

but I had an incredible sense of envy, almost a feeling of anger. JOHN KERRY is a veteran. John was a decorated veteran in Vietnam. My generation went to war in Vietnam without the benefit that your generation had.

When you stood there on the beaches of Iwo Jima, or deciding whether or not to get out of the landing craft on Omaha Beach, you knew, had you failed, all of humanity would have suffered. There was no question that the fate of mankind hung in the balance. Had you not prevailed, your wives, mothers, and children would have lived under an oppression unlike anything that had been seen in the previous two centuries.

When JOHN KERRY rode down some god-awful river in Vietnam, he did not know who the hell he was after, was not quite sure why he was there, did not have any idea anymore than my friend from Virginia had as to who might be shooting at him, and I suspect never had the absolute certainty that what they were doing, as difficult as it was, was something that, beyond question, had to be done.

I understand my dad's generation better, having been there, because now I understand why guys like my dad—and God, it seems ridiculous to talk to you as if you were my dad's age because I have worked with you all my professional life—why you have such an incredible sense of optimism. Why on either side of the aisle, whether it is you or JOHN CHAFEE or whomever it is, have this unabating notion that we can, in fact, get things done.

I look at my generation and those who are younger, and I am not nearly as surprised as to why they are as confused as they are about the ability, and not even thinking about it in your generation, why they wonder whether or not this institution makes any sense, whether or not the system works.

It seems to me you not only did something incredibly courageous—and I see DAN INOUE, and nobody in this whole body have I ever felt closer to than DAN INOUE, and he knows I am not just saying that. Here is a guy, he goes and loses his arm. He should have gotten the Medal of Honor, in my view, if you read about his exploits. And he acts like he was born with a silver spoon in his mouth. He acts like not a single thing ever happened to him in his life that was difficult. He acts like the world is just a cupcake, and we can make it great for everybody.

It is an incredible, incredible thing that your generation has passed on. I do not know how it gets renewed. But I know one thing: More people should hear you talk about it. More people should go and stand on Omaha Beach or go to Iwo Jima or go up into the hills in Italy where these guys—BOB DOLE and others—got stopped.

I know it sounds corny, but I defy anybody of any generation to have been there on D-Day and not walk away with a deeper understanding of why your generation has done so much for this country and why other genera-

tions have been so uncertain about what they can do. The biggest thing it does, it seems to me, is hopefully remind people in this era of bitter politics, of political invective, of the mindless things that are being said on the left and the right, of the personal characterization of political motivation of whatever anybody does, of the era of 30-second personal attacks on anybody that disagrees with you, you must be un-American or must be less dedicated than whomever it is they are arguing with.

I hope they understand that, as corny as it sounds, the women and men who served in this body—and I have been here for 22 years—I have not met a one, I have not met a one in either political party when they walk out of here and get in their car at night or go down to the train station like I do and look in the rear view mirror, they see that Capitol dome, do not still get a chill.

I noticed people when we were over there on D-Day, DALE, there was not anybody watching us. Everybody was the same. I watch people when they play the "Star Spangled Banner." There was not any hometown crowd. I watched peoples' eyes mist and people got goosebumps. I know it is not in vogue to say those things, and probably an editorial will say how corny we were today—or I know I was.

The best thing that can happen in this sick political atmosphere we find ourselves in, is for more people to understand, whether it is the Rush Limbaughs of the world or a left-wing version of Rush Limbaugh on the air who makes everything personal about what people do, there is so much more that we agree on in this Chamber than we disagree on. There is so much more that your generation did for this Nation than you understand and appreciate, if I can say so, so much more.

But you had something that I think we are all still searching for, and that is the absolute certainty that what we were undertaking needed to be done, was noble, was moral, was necessary, and was right. I think that is what everybody is searching for. You paid a horrible price for having found it in your generation, but having found it and survived it, you made this country something that it never had been, because of the growth and the optimism and the absolute enthusiasm you all brought back from having done what you did and literally saved the world for democracy.

I want to tell you I had not planned on speaking on it at all, but my respect for my father has always been great. My respect for his generation and my mother's, as well.

I end with one little story. I was with you, and we split up after the President spoke. I went up to the cemetery. I was walking around the cemetery, just kind of in a daze. My wife and I—my wife was not even born during any portion of World War II—were looking at the crosses, just wandering through, and this guy was being pushed in a wheelchair by his two sons. And I am

looking at a grave marker. I did not even see him. And he said, "Is that you, Senator BIDEN?" And I turned around. I did not know the fellow. He was from Indiana. I turned to him and I was like most of us were, somewhat emotional about what we just observed. And I said, "Thank you for what you did." And he said, "Don't thank me, thank my wife." And I turned around, and his wife was not with him. And I said, "Thank your wife?" I said, "Why, sir?"

He said, "My wife did as much to make sure I could get on that landing craft and get here because she made it. She made it at home. She produced the reason we were able to win, because of the industrial might of the people we left behind to produce and outproduce the Germans."

But it was typical. Here is a guy going through a graveyard where his friends are buried. I compliment him and he tells me to thank his deceased wife who made the landing craft.

I sure as heck hope there is some way we can rekindle that kind of notion of sense of duty, sense of responsibility, sense of shared glory that seems to be missing so much in this country today. And I hope in God's name we can do without another war. But I want to compliment you all.

BALANCED BUDGET AMENDMENT TO THE CONSTITUTION

The Senate continued with the consideration of the joint resolution. (Ms. SNOWE assumed the chair.)

AMENDMENT NO. 278

(Purpose: To provide for a capital budget)

Mr. BIDEN. Madam President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Delaware [Mr. BIDEN], for himself, Mr. BRADLEY, Mr. DASCHLE, Mr. DORGAN, Mr. LAUTENBERG, Mr. FEINGOLD, and Mr. KERRY, proposes an amendment numbered 278.

Mr. BIDEN. Madam President, I ask unanimous consent that reading of the amendment be dispensed with.

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

The amendment is as follows:

On page 3, strike lines 4 through 8, and insert the following:

"SEC. 7. Total outlays shall include all outlays of the United States Government except for those for repayment of debt principal and those dedicated to a capital budget. The capital budget shall include only major public physical capital investments. For each fiscal year, outlays dedicated to the capital budget shall not exceed an amount equal to 10 percent of the total outlays for that year, which amount shall not be counted for purposes of section 2. Three-fifths of each House may provide by law for capital budget outlays in excess of 10 percent for a fiscal year.

"Total receipts shall include all receipts of the United States Government except those derived from borrowing and the disposition of major public physical capital assets."

Mr. BIDEN. Madam President, I ask unanimous consent that Senator KERRY be added as an original cosponsor of the amendment.

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

Mr. BIDEN. Madam President, I rise today on behalf of myself, Senator BILL BRADLEY of New Jersey, Senators DASCHLE, DORGAN, and LAUTENBERG.

The amendment we have sent to the desk—some have suggested, why are we continuing to do this; it looks like the train has left the station and no one is going to listen anymore to the argumentation for any change in this balanced budget amendment. It seems that somehow it was like the tablet that was handed down, chiseled in stone; even though privately Members who are inclined to vote for this amendment but think it is flawed now will say, "Well, why don't you agree to this change?" And they will look at us and say, "Oh, it makes sense, but we can't change it; this is the best we can do."

I do not think it is the best we can do and my colleagues who cosponsor this do not think this present balanced budget amendment is the best we can do. That is why we continue to talk about how we can improve it to make it workable.

I wanted to make the case today that while it would be useful to establish a capital budget under the current budget rules and practices, it will be even more important if the balanced budget amendment is ratified and becomes part of the Constitution.

The main reason budget experts advocate a way of designating specific capital budgets is to assure that we weigh the immediate benefits of spending for current operations against the long-term benefits of investments that pay over the years. They are the hard choices the distinguished Senator from Maine has had to make, as a Congresswoman and now as a Senator. We all make them. And that is, there are tens of thousands of needs out there.

But what we tend not to look at closely enough, in my view, and will not be permitted to look at, as a practical matter, closely enough, is the distinction between short-term investment and long-term investment when we are dealing with limited dollars. Roads, bridges, dams, water, sewer systems, potentially even electronic infrastructures and, yes, even those major defense assets that assure the protection of our private economy and public works, all of these return benefits over more than the single fiscal year that the balanced budget amendment focuses on.

We decide to focus on an immediate need of whether or not we are going to hire 10 more FBI agents. That is an immediate question. That is an operating budget. We are going to pay their salaries, an important consideration. And

that focuses legitimately on what we do year to year. But there are others you focus on that have life expectancies and needs that go well beyond a year's time.

Even under current budget rules without this balanced budget amendment passing, many observers believe our budget provides for too few of these long-term investments. We get much pressure on it from our constituents at home, as we should, to deal with the immediate needs that they have. It is a whole lot harder to convince them that maybe we should use some of that money to make a longer-term investment for which they will not see immediate benefit but will, in fact, have much greater benefit for them and their children than the short-term investment.

So under our current budget system, we face this difficulty. In recent reports, the General Accounting Office, which has been quoted numerous times by people who are for the balanced budget amendment, against the balanced budget amendment, and not sure of their position on the balanced budget amendment, the GAO report has repeatedly emphasized the need for a budget process that forces clear decisions between our short- and our long-term needs.

In fact, in the 1992 report on the dire consequences of our current deficit policies, the GAO declared, and I quote:

A higher level of national savings is essential to the achievement of a higher rate of economic growth. But by itself, it is not sufficient to assure that result. . . . In addition . . . , economic growth depends upon an efficient public infrastructure, an educated work force and an expanding base of knowledge, and a continuing infusion of innovations. The composition of Federal spending, as well as the overall fiscal policy, can affect long-term economic growth in significant ways.

Let me repeat the part that they emphasize: The composition of our spending, how we spend it, has as much impact upon our future growth as what we spend in the aggregate.

The composition of Federal spending that was the concern of the GAO report, Madam President, was the mix between operating expenses and capital investment.

Let me wrap up this extended citation of where the GAO comes down on this issue with the conclusion of the report's chapter on long-term priorities, and I quote:

The recent approach to budgeting, focusing on each year's choices in isolation, has not served the Nation's needs. Only if we change the framework of the debate to emphasize the long-term consequences of both fiscal policy and relative priorities within the budget can we hope to develop a national consensus on the potentially discomfiting actions needed to achieve the future we want for ourselves and for the next generation.

How much truer will these words be, Madam President, after the balanced budget amendment passes, if it does, a balanced budget amendment that raises each year's fiscal balance to the level of a constitutional mandate?

Madam President, you and I do not know each other well but we have served together in different bodies for a long time. How many times have we heard, in both political parties, all these experts who have come down and talked to us over the last 10, 12, 15 years, saying things like: "You know, corporate America is shortsighted. The Japanese are farsighted. Corporate Japan is farsighted. They make long-term investments, they forgo short-term gains; they work on long-term profits, not short-term profits."

And how many times have we heard managers from the Harvard business schools and the Wharton School at the University of Pennsylvania and the other great business schools of America tell us the same thing?

That is all we are saying here; that is all the GAO is saying here. As American corporations have begun to retool and not think of what the next quarter's profits will be but think about what the next 4 years' situation will be, and 8 years and 10 years, corporate America has gotten strong. We now, to take one anecdotal example, we now build better cars than Japan; they are higher quality. We are gaining a larger share of the market. We are doing better because the corporate executives stopped thinking about getting the price of the stock up to a certain price by the time they retired so their retirement benefits related to the value of the stock at the time.

All I am suggesting, and others, and GAO is we have to do the same thing as we make this fateful step, which I think we should make, to having a balanced budget amendment. How much more difficult will it be for us to make these long-term decisions when we are operating under the constraint of requiring an absolute balance every year, every time we present a national budget?

Will not our current incentives—what we all agree is a callous disregard for the burden of debt on our children—will not those current incentives just shift to a new incentive?

Right now, rather than make the hard choice of cutting spending or raising taxes, we have an incentive to push off the burden of the debt we are accumulating onto my sons and daughter, onto your children, our children, the next generation.

That is the incentive. That is why we say we need a balanced budget amendment.

Once we pass the amendment, and I hope we do—I hope we pass a balanced budget amendment—once we pass it, the incentive shifts. We may no longer push debt onto our children, but we may well neglect the things we need to do in order to sustain our infrastructure and to raise the level of potential growth in our economy.

Mark my words; when there is a short-term need to deal with an immediate problem when we have to balance

the budget, and someone says but if we do not deal with the infrastructure of the country, the highway system or the port system or the sewer system or whatever it may be, or investing in long-term technology in a major growth requirement in the Defense Department, star wars, whatever you want to pick, you know what we are going to do? We are going to make sure we take care of the immediate need because we are going to go back home for election, and we do not want to tell anybody, by the way, the reason I did not vote to continue to fund this or that program is because I believe that if we invest more money in our ports, it will put us in a position to compete better with the Germans and the Japanese in the next generation. And that is why I cut your program and why I invested it in a long-term investment.

Fat chance. Fat chance. If we have an incentive now to push off debt to our children, I think the incentive to neglect future investment under the balanced budget amendment will be even stronger.

Madam President, it would be wrong to shift to a new incentive to balance each year's budget without adequate consideration for investments that are equally important to future generations.

I believe that without a capital budget provision the balanced budget amendment will replace our current shortsighted budget perspectives with another potentially harmful perspective that only rewards current cash-flow balances without regard for the investments that are our generation's responsibility to the next generation.

Madam President, we have heard repeatedly here on the Senate floor that virtually every State in our land has some form of balanced budget requirement in its constitution. We have one in Delaware, one that we added to our Constitution in the year 1980, and it has worked well. But all of the States, including my State, also use their bonding authority to pay for capital projects.

Madam President, as a prudent way of living within the constraints of a constitutional restriction, without neglecting our future, I do not know how we can do anything other than what States do.

I have heard, until I have had it up to here, the States and Governors telling us how they balance their budgets. Let me tell you they do not. They do not balance their budgets. I do not know of a single State that balances its budget, not a single one that I can think of.

I am prepared to state for the RECORD—if any Senator can come to the floor and tell me otherwise, I will apologize—they do not balance their budgets. They balance their operating budgets, their operating budgets. I also hear my friends, who support this amendment a little more stridently than I do, say the following: why can we not balance our budget like the folks back home balance their budgets?

Well, unless you hang out with a really wealthy crowd, I doubt whether you know anybody at home who balances their budget. I will bet you there is not a single person sitting in the gallery here who balances his budget like this amendment will require the Federal Government to do.

I wonder how many people walk out and pay cash for their new house? I wonder how many people who have purchased a house within the last 2, 5, 10, 12 years own the house outright and are not paying a mortgage?

My dad used to be in the automobile business. There were not a whole lot of people who walked in and plunked down cash or a check for a brand new car. If they did, he wondered whether they were drug dealers most of the time. Who comes in and does that? Some people have the money to do it and some people have the discipline to do it, but most people buy their cars on time.

A lot of us, myself included, have to borrow money to send our kids to college—take out loans, second mortgages on our homes.

As long as we pay the mortgage payment, as long as we pay the principal and interest on the college loan, as long as we pay the car payment, we will assume we are balancing our budget. But if we passed a law saying no household in America could operate other than on a balanced budget, as we are about to pass here, there would be an awful lot of people in apartments. There would not be any new homes being built.

I think we should be honest with the American people about what we are doing here.

Now, there are some arguments which I will respond to—I am sure they will come up—about why the Federal Government does not need a capital budget. I respectfully suggest that is not the case. If the example set by the States is an appropriate one, Madam President, as we have heard so often over the years in regards to a balanced budget amendment, then certainly we should learn from the States' universal determination to borrow for those projects that they deem worthy of long-term funding. That is how they do it. The amendment I am offering with my colleagues today will put that lesson into effect.

Madam President, I have here an editorial from the Wall Street Journal, not viewed as a liberal paper. Probably the news portion of that paper, if not the best, is one of the best in America. The editorial page, like many editorial pages, is often very strongly slanted. No one has ever suggested that the editorial writers of the Wall Street Journal are a bunch of liberal big spenders and taxers.

Let me read what they say in an editorial dated November 11 of last year right after the election. The editorial board expressed concern that Congress might move precipitously on a balanced budget amendment.

Let me read a passage from that editorial:

To understand the economics—

Says the Wall Street Journal.

If all American households were required to balance their budgets every year, no one would ever buy a house. Of course, households don't think about their budgets that way. They figure balance means meeting the mortgage payment. Similarly, State and local governments with balanced budget requirements can still borrow money for capital improvements. . . .

This amendment offers a simple mechanism to address the lack of a Federal capital budget in the proposed balanced budget amendment.

It introduces the concept of capital investment and says that the Federal Government is not bound to pay for such investments out of operating expenses up to a total of 10 percent of the operating outlays each year. So, to make it simple, let us assume that there is a \$100 billion budget—it is more than that, but let us make it easy, a \$100 billion Federal budget. No more than \$10 billion could be added on to that budget in terms of a capital budget.

We can decide to build the bridges and highways out of operating expenses if we are flush. But we can also decide it makes sense to borrow the money, like we do in States with bonds, essentially saying we will pay it off in 2 years or 5 years or 10 years. And we must balance it, in the sense that States do in that we pay the yearly payment it costs to pay that off—the mortgage payment on the new airport, the new highway, the new exotic aircraft we have to build, the new whatever capital investment we decide upon.

In other words, it permits borrowing, the issuing of bonds for such investments just like the States, up to a maximum of 10 percent of each year's operating expenditures. We would be able to issue bonds without the three-fifths supermajority requirement needed for an excess in outlays over revenues in 1 year.

So, to borrow the money to do that, that is to make a capital investment, it would be a simple majority vote. Yet if we wanted to in effect borrow money, or go in debt in our operating budget, we need a three-fifths vote. And the rationale for that is simple, and that is we should encourage long-term investment and discourage short-term investment, given limited dollars.

Above that 10 percent amount, you could not borrow without a supermajority with 60 votes—just like you have to have now in this amendment to borrow money or increase the debt.

As the Wall Street Journal and many others who have commented on the balanced budget amendment proposal before us here today pointed out—“Borrowing for investments with long-term payoff is the practice of individuals, the practice of cities, the practice of State governments, and the practice

of businesses. And it exists in all other advanced economies."

And it ought to be our practice, too. It is sound economic practice.

The 10-percent cap on the investment budget is a rough average of what we have been spending on a restrictive definition of capital investment every year since 1980. I must say, many analysts believe that our investment budget has been inadequate to meet the needs of the future. They say we should be investing a lot more than 10 percent of our operating budget in long-term investment. That may be. But I am not willing to allow more of that to occur with a simple majority vote. If we want to do more than that, then it has to compete on the same basis that an operating deficit would compete.

I think the capital budget should have to compete the same way, once it is beyond 10 percent. But a 10-percent cap on borrowing, without a supermajority needed for extension of the national debt, provides a reasonable minimum above which the approval of three-fifths of both Houses would be required.

So we could have a larger capital budget in the future if we need it. But either borrowing more under the three-fifths requirement, or if we decided to, by putting some big investments in our operating budget, would be the only way we could do it.

By accepting this capital budget amendment we will have established the formal procedure, with constitutional authority, for considering those projects which will have long-term payoffs and that, therefore, merit long-term finance. The capital budget includes only major physical capital assets, the kinds of purchases that individuals, businesses, and our State and local governments make by borrowing. It does not include research or education that many of us may argue are long-term and needed capital—investments in our future. They are important investments but they are more properly handled on a year-to-year basis, in the opinion of the authors of this amendment.

Madam President, let me make it clear again that what constitutes a capital investment will be defined in the amendment. But we do not have to fund a capital investment through borrowing. We can fund a capital investment, if we decide to, through the operating budget. It will take a majority of Senators even to conclude that we should treat it as a capital investment.

So the point is there are several hurdles you would have to cross here. This is not a giant loophole to allow us to continue deficit spending. You would have to meet the definition of a capital expenditure, you would have to get the Senate and House both to agree it was a capital expenditure, and then you would have to get them to agree to the fact it was worth borrowing money to in fact make that capital investment. And if the capital investment that was about to be made would exceed the 10

percent limit on what could be made, it would require a three-fifths vote in both the House and the Senate to do it. But at least the mechanism that is available to every State would be available to the Government.

It can be argued, and accurately, I think, that the balanced budget amendment as currently written permits borrowing and, therefore, future Congress's could engage in a form of capital budgeting. By that same logic, of course, our Constitution now permits us to balance the budget. The point of a balanced budget amendment is not to correct the defect in the Constitution but to correct a defect in our behavior—not the Constitution. We do not need this amendment to balance the budget. There is no amendment now that says you cannot balance the budget. We just do not do it. So many of us think we need an amendment to say we must do it.

I would argue the same rationale applies to those who say with the budget amendment we have up here, JOE, you could have borrowing if you get a three-fifths vote and you can call it whatever you want, capital budget or anything else. That is true. But it begs the question.

It is in that spirit that we offer this amendment. Not because some form of capital budget is impossible under the present amendment, but because we need to provide an explicit mechanism by which we can distinguish between projects that merit long-term financing and those that should be funded year to year.

One more point before I close, Madam President. My colleagues will know that we have provided that any revenue from the sale of public assets will and can be only used to fund capital budgets. So, for example, if we decide in order to raise money we are going to sell off Yellowstone National Park—and no one is suggesting that, that is why I pick it—instead of that money going into the general fund that money would go to reduce the debt that has been accumulated on the capital budget and pay off the mortgage quicker. That is what it would do. This provision removes an incentive to sell off our assets in the name of short-term budget balances.

Again, I want to protect our kids, not only from accumulation of debt and the interest they will pay on it, I want to protect them from the shortsightedness and the incentive to shift away from them the long-term investments they need. So, in order to satisfy our immediate need to balance the budget I do not want them selling off Cape Henlopen State Park, which is supposed to be there for posterity, in order that they not fire people who are on the Federal payroll to meet the balanced budget amendment.

So, Madam President, without an explicit capital provision, our incentive will be to focus only on those spending priorities that have short-term payoffs, economically and politically.

Madam President, I see the minority leader, the Democratic leader is here. I can refrain because I know he is on a very difficult schedule—refrain from delivering the rest of my statement at this point.

I will be happy, with the permission of my friend from Utah, to yield to him to speak on this or any other item he wishes to speak to.

Madam President, this amendment is a genuine improvement, in my view, designed to protect our children just as the overall balanced budget is designed to protect them.

I yield the floor.

The PRESIDING OFFICER. The Chair recognizes the distinguished minority leader of the Senate, the Senator from South Dakota.

Mr. DASCHLE. Madam President, first let me congratulate the Senator from Delaware for his eloquent presentation and the leadership he has shown once again on this very important issue. No one in the Senate has become more of an expert on this particular question than the junior Senator from Delaware. I applaud him and thank him for offering the amendment.

We all know the purpose of a balanced budget amendment. The purpose, of course, is to free ourselves from our overwhelming debt burden and to promote economic expansion and growth for ourselves and our children. We are here to find a more certain path by which to accomplish that very purpose.

A constitutional requirement to balance the budget is one means to attain that goal of a budgetary balance. But the point of the whole exercise is economic productivity and growth. That is what we seek. We want to be able to tell business and we want to be able to tell families that Government policies will create more of an opportunity to have more economic growth and activity than we have now.

But if we are to ensure future economic growth, we certainly need to craft a balanced budget amendment carefully in a way that meets the objective of strengthening the economy.

I support the idea of forcing the Federal Government to adopt budgetary discipline under which most families and businesses and States must live. As we all know, our current budget rules do not function that way, and we need to correct them.

Today we have an amendment that would address that situation and force the Federal Government to live by the same budget, by the same rules and the same standards that every American family, every American business, and nearly every American in every State is required to live by.

The Biden amendment would establish, for the first time at the Federal budget level, the principle that there is a distinction between capital costs and operating costs. We actually would, for the first time make the distinction between capital costs and operating costs. This is absolutely necessary to allow us to balance the budget and at

the same time invest in limited long-term priorities that fall outside the scope of annual operating expenses.

We have to come to the same conclusion that businesses and families and State governments already have: that there are different types of spending. On the one hand we have investments that can generate the economic growth in this country, in this business, or in this family. On the other hand, we have the operating expenses that daily, monthly or annually we have to pay the bills for, to do the work of government or business.

That really is a principle that every family and every successful business has recognized. When a family buys a house or car, or a farmer buys a better tractor, they do not pay cash. If a business expands to a new location or upgrades its computer system or purchases modern machinery, it does not pay cash. People and businesses borrow for long-term investments.

So the Biden amendment suggests that we draw the same distinction, economically and fiscally, between investment and operating expense.

That is really what the vast majority of States do today. States do not finance road construction or new school buildings or State courthouses or prisons solely out of a single year's revenues. They issue State-backed bonds and pay them off over the useful life of these investments. That makes good, common business sense.

So I support the idea of a constitutional budget amendment because I believe its goal is to strengthen our economy. But we do not strengthen the economy simply by writing new words into the Constitution. We strengthen the economy when we focus on the elements that make the economy strong, and shape the constitutional amendment to reflect those elements. We strengthen the economy by concentrating Federal spending on investments that promote long-term economic development, just as business do.

So I have cosponsored the pending amendment because I believe it is a practical way to promote economic growth. The amendment would put the Federal budget on the same footing, and subject the Federal Government to the same requirements that govern most States, businesses, and family budgets today. It would establish a clear distinction between capital costs and operating costs.

The amendment is tightly drawn, as the Senator from Delaware has pointed out, to prevent the Federal Government from sinking deeply into debt to finance capital investments. The capital budget would be limited to no more than 10 percent of the total outlays for each fiscal year.

It would operate under the pay-as-you-go discipline imposed by the requirements of the balanced budget amendment itself. So would the operating budget. Depreciation and debt servicing costs would be assessed to the operating budget, so debt incurred for

public investments would have to be repaid within a balanced operating budget.

Just as any family must keep monthly car and mortgage payments affordable, the Government would not be able to take on more debt without cutting spending or increasing revenues in the operating budget.

So the amendment would ensure that the Constitution preserves the ability of the Federal Government to do what it needs to do, to invest in our economic future in a meaningful way. Put simply, it would create a capital budget to clearly distinguish tax dollars used for public investments from tax dollars used for immediate consumption.

It would create a powerful incentive to balance the operating budget—the consumption side—and it would offer an equally powerful incentive to subject all proposed investments to heightened scrutiny.

We hear repeatedly that the States balance their budgets, so why does not the Federal Government do so? It is a good question. But it is a question that compares apples and oranges.

Most States' balanced budgets requirements apply only to their operating budgets. They borrow for long-term investments and pay back the loans. They balance their books, they do not balance their budgets.

The amendment before us provides for a way to make this an apples-to-apples comparison. It would place the Federal budget on the same plane as most State budgets that exist today.

Again, the current Federal budget makes no distinction between operating and capital costs. We treat a highway that lasts 40 years precisely as we treat a traveling bureaucrat's lunch that is eaten and forgotten in 15 minutes. That is a prescription for short-changing investment.

A family does not treat a monthly mortgage payment the same as it treats a night at the movies. When the budget is tight, we clamp down on nights out. But we still pay the mortgage.

So it is time to abandon the idea that we can operate in today's economy out of a cash drawer as we could two centuries ago. For too long, that attitude has forced the Federal Government into costly and senseless solutions that are short term and, frankly, short-sighted. For example, in the mid-1980's, when President Reagan was anxious to avoid the appearance of higher deficits, the General Services Administration spent hundreds of millions of dollars on rental leases around the country, although it would have made more sense to build and own the buildings outright. In some cases, taxpayers are still paying on some of those leases today.

The argument that Government should operate on a more business-like basis is really what this amendment is all about. Every wise business borrows money to make investments that will

increase profits. Smart businesses do not have to guess how much of their borrowed capital, how much of their revenue, how much of their future capital is going to be sunk into wages instead of a new warehouse. They know how their money is allocated because they have capital budgets, and they have operating budgets. It is the instinctive response of any normal household to draw the distinction. But, under current law, the Federal Government cannot do what families or businesses do today.

Madam President, a group of 435 leading economists recently called upon Congress and the President to increase public investment now and for the 21st century. They included six Nobel laureates, and their call reflects their professional judgment, not a political one.

They said:

"There is a danger in the current antigovernment tone of our national political discourse that we as a nation will forget the essential economic contribution made by public investment in our people and in our infrastructure. * * * The cost of infrastructure decay, urban squalor, and social polarization is too high."

Nearly every economist agrees that the United States is not investing enough in public infrastructure. Our public capital—roads, bridges, rails, and airports, our water systems, schools, and libraries—are all investments made in the past that support our present standard of living.

Our ability to compete, our ability to improve the quality of life for ourselves, and our ability to prepare for the 21st century depends upon our willingness to make these kinds of investments. But our present budget structure, unchanged, guarantees that we will not be able to do so.

The distinctive mark of American economic growth throughout its history has been productivity. Ours is an economy and a system that has given free rein to the investments, public and private, needed to sustain the productivity growth that we witnessed now for so long. We cannot, we should not, continue to live off our seed corn. We should be planting for our own futures, certainly not eating the very product that has produced the kind of economic vitality that we now enjoy.

The reason these economists and other Americans had to call attention to infrastructure is that investment is not treated by our budget as a distinct budgetary cost separate from consumption, and I daresay that most of the people in the Chamber today would privately agree that it should be. The Biden amendment at long last would achieve just that.

Polls show that Americans want much of what Government provides. They want to eliminate waste, of course. So do all of us. But they also want a strong national infrastructure with safer highways, with safe dams, with safe bridges, and good schools.

Indeed, most of our arguments over Government are not over the investment end of it; they are over the operational costs. Such issues relating to welfare and some of the consumption questions certainly will come up in the coming weeks and months on this very floor. I have not heard much anger, frankly, over capital investments that past generations have made in this country. That is not what this debate is about. We all recognize that public investment continues to decline. We all recognize that someday the bill will come due. We all recognize that if we do not address it now, this problem is going to continue to become more complicated. It will compound and become even more expensive.

The amendment before us is neither radical nor complicated. It is a coming of age for the Federal Government. It would give us the tools that every other competitive trading nation in the world already has.

Twenty years ago, the first Budget Act was passed. Frankly, I think it was regarded as revolutionary. For the first time, Congress would know how much money was being spent, and on what, before it was spent, not afterward.

By now, Congress has done practically everything possible to the Budget Act except to repeal it. But still we do not have a handle on spending.

We cannot agree, between 1990 and today, whether the trust funds allocated to future Social Security benefits should be counted against current deficit spending. We took Social Security off budget 5 years ago. This week, we nullified that decision. No wonder there is budgetary confusion.

It is time for another revolution, similar in scope to the one that brought the Budget Act into being. It is the single step that would give us the tools needed to change business as usual in Washington.

The Biden amendment would make that revolutionary, commonsense change. It would allow us to balance the budget and at the same time promote the long-term investment that we all want, the long-term investment that would give us a real level of confidence that, indeed, we can look to the future in the belief that we can, indeed, improve our productivity and strengthen our economy.

I yield the floor.

Mr. BRADLEY addressed the Chair.

The PRESIDING OFFICER. The Senator from New Jersey [Mr. BRADLEY] is recognized.

Mr. BRADLEY. Madam President, I rise in support of the amendment offered by the distinguished Senator from Delaware and as an original cosponsor. I think this is one of the most important amendments that we will consider in this entire debate on a balanced budget amendment. It goes to the question of truth in budgeting.

I read in the paper constantly how the proponents of the balanced budget

amendment say, why can we not balance the budget? Our average citizen in New Jersey has to balance his or her budget, and so does the citizen in Maine or South Dakota or Utah. In fact, I have heard people say, if the factory worker can do it, why can we not do it? If the insurance salesman can do it, why can we not balance our budget?

Madam President, I suggest that average people out there in the country today, by a surprising margin, do not balance their own budgets, in the way we would have to under this balanced budget amendment. I think there is a very important distinction to be made between people who spend money for consumption and people who spend money for investment.

The average person today, assuming that he has a credit card, spends money by using that credit card and piles up debt. This type of spending is primarily for consumption. At the same time, my guess is that there are millions of Americans who have mortgages on their homes. Madam President, under the rules established by this balanced budget amendment, any American who has a mortgage on his or her home would not have a balanced budget. Under the balanced budget amendment, all capital expenditures have to be funded currently, which means that if you were going to buy a home under the balanced budget amendment, you could not get a mortgage; you would have to pay for the whole house in 1 year. How many people in this country do that? Not very many. They go to the bank and they get a mortgage, and as a result of this mortgage, they pay the house off over many years as they use it, and as the benefit of the asset accrues to them. They also pay the interest charges every year.

Madam President, let me suggest that there is a great difference between a mortgage and credit card debt. Similarly, there is a great difference at the Federal level between operating expenses and capital expenditures. Operating expenses fund consumption, the day-to-day costs of running the Government, including everything from veterans' programs to the FBI to employees' salaries. The benefits of this type of spending are used up almost immediately. However, when the Federal Government makes a capital expenditure, meaning an investment in a physical asset such as a building, a highway, or a port, the benefit from that asset does not accrue to the country in that first year. It accrues over time. Yet, the balanced budget amendment, as it currently stands, would require us to put the whole cost in the budget up front, unlike the average citizen.

Therefore, Madam President, the first point I want to make is that there is a real distinction between financing day-to-day expenses and financing long-term investment. American families know that distinction. That is why they have credit cards and mortgages—one to pay for day-to-day expenses; the other, to finance long-term invest-

ments. The Federal Government should operate the same way American families do. We should have a Federal budget that balances our operating expenses. We should not have a Federal budget that requires short-term balance on long-term investments.

So that is the first point I would like to make. Under this amendment, capital expenditures are listed in a separate budget from the operating expenditures. And while a three-fifths vote would be needed to allow borrowing for the operating budget, if you want to borrow on the capital budget, it would take only a majority.

The other argument we have heard in this debate, is that States balance their budgets, so why can the Federal Government not balance its budget?

Madam President, States do not balance their budgets as the Federal Government would be required to balance its budget under the terms of this amendment. We all live in different States. Let us take my State of New Jersey. We have a balanced budget requirement in New Jersey. The State must balance the budget. That is what it says. However, we also realize the importance of making long-term investments for our State's future. Therefore, notwithstanding the balanced budget requirement, the State has the authority to borrow to finance capital investments. In addition to general obligation bonds issued directly by the State of New Jersey, we have a number of State authorities that are authorized to borrow to finance long-term investment projects. These authorities include the New Jersey Economic Development Authority, which as of November 1994 had \$3.6 billion in debt outstanding; the New Jersey Turnpike Authority, \$2.8 billion; the New Jersey Educational Facilities Finance Authority, \$1 billion; the New Jersey Sports and Exposition Authority, \$900 million; the New Jersey Building Authority, \$700 million; the New Jersey Highway Authority, \$640 million; the New Jersey Waste Water Treatment Trust, \$620 million; the South Jersey Transportation Authority, \$590 million; the New Jersey Water Supply Authority, \$150 million; and the South Jersey Port Corp., \$40 million.

In total, Madam President, New Jersey had 19.8 billion dollars' worth of debt in 1992 which was used to finance capital projects. The total annual New Jersey State budget is around \$16 or \$17 billion. If New Jersey had to balance its budget as the Federal budget would have to balance its budget under the balanced budget amendment, New Jersey would have to spend more in annual debt payments than it now spends.

Madam President, despite the importance of investing for our Nation's future, the balanced budget amendment does not distinguish between operating and capital expenditures. Instead, the amendment, unlike the balanced budget requirements in New Jersey and 42

other States, lumps both of these categories together by limiting the Federal Government from borrowing to finance long-term investment. The balanced budget amendment would require that the full cost of each investment project be paid immediately regardless of the term of the investment's life. In other words, in New Jersey, \$19 billion would be due next year because that is how much New Jersey is in debt with the so-called balanced budget amendment at the State level. If this rule were applied to families, they would be forced to pay off their entire mortgage immediately and they could never again borrow to buy a home, pay for college, or finance any other long-term investment.

Do we really want to hamstring the Federal Government in this manner? I think not. American families do not do it; our States do not do it. What is good for families and States should be good for the Federal Government.

We ought to have a separate capital budget. Therefore, the capital budget amendment that the distinguished Senator from Delaware has offered would do nothing American families, businesses, and States do not already do.

By allowing the Federal Government to borrow to finance long-term investments, this amendment would allow the Federal Government to manage its finances in the same way that most States, families, and businesses manage theirs. That is what this amendment is all about.

Why treat the Federal Government differently? Who would argue that families in this country should be prevented from taking out mortgages? Why should we say to New Jersey taxpayers, "Pony up for the whole State budget plus the total for all State borrowing, all \$19 billion worth, to pay that debt off?" Why should we say to businesses that borrow to finance capital investments in plant and equipment, "Nope, you can't do that. You have to pay it all off in the same year you buy it."

The reason that we do not do that, of course, with regard to families, businesses, and State governments, is that we recognize the connection between long-term investment, economic growth, and job creation.

The more investment you have, the more jobs you have. The more long-term investment you have, the broader your foundation for economic growth is over time.

How often do we hear about the balanced budget amendment, "We need to reduce the deficit. We need to eliminate the debt. We need the balanced budget amendment because it is through debt passed on to subsequent generations of taxpayers that the ultimate unfairness comes in."

However, these same concerns about intergenerational cost shifting do not seem to come into play when we discuss the possibility of issuing debt to finance long-term capital projects that provide benefits over a number of

years. Why pay for the benefits of a bridge in 1 year when those benefits are going to flow over 50 years? Why pay for the benefits of your home in 1 year when the benefits are going to flow over 50 years? American homeowners do not pay for all those benefits in 1 year. They pay over 10, 20, 30 years.

Why should the Federal Government be different? In short, it should not.

But there is a bigger point here and the bigger point is that capital investment, whether you are running a company or a government, is enormously important because it is through investment that we increase productivity which provides a foundation for long-term economic growth. That increased productivity is critical if we wish to enhance long-term job opportunities, improve our standard of living, and keep our Nation competitive in an increasingly international marketplace.

Capital investments are investments in the long-term productivity of our economy and in the living standards of our citizens. However, because these advantages do not become apparent until several years after the funds have been invested, they are often underfunded, particularly when funds are tight, as they are now. Budget decisions tend to focus on immediate, operating needs. As a result, long-term investments get shortchanged.

By separating capital expenditures from operating expenditures, we ensure that these long-term investments are not overlooked in the budget process. By allowing them to be financed through debt, we can ensure that the long-term economic vitality of our country will be preserved.

The threat of insufficient capital investment is very real. Recently, a group of 435 economists signed a statement that warned:

There is a danger in the current antigovernment tone of our national discourse that we as a Nation will forget the essential economic contribution made by public investment in our people and in our infrastructure.

"Public investment." Ask anybody who lives on the east coast, west coast, or gulf coast of the United States how important ports are. Those are big capital investments.

Ask anybody that lives anywhere in the United States how important highways are. Ask anybody who lives in a larger metropolitan area how important mass transit is. Ask anybody in the West how important dams are. Ask anybody in the dry West, beyond the 100th meridian, how important irrigation is. Ask anybody beyond the 100th meridian in the West how important public investment in power are.

Ask anybody, and they will tell you that it is on the strength of investment, both public and private, that long-term economic growth is based.

Madam President, I would simply suggest that if we look at the public investments in the 19th century. The distinguished Senator from Idaho is here. He knows how important the dams are in the West. He knows how important

the irrigation systems are in the West. Madam President, if we could not finance those systems with debt, we would have to account for it all in the first year. We would have to pay the entire cost upfront. Most of those projects would not have been built had it not been for the Federal Government's ability to borrow and, in the future, many projects such as these will not be built.

We need to liberate capital spending from these requirements. We can do so by having a separate capital budget, a capital budget that would be capped at 10 percent of the total operating budget outlays. If we were able to do that, I believe that we would all benefit—our country would benefit and our children would benefit.

Madam President, I would like to close by emphasizing that the problem we are seeking to resolve by creating a separate capital budget is a real one with significant repercussions for our children and grandchildren. Like those economists said, if we do not make those investments, then our future will not be secure. How we choose to finance long-term public investments will have enormous consequences on the economic well-being of future generations. It is just as irresponsible to leave children and grandchildren with an enormous debt burden as it is to leave them without the infrastructure necessary for them to build their future.

I believe it is this concern about the impact of our decisions on future generations that is really driving the balanced budget amendment. If we are truly concerned about our children and their economic well-being, then it is clear that the time has arrived for a capital budget.

I yield the floor.

Mr. CRAIG. Mr. President, I now yield 5 minutes to the Senator from Illinois.

Mr. SIMON. I thank my colleague. If I may have the attention of my friend from New Jersey and tell him that I agree completely on the need for long-term investment. But I believe the case is not there for carving out this exception for the balanced budget amendment.

It is very interesting that you mention the interstate highway system. President Eisenhower, to his great credit, proposed the interstate highway system. And he suggested that we issue bonds for it. And a U.S. Senator by the name of Albert Gore, Sr., stood up and said we should not issue bonds, we should have a gasoline tax to pay for them. And as of about a year or maybe a year and a half ago, the estimate was we saved \$750 billion in interest.

The largest project we have now is a nuclear carrier. \$7 billion or so is paid over 5 years. We can do that on a pay-as-you-go basis.

GAO has said we ought to separate investment from consumption in our budget. I agree with them. But they

also warn we have no necessity for a capital budget as a local unit of government may have.

It is also interesting, as we look at the history of our budget, as our deficits have grown, our capital investment has diminished so that, if we are interested in capital investment, what we ought to be doing is getting the deficit down and, in fact, we will have more capital investment.

Now, I happen to favor, for example, moving ahead in a massive way for mass transit. I think we could say to the Chicago Transit Authority and the others, "We are going to set aside 2 cents of our gasoline, \$2.4 billion, for your capital investment," and then if they want to—because they do not have the ability to do anything—if they want to issue bonds, they can do that.

I would finally point out that this balanced budget amendment, believe it or not, does not prohibit capital investment, in a way that I happen to think is not the desirable thing. The Judicial Building right next to Union Station was a project designed by our colleague, Senator PAT MOYNIHAN. Architecturally, it is one of the most attractive buildings in the Capitol area today. Without my knowledge—because I would have voted against this method of financing—we are leasing that for 20 years, and at the end of 20 years we will own that building. I do not favor that, but I mention that simply to suggest there is flexibility within this amendment.

Mr. BRADLEY. Mr. President, if I could respond to my distinguished colleague from Illinois.

Mr. SIMON. I know we are limited to 20 minutes. If you can respond on the time of Senator BIDEN.

Mr. BRADLEY. Anyway the Senator from Illinois would like—I would like to accommodate him because I think he raises a couple of good points.

He raises the issue of the U.S. highway being built. Why do you need debt? I wonder if the Illinois Turnpike Authority is financed the same way. The New Jersey Turnpike is not financed the same way. We float bonds.

I note that in the 1950's there were a couple of years in which the Federal Government ran a surplus on a current year basis. We had no gigantic national debt, a very minuscule national debt, we ran a surplus. This allowed us the freedom to finance major capital projects on a pay-as-you-go basis.

However, I would say there is a great difference between our situation today and the situation that faced young Senator Albert Gore, Sr. when he proposed his amendment. The difference is about \$4.3 trillion worth of debt.

As we try to balance the budget, we will be forced to make dramatic spending cuts. The capital budget amendment would simply cause us to weigh an investment's long-term benefits against its long-term costs. If the benefits outweigh the costs, we should be able to finance the project over its pro-

jected lifetime. Without this amendment we will be forced to budget for the entire cost of a capital investment in its first year and compare this cost to the many competing, and frequently legitimate, demands for current consumption spending.

The Senator makes a second point which is that as the deficit has grown, capital investment has dropped, to which I would say, "And the sun comes up in the morning." Of course, as deficits grow, capital investments drop. Capital investments drop because the public sector crowds out the capital markets. Instead, the money goes to finance public sector consumption. As a result, there is relatively little available for private sector investment.

But that is not the point. The point here is the public budget. Unless we act, public investment will continue to drop as we attempt to reduce the deficit. Ask yourself, you are a practicing politician, are you going to respond to the guy that comes in and says you know what we need is a new highway system. What we need is a new dam. Or what we need is a new power plant. Or are you going to say, I will give you the power plants, the bridge, the highway, but all you senior citizens, all you middle-class taxpayers, all you others out there who want to eat into a shrinking amount of available public funding, I will say no to you so I can make this long-term investment? This never happens. It has not happened in the past and is not likely to happen in the future. That is precisely why we need a capital budget.

Now the Senator made one last point about how the balanced budget should be flexible. I agree and would simply ask the question: Why is what is good for the American family not good for the Federal Government? Why is it that American families, when they buy a long-term asset, their home, get a mortgage and pay it off as they benefit from it each year in terms of interest payments? Why is that okay for the American family but not okay for the Federal Government? Why is it that Governors across this country say they have a balanced budget but still assume debt to finance long-term projects?

In my State alone, the State budget is \$16 to \$17 billion; the amount of amassed debt is \$19.8 billion. Why is what is good for the Governors is not good for the U.S. Government? Why is what is good for the American families is not good for the U.S. Government?

So I would simply say, I think the Senator has raised a number of interesting questions, to which there are answers, and I have done my best to try to answer him.

(Mr. DeWINE assumed the chair.)

Mr. DORGAN. Mr. President, I wonder if the Senator will yield for a question. I am going to support the amendment that is on the floor because I think it makes a lot of sense, but I am always interested in this notion of families versus Governors. The major dif-

ference here is every American family who has debt is required not only to pay interest on the debt but to pay down the principal payment after payment after payment.

The difference is, the Federal debt keeps increasing because we pay interest and increase the principal year after year after year. That is a very fundamental difference between families and Governors.

Mr. BRADLEY. If I could respond to the Senator, I take his point. At the same time, no family is going to put the full price of the house out. No family is going to be required, as we would be under the balanced budget amendment, to pay this full amount upfront. I think there is a significant difference. I take his point on the narrower issue. On the broader issue, I do not think anybody wants to say to American families, "You can't buy your home with a mortgage, you have to pay for it all up front."

I think that is what we are saying under this balanced budget amendment, that you cannot finance long-term investment out of debt and that, in my view, will be counterproductive; it will lead to lower economic growth and fewer jobs.

Mr. SIMON. Mr. President, how much time do I have remaining?

The PRESIDING OFFICER. The Senator has 1 minute.

Mr. SIMON. Mr. President, first of all, I think Senator DORGAN makes a very good point. I will add, that family does not mortgage itself because they want to but that is the only way they can acquire the thing. When you have a \$1.6 trillion budget and the biggest capital item is \$8 billion, less than 1 percent of that budget, then you do it on a pay-as-you-go basis.

Second, the point that was made for States, I happen to know a little bit about the Illinois toll road. I was in the State legislature. I voted against it. I wanted to do it on a pay-as-you-go basis. We could have done it, and no one in Illinois would be paying tolls today if we had been prudent.

The reality is, we have the lowest gasoline tax of any country outside of Saudi Arabia. If we want to do something in mass transit or highways, we can do it on a pay-as-you-go basis.

Finally, I urge that everyone listen to what the General Accounting Office suggests and that is we ought to divide our budget into investment and consumption but not have a separate capital budget as an excuse for a deficit.

Mr. BRADLEY. If the Senator will yield.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. BIDEN addressed the Chair.

The PRESIDING OFFICER. The Senator from Delaware.

Mr. BIDEN. How much time remains in control of the proponents of the amendment?

The PRESIDING OFFICER. Twenty-three minutes and ten seconds.

Mr. BIDEN. I yield time to my friend from New Jersey.

Mr. BRADLEY. Mr. President, I thank my distinguished colleague. I simply would like to make the point again, the Senator said people would not be able to buy homes if they could not get mortgages. Right, that is true. Why did we decide we would allow them to have mortgages? So they would buy homes, employ people and, at the same time, make an investment that lasts a long time, precisely because it is in the interest of this country to have investments in homes that last a long time.

Mr. BIDEN. If the Senator will yield, why did we allow them to deduct the interest they pay on their mortgage? To further encourage them to buy.

Mr. BRADLEY. Why do we build the roads that got them to the homes in the subdivisions? Same reason. But there is a difference between that and sending somebody a check that they spend tomorrow. That is the operating budget. Send people a check and they spend it tomorrow. You can do debt like that, too.

You can have a credit card as an individual, you can go out and spend, consume, go to the movies, buy your wife dinner, buy some new clothes and put it on the credit card. That is consumption. That is the operating budget. In general, we should not borrow to finance such types of spending. However, when you buy a house, you have a longer-term investment so you do not want to pay \$100,000 or \$200,000 for that house in 1 year, you want to spread it over time because you are going to derive the benefits of that house over a longer period of time, year by year by year.

All we are saying is treat the American Government the same way that we treat American families. Treat the Federal Government the same way that we treat State governments.

The distinguished Senator from Delaware was not on the floor when I pointed out that in my State of New Jersey, we have public indebtedness—State government and authorities—of \$19.8 billion and, yet, the Governor—and every Governor who has been Governor of the State of New Jersey—asserts we have a balanced budget. We balance the operating budget, we do not balance the capital budget. The capital budget is debt for long-term projects that help the economy grow and prosper. It is nonsensical to say, "Well, we don't need that. We are prohibiting it in the balanced budget amendment."

Instead, look what happens when you gain control over spending by balancing the operating budget and capping the capital budget. Under this proposal, the capital budget would be capped at 10 percent of the overall budget over time and the payoff in jobs, investment, economic productivity is immensely greater than that investment. I agree with the Senator from Illinois, it will not be made in the amounts that are available under a

capital budget because all those demands of people who want to consume money we send them through the mail will be greater than those people who will be farsighted enough to say, "Build this dam, build that highway or build mass transit."

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

Mr. BRADLEY. I will be pleased to yield for a question.

Mr. BIDEN. One of the reasons why, as I understand it, some of us—myself, I know the Senator from Illinois feels this way and I suspect the Senator from Idaho—feel we need a balanced budget amendment is because now the incentive is to thrust off onto our children the obligation of paying for what we are unwilling to make tough decisions. When the President put his deficit reduction package down, the three of us voted for it but we could not get anybody else to vote for it because we did not dare to say we were raising taxes on the very wealthy among us, we did not dare to go back and say we were going to cap spending for social programs, et cetera. So it was easier to let the debt accumulate and the incentive was to shunt it off to our children.

My question is this: Will we not just be supplanting that incentive to shove off onto our children debt that we do not want to meet and instead shove off on our children the lack of the infrastructure they are going to need to be able to compete?

How many people in here are going to go home and say in New Jersey, Delaware, Illinois, Maine, wherever, "By the way, the reason why I voted against providing more money for education is because we think that the Port of Wilmington and the Port of Camden need an investment of 12 new cranes which are going to cost a half-a-billion dollars, because in order for us to be able to compete with the Germans, we have to be able to export more to Europe of the automobiles that we are building."

How many people are going to find that their town meeting folks are going to say, "Now let me get this straight, you mean to tell me my kid is not going to have as much money for school this year or for a college loan program this year or for tuition this year because you are telling me you invested so my grandkid will be able to compete with the Germans 10 years from now?"

Has anything in the political experience of the Senator from New Jersey led him to believe that will be the norm for American politicians?

Mr. BRADLEY. I will reply to the distinguished Senator from Delaware, there is one simple answer: Those investments will not be made.

Mr. BIDEN. Bingo.

Mr. BRADLEY. There are not profiles in courage enough for people to take longer-term decisions, witness this deficit and debt. The Senator is exactly right.

He points out that we will have a balanced budget amendment that will simply reduce the chances for better jobs, more jobs, higher incomes for our children because we will not be building the kind of infrastructure and the kind of investments that most every State in the Union finance by borrowing.

In my State, the New Jersey Turnpike Authority has financed through borrowing what is probably the best known investment. I guess there is not a Member of this body who has not ridden on the New Jersey Turnpike. That would not have been built if it had not been debt financed. I do not know if anybody has gone to Giant Stadium or to the racetrack built under the auspices of the the Sports & Exposition Authority. They would not have been built if they had not been debt financed. I do not know if many people know about the incredible dams in the west that would not have been built.

Mr. CRAIG. Will the Senator yield?

Mr. BIDEN. I will be happy to yield on the Senator's time.

Mr. CRAIG. Specifically to the point of New Jersey, if you take the capital investment bonded by the State of New Jersey and the surpluses invested in the employment trust funds and you put them into a unified budget with the operating budget of the State of New Jersey, that is, the General Accounting Office report, October 1983, as we do at the Federal level in a unified budget, guess what you have in the State of New Jersey? You have a balanced budget based on revenue, based on the value of the trust funds, based on the capital investment from bonding, and that is why you have the rating you do in the bond system.

Now, what the Senator is saying is true, but we must tell the whole story. And the whole story is the net assets versus the expenditures of the State of New Jersey.

DICK GEPHARDT over in the House asked for that report, and in almost all cases with all States, if you look at it through the eyes of a unified budget, which the Senator is not arguing at this moment—

Mr. BRADLEY. Absolutely.

Mr. CRAIG. But the Federal Government does look at it in the eyes of a unified budget, because that is how we treat Social Security—and that has been argued here in the Chamber—then, I say to my friend, the rest of the story is that when you put it all together, the State of New Jersey, being as fiscally responsible as they are, is balancing capital, capital reserves in the trust funds of the retirement system versus the investment of the bonds they floated and the obligation they get as an A or a AAA rating and their operating fund and they have a near balanced budget. That is the reality of the report.

Mr. BRADLEY. I would say to the distinguished Senator that they might have a AAA rating, but it does not

equal the rating of the U.S. Government. And the reason it does not equal the rating of the U.S. Government is because we can print the money. State borrowing is not as secure. There might be a Governor in New Jersey that might make some bad economic decisions. This might result in a bigger deficit than investors had imagined. Lenders might believe that the State is not making a good investment. At some point they might not be funding the pension funds as they should be funding the pension funds. In fact, right now that is the debate. And indeed that might affect their rating.

But we are talking about the Federal Government. I would say to the distinguished Senator as well, look, I voted to take the Social Security trust funds out. Let us have the trust funds as a separate part of the budget. Let us have an operating budget and then let us have the capital budget. Let us organize it clearly and tell the American people, as the Senator points out, just like the State of New Jersey, so that we can then say we have a balanced budget if we balance the operating expenditures.

Mr. BIDEN. Will the Senator yield for a moment for me to respond?

Mr. CRAIG. I would yield only on the Senator's time.

Mr. BIDEN. Yes, on my time.

As I understand what the Senator just said, put another way, if New Jersey wanted to pay off its bonds, it would have to take all the money it has in its pension funds. Bingo, that is a great idea, is it not? What does that do? I mean look, this is not real complicated.

The Senator from Idaho just laid it out. He said, look, if you take the money that is in here for the pension funds, all that money that is saved up, and you take the revenues that are coming in on a yearly basis and you look at the money that is being paid out and the indebtedness, you are almost balanced. That is almost balanced if you empty the bank account, the bank account being the pension funds, which means those people do not get paid their pensions. What are we talking about here?

Mr. CRAIG. Will the Senator yield?

Mr. BIDEN. Sure, on the Senator's time.

Mr. CRAIG. The Senator knows he is not talking about that. The Senator is talking about an annual payment on the bond, not emptying out the trust funds. We are not emptying out Social Security. The bottom line is that GAO agrees with me against the Senator on the concept of a unified budget. Now, the Senator can play the rhetorical games but the reality is States cannot print money. They must borrow.

Mr. BRADLEY. Will the Senator yield?

Mr. CRAIG. No, I will not. They keep their rating by their fiscal responsibility. That is exactly what they do. Interestingly enough, when you put it all together State by State, while we do

not have a capital budget—and we know we do not have it, and the reason we do not have it is because we like the pay-as-you-go basis; it controls our ability to spend and we know we cannot control our ability to spend—then States are not in a bad shape. States have been offered this financing mechanism simply because they do not have the ability to print money, because they are a part of the whole.

Now, we know that. Senators know that. And it comes down to the reality of fiscal solvency. States do not borrow beyond their ability to pay.

Mr. BIDEN. Mr. President, on my own time.

The PRESIDING OFFICER. The Senator from Delaware.

Mr. BIDEN. Let me talk like a good old-fashioned Republican here. Let us talk about how people back home do it.

Now, let us just look at what the Senator said. He said States have debt. Well, they have debt. We are just saying we should not have any debt. But he is saying—let us get this straight—we are going to collect in taxes in New Jersey as we collect in taxes federally from the FICA tax for Social Security and the income tax and excise tax and all the other taxes, the State of New Jersey, the State of Delaware, the State of Illinois, the State of Utah, we are going to collect this money. Now, under the system that they are setting up, the total amount of money we collect cannot be less than the money we pay out. Right? OK, so far so good. New Jersey does the same thing. But what we are doing in our unified budget is we are spending the Social Security pensioners' money.

Mr. BRADLEY. If the Senator will yield at that point.

Mr. BIDEN. Surely.

Mr. BRADLEY. And by the logic of the argument of the Senator from Idaho, he thinks we should continue to raid the Social Security trust funds in order to balance the budget.

Mr. BIDEN. Precisely. If I can say to my friend, and he also thinks the State of New Jersey—I do not know that what they do is different than Delaware; I do not know what New Jersey does, but in most States they do not take that money and spend it to pay for roads. Some States do. Most do not. They have it segregated, their pension funds.

Mr. BRADLEY. Will the Senator yield on that point?

Mr. BIDEN. Surely.

Mr. BRADLEY. New Jersey is the exception in that as well because New Jersey—I do not know what the date of the Senator's economic report is, but in the recent New Jersey budget, the State borrowed \$3 billion from the pension funds to fund the deficit.

Mr. BIDEN. Right. Now, let us get it like the homeowner does. Let us say a homeowner decides, I want to retire, and I am just going to leave the State of Delaware or the State of New Jersey. I want to sell all my assets and pay all my debts. OK. Well, what he or

she has to do is sell the house, sell everything they own. They take everything, all their income, that year. They pay everything off. And whatever they have left means they are either in debt as they leave town on borrowed money for an Amtrak ticket or they have money in their pocket.

Now, how about if you put the State of New Jersey or any other State, or the Federal Government in the same situation.

What happens now? In order for the State of New Jersey to pay off all that it owes, that is, its bond indebtedness, in 1 year, and all that it costs to operate the State for 1 year, it has to go and take money out of the pension fund. They could, if they took all the money out, settle all their debts. But now there is no money left for my uncle when he retires.

Now, I do not call that solvency. It may be that technically it is solvent, but it sure puts a lot of people in jeopardy.

I do not want to carry this too far except to say, look, there is nothing sacrosanct about the way this amendment is written—this main amendment is written. It makes sense to make sure we do not shift the incentive from accumulating debt on our children's backs so they have to pay interest on the debt, to denying them the ability to have any infrastructure left where they can make this country competitive.

Mr. BRADLEY. Will the Senator yield for one last point?

Mr. BIDEN. I will be delighted to.

Mr. BRADLEY. Again, back to the New Jersey example, the State budget is roughly \$16.9 billion, the indebtedness is \$19.8 billion. Imagine what would happen to taxes if you had to fund New Jersey investment the way this amendment would require us to fund Federal investment.

Mr. BIDEN. In 1 year.

Mr. BRADLEY. In 1 year.

Mr. BIDEN. Without being able to raid the retirement fund.

Mr. BRADLEY. Right, while protecting the pensions.

Mr. BIDEN. Mr. President, we talked about State total indebtedness. I ask unanimous consent to have printed in the RECORD this survey of State and local governments by the U.S. Bureau of the Census. It is in current dollars. Just going back to 1983, the total indebtedness was \$167,289,000,000 for the States. In 1993, 10 years later, it is \$387,680,000,000 indebtedness.

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

State government total indebtedness

[In millions of dollars]

Fiscal year:	Amount
1993	387,680
1992	371,901
1991	348,769
1990	318,254
1989	295,500
1988	276,786
1983	167,289

1978	102,568
1973	59,374
1968	35,666
1963	23,176
1958	15,394
1953	7,824
1948	3,676

Note.—Amounts are in current dollars. Total indebtedness amounts include both long- and short-term debt. Long-term debt includes full-faith and credit (general obligation) and revenue debt. State government debt total excludes debt obligations of local governments; in fiscal year 1992 local government debt amounted to \$598 billion compared with \$372 billion for State governments.

Source.—Annual Survey of State and Local Government Finance, U.S. Bureau of the Census.

Mr. BIDEN. Let us just hope everybody does not think we know what we are doing here and decide to pass in every State a balanced budget amendment like we have here, because we will be in chaos. Why, everybody who stood up—the distinguished Senator from Utah, the manager of the bill is here. His Governor, a really solid guy, a guy who is a fiscal conservative I assume, a guy who is straight as an arrow, and I asked him, “Do you balance your budget?”

He said, “No, we have a capital budget.”

I said, “Should we have one federally?”

He said, “Well, it is something you should look it. It seems like a pretty good idea to me.”

Did anybody go out there and survey the Governors, whom we all think somehow God invested them with some new knowledge now? Governors are in. That is great. Ask them do any of them object to us having a capital budget? This is silly, refusing to do this.

I see my friend from New Jersey is on the floor. Would he like some time yielded?

Mr. LAUTENBERG. I would.

Mr. BIDEN. Please, go ahead. I have 8 minutes left. Is 5 minutes sufficient?

Mr. LAUTENBERG. I will talk fast.

The PRESIDING OFFICER. The Senator from New Jersey.

Mr. LAUTENBERG. Mr. President, I thank the Senator from Delaware for his courtesy. I also want to commend my senior colleague from New Jersey because, though our arguments are going to be essentially the same, I thought he did his very well.

I want to talk about this, the notion of separating the Federal budget into capital and operating budgets, and only requiring that the operating budget be balanced, which is what I hear being said here. I come out of the business community. I served as CEO of a major American corporation and got my financial experience there. So as I approach this problem, I see it, perhaps, from a moderately different perspective than some.

Mr. President, I strongly support cutting wasteful spending and reducing the deficit, but I have serious concerns about putting rigid rules for fiscal policy into the Constitution. The balanced budget amendment to the Constitution should be defeated. However, if we are to have such a constitutional requirement, it should at least establish rules

that recognize simple and practical realities.

House Joint Resolution 1, unfortunately, does not do this. By continuing commingling of capital and operating budgets, it would incorporate budgetary procedures in our Constitution—the permanent law of the land—that no aware businessperson would ever think about adopting for their business. It flies in the face of common sense and standard business practice.

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

It sounds good, Mr. President. And the real answer is that, yes, families, States and businesses balance their budgets, principally because they are able to borrow for long-term investments and spread that investment over a period of time so it is accounted for in relation to the life of the asset as it is used. Families borrow money to buy a house or a car. For most families the achievement of an asset base is almost exclusively because they are able to mortgage a piece of property, pay it off over a period of time, and accumulate some capital.

States borrow for capital projects that will provide long-term benefits, like roads and bridges. And, every day, businesses borrow to invest in plant and equipment to make them more competitive. If they did not, most would have no future, especially in today's increasingly technological age. They know they need to make investments in the future. That is why they do not balance all receipts and expenditures—they balance only their operating budgets.

By contrast, Mr. President, House Joint Resolution 1 in its current form lumps the capital and operating budgets together, and makes no distinction between investments and operational expenses. As a former CEO of a major cooperation, I can attest that this approach violates the most basic principles of budgeting in the private sector. Virtually no major business in America commingles their capital and operating budgets. Nor do State governments, and for good reason.

Mr. President, too much borrowing is a dangerous thing, that is clear. But borrowing per se is not an evil thing. In fact, it is often the most appropriate way to finance long-term investments.

To illustrate the point, let us consider a town that is trying to attract investment by high technology companies, but which lacks the schools needed to support such companies.

If the town cannot afford to build new schools, its only option would be to borrow. By doing so, and building those schools, the town would promote economic growth, improve the quality of life for years, and spread the costs among all the generations who would benefit. In other words, it would be a win-win situation for everybody.

But now let us assume that this town must live under House Joint Resolution 1. What would happen? The answer is: absolutely nothing. The town could not afford the new schools. It would not attract high technology investment. Jobs would be lost. And the town's long-term future could be threatened. All in all, it would be a lose-lose situation for everybody.

Well, Mr. President, the fate of that town is really a metaphor for what could happen to our country under a balanced budget amendment. Any item that cannot be paid for by today's taxpayers will never be built—even if any borrowed funds would be repaid many times over, and even if the economy would benefit substantially by the investment.

Mr. President, such a constitutional bias against long-term investment is especially troubling since our nation has long underinvested in our infrastructure.

History has shown that investment in infrastructure is directly related to productivity. That is an economic reality that our competitors well understand, but which we have been ignoring. In fact, of the G-7 nations, the United States ranks at the bottom for infrastructure investment as a percentage of GNP.

Japan spends three times more on infrastructure investment than the United States. The Japanese recognize that to stay competitive they need an efficient transportation system. To match Japan's investment level for just 1 year, we would need to invest over \$250 billion in infrastructure.

Mr. President, as we meet here today, almost one-fourth of America's highways are in poor or mediocre condition. Another 36 percent are rated only fair. One in five of the Nation's bridges are structurally deficient, meaning that weight restrictions have been set to limit truck traffic. There are unacceptable flight delays at 23 of the Nation's major airports. If no capacity improvements are made, 33 of the Nation's major airports will experience unacceptable delays by the year 2002. The effects of poor roads and limited air traffic capacity cost our economy \$45 billion annually.

As we move into the 21st century, which will demand substantial infrastructure investment, we are laying the groundwork for economic disaster.

Mr. President, many of my colleagues have been arguing recently that we ought to shift power from Washington, and rely more on State governments to set policy. So it's instructive to see how State governments budget their resources. And the answer is: They borrow to invest.

Take my State of New Jersey. Some of our Governors have pointed to our State's balanced budget requirement, and said the Federal Government should adopt a similar limitation. But

New Jersey's balanced budget requirement applies to our operating budget. It does not prohibit borrowing for investments. In fact, between 1960 and 1992, State debt increased from \$914 million to almost \$20 billion. That works out to over \$2,500 for each State resident.

Mr. President, balanced budget requirements in other States contain similar provisions for capital budgeting. So those of my colleagues who routinely proclaim the superior wisdom of the States should not have to think twice about voting for this amendment. It is entirely consistent with State practices.

Mr. President, investments in our infrastructure are critical to our ability to compete in the global economy and to maintain our country's standard of living. But that investment would be impossible under this balanced budget amendment, which requires today's taxpayers to pay for benefits that only future generations will receive.

That does not make sense. And to put this kind of misguided policy into the Constitution, where it would handcuff our economy in perpetuity, would be irresponsible.

Mr. President, we are talking about the long-term future of our economy. We are talking about the future of our children and grandchildren. I am thinking of my new granddaughter, Mollie, who was born just a couple of weeks ago—and all the children born in New Jersey this year. I want them to have as good a life as they possibly can. And I want our Nation to make the investments necessary to make that happen.

That is not going to be possible if the Constitution establishes budget rules that create a bias against long-term investment and fly in the face of common sense, established business practices, and State budgetary practices.

Mr. President, capital budgeting works for America's businesses. It works for America's families. It works for State governments. It should be incorporated into this balanced budget amendment.

I urge my colleagues to support this amendment.

The PRESIDING OFFICER. The Senator from Utah.

Mr. HATCH. Mr. President, this proposed exemption for a so-called capital budget, in our opinion, could help evade the purpose of the balanced budget amendment. So I urge its defeat for five reasons.

No. 1, this provision opens up a loophole in the balanced budget rule. There would be a powerful incentive for Congress and the President to help balance the budget by placing more programs in the capital budget created by this amendment. An abused or gimmick capital budget exemption could actually endanger capital investments, as falsely styled capital items crowd out real capital investment.

It may also be that with a segregated capital budget Congress may limit it-

self to spending on capital investment only in the capital budget rather than spending more than 10 percent in the general budget.

But my primary concern is this—that this provision can be used as an escape valve for at least 10 percent of the budget each and every year. Under President Clinton's proposed budget for fiscal year 1996 that would mean that we could have yearly deficits of \$160 billion per year, adding to the debt we already have, and growing. That means we would not be improving things very much from the deficit levels currently projected by the President. That is my first objection to this amendment.

No. 2, the loophole problem is aggravated by the fact that there is no standard definition of what a capital budget really is. In President Clinton's proposed fiscal year 1996 budget, the Office of Management and Budget admits this. OMB lists a number of broad categories of programs that may or may not be considered capital expenditures. They include research and development, education and training, and other such categories—very broad categories. Even within these broad categories there are questions about what programs should or should not be included. The amendment's attempt to cure the definitional problem only raises new definitional problems. The definition given is somewhat circular. Just what does "major public physical capital investment" mean? Each term is subject to substantial debate. This is a constitutional amendment. OMB's categories include a subdivision for major public physical capital investment, the same language used in the Biden amendment. This subdivision is broken into so-called direct nondefense and defense investments and grants to States and local governments.

All of this suggests that the capital budget would be easy to manipulate, or as OMB says malleable. This amendment would, in fact, create an incentive to manipulate it. As the President's own budget analysis admits,—this is on page 113 of the Analytical Perspectives Volume of the Budget of the U.S. Government, Fiscal Year 1996, just submitted: It says, "[t]hese and other definitional questions are hard to resolve." It goes on to say

[t]he process of reaching an answer [to the definitional questions] with the capital budget would open the door to manipulation because there would be an incentive to make the operating expenses and deficit look smaller. By classifying outlays as investment and using low depreciation rates this would justify more spending by the program or the Government overall.

It is particularly inappropriate to place capital budgeting in the Constitution when there is no agreement on what constitutes a capital budget.

The third reason for my urging the defeat of this amendment is that the Constitution is not the place to set budget priorities. The balanced budget amendment seeks to create a process in which programs compete for a limited

pool of resources. A constitutional amendment should be timeless and reflect a broad consensus—not make narrow policy decisions.

This exemption creates in the founding document a new constitutional budget subdivision with a percentage cap on it. We should not place technical language or budget programs into the Constitution which undercut its simplicity and universality.

My fourth reason for urging defeat of this amendment is that a capital budget exemption is unnecessary. Total Federal spending has generally been above 20 percent of GDP, and less than 4 percent of Federal outlays are for nondefense physical investment, one of the possible definitions of capital investment.

In President Clinton's fiscal 1996 budget, direct nondefense major public physical capital investment is projected to be only 1.21 percent of total spending. Federal grants to State and local governments is projected to be 2.44 percent of total spending. So, if we add the nondefense capital spending to grants, the total capital investment is only 3.65 percent of projected Federal spending.

Direct major public physical capital investment for national defense is projected to be 3.23 percent of total spending. If you added in the defense category, the total capital investment would be 6.98 percent of the total budget.

Given the relatively small and constant share that such capital expenditures—as usually understood—have in a very large Federal budget, there is no need to remove capital expenditures from the general budget.

One example might illustrate the lack of need for a capital budget. Although President Eisenhower initially proposed that the Federal Interstate Highway System be financed through borrowing, Congress decided to keep it on budget and finance it through a gas tax at the suggestion of Senator Albert Gore, Sr. We are unlikely to have a capital expenditure of this magnitude again. But, if we do, there is no reason to create a standing exemption for such investment.

If Congress decides to borrow for a particular large investment, this avenue is available under the balanced budget amendment as now drafted, and to the extent that the three-fifths vote provision in this amendment for additional capital investments replicates the general provisions of the balanced budget amendment, this amendment of my friend and colleague from Delaware simply is pointless. Under the balanced budget amendment, Congress can borrow to finance any such investments if three-fifths of each House vote to do so. This provision of this amendment is simply duplicative of the underlying amendment's provisions.

The fifth reason I urge my colleagues to vote against this amendment is that capital spending should compete in the

budget like all other spending. The balanced budget amendment seeks to foster an atmosphere in which Congress prioritizes spending options within the revenues available. House Joint Resolution 1 does prevent the creation of separate operating and capital accounts to show where federal money is being spent. Any implementing legislation which creates such separate accounts, however, must leave the total budget in balance, since implementing legislation cannot subvert the clear mandate of this amendment. But, Mr. President, accounting techniques should not subvert the prioritizing function of the amendment.

The proposed exemption allows the entire budget to be used for noncapital investment like simple transfer payments, and then allows a 10-percent increase in Federal spending—and the debt to fund it—for capital investments. The General Accounting Office saw the fallacy implicit in this exemption when it said, "The choice between spending for investment and spending for consumption should be seen as setting priorities within an overall fiscal constraint, not as a reason for relaxing that constraint and permitting a larger deficit." GAO, Budget Policy: Prompt Action Required to Avert Long-Term Harm to the Economy, June 1992, p. 79.

The GAO further said, "The creation of explicit categories for Government capital and developmental investment expenditures should not be viewed as a license to run deficits to finance these categories." Id.

Each Congress should make its own decisions about spending priorities each year, but within a rule of fiscal discipline as the balanced budget amendment would require. This is particularly true where this proffered exemption for a so-called capital budget is so large that it nearly maintains the status quo of deficits above \$160 billion a each year. Under the provisions of this amendment, we could continue to roll up debt almost as fast as we do now, maybe even faster as time goes on. This amendment creates an exception that nearly swallows the rule.

Mr. President, I would also note that the revenue portion of this amendment unduly hamstring the Federal Government with respect to the sale of assets. If the Government decides to sell off some outdated or unneeded assets, there is no reason not to count the revenue resulting from the sale as revenue to the Federal Government. This provision might even create a disincentive to get fair value from assets we sell because the revenues would not count as revenues, and to me this makes no fiscal or business sense.

Finally, there is a flaw in the analogy to States and private entities that the proponents of this amendment have made. Besides the fact that the Federal Government does not need capital budgeting as much as smaller entities, the analogy to capital budgeting by businesses or States is flawed because the Federal Government is not subject

to the same checks as either private businesses or State and local governments. Private businesses are disciplined by markets. State and local governments' capital budgeting is subject to State bond ratings. These checks on the abuse of capital budgets would not exist under a Federal capital budget making it far more likely that a Federal capital budget could be abused.

Mr. President, so that we can move quickly here this evening, or at least adequate speed, I ask unanimous consent that following the disposition of the Biden amendment Senator FEINGOLD be recognized to make a motion to refer, and that time prior to a motion to table be divided in the following fashion: That no amendments be in order prior to the motion to table, 20 minutes under the control of Senator FEINGOLD, 10 minutes under the control of Senator HATCH.

I further ask unanimous consent that following the conclusion or yielding back of time on the Feingold motion the majority leader, or his designee, be recognized to make a motion to table the Feingold motion.

I have been asked to announce by the majority leader that this is not necessarily the final vote.

Mr. ROCKEFELLER. Mr. President, I want to express my support for the concept of a capital budget embodied in this amendment offered by Senator BIDEN and Minority Leader DASCHLE.

This amendment would establish a separate capital budget for the Federal Government, which would be distinct from the general operating budget. It would provide the mechanism to make major physical investments that are necessary to remain internally strong and able to compete with other nations for the jobs and opportunities our citizens deserve.

I think we all realize the benefits and importance of long-term investments in our Nation's infrastructure. In creating a separate capital budget, we would recognize the difference between the government spending that responds to immediate needs and the spending that serves as an investment in America over generations.

Families are familiar with this concept. Millions of households borrow to make very specific investments in their own futures, such as the mortgage required to buy a home. They do this because they realize the long-term benefits of home ownership. They recognize that many of the things they buy will last beyond the time they are done making payments on them. My highly respected friend, the senior Senator from West Virginia, has described how he went into debt to purchase a bedroom set when he and his wife were younger. This very frugal, wise person made a sensible investment to increase his family's standard of living.

The fundamental purpose for a capital budget is to ensure that America's citizens of today are targeting certain resources into our collective needs over

future needs. When states issue bonds to pay for things like drinking water purification systems, they are recognizing that the benefits of that new system will go to many people over the course of 25 years or so.

If a balanced budget amendment to the Constitution passes, it should be constructed to treat a one-time, one-year tax break differently than the long-term investments in the necessary pillars of a strong nation. I think of the facilities needed to keep water pure and safe. Airports, highways and roads are that are the lifeblood of our economy, and are the only way for rural areas to have real opportunities for jobs and industries.

Many of those in favor of a balanced budget amendment point out that 49 states work within a balanced budget requirement. However, most of those requirements allow for state borrowing to fund capital investments.

In West Virginia, while we do not have a formal capital budget process, our state is permitted to borrow to fund long-term investments. The state is allowed to repay these debts over time from general revenues provided that there is a statewide vote granting the authority to do so. The state may also incur debt without this vote if the repayment is something other than general revenues.

In November, the voters in West Virginia held one of these statewide votes and passed what was called amendment 3. It was designed to fund water and sewer projects—an investment they felt will give them and their families benefits over a number of years. Amendment 3 specifically authorized the state legislature to issue and sell up to \$300 million in state bonds to be paid for over a period of 30 years.

Mr. President, as a former Governor, I am more than familiar with the difference between operating budgets and capital investments that cannot be neglected. I know the cost all too well of neglecting infrastructure, health and safety facilities, transportation—when I became Governor, I faced those costs and fought to catch up so our state could compete for the jobs and opportunities that we saw other states win as a result of their superior roads and other assets.

I am afraid that if we pass this balanced budget amendment without allowing for a capital budgeting process, we will make a bad mistake even worse. The idea of using the Constitution to set economic policy is bad enough. Passing such an amendment without allowing for a separate capital budget that recognizes the difference between long and short term investments is short-sighted and could be very costly to future generations.

Mr. President, all of my colleagues should vote for this amendment.

Mr. HATCH. Mr. President, all I can say is I understand what my dear friend and colleague is trying to do. I just disagree, and I think the Senate should disagree because it would be a

tremendous loophole. These five reasons that I have listed are reasons why I think and why I believe that this amendment should be defeated.

Mr. BIDEN. Mr. President, in a minute and 20 seconds I will give five reasons why the Senator is wrong, in my view. One, he makes conclusory statements. Two, major physical assets is defined in the amendment, and it is amazing how inventive he is about redefining what is in the amendment. He accurately read everything the GAO said, but that is not what we say in amendment. Four, we want competition to be skewed between long-term investment so we do not have our children paying the same price they are paying for the accumulated debt we have here. And five, nobody else does it the way my friend from Utah wants it done. I think it is time we ask ourselves, "I wonder why."

I urge those of us in this body who agree with the need for a capital budget to vote against tabling.

Mr. SARBANES. Will the Senator yield?

Mr. BIDEN. Yes.

Mr. SARBANES. When the Senator says "nobody else does it the way the Senator from Utah is suggesting," the Senator is referring not only to State and local governments, which borrow in order to fund a capital budget; he is talking about businesses which borrow and about individuals who borrow in order to fund a capital asset; he is talking about all of the other countries in the world. He is absolutely correct.

Mr. BIDEN. Maybe we can be different, but I hope we are not.

Mr. HATCH. Mr. President, how much time remains?

The PRESIDING OFFICER. There are 32 seconds remaining.

Mr. HATCH. I will just say this. I have made the case that borrowing by State and local governments and by businesses is completely different from the borrowing for capital budgets by the Federal Government. I do not think you can make the analogy as simple as has been made by some of my colleagues.

I yield back whatever time remains.

Mr. BIDEN. On behalf of the minority leader, I ask unanimous consent that a list of some of those in support of the amendment be printed in the RECORD.

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

SUPPORT THE BIDEN-BRADLEY AMENDMENT TO THE BALANCED BUDGET AMENDMENT

DEAR SENATOR: As currently drafted, the Balanced Budget Amendment (BBA) would create a political straight jacket that could push Congress to sell off our nation's treasured public lands such as national parks, forests and wildlife refuges. To help prevent this consequence, we urge you to support an amendment Senators Biden and Bradley are expected to offer this week to the BBA. The Biden-Bradley amendment would establish a capital budget to assure continued federal investments in major public assets from

being counted toward reductions in the operating budget deficit.

Some policy groups have voiced support for selling off public lands as a means of lowering the federal deficit, most recently at a January hearing before the House Interior Appropriations Subcommittee. While such a proposal seems unthinkable to most Americans, the BBA could push Congress in this direction. This possibility is not merely academic. After a previous administration initiated wide-spread sales of public assets to reach deficit reduction targets, Congress approved the Budget Enforcement Act of 1990 (contained in Public Law 101-508), which prohibits the Congressional Budget Office from counting the sale of public assets toward deficit reduction.

The reason for such a prohibition is obvious. While sales of federal assets may help reduce the deficit during the year in which they occur, the resulting one-time revenues do nothing to reduce the persistent spending problems that cause continued federal deficits. Far from reducing spending, selling public lands only results in the exchange of one public asset—say a national park—for another, cash. As such, it amounts to budgetary gimmickry in the name of deficit elimination.

Circumstances may well arise in which it is appropriate for Congress to consider the sale of individual federal land holdings. The Biden-Bradley amendment does nothing to inhibit that. But the Biden-Bradley amendment does assure that the balanced budget amendment does not provide a perverse incentive to sell off large portions of the public estate to produce phony deficit results.

We urge you to support the Biden-Bradley amendment.

Sincerely,

Rodger Schlickeisen, President, Defenders of Wildlife; Brent Blackwelder, President Friends of the Earth; Paul Pritchard, President, National Parks & Conservation Association; John Adams, President, Natural Resources Defense Council; Beth Millemann, Executive Director, Coast Alliance; Carl Pope, Executive Director, Sierra Club; Peter A. Berle, President, National Audubon Society; Victor M. Sher, President, Sierra Club Legal Defense Fund; Julia A. Moore, Executive Director, Physicians For Social Responsibility; Mike Matz, Executive Director, Southern Utah Wilderness Alliance.

Mr. HATCH. Mr. President, I move to table the amendment and ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question occurs on a motion to table amendment No. 278 offered by the Senator from Delaware.

The yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. LOTT. I announce that the Senator from Missouri [Mr. BOND], the Senator from North Carolina [Mr. HELMS], and the Senator from Kansas [Mrs. KASSEBAUM] are necessarily absent.

I further announce that, if present and voting, the Senator from North Carolina [Mr. HELMS] would vote "yea."

The PRESIDING OFFICER (Mr. ABRAHAM). Are there are other Senators in the Chamber desiring to vote?

The result was announced—yeas 59, nays 38, as follows:

[Rollcall Vote No. 72 Leg.]

YEAS—59

Abraham	Graham	Nickles
Ashcroft	Gramm	Nunn
Bennett	Grams	Packwood
Brown	Grassley	Pressler
Burns	Gregg	Reid
Campbell	Hatch	Robb
Chafee	Hatfield	Roth
Coats	Heflin	Santorum
Cochran	Hutchison	Shelby
Cohen	Inhofe	Simon
Coverdell	Jeffords	Simpson
Craig	Kempthorne	Smith
D'Amato	Kerrey	Snowe
DeWine	Kyl	Specter
Dole	Lott	Stevens
Domenici	Lugar	Thomas
Exon	Mack	Thompson
Faircloth	McCain	Thurmond
Frist	McConnell	Warner
Gorton	Murkowski	

NAYS—38

Akaka	Dorgan	Leahy
Baucus	Feingold	Levin
Biden	Feinstein	Lieberman
Bingaman	Ford	Mikulski
Boxer	Glenn	Moseley-Braun
Bradley	Harkin	Moynihan
Breaux	Hollings	Murray
Bryan	Inouye	Pell
Bumpers	Johnston	Pryor
Byrd	Kennedy	Rockefeller
Conrad	Kerry	Sarbanes
Daschle	Kohl	Wellstone
Dodd	Lautenberg	

NOT VOTING—3

Bond	Helms	Kassebaum
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So the motion to lay on the table the amendment (No. 278) was agreed to.

The PRESIDING OFFICER. Under the previous order the Senator from Wisconsin is recognized.

MOTION TO REFER

Mr. FEINGOLD. Mr. President, I send a motion to refer to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report the motion.

The assistant legislative clerk read as follows:

The Senator from Wisconsin [Mr. FEINGOLD] moves to refer H.J. Res. 1 to the Judiciary Committee with instructions to report back forthwith H.J. Res. 1 in status quo and at the earliest date possible to issue a report, the text of which shall be the following: It is a Sense of the Committee that the language of the report to accompany S.J. Res. 1, Senate report 104-5, which appears on page 19, and states, "Among the Federal programs that would not be covered by S.J. Res. 1 is the Electric Power Program of the Tennessee Valley Authority which will be deemed null and void and have no effect as the legislative history in interpretation of H.J. Res. 1."

Mr. FEINGOLD. Mr. President, the purpose of this motion is pretty straightforward.

The Judiciary Committee report accompanying Senate Joint Resolution 1 has the most extraordinary passage which flatly says that the Electric Power Program of the Tennessee Valley Authority is not—repeating this now—is not covered by the balanced budget amendment, on the grounds

that this program is paid for by the Electric Power Program.

Not another single agency in our Government is singled out in the committee report in this manner. Only the Tennessee Valley Authority is exempted. That is right. Not Social Security, that is not exempted. But the Tennessee Valley Authority is exempted.

Mr. President, we have heard of appropriations pork. Now I think we have a new creature—constitutional pork. We are making constitutional history here, and at the same time we are creating a far more sophisticated pork than we have ever had in this institution. We are putting it right into the Constitution.

Not only, then, Mr. President, are the advocates of the balanced budget amendment saying they will not lay out a plan and say what they are going to cut, they are doing it better. They are actually protecting one particular program over all the other programs by writing in committee report language. It is an incredible provision for a committee report.

To put it another way, Mr. President, this is an attempt to put the equivalent of an earmark into a Constitution for a program that is of a concern to particular Members of Congress. Do not let anyone be kidded. The U.S. Supreme Court has to interpret the language of the Constitution. They will be looking at that committee report to get a sense of what was intended. They will see that the most important program apparently in all of our Government, of everything that this Government has ever done or ever will do is one program: The Tennessee Valley Authority. The only one the Judiciary Committee thought should be treated in a special way.

Let me raise just two reasons why I think this language is totally inappropriate. First, the proponents of this language argue that the TVA's Electric Power Program should not be covered by the balanced budget amendment because the financing of that program has been the sole responsibility of its own electric ratepayers, not the U.S. Treasury and the Nation's taxpayers, since 1959.

Now, Mr. President, that is an argument but it is certainly a debatable one. The Congressional Budget Office in its annual report on options on reducing the deficit, has this to say about the TVA Electric Power Program. It says:

Because many TVA stewardship activities are necessary to maintain its power system, their cost would more appropriately be borne by the users of the power. Direct cost to the Federal Government could be reduced by about \$70 million annually if TVA were to increase power rates or fees to cover costs of all stewardship.

Mr. President, CBO thus says that the Federal taxpayers are, in fact, subsidizing the electric power user. It is not just being paid for by the folks in that area of the country.

So, Mr. President, that is not a dispute we need to settle here or now. That is what the advocates will say every time, "We do not have to decide this now."

But the point is that the backers of this language have attempted to tilt the argument on their side by placing this language in the committee report that will be used to interpret the meaning of this amendment to the U.S. Constitution.

So what proposition does this stand for? Apparently, so all agencies are not equal under the balanced budget amendment. Some—in fact, one—just one program gets special treatment.

We will take a look at some of the other quasi-public agencies that could make a pretty good claim as the same status as the TVA. Looking at the U.S. Postal Service—and here is a routine letter I received from the Postal Service in December 1994—that depends exclusively on postage and fees rather than taxpayers' revenue for operations, and has done this since 1982. Each class of mail by law must cover its cost and we must break even over time.

So the argument, Mr. President, that the Postal Service should receive special status under the balanced budget amendment would seem to be very much the same as the argument used to exempt the TVA. Why was the Postal Service not mentioned in the committee report as being exempted from the balanced budget amendment?

Now, if you do not like the Post Office, and a lot of people do not, there are a number of other Federal programs that are operated entirely on revenues produced by users.

For example, the Department of Agriculture's Marketing Service provides grading services on a user-fee basis for meat, poultry, eggs, dairy products, fruits, vegetables, cotton, and tobacco. Should these activities be exempted from any impact of the balanced budget amendment since they are entirely funded by the users and not the Federal taxpayers?

Let us try the Farm Credit Administration. This is an independent agency in the executive branch of the U.S. Government which is responsible for the regulation of the examination of banks and associations and related entities that collectively comprise our farm credit system. The expenses of the Farm Credit Administration are paid through assessments against institutions under its jurisdiction. So, again, here is another one—not the TVA—but another program that operates at no direct cost to the taxpayer.

So I ask again, is the Farm Credit Administration exempt like TVA from the impacts of the balanced budget amendment? If so, why was it not also cited in the constitutional history reported out of the Judiciary Committee's report in the same manner?

What about the Federal Deposit Insurance Corporation, another quasi-Government corporation established in 1933? FDIC does not operate on funds

appropriated by Congress but on assessments on deposits held by insured banks and from interest on the required investment of its surplus funds in Government securities. Is FDIC covered or not, and if not, why was it not cited by the Judiciary Committee?

I will tell you why, Mr. President. The answer is clear. The Tennessee Valley Authority was singled out in the committee report because those concerned about its future do not want any budget cuts imposed upon this entity. It is not surprising in light of this whole balanced budget amendment, nobody wants to get cut.

Guess what? The folks who support the TVA are fearful of the Federal budget knife hitting one of the programs they support in part, I suspect, because there have actually been a number of bills introduced in Government to cut off the subsidies to the TVA.

I introduced on the first day of this Congress S. 43 which would terminate several current TVA programs and provide for a report on what remaining functions should be separated from the Federal Government. My Republican colleague from Wisconsin, Representative SCOTT KLUG, has proposed legislation along similar lines in the other body.

TVA supporters know that TVA is on the short list of most deficit reduction advocates, and that is why they want to provide it with special protection that no other program of any kind in the Federal Government is getting.

Mr. President, it is not just the CBO that cited TVA programs as needing reform. Citizens Against Government Waste include TVA in their prime cuts list for 1994. Reducing funding for TVA was also part of the Kerrey-Brown deficit reduction package, which I cosponsored. The deficit reduction package of a group of Senators led by Senator JOHN KERRY, which I also cosponsored, included it, and also the so-called famous Penny-Kasich plan also listed the TVA. There is no reason why we should allow this program to gain special protection as a result of the language that was put in the committee report.

In fact, Mr. President, I am afraid that this attempt in the committee report begins to make this whole balanced budget process look a little bit like a \$3 bill. My motion will not disturb the balanced budget amendment in any way. It simply says that the committee report language that singled this agency out for special protection is null and void and cannot be used for legislative history purposes when we finally get around to achieving a balanced budget.

So to conclude, it is a simple proposition. We just need to ask the committee to come up with an additional report to change this. Otherwise, we will have enshrined a new tradition, something that no Democrat or Republican has ever achieved before, we have created constitutional pork.

I hope that every Senator rejects this attempt to exempt one program while all the others have to be on the chopping table for potential cuts.

I reserve the remainder of my time.

Mr. HATCH. I yield 3 minutes to the distinguished Senator from Alabama.

The PRESIDING OFFICER. The Senator from Alabama.

Mr. HEFLIN. Mr. President, I was unaware that this motion would be made. It caught me by surprise. I would like to go into great detail, and I did not know that there would be a time limitation until it had already occurred in regard to it. I would like to go into detail, which I will later, hoping that this is defeated and then we would have an opportunity to explain the history and the background and the reason why the TVA is a self-operating agency of the Government and, therefore, because of its uniqueness, different than any other agency or body, should be exempt in the balanced budget amendment.

This involves the electrical power program of the TVA, just the electrical power program. Certainly, the electrical power program of the TVA ought to be paid by the power users, by the ratepayers and not by the Government. And the intention of this report language is to guarantee and ensure that the Government does not have to pay for the electrical power system of the Tennessee Valley Authority. That is the purpose it was put in there.

They have variances that occur all the time, and they have to act immediately. They may have a tornado, they may have a downed situation pertaining to the transmission of electrical current and they may have to move. They may have to spend money immediately relative to those matters.

The ratepayers ought to be the ones to pay for it. That is the reason it was put in there. It was put in there for the protection of the taxpayers of the United States. It is put in there to protect the taxpayers so they do not have to pay for the electricity rates of the people in Tennessee and Alabama and Georgia, Mississippi, Kentucky, and the other places.

We have a limited time. Senator FORD, as I understand it, wants to make some remarks. I yield to him at this time.

Mr. FORD. Will the Senator give me 1 minute?

Mr. HATCH. I yield 1 minute to the distinguished Senator from Kentucky.

Mr. FORD. Mr. President, let me associate my remarks with the distinguished Senator from Alabama. TVA is important. TVA rests on its own bottom. TVA serves the ratepayers. The ratepayers pay TVA. It is good for the valley; it is good for economic development. It is a program that works.

I am opposed to using Social Security money. That is fine, we lost that one, but we should not lose this one. This is an amendment that is out of order, in my opinion, as it relates to the budget. And the income to TVA is important.

So, Mr. President, let me just say, this is quick. We did not have an opportunity. We have 10 minutes. It does not give us much time. I just hope that our colleagues will vote against this amendment; that we will have an opportunity then, if it is brought up again, to explain it in more detail.

I yield the floor.

Mr. FEINGOLD addressed the Chair.

The PRESIDING OFFICER. The Senator from Wisconsin.

Mr. FEINGOLD. Mr. President, how much time do I have remaining?

The PRESIDING OFFICER. Ten minutes fifty-two seconds.

Mr. FEINGOLD. I yield myself such time as is necessary.

Mr. President, I definitely believe the TVA should be given the fair consideration, indeed, that all programs should be given when it comes time to balance the budget. I am willing to look at the arguments as to what aspects of TVA should be continued and what aspects should not—all the arguments.

But it is a little difficult for me to hear Senators from that area of the country get up and talk about how wonderful TVA has been to that part of the country. I recognize the Depression, New Deal, and the history of TVA. I have similar feelings with regard to aspects of our dairy programs and those programs that have helped keep our dairy farmers going all these years. But I have not sought through the committee report or any other mechanism to write a special protection for the dairy program or even some of the other programs that affect our State, such as the Farm Credit Administration, another quasi-public agency that does not rely on taxpayer dollars directly. We do not have an exemption for that.

If there is to be any meaning to the notion that everything has to be on the table and that this is not the time to make the preliminary decisions, it must mean that the TVA cannot be exempt while all these other worthy programs that mean so much to people around the country are not exempt.

All this is—let me be clear, this is not an attack on the TVA—this is just saying there should not be any language in a committee report that is going to be used by the courts and everyone else in the future to interpret the balanced budget amendment that exempts one program.

That is all. It is a very simple proposition. I am sure much later we will get to the merits of the TVA. So I would suggest this is a very mild suggestion that we not mess around with the future of the balanced budget issue by writing in exemptions in a committee report that relate directly to the constitutional provision.

I yield the floor and reserve the remainder of my time.

Mr. THOMPSON addressed the Chair.

The PRESIDING OFFICER. Who yields time?

Mr. HATCH. I yield 2 minutes to the distinguished Senator from Tennessee.

Mr. THOMPSON. I thank you, Mr. President.

I agree that it may not be an attack on the TVA. It is an attack on the balanced budget amendment. I think the language of the committee speaks for itself. The financing of the TVA power program has been the sole responsibility of its electric ratepayers, not the U.S. Treasury and the Nation's taxpayers.

That says it all, Mr. President. It is not an annual expenditure. It is not a would-be pork barrel project. It is not the nonpower program which is on the table along with everything else. It has to do with a power program that is self-financing. And of course, all this is another attempt by those who would defeat the balanced budget amendment to raise a red herring. We have seen time and time again those who would offer amendments, amendment after amendment after amendment, while at the same time stating that if their amendments, or all of their amendments in their totality were adopted they would still oppose the balanced budget amendment.

So I suggest that we analyze this for what it is. It is another attempt to encumber and somehow obfuscate the issue as far as the balanced budget amendment is concerned.

The committee considered this situation. It analyzed the power program of the Tennessee Valley Authority and stated the clear fact. It is not whether or not we want it on budget or we want it off budget or whether it ought to be on or whether it ought to be off. We can debate that at the proper time. But it simply stated the fact that since 1959, the financing of that program has been the sole responsibility of its own electric ratepayers.

So I would urge that we defeat this amendment and not go against the language that was well considered before the committee and we move on with what we are supposed to be here about, and that is bankrupting the next generation. I think we get too balled up in some of these collateral issues sometimes. We forget sometimes what we are about.

Mr. President, with the enactment of the 1959 Self-Financing Act, the TVA Board was given the authority to make power system decisions. In turn, the power system became the sole financial responsibility of TVA ratepayers, not the Treasury or U.S. taxpayers. Since 1959, the power system has not received appropriations and has been funded exclusively with power revenues and proceeds from the sale of bonds which, by law, are not obligations of or guaranteed by the United States.

All taxpayer funds originally invested in the power system, designated as the appropriation investment, are treated on the power system's balance sheet as the Government's equity. Since 1959, TVA has made annual payments to the Treasury—currently \$20 million per year—to reduce that investment's balance. TVA also makes

an annual return payment on that balance, which is calculated at the Treasury's current interest rate. This covers the Treasury's cost of money and keeps the taxpayers whole.

Since the receipts and outlays of the power system are its alone, it is incorrect and misleading to regard them as receipts and outlays of the United States. This view was shared by Senator Howard Baker while a member of the Senate Environment and Public Works Committee, TVA's jurisdictional committee.

In reporting legislation in both 1975 and 1979 which increased the TVA bond ceiling, the Senate Environment and Public Works Committee expressly agreed that "the obligations represented by bond issues under the increased ceiling will not result in any outlay involving 'Government funds'" and that TVA power funds "are not, however, generated through the general treasury and do not affect Federal fiscal policy." In both the 1975 and 1979 reports, the committee also found that there would be "no cost" to the Government "in implementing this legislation."

Mr. President, there are those of us who think we are bankrupting the next generation, that we need to do some things fundamentally—

The PRESIDING OFFICER. The Senator's 2 minutes have expired.

Mr. THOMPSON. Will the Senator yield another minute?

Mr. FEINGOLD addressed the Chair.

Mr. HATCH. I yield one more minute.

Mr. THOMPSON. That we need to do some fundamental things to change the direction of this country. There are those of us who are concerned about the investment rate, which is now one of the lowest in the industrial world; there are some of us concerned about the savings rate, which is the lowest in the industrialized world. We are concerned about the growth. That is what we are supposed to be discussing here with regard to the balanced budget amendment, not singling out some self-financing program by folks who would basically love to defeat the balanced budget amendment in its entirety.

So I would urge that we keep that in mind, and we do defeat this amendment.

I thank the Chair.

Mr. FEINGOLD addressed the Chair.

The PRESIDING OFFICER. Who yields time?

The Senator from Wisconsin.

Mr. FEINGOLD. I yield myself such time as I need.

Mr. President, I am kind of amazed at the comments of the Senator from Tennessee. He is suggesting that this amendment is an attempt to derail the balanced budget amendment. But I think everyone should know that I could be here delaying debate—I have the floor. I could be reading the entire history of the TVA to the Senate, if that is what I wanted to do—just open it up and read and read. That is permitted under the rules as we know.

That is not what I did. I entered into a very brief time agreement, 20 minutes for my side. It is because I am not, Mr. President, trying to hold up the balanced budget amendment. In fact, this will take 2 seconds. All we have to do is vote in a few minutes to strike this ridiculous language from the committee report that tries to protect one program out of all the programs in the Federal budget.

So I want everyone to know who is listening, it is completely false that this is an attempt to delay the balanced budget amendment. It is just 20 minutes, 20 minutes to say why should one program of all the programs in the United States in our budget get special treatment and all the rest, including Social Security, which the Senator from California worked so hard on—

Mrs. FEINSTEIN. Will the Senator yield for a question?

Mr. FEINGOLD. I yield to the Senator from California for a question.

Mrs. FEINSTEIN. My question is, is the Senator aware that not only TVA is excluded but also the Bonneville Authority, and I believe others as well?

Mr. FEINGOLD. There is only one entity that we are aware of that has been specifically named. If there are others that should be named, I think that should be the subject of similar amendments. And I am very glad to see the senior Senator from California asked that question because she knows very well how hard she fought to try to get an exemption for a program that really probably does deserve the exemption, and that is the contract with the American people in the form of Social Security. But that is not the one that got protected.

Mr. President, this suggestion that this is a delay tactic is very troubling to me. I think it is not fair. In fact, I find it astonishing that the Senator from the very State that gets protected by this thing more than any other State, Tennessee, stands up and says this is a delay tactic.

I am just calling it what it is. It is a great deal for Tennessee. I would love to be able to exempt all the programs in Wisconsin up front in the committee language and then pass a balanced budget amendment. I would get a lot of pats on the back back home for that one. But I did not do it. I would not try to do it because I know very well that is a denial of the very meaning of the balanced budget amendment.

All the folks on the other side talked about the glidepath, about the right to know; we cannot make those decisions now. If we lay out what is going to be cut and is not cut, what happens is that the process falls apart.

I suggest this committee language, if it is not struck, is the beginning of the end of any serious attempt to balance the budget because there would be a tremendous outcry across the country that this and only this program is important enough to be protected and that every other program did not count.

So, Mr. President, I think this is a very, very clear amendment that should not even be controversial. That language should not be in the report. We all know it. And I would certainly hope TVA has to fight the same battle that everybody else does as the coming months go on.

I yield the floor and reserve the remainder of my time.

Mr. HATCH. Mr. President, I yield one minute to the distinguished Senator from Illinois.

The PRESIDING OFFICER. The Senator from Illinois.

Mr. SIMON. Mr. President, the language of the report is among the Federal programs, and among the Federal programs where we guarantee bonds are REA's in Wisconsin and Illinois and Minnesota, and other States. We guaranteed Lockheed bonds in California. We guaranteed bonds for New York City, for Chrysler. Only when there is an outlay by the Federal Government is that subject to the balanced budget amendment. That is what the report language says. It is good language, and the amendment should be defeated.

Mr. FEINGOLD addressed the Chair.

The PRESIDING OFFICER. The Senator from Wisconsin.

Mr. FEINGOLD. I yield myself sufficient time.

Let us take a look at the language. It is true, as the Senator from Illinois says, "Among the Federal programs that would not be covered by Senate Joint Resolution 1 is the electric power program of the Tennessee Valley Authority."

But that is all that is mentioned. It is a real valuable thing for a program to be the only program out of the entire U.S. budget that gets exempted specifically. In other words, all the others will have to argue somehow that they are within that language. Maybe they will have to go to court, if they are allowed to go to court. We are not even sure about that.

One program gets named, one program is on this pedestal and even though the Senator from Illinois, Mr. President, intends that others be mentioned, they ought to be mentioned. If we have to do that, let us have the committee issue a new report and list all the programs that are exempt. I am sure it would be as comfortable to the people who support those programs as this language is comforting to those who support the TVA. This is about the sweetest deal you can get, a constitutional exemption for your program while everyone else has to get into the field and has to fight each other for scarce Federal dollars.

Mr. President, I cannot accept this argument of the Senator from Illinois. If it was intended the other programs be mentioned, they should have been mentioned. Only one is mentioned, and that program should not get that kind of special treatment.

I yield the floor and reserve my time.

Mr. HATCH. Mr. President, I yield the final time I have to the distinguished member of the Judiciary Committee, Senator HEFLIN, from Alabama.

Mr. HEFLIN. Mr. President, how much time remains?

The PRESIDING OFFICER. The Senator has 2 minutes, 22 seconds.

Mr. HEFLIN. Mr. President, as I mentioned before in my opening argument, I reiterate it because it has not been answered: Really, the purpose of this is to protect the taxpayers. It is to say, and to have in report language—it is not in the language of the constitutional amendment, but in the report language—its purpose is to protect the taxpayers from where the taxpayers might have to pay or subsidize the power program of the Tennessee Valley Authority. It is put there with the idea of protecting the taxpayers, and that is what it has been.

The TVA program has been that the entire power program shall not be subject to appropriations and it is not subject to other types of revenues that come in. The revenues that operate in regard to this are strictly the ratepayers'. They get a bill. The ratepayers get a bill just like every other utility user gets a bill, and they pay it every month. Those revenues do not go into the Treasury of the United States. It is there for the protection of the taxpayers. It is report language and it is different from the language that is in the constitutional amendment. It is not mentioned in there. It is just report language to give some guidance, to show that the taxpayers are not to have to pay in regard to the rates of the utility users.

The PRESIDING OFFICER. The Senator from Utah.

MOTION TO RECONSIDER—ROLL CALL VOTE 72

Mr. HATCH. Mr. President, I move to reconsider the last vote.

Mr. CRAIG. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The Senator has 17 seconds remaining. The Senator from Utah.

Mr. HATCH. I yield the remainder of the time.

Mr. DOLE. Mr. President, parliamentary inquiry; is there any time remaining?

The PRESIDING OFFICER. The Senator from Wisconsin controls 3 minutes and 53 seconds.

The Senator from Wisconsin.

Mr. FEINGOLD. Mr. President, just to conclude, this is really a very mild thing to ask. I am just asking that this process be a little bit honest and that we not mention in the committee report that will be used to interpret the constitutional amendment one program. There are many quasi-public agencies. This notion that the TVA is a self-supporting program is just an argument—debatable. It is nothing better than that. The CBO says it is not.

We are going to accept here as a part of the constitutional process we are en-

gaged in this absurd notion that simply because an argument is made by the supporters of the program, it is not going to be on the table? I cannot accept that.

I suggest again, if we are going to go forward with this constitutional pork, it will become the symbol of the lack of seriousness of the balanced budget amendment, the ultimate proof that, when given an opportunity, special interests will be protected even with a balanced budget amendment, the principle being enshrined in the United States Constitution.

I implore my colleague, take a minute or two to strike this language. It has no other consequence. I implore you to get this out of there so the process of balancing the budget can be an honest one, when we finally get to it.

Mr. President, I yield the remainder of my time.

The PRESIDING OFFICER. The majority leader.

ORDER OF PROCEDURE

Mr. DOLE. Mr. President, as I understand it, we will be unable to find any additional amendments to be offered this evening. The Senator from West Virginia plans to lay down an amendment, as I understand it, tomorrow morning?

Mr. BYRD. Yes.

Mr. DOLE. I would like to have another amendment or two tonight. I cannot force Members to offer amendments, so this will be the last vote of the day.

I am not certain how long we will be in session tomorrow, but probably most of the day. I am still prepared, as I have indicated before, if we can get some agreement to bring this to a conclusion, to go out Friday and all next week. We await some response from the Democratic leader, Senator DASCHLE.

So we are prepared to entertain an agreement that might bring this to a conclusion. There will be a cloture vote tomorrow. I will file two cloture motions tonight, so there will be two cloture votes when we return on next Wednesday. So Members will know that there will be votes on Wednesday—probably a goodly number of votes Wednesday.

It is my understanding there are 30-some amendments filed at the desk. I do not know how many of those Members intend to call up. I thought the other day I was informed it would only be three major amendments. Then we were told maybe it will be 8 or 10. Now we are told it is 36. That would mean we have still a long, long time on this balanced budget amendment.

I understand how important it is. I understand you do not amend the Constitution lightly. I think we have now exceeded by a couple of days the longest time we have spent on this issue. I think we passed the balanced budget amendment—in the 97th Congress we passed a balanced budget amendment after 11 days of floor action. There were 31 amendments offered. The reso-

lution passed the Senate by a vote of 69 to 31.

We have not been able to repeat that performance so far on the number of days or the number of amendments. But, hopefully, on the number of votes. And we would settle for that.

This will be the last vote today.

Mr. President, I move to table the motion.

Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question occurs on the motion to lay on the table the motion offered by the Senator from Wisconsin. The yeas and nays have been ordered.

The clerk will call the roll.

The bill clerk called the roll.

Mr. LOTT. I announce that the Senator from New Hampshire [Mr. GREGG], the Senator from North Carolina [Mr. HELMS], and the Senator from Kansas [Mrs. KASSEBAUM] are necessarily absent.

I further announce that, if present and voting, the Senator from North Carolina [Mr. HELMS] would vote "yea."

Mr. FORD. I announce that the Senator from Hawaii [Mr. INOUE], the Senator from Massachusetts [Mr. KENNEDY], and the Senator from Maryland [Ms. MIKULSKI], are necessarily absent.

The PRESIDING OFFICER (Mr. FRIST). Are there any other Senators in the Chamber who desire to vote?

The result was announced—yeas 61, nays 33, as follows:

[Rollcall Vote No. 73 Leg.]

YEAS—61

Abraham	Ford	Moseley-Braun
Ashcroft	Frist	Murkowski
Bennett	Gorton	Murray
Bond	Graham	Nunn
Breaux	Gramm	Pressler
Bryan	Grams	Pryor
Bumpers	Grassley	Reid
Burns	Harkin	Roth
Byrd	Hatch	Santorum
Coats	Hefflin	Shelby
Cochran	Hutchison	Simon
Cohen	Inhofe	Simpson
Coverdell	Jeffords	Snowe
Craig	Kempthorne	Specter
D'Amato	Kerrey	Stevens
Daschle	Kyl	Thomas
DeWine	Lott	Thompson
Dole	Lugar	Thurmond
Domenici	Mack	Warner
Exon	McCain	
Faircloth	McConnell	

NAYS—33

Akaka	Dorgan	Levin
Baucus	Feingold	Lieberman
Biden	Feinstein	Moynihan
Bingaman	Glenn	Nickles
Boxer	Hatfield	Packwood
Bradley	Hollings	Pell
Brown	Johnston	Robb
Campbell	Kerry	Rockefeller
Chafee	Kohl	Sarbanes
Conrad	Lautenberg	Smith
Dodd	Leahy	Wellstone

NOT VOTING—6

Gregg	Inouye	Kennedy
Helms	Kassebaum	Mikulski

So the motion to lay on the table the motion was agreed to.

Mr. DOLE. Mr. President, I move to reconsider the vote.

Mr. FORD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. GREGG. Mr. President, I rise today to speak on behalf of future generations. Our national deficit for fiscal year 1994 stood at \$203 billion. Gross interest on the national debt is now the second largest expenditure in the entire budget—higher than Defense spending. The Federal Government, this year alone, will spend an estimated \$295 billion in interest on the national debt, which is a 400-percent increase since 1980 and an amount equal to 57 percent of all personal income taxes collected. Our total accumulated Federal debt stands at \$4.65 trillion—\$18,000 for every man, woman, and child in America. Like every family and business in America, when the Government borrows money it must pay interest on its debts. Given these grim statistics, I believe that we in Congress must amend the Constitution of the United States and pass the balanced budget amendment.

Dr. Robert Reischauer, Director of the Congressional Budget Office, in his cost estimate to the Committee on the Judiciary stated:

Over the entire 1996-2002 period, the savings in CBO's illustrative path that result directly from policy changes would total more than \$1 trillion—in relation to a baseline that includes an inflation adjustment for discretionary spending after 1998.

Amending the Constitution, which represents the very core of American life, a governing principle born of a revolutionary war, withstanding a civil war, two world wars, the war for equality throughout the Nation and endless conflicts, both social and global, is not something to be taken lightly. That said—I believe our current conflict to conquer and eliminate our public debt—a war that we fight against ourselves here in Congress—calls for drastic measures, a call to arms, which the budget amendment answers.

The amendment, House Joint Resolution 1, will set forth in the Nation's governing document the basic principle that the Federal Government must not spend beyond its means.

As Thomas Jefferson said:

We should consider ourselves unauthorized to saddle posterity with our debts, and morally bound to pay them ourselves.

These words ring clear today. The American taxpayer will no longer, nor should they, allow us in Washington to continually spend their money with little or no accountability. We in Congress must put political expediency aside—reduce the deficit—remembering that we are to serve the American taxpayer and not vice versa.

Our Founding Fathers knew of the danger of leveraging current political aspiration on the backs of future generations. Congress remains incapable of looking toward the future—we are an entity embedded in the present, unable to look beyond the next election cycle.

James Madison wrote in *Federalist Paper No 51*:

Government is the greatest of all reflections on human nature. If men were angels, no government would be necessary. If angels were to govern man, neither external nor internal controls on government would be necessary.

Well Mr. President, here in Washington there are few, if any, angels cohabiting among us. Accordingly, we do require a control mechanism to reduce our current fiscal dilemma—a balanced budget amendment to the Constitution. This amendment will help restore two important elements left unaddressed by the Constitution: limited government and an accountable deliberative legislative body, both of which are vital to a free America. All too often this legislative body has used the power of the purse for political expediency rather than what is in the best interest of the American people.

Reducing spending in order to balance the Federal budget is something that will require tough decisions, the kind of decisions we in Washington rarely have the courage to own up to and all too often pass on to future generations.

My record with regard to reducing the size and scope of the Federal Government by eliminating excessive spending is clear. I have been cited by numerous grassroots groups like the Concord Coalition, the National Taxpayer's Union, as both a taxpayers' friend and as one of Congress' most frugal Members. I believe the only way to eliminate our Federal deficit is to deal with runaway spending, much like families in New Hampshire deal with life's everyday expenses. If a family is unable to pay for a certain expense, the prudent thing to do would be to do without; not here in Washington where no one and nothing goes without, whether it is funding for Medicare, or to conduct another study to eliminate the screw worm.

The American people are well versed in the way Washington operates—they are not dumb. These past November elections made a strong statement about change; a statement heard loud and clear throughout the hallowed Halls of Congress; one that demands we revert from our past, outdated social policies that govern the Nation and jeopardize the very being of the next generation. The people are screaming, "we have heard enough from you in Washington, now it's your turn to hear from us."

Mr. FORD addressed the Chair.

The PRESIDING OFFICER. The Senator from Kentucky, Mr. FORD, is recognized.

UNANIMOUS CONSENT AGREEMENT

Mr. FORD. Mr. President, I ask unanimous consent that following the cloture vote on tomorrow, the Senator from West Virginia, Mr. BYRD, be recognized to make a statement and lay down an amendment.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

Mr. FORD. I thank the Chair and I thank the majority leader.

CLOTURE MOTION

Mr. DOLE. Mr. President, I send a cloture motion to the desk.

The PRESIDING OFFICER. The cloture motion having been presented under rule XXII, the Chair directs the clerk to read the motion.

CLOTURE MOTION

We the undersigned Senators in accordance with the provisions of Rule XXII of the Standing Rules of the Senate do hereby move to bring to a close debate on House Joint Resolution 1, the constitutional balanced budget amendment:

Bob Dole, Orrin G. Hatch, Larry E. Craig, Jon Kyl, Spencer Abraham, Slade Gorton, Connie Mack, Lauch Faircloth, Mike DeWine, Judd Gregg, Jim Inhofe, Kit Bond, Paul Coverdell, Phil Gramm, Trent Lott, Kay Bailey Hutchison, Olympia Snowe, Fred Thompson, Hank Brown, Mitch McConnell, Rick Santorum.

CLOTURE MOTION

Mr. DOLE. Mr. President, I send a second cloture motion to the desk.

The PRESIDING OFFICER. The cloture motion having been presented under rule XXII, the Chair directs the clerk to read the motion.

The assistant legislative clerk read as follows:

CLOTURE MOTION

We the undersigned Senators, in accordance with the provisions of rule XXII of the Standing Rules of the Senate, do hereby move to bring to a close debate on House Joint Resolution 1, the constitutional balanced budget amendment:

Bob Dole, Orrin G. Hatch, Larry E. Craig, Jon Kyl, Spencer Abraham, Slade Gorton, Connie Mack, Lauch Faircloth, Mike DeWine, Judd Gregg, Jim Inhofe, Kit Bond, Paul Coverdell, Kay Bailey Hutchison, Trent Lott, Phil Gramm, Olympia Snowe, Fred Thompson, Hank Brown, Mitch McConnell, Rick Santorum.

MORNING BUSINESS

Mr. DOLE. Mr. President, I ask unanimous consent that there now be a period for the transaction of morning business, not to extend beyond the hour of 9:30 p.m., with Senators permitted to speak for up to 5 minutes each.

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

Mr. DOLE. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. DOLE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.