make it better and how tough it is, when your home is in Minnesota or New Jersey or New York or Idaho, to be sitting here in Washington, which is our workplace for the most part, not our home State and not our house where family exists. So there is always that kind of thing to consider.

Therefore, Mr. President, those who serve here are not looking for some particular advantage.

I believe that, even, again, with those with whom I most disagree, they are here because they believe that we have a purpose; that this country of ours is such a valuable asset and we are so lucky to live in this Nation that they want to serve and serve honestly.

Sometimes the rhetoric escapes and we start talking about things that are nonsense, about how we have been tricking the American people. It is not true.

We just had a vote on the balanced budget amendment that lost temporarily, a balanced budget amendment to change our Constitution. There are many who voted against the balanced budget amendment—almost every one—who would like to see life made easier on our citizens and on ourselves by balancing the budget, by getting our House in order.

Mr. President, we heard references so many times to the way individuals, businesses, and States conduct their affairs. They say they balance their budgets. Those who suggest that willy-nilly do not know what they are talking about, because the average family is far more in debt because they try to own a house or a piece of property that they feel will be an asset to pass on to future generations, and they leave far more debt when they pass on in a situation like that than is being suggested as laid out in front because of the way we conduct business here.

Businesses borrow money constantly. I do not know of any company of size—and I am a student of business, as well as a former business leader. I am considered a pioneer in the computing industry, one whose name is listed in the Data Processing Hall of Fame. It does not compare to my colleague, Bill BRADLEY's, identification with the Hall of Fame of Basketball, but it is a hall of fame, as small as it may be.

The fact of the matter is, Mr. President, that there were many times when I discussed business problems with leaders and they talked about their borrowing and they talked about their indebtedness and they talked about what they had to do now to plan for the future.

State after State, including my own that has a balanced budget requirement, nevertheless, has the opportunity to borrow for capital investments and either put it up as collateral or go to the marketplace for bonds to be paid off over a period of years. We do not have that sensible structure in Federal Government. And that is a point, I think, though discussed many times, that is still not clear.

If we in the U.S. Government make the decision to build a building that has a 50-year life and we can build it in 1 year and it costs $1 billion, we charge off $1 billion in that fiscal year. If it were in the business world, it would be written off at the rate of about $20,000 a year. Excuse me, I have not been doing arithmetic enough since I have been out of the business world. But the fact of the matter is, it would be written off over a period of time. We do not do that here.

In many ways, our financial house is in far better condition than many here would admit.

Mr. President, we were looking for responses from those who supported the balanced budget amendment in relation to Social Security and Medicare. What would happen if we did not use the Social Security trust fund to force a better balance on our books than we have? We asked for those proponents to lay out a budget that would balance; let them do the arithmetic.

It never happened, Mr. President, because we pretended that by force feeding the process, that we could achieve something that we would not do on our own even though our constituents sent us here specifically for the purpose of watching out for their interests.

I can tell you, Mr. President, that the balanced budget amendment, had it gone into place or if it goes into place, would severely impair life and the economy in the State of New Jersey. We could be looking at tax increases of 17.5 percent to make up for the funds that we would not be getting from the Federal Government. We would lose $2.1 billion a year in funding for Medicaid. We would lose almost $200 million a year in highway trust fund grants. We would lose almost $1 billion a year in lost funding for education, job training, the environment, housing, and other areas. To restate, New Jersey would have to increase State taxes by 17.5 percent across the board to make up for losses in grants.

On the jobs side of things, the most critical index, according to the Treasury, by forcing Congress to raise taxes and/or cut spending in a recession, the balanced budget amendment would substantially worsen the effects of economic downturn.

During the recession of 1990 to 1992, the unemployment rate in my State of New Jersey rose from 4.9 percent to a peak of 9 percent. Had the balanced budget been in effect, unemployment in New Jersey would have peaked at a much higher level, somewhere, it is estimated, between 9.9 percent and 11.8 percent. Had the balanced budget been in effect, the unemployment rate in New Jersey would have been punitive. Thus, Mr. President, the balanced budget amendment would not have done my State any good.

What will do my State good is if all of us get together and work to balance the budget, whether it is in the year 2002 or 2010. The fact is if we put this on an ever-decreasing glidepath from where we are, we will be substantially better off, better off than having a law that would force feed our economy into an unnatural structure that could be the most painful decision that this country has seen, perhaps, in its history.

Mr. President, I close by asking the question, where's the beef? Where is the interest by those who propose the balanced budget amendment, into presenting a budget that will, in fact, balance itself, reduce the deficit, ultimately wind up in a zero annual deficit.

Let them produce it. I am on the Budget Committee, Mr. President. I am more than willing to work with the distinguished leader of the Budget Committee and the ranking member to try and devise a budget that answers that need. Right now, I do not see a willingness to tackle the problem. I see an intent, rather, to do the politically satisfying or advantageous thing.

It is regrettable, Mr. President, that we had the kind of bitter rhetoric that permeated this place in these last couple of weeks. I do not think it does the Congress any good. I do not think it does the institution any good. I do not think it does the country any good.

Right now there is chaos in the currency markets across the world. The dollar is dropping rapidly. I think much of it is due to the fact that there was such dire forecasts made here that unless we balance the budget, unless we took this artificial means of dealing with our fiscal responsibilities that catastrophe would fall.

I hope that that is not true, Mr. President. As I said earlier, I often disagree with colleagues on the other side, sometimes with colleagues on this side. I really believe that in this body, in this institution, there are people whose will is good, who want to do the right thing.

I would not accuse any of those who take a different position of lying to the public, of trying to deceive the citizens of the country. No, Mr. President, I think we ought to cool the rhetoric and get on with our responsibilities. I hope that in the next weeks we will do just that. I yield the floor.

MORNING BUSINESS

WAS CONGRESS IRRESPONSIBLE? THE VOTERS HAVE SAID YES!

Mr. HELMS. Mr. President, as of the close of business on Thursday, March 2, the Federal debt stood at $4,851,006,718,917.40 meaning that on a per capita basis, every man, woman, and child in America owes $18,414.50 as his or her share of that debt.

ANNUAL REPORT OF THE DEPARTMENT OF TRANSPORTATION—MESSAGE FROM THE PRESIDENT RECEIVED DURING THE RECESS—PM 25

Under the authority of the order of January 4, 1995, the Secretary of the Senate, on Wednesday, March 1, 1995, during the recess of the Senate, received the following message from the President of the United States, together with an accompanying report; which was referred to the Committee on Commerce, Science, and Transportation:

To the Congress of the United States:

In accordance with section 308 of Public Law 97–449 (49 U.S.C. 308(a)), I transmit herewith the Twenty-seventh Annual Report of the Department of Transportation, which covers fiscal year 1993.

WILLIAM J. CLINTON.

THE WHITE HOUSE, *March 1, 1995.*

MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Mr. Zaroff, one of his secretaries.

EXECUTIVE MESSAGES REFERRED

As in executive session the Presiding Officer laid before the Senate messages from the President of the United States submitting sundry nominations which was referred to the Committee on Energy and Natural Resources.

(The nominations received today are printed at the end of the Senate proceedings.)

MESSAGES FROM THE HOUSE

At 12:25 p.m., a message from the House of Representatives, delivered by Ms. Goetz, one of its reading clerks, announced that the House has passed the following bill, in which it requests the concurrence of the Senate:

H.R. 926. An act to promote regulatory flexibility and enhance public participation in Federal agency rulemaking and for other purposes.

MEASURES REFERRED

The following bill was read the first and second times by unanimous consent and referred as indicated:

H.R. 926. An act to promote regulatory flexibility and enhance public participation in Federal agency rulemaking and for other purposes; to the Committee on Governmental Affairs.

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second time by unanimous consent, and referred as indicated:

By Mr. KYL (for himself, Mr. GRAMS, Mr. ABRAHAM, and Mr. CRAIG):

S. 494. A bill to balance the Federal budget by fiscal year 2002 through the establishment of Federal spending limits; to the Committee on the Budget and the Committee on Governmental Affairs, jointly, pursuant to the order of August 4, 1977, with instructions that if one Committee reports, the other Committee have thirty days to report or be discharged.

By Mrs. KASSEBAUM:

S. 495. A bill to amend the Higher Education Act of 1965 to stabilize the student loan programs, improve congressional oversight, and for other purposes; to the Committee on Labor and Human Resources.

By Mr. WARNER (for himself and Mr. ROBB):

S. 496. A bill to abolish the Board of Review of the Metropolitan Washington Airports Authority, and for other purposes; to the Committee on Commerce, Science, and Transportation.

By Mr. HELMS (for himself and Mr. FAIRCLOTH):

S. 497. A bill to amend title 28, United States Code, to provide for the protection of civil liberties, and for other purposes; to the Committee on Governmental Affairs.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. KYL (for himself, Mr. GRAMS, Mr. ABRAHAM, and Mr. CRAIG):

S. 494. A bill to balance the Federal budget by fiscal year 2002 through the establishment of Federal spending limits; to the Committee on the Budget and the Committee on Governmental Affairs, jointly, pursuant to the order of August 4, 1977, with instructions that if one Committee reports, the other Committee have thirty days to report or be discharged.

THE BALANCED BUDGET/SPENDING LIMITATION ACT OF 1995

Mr. KYL. Mr. President, I rise today with my colleagues, ROD GRAMS, SPENCER ABRAHAM, and LARRY CRAIG to introduce the Balanced Budget/Spending Limitation Act of 1995, a bill designed to balance the budget by fiscal year 2002, through the establishment of Federal spending limits and sequestration. An identical bill is being introduced in the House of Representatives by Representatives JIM MCCRERY and MEL HANCOCK.

The Balanced Budget/Spending Limitation Act establishes a mechanism to limit spending and enforce limits. It establishes a Federal spending limit as 21.5 percent of the gross domestic product in fiscal year 1996, declining one-half percent of GDP per year to 19 percent in fiscal year 2001.

In subsequent years, Federal spending would have to balance with revenue but could not exceed 19 percent of the gross domestic product. Any excess of spending over receipts or the Federal spending limits would be eliminated by sequesters, including a new fiscal year start sequester designed to hold a fiscal year's spending accountable for any actual deficit in the prior year.

The Federal spending limits in the Balanced Budget/Spending Limit Act are established in recognition of the fact, as the Senator from Idaho said a moment ago, that revenues have fluctuated only within the narrow bands of 18 to 20 percent of the gross domestic product for the last 40 years, despite tax increases, tax cuts, economic contractions, and expansions and fiscal policies pursued by Presidents of both parties.

In effect, the economy has already imposed an effective limit on how much revenue the Federal Government can raise—19 percent of the gross domestic product, exactly the level of today. While tax rate increases and tax cuts may produce temporary surges and declines in revenue, revenues always adjust at about 19 percent of GDP, and that is because changes in the Tax Code affect people's behavior. Higher taxes discourage work, production, savings, and investment, slowing economic growth. And with less economic activity to tax, of course, revenues to the Treasury are never as great as the tax writers expect.

On the other hand, lower tax rates stimulate work, production, savings, and investment so revenues to the Treasury increase even at lower tax rates.

With that in mind, the only way that Congress really can ever balance the budget is to ratchet spending as a share of GDP down to the level of revenues the economy has historically been willing to bear—19 percent of GDP.

Limit spending, and there is no need for Congress to consider tax rate increases. It would not be allowed to spend any additional revenue that it raised. Besides, as reflected in historical trends, tax rate increases are more likely to slow economic growth than produce additional revenue relative to the gross domestic product.

Link spending to economic growth, as measured in terms of GDP, and a positive incentive is created for Congress to support pro-growth economic policies. The more the economy grows, the more Congress is allowed to spend, although always proportionate to the size of the Nation's economy. In other words, 19 percent of a larger GDP represents more revenue to the Treasury and, thus, more than Congress is allowed to spend, than 19 percent of a smaller GDP.

The advantages of the Federal spending limits are thus threefold.

First, it will get us to a balanced budget by limiting spending, not increasing tax rates; second, it will shrink Government relative to the size of the economy; and third, it gives Congress a strong incentive to support policies that will keep the economy healthy and strong, policies of less taxation, less regulation and less spending that the American people are demanding anyway.

For those Members of the Senate who voted against the balanced budget amendment saying Congress could do the job if it only had the courage and the will, well, here is your chance. For those who express concern about Social