

Kemp. Here is what the Kemp report says with regard to this proposal.

The roller-coaster ride of tax policy in the past few decades has fed citizens' cynicism about the possibility of real, long-term reform, while fueling frustration with Washington. The initial optimism inspired by the low rates of the 1986 Tax Reform Act soured into disillusionment and anger when taxes subsequently were hiked two times in less than seven years. The commission concludes that a two-thirds super-majority vote of Congress will earn Americans' confidence in the longevity, predictability, and stability of any new tax system.

That is what we hope to achieve by a simpler, fairer, single-rate tax system: stability, predictability and longevity. But if Congress can quickly raise the rate after we have put such a system into effect, then that stability and longevity and predictability will have been eroded. That is why we think it is important to make it a little bit more difficult for Congress to raise taxes by requiring a two-thirds vote.

Let me note a couple of things about some history here. Since the last attempt at comprehensive reform in 1986, when the number of tax brackets were reduced from 14 down to 2, there have been 4,000 amendments to the Tax Code in less than 10 years. The number of tax rates, of course, is back up to five. But 4,000 amendments? It is too easy to change the Tax Code. Many of those amendments, of course, resulted in taxpayers paying more money. Not only have the rules changed in the middle of the game for many taxpayers, but for many it was after the game was over. The 1993 Clinton tax increase retroactively raised taxes, even on the dead.

The frequency of changes not only makes people more vulnerable to tax increases but also makes it virtually impossible to make financial plans for the future, whether to save for a child's education or invest in your business or set money aside in a pension fund—or hold it to pay taxes. If you have to have that possibility, then you cannot predict with certainty that you can invest in these more important things. So the tax limitation amendment puts an end to that volatility by requiring there be sufficient consensus and partisan support around the country before taxes will be raised again.

One final point. To the extent we are interested in reducing the power of the special interests, of the lobbyists who come to change the Tax Code to get special benefits for their particular interest, to reduce their tax burden, to create a loophole, as it were—this two-thirds majority requirement would really put an end to that kind of practice because, if we assume that we want to continue to collect a roughly equal amount of revenue and that therefore any proposal would have to be revenue neutral, any proposal to create a loophole for a special interest and therefore result in less money to the Treasury would necessarily require that tax revenues be raised in some other area. But to do that would require a two-thirds vote. So I think

Members of the House and Senate would look much more skeptically at proposals to reduce taxes for certain taxpayers if we knew that, in order to make up that revenue, we would have to have a two-thirds vote. Therefore, I think the influence of special interests would be very much reduced.

The tax limitation amendment represents an important reform whether we stay with the existing Tax Code or we go to a new system. But it will be particularly important if the American people conclude that a single-rate kind of reform is the one that we should adopt, because, again, once all of the deductions and exemptions and credits are eliminated, taxpayers will be particularly vulnerable to tax rate increases. I think we should ensure it is not too easy for Congress to raise their taxes again.

Again, I compliment Senator BOB SMITH from New Hampshire and the Senator from Minnesota, who is presiding at the moment, for their support as original cosponsors of this important constitutional amendment.

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

The PRESIDING OFFICER (Mr. KYL). Without objection, it is so ordered.

THE SENATE SCHEDULE

Mr. LOTT. Mr. President, I would like to clarify the record somewhat and respond to some of the comments that have been made today and earlier this week by the distinguished Senator from Ohio, Senator GLENN, about our schedule.

First, I think it should be noted that the first month of the calendar year 1996 has been a very productive month legislatively for the Senate. We have had some extraordinary activity. We may not have been in session as many days as has been the case in some years gone by, but in terms of actual production, we have produced some of the biggest, most important pieces of legislation in history during the last month. I would like to just read off the list. Certainly not all Senators agreed with how these pieces of legislation were dealt with, but they were very important pieces of legislation and in most cases passed overwhelmingly.

For instance, we have already passed S. 1260, which is a fair housing bill, out of the Banking Committee. A lot of work went into it. It did pass by unanimous consent, but that was because it was an important bill with broad, bipartisan support.

We passed, in January, the Defense authorization conference report for this fiscal year. That was brought about by the fact that the President

had vetoed the first Defense authorization bill. Some modifications were made. I did not agree with all of them. I know the Senator in the chair did not agree with all of them. But we did come to an agreement on a second conference report, and it passed overwhelmingly and has gone to the President for his signature.

The START II Treaty was passed after discussion by the Senate. We passed a continuing resolution that kept the Government operating while the President and the Congress can continue to work on trying to come to some agreement on appropriations bills that have not yet been passed. We took action on legislation raising the debt limit so that there would be no question that Social Security checks would go out to our senior citizens the 1st of March. We passed the Telecommunications Act of 1996, probably the biggest jobs creation bill that has passed this decade, legislation that took months—in fact years—to come to fruition. There have been 10 years of effort to get telecommunications reform legislation passed by the Congress. We had not changed the telecommunications laws substantially since 1934. So we deregulated, we opened up all of the various areas of telecommunications for competition. It will mean lower prices, and more services and information for people. There is going to be a tremendous revolution because the Government is taking down the barriers it put up. This is a new era of competition, a new time of choice of services and products for people. The bill passed 91 to 5. Forty-eight hours before it passed most people would have bet you that we would not get it passed at all. Well, it was signed into law just yesterday by the President of the United States.

Through tremendous efforts by the distinguished majority leader, Senator DOLE, we were able to come to an agreement this week on a farm bill, a farm bill that passed the Senate with 64 votes; a bipartisan vote. I think we had 49 Members of the majority and 15 or so Members of the minority that voted for this bill, a bill that had been tangled up for months. It was included in the budget reconciliation package that the President vetoed. So we had to take action on a farm bill before our farmers actually went into the fields to start plantings.

In the South, in my State of Mississippi the farmers are getting close—within the next 2 weeks—to start to plant. And they had no idea what they could expect for the farm legislation and what they could expect for this year.

So we got that bill through the Senate. So there has been a lot of action by the Senate this year. And to answer those who come to the floor and say, "What is the Congress doing?"—I have just given a very impressive list. I would put that list up against any list from just about any January over the past 20 years in which I have been in the Congress.

Just today we are at work. We are having major speeches here on the floor of the Senate. And there is an effort underway right now to get agreement on two important bills out of the Environment and Public Works Committee. We are trying to get an agreement on the District of Columbia appropriations conference report. In fact, we will take action to make sure that we have cloture, if it is necessary, so that we can take up that District of Columbia conference report as soon as we come back. In fact, we will have a vote on February 27 at 2:15 on that conference report. And committee meetings are working.

You cannot just pop legislation out to the floor. There have to be subcommittee hearings, full committee hearings, there needs to be markup, we need to have investigations, and we need to have oversight. This is the time of the year when in fact the committees should be the most active. The Budget Committee is getting ready to try to see how we can deal with the next fiscal year budget. The Banking Committee is having hearings. The Judiciary Committee is having hearings. This is when you do the preparation for the legislative process that will really start moving forward in March and April. So there is a lot that is going on legislatively in the Senate.

Now, it has been suggested that we should not be out, that the schedule for the remainder of February is a charade, that there was not a recorded vote on whether we should be in pro forma session.

I have to remind my colleagues in the minority that there was an agreement reached between the leaders on the schedule. The majority leader, Senator DOLE, and the minority leader, Senator DASCHLE, after a lot of conversation, worked out a schedule that was agreed to. On specific days there would be only pro forma sessions, on other days there would be opportunity for agreements to be entered into, for speeches to be made on important issues by the Senators. This was agreed to. It was not a charade. It was not snuck through. A lot of people were consulted.

So we are going to be in session. We are going to be having activities. We are going to be trying to reach agreements.

Then it was suggested by the Senator from Ohio that we have appropriations bills that have not passed the Congress for the present fiscal year when we should have done them last year. That is true. But let us look at why they have not been passed.

First of all, everybody around here complains that we have not finished legislation on health and human services and education. They are right. We have not. Do you know why? Because the Democrats in the Senate have refused to allow us to even bring it up for debate. They have threatened to filibuster the motion to proceed. In common language, this means they will not

even let us bring it up without talking it to death.

Why has that been done? They object to a provision with regard to striker replacement. That was brought about by the fact that the President, unconstitutionally in my opinion, by Executive order tried to accomplish what the courts and the Congress have refused to do. He says that when there are protracted strikes, employers cannot replace strikers to keep their business alive. It has been taken to court, and a Federal court has already ruled that was an improper action by the President. Now it is going to go on appeal probably all the way to the Supreme Court. But I feel pretty confident that the President's action is going to be stricken down as unconstitutional.

Yet the Democrats have refused to allow us to bring this bill up to provide appropriations for the important Departments of Health and Human Services and Education because we have a provision in there that says basically what the President did was wrong. Now, the Federal courts agree with us.

That is the truth of why this legislation has not been brought up. Except for the objections on the minority side of the aisle, the Democrats, we would have passed that legislation through and got it into conference and sent it to the President weeks—in fact, months—ago. So how we can hear whining from the Democratic side of the aisle about why these departments have not been funded is pretty astounding to me when you look at the facts.

Now, with regard to these other departments that have not been funded: State, Justice, Interior, Commerce, EPA, we have passed the legislation. The President vetoed those bills. And when you look at why he vetoed them, there is the real charade. He vetoed the interior bill because of some policy decisions that are very debatable to begin with and are minor as compared to the overall Interior Department appropriations bill.

Also, I think it is very clear that the distinguished chairman of the Interior Subcommittee of Appropriations, the Senator from Washington, Senator GORTON, and the Congressman from the House, RALPH REGULA from Ohio, have worked very hard with the Secretary of the Interior, Secretary Babbitt, to get an agreement to move this bill. In fact, they almost had an agreement. And then the word came back that the White House had said, "Do not negotiate any more with these congressional Members. We are not going to agree to what they want."

Well, you know, there are three co-equal branches of Government. We have to get legislation passed through the Congress and then the President, yes, has to sign it for it to be enacted. But when he says do not talk to them anymore, what are we to do? And then they have the temerity to complain that these departments are not funded.

Let me tell you this. There a lot of Americans who really have questions

about just how much or if some of these departments should be funded. There are a lot of us who think that the Energy Department could probably be eliminated. Most people are not aware that a majority of the budget for the Energy Department is defense related. It is not even separate, not even applicable to the Energy Department. It is defense related. And the Commerce Department. The various agencies and divisions of the Commerce Department could be carried out as independent agencies or in other departments. We could save millions, millions of dollars. We might even cut down on some of the travel that we have seen from the Secretaries of Commerce and Energy.

I must also point out that historically the tradition has been in February around the Presidents Day recess Congresses have always taken a few days to be with their constituents. I think it is a good idea for Congressmen and Senators to get out of this city, go home, listen to their constituents. That is an important part of the legislative process to hear what your constituents have to say, to listen to the farmers, to listen to the fishermen, to listen to the business men and women, to listen to the parents express their concern about crime and drugs and the poor quality of education in America, to hear from American people who even though we continue to spend more and more billions of dollars for Federal aid to education the quality of education continues to slide. Why is that? I bet we could find some answers if we listened to the people at home. So for us to be off a few days around Presidents Day, the Lincoln Day recess period, is very traditional. Everybody in the House and Senate understands that. And so hopefully the Senators and the Congressmen are going to be back home. I am going to my State. I am going to meet with my constituents. I am going to talk to civic clubs, going to speak to the State Grand Masters Banquet; I am going to speak to industrial groups. That is a very, very important part of our job.

So I just wanted to respond to some of the allegations about how there has been some secret agreement to have just pro forma sessions and morning business days. It was worked out very carefully between the joint leadership. I would like to see us pass all those appropriations bills, but the problem begins here, and it begins in the minority because they will not let us even bring up the Labor, HHS and Education bill.

I would like to also say, though, that I do agree with Senator GLENN and others that we still need to try to get an agreement on the budget between the President and the Congress. I am one of those incurable optimists who still believes it will be done, and it should be done. I think we were helped this week by the bipartisan agreement from the Governors with regard to Medicare and welfare. I do not like all of what they came up with, but I think they gave us

a roadmap of how we can deal with the welfare issue and the need for welfare reform and changes in Medicaid, hopefully, that would save us some money.

That is one of the problems that worries me about what they suggested. I do not think you get welfare reform if you end up with a bill that costs more than the present welfare system. What kind of welfare reform is that? But they came up with some helpful suggestions. I think the budget negotiators have made real progress. I believe that we could get a budget agreement that would lead us to a balanced budget in 7 years using honest numbers that would significantly cut back on the amount of increase in spending in nondefense discretionary, that would give us some Medicaid, welfare, Medicare reform, and that would give some tax relief to the American people. I think we are going to make a mistake if we do not take some action soon to give a little boost to the economy, a little incentive for growth in the economy. The economy is showing tattered edges. We may not have a growth this year in the economy of even as much as 1.5 percent, which is very low and very weak. If we would cut the capital gains rate, it would have a tremendous impact on the economy. There would be growth and the creation of jobs. We need that legislation.

So I hope that when we come back February 26, Congress will give serious effort once again, our negotiators will give serious efforts to meeting with administration officials and see if we can come to an agreement. But an important part of that is going to be Medicare. Other than Social Security in the 1970's, I have never seen an issue that has been more demagogued than Medicare in the year 1995. Misinformation, misleading information, accusations that are absolutely not true about what the Republicans have tried to do to save, preserve, and protect Medicare.

We have warned that there is a solvency problem. We must take action now to make sure that Medicare is not only there for my 82-year-old mother but it will be there for us and for our children and grandchildren.

MEDICARE SHORTFALL

Mr. LOTT. Mr. President, the headline in Monday's New York Times, February 5, was even more chilling than Washington's weather. It read, "Shortfall Posted by Medicare Fund Two Years Early. A Surplus Was Expected."

The chief actuary of the Health Care Finance Administration observed, "Things turned out a little worse than we expected." I will say they did. The administration had projected a \$4.5 billion increase in the Medicare fund balance for fiscal year 1995. Instead, the balance fell by \$35.7 million. The reason for the shortfall was twofold. First, income from payroll taxes was less than expected. Second, and more important, outlays were higher because of

more hospital admissions than were expected.

Whatever the reasons, the day of reckoning is coming sooner than anyone had expected. Throughout last year, the Republicans in the House and the Senate have urged a solution for Medicare's fiscal ills. We have hammered home the estimates by the Medicare trustees that the program would slip into the red ink by 1997, and would go bankrupt by 2002.

Now it turns out even that dire forecast was on the optimistic side. Medicare has already started paying out more than it takes in. I cannot help but wonder how the White House will respond to this news. The administration spin experts must be wracking their brains on this one. In the face of all the facts, they have to come up with some way to portray President Clinton as the champion and savior of Medicare.

The fact is that instead of cooperating with the Congress, who wanted to preserve and protect Medicare last year, President Clinton launched his Medicare campaign and played Medicare politics ruthlessly, and I regret to say, somewhat successfully. He convinced or he scared many Americans into believing that our proposal to strengthen Medicare was instead a cut in its funding when, in fact, it would allow over the next 7 years for over a 60-percent increase. Only in Washington is a 60-percent increase in the level of spending over 7 years considered a cut.

They were somewhat successful in scaring the people into believing that. When he vetoed that proposal last December, he posed as the defender of Medicare against extremists in the Congress.

Now, the fiscal chickens are coming home to roost and they are headed for the roof of the west wing of the White House. Mr. President, Clinton's game plan for Medicare—to stonewall about the problem's financial peril in hope of getting safely reelected in another term after this year have been overtaken by the events that have occurred recently. He is trapped in a maze of his own mapping.

Here is the dilemma: To make it through this year, I guess he will have to come up with a Medicare salvage package of his own, but in order to do that he will have to call for a massive job crippling and probably recessionary hike in payroll taxes, or he will have to adopt most of the Republican plan to preserve Medicare. That would be the same plan he vetoed just last year with such gusto, and with Lyndon Johnson's pen, no less.

Of course, he will want to do neither. So, he will look for another way out for an escape, make an evasion. My guess is he will call for a national commission or a similar proposal to postpone the decisions that have to be made now. I hope I am wrong. I hope the President will take another look at the legislation of congressional Repub-

licans, the work we have drafted, the year we spent developing this plan to save and protect and preserve Medicare for the future. I hope he will reconsider his bias against health care choices for seniors. That is a major part of what we tried to do.

I hope he will renounce his animus against the medical savings accounts. When I suggest to my senior citizens and even my mother about the idea of a medical savings account of your own, where you have it to use, or you do not have to use it, a novel idea, it is yours. It would help cut out some of the unnecessary use of the system. It is the American way. Let you choose, let you use your own money, let you save and get a little interest.

I do not know why the President was so opposed. Maybe he will reconsider. That could be the final catalyst that brings together a real budget agreement—not a deal, an agreement—that is good for America.

Well, maybe I should prepare for the worst, which would be yet another abdication of sensibly dealing with the problems of Medicare. We demonstrated that last year that we really could not, as a government, face up to it. This is not an issue we can walk away from. It is there. It is not good. It is going to get worse soon. There is too much at stake for 35 million Americans, the elderly, and the disabled, for whom Medicare is, quite literally, a lifeline.

It is time we put partisanship and politics aside and address the real problems for the future of Medicare, for our parents, and for our children.

I ask unanimous consent the New York Times article by Robert Pear be printed in the RECORD, entitled "Shortfall Posted by Medicare Fund Two Years Early."

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

[From the New York Times, Feb. 5, 1996]
SHORTFALL POSTED BY MEDICARE FUND TWO YEARS EARLY
(By Robert Pear)

WASHINGTON, FEB. 4.—New Government data show that Medicare's Hospital Insurance Trust Fund lost money last year for the first time since 1972, suggesting that the financial condition of the Medicare program was worse than assumed by either Congress or the Clinton Administration.

In a report to Congress in April, the Administration estimated that the amount of money in the trust fund would increase by \$4.7 billion in the 1995 fiscal year, which ended on Sept. 30. In fact, officials said in interviews, the balance in the trust fund fell by \$35.7 million, to \$129.5 billion.

"Things turned out a little worse than we expected," said Richard S. Foster, chief actuary of the Federal Health Care Financing Administration, which runs Medicare for 37 million people who are elderly or disabled. "We had projected that 1997 would be the first fiscal year with a deficit."

Income to the trust fund, primarily from payroll taxes, was slightly less than expected, Mr. Foster said, and outlays were somewhat higher. There were more hospital admissions than anticipated, patients were