West Virginia. He has the guts. I believe in him with regard to his comments that he would balance the budget. He would find ways to do it. I think he would do everything in his power to. I believe that. I have faith that he would do that.

But when he was majority leader, he was not able to do that, not because he did not try. He could not. People in both parties spent us right down the drain. He tried as President pro tempore, certainly one of the most dignified and knowledgeable people in this body, if not the most dignified and knowledgeable. He could not do it then, and neither could I. Neither could the Senator from Illinois. Neither could a lot of us who want to get this tremendously expensive Federal Government under control.

We have reached a point really of no return, that if we do not do what is right now, all this money, these hundreds of billions, trillions of dollars that the distinguished Senator from West Virginia is talking about that go to the States over the years are not going to be worth anything. Then what

happens to those who need health care? What happens to women and children who need women's, infants', and children's programs? What happens to food stamps? Will we be able to pay for them? If so, are they going to be worth anything? We know a lot of them are being picked up by the Mafia in exchange for drugs and booze, and then they make a lot of money cashing in those food stamps at a tremendous cost to the American taxpayer.

Let me tell you something. I enjoyed the comments of the distinguished Senator about magic potions and elixirs and snake oil. I know a lot about those things because I have been watching the Congress for these last 18 years as I have sat here. You talk about snake oil. You talk about magic potions and elixirs. You can find them here every day in budgetary matters because Congress is not willing to do anything about deficits and spending.

I have heard people time after time say this, and they are courageous in standing up here and saying we have to do it; we have to get control of this thing, and we have to balance the budget, and it stops here with us. The problem is for all of my 19 years, it has never stopped once. It is not going to, either, without a mechanism in the Constitution that encourages us to do it.

By the way, this balanced budget amendment does not cut all of these things out. It does not say that we have to balance the budget. We do not have to balance the budget under this amendment if we do not want to. The only difference is instead of playing games here on the floor of the U.S. Senate and in the House with voice votes and a lot of ways of hiding so the American people do not know who is voting to spend all of this money, we have to vote if we do not want to balance the budget. If we are going to have a deficit, we are going to have to give a three-fifths vote to do it. I am not saying that is insurmountable. I have seen debt ceilings lift where we did not need a three-fifths vote, not many. But from this point on, I have to say it will be money in the bank for the American people because they will know who did it to them from this point on, if this amendment is adopted and ratified.

By the way, if we want the President's solution for deficit reduction, which is to increase taxes like he did last year, with the largest tax increase in history, which some have praised here on the floor during this debate, by gosh, we can do that. All we have to have to do that is a constitutional majority here on the floor of the Senate and on the floor of the House.

What does that mean? If we have 51 Senators here, we have a quorum. We could vote on anything, by and large, or should I say most anything, by a majority vote. We could have 26 votes for and 25 against and, by gosh, it passes. With a constitutional majority, you cannot do that. It is not a mere

majority of those voting. It is a majority of the whole number of both Houses. You have to have 51 votes in the Senate, 218 in the House.

Mr. BUMPERS. Will the Senator yield for a question?

Mr. HATCH. Sure.

Mr. BUMPERS. I did not utter one word yesterday on the balanced budget amendment. But I want to serve notice that I am going to.

Mr. HATCH. Does the Senator want to do that now? I will be happy to conclude this. I do want to make a few more points.

Mr. BUMPERS. I really apologize for interrupting the Senator. I do want to say I am not so concerned about the requirement of a constitutional 60 percent, three-fifths vote in the Senate to balance the budget. That will almost certainly happen.

I had my staff do a study of all the appropriations bills for fiscal year 1995. Last year, the average vote for all of the 13 appropriations bills was 84.5 votes in the Senate. So I expect it is not going to be too difficult to get 60 votes to override the amendment. But my concern is not that. My concern is the potential damage that can be done by 41 obstreperous ideologues who care more about their ideology than they do the future of the country.

Let us assume we are in a recession headed for a depression, and every economist in the country tells us the only way in the world you can head off massive unemployment and massive social and cultural disaster is for the Government to create job-producing projects. And 41 Senators, far fewer than a majority, can say, "We don't care what the economists said. We are for a balanced budget. And we are not going to stand for allowing 60 Senators to unbalance this budget." So the country goes right into the tank.

That is my real concern. I am interested in the reaction of the Senator.

Mr. HATCH. That is a good question, and I think one deserving of an answer.

First of all, you will never get all the economists to say the Government has to help us solve the employment problem or that make-work jobs are going to get us there.

Mr. BUMPERS. Again, just so we make this point, I am one of the people in this body, along with the distinguished Senator from West Virginia, who remembers well the Depression. I was just a child. We were very poor. There was no snob value in it. Everybody in town was poor. But I can remember.

The reason I still believe in Government is that the Government did some good things and created jobs at the same time. They helped us pave our streets where we choked to death on dust and mud. We lived a block from Main Street, and you could not get there when it rained. I can remember when we got an indoor john for the first time. We were rich. Before that we had a "two-holer" out back. Most people just had a "one-holer." We got run-

ning water, clean water. People quit having typhoid fever and the farmers got low-interest loans. As a matter of fact, the Government built houses for them.

I could go on about rural electrification, which saved my father's business. He was a small hardware merchant. As a result of rural electrification he was able to sell refrigerators, radios, ranges, all of those things.

So I think Government does some things well. And we could face a time like the Depression again if we have 41 obstreperous Senators saying, "No; that does not fit with my philosophy."

The distinguished Presiding Officer comes from a State where we built TVA power, and the people of Tennessee enjoy very low rates as a result of TVA power. I promise you, he does not think Government is all bad, either.

All I am saying is, if those things happen—and they most certainly will at some point—what happens? I do not believe in Government by minority rule. That is what we will have.

Mr. HATCH. Neither do I.

Mr. SIMON addressed the Chair.

Mr. BYRD. Mr. President, may I ask the Senator to yield? He mentioned my name.

Mr. HATCH. Let me yield first to the distinguished Senator from Illinois, and then I will be happy to yield.

Mr. SIMON. Yes. I would like to respond to my friend from Arkansas. First of all, I believe that Government can do very good things. I believe it more than my friend from Utah does. I am for a WPA program right now. I put in the RECORD yesterday an article by a distinguished economist, as well as a couple of other things by other economists, saying that the evidence now is that because of the heavy debt we have, we simply are not responding.

You can remember when the President of the United States, when he first came in, asked us for \$15 billion for a jobs program, but because of the deficit, we could not do it. Fred Bertson, a former Assistant Secretary of the Treasury, whom you know, has said, if you had asked him 10 years ago would he be for a constitutional amendment requiring a balanced budget, he would have said absolutely not. He says, "Now I think it is essential." The only way he says you are going to have a response to recessions that is adequate is to build up about a 2-percent surplus, give the President the authority to respond with certain specific programs when unemployment goes above a certain level in various States.

I would say, finally, to my friend from Arkansas, where we have responded is in the extension of unemployment compensation. I went back over several decades when we have extended unemployment compensation. I could find only one time—in 1982—when we did not have more than 60 votes to respond to that. So the reality is that we are frozen by this huge deficit from responding adequately now.

We can build in a system where we can respond much more adequately to recessions than we now do.

Mr. HATCH. If I could add something to that. I agree with the distinguished Senator from Illinois. I am not fighting with the Senator from Arkansas. There is no question, the Government can play a role. Where you have valid social programs, I do not think you would have a rough time getting a three-fifths vote.

We are talking about a bigger picture than that. The force of this amendment is that you have to vote, you have to vote. You are going to have to have a three-fifths vote to increase the deficit as a whole. You are going to have to make priority choices among competing programs. I remember the depression, too. I was born and we lost our home right after I was born. We also did not have indoor facilities for many of the early years of my life. It has been said of me that I never pass a bathroom. Having to walk 100 yards in the mud was no fun for me, and I did that all too often.

But the fact of the matter is that we are talking about a much bigger picture here than any single program. We do not even have to balance the budget under this amendment, but it does point us in the right direction, it does give incentives, and it makes us vote on whether we are going to have deficit spending or whether we are going to increase taxes or whether we are going to do both. I am not saying we cannot do both. I think under strenuous times, such as war, severe depression, or recession, we are going to get the votes.

I also believe if there were obstreperous minorities of 41, they are going to find a rough time at the ballot box if that is what happens. It is the same with those who always want to spend regardless of whether we have the money. They can do it if they get control of the Congress and if they have a constitutional majority vote to raise taxes, but they are going to pay a price at the polls.

Those are just some of the values of this amendment. I said I would yield to my dear friend and colleague from West Virginia. I did not mean to say so much before I yielded.

I yield to the Senator from West Virginia.

Mr. BYRD. I thank the Senator. He always treats me with the utmost courtesy.

Mr. HATCH. Deservedly so.

Mr. BYRD. I heard the Senator say, I believe, that this amendment does not require that the budget needs to be balanced.

Mr. HATCH. It is not required.

Mr. BYRD. This amendment is being sold to the American people as a way to balance the budget. Is that not a bit misleading?

Mr. HATCH. Not at all, because if we required you to balance the budget every year, that would fly in the face of the right to do something when we have exigent and difficult times.

The fact of the matter is, what this amendment always represented itself to be, and what it always will be, is an amendment that says, hey, Members of Congress, the game is over. You are going to have to vote if you want to increase the deficit. You are going to have to vote if you want to increase taxes. Both votes are more significant than a majority vote. And you are going to have to have a three-fifths vote. If you want to increase the deficit, you are going to have to have a constitutional majority to increase taxes.

My personal belief is that it will be much easier to get that three-fifths vote to increase the deficit than to get a constitutional majority to increase taxes. I have no doubt in my mind about that. But both of them point us in the right direction by saying, look, we have to work on making priority choices. We just cannot fund everything anymore, and anybody with any modicum of sense knows that. We cannot fund everything anymore. We have to make priority choices and keep the best programs we can, and we might have to wait for a few years to get some of these less important programs.

Mr. BYRD. I thank the Senator. My friend, the Senator from Utah, is now telling the Senate and the American people that this amendment does not require a balanced budget.

Mr. HATCH. That is right.

Mr. BYRD. That is precisely what this amendment is being sold as. The American people are being told—and I have heard it said by many of the proponents on the floor this week already—that this is the way to balance the budget. “We have to have something to force us to balance the budget.”

The distinguished Senator from Utah is saying that this amendment does not require a balanced budget. I think we ought to tell the American people that.

Mr. HATCH. I have.

Mr. BYRD. I read this in the first section: “Total outlays for any fiscal year shall not exceed total receipts for that fiscal year.”

I know there are some loopholes whereby we might vote by three-fifths of a majority of each House, about which I will express myself at another time. But this amendment, we are now being told, does not require a balanced budget.

Let me ask the Senator this: He also said in his statement that we—meaning the Congress—are unwilling to do anything about it—meaning these massive deficits; we are unwilling to take the courageous action that is needed to bring them under control. We are unwilling to do it.

Mr. President, I remind my friend that we in the Congress were willing in 1990, under the agreement that was achieved at the so-called budget summit, where the representatives of the Bush administration sat, and the leadership on both sides of the aisle in this body and the leadership on both sides

of the aisle in the other body were present. We agreed on a package that would reduce the deficits over a period of 5 years by something like \$482 billion. And then in 1993, working with President Clinton, the Democratic Congress enacted legislation that, over a period of 5 years, reduces the budget deficit by \$432 billion. I know it really cuts, because we froze domestic discretionary spending, and because of that package, we are presently operating under a freeze. So we really cut discretionary spending, which includes both defense and domestic.

Mr. President, I say to my friend that when the time came to vote on that package, where was the courage? The Congress, under Democratic control in both Houses, demonstrated the courage to do something about it. We enacted that package, cutting \$432 billion over a period of 5 years. We enacted that package, but without the help of a single vote from my friend's side of the aisle. Not one Republican Senator from these 50 States, not one Republican House Member from these 50 States, screwed up the courage to vote for that package, which cuts deficits, over a period of 5 years, by \$432 billion.

And so, it was the Democrats in the Senate and in the House who demonstrated a willingness—I refer to the Senator's statement, when he said we are unwilling to do anything about it—it was the Democratic Senators and Democratic House Members under Democratic leadership and working with a Democratic President who demonstrated a willingness to cast a hard vote and to make some hard choices in the 1993 reconciliation bill.

So let it not be said that Congress does not have the courage to do it. I say why do we not do it again? Why do we not do it, I say to my friend? Why do we not do it again?

If the proponents of this amendment have—pardon me for imposing on the time; I will just say this and I will sit down—but if the proponents of this amendment have two-thirds of the vote to adopt this constitutional amendment in the House, and two-thirds of the vote in the Senate to adopt this constitutional amendment, meaning they have 290 votes in the House and 67 votes in the Senate, if they have the votes to adopt this constitutional amendment, why do they not get on with passing bills now? It only takes a majority of each body to pass bills, not two-thirds. Why do we not get on with it now? Why wait 7 years?

Mr. HATCH. Mr. President, I think that is a legitimate question. But keep in mind, both the 1990 bill and the 1993 bill were tax increase bills. And there is only so many times you can increase taxes on the American people.

What this amendment does is—yes, it does not require a balanced budget—it just says that it should be the rule and we have to work to get there. And if we do not want to get there, we are going

to have to vote not to and the American people will know who did it to them. That is the difference. It will take a supermajority vote of three-fifths, if you want to increase spending beyond our revenues, and a constitutional majority, no less than 51 in the Senate and no less than 218 in the House, if you want to increase taxes.

And I have to tell you, one of the reasons we believe this has to happen is because for the last 26 years we have not reached a balanced budget with all the tax increases we have had.

I remember back in 1982, when we increased taxes under Reagan, on the assumption that for every dollar in increased taxes we get \$2 in deficit reduction. We increased taxes and we spent \$1.32 more for every dollar, and now we are spending almost \$1.90 more for every dollar we increased in taxes.

Now I know the distinguished Senator from West Virginia, if he had his way would be able to do this, to balance the budget, and I would help him; at least I would try. I might not want to increase taxes to do it, but I would help him balance the budget.

But, I have to say, he is singular in getting it done. Now, I respect him. And I have no qualms about saying I think he would do that if he could. If he was a dictator or even a Talleyrand, he might get it done. But he is one of 100, in fact, one of 535. And it has not been done. And it is not going to be done, not without some mechanism in the Constitution to give us the incentives to do it.

Now, does this amendment guarantee we are going to go to a balanced budget? I think over time it does, because I think the American people are going to know who is doing it to them because we will be standing up and voting, rather than playing games around here.

Does the Senator have a question?

Mr. SIMON. Mr. President, I would simply like to respond briefly to my friend from West Virginia—and he is my friend and I have great respect for him.

Mr. HATCH. Mine, too.

Mr. SIMON. In what he has had to say.

Let me, in response to his last question to my colleague from Utah, say my colleague from Utah and I do not agree on how we ought to balance the budget. We have some strong philosophical differences, as Senator BYRD knows. We do agree, however, that we have to do it, and we need the discipline of a constitutional amendment to force us to do it.

I would differ also with respect to my friend when he talks about the heavy tax burden. I am not suggesting that we are going to solve this primarily through taxes. I do not think that is the case. I would add, of the 24 major industrial nations we are 24th in the percentage of our income that goes for taxation. We do not have a value-added tax. Most of the countries in Western Europe have that. We have the lowest

tax on a gallon of gasoline of any country outside of Saudi Arabia; the lowest taxes on a package of cigarettes, and you could go on and mention other things. But, having said that, there is no question we are going to primarily do this through restraining growth in spending.

And the Senator is right, I say to Senator BYRD, when he says we are going to have to make hard choices.

But it is very interesting—and we were just given at the Democratic caucus today a poll by the Wirthlin group on the balanced budget amendment—79 percent of the people favor a balanced budget amendment and 53 percent of them believe they are going to have to sacrifice in order to achieve it. They are willing to, the American public is willing to.

I take the choice of sacrificing a little bit so my three grandchildren can have a better future. And I do not have a difficult time making that choice at all, and I do not think the American people do.

Mr. President, I see my colleague on his feet, and I am pleased to yield to my distinguished colleague.

Mr. HATCH. I believe I still have the floor.

Mr. SIMON. I am sorry. I thought my colleague had yielded the floor.

Mr. HATCH. No, I am still retaining my right to the floor, but I am happy to yield to my friend.

Mr. BYRD. I am trying to remember precisely how the Senator said it when he spoke of his children and grandchildren.

Mr. SIMON. Mr. President, I said what I am required to do, if we pass this, is to sacrifice a little bit myself so they can have a better future.

The GAO says if we continue down the present path we are going to have a gradual declining standard of living. But if we, by the end of the century or 2001 in their original study, now it will be postponed to 2002, have a balanced budget by the year 2020, the average American will have, in inflation adjusted terms, an increase in the standard of living of 36 percent. That is a huge increase for those three grandchildren.

Mr. BYRD. Will the Senator yield?

Mr. HATCH. I am happy to yield.

Mr. BYRD. I ask unanimous consent that I may engage in this colloquy, with the Senator from Utah retaining his right to the floor.

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

Mr. BYRD. Mr. President, the distinguished Senator from Illinois has made a startling revelation. And I love him. I think he is Mr. Fair and Square around here, and I believe he is Mr. Fair and Square. He always has a smiling face and a shining countenance and that upbeat spirit about him that is so infectious. And I am going to miss him.

Mr. SIMON. I can see how you got elected in West Virginia, Senator BYRD.

Mr. BYRD. Well, that goes back a long way, I say to the Senator.

I believe he said that, "If this amendment is adopted, then I would be willing to sacrifice so that my children and grandchildren can have a better future."

Is he also saying that if this amendment is not adopted, he is unwilling to sacrifice for his children and grandchildren?

I say, Mr. President, we need to sacrifice for our children and grandchildren, whether or not this amendment is adopted. And we do not need an additional bit of print in the Constitution to fortify us with the courage and the discipline and the will to take a strong stand now in order to sacrifice for our country or our children and our grandchildren.

Mr. President, if I do not have the courage now to take a strong stand, if I am unwilling now to take a strong stand on behalf of my children and grandchildren and their children, there is no amount of ink that can put into that Constitution that will give me any more backbone, any more spine, any more courage, any more strength of will than I already have. It just cannot be done. I say that with all due respect to my friend.

He may wish to comment on my remarks.

I ask that the Senator from Utah yield for that purpose.

Mr. HATCH. I am happy to yield for that purpose.

Mr. SIMON. I am willing to sacrifice right now, and I know the Senator from West Virginia and the Senator from Utah are, too. Unfortunately, we have 26 years in a row of history that, as a body, we have rarely been willing to do it.

Oh, in 1993, you and I voted for what Senator BOB KERREY called a modest step toward reducing the deficit. I was pleased to do that.

Mr. BYRD. Modest enough. It did not get a single vote on the other side of the aisle in either House.

Mr. SIMON. The Senator is correct. Economists are virtually unanimous in saying that that was a good thing. It is to the credit of President Clinton that we did that.

I think history clearly shows we need outside discipline. We can even say it is a little more print in the paper of the Constitution. But as I said yesterday—and I think our Senator from Tennessee was presiding then, too—I said all of us went right over there and we took but one oath, to defend the Constitution. That has meaning for Senators. And I think that is true for any Senator. I think we are going to live by that.

Mr. BYRD. Mr. President, before the Senator adds those points, and if the Senator from Utah is willing to yield, the distinguished Senator referred to the oath. I have taken the oath 13 times in 48 years: In the West Virginia House of Delegates, the West Virginia Senate, the United States House of

Representatives and in the United States Senate. I know what it means.

Mr. President, we should be willing to bite the bullet now. We have not been 26 years in the building of this colossal—these deficits to the extent that they are triple-digit billion dollar deficits. For 182 years we ran up something like \$1 trillion debt.

Then when Mr. Reagan came into office—he was in office 8 years, Mr. Bush 4 years—we more than tripled that debt. And as my grandson used to say, “You know what,” I helped Mr. Reagan to triple that debt. Because I voted for his tax cut in 1981. And I have regretted it. I voted for his massive military buildup. I urged upon him that he could not balance the budget, mount such a massive defense buildup, and cut taxes in 3 successive years, 5 percent the first year, 10 percent the next year and 10 percent the third year. I urged upon him that he wait until after the first year or after the second year.

And as the minority leader at that time, I offered an amendment on this floor to require that we not have 3 years of successive tax cuts all in one bill; that, instead, we have 2 years and then wait and see what was happening to the economy, the deficits and so on, before we institute another, the third tax cut. But President Reagan would not listen. I voted with Mr. Reagan. I supported him on that tax cut because many West Virginians told me to give him a chance. I supported him on the defense buildup.

As to those triple-digit billion-dollar deficits, we never had one before Mr. Reagan was in office. Never did we have one triple-digit billion-dollar deficit. Never. They all started under his administration. I know a lot of people blame Congress for the deficits, but I will show sometime during the next few days that going back 45 years the total accumulated appropriations over the period of 45 years under the various Presidents, the accumulated appropriations are less than the accumulated budget requests submitted by those Presidents to the Congresses during that period of time. The figures will not lie. Liars can figure, but figures will not lie. The laws of mathematics do not change, whether it is the old math or the new math.

I say to my friend, this talk about needing something in the Constitution to force Members to discipline Members, to force Members to take the positions to make the tough votes and the tough choices. Something to force us. What are we, children? Mr. President, we will dodge that bullet when it comes because under this amendment, do you know who will enforce this balanced budget amendment? Congress will, according to this amendment language. Congress. Congress will enforce it. The same Congress which lacks the discipline now, to use the Senator's words, in essence.

I was thinking of Darwin and his theory of the survival of the fittest. I do not think that the men and women who

come to this body in 2002, 2003, or 2004 will have had sufficient additional time to benefit from Darwin's theory any more than we, with our ancestors stretching back over thousands upon thousands of years, have already benefited. Discipline cannot be put into the bloodstream of man by a needle. He cannot be inoculated with faith and discipline and courage, backbone and spine. It has to be inside him to begin with. I say that with the greatest respect for my friend, the happy warrior, the happy warrior, from the great State of Illinois.

Mr. HATCH. Mr. President, if I could take back my time.

Mr. SIMON. Mr. President, the Senator from Utah has the floor and when he is through I want to get the floor just to respond very briefly.

Mr. HATCH. Without losing the right to the floor, take that time to do so.

Mr. SIMON. Mr. President, let me say that there is no absolute guarantee that this will work. I think what we can virtually guarantee is if we do not pass this, we are continuing down the same slippery slope and we are not going to get things done.

In 1981 I was in the House. I was not in the Senate. But in the House we ended up with a bidding war between President Reagan and the Democrats on a tax cut. I voted against both the Reagan tax cut and the Democratic tax cut because the numbers just did not add up. We were saying by 1984 we will have a balanced budget. Third grade arithmetic told you that was not true.

Just a few other quick comments. One is the details of where we are heading. Concord Coalition put together a package. By the time this debate is over we will have a rough idea. One way to do it, for example, is to live within the limits that we have established right now through 1998, and then make some policy decisions that would combine the total of the Bush package, I think it was 1991, and the Clinton package, 1993. Not that onerous. People are being told, “This is going to hit every group.” Senior citizens are being told it will come out of your Social Security.

I had a man this morning, a hospital executive, tell me, We have been told \$500 billion of this is going to come out of hospitals. Every group is being told that. It just is not true.

Second, I say to my friend, who is, I think—and I am not one to exaggerate on the floor of the Senate, even though we all have a propensity to do that occasionally—I think it is correct to say that there has been no Senator in the history of the Senate who has been as much of a historian as ROBERT BYRD. His sweeping knowledge of history is impressive. I have written a few books in the field of history, but I do not pretend to have his knowledge of history.

The only historian who would even come close would be Albert Beveridge who served Indiana around the turn of the century who did a three volume biography of Abraham Lincoln. But he

had nowhere near the comprehensive knowledge of Senator BYRD.

But it was interesting to me this great historian did not get into the economic history of nations, and that economic history is very clear. As nations pile up debt, they keep on piling up debt, and what do they do eventually? They monetize the debt. They start the printing presses rolling. That is the history of nations, and we cannot avoid that.

Now, my friend from West Virginia had all what is going to happen to the various States. What is going to happen in those States if we do not pass the balanced budget amendment?

Mr. BYRD. Will the Senator yield, with the indulgence of the Senator from Utah? Why do we not do it now? We need two-thirds vote in each body to adopt this amendment. Why do we not just use a majority now to take whatever actions are necessary to continue to bring that budget into balance? It only takes a majority. Why wait 7 years? Darwin's theory of natural selection will not make me any more courageous in 7 years or 9 years or 90 years. I have only the courage that God gave me and the courage and the will and the determination and the faith that were inculcated into me by the people who raised me and by the genes that my father and mother and their ancestors gave me. That Constitution will not give me any more courage. Let us do it now. Why not now? Why not start now?

Mr. SIMON. I say to my friend from West Virginia, if we had 51 ROBERT BYRDS in the U.S. Senate, we could do that. We do not. That is the simple reality.

Mr. BYRD. No, no, I say to the Senator, you are flattering me now. We have lots of men and women in this Senate who have the courage to do it now. It is not just the ROBERT BYRDS. We have enough men and women in the Senate to do it now. Let us be honest with those people out there who are watching through that electronic eye. We have just heard our friend on the other side of the aisle say this constitutional amendment does not require a balanced budget. Let us start now.

Mr. HATCH. If I could—

Mr. SIMON. I do have some other points, but I will make them on some other occasion and I return the floor to my colleague from Utah.

THE PRESIDING OFFICER. The Senator from Utah.

Mr. BYRD. Mr. President, I thank both Senators.

Mr. HATCH. Mr. President, I thank both sides. I think it has been an interesting colloquy between my two colleagues. I agree with the distinguished Senator, why do we not do it now? This is why we are going to get it done because we are going to put a mechanism in the Constitution to help us to do it, and that is what this requires.

Let me also say this—President Reagan, of course, cannot defend himself at this particular point—but I do not think anybody should fail to note that when John F. Kennedy was President of the United States back in 1962, the military budget was 49 percent of the total Federal budget. The highest it ever got under Reagan, as I recall, was 26 or 27 percent of the total Federal budget, about half of what John F. Kennedy was willing to spend and the Congress was willing to spend for the military at that time. Forty-nine percent.

How is it that when Reagan helped to increase military spending that brought down the Iron Curtain and ended the cold war with only 26 percent of the budget, that it was he who caused this grand spending boom when we used to spend 49 percent because the national security interests of this country were the single most important interests of the Federal Government?

I will tell you why. Because John F. Kennedy cut taxes 10 percent and the economy boomed, because more people were making more money, paying more taxes, more businesses were created, more jobs were created, more people were working. John F. Kennedy cut taxes, spent 49 percent of the Federal budget on the military, and we had a very low deficit at that time.

He was succeeded by Lyndon Johnson who decided he was going to take care of everybody, and he came up with what was called the Great Society programs, and from those programs we have a proliferation of Federal Government control over all of our lives and a proliferation of spending where now 70 percent of this Federal budget is entitlement spending. That means it goes up and up and up automatically and nobody stops them.

In defense of President Reagan, and I do not mean to get too much into this because I think people who really understand economics and understand the history realize that he was not the one who created these huge deficits. Certainly tax cuts sometimes wrongfully given can, over the short term cause us to have less money in the budget. But over the long term, they generally produce more jobs, more businesses, more people employed, more people working, more people paying into the system, more revenues to the Federal Government.

By the way, the Reagan tax cuts created 9 years of economic expansion, the longest peacetime economic expansion in the history of the country, and it was the tax cut that did it. But what was not said is that in order to get his tax cut in 1982 and his tax cut of marginal tax rates in 1986, he had to agree to all kinds of entitlement expenditures.

Today, entitlements are 70 percent of the budget. They were not that during the time of President Kennedy; 50 percent of the budget was for the military, and that is not an entitlement pro-

gram. It is important, and the distinguished Senator from West Virginia made it clear that it was important.

Constitutionally, it is Congress which must balance the budget. Even if President Reagan pushed some of the ideas enacted at that time and people on the other side of the aisle love to blame him for it, it was Congress that passed these bills, according to the Constitution it is Congress that controls the purse strings. Congress cannot avoid that responsibility. It was Congress that kept increasing spending. It was Congress that came up with more and more Federal programs.

Look, I used to be chairman of the Labor Committee. My ranking member was none other than Senator KENNEDY. When I became chairman of that committee, it was the most liberal committee in the Congress. There were between 2,000 and 3,000 Federal programs created by that committee that are currently in existence. Imagine that. And that is just one committee in Congress.

Constitutionally, it is our responsibility, not the President's, although I think he or she has a responsibility, too, to balance the budget.

Reagan's tax cuts raised revenues during those years—raised \$1 trillion during the Reagan administration—\$1 trillion in additional tax revenues. Under Reagan, 20 million new jobs were created. But Congress spent \$1.4 trillion during that same time.

Had we stuck with the tax cuts and not had Congress dictate the increased spending side of those tax bills, we would not have nearly the problems we have today, although we still would have problems because of the entitlement programs.

This body is gutless when it comes to doing anything about entitlement programs, and with good cause, because unless you have Presidential leadership and congressional consensus to do something about them, then in the next election, accusations will be made that those who talked about doing something about entitlement programs are trying to do away with them.

So it is going to take Presidential leadership and congressional leadership. And what we do with the balanced budget amendment is we get a mechanism in place that encourages and creates the incentives for balancing the budget rather than spending more and more and forces Congress make priority choices among competing programs in order to do so.

We have runaway spending in this country. I appreciate the distinguished Senator from West Virginia saying why he thinks we should not do it now. I believe he probably would act to balance the budget. But he is one of a very few in the whole Congress who, if he would, would actually do it without a balanced budget amendment. But if as he argues we can do it now, and we do not need the increased pressure of a constitutional mandate, then why have we failed up until now? Then why have we

not balanced the budget for the last 26 years? Why have we not?

My friend from West Virginia has been one of the leaders in the Senate. He was both majority and minority leader. He had tremendous power during that time and still does without being the leader of the Senate. During those years, I know he worked hard to try to do it and he could not with his own side of the floor. And I have to say it is not just Democrats that have caused this; Republicans have, too, because the incentives are not there in the Constitution right now. Jefferson saw the problem. But he never thought that we would reach the state of morass that we are in today where nobody is willing to fight to resolve budgetary problems—or I should not say nobody. I should say where the majority are unwilling to do what is in the best interests of this country.

We have a destructive welfare system. Everybody says we have to do something about it. Maybe we will this year. On the other hand, should we not have to make priority choices there as well?

We have an antisavings Tax Code. It discourages savings. Maybe we will come up with a Tax Code that will work, where people do not feel nearly as badly about paying their taxes as they do today with the oppressive antisaving Tax Code that we have.

We have a Washington bureaucracy that is out of control, partly built because we have so many of these programs, not all of which are needed but all of which are well intentioned. I will acknowledge that, but not all of which are needed and certainly not all of which rise to the same dignity as the important programs do. But they exist and get funding because we do not have to make priority choices among competing programs.

People in this last election said the old ways are not working. The old ways are not working. This country is not working the way it should. And for the first time in 40 years, they allowed the Republicans the privilege of being in control of the House of Representatives, and they gave us the privilege once again to be at least the majority in the Senate.

Now, we have no illusions about having complete control here. If you look at ideology, a majority in the Senate are liberal, at least 51 of the Senators are what you would call primarily liberal, who do not want to cut anything; who do not want to do anything to balance the budget, at least in the sense of spending cuts. They will increase taxes. They will do that until the American people scream, and they are screaming now.

(Mrs. HUTCHISON assumed the chair.)

Mr. HATCH. In the House of Representatives, it may be about the same. So nobody has any illusions that just because the Republicans have taken control, we can do whatever we want to do. We cannot. As a matter of fact, the



American people did not mean this to be a mere Republican revolution. They said, look, we are willing to try anything to get spending under control. And the polls do show that they believe Republicans will do a better job of getting spending under control.

I believe one of the reasons why they believe that is a vast majority of Republicans in both bodies, almost every Republican in the House, almost every Republican in the Senate, is willing to vote for this balanced budget amendment and they knew it would be one of the first things we would bring up.

But having said that, there were 72 courageous Democrats in the House of Representatives who voted for this amendment who are probably more moderate to liberal than most Republicans who voted to pass the balanced budget tax limitation constitutional amendment.

That amendment is what we are debating right now. For the first time in the history of the country, the House of Representatives has voted to put into the Constitution a fiscal mechanism that will help us to reach a balanced budget. And I have to say we need about 15 to 17 courageous Democrats in the Senate or it will not pass by a two-thirds vote. All we need is, let us say, 17. That means 30 of them can vote against it, if they want to, and we can still pass it.

The fact is that is what we need. We just need a few Democrats to stand up here, like a few stood up in the House. They were the minority of the Democrats in the House. Let me tell you, those who do stand up are going to be heroes to me because there is tremendous pressure on them to keep the old order, where we can keep spending and reelecting ourselves, where we can tax and spend and reelect.

So whoever votes with us from the Democratic side of the aisle is going to be a hero to me, I have to tell you. And there are some real heroes, not the least of whom is the distinguished Senator from Illinois. We do differ ideologically. He is liberal; I am conservative. But he also acknowledges that something has to be done. I praise him for it, and I admire him for it because it is not easy when so few on his side are willing to do anything about this.

If this goes down to defeat, I do not think the American people are ever going to get over it because for the first time in history, the House of Representatives has voted for a balanced budget amendment. What a historic vote that was. Would it not be awful if the Senate, which was the first body to ever vote for a balanced budget tax limitation amendment, the one we brought to the floor in 1982, when I was chairman of the Constitution Subcommittee, would it not be awful if the Senate voted it down because we cannot find 17 Democrats to vote with us? Would it not be awful? Would not people on the other side of the floor feel terrible about that? I think they would at the polls, because I do not think the American people are going to forget it.

This is the most important constitutional issue, it seems to me, aside from the Religious Freedom Restoration Act, that we passed a few years ago overwhelmingly, on which this body is going to vote in the lifetime of the Members of this body. There are other extremely important constitutional issues that may rise to this dignity, but this is the most important of all of them because we are talking about the future of the country now. And when I see anybody coming to the floor and saying look at all these programs we are going to lose if we pass the balanced budget amendment, I see an argument for more of the same—more of the same of the last 26 years. If we will not do anything we will face it in the future. Sometime we will have to get this under control.

I know there is sincerity among some who make those arguments, but history does not back it up. History does not back it up and our experience does not back it up. I have heard talk about our children's future. Let me tell you, nobody is more concerned about our children's future than those of us who have a lot of children and grandchildren. Elaine and I have 6 children, and we will have our 15th grandchild here in another month or two. I have to tell you, we love each and every one of them, and I am worried that their future is going fast. We are not giving them the future we had because we are spending their legacy away, and we are not willing to do anything about it.

And yet we keep getting these same old tired arguments against doing anything. My gosh, why do we not do it now? I have heard those same arguments ever since I have been here. And I have no doubt of the sincerity of the distinguished Senator from West Virginia. But it is amazing to me, if you make the correlation of those who say, "Let us do it now, we do not need a balanced budget amendment," why it is almost everybody who is going to vote against it who says we do not need a constitutional directive to balance the budget. And most of them have been here as long as I have, or at least a pretty lengthy time in the Senate, and never once have we balanced the budget.

I think the American people have our number. The American dream is fading for our children. We have to make the right decisions now to keep it alive for them. We cannot keep accepting these same old arguments for going on as we have in the past. How can it be said that every State is going to have to increase its taxes because we pass a balanced budget constitutional amendment—as if the States do not each have the ability to respond to a new fiscal environment in their own way. No, Congress is going to have to make priority choices among competing programs for the first time in the time I have served here, 19 years. They are going to have to make the tough choices or they are going to have to stand up and vote not to. If they do, I

think they are going to be thrown out of office in the next election, which is what should happen to those of us who do not do what is right. That is the ultimate and real enforcement, and it will work.

We have to cut the waste. We have to cut the fat, and there is plenty. Anybody who denies or doubts that we have waste and fat in this budget just has not looked. They have not looked at the budget. They have not looked at what the Federal Government has done.

Do not tell me we have to continue to pour everything through this bureaucracy when we get only 28 percent back out. Why do we not keep that money at home and get 100 percent for the people, the poor, the sick and elderly, and those who have difficulties in our society? Why launder it through the Federal Government? We are not the all-seeing eye, nor are we always right in our remedies. The Founding Fathers believed the Government closest to the people is better able to deal with such problems. It is a true belief, because people lose touch within this beltway.

The same old order cannot continue. We have to do what is right for this society. This balanced budget amendment will give us the incentives to do so. And I agree with the Senator from Illinois, we take an oath to uphold that Constitution. I think most all of us take that oath very seriously. If this becomes a part of the Constitution, and I believe it will, then I believe we will take it seriously and I believe we will make great inroads over the next 7 years to do what is right for this country.

It may be the only way to save this country from going into a total depression sometime in the future when our money becomes worthless, and when Social Security becomes worthless, and when our children's programs become worthless, and when all of these other programs we have been talking about become worthless as we continued to spend this country blind. If our Government or economy is destroyed by our current profligacy, we will not have any—any—of the programs we have been talking about, and which the opponents of the balanced budget amendment say will be cut if we balance the budget.

As you know, I say to my friend here today, I admire my friend from West Virginia. I admire the way he feels. I admire the way he gives extraordinary time to the Senate and why he is willing to stand out here and take the guff of Senators. He is willing to stand out here and fight for what he believes in.

He is a quintessential Senator. I believe that. But he is wrong. He is wrong to think we can continue to go the way we are going and still solve the problems of this country. As sincere as people are, we can be sincerely wrong.

Even Paul held the coats of the people who killed Stephen, the first Christian martyr, thinking he was right. He was sincerely wrong and he had to admit it later when he was blinded on the way to Damascus.

And the voice said: "Saul, Saul, why persecutest thou me?" And he just stopped. And the minute Paul knew with whom he was talking he said, "Lord, what wilt thou have me to do?" And from that minute on he admitted he was wrong and went to do the job.

We in Congress have to admit we have been wrong, spending this country into bankruptcy and this balanced budget amendment is one of the first steps we should take to right that wrong.

The unfunded mandates legislation is one of the other steps to our redemption. We have to quit loading up the State and local governments with ridiculous unfunded mandates that take away their rights of self-determination and so often actually do not even work. I think the unfunded mandates legislation we recently approved will work. Although I agree with the distinguished Senator from West Virginia, it only takes 51 percent, a majority vote to change it. But I think we are going to be loath to change it now that we have put it in place.

I see the distinguished Senator from Tennessee is here. I know he wants to speak to this matter. There is a lot more I would like to say but I will let it go at this. I just hope everybody in this body recognizes what an important, significant, and historic vote this is going to be. I hope we vote down any and all attempts to change it because this is the amendment. This is our last, best chance. This is the chance to put some fiscal discipline that works into the Constitution, that will help us to do the job that we have not done before because we have not had a constitutional mandate to do it. It is a bipartisan, Democrat and Republican consensus amendment, the best we can do. It is not perfect but it is the most perfect thing we can do and I hope everybody realizes it. Most important, I hope our folks out there throughout this country realize that they have a role to play constitutionally. That role is to write and call and get with your Senators and get them to vote for this. We all know who needs to vote for it.

With that I yield the floor for now and will speak more later.

#### HOUSE JOINT RESOLUTION 1, THE BALANCED BUDGET CONSTITUTIONAL AMENDMENT

Mr. INOUE. Madam President, as my constituents know, I do not give speeches on every issue addressed by the U.S. Senate. However, I felt that on a matter as significant to the American people as an amendment to United States Constitution, I had to share my thoughts. In no way is my speech delivered to stall these proceedings. I wish to address the Senate because I am genuinely distressed about several serious deficiencies in the balanced budget amendment measure now before the

U.S. Senate, not the least of which is the fact that the American public, ourselves included, does not have a full and fair understanding of how this balanced budget amendment will truly impact our lives.

While the proponents tell us that they will balance the budget, while cutting taxes, increasing defense spending and protecting Social Security, we are also told that to meet all these goals, the Congress will have to cut spending by \$1.5 trillion before the year 2002. In addition, estimates by the Congressional Budget Office indicate that if Social Security and defense spending are not cut, all other programs must be cut across the board by 30 percent. I believe the people of America should be told in advance where these cuts will occur.

The new leadership of the U.S. Senate is determined to pass this measure almost as expeditiously as the House of Representatives. With only 2 days of consideration on the House floor on House Joint Resolution 1, debate was, at best, limited. On a matter of this significance, the least we can do is not only fully acquaint ourselves with the matter before us and its effects, but also provide the same information to the citizens of this Nation so they may know its impact on their lives. This should not be part of a contest to see who can pass a bill faster.

The proponents of this measure seem to wish to move with undue haste, without responsibility for the consequences of their actions, only to let the American people and the States unknowingly deal with the unpleasant realities at a later date. Our constituents have a right to know and understand the real impact of this balanced budget amendment.

The concept of a balanced budget amendment to the Constitution is nothing new to this body. In 1980, the Senate Judiciary Committee rejected the proposed constitutional amendment by a vote of 9 to 8. In 1982, the U.S. Senate actually passed a balanced budget amendment. That measure, Senate Joint Resolution 58, would have only allowed deficit spending or an increase in the Nation's debt ceiling upon a three-fifths vote of the Congress. Though passed by the Senate, Senate Joint Resolution 58 died in the House of Representatives.

Many of us in the U.S. Senate consider the balanced budget amendment before us with deep concern because underlying the measure is an implication or suggestion that we who are elected by our people are incapable of doing our work. I believe even a cursory study and analysis of the past 2 years will clearly assure the citizens of our Nation that we are capable of and are, in fact, doing our job.

Our work together with the Clinton administration has produced significant accomplishments over the last 2 years that no one can dispute. Over 5.6 million new jobs have been created. The unemployment rate has dropped

from 7.3 percent in 1992 to 5.4 percent as of December 1994, the lowest rate in over 4 years. Inflation has dropped to 2.7 percent, the lowest since 1986. Under the Omnibus Budget Reconciliation Act passed by the Congress in 1993, the Federal deficit has been reduced by \$87 billion between 1992 and 1994. This is the first time the deficit has dropped 2 years in a row in over 20 years, and it is the largest 2-year drop in history. The deficit is projected to fall another \$27 billion in 1995. Many of us, together with eminent economists, are convinced that the path we have laid will further decrease our deficit and improve our economy.

The United States Constitution is a document of permanency. It sets forth the basic principles, ideals and philosophy of this country and our society. It is not a document which should be tinkered with lightly. The Constitution of this great Nation was signed on September 17, 1787. Delaware was the first State to ratify the document on October 7, 1787. Other States ratified the Constitution during the course of 1788, and the Constitution took effect on September 13, 1788. There are currently 26 amendments to the Constitution. Since the 1st Congress in 1789, 10,736 Constitutional amendments have been proposed in the Congress. We have been rightfully very reluctant to pass Constitutional amendments.

Measures of this magnitude and import must be approached with great care and consideration. It took the U.S. Congress somewhere on the order of 30 years to pass Medicare legislation. Medicare was first debated in Congress in the 1930's with the social reforms of the New Deal. Medicare was not considered seriously again until the mid 1950's. In 1960 Senator John F. Kennedy featured Medicare in his Presidential campaign. However, Medicare was not enacted by the Congress until 1965. Congressional debate to end the Vietnam conflict began in the early 1960's, but the Congress did not set a date certain for the end of the war until 1973—the same year the War Powers Act was passed. The Family and Medical Leave Act was first introduced in the 99th Congress, vetoed by President Bush in both the 101st and 102d Congresses, and finally signed into law by President Clinton in the opening days of the 103d Congress. The Supreme Court's decision in *Brown versus Board of Education of Topeka*, ordering the racial desegregation of our Nation's schools, was rendered on May 31, 1955. However, not until the Civil Rights Act of 1964 did the Congress give the Attorney General the power to initiate civil actions to achieve desegregation. The Civil Rights Act of 1964 was debated in the Senate for 83 days.

Each of these measures was fully debated in both Houses of the Congress, and they were not even amendments to the Constitution of the United States. I submit that a proposed constitutional amendment demands a significantly higher level of scrutiny and debate

wherein the American people are fully informed of all of the amendment's implications.

Every household in our Nation tries its best to balance its individual family budget. However, in contemporary times this task is much more difficult than that faced by my grandparents. Now we have an innovation known as the credit care that allows us to buy now and pay later. As of November 1994, our citizens' revolving loan debt was \$334.4 billion.

Living with debt is part of the economy of every country. Such debt is generally categorized into the types of accounts: operating expenses and capital improvements. It is good fiscal policy for a country to work to keep operating expenses current. Similarly, the American family should try to stay current in its everyday expenses. On the other hand, very few Americans would be included to purchase a home with cash. That home is acquired with credit in the form of a mortgage loan. This is not so different from a government obtaining financing to fund capital improvements. Presently, the total amount of our Nation's home mortgage debt is \$3.3 trillion. The supporters of this balanced budget amendment proposes to consider both operating expenses and capital improvements as one account, lumped together as debt. Economists will tell you that this is not sound fiscal policy.

It is a relatively simple matter when balancing the family budget to be fully cognizant of what must be cut and what operational costs are essential and cannot be curtailed. Unlike this household budget balancing, the balanced budget amendment currently before the Senate intentionally and almost deliberately does not inform the American public of what is going to be done to achieve the goal of a balanced Federal budget. The American people have a right to know this information.

Merely telling our constituents that we will increase defense spending, lower taxes, not touch Social Security, and hope that the economy is going to improve is simply not sufficient. In July of 1981, similar words were uttered by President Ronald Reagan, and the Congress adopted "Reaganomics," also known as supply side economics. When this process began in July 1981, the Federal budget deficit amounted to \$79 billion. When Ronald Reagan left office in 1988, the Federal deficit had increased to \$155 billion. Under the Republican administration's budget policies, the upward trend continued through George Bush's administration with the deficit topping out at \$290 billion in 1992. Proponents of this balanced budget amendment refuse to acknowledge that the problems we address today began in July 1981.

I believe that the American people have the right to know exactly how the Congress plans to put this balanced budget amendment to work. For example, the health care costs, which are the largest part of the Federal budget, are not achieved by FY 2002 through across-the-board spending cuts that exclude defense and social security.

Every study indicates that by 1988, this figure will increase dramatically such that 24 percent of Federal spending will be on health care. One-half of that amount will be spent on Medicare alone. I would think that the people of this country would like to know now

duced or eliminated? How will highway funds, Aid to Families With Dependent Children, job training and veterans' benefits, and other grants to States be impacted? Further, if States felt that these programs were essential, I would think that our constituents would want to know just how much it would cost them as State taxpayers to continue these programs.

I am also deeply concerned about the provision in House Joint Resolution 1 which provides that the balanced budget requirement may be waived if there is a declaration of war, or the United States is engaged in military conflict which threatens the national security of our country.

Would the United States' humanitarian mission in Somalia come within this provision? What about United States peacekeeping efforts in Bosnia? What about Haiti, Desert Storm, Vietnam and Korea? Some would argue that the Korean war was a police action, not the result of a declaration of war, therefore, not a war.

Further, how will we deal with the financial impact of natural disasters over which we have no control—Hurricanes Andrew, Iniki and Omar, floods in the Midwest and California, and the earthquakes in California, to name a few.

The American people deserve to know the answers to these questions.

At the request of the National Governors' Association, the U.S. Department of the Treasury recently prepared a report on the likely effects on the States of a balanced budget amendment alone, as well as accompanied by the tax reductions proposed by the Republican Contract With America. As proposed by the proponents of the balanced budget amendment, the Treasury Department assumed that there would be no cuts to defense or Social Security, not tax increases, and that deficit reduction would be achieved by the year 2002.

According to the Treasury Department, even if phased in gradually between now and the year 2002, deficit reduction cuts will be severe in 2002. A balanced budget amendment will require reducing Federal grants to States, for programs such as Medicaid and highway funds, by a total of \$71.3 billion in fiscal year 2002. Other Federal programs that directly benefit State residents, such as Medicare and housing assistance, would have to be cut by \$176.5 billion in fiscal year 2002. However, these figures grow significantly if Republican-sponsored tax reductions in the Contract With America are taken into account. Cuts totalling \$97.8 billion in grants and \$242 billion in other programs that directly benefit State residents would be required in fiscal year 2002 under a balanced budget amendment combined with the proposed Contract With America tax reductions.

For the benefit of my constituents, I would like to highlight the impact on the State of Hawaii based upon an analysis prepared by the Treasury Department. I ask unanimous consent that a copy of the Treasury Department's analysis on the impact of the balanced budget amendment and Contract With America tax reductions be included in the Congressional Record.

Source: U.S. Department of the Treasury, January 1995.

for Medicaid, highways, Aid to Families with Dependent Children, education, job training, environmental protection, housing and other programs by \$328 million. Combined with the proposed tax cuts in the Contract With America, this figure rises to \$450 million in lost Federal grants annually. Hawaii would also lose another \$1 billion annually in other Federal spending for Medicare, housing assistance, student loans, veterans' benefits and other programs. The Treasury Department's analysis further shows that Hawaii State taxes would have to be increased by over 9 percent to make up for lost Federal funding and to continue these programs.

The American public and our constituents have a right to know about the impact of the proposal before us on their lives. Without a provision setting forth the nature and amounts of budget cuts, the balanced budget amendment measure before us would be grossly unfair to our States and our taxpayers.

Why are the Republican who are the authors of this balanced budget amendment afraid to let the people know? Don't they trust their fellow Americans? The logical and appropriate way to make decisions is to know all the facts. Our constituents—the American taxpayers—and our State legislatures should be entrusted with and have the benefit of the facts before this balanced budget amendment is considered for ratification.

The Senate is unique because it is where ideas and concerns can be freely and fully expressed. I hope that every Member of this body will express themselves freely. I hope that all of us will participate openly in this debate.

As this joint resolution stands today, I will most certainly oppose it and do everything in my power to defeat it.

#### EXHIBIT 1.

##### THE IMPACT OF A BALANCED BUDGET AMENDMENT AND THE CONTRACT WITH AMERICA ON THE STATE OF HAWAII<sup>1</sup>

I. A Balanced Budget Amendment would reduce annual Federal grants to the Hawaii state government by \$328 million:

\$117 million per year in lost funding for Medicaid.

\$62 million per year in lost highway trust fund grants.

\$24 million per year in lost funding for welfare (AFDC).

\$125 million per year in lost funding for education, job training, the environment, housing, and other areas.

Hawaii would have to increase state taxes by 6.8 percent across-the-board to make up for the loss in grants.

II. A Balanced Budget Amendment combined with the "Contract with America" tax cuts would require even deeper spending cuts, thereby reducing annual Federal grants to the Hawaii state government by \$450 million:

\$161 million per year in lost funding for Medicaid.

\$85 million per year in lost highway trust fund grants.

\$32 million per year in lost funding for welfare (AFDC).

\$172 million per year in lost funding for education, job training, the environment, housing, and other areas.

Hawaii would have to increase state taxes by 9.3 percent across-the-board to make up for the loss in grants.

III. A Balanced Budget Amendment and the "Contract with America" tax cuts would

TABLE 1.—SPENDING REDUCTIONS UNDER BALANCED BUDGET AMENDMENT, FISCAL YEAR 2002

[In millions of dollars]

State	Cuts in Grants to State Governments					Required State tax increase (in percent)	Cuts in other Federal spending		
	Total	Medicaid	Highway	AFDC	Other		Total	Medicare	Other
Alabama .....	1,162	641	98	32	391	16.4	3,058	1,157	1,900
Alaska .....	306	89	71	19	127	9.8	576	44	532
Arizona .....	919	519	78	68	254	10.4	2,397	949	1,447
Arkansas .....	723	416	65	16	225	16.5	1,567	766	800
California .....	7,708	3,944	442	960	2,362	9.2	20,321	9,101	11,220
Colorado .....	755	387	79	36	253	11.8	2,764	721	2,044
Connecticut .....	1,008	587	105	63	253	11.2	1,843	1,089	755
Delaware .....	158	70	18	9	61	7.2	383	176	207
District of Columbia .....	697	183	17	24	473	20.4	4,937	313	4,624
Florida .....	2,656	1,520	202	170	764	10.2	9,782	5,336	4,446
Georgia .....	1,608	938	131	101	438	12.0	2,780	1,392	2,398
Hawaii .....	328	117	62	24	125	6.8	737	216	522
Idaho .....	254	118	33	8	95	9.9	855	218	637
Illinois .....	2,576	1,354	174	155	892	11.6	7,532	4,092	3,441
Indiana .....	1,490	956	123	54	357	13.8	2,531	1,497	1,034
Iowa .....	630	328	69	35	197	10.9	1,919	897	1,022
Kansas .....	622	355	52	29	186	13.0	1,730	819	911
Kentucky .....	1,157	690	69	56	341	14.5	2,111	952	1,159
Louisiana .....	1,966	1,500	94	48	324	27.8	2,361	1,066	1,296
Maine .....	452	279	28	24	121	17.5	717	385	331
Maryland .....	1,125	581	83	65	398	9.9	6,253	1,377	4,876
Massachusetts .....	1,915	1,073	248	135	459	12.6	4,683	2,449	2,234
Michigan .....	2,477	1,355	140	229	753	13.2	4,988	3,333	1,655
Minnesota .....	1,177	679	102	83	314	9.4	2,547	1,123	1,424
Mississippi .....	864	496	61	24	282	20.8	1,672	713	959
Missouri .....	1,316	747	109	62	398	15.5	3,942	1,781	2,161
Montana .....	277	123	52	12	89	19.8	744	218	526
Nebraska .....	388	192	44	23	129	13.3	1,213	482	732
Nevada .....	227	116	32	11	68	6.2	1,005	258	747
New Hampshire .....	212	112	31	11	58	17.6	563	270	293
New Jersey .....	2,476	1,500	141	129	705	12.7	4,653	2,894	1,759
New Mexico .....	524	233	70	28	193	12.9	2,117	321	1,796
New York .....	8,181	5,442	274	535	1,930	17.4	11,058	6,876	4,182
North Carolina .....	1,697	1,025	136	95	441	11.1	3,217	1,432	1,785
North Dakota .....	229	105	35	8	81	19.7	563	231	332
Ohio .....	2,826	1,718	170	212	727	14.4	6,007	3,442	2,565
Oklahoma .....	770	424	51	51	244	12.4	2,110	934	1,117
Oregon .....	706	342	54	47	263	12.2	1,976	833	1,143
Pennsylvania .....	3,057	1,767	211	178	901	12.7	8,555	5,120	3,435
Rhode Island .....	430	255	42	23	109	21.4	619	347	272
South Carolina .....	1,033	644	68	31	260	14.3	2,217	682	1,536
South Dakota .....	231	103	39	6	82	24.7	577	205	372
Tennessee .....	1,537	989	78	60	411	19.5	3,845	1,349	2,496
Texas .....	4,167	2,520	340	147	1,159	14.0	10,758	4,280	6,479
Utah .....	422	190	49	22	160	11.4	1,078	235	842
Vermont .....	207	89	37	13	68	17.4	301	150	151
Virginia .....	1,005	490	72	49	393	8.2	6,073	1,374	4,699
Washington .....	1,318	730	117	126	346	8.4	3,569	1,107	2,463
West Virginia .....	765	488	45	32	199	20.6	1,209	600	608
Wisconsin .....	1,250	694	111	96	349	10.3	2,480	1,503	977
Wyoming .....	218	55	38	8	118	18.7	286	96	191
Total, State .....	70,172	40,271	5,093	4,480	20,328	12.6	172,792	77,199	95,593
Undistributed and territories .....	1,127	43	83	28	973	NA	3,700	276	3,424
Total, United States .....	71,300	40,314	5,176	4,506	21,301	NA	176,492	77,476	99,017

Source: U.S. Department of the Treasury, January 12, 1995.

TABLE 2.—SPENDING REDUCTIONS UNDER CONTRACT WITH AMERICA, FISCAL YEAR 2002

[In millions of dollars]

State	Cuts in grants to State governments					Required State tax increase	Cuts in other Federal spending		
	Total	Medicaid	Highway	AFDC	Other		Total	Medicare	Other
Alabama .....	1,594	879	135	44	536	22.5	4,195	1,688	2,608
Alaska .....	420	123	98	28	174	13.5	790	60	730
Arizona .....	1,261	712	108	93	348	14.2	3,288	1,302	1,986
Arkansas .....	992	571	90	23	309	22.7	2,150	1,052	1,098
California .....	10,576	5,412	607	1,317	3,241	12.8	27,880	12,486	15,394
Colorado .....	1,036	531	108	49	347	16.2	3,793	989	2,804
Connecticut .....	1,383	805	145	86	348	15.4	2,528	1,494	1,035
Delaware .....	217	97	25	12	83	9.8	526	241	284
District of Columbia .....	956	252	23	32	650	27.9	6,774	429	6,345
Florida .....	3,644	2,086	277	233	1,048	14.0	13,421	7,321	6,100
Georgia .....	2,206	1,286	180	138	601	16.5	5,200	1,910	3,290
Hawaii .....	450	161	85	32	172	9.3	1,012	296	716

TABLE 2.—SPENDING REDUCTIONS UNDER CONTRACT WITH AMERICA, FISCAL YEAR 2002—Continued

[In millions of dollars]

State	Cuts in grants to State governments					Required State tax increase	Cuts in other Federal spending		
	Total	Medicaid	Highway	AFDC	Other		Total	Medicare	Other
Idaho .....	349	162	46	11	131	13.6	1,173	299	874
Illinois .....	3,534	1,858	239	213	1,224	15.9	10,334	5,614	4,721
Indiana .....	2,044	1,312	168	74	490	18.9	3,473	2,054	1,419
Iowa .....	864	451	95	48	270	15.0	2,633	1,231	1,402
Kansas .....	853	487	71	40	255	17.8	2,374	1,124	1,249
Kentucky .....	1,587	947	95	77	468	19.8	2,896	1,306	1,590
Louisiana .....	2,697	2,059	129	66	444	38.2	3,240	1,462	1,778
Maine .....	621	383	38	33	166	24.0	983	529	454
Maryland .....	1,543	798	113	89	543	13.5	8,579	1,889	6,690
Massachusetts .....	2,627	1,472	340	185	630	17.3	6,425	3,360	3,065
Michigan .....	3,398	1,859	192	314	1,034	18.1	6,844	4,572	2,271
Minnesota .....	1,615	931	139	113	431	13.0	3,494	1,541	1,954
Mississippi .....	1,185	681	84	33	387	28.5	2,294	978	1,316
Missouri .....	1,806	1,025	149	85	547	21.2	5,408	2,444	2,965
Montana .....	380	189	71	17	123	27.1	1,021	298	722
Nebraska .....	533	264	60	31	177	18.3	1,665	661	1,004
Nevada .....	312	159	44	15	94	8.6	1,379	354	1,025
New Hampshire .....	291	154	43	16	79	24.1	773	370	403
New Jersey .....	3,397	2,059	194	177	968	17.5	6,364	3,971	2,413
New Mexico .....	719	320	96	38	265	17.6	2,904	440	2,464
New York .....	11,226	7,466	376	734	2,649	23.8	15,172	9,435	5,738
North Carolina .....	2,329	1,406	187	130	605	15.2	4,414	1,965	2,449
North Dakota .....	314	144	48	10	111	27.0	773	317	455
Ohio .....	3,878	2,358	233	290	997	19.8	8,242	4,722	3,520
Oklahoma .....	1,056	582	70	69	335	17.0	2,896	1,281	1,615
Oregon .....	969	469	75	65	361	16.6	2,711	1,143	1,568
Pennsylvania .....	4,194	2,424	290	244	1,237	17.4	11,738	7,025	4,713
Rhode Island .....	590	350	68	32	150	29.3	849	476	373
South Carolina .....	1,378	883	94	42	357	19.6	3,042	935	2,106
South Dakota .....	316	142	53	9	113	33.8	792	281	511
Tennessee .....	2,109	1,357	107	82	563	26.7	5,275	1,850	3,425
Texas .....	5,717	3,457	466	202	1,591	19.2	14,761	5,872	8,889
Utah .....	579	261	68	31	220	15.6	1,479	323	1,156
Vermont .....	284	122	51	18	93	23.9	413	206	207
Virginia .....	1,379	673	99	68	539	11.2	8,332	1,885	6,447
Washington .....	1,809	1,001	161	172	474	11.5	4,897	1,518	3,379
West Virginia .....	1,049	670	62	44	273	28.3	1,658	824	835
Wisconsin .....	1,716	952	153	132	479	14.2	3,402	2,062	1,340
Wyoming .....	300	75	52	10	162	25.7	393	131	262
Total, State .....	96,278	55,253	6,988	6,147	27,891	17.3	237,075	105,919	131,155
Undistrict and territory .....	1,547	69	114	38	1,335	NA	5,077	378	4,698
Total, United States .....	97,825	55,312	7,102	6,185	29,226	NA	242,151	106,298	135,854

Source: U.S. Department of the Treasury, January 12, 1995.

Mr. THOMPSON. Madam President, first of all I compliment the Senator from Utah for his leadership in this regard. It has been a great pleasure for me over these last few days, and just recently as I presided, to listen to him articulate the problem, articulate the history leading to the problem, articulate the solution that is needed. I think, as usual, he hits the nail on the head.

It was a great honor for me to sit here and listen to the debate that has gone on this afternoon with the Senator from Illinois, proving that this is indeed a bipartisan effort. We are all concerned about it. The Senator from West Virginia, who is indeed an institution within an institution, who swore me in less than 60 days ago, and whom I respect greatly and whose views I respect greatly—this is what to me the U.S. Senate ought to be about. Senators on the floor of the Senate, debating the great issues that affect this country. I wish more of our colleagues could have been here. I hope they are watching in their offices on television, to listen to these great Senators debate this great issue.

Because I agree with the Senator from Utah that this is, if not “the,” certainly one of the most important votes and decisions that will be made by the Senators in this body during their careers. I think we have to focus, from time to time during this debate, on exactly what we are about. I think it is nothing less than deciding whether or not we are going to take the nec-

essary steps to protect the next generation from lower pay, from a lower standard of living, and ultimate bankruptcy of this country, or whether or not we are going to bow to those who keep demanding we do not have to cut back, insisting we do not, on current consumption, and are willing to let the next generation make the tough choices instead of ourselves.

As I listened to the debate and listened to the comments of those who oppose this amendment, I hear that there are questions concerning what is the role of the Court? What is the role of the President going to be? Who is going to be cut? We debate whether or not it was this President's fault or that President's fault. We debate whether or not it is the institution of the Presidency or the institution of the Congress—whose fault is it? Where does the blame lie? How are we going to resolve the difference between those who advocate lower taxes and those who advocate lower spending? How is all that going to be worked out?

Madam President, I think that is the debate that has been going on in this body, I suppose, for 200 years. That is the old debate. Unfortunately we still keep getting the old result, and that is a \$5 trillion debt that we are approaching in this country, spending ourselves into oblivion and bankrupting the next generation.

Everybody is for a balanced budget. I have not heard anyone speak yet who was not for the concept of a balanced budget. I have not heard anyone speak

yet who has not fought the good fight over the years to balance the budget and to show fiscal restraint and to show fiscal responsibility. I am not sure where the opposition really is. Everybody I have heard is for a balanced budget and has fought for it all these years. There must be some people lurking around here that we have not heard from yet because certainly we have not made any progress on it in the last two decades.

That is the debate of the past. Whose fault is it, why are we here, are we going to raise taxes, are we going to cut spending, what combination of all of that—that is what we have been debating in the past and that is what we will have to debate in the future. But times are different.

Madam President, I listened to the Senator from West Virginia talk about his career of 48 years in politics. It is a distinguished career in politics. I can never hope to achieve what he has learned in the time that he has been in government, both in the State of West Virginia and in the U.S. Congress and the U.S. Senate. I have much of a contrast with that.

I have been in politics for about a little less than 60 days, so I have great disadvantage in terms of his background and his knowledge. But I also come with one advantage, because I feel just having spent so much time with the people of my State that I can relate to a certain extent what is on their mind and what they feel about certain things.

I suspect it is not limited to the State of Tennessee. I think nothing less than a revolution is going on in this country and it is time this body picked up on it.

We have 6-year terms here. We are not supposed to bend with every wind that blows, and that is good. But I think those who have not been out there among the people, talked to them, listened to them, and had to be judged by them recently are not fully aware that just within the last few years people's thinking has changed in this country. I think people today in the United States of America have decided that our generation is not going to be the generation that sees the United States of America go from the greatest country in the world to a second-rate power. I think that the people of this country have decided just recently that they are not going to stand for the proposition that ours is the last generation that can expect to do as well or better than their parents' generation, which is what a lot of people are saying now.

I believe people feel a cynicism toward their Government, an alienation from their Government, a dissatisfaction with the U.S. Congress. That has never been before in this country. Perhaps some of it is unjustified. I submit to you that much of it is very much justified.

As we debate these issues, and as we try to decide whose fault it was, and this bill that was passed, who voted for it, how many people on this side of the aisle and all of that, as we debate that, as we see the debt increase, as we see the deficit increase, as we are taxing those unborn out there who do not have votes, as we see all of that, we see a public opinion poll occasionally that shows that people in this country have a lower regard for the U.S. Congress than almost any institution in America. Seventy percent of the people in a recent poll indicated that they believe the U.S. Congress is more interested in perpetuating itself and the individual Members in office than it is in doing the right thing. People are seeing that and they are demanding a change. They are demanding that we turn away from this old debate, who shot John, whose fault it is, how we are going to work out the details, and make one fundamental commitment to ourselves and to the future generations. And that is that we are going to change the way we do business in this country, and we are not going to hand over a second-rate power to this next generation, which is surely what we are doing as sure as I am standing here today.

Why do they feel that way? Why do they feel that way? Are people whipping them into a frenzy? Are some clever politicians convincing them of things that are not really true? Are they overly impressed with attack ads on TV? What is the reason for that?

I think it is more fundamental for that. I think the people out in the country and having to work for a living

are the leading indicators. I think they are picking up on something, and they have something they understand much more so than a lot of people around here understand. They see and understand that we have gone from a country with one of the highest savings rate in the industrialized world to actually the lowest savings rate. We must have savings for investment.

They see that we now have one of the lowest investment rates of any of the industrialized countries. They understand that you have to have investment to have growth. But with one of the lowest investment rates, our growth rate is slowing down. People talk about recent years, recent months. We are so short-term oriented in this country. We cannot see the forest for the trees.

The fact of the matter is we have had a good growth rate recently. But when you compare it with other points in our history when we have come out of recessions, we are growing at a much slower rate coming out of a recession than ever before. The indicators are all over the place. They see the astronomical amount of money that we are having to borrow from foreign investors and our dependency on foreign investors. They pick up the paper and see what is going on with our neighbors south of the border and the trouble that they got into when the foreign investors decided that all of a sudden maybe it was not such a good deal after all.

Many economists predict a credit crunch in this world in the not-too-distant future. In 1993, we sent \$41 billion in interest payments overseas. People talk about foreign aid. That is the largest foreign aid program we have in this country. That is larger than all the foreign aid programs put together plus the operation of our embassies; \$41 billion we have sent out in interest payments because of the size of our debt.

The reason for that? The debt keeps climbing, \$4.8 trillion. The deficit is hovering around before long \$300 billion, some say \$400 billion before long. Although we have made a little progress in the last few years, one could argue, and everyone acknowledges, that in 1998 and thereafter it is going to go off the charts. Everybody knows that. We have seen charts in this body that show us going along. And along about that time, it is almost straight up.

But we act like we have all this time and that the problem is not on us. But yet, instead of facing up to it, instead of realizing that, yes, we will have to put a straitjacket on ourselves because we have not been behaving the way we have to, we get scare tactics, we get charts about who is going to be hurt, and widows and children are going to be left in the street, and Social Security is going to be in danger, and all of these other things.

We are urged to look to the short term. "Don't worry about down the road. Let that situation take care of

itself," while all the time we turn from the world's biggest creditor to the world's biggest debtor. We turn from a country that sometimes borrowed overseas for investment purposes to a country that now is borrowing larger and larger sums for purposes of consumption. All the time, while we are going from a country that has always had rates of investment and productivity that led the world to one that is among the lowest in the world now; from a country that used to invest in its children to a country that now is living off of its children and grandchildren and children yet to be born.

So the American people see that. The American dream is darkening for many people. You hear young people. You ask them whether or not they expect to do as well or better than their parents. For the first time in the history of this country their answer is no. They understand that family income has been stagnant for 20 years in this country. What a lot of people do not understand is that for younger households income has actually fallen since 1973. For people who are starting families, working hard for a living, they understand that the middle class is actually shrinking.

We are falling into a second-rate power before our very eyes. They understand that. They see all of that. They also see what will happen if we do not make some incremental adjustments now. That is what it is all about. Nobody is talking about slashing programs and making massive cuts. For the most part, the conversation you hear is about economists having to make some incremental differences, having to do with slowing down the rate of increase, those sorts of things.

Yet the U.S. Congress, as of yet, has not even been willing to do that. We hear about all the dire consequences to all these programs, and individuals will have to cut back, and States will have to cut back. There will be some things that actually we might have to give up. And we will have to give up the political power that goes along with it, with the ability to dole out these things and buy the votes that we are used to buying in this country with the pork that we are used to doling out. Those times have to change.

Those times have to change. The deficit in this country, and the interest we are paying on the deficit, as the Senator from Utah pointed out, is the second highest expenditure in this Nation. This year it may pass defense; it may become the greatest expenditure we have in the entire budget. It is sapping our savings which, in turn, is lowering our investment which, in turn, is affecting our growth. If we are going to continue down that road, growth is going to slow, we will go into recession, the economy will become more stagnant, foreigners will own more and more of our productive capacities—we pay them more and more—there will be lower paying jobs, a lower standard of



living, and fewer younger people supporting a growing elderly population.

When we talk about these dire consequences and about the path that this Nation is on, we are experiencing the good news today, because the demographics are working in our favor. We have a very large working population—the baby boomers. We have more two-income earner families than ever before. But in about 2010, those demographics are going to change. As the baby boomers start to retire, we are going to have fewer and fewer people supporting more and more people in this country. That is right around the corner.

If we do not start making some incremental adjustments now, we are going to have a situation in this country where these young working people are going to be paying 70 percent of their income in taxes. They are going to be driven right through the floor in terms of their living conditions and in terms of their wages, and taxes are going to go through the roof. If you read anything any person who has written recently on the subject—any person who is now out of Government—and we hear talk about the Concord coalition, a bipartisan group, and about Mr. Peterson, a former Secretary of the Treasury, who wrote a recent book about it. These are not debatable issues, I do not think. It is clear that that is going to be the situation. What is that young working group of people on whom we, hopefully, all will be depending—and if we are alive, we will be—going to do?

I predict that they are not going to sit still for that. They are not going to sit still for 70 percent in taxes. They are not going to sit idly by while they see all these dire things happening. The chances are, I think, if we do nothing now and we let that happen, these very programs that the opponents of the balanced budget amendment want to protect so greatly are going to be slashed, thrown on the floor, stomped, decimated, and we will go further than anyone would ever dream of going today in terms of cutting and doing away with the programs that all of us claim to want to protect today.

Some people talk in terms of generational warfare. It will be the young folks against the old folks. Is that what we are headed toward? Are we not better than that, when we have the solution before us? Or at least an opportunity to put ourselves into a position to do something about it, because obviously we cannot under current circumstances.

The Entitlement Commission people ask why do we not do something about it. The Entitlement Commission came out with a report last August, a bipartisan group, including Senator KERREY from Nebraska, Senator DANFORTH from Missouri, two very thoughtful Members of this body, and they issued some rather startling reports. The one I remember is that in the year 2012, I guess, or thereabouts, we are going to run out of money, that a handful of

programs and the interest on the debt in this country are going to take all of our tax revenues. We will not have money for national defense, infrastructure, schools, education, or anything else in this country. That is in 2012.

What has been the result? We hear that all we need is the will to do the right thing and everyone purports to have it. Everyone says that they are in support of a balanced budget, the implication being if we will just put this amendment aside that they are fighting so hard, this time maybe we can do something about it.

I was doing a little reading on the history of that. We have not been lacking in lip service. The Balanced Budget Act of 1921 required the President to recommend a balanced budget. The Revenue Act of 1964 said it was the sense of the Congress that the budget had to be balanced, and soon. The Revenue Act of 1978 stated that it was a matter of national policy to balance the budget of this Nation. The Humphrey-Hawkins Act of 1978 prioritized a Federal balanced budget. The Byrd amendment—Senator Harry Byrd of Virginia—in 1978, was an amendment passed that basically said that in fiscal year 1981 outlays cannot exceed receipts. That was the law passed. What happened in 1981? We had a \$79 billion deficit. My research has not taken me back far enough to find out what happened to that. Apparently, it was ignored and I think after a while it got embarrassing, so they took it off the books. But we had a law that basically said the budget had to be balanced, for a little while anyway.

The Budget Act of 1974 is the foundation for the budgeting process today, and it requires annual budget resolutions. People said, “We have it right this time. People will be afraid to vote for these large deficits when they have to come up with budget resolutions.” The next year the deficit ballooned and, with few exceptions, it has ballooned ever since.

Gramm-Rudman-Hollings, in 1985, mandated annual reductions in deficits, and it actually had an enforcement mechanism—sequestration. That lasted a little while until the shoe got a little tight and everybody apparently decided to take the shoe off. They revised the targets. They revised them again, and ultimately they became irrelevant.

The 1990 budget deal, which I heard talked about a minute ago, is used as an example of our ability to come to terms with this deficit problem. From what I read at the time, this great bipartisan compromise, of course, involved increasing taxes, as it usually does, and the deficit increased. That was the budget deal that was supposed to get the job done. It had no affect as far as decreasing the deficit was concerned. Just the opposite. In 1993 came the latest budget deal. They are praising the President for that deal, which as I read is the largest tax increase in the history of the country, with major

cuts in the military and promised cuts for the future, which we may or may not get.

Putting that aside for a minute, because even before the administration's own estimates, with all the wonderful things we are doing, it adds over \$1 trillion to the debt over the next 5 years. So this is being touted as a solution. This is being touted as an example of how good we can do. It adds \$1 trillion to the debt over the next 5 years.

Why is it so difficult? Well, it is because we factionalize in this country so much. Everybody has their own special interest and everybody has people they have hired to come up here and descend on us. That is, of course, a large part of what all this detailing is about and, of course, everybody wants some kind of detail. There are more proposals to balance the budget floating around this town than you can count. CBO, I noticed, had a proposal they wrote to the chairman of the Judiciary Committee with ideas on how to balance the budget. The Concord coalition has one. Mr. Peterson came out with one in his book.

What, really, I think, is desired by some folks is the ability to put something on the table so special interests can come in and put the pressure on to defeat the balanced budget amendment. So you have all the individuals who have been used to the gravy train, the pork barrel, and they do not want to give it up. The folks that are affected most are the kids at home, the little grandkids, and generations yet to be born, and in that kind of a battle, who do you think is going to win? Who has won in the past? It is going to be tough enough with a balanced budget amendment.

Other nations have not really done much better than we have. Is there any hope to think that we can easily turn this thing around without drastic remedies, if you want to call it that? I think it is very modest. I wish it was tough.

I agree with some of the opponents to this amendment that, you know, there will be efforts to try to get around it and in it, through it, under it, and all of that. But I think it really has a chance; it really has an opportunity. And it might be our last clear chance to do something really meaningful for the next generation. But how tough it is, how tough it is to turn around.

The Senator from Utah is leading this fight for us to turn this gigantic force that is working against us, this gigantic force that is working for more and more spending; putting off until tomorrow; let us consume today; let us not worry about it; get the votes today; hand out the pork today.

Read Kennedy's “Rise and Fall of the Great Powers,” and Kevin Phillips recently came out with a book, “The Arrogant Capital.” I do not know how in the world he came up with a name like that but that was the title of his book, “The Arrogant Capital.”

They talk in these books about the history of the Nation and how the Spanish declined in the 16th century and how the Dutch went to great heights and declined in the 17th century and how the British went to great heights and declined in the 19th century. And they really sort of asked the question: Do we feel as though we in this country are immune to the laws of nature and the laws of gravity? They were unable to roll back the strong trends that were in their countries, pushing them to greater deficits, greater debts, higher taxes, slowing economy, a declining manufacturing industry, all the things that we are beginning to see in this country. So the battle is not an easy one.

You know, as we talk among ourselves, and we hear it regardless of what the people want, people talk about majority rule and all. Look at any poll, answer your phone calls, read your mail. I do not think there is any question but the American people have decided: Enough is enough. We have to do things differently. We voted for a change. We have been wanting change for some time. Maybe we thought we were trying to get it 2 years ago in the last Presidential election.

A fellow from Texas that hardly anybody knew went from nowhere and just within a few short months he got into a position where, some people said, under a slightly different set of circumstances, he could have gotten the nomination and been President, from nowhere, because he was talking about changing the way we do business in this country.

All that is going on out there. And yet we need a two-thirds vote in this body.

And I understand there are even some people who voted for the balanced budget amendment last time who are now saying that they may vote against it this time. Last time, they were pretty sure it would not pass and maybe this time they are afraid that it might pass. So it is going to be difficult.

I, again, commend the Senator from Utah, who is leading this fight and articulates this case so well. I think it is the most important vote we will have in a long, long time as far as this U.S. Senate is concerned.

I only urge those within the sound of my voice to remain focused on what this is about. The patient—and maybe we are the patient—has been acting a little crazy over the last several years, and we have not been doing the right thing, and the thing we know that we are going to have to do to get better. It sure would be good to cure the patient. But we have been taking treatment and medicine for a long time, and it is not doing us any good.

Maybe the time has come that we are going to have to impose a straitjacket on ourselves. It is not perfect. But until we show some inclination, absent getting hit over the head with a 2 by 4, to do the obvious and right thing that we ultimately have to do to protect

this next generation, this is the way to go. We will worry about the details in terms of the implementing legislation, and we can have the debates that we have already started here today.

But I think it is vitally important that we get about the business of passing this amendment and make a statement that we are not so selfish that we are going to sit idly by and debate these issues forever, using the moneys and the assets and the resources in the very country that is the birthright of the next generation; but we are going to take a step forward, say no to the vested interests, say no to those who want to continue to consume not just what they are consuming now but more and more and more, and say to everyone that we are all going to have to make some incremental change.

Is there any more basic commitment that a human being has than the one that he has to his children? If we had our child standing next to us here, there is nothing that we would not do. And yet, we are so dispersed in our attention and we are so diverted in so many different ways, we have not been able to focus on what we are doing. This debate will focus on what we are doing.

I commend the Senator from Utah and other colleagues in this great fight.

Thank you very much.

Mr. HATCH addressed the Chair.

The PRESIDING OFFICER. The Senator from Utah.

Mr. HATCH. Madam President, I ask unanimous consent that the distinguished Senator from New York be given the floor after I make very brief remarks about the great remarks of my colleague from Tennessee.

The PRESIDING OFFICER. The Chair wishes to make two announcements and then will recognize the Senator from New York, following the remarks of the Senator from Utah.

Mr. HATCH. Madam President, I want to compliment the distinguished Senator from Tennessee for his very, very welcome and important remarks on this issue.

I think this new group of Senators is as good a group as I have ever seen come into the U.S. Senate. We feel particularly privileged to have four of them on the Judiciary Committee, not the least of whom is the distinguished Senator from Tennessee.

In his own down-home Tennessean sort of way, he has laid out why we have to pass this balanced budget amendment. I personally just want to express my appreciation and my high regard for him. I believe that the distinguished Senator from Tennessee is going to make a whale of a difference here in the Senate, and already is making a whale of a difference on the Judiciary Committee, as I am sure he is on other committees. So I personally thank him for his kind remarks.

If people have been noticing, these new Senators have been coming here and speaking on this amendment be-

cause they got the message. They know that is one of the reasons they are here. I personally appreciate their efforts in this matter.

I yield the floor to my colleague.

#### APPOINTMENTS BY THE CHAIRMAN OF THE FINANCE COMMITTEE

The PRESIDING OFFICER. The Chair announces on behalf of the chairman of the Finance Committee, pursuant to section 8002 of title 26, United States Code, a substitution in the membership of the Joint Committee on Taxation. The Senator from Kansas [Mr. DOLE] has resigned from the joint committee and will be replaced by the Senator from Utah [Mr. HATCH] for the duration of the 104th Congress only. Therefore, the membership of the Joint Committee on Taxation for the 104th Congress is as follows: the Senator from Oregon [Mr. PACKWOOD]; the Senator from Utah [Mr. HATCH]; the Senator from Delaware [Mr. ROTH]; the Senator from New York [Mr. MOYNIHAN]; and the Senator from Montana [Mr. BAUCUS].

#### APPOINTMENT BY THE VICE PRESIDENT

The PRESIDING OFFICER. The Chair, on behalf of the Vice President, pursuant to section 1024, title 15, United States Code, announces the following majority appointments to the Joint Economic Committee: the Senator from Florida [Mr. MACK], chairman; the Senator from Delaware [Mr. ROTH]; the Senator from Idaho [Mr. CRAIG]; the Senator from Utah [Mr. BENNETT]; the Senator from Pennsylvania [Mr. SANTORUM]; and the Senator from Minnesota [Mr. GRAMS].

#### BALANCED BUDGET AMENDMENT TO THE CONSTITUTION

The Senate continued with the consideration of the bill.

The PRESIDING OFFICER. The Chair recognizes the Senator from New York.

Mr. D'AMATO. Thank you, Madam President.

Madam President, I wish to associate myself with the remarks of our new colleague, the distinguished Senator from Tennessee. I think he has spelled out very cogently why the American people voted for change. They are tired of Big Brother Government saying, "We know what's best for you. We're going to give it to you, whether you like it or not. We have programs that are good for you, whether you can pay for them or not."

The people want a balanced budget amendment, and they are right. This is no time to start playing politics as usual. This is an important issue.

I will tell you how important it is. If we continue to do business as we have in the past, we will become just like our neighbor to the south.