and I chose the one less traveled by, and that has made all the difference.''

This may be the road less traveled by, but it will indeed make all the difference.

Thank you, Mr. President.

LEGISLATIVE LINE-ITEM VETO ACT

The PRESIDING OFFICER. Under the previous order, the Senate will now resume consideration of S. 4, which the clerk will report.

The legislative clerk read as follows:

A bill (S. 4) to grant the power to the President to reduce budget authority.

The Senate resumed consideration of the bill.

Pending:

(1) Dole amendment No. 347, to provide for the separate enrollment for presentation to the President of each item of any appropriation bill and each item in any authorization bill or resolution providing direct spending or targeted tax benefits.

(2) Feingold amendment No. 356 (to Amendment No. 347), to amend the Congressional Budget and Impoundment Control Act of 1974 to limit consideration of non-emergency matters in emergency legislation.

(3) Feingold/Simon amendment No. 362 (to Amendment No. 347), to express the sense of the Senate regarding deficit reduction and tax cuts.

(4) Exon amendment No. 402 (to amendment No. 347), to provide a process to ensure that savings from rescission bills be used for deficit reduction.

The PRESIDING OFFICER. Under the previous order, the Senator from New Jersey, Mr. BRADLEY, is recognized to offer an amendment on tax expenditures, on which there shall be 45 minutes of debate, with 30 minutes for Senator BRADLEY and 15 minutes for Senator MCCAIN, the Senator from Arizona.

AMENDMENT NO. 403 TO AMENDMENT NO. 347

(Purpose: To modify the definition of targeted tax benefit)

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

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from New Jersey [Mr. BRADLEY], for himself, Mr. WELLSTONE, Mr. ROBB, Mr. GLENN, and Mr. KOHL, proposes an amendment numbered 403 to amendment No. 347.

Mr. BRADLEY. Mr. 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 5, strike lines 13 through 20 and insert the following:

(5) the term ''targeted tax benefit'' means any provision which has the practical effect of providing a benefit in the form of a different treatment to a particular taxpayer or a limited class of taxpayers, whether or not such provision is limited by its terms to a particular taxpayer or a class of taxpayers but such term does not include any benefit provided to a class of taxpayers distinguished on the basis of general demographic conditions such as income, number of dependents, or marital status.

Mr. BRADLEY. Mr. President, I yield myself 10 minutes.

Mr. President, we begin this Congress with, I think, two obligations. The first is to change the way we do business, and the second is to cut Government spending. I think reform has been bottled up for years.

So, Mr. President, I believe now is the time to adopt a line-item veto and have the line-item veto applied both to tax expenditures and to appropriations. Two years ago, I introduced legislation that would give the President the authority to veto wasteful spending in both appropriations and tax bills. I reintroduced this line-item veto the very first day of this Congress, and its passage has been one of my highest legislative priorities. The separate enrollment approach that I adopted was modeled on the bill offered by Senator HOLLINGS and introduced several Congresses ago. I want to thank and commend Senator HOLLINGS for his leadership on that issue.

Therefore, I am pleased to see that our Republican colleagues have come to recognize the wisdom of the separate enrollment approach that Senator HOLLINGS and I have been championing for years. I also want to comment our colleagues across the aisle for taking steps to include tax expenditures in the line-item veto bill they introduced yesterday. The approach our Senate colleagues have taken toward tax expenditures is a significant improvement over the approach adopted by the House.

We need to be honest with the American public about the fact that for each example of unnecessary, pork-barrel spending through an appropriations bill, there are numerous, similar examples of such spending buried in tax bills. The Tax Code provides special exceptions from taxes that will total over $450 billion this year, more than double the entire Federal deficit and nearly one-quarter of total Federal spending. Because many of these Tax Code provisions single out narrow subclasses for benefit, the rest of us must pay more in taxes. How serious can we be about balancing the budget if we let billions in tax pork go virtually unchallenged each year?

Mr. President, I believe that our fellow Americans would be shocked if they knew some of the ways we spend money through the Tax Code. My favorite special-interest tax loophole is the roughly $100 million we will give away over the next 5 years to allow homeowners to rent their homes for up to 2 weeks without having to report any income. Word has it the provision was put in the Tax Code to benefit a rich homeowner who lived near the Masters Golf Tournament in Augusta, GA. The lucky man hit the jackpot every year by renting his house to tournament spectators for a small fortune, without having to declare any of this money as income.

Then there is the $12 million in tax subsidies that go to help producers offset the costs they incur to mine lead, asbestos, and uranium—deadly poisons we spend millions more to clean up. We also give away a cool $60 million a year to corporations that make electricity using plants and windmills. In addition, we generously allow U.S. citizens who work overseas to exclude $70,000 per year from their income taxes. Over the next 5 years, this loophole will cost the rest of us $8.6 billion.

As a member of the Finance Committee, I have seen an almost endless stream of requests for preferential treatment through the Tax Code. For example, the 1992 tax bill was littered with special exemptions. In that bill, we included a special accelerated depreciation schedule for rental tuxedos at a 5-year cost of $44 million to the rest of us. We also provided special accounting rules for the owners of cotton warehouses and created an special tax exemption for custom firearms manufacturers and importers. Over the years, I have been presented with hundreds of other requests, including exemptions from fuel excise taxes for crop-dusters and tax credits for clean-fuel vehicles.

There are obvious reasons why the American public knows so little about these loopholes. They are often written in complicated language and buried deep in the Tax Code. In addition, unlike appropriated spending, which is reviewed every year, once a tax loophole becomes law, it rarely sees the light of day. In fact, according to a recent GAO study, almost 85 percent of the 1993 tax expenditure losses were attributable to tax expenditures that were enacted before 1950, and almost 50 percent of these losses stem from tax expenditures enacted before 1920.

Reducing the deficit will require leadership, not gimmicks. In passing a line-item veto bill, we must demonstrate this same type of leadership. Sadly, I note that the line-item veto proposal passed by the House resorts to what I would describe as a mere gimmick. By defining ''targeted tax benefits'' to include only those loopholes that benefit ''100 or fewer taxpayers,'' the House has forfeited an opportunity to address the impact that tax loopholes have on our Nation's continuing budget crisis.

Mr. President, obviously, there are plenty examples of the so-called rifle shot tax giveaways. In 1988, the Philadelphia Inquirer ran a series of articles which identified billions of dollars worth of tax loopholes in the 1986 and 1988 tax bills. As stated in that series, these loopholes included special provisions for some trucking companies but not others, for some insurance companies but not others, for some utilities but not others, for some universities but not others. Of course these special provisions should be subject to a potential veto. However, these rifle shots are not the only examples of wasteful spending through the Tax Code; there

are plenty of other examples which benefit more than 100 taxpayers.

In fact, of all of the loopholes that I described earlier, not even one could be determined to benefit 100 or fewer taxpayers. The income exclusion for home rentals at the Masters Golf Tournament could benefit more than 100 taxpayers. The tax subsidies given to corporations that mine lead, asbestos, and uranium could benefit more than 100 taxpayers. The tax subsidies for electricity production from windmills and plants could benefit more than 100 taxpayers. And, the tax giveaways to citizens who work overseas benefit more than 100 people. Therefore, under the House version of this bill, none of these tax loopholes would be subject to a potential line-item veto if they were created today.

In addition to the fact that the House definition of a targeted tax benefit would allow billions of dollar in tax expenditures to go unchecked, that definition leads to a number of practical problems. Under the House version of the line-item veto, in order to veto pork in a tax bill, the President would first have to determine that the loophole would benefit 100 or fewer taxpayers. No one knows how the President would make such a determination. As far as I am aware, no Federal agency keeps track of how many taxpayers benefit from individual tax expenditures. Although this may seem surprising, it is understandable given that many tax expenditures consist of exclusions from income, rather than simple deductions. As a result, information on the number of beneficiaries is not readily available. In fact, of the 25 largest tax expenditures, 14 provide exclusions from income rather than deductions. Although these are large and well known examples, there are other examples of income exclusions for which the information would not be readily available. Therefore, there is no easy way to determine how many taxpayers would benefit from a proposed tax expenditure. In addition, what would happen if the President vetoed a tax loophole only to find out later that he did not have such authority because the provision would have benefited more than 100 taxpayers?

Even if one could determine how many taxpayers would benefit from a particular loophole, it would be easy enough for any of the big dollar lobbyists that prowl the Halls of Congress to rework the loophole to make it vetoproof. Clearly, if lobbyists are sophisticated enough to insert a loophole into a tax bill in the first place, they will be more than sophisticated enough to ensure that the language is sufficiently broad that it escape a possible veto. Therefore, the ''100 or fewer'' definition will create a perverse incentive to make bigger and even more expensive loopholes just to avoid the veto.

I am pleased to note that the version of line-item veto offered in the Senate does not resort to the same gimmicks that the House used. The language in the line-item veto before us today would make subject to a potential Presidential veto all new and expanded tax expenditures which both lose revenue during the any period of the budget window and have ''the practical effect of providing more favorable tax treatment to a particular taxpayer or limited group of taxpayers when compared to other similarly situated taxpayers.''

Yesterday, Senator DOMENICI stated that this language would subject to a potential veto all tax expenditures which particular companies, businesses, or taxpayers relative to other taxpayers. I agree that this provision would allow the President to veto new tax subsidies for individual companies and industries such as the ethanol industry, small oil and gas producers, dairy farmers, owners of cotton warehouses, and the like. However, I am concerned that the version offered by our Republican colleagues may lead to confusion and gaming. Although I believe that the language offered as part of the Republican substitute to S. 4 is very broad, a few of our colleagues have indicated that it might be narrower than the language itself would suggest. In my mind, the term ''when compared to other similarly situated taxpayers'' simply makes explicit a comparison that was implicit in similar language in S. 14.

Therefore, in order to clear up any confusion and to ensure that all new tax loopholes are subject to the same scrutiny as other types of spending, I have sent to the desk an amendment that would authorize the President to veto wasteful spending in future tax bills.

Mr. President, the language in the amendment that I have offered is not new, nor should it be particularly controversial. This language uses the exact same definition of ''targeted tax break'' as was included in S. 14, introduced by Senator DOMENICI and originally cosponsor by Senators EXON, CRAIG, COHEN, DOLE, and me. Furthermore, the amendment I have introduced uses the exact same language that our Republican colleagues promised the Nation they would use when they introduced their Contract With America. The language in this amendment, which was introduced in the House by then-Minority Leader Michel, simply states that the President may veto those tax loopholes which have ''the practical effect of providing a benefit in the form of a different treatment to a particular taxpayer or a limited class of taxpayers, whether or not such provision is limited by its terms to a particular taxpayer or a class of taxpayers. Such term does not include any benefit provided to a class of taxpayers distinguished on the basis of general demographic conditions such as income, number of dependents, or marital status.''

By its very terms, this language does not cover those types of tax provisions that provide general benefits. It would not subject a reduction in tax rates to a veto. Obviously, that would be a benefit for all Americans. Similarly, it would not subject an expansion in the standard deduction or the elimination of the marriage penalty to a veto. At the same time, the amendment that I have offered would not effect any of the provisions currently in the Tax Code. My amendment would not allow the President to touch such provisions as the home mortgage interest deduction, the deduction for State and local taxes, or the deduction for charitable contributions. Instead, this amendment would only effect new or expanded tax provisions.

Mr. President, I request unanimous consent to insert into the RECORD copies of two letters, one from Dr. Rivlin at OMB and the other from Dr. Reischauer at CBO, interpreting the language that I have introduced. As our colleagues will note, these letters make clear that the amendment that I have offered simply places spending through the Tax Code on par with other types of spending. Adoption of my amendment will prevent additional loopholes from creeping into the Tax Code at the same time we are cutting assistance for the poorest and neediest in our society.

My amendment would also reduce the danger of gaming the revenue estimating process to avoid a potential veto. Under the current version of the line-item veto, a tax loophole cannot be vetoed unless it is scored as losing money during any part of relevant budget window. However, as we have seen with some proposals such as the backloaded IRA's and neutral cost recovery provision in the House's tax package, by slowly phasing in tax expenditures, they can be estimated to raise revenue during the first 5 years even though they lose billions of dollars over the 10-year budget period. My amendment would eliminate this gaming process.

If the President had the power to excise special interest spending, but only in appropriations bills, we would simply find the special interest lobbyists who work appropriations turning themselves into tax lobbyists, pushing for the same spending in the Tax Code. Spending is spending whether it comes in the form of a Government check, or in the form of a special exception from the tax rates that apply to everyone else. Tax spending does not, as some pretend, simply allow people to keep more of what they have earned. It gives them a special exception from the rules that oblige everyone to share in the responsibility of our national defense and protecting the young, the aged, and the infirm. The only way to let everyone keep more of what they have earned is to minimize these tax expenditures along with appropriated spending and the burden of the national debt so that we can bring down tax rates fairly, for everyone.

Therefore, Mr. President, I encourage all of our colleagues to pass a line-item veto bill that includes both appropriations and real tax expenditures. In

their so-called Contract With America, the Republicans promised that they would subject wasteful spending to a potential line-item veto whether this spending occurred in an appropriations or tax bill. I believe that the definition that the Republicans promised in their contract, the same definition that was included in S. 14 when it was introduced in this Chamber, is an appropriate way to prevent new wasteful spending projects from creeping into the Tax Code.

Mr. President, the line-item veto is not in itself deficit reduction. But if the President is willing to use it, it is the appropriate tool to cut a certain kind of wasteful spending—the pork-barrel projects that tend to crop up in appropriations and tax bills. Although this type of spending is only one of the types of spending that drive up the deficit, until we control these expenditures for the few, we cannot asked for the shared sacrifice from the many that will be necessary to significantly reduce the deficit.

Mr. WELLSTONE addressed the Chair.

The PRESIDING OFFICER. Who yields time?

Mr. BRADLEY. Mr. President, how much time remains on the side of the proponents?

The PRESIDING OFFICER. The Senator has 20 minutes 15 seconds.

Mr. BRADLEY. I yield 8 minutes to the distinguished Senator from Minnesota.

The PRESIDING OFFICER. The Senator from Minnesota is recognized.

TAX LOOPHOLES SHOULD BE COVERED BY LINE-ITEM VETO

Mr. WELLSTONE. Mr. President, I rise as an original cosponsor of this amendment to subject a host of special interest tax breaks and loopholes to the President's expedited rescission, or line-item veto authority provided for in this bill. This amendment would give the President the same authority to rescind new special interest tax breaks that he would have under the bill to cancel new direct spending. The logic of the amendment is simple, and straightforward: We should treat tax breaks just as we treat direct spending in the Federal budget.

In all of our debates on budget priorities, there has been too little discussion about a particular kind of spending that enjoys a special status within the Federal budget: tax breaks for special classes or categories of taxpayers. Many of the benefits from these breaks and loopholes go to corporate or other wealthy interests in our society. If we are going to give the President line-item veto authority over direct spending programs, then we should give him the same power to veto special interest tax breaks and tax loopholes. That is what this amendment would do; it would cover all new tax breaks, hold them up to scrutiny, and subject them to potential rescission, or cancellation.

This is not the first time in this session of Congress that I have raised the issue of closing special interest tax loopholes as a part of our deficit reduction efforts. A couple of weeks ago my colleague from Wisconsin, Senator FEINGOLD, Senator BRADLEY, and I offered a sense-of-the-Senate resolution as an amendment to the proposed balanced budget amendment which said that tax expenditures ''should be subjected to the same level of scrutiny in the budget as direct spending programs'' in our efforts to balance the budget. That proposal received 40 votes from my colleagues on our side of the aisle. We have argued for months, and will continue to argue, that savings from restricting special interest tax breaks must be a key part of our efforts to further reduce the deficit.

Let me make a simple point here that is often overlooked. We can spend money just as easily through the Tax Code, through what are called ''tax expenditures,'' as we can through the normal appropriations process. Spending is spending, whether it comes in the form of a government check or in the form of a tax break for some special purpose, like a subsidy, a credit, a deduction, or accelerated depreciation for this type of investment or that. Some tax expenditures are justified, and should be retained. But some are special interest tax breaks that should be eliminated, or loopholes that should be plugged.

These special tax breaks allow some taxpayers to escape paying their fair share, and thus make everyone else pay higher taxes. They are simply special exceptions to the normal rules, rules that oblige all of us to share the burdens of citizenship by paying our taxes. They also limit State revenues because many State income taxes are tied to the Federal tax rules. It seems only fair that if the President can use the line-item veto authority to cut special-interest spending programs, then he should also be able to cut special-interest tax breaks which will cost the Treasury billions of dollars in lost revenues.

Special-interest tax breaks are simply a subcategory of the larger group of tax provisions called tax expenditures. The Congressional Joint Tax Committee has estimated that tax expenditures cost the U.S. Treasury over $420 billion every single year. And they also estimate that if we do not hold them in check, that amount will grow by $60 billion to over $485 billion by 1999. That is why tax breaks must be on the table along with other spending as we look for places to cut the deficit.

Now, not all tax expenditures are bad. Not all should be eliminated. Some serve a real public purpose, such as providing incentives to investment, bolstering the nonprofit sector, encouraging charitable contributions, and helping people to be able to afford to buy a home. But some of them are simply tax dodges that can no longer be justified. At the very least, all of these should undergo the same scrutiny as other Federal spending. If we are going to allow the President to line-item veto specific spending programs, then we should also allow him to veto specific tax breaks that subsidize a targeted class of taxpayers.

The particular language of this amendment has a long history, and has often been supported in the past by Members on the other side of the aisle. This language is taken directly from the so-called Contract With America about which we have heard so much recently. On pages 32–33 of the commercially available version of the contract, when discussing the line-item veto, it says, ''Under this procedure, the President could strike any appropriation or targeted tax provision in any bill.'' Thus we are offering an amendment first outlined in the provisions in the Contract With America.

In addition to being part of the contract, a similar amendment was offered on the House floor by Representative Michel, the former House minority leader, to a previous version of the line-item veto legislation. Gaining bipartisan support, this amendment was adopted in 1993 in the House during consideration of a version of the line-item veto bill. The language of this amendment also appeared in the original version of Senator DOMENICI's expedited rescission bill which he introduced in January of this year. Therefore this language simply fulfills a promise made by many of those on the other side of the aisle, including those who wrote the Contract With America.

Although there are many things in that Republican so-called Contract With America which I oppose, I agree completely with the contract when it says that we should give the President the power to veto all new special tax breaks and loopholes, and not just those new tax breaks that affect fewer than 100 taxpayers, as included in the bill the committee reported. Tax attorneys will have a field day if we adopt that arbitrary 100 taxpayers limit on the President's authority to line-item veto tax expenditures. This is a sham, which some have estimated would cover only a tiny percentage of all tax breaks currently in the Code if it had been in law when they were established.

How would we decide which special tax breaks will benefit fewer than 100 taxpayers? Even if a specific provision is intended to benefit only a small group of people or corporations, crafty tax attorneys will always find ways to expand the group of intended beneficiaries. In addition, as I understand the situation, no Federal agency currently keeps track of how many taxpayers benefit from individual tax expenditures. This is perfectly understandable, because many tax expenditures are exclusions from income, rather than deductions which must be reported to the IRS. How do we calculate how many people exclude income from taxation, when of course those taxpayers do not even report this excluded

income? Thus the arbitrary 100 taxpayers limit is absurdly narrow.

But the language of the Dole substitute is even more unclear on tax expenditures than the 100 taxpayer language used by the committee. The backers of the Dole substitute claim that their bill would allow the President to veto special interest tax breaks and loopholes. But the language of the Dole substitute uses a very confusing and vague definition of ''targeted tax benefits'' subject to the President's line-item veto. The substitute defines ''targeted tax benefits'' as those provisions which are estimated as ''losing revenue within the periods specified in the most recently adopted concurrent resolution on the budget'' and which have ''the practical effect of providing more favorable tax treatment to a particular taxpayer or limited group of taxpayers when compared with other similarly situated taxpayers.''

What does this definition mean? What does a similarly situated taxpayer mean in this context? Should we bring in high-priced tax attorneys to help us understand the effects of this language? Under this definition, could Congress give special tax breaks to a specific industry such as the oil and gas industry, and shield these tax giveaways from the President's line-item veto because all companies within the favored industry would be allowed to claim the same special interest tax break? Under current law, U.S. citizens working overseas can exclude $70,000 per year from their U.S. income taxes. If Congress were to foolishly increase this exclusion to $80,000 per year, would that change be subject to the President's line-item veto authority under the substitute? Of if Congress were to give new special tax breaks to American companies operating overseas, such as we already do under current law, would that change be covered by the language in the substitute? How would this language affect companies doing business in Puerto Rico, who enjoy special tax breaks under current law? The existing Tax Code is riddled with numerous special tax give-aways to an entire industry. Would the President be allowed to line-item veto new special interest tax loopholes for any given powerful industry under this language? We need to clarify this confusing provision in the Dole substitute, because on its face it only applies to a very limited number of these tax breaks.

If the President is to be given the power to veto spending provisions, then he should also be given the power to veto certain especially egregious special interest tax breaks, especially those which favor an entire protected industry such as the oil and gas industry. The writers of the Republican Contract With America understood this point, even if the majority party in the other body voted to abandon this section of the contract. We should restore the original contract language, as our amendment would do.

By giving the President the power to line-item veto any new tax expenditure provisions, we could save billions of dollars. For example, do we really need special tax breaks for Mount Rushmore coins, or tax rules that allow people to rent out their homes for 2 weeks each year without paying tax on that income? Both of these tax breaks have been proposed in the past, and the latter actually became law. A line-item veto which at least covers new tax breaks might prevent measures like these from slipping into the Tax Code in the future, where they could go unexamined for years or even for decades.

Our amendment is the latest in a series of legislative initiatives designed to call attention to this problem and to prompt Congress to reexamine tax loopholes. There are many existing special loopholes buried in the current Tax Code which need to be reconsidered. While this measure only subjects new tax breaks to Presidential veto authority, many of us will certainly want to revisit specific tax loopholes that are already in the Tax Code during the reconciliation process. But for now, our amendment provides for a mechanism to cover all new tax breaks in the same way that it covers only new spending. I think we ought to signal today that the standard of fairness we will be applying will include closer scrutiny of these tax breaks.

It is only fair, since these special tax breaks for certain companies and industries force other companies and individuals to pay higher taxes to make up the difference. Some of these tax breaks allow privileged industries such as the oil and gas industry to avoid paying their fair share of taxes. All distort, to one degree or another, economic investment decisions, usually in favor of companies with the highest paid lobbyists in Washington. In many cases, doing away with these special tax breaks for certain industries would allow a more efficient allocation of economic resources.

I think it is a simple question of fairness. If Congress is really going to make the $1.48 trillion in spending cuts and other policy changes that would have to be made to balance the Federal budget by 2002, then those on the other side of the aisle should make sure that wealthy interests in our society, those who have political clout, those who can hire high-priced lobbyists to make their case every day here in Washington, are asked to sacrifice at least as much as regular middle-class folks whom you and I represent. We should represent those who receive Social Security or Medicare or Veterans' benefits, and not just those special interests who can afford to pay high-priced hired guns to lobby for them.

I am amazed to learn that many in the majority party in the other body are proposing expanding corporate welfare tax loopholes at the very same time that they are slashing Government spending on programs for the poor, for children, for education, and for the most vulnerable in our society. They have proposed tax cuts for the wealthy which, according to the Treasury Department, total over $700 billion, and at the same time they refuse to subject a broad range of new tax breaks to potential cancellation by the President. And these are the ones who call themselves deficit hawks?

By refusing to extend the line-item veto authority given to the President under this bill to industry-wide tax breaks and loopholes, members of the majority party are trying to protect their wealthy and well-connected friends. And they are doing so at the expense of principles that they often espouse: economic efficiency and market-based allocations of capital. As I have observed, often these special tax loopholes and tax breaks distort economic decision-making, causing corporations and individuals to shift their resources in order to take advantage of these loopholes.

I think now is the time to put a stop to further massive spending on special interest tax loopholes. We should allow the President to be able to line-item veto these costly special interest tax breaks. A basic standard of fairness requires that we examine special interest tax breaks along with the one-third of all Federal spending which is currently covered by the legislation before us.

Some will charge that by closing tax loopholes and restricting special interest tax breaks we are somehow proposing to raise taxes. But the opponents of covering these tax breaks in the line-item veto legislation need to understand that the current system forces middle class and working people to pay more in taxes than they otherwise would have to pay. While some are paying less than their fair share in taxes because of these special tax subsidies, others are being forced to pay more in taxes to make up the difference. Closing tax loopholes is not raising taxes. Allowing these tax breaks to continue forever without close scrutiny is part of the reason why taxes on the regular middle class taxpayer are higher than they otherwise could be. Of course, these subsidies are hidden in the Tax Code because it would be too hard to get the votes in Congress, in the full light of day, to directly subsidize these industries—especially under current budget constraints.

It is a simple matter of fairness. In our attempts to reduce the Federal deficit, all sectors of our society must make some sacrifices. Specific industries and the wealthy are the ones who often benefit most from the special interest tax breaks and loopholes. If we do not treat tax expenditures the same as direct spending provisions, the wealthy will avoid making any sacrifices as we cut spending programs for the middle class and the poor. Just because some special interest has the means to hire a high-priced tax lobbyist to get a special tax break written into legislation does notgive them the

right to avoid sharing in whatever sacrifices are necessary to reduce the budget deficit.

The General Accounting Office issued a report last year, and have issued several others on tax expenditures. It was titled, ''Tax Policy: Tax Expenditures Deserve More Scrutiny.'' I commend it to my colleagues' attention. It makes a compelling case for subjecting these tax expenditures to greater congressional and administration scrutiny, just as direct spending is scrutinized. The GAO report reminds us that spending through special provisions in the Tax Code should be treated in the same way as other spending provisions.

The GAO noted that most of these tax expenditures currently in the Tax Code are not subject to any annual reauthorization or other kind of systematic periodic review. They observed that many of these special tax breaks were enacted in response to economic conditions that no longer exist. In fact, they found that of the 124 tax expenditures identified by the Budget Committee in 1993, about half were enacted before 1950. Now that does not automatically call them into question. It just illustrates the problem that once enacted, special tax breaks are not looked at in any systematic way. Many of these industry-specific breaks get embedded in the Tax Code, and are not looked at again for years. Giving the President the authority to cancel special interest tax breaks would prevent egregious ones from creeping into the Tax Code in the first place.

This amendment simply says that new tax expenditures should be treated the same as new spending programs for purposes of the line-item veto. It might prompt us to rethink some of our spending priorities. When we begin to weigh, for example, scaling back the special treatment for percentage depletion allowances for the oil and gas industry against cutting food and nutrition programs for hungry children, we may come out with quite different answers than we have in the past about whether we can still afford to subsidize this industry through the Tax Code. CBO estimates that eliminating this tax break would save $4.9 billion in Federal revenues over 5 years.

We must allow the President to veto new special interest tax expenditures, despite the vague and confusing language in the Dole substitute. It looks to me like those who oppose our amendment are saying that they will not ask for much, if any, sacrifice from wealthy corporate and other special interests in our society who have enjoyed certain tax breaks, benefits, preferences, deductions, and credits that most regular middle-class taxpayers do not enjoy.

The Republican contract promised to give the President the authority to line-item veto all these special tax breaks, but that language was deleted by the Senate Budget Committee. That language has also been deleted from the Dole substitute. I think we need to restore the original language of the expedited rescission bill.

At a time when we are talking about potentially huge spending cuts in meat inspections designed to insure against outbreaks of disease; or in higher education aid for middle class families; or in protection for our air, our lakes, and our land; or in highways; or in community development programs for States and localities; or in sewer and water projects for our big cities; or in safety net programs for vulnerable children; or to eliminate the School Lunch Program, we should be willing to weigh these cuts against special tax loopholes that could cost hundreds of billions each year.

Mr. President, I urge my colleagues to support the amendment, and I yield the floor.

The PRESIDING OFFICER. Who yields time?

Mr. BRADLEY. Mr. President, how much time remains on the side of the proponents?

The PRESIDING OFFICER. The Senator has 12 minutes and 26 seconds.

Mr. MCCAIN addressed the Chair.

The PRESIDING OFFICER. The Senator from Arizona.

Mr. MCCAIN. Mr. President, I ask unanimous consent to go off the amendment for approximately 5 minutes to engage in a colloquy with the Senator from Nebraska about the bill.

Mr. BRADLEY. Mr. President, reserving the right to object, the subject matter is unrelated to the pending amendment?

Mr. MCCAIN. Unrelated to the pending amendment.

The PRESIDING OFFICER. The Senator from Nebraska is recognized.

Mr. EXON. Mr. President, I would like to yield to my colleague from Arizona. We have had some very brief preliminary discussion to try to expedite and move things along just a little bit.

I propose to him that in order to move things along, I will be a cosponsor of the Bradley amendment. If the Bradley amendment is successful, then there is a backup amendment that I would like to withdraw, but I would like to have it pending in case the Bradley amendment should not prevail.

My amendment simply says—and I will debate it briefly if I may have 5 minutes—basically that if the Bradley amendment fails, I would like to have a backup provision that simply says we should take a look at not just a 5-year but a 10 year-period with regard to what effect any kind of taxation would have on the overall budget proposition. There may be some pros and cons on that. It might be acceptable.

I would simply like to suggest at this time that after we finish debate under the allotted time under the Bradley amendment, if I may have 5 minutes and my colleague maybe 5 minutes, we could make an agreement that we would have a vote on my backup amendment that would be withdrawn if the Bradley amendment prevails.

Mr. MCCAIN. Mr. President, I would also like to find out if your amendment would be acceptable by both sides, to prevent a——

Mr. EXON. Mr. President, I will not insist on a rollcall vote. If that is possible, we could maybe voice vote.

Mr. MCCAIN. I would like to take the remaining minute or 2 to discuss the parliamentary situation as it exists with my friend from Nebraska.

The PRESIDING OFFICER. Is the Senator reserving his right to object?

Mr. MCCAIN. No, Mr. President. I am now on the 5-minute request to discuss the parliamentary situation, not related to the pending amendment.

It is my understanding from my conversations with my colleague from Nebraska that we are in the process of reducing the number of amendments and getting time agreements on those so that we could probably be able to—hopefully, within an hour or 2, or 2 or 3 hours—get some kind of final agreement so that a cloture vote would not be necessary.

Under those circumstances, I urge all of our colleagues to consider their amendments, consider how much time they would require, and hopefully we could move forward so that we do not have to go through a cloture vote and reach cloture on this bill.

Finally, Mr. President, I would like to avoid the cloture vote, along with my friend from Nebraska. I think we are now reaching a point where we could get time agreements and perhaps even a time certain for passage.

Mr. EXON. Mr. President, if I may for a moment, I thank my friend from Arizona.

I simply use this opportunity to appeal to all Senators on both sides of the aisle to please come to the floor at this time, or sometime within the next hour, to consult with us. It is important, if we are going to expedite matters as I would like to do, and hopefully not have a cloture vote unless that becomes necessary—but I suspect we are going to have to go through the cloture vote unless we can come to some reasonable agreement on the number of amendments—how serious the Senators are in offering them.

I place an appeal at this time to Members on both sides of the aisle who have amendments to please consult with the managers now so that maybe we can have a sense and eliminate some of the amendments that are duplicates, or duplicates to some degree, and maybe have an agreement by 2 o'clock this afternoon that would set a course of as definitive action as is possible with the conflicting debate that still might take place on some of these amendments.

Mr. MCCAIN. Mr. President, I ask to be recognized for 1 additional minute.

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

Mr. MCCAIN. Mr. President, it is not clear yet—a pending vote on a Feingold amendment; a possible pending vote on

a Feingold amendment, that is possible; along with a pending vote at the expiration on the previously agreed to time on the Bradley amendment. It is not clear to me yet when those votes will take place.

There is, I understand, a signing ceremony down at the White House on the unfunded mandates bill sometime later this morning. I hope within the next minutes we will get some indication as to when the votes, both on the Feingold amendments and the Bradley amendment, will take place.

Now, Mr. President, I ask unanimous consent to return to the pending amendment, which is the Bradley amendment.

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

AMENDMENT NO. 403 TO AMENDMENT NO. 347

The PRESIDING OFFICER. The Senator from Arizona is recognized.

Mr. MCCAIN. Mr. President, first of all, I would like to say to my friend from New Jersey, I know of no one who is more aware, more knowledgeable, and more articulate on tax issues—along with many others, but especially tax issues—than the Senator from New Jersey. We know of his exemplary record, including the key role he played in the last major tax bill passed by Congress in the 1986 tax reform bill.

It is with some trepidation that I oppose this amendment of the Senator from New Jersey. I certainly understand the target and the aim and intent of this amendment. I believe that the amendment sets a different standard for a targeted tax benefit for purposes that are contained in the Dole substitute.

His definition of the targeted tax benefit in this amendment is broader. The amendment defines a targeted tax benefit, I quote from the amendment, as any provision that applies different tax treatment to a limited class of taxpayers. The amendment does exempt from the taxpayers in a limited class, defined by general demographic conditions such as income, number of dependents, or marital status.

By the terms of the amendment as we understand it, it pulls into the definition of targeted tax benefit, any tax benefit that goes to any other limited class of taxpayers, such as retirees, Americans with physical disabilities such as blindness, survivors of a deceased parent or spouse, disabled veterans, foster parents, farmers, fishermen, students, and homeowners.

A few examples, Mr. President, of potential tax benefits that would be a targeted tax benefit under this amendment and subject to the line-item veto would be, for example: President Clinton's 1996 budget proposal to create a special tax deduction for college education expenses, the reason being, where it would fall under the Bradley amendment, is that students or their parents who pay for college expenses are a limited class of taxpayers.

Proposals in most of the major health care reform bills proposed last year to clarify the tax treatment of long-term care insurance would fall under this amendment because taxpayers who choose to purchase long-term care insurance are a limited class of taxpayers.

The proposal in the Contract With America to increase the amount of money a small business can deduct, expenses for equipment purchases from $17,000 up to $35,000 per year, because the contract proposal is limited to small businesses, which are also a limited class of taxpayers.

The proposal to extend the 25-percent deduction for health insurance costs paid by self-employed persons, and the reason for this is that this proposal is limited to self-employed taxpayers, who are also a limited class of taxpayers.

The distinguished Democratic leader, Senator DASCHLE, has a bill that provides tax relief for farmers who have suffered from the 1993 Midwest floods. This proposal is limited to farmers, a limited class of taxpayers.

Unlike the pending amendment, the Dole substitute definition of a targeted tax benefit looks to a limited group of taxpayers, and whether within the limited group, one taxpayer or group of taxpayers is treated more favorably than other similarly situated taxpayers.

Under the Dole substitute, none of the examples mentioned would be a targeted tax benefit, and under the Dole substitute none of the examples mentioned would be subject to the line-item veto.

Mr. President, under the previous unanimous consent agreement, at the expiration of the time, I will be making a motion to table as was provided for in the unanimous-consent agreement.

Mr. President, I reserve the balance of my time.

Mr. DASCHLE addressed the Chair.

The PRESIDING OFFICER. The minority leader is recognized.

Mr. DASCHLE. Mr. President, I will use my leader time to speak on this amendment and allow Senator Bradley to use the remaining minutes of his time for his own purposes.

Mr. President, the amendment that is now pending is one that virtually every Member of the Senate ought to be able to support.

Senator BRADLEY's amendment on tax breaks is identical—it is identical—to that contained in the Domenici-Exon bill. It is the very same language that has been cosponsored by many people on both sides of the aisle, including both leaders at this point. Its intent is to make clear what we all say we want: To give the President a strong bill.

We want to allow the President to weed out special interest breaks, whether they are buried in an appropriations bill or buried in a tax bill. We have said that our view of a strong bill is a bill that broadens the scope, that gives the President the greatest opportunity for review of legislative issues, of questions that may arise as he considers the viability of any piece of legislation, giving the President the opportunity, whether it is in taxes or appropriations, is our definition of strength.

Senator BRADLEY's amendment puts tax breaks on an equal footing with wasteful spending. It allows the President to select out and veto provisions that might favor one group over another at the expense of the American taxpayer.

So, Mr. President, it is a bill that certainly Senator DOMENICI, and many of us who cosponsored his legislation, feel is important, and I am very pleased that we have, again, an opportunity to support what we all have indicated we want, and that is a bill that is, indeed, as strong as it can be.

I am gratified that our Republican colleagues agree with Democrats that tax breaks should be on the table and open to review. The current language in the Dole substitute is very broad. Under any reasonable commonsense interpretation of this language, tax breaks are on the table, and that is as it should be.

I am supporting Senator BRADLEY's effort in order to remove any ambiguity in interpretation. I think Senators DOMENICI and EXON had it exactly right the first time, and I hope they will return to their roots and support this amendment when we have the vote later on today.

Senator BRADLEY's amendment is also important because it has another crucial component. It eliminates the incentive that exists under the Dole substitute to shift tax breaks out of the budget window and escape Presidential scrutiny. For example, the House has a provision in the Contract With America called neutral cost recovery. Although this tax provision loses billions of dollars and is a huge drain on the Treasury, it would not come under the President's scrutiny. That is because it does not lose money until after the 5-year budget window.

Instead of inviting budget games, we should allow any tax break that loses money to be subject to Presidential review, and Senator BRADLEY's amendment does that. That is a gimmick. We want to avoid gimmicks. We truly want truth in budgeting. We want the President to have an opportunity to review all budgetary implications, provisions that may be in the law, and that is really what this amendment does.

This amendment would ensure that the President looks beyond 5 years and not be constrained simply to examine a piece of legislation only because it has a 5-year budget estimation. There is widespread agreement in the Senate about the need of Presidential review of wasteful spending. This amendment puts wasteful tax breaks on the table, and I certainly urge my colleagues to support it.

With that, I yield the floor.

Mr. BRADLEY. Mr. President, how much time remains on each respective side?

The PRESIDING OFFICER (Mr. FAIRCLOTH). Twelve minutes 46 seconds for the Senator from New Jersey, and 11 minutes for the Senator from Arizona.

Mr. BRADLEY. I yield 2 minutes to the distinguished Senator from Illinois.

The PRESIDING OFFICER. The Senator from Illinois is recognized.

Mr. SIMON. Mr. President, I thank my colleague for yielding. I think this is an extremely important amendment. Frankly, this line-item veto is not in ideal shape, from my perspective. But what happens when we have a one-time appropriation is we have a one-time wound. If we vote $500,000 to save BILL BRADLEY's birthplace—and I know BILL BRADLEY would oppose such an appropriation—that is a one-time appropriation. But when we put in these little tax favors for people, these little things that provide tax breaks, that is a wound that bleeds year after year after year. I think it is extremely important that we adopt this amendment.

I would like to see a line-item veto that also would give the President, frankly, the authority to reduce appropriations. Apparently, we cannot do that under the present Constitution. I wish we could. I prefer that. But I think if we are going to deal with appropriations in a line-item veto, we also have to deal with tax expenditures in a meaningful way.

The Dole amendment deals with it but in a very narrow sense. This is even more narrowly crafted than I would like to see, but it at least gives us the ability to stop a running wound, and we have created too many running wounds.

Mr. President, I am pleased to support the Bradley amendment.

Mr. BRADLEY addressed the Chair.

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

Mr. BRADLEY. Mr. President, I yield myself 5 minutes.

The PRESIDING OFFICER. The Senator is recognized.

Mr. BRADLEY. Mr. President, again, I would like to, if I can, having listened to some of the comments, try to take a few minutes to clarify what I believe the language means.

Before any tax loophole would be subject to a line-item veto, under the language of the pending bill, it would have to meet two criteria: First, the loophole would have to be estimated by the Joint Tax Committee to lose revenue within the period specified in the most recently adopted concurrent resolution on the budget.

Now, Mr. President, although this provision is subject to budgetary gimmicks, I believe it is clear. It says that if a tax expenditure loses money in the next 5 years, it would be included. What my amendment seeks to do is to broaden this to a 10-year period; to say that you cannot put a tax expenditure in the code and make it effective in year 6, 7, and 8. You cannot put a tax expenditure in the code claiming that it will raise revenue, as some inevitably will in the first couple of years, when in fact it will lose enormous amounts of revenue in the second 5 years.

So I am concerned—and seek to rectify with this amendment—that the budget window here creates a possibility for gaming.

For each tax bill, we receive estimates from the Joint Tax Committee, the detailed revenue gains and losses for each fiscal year covered by the current budget resolution. If a given tax loophole was estimated to lose revenue during any of these years, it would meet this first part of the definition. If it loses revenue in the first 5 years under the bill, it would be included as an item that could be vetoed.

The second criterion is, the loophole would have to have ''the practical effect of providing more favorable tax treatment to a particular taxpayer or limited group of taxpayers when compared with other similarly situated taxpayers.''

While the first part of this part of the test is fairly clear, I think some Members of the Senate have questioned what the phrase ''when compared with other similarly situated taxpayers'' means. My view is that this language makes explicit what was implicit in the earlier versions of this phrase. All tax expenditures are judged relative to a given baseline that applies to all other taxpayers, and this language simply makes this comparison clear.

So, for example, if tomorrow we pass the $10,000 tax credit for all Members of Congress, that loophole would be subject to a Presidential veto.

First, because it would lose revenue in the next 5-year period. And, second, the loophole would provide a limited group of taxpayers; that is, Members of the Congress, more favorable tax treatment; that is, the $10,000 tax credit, when compared to other similarly situated taxpayers; that is, all taxpayers that are not Members of Congress.

As a real example, a few years ago Congress approved a loophole that provided that

> Neither the United States nor the Virgin Islands shall impose an income tax on non-Virgin Islands source income derived by one or more corporations which were formed in Delaware on or about March 6, 1981, and which have owned one or more office buildings in St. Thomas, United States Virgin Islands.

There it is, a tax expenditure. Word has it that this loophole was designed to benefit a single, well-connected, millionaire and his Virgin Islands company. That was his loophole.

Again, this loophole under the bill before us would be subject to a potential line-item veto. First, it would lose revenue in the next 5 years. Second, the loophole would provide a particular taxpayer; that is, the single Virgin Islands company, with more favorable tax credit; that is, forgiveness of tax on all non-Virgin Islands source income, when compared to other similarly situated taxpayers; that is, other taxpayers that either were nonincorporated in Delaware on March 6, 1981, or do not own an office building in the Virgin Islands.

Now, Mr. President, a few Members have suggested—incorrectly, I believe—that the term ''when compared to similarly situated taxpayers'' will cause the definition of ''targeted tax break'' to be interpreted narrowly. This suggestion is based on I think the flawed reasoning that ''similarly situated'' means ''identical.'' Such interpretation would mean that no tax loophole would ever be subject to veto. Instead, loopholes for Members of Congress, loopholes for individual companies in the Virgin Islands, and numerous other loopholes would all be free from a potential veto because all identical taxpayers would get the same benefit.

The debate on this floor evidences the clear intent of the supporters of this bill to subject tax loopholes to a Presidential veto, and therefore it includes the tax loophole for the Members of Congress, it includes the tax loophole for the Virgin Islands corporation, and it includes other new and expanded tax loopholes.

I think that is, frankly, what the bill says. That is what this amendment says. The disagreement is not over that. The disagreement is the budget window. And in the bill before us, there is a big possibility for gaming by saying if there is a tax loophole that will not lose revenue until the second 5 years, it is not subject to veto, and that is what this amendment attempts to correct.

How much time remains, Mr. President?

The PRESIDING OFFICER. The Senator has 2 minutes and 13 seconds.

Mr. MCCAIN. I say to my friend, if my friend from New Jersey will yield, I would be glad to yield 5 minutes of my time to him, if he so wants to use it.

Mr. BRADLEY. I am fine with 2 minutes.

The PRESIDING OFFICER. Who yields time?

Mr. MCCAIN addressed the Chair.

The PRESIDING OFFICER. The Chair recognizes the Senator from Arizona.

Mr. MCCAIN. Mr. President, I yield 5 minutes to the Senator from Maine [Mr. COHEN].

The PRESIDING OFFICER. The Chair recognizes the Senator from Maine.

Mr. COHEN. Mr. President, I thank my friend for yielding. I would like to offer a couple of comments to put this line-item veto proposal in perspective.

The Constitution clearly gives Congress the ''power of the purse.'' But, every President since Thomas Jefferson has asserted the executive branch's discretion and right to hold back moneys appropriated by Congress. This tug-

of-war goes to the most basic facet of our democratic system of government: The balance of powers between the executive and the legislative branches of government.

The conflict between the power of the purse and the power of impoundment dates back to the earliest days of our Republic. The first significant impoundment of appropriated funds was made by Thomas Jefferson who, back in 1803, refused to spend $50,000 appropriated by Congress to provide gunboats to operate on the Mississippi River.

The conflict between the legislative and executive branches has been going on now for over 150 years. You may recall, Mr. President, it was back in the early 1970's when this really came to a head. President Nixon challenged Congress' power and withheld over $12 billion in highway funds. This resulted in an attempt to impeach President Nixon because he had trespassed upon the powers of Congress. Congress did not impeach the President—appropriately so—but it did pass the Budget and Impoundment Control Act back in 1974. This act imposed many new restrictions on the President's ability to impound budget authority.

Twenty years have transpired since this act was passed and the tenor of the debate has shifted dramatically. We have gone from a sense of urgency to restrict an imperial President to a sense that the President needs to restrict, if not an imperial Congress, at least a spendthrift one.

I support strengthening the President's ability to veto wasteful spending. In fact, I introduced legislation along with Senator DOMENICI to accomplish this last Congress and did so again this year.

But, I think we ought to be clear about one thing. No matter what type of line-item veto authority is given to the President, assuming it will be given, the overall impact on the deficit is not going to live up to the high expectations of the American people.

Giving the President more power to rescind or veto spending can achieve some positive results. To be able to surgically remove wasteful spending items would be a service to the taxpayers and, in turn, improve the public image of Congress. Every report about a $700 toilet seat or a Lawrence Welk Museum sends the message that Congress is either intoxicated with power or powerless to overcome its spending addiction.

But there should be no expectation that the line-item veto authority can do the heavy lifting in terms of reducing the deficit. Many of the items listed by various watchdog groups in their annual so-called pork lists are astonishing, and would never be supported if they were not embedded in large appropriations bills that are presented to the President on a take-it-or-leave-it basis.

I do not suggest that any amount of waste ought to be tolerated, but purging these items, while important, will not alone take us far in reducing the deficit. I support giving the President more authority to line out wasteful spending. But, it should be clear that we have not yet been able to confront the much more difficult task, and more difficult challenge, of getting our deficit under control.

At this point it is not clear, Mr. President, whether there is going to be a filibuster on this measure or whether we will be able to overcome that filibuster. I hope that we can. In the meantime, if this measure is not approved and sent to the President for his signature, there is another way to achieve our goal. Every request made of the Appropriations Committee ought to be made public. Those of us who request that specific items be included in the appropriations bills ought to have those requests published in the CONGRESSIONAL RECORD. That would bring some light to this process. If we are unable or unwilling to stand behind the requests that we make to the Appropriations Committee, then obviously we would be unwilling to take to the floor to try to defend them.

Unfortunately, I think we have reached the point of ''Stop us before we spend again.'' The power of the purse is already ours. It is a power we have abused too often, and too often, I might add, to the applause of our constituents. For too long, we have been rewarded for bringing home the bacon while condemning the presence and prevalence of trichinosis in the Congress. We cannot continue to have it both ways.

This measure will indeed force us to defend our requests in the bright light of day. It will make us more responsible if we may be called upon to defend here on the Senate floor what we demand. This measure leads us to a sense of congressional responsibility.

I support the efforts of my colleagues, Senator MCCAIN of Arizona and Senator COATS of Indiana. I support the measure we have brought to the floor.

But, I again want to reemphasize the point that, assuming it passes and the President signs it, this measure will not do the heavy lifting required to reduce the deficit. But, it will be a step forward. It is a measure that has become necessary by virtue of the fact that we have engaged in wasteful spending.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. COHEN. May I have an additional 30 seconds?

Mr. MCCAIN. I yield as much time as he may consume to the Senator from Maine.

Mr. COHEN. Mr. President, once again, let me say we could have avoided all of this had we not indulged ourselves in the notion that we can bring home the bacon to our constituents and they will applaud us. We know one person's bacon is someone else's pork. It all depends on who is looking at it. It seems to me we should at least be willing to stand on the Senate floor and identify and defend those requests we have made of the appropriations or authorization committees. If we cannot bring ourselves to do that, the projects are not worthy of support by our colleagues and should not be in the appropriations process.

In closing, I hope this measure does in fact receive the endorsement of enough of my colleagues on the Democratic side of the aisle to cut off any filibuster. Absent that, one way we can accomplish the same result is to have these requests published as a matter of record in the CONGRESSIONAL RECORD.

I thank my colleague from Arizona for yielding me this time.

Mr. President, I yield the floor.

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

Mr. BRADLEY. Mr. President, I ask my distinguished colleague from Arizona two brief questions.

One is: The language that is embodied in this amendment, does the Senator intend to fight for this language in the conference?

Mr. MCCAIN. I would say to my friend from New Jersey, I believe not only will we fight for it but I believe the House's intentions were exactly the language of this amendment rather than, as the Senator from New Jersey has pointed out, the rather nebulous and amorphous definitions that were in the House-passed bill.

I believe from my conversations with Members in the other body, they would be agreeable to this language as opposed to the present language in the bill.

Mr. BRADLEY. And the language in question does, according to the Senator's own reading, yield some tax expenditures being subject to the line-item veto?

Mr. MCCAIN. I would say to my friend, absolutely. I believe, again, the egregious examples of the advantages that have been accrued to a few are addressed.

I also concede to my friend from New Jersey that there are other areas, such as was pointed out in the remarks of the Senator from New Jersey, which are not covered but which should be covered. I just do not know exactly how we do that. If we expand in order to cover that, what goes along with that I think is something we cannot support at this time.

Mr. BRADLEY addressed the Chair.

The PRESIDING OFFICER. The Senator from New Jersey.

Mr. BRADLEY. How much time remains?

The PRESIDING OFFICER. The Senator has 22 seconds.

Mr. BRADLEY. Mr. President, I think this amendment is about the budget window. I think the underlying bill, plus the amendment that is offered, really means the same thing when it comes to similarly situated. I

think to argue it is a narrow interpretation would mean that no tax loophole would ever be subject to veto because similarly situated would have to be identical. Instead, new loopholes for Members of Congress, loopholes for individual companies—such as in the Virgin Islands, as in the example I gave—or numerous other loopholes would all be free from potential veto. I know that is not the intent of the distinguished Senator from Arizona nor of the proponents of this bill.

I thank the Senator. I am prepared to yield the remainder of my time.

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

The PRESIDING OFFICER. The Senator from Arizona has 4 minutes and 2 seconds.

Mr. MCCAIN. I ask if the Senator from New Jersey would like to make any additional remarks out of my time?

Mr. BRADLEY. No. I do not think so. I am prepared to yield the remainder of my time.

Mr. MCCAIN. Mr. President, I am prepared to yield the remainder of my time. I yield 2 minutes to the Senator from Nebraska.

The PRESIDING OFFICER. The Chair recognizes the Senator from Nebraska.

Mr. EXON. I thank my colleague from Arizona. Briefly, for the benefit of the Senator from Arizona—and we have talked about this, and other parties—I clearly state I am a cosponsor of the Bradley amendment which I think is a very good one, a very timely one. But, as is well known, I have a backup amendment at the desk.

The Bradley amendment would ensure that the tax loopholes covered by the bill would be a broad class of tax loopholes. His amendment will also allow the item veto to apply to tax loopholes that lose money after 5 years, and that portion of his amendment and only that is what my backup amendment, that I have just referenced that is being held at the desk, would address. My amendment would apply to the line-item veto to a 10-year window rather than 5.

As I stated earlier, if Senator BRADLEY's amendment succeeds I will not call up my amendment, as his amendment would already have addressed the issue. But if the Bradley amendment fails, then I think the least we should do is to proceed with the consideration of the backup amendment that is at the desk, that I think has probably a pretty broad-based support on both sides of the aisle.

I thank my colleague from Arizona. I reserve the remainder of my time if any and yield it back to him.

Mr. MCCAIN. Mr. President, I yield to the Senator from New Jersey.

Mr. BRADLEY. Mr. President, I would add as cosponsors Senator KERREY of Nebraska, Senator HARKIN of Iowa, Senator FEINGOLD of Wisconsin, Senator EXON of Nebraska, Senator HOLLINGS of South Carolina, and Senator SIMON of Illinois.

I thank the Senator.

The PRESIDING OFFICER. The Senator from Arizona.

Mr. MCCAIN. Under the previous unanimous consent agreement I move to table the amendment at this time.

In accordance with the wishes of the Senator from New Jersey, 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 is on the motion.

Mr. MCCAIN. Mr. President, I ask unanimous consent to stack this along with other votes until the hour of 5 p.m. today.

Mr. EXON. Mr. President, reserving the right to object to that, there has been no clearance of that on this side.

Mr. MCCAIN. Could I modify that request? I ask unanimous consent to delay the vote for a short period of time, until there is some agreement on both sides as to when votes will take place.

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

Mr. MCCAIN. Mr. President, I ask for recognition to make a suggestion to my friend from Nebraska.

The PRESIDING OFFICER. The Chair recognizes the Senator.

Mr. MCCAIN. I ask my friend from Nebraska, since—if, in the case of the defeat of the Bradley amendment he is going to have another amendment, perhaps he and I might debate that amendment now in the event the Bradley amendment does go down?

Mr. EXON. That might be in order. I would not hesitate to do that if the Senator thinks this is the right time to do that.

Mr. MCCAIN. If the Senator from Nebraska wishes to do that now I think it would be appropriate.

Mr. EXON. I will be glad to debate the amendment without calling up the amendment now.

I would simply say I think most of the debate has been covered on this matter.

Mr. SIMON. Will my colleague yield?

Mr. EXON. I will be glad to yield.

Mr. SIMON. I heard the Senator say he was going to propose this if the Bradley amendment was defeated. I, frankly, think we need this 10-year thing, whether the Bradley amendment carries or not because the Bradley amendment does exempt certain types of tax breaks.

Mr. BRADLEY. If the Senator will yield, the amendment that is before the Senate at this time includes the 10-year window. So, if you are voting for the Bradley amendment you are voting for what would be the Exon amendment.

Mr. SIMON. The time is from the Senator—I do not see that in the amendment from the Senator from New Jersey.

Mr. BRADLEY. The amendment is not time limited. It would apply to a tax expenditure whenever—it could be 15 years. There is no 10-year limit. It is forever.

Mr. SIMON. But, if I may, what the Bradley amendment says is:

> . . . but such term does not include any benefit provided to a class of taxpayers distinguished on the basis of general demographic conditions such as income, number of dependents, or marital status.

Why I favor the idea of the 10-year projection is, even if the Bradley amendment is accepted, if someone wants to get a tax break for divorcees, just as one example, we ought to know what that is going to cost, not just for 5 years but for 10 years.

So I think the Exon amendment still makes sense even though we accept the Bradley amendment. I am strongly for the BRADLEY amendment.

Mr. EXON. Mr. President, I simply respond to the question posed by my colleague from Illinois—as I said just before I yielded to him, I strongly support the Bradley amendment and most of the arguments that have been made for the Bradley amendment, and I am a cosponsor—that would be taken care of if the Bradley amendment prevailed. Basically the thrust of this—and I will be glad to talk individually with my colleague from Illinois—the Bradley amendment strikes not just a 5-year reference. It strikes any reference whatsoever. That would simply mean that forever we would have to do this. It probably is the right way to go.

My backup proposal would be to extend the 5-year provision to 10 years, and that is what we have been talking about. Therefore, it is a compromise that might be accepted on the other side and, I think, would be much better than the 5-year amendment, not as good as what I think is implied in the Bradley amendment. But mine is a compromise.

I would be very glad to listen to further statements or reasoning on what I am sure are well-intentioned remarks made by my friend from Illinois.

If I might very briefly, I would simply say, as I have talked with my colleague from Arizona, the floor manager on this on the other side of the aisle, it seems to me that all of the basic thrust for doing this has been covered very well on the Bradley amendment. I think it would be repetitious for me to go through a whole new argument on this. I am sure this is fully understood by my colleague from Arizona.

I would simply say that I would incorporate in the support of my amendment all of the arguments that have been made in a very articulate fashion by my colleague from New Jersey on his amendment, and at an appropriate time today, after the majority leader decides after consultation with the minority leader when we should begin voting, my intention is to call up the Exon backup amendment only until a decision is made by the body on disposition of the Bradley amendment,

which would be the first item voted in this area, as I understand it, and we will be glad to take it up at that time.

Mr. MCCAIN addressed the Chair.

The PRESIDING OFFICER. The Chair recognizes the Senator from Arizona.

Mr. MCCAIN. Mr. President, on this side we are in agreement with the Exon amendment. I believe that it would be accepted if, in the case of the Bradley amendment, there is rejection by this body of the Bradley amendment.

The problem with the Bradley amendment is not the time we are talking about, but it is the broadening of the scope of the targeted tax benefits.

So I want to assure my colleague from Nebraska that unless something unusual happens between now and the time we vote on the Bradley amendment—around here anything can happen—at least speaking, I believe, with some confidence, we would accept by voice vote the Exon amendment and thereby eliminate the requirement for another recorded vote.

Mr. President, I ask the indulgence of my friend from Nebraska while 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. EXON. Mr. President, I ask unanimous consent that the order for the quorum call be dispensed with.

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

Mr. EXON. Mr. President, in order to conserve time and move briskly ahead, I would like to make a few brief remarks on an amendment that Senator HOLLINGS of South Carolina will be offering very shortly. I would like to address the Hollings amendment which incorporates the pay-as-you-go system on the Budget Act.

The amendment to be offered by my friend and colleague from South Carolina was offered in the Budget Committee during markup on the measure we are now addressing on the floor of the Senate.

This amendment would codify and strengthen one of the most important provisions of the budget process law—the pay-as-you-go rule. It simply codifies into the Budget Act section 23 of the 1995 budget resolution, which sets forth the 10-year pay-as-you-go rule. This rule has been a resounding success.

The amendment also makes two worthwhile additions to the provisions that exist in the current law. First, it applies the pay-as-you-go rule to budget resolutions. This is a position that the Budget Committee chairman, Senator DOMENICI, advocated in his substitute budget resolution in prior years.

Second, the amendment would require Congress to use a CBO baseline in calculating whether the pay-as-you-go rule has been violated or not. Current law requires us to measure against the budget resolution baseline.

Most years, these two are one and the same thing. However, this year, there is much talk about pumping up the numbers for reasons of the so-called dynamic scorekeeping, or some rosy scenarios regarding the changes in the Consumer Price Index. This amendment would help to ensure that we cannot play games with the baseline, which I think is absolutely critical if we are going to be up front and honest.

The bottom line is that the pay-as-you-go rule has worked extremely well. Under the pay-as-you-go rule, Congress has restrained its appetite for new entitlement programs and has gone without wasteful deficit-increasing tax cuts. Congress can still create entitlements or cut taxes. This rule simply requires that we pay for what we do. This is the essence of sound budget policy.

Mr. President, while awaiting the return to the floor of the Senator from Arizona and, hopefully, the appearance on the floor very shortly of Senator HOLLINGS of South Carolina to offer the amendment I referenced, 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. HOLLINGS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

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

Mr. HOLLINGS. Mr. President, what is the pending business?

The PRESIDING OFFICER. The motion to table the Bradley amendment has been set aside. Therefore, amendments are in order.

AMENDMENT NO. 404 TO AMENDMENT NO. 347

(Purpose: To provide that entitlement and tax legislation shall not worsen the deficit)

Mr. HOLLINGS. Mr. 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 South Carolina [Mr. HOLLINGS] proposes an amendment numbered 404 to Amendment No. 347.

Mr. HOLLINGS. Mr. 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:

At the appropriate place insert the following:

"SEC. . PAY-AS-YOU-GO.

''At the end of title III of the Congressional Budget Act of 1974, inert the following new section:

'''ENFORCING PAY-AS-YOU-GO.

'''SEC. 314. (a) PURPOSE.—The Senate declares that it is essential to—

'''(1) ensure continued compliance with the deficit reduction embodied in the Omnibus Budget Reconciliation Act of 1993; and

'''(2) continue the pay-as-you-go enforcement system.

'''(b) POINT OF ORDER.—

'''(1) IN GENERAL.—It shall not be in order in the Senate to consider any direct-spending or receipts legislation (as defined in paragraph (3)) that would increase the deficit for any one of the three applicable time periods (as defined in paragraph (2)) as measured pursuant to paragraphs (4) and (5).

'''(2) APPLICABLE TIME PERIODS.—For purposes of this subsection, the term ''applicable time period'' means any one of the three following periods—

'''(A) the first fiscal year covered by the most recently adopted concurrent resolution on the budget;

'''(B) the period of the 5 fiscal years covered by the most recently adopted concurrent resolution on the budget; or

'''(C) the period of the 5 fiscal years following the first 5 years covered by the most recently adopted concurrent resolution on the budget.

'''(3) DIRECT-SPENDING OR RECEIPTS LEGISLATION.—For purposes of this subsection, the term ''direct-spending or receipts legislation'' shall—

'''(A) include any bill, resolution, amendment, motion, or conference report to which this subsection otherwise applies;

'''(B) include concurrent resolutions on the budget;

'''(C) exclude full funding of, and continuation of, the deposit insurance guarantee commitment in effect on the date of enactment of the Budget Enforcement Act of 1990;

'''(D) exclude emergency provisions so designated under section 252(e) of the Balanced Budget and Emergency Deficit Control Act of 1985;

''(E) include the estimated amount of savings in direct-spending programs applicable to that fiscal year resulting from the prior year's sequestration under the Balanced Budget and Emergency Deficit Control Act of 1985, if any (except for any amounts sequestered as a result of a net deficit increase in the fiscal year immediately preceding the prior fiscal year); and

'''(F) except as otherwise provided in this subsection, include all direct-spending legislation as the term is interpreted for purposes of the Balanced Budget and Emergency Deficit Control Act of 1985.

'''(4) BASELINE.—Estimates prepared pursuant to this section shall use the most recent Congressional Budget Office baseline, and for years beyond those covered by that Office, shall abide by the requirements of section 257 of the Balanced Budget and Emergency Deficit Control Act of 1985, except that references to ''outyears'' in that section shall be deemed to apply to any year (other than the budget year) covered by any one of the time periods defined in paragraph (2) of this subsection.

'''(5) PRIOR SURPLUS AVAILABLE.—If direct-spending or receipts legislation increases the deficit when taken individually (as a bill, joint resolution, amendment, motion, or conference report, as the case may be), then it must also increase the deficit when taken together with all direct-spending and receipts legislation enacted after the date of enactment of the Omnibus Budget Reconciliation Act of 1993, in order to violate the prohibition of this subsection.

'''(c) WAIVER.—This section may be waives or suspended in the Senate only by the affirmative vote of three-fifths of the Members, duly chosen and sworn.

'''(d) APPEALS.—Appeals in the Senate from the decisions of the Chair relating to any provision of this section shall be limited to 1 hour, to be equally divided between, and controlled by,the appellant and the manger of the bill or joint resolution, as the case may be. An affirmative vote of three-fifths of the Members of the Senate, duly chosen and

sworn, shall be required in the Senate to sustain an appeal of the ruling of the Chair on a point of order raised under this section.

''(e) DETERMINATION OF BUDGET LEVELS.—For purposes of this section,the levels of new budget authority, outlays, and receipts for a fiscal year shall be determined on the basis of estimates made by the Committee on the Budget of the Senate.

''(f) SUNSET.—Subsections (a) through (e) of this section shall expire September 30, 1998.'''

Mr. HOLLINGS. Mr. President, this amendment pertains to budget resolutions. In the budget resolution passed last year, there is a provision that states that:

. . . for the purposes of this applicable time period—

Referring to whether certain legislation is deficit neutral.

and under section 23, on a point of order, 23 (b)(2): For the purposes of this subsection, the term ''applicable time period'' means any one of the following periods: The period of the 5 fiscal years covered by the most recently adopted concurrent resolution on the budget, or, (c), the period of the 5 fiscal years following the first 5 years covered by the most recently adopted concurrent resolution on the budget. And for the purposes of that particular definition, the term ''direct spending,'' or ''receipts,'' shall include any bill, resolution, amendment, motion, or conference report, to which this subsection otherwise applies, (b) excluding concurrent resolutions on the budget.

Now, we have a 10-year rule for all legislation save the budget resolution. Specifically, Mr. President, on the General Agreement on Tariffs and Trade, we had a 10-year rule. In fact, it so happened that the President of the United States got this Senator personally on the telephone and asked if we would waive that rule, and I said ''no''. I had gone along with my distinguished chairman, Senator DOMENICI, of the Budget Committee. It was a fundamental issue that we look at revenue losses over a 10-year period.

The reason for that is very apparent once we focus on certain provisions in the Contract With America. I am not just talking politically, because politically, I favor some of the items in the contract. I favor, for example, a balanced budget amendment to the Constitution, if Republicans would only put in there what they say, that it is against the law to use Social Security funds for the deficit. If they would only put that provision in there, they have myself and four other Senators. We can pass the balanced budget amendment this afternoon, or any time. We are ready to go.

But I want to talk about the line-item veto. I support the line-item veto and have established a record in my efforts over the last 10-years.

I ask unanimous consent that a summary of my record be printed in the RECORD at this particular point.

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

THE HOLLINGS RECORD: LINE-ITEM VETO

Since 1985, U.S. Sen. Fritz Hollings has pushed for a separate enrollment line-item veto to give the president power to cut wasteful spending. Here is his record:

1995: On Jan. 18, Hollings introduced his separate enrollment line-item veto bill (S. 238) and co-sponsored a similar measure introduced by Bradley (S. 137).

1994: On Oct. 5, Hollings submitted testimony to the Senate Budget Committee that strongly pushed a separate enrollment line-item veto.

1993: On Jan. 24, Hollings introduced his separate enrollment line-item veto bill (S. 92).

On June 24, Hollings and Bradley offered an amendment to the Omnibus Reconciliation Bill that would have extended separate enrollment authority to tax expenditures and appropriations. The amendment failed (53–45) to get the 60 votes needed to bypass a budget point-of-order.

1991: On Jan. 14, Hollings introduced a separate enrollment line-item veto bill (S. 165).

On July 24, Hollings testified before the Senate Rules Committee to support his separate enrollment line-item veto bill (S. 165).

1990: On Oct. 10, Hollings fought to have a separate enrollment line-item veto favorably reported out of the Senate Budget Committee. For the first time ever—and on a bi-partisan basis—the proposal passed in the committee by a 13–6 vote.

1987: On Jan. 28, Hollings was an original co-sponsor of separate enrollment legislation (S. 402).

1985: On Feb. 5, Hollings co-sponsored S. 43, a separate enrollment line-item veto bill by Sen. Mack Mattingly.

In July, Hollings voted twice for cloture on S. 43, but the motions failed twice to get the necessary 60 votes (July 18: 57–42; July 24: 58–40).

Mr. HOLLINGS. Mr. President, I have been in the vineyards for a long time on that line-item veto. I used it 35 years ago when the distinguished occupant of the chair, I think, was the highway commissioner for the State of North Carolina. That was back when we were working in tandem, North and South Carolina, on bringing economic recovery to both of our wonderful States.

I had to use a line-item veto in order to get the triple A credit rating, because I knew nobody was going to invest in Podunk. They were not going to come to a State that was not paying its bills. We used it very effectively then, and I have always thought it is fundamental in fixing responsibility and in creating accountability.

We can look at the Contract With America and get a good sense of what I'm talking about. There is the capital gains tax that we all know about. That has been estimated by the Department of Treasury, of course, in the first 5 years to lose only $28.4 billion, but over the next 5 years, $91.9 billion. So you can see the losses accelerate markedly and that should be considered by those who favor the capital gains tax. We are not talking about rich and poor and who is or isn't getting a tax cut, but rather, to the contrary, whether we have truth in budgeting.

The second item, one that has been favored by the former Secretary of the Treasury and former chairman of the Finance Committee, the former Senator from Texas, Senator Bentsen and others, is the IRA's, the individual retirement accounts. What they term now as the American dream savings account. We are getting now like the Defense Department with the Brilliant Pebbles and Sparkling Light and all these kinds of nonsensical designations. I wish we would cut out our dreaming up here and start work. The American dream savings account, well that is an IRA, an individual retirement account. Yes, for the year 1995 to the year 2000, that would gain revenue. That is a revenue picker-upper. That is income. That is increasing the revenue to the Federal Government by a tune of $3.8 billion. But then you look at the next 5 years, it loses $21.8 billion.

And then they have one with respect to the schedule of depreciation allowances.

The distinguished occupant of the chair, being a very successful businessman, understands depreciation allowances, and how you can get accelerated recovery.

They have a provision that is now before the Ways and Means Committee and before our Finance Committee that is called neutral cost recovery. Whenever they say neutral, look out. That means that it is not neutral, I can tell you that. You just learn from hard experience, when they get these fancy words.

For the first 5 years, 1995 to the year 2000, that picks up revenue at $18.4 billion, but for the years 2000 to 2005, it is scheduled to lose $120 billion.

If we look at the total cost of the Contract With America we can see that the estimated cost over the first 5 years is $188 billion, but for the second 5 years, the Federal Government loses $630.2 billion.

This is not truth in budgeting. That has been the hard experience now of over 20 years of the Budget Act with respect to the measure. We thought last year we had done a good job and we saved money. Then we come up and we say, ''Oops, instead of cutting spending, we have increased it. Instead of recouping revenues, we have cut the revenues.'' And we are all out of balance again. That is how you get $200 and $300 billion deficits on into the next century. It has to stop.

One big way and most assured way, Mr. President, of stopping that would be to get truth in budgeting and adopt this 10-year rule.

Now, I want to refer to the 10-year rule, because I said momentarily that I was not referring to it to score political points. Unfortunately, we have taken to partisanship in this body, and it is unfortunate. We do not have the comity that we used to have when I first came here to the Senate.

But it is important to stress where the idea for my amendment comes from. In the fiscal year 1995 Republican budget resolution that was submitted by the Republicans on the Senate Budget Committee just last March, I refer to their miscellaneous section No. 1 and description and I now read word for word.

Strengthen the 10-year pay-as-you-go point of order. While the 10-year pay-as-you-go point of order that was established by last year's budget resolution is permanent, it does not currently apply to budget resolutions and could be repealed by a subsequent budget resolution. This proposal would make future budget resolutions subject to this point of order.

That was the particular provision of our colleagues on the other side of the aisle that they submitted.

I tried to offer it in committee. The Budget Committee met and we had discussions, but we were told at the time, ''Let's not take it up on S. 4. Let's not take it up on S. 14, but have it later.''

Well, we have not had a scheduled markup. And I think that this amendment, if offered in reconciliation, would require the 60 votes because of the Byrd rule. But we need it; it would bring truth in budgeting to budgets, as well as other legislation before us.

So I hope that they can join, as they indicated they wanted to and indicated in various sessions that I have been with them. And I know the distinguished chairman of the Budget Committee is dedicated to truth in budgeting. This would be a perfect way to make it permanent for all budget resolutions. In the upcoming budget resolution, we are going to need spending cuts, we are going to have to have spending freezes, and we are going to have to close particular loopholes. And in this particular Senator's opinion, it is going to require additional revenues in order to do what we all say we are going to do; namely, in a 7-year period bring us back into the black and put us on a pay-as-you-go basis. It is going to be quite a task.

And do not underestimate the power of Congress to be creative. We can do away with departments, get into capital budgets, get into sale of capital assets, the power grid out west and everything else. But that is just a one-time savings; it does not really bringing us into balance.

They can get into using Social Security. They say they do not want to use Social Security, but, very interestingly, very interestingly, the distinguished chairman of the Finance Committee said on Tuesday, March 21—and I will quote from page 4 of an article.

Senator PACKWOOD said:

Nothing is sacred including Social Security and other entitlement programs.

If the chairman of the Finance Committee is thinking in terms of using Social Security then we really are in a pickle.

We hear of plans to reestimate the CPI, but if that is to occur, it should be reestimated in a technical fashion and not a political fashion. The Bureau of Labor Statistics reviews the CPI every 10 years. It is my understanding that we are due for another recomputation of the Consumer Price Index in 1998. We can do it in 1995. Suits me, as long as it is done in the same technical fashion, and not done in a political fashion.

The reason I refer to that ''in a political fashion,'' is simply that I have a quote from the distinguished Speaker of the House, NEWT GINGRICH. I refer to a release on January 16, 1995, and I quote:

House Speaker Newt Gingrich threatened Saturday to withhold funding from the Bureau of Labor Statistics.

which prepares the CPI each month, unless it changed its approach, at a town meeting in Kennesaw, GA. The Reuters News Service reported that GINGRICH said:

We had a handful of bureaucrats who all professional economists agree, have an error in their calculations. If they can't get it right in the next 30 days or so, we zero them out. We transfer the responsibility to either the Federal Reserve or the Treasury and tell them to get it right.

If I was over in Treasury, or wherever, and he transferred it to me because they had not gotten it right, I think I could get it right because, if not, I might get zeroed out.

So let Congress go along with an accurate estimation, a statistical estimation, a professionally done estimation and not a political estimation.

Therein is some of the creativity, whether using the CPI, or the $636 billion from Social Security that they can pick up by using Social Security under the language of House Joint Resolution 1, the balanced budget amendment to the Constitution.

They are just absolutely determined to repeal section 13301 of the Budget Act, that law that was signed into law by President George Bush on November 5, 1990.

If we all sing from the same hymnal and the same sheet music we will get truth in budgeting with this particular amendment.

What we will do is apply the same law that we have applied toward everyone else in the Government. If you are on the Agriculture Committee, you are subject to the 10-year rule. If you are on the Finance Committee with GATT, you are subject to the 10-year rule. If you are a member of the Appropriations Committee, you are subject to the 10-year rule. Interior, Commerce, go right on down the list.

But the very crowd that put in this 10-year rule for everybody else says, ''By the way, not for us.'' I just do not think that is right. I do not think it is honest in that regard. I think we ought to get honesty, get truth in budgeting and put it in there with respect to the budget resolutions, as well as all the other permanent provisions, that 10-year rule was so eloquently endorsed by the Senate Budget Committee Republican alternative just a year ago.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

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

Mr. GRASSLEY. Mr. President, I ask unanimous consent to speak as in morning business for 7 minutes.

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

INTEGRITY OF DEFENSE BUDGET NUMBERS

Mr. GRASSLEY. Mr. President, I want to resume my discussion of the accuracy of defense budget numbers. I have been speaking on the subject of the Defense Department and the issue of our appropriations for the succeeding fiscal years so far this week on two other occasions. I will have two other speeches to make on this subject.

Yesterday, I started discussing the mismatches in the DOD's budget and its accounting books. I want to pick up where I left off yesterday. I want to tick off some of the most glaring disconnects and mismatches that we have in the accounting books.

First, the General Accounting Office says that our Defense Department has at least $33 billion of problem disbursements. That is the latest figure, $33 billion. Just June 30, last year, the Defense Department quantified this problem that they call problem disbursements to be only $25 billion. We have an $8 billion increase in that figure called problem disbursements.

Every time I check, the estimate seems to be higher. It just keeps climbing. Now it is $33 billion. A person might ask, what is a problem disbursement? That is their language. It is primarily a disbursement that cannot be matched with an obligation.

Secretary Perry has $33 billion in unmatched disbursements. He thus has $33 billion in costs that cannot be tracked. I cannot say that we say that that is spent illegally. It is just that we have not matched it up at this point.

But that is a major problem when you consider the fact that there are people in this Congress who want to increase defense expenditures by $55 billion or more over the next 5 years.

Secretary Perry knows that the $33 billion was spent, but he does not know how the $33 billion was spent. He does not know what it bought. All he knows for sure is that the $33 billion went out the door.

Some of it could have been stolen, and I can show you a couple cases of real fraud in a moment.

We are never really going to know how the money was used until all the matches are made. If we cannot make hookups on the $33 billion, then what does that say about the other outlay numbers in the budget? Are they hooked up to the right accounts?

There is a second major disconnect in the accounting books. This is the one between the check writers and the accountants who are supposed to make sure that the work, services, or product was performed and goods or services delivered before payment is made.