

debt this year. It is money that could be spent on job training, education, or medical relief for needy citizens, or even tax relief, or reducing the Federal debt. But, no, that is money that we have to pay as interest on the ever-increasing debt. It is a lost and missed opportunity. Yet, it is one more year we will have to make those kinds of payments.

It also means something else. My grandson, Jonathan, was born last year and, in effect, we handed Jonathan a credit card and said, "You owe \$187,000 to the Federal Government." That is how much he is going to have to pay in his lifetime to just pay the interest on the Federal debt that exists today. It does not count what he will have to pay for defense, Medicaid, Medicare, Social Security, education, or anything else. The debt is even getting bigger. That is just what he owes today as his share of interest on the national debt. It is not fair to Jonathan or our other two grandchildren, or all of the children and grandchildren in this country who, in effect, are being handed the credit card bill for what we run up in obligations.

We also know that we are missing out on a wonderful opportunity that we can begin to pocket, literally beginning tomorrow. There are an awful lot of people in this country who have home mortgages, a student loan, or a car loan, and who appreciate what interest costs them. By most experts' analyses, if we are able to pass a balanced budget in the next 7 years, interest costs will go down at least 2 percent. One of the estimates is about 2.7 percent. DRI-McGraw/Hill, one of the economic forecasters, provided data to the Heritage Foundation, which made estimates. According to the estimates, that kind of rate reduction would, in my own State of Arizona, save the average Arizona homeowner about \$2,655 every year. The average home mortgage in Arizona is a little over \$98,000. Therefore, that kind of an interest rate reduction would save over \$2,600 for the average Arizona homeowner. That is a lot of money, Mr. President. For the average student loan, it is like \$547 in my State. This is money in your pocket, money that you would not have to pay if the Federal Government can balance the budget, because interest rates would go down if we do that. When interest rates go down, it reduces everybody's cost of living.

Lawrence Lindsey, one of the Federal Reserve Board Governors, said, "We can bring interest rates down to where people today could have 5.5 percent mortgage loans like we used to have." My first mortgage loan was 5¾ percent. That may tell you how old I am, but it may also suggest what would happen because that is about 2.5 percent below where you could get a 30-year fixed-rate home mortgage for today. Think about what that would save in terms of money.

So we are forgoing a tremendous opportunity for a higher standard of liv-

ing, beginning today, beginning tomorrow, if we cannot commit to a balanced budget over the next 7 years. That is why, Mr. President, I think it is a very sad and disappointing thing that the President has not been willing to negotiate in good faith with the congressional Representatives. We are trying very hard to get him to commit to some of these fundamental reforms and agree to a 7-year balanced budget. We are forgoing so much that would improve our lives and our children's lives. It is not fair, it is not right, and it does not support the values that the President purports to support and which we have all committed ourselves to here. I think that, as a result, it will be a very sad day if we finally conclude that we are not able to reach a budget agreement with the President.

In conclusion, Mr. President, as President Clinton gives his State of the Union speech tomorrow night—and I am sure challenges America to a greater tomorrow, since most of us believe that our best days are ahead of us as a country and as a people—and we respond, as I am sure we will, to a very positive message of the President, we also ought to be asking him what he can do to help today to provide a better tomorrow by sitting down and seriously negotiating with the congressional negotiators for a budget agreement that reaches a balanced budget in 7 years, which commits us to true welfare reform, Medicaid, Medicare, and tax relief for working families in America.

If we do that, we will truly be able to say that our best days are ahead of us. 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. SPECTER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

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

#### CONCERN OVER FAILED BUDGET TALKS

Mr. SPECTER. Mr. President, during the course of the past several weeks, there has been an opportunity to talk to constituents at home to discuss the problems in Washington, DC, and, as many of my colleagues have reported, I have found great concern about the inability, the failure, of the negotiators to come to an agreement on the budget talks.

I urge the negotiators to continue to talk. As I have reviewed the details as to what has been undertaken, talking to my colleagues in the Senate and the House, talking to administration officials, it is my view that the parties are not too far apart. I believe that the absence of an agreement is a lose-lose situation for everyone in Washington. There is no real opportunity, as I see it, for political advantage, and the American people watch what goes on in

Washington, DC, with amazement and frequently revulsion at our failure to come to some terms.

I go back to a wise statement made by the former distinguished Senator from Maine, Margaret Chase Smith, who said, "We have to distinguish between the compromise of principle and the principle of compromise," and when we are talking about the budget issues, we are talking really about compromising mostly on a dollars-and-cents basis.

There are some structural issues which have to be addressed, and it is my sense that they can be solved as well, but we are not talking about first amendment issues, freedom of speech, or freedom of religion, so we are not compromising principle. We do have to have the principle of compromise and accommodation in Washington, DC, to come out of this matter.

As I look at the figures overall, the parties have come much closer together than they were at the original stage. With respect to Medicare, initially the conference report adopted by the Congress called for cuts in Medicare of \$270 billion, with the administration at one point insisting that the cuts—rather it is not cuts, but it is a reduction in the growth of increase. That is a characterization which is very, very hard to avoid.

Before going further on that point, Mr. President, let me cite some statistics which are very, very frequently overlooked as too often the Medicare situation and the Medicaid situation has been characterized as proposals, especially by the Republican Congress, for cuts when the fact of the matter is that there are very, very substantial increases. What we are really talking about is slowing the rate of increase.

In fiscal year 1996, for example, Medicare expenditures will be \$193 billion. These are figures from the Congressional Budget Office which have been rescored as recently as last month. After an expenditure of \$193 billion in 1996, the figures are as follows: 1997, \$207 billion; 1998, \$218 billion; 1999, \$229 billion; the year 2000, \$248 billion; 2001, \$267 billion; 2002, \$289 billion. So that from 1996 until the year 2002, on Medicare expenditures it is projected to move from \$193 to \$289 billion for a 50-percent increase.

Similarly, in Medicaid, where there is frequently talk about cuts, there are, in fact, not cuts but there are increases. What we are dealing with is trying to slow the rate of increase. In fiscal year 1996, Medicaid expenditures totaled \$97 billion; 1997, \$104 billion; 1998, \$109 billion; 1999, \$113 billion; the year 2000, \$118 billion; the year 2001, \$122 billion; the year 2002, \$127 billion, for a total increase from 1996 to the year 2002 of some 31 percent.

I think it is very important to focus on that basic fact. There are not cuts, but what we are talking about are ways to slow the rate of increase. As the negotiators have discussed the matters, they have come much closer together.

In the original conference report agreed to by the House and Senate, the rate of increase on Medicare would have been slowed by some \$270 billion. The initial position taken by the administration was to slow the rate of increase by \$102 billion. Now, in the most recent proposals advanced by the negotiators for the Congress, as recent as January 6, the figure is cutting the rate of increase to \$168 billion, and the administration now talks about cutting the rate of increase to \$124 billion. So the gap has been very, very materially narrowed. Originally, the gap was \$168 billion. Now it has been narrowed to \$44 billion.

Similarly, on cutting the rate of increase in Medicaid, the original conference report from the House and Senate placed the curtailment of the rate of growth by \$133 billion. In the most recent negotiations advanced by the congressional negotiators, the rate of increase was at \$85 billion, with the administration at \$59 billion. So, there again, the figures are much, much closer.

Similarly, on the tax cut, the original conference report was at \$245 billion. That has been reduced to \$203 billion, with the administration at a tax cut of \$130 billion, so that difference has been narrowed quite considerably.

When we talk about the objective of a balanced budget, we are talking about something which is really critical for the future financial stability of this country. That is an objective which is very important to reach and is worth an accommodation. When this body, the U.S. Senate, took up the reconciliation bill, this Senator was very concerned about a number of items in it and disagreed with the majority on many of the items. For example, it seemed to me that there ought not to be a tax cut at all. I took that position not because I did not want a tax cut, because I would very much like to see a tax cut. I favored the IRA's, the independent retirement accounts, when we voted them out, back in 1986. I would like to see a child tax credit. But at a time when we are seeking to balance the budget, it seems to me it is inappropriate, when we are asking so many Americans to tighten their belts, to talk about a tax cut for some Americans at the same time. It is my view that Americans are willing to have shared sacrifice and to balance the budget so long as it is fair. But when we are asking people, with the earned-income tax credit, earning about \$20,000, to pay more taxes at a time when we are offering certain tax cuts to those who earn \$120,000, then it is bad public policy, and it is very bad politics.

So that when many accommodations have been made and many of us have seen the reconciliation bill come for final passage, with many provisions that individually we did not like, nonetheless we supported that with a majority vote. After having voted against many of the individual items, I voted

for final passage because I think the balanced budget is that important. I understand there are many in Congress, some in the Senate and even more in the House, who do not like the present arrangement and who want to have more by way of tax cuts and who want to have more by way of decreases in Medicare and Medicaid, on their rate of increase. But I believe that the balanced budget is so important that when the administration agreed to the balanced budget in 7 years with the Congressional Budget Office figures, that was the time to declare a victory, to say we will accept the deal, and then to work out the balance of the arrangements as best we could. But the core of the arrangement was in place. I believe we ought to do that yet. That ought to be our principal objective, to obtain the balanced budget within 7 years.

We are talking about structural changes in addition, but I believe that they are not well understood. After talking to key people in the administration as well as my colleagues in the Congress, going through these structural changes, it is my view that there can be a reasonable accommodation. I am in the process of putting together a side-by-side comparison, which I will share with my colleagues in the course of the next several days, with a suggestion as to what ought to be middle ground.

There is a philosophical difference between the block grants, where we give more authority to the States, and the categorical requirements, where the Congress of the United States establishes the rules and regulations. My own sense is that it is time to give more authority to the States under the 10th amendment, that the States are much closer to the problems than we are here in Washington, DC. I am going to talk about that in a few minutes under a separate topic on the problems of the disaster across the northeastern part of the United States, and especially my home State of Pennsylvania, why disaster relief could be much better handled at the local level than out of Washington, DC. But I think we see opportunities to do that, especially in the welfare line, where the Senate passed a welfare reform bill with a very, very substantial majority, and we had block grants on AFDC and emergency assistance and the jobs program into a single mandatory block grant. We had separate allocations for child care. We had the maintenance of the foster care and the adoption system which is retained as an entitlement. But I believe as we go through these lines one by one on the many considerations as to how we deal with the illegal immigrants, how we deal with children under SSI, addicts under SSI, teen mothers, how we deal with education under the student loan provisions and the direct lending programs, and what we are going to do with many of these structural matters, that there is middle ground. There is middle ground on allowing flexibility to the States on

many of the items and retaining congressional control on specific requirements as to some others. But we are at this point very, very close and yet very, very far.

Last week on the Senate floor I made a few comments about the necessity to continue funding the Government with a continuing resolution without another threat of a shutdown on the Government, and that if, in fact, we are ultimately unable to come to terms on a budget agreement, that I believe today, as I articulated on this floor from this podium back on November 14th on the second day of the first shutdown, that we ought to crystallize the issues and submit them to the American people in the 1996 election. But the way to do business is not to have a shutdown of the Federal Government which makes the Congress and the administration really the laughingstock of the country.

At that time, I expressed the hope that we would not use the debt ceiling as a lever, as a blackjack, or as blackmail; that the full faith and credit of the United States is too important to be maintained, so that it ought not to be used to try to coerce concessions from the administration in the context of political blackmail; that the American people can well discern the difference between legitimate political pressure and what is political blackmail.

One of the illustrations is from the very famous statement by former Supreme Court Justice Potter Stewart about obscenity, saying that he could not define it but that he knew it when he saw it. Or I think of the famous statement by Justice Oliver Wendell Holmes that even a dog knows the difference between being kicked and being stumbled over. When there is inappropriate political pressure, when it is political blackmail by coercing the Federal Government, or political blackmail by attempting to have the debt ceiling as a hostage, the American people are well aware of what is going on. And although some in this body and some in the other body may have thought that there was political advantage to closing the Government, the American people responded with a resounding no.

With the polls showing that more people favor the President's handling of the emergency than the Congress, the figures were close. But with the Presidential advantage of 50 to 46—50 percent approved of what the President did, 46 percent disapproved—when it came to the Congress, only 22 percent approved and 78 percent disapproved. So that when we were really articulating bad public policy on closing the Government, we were articulating bad politics as well.

So it is my hope that we will not close the Government again, that we will have a continuing resolution which will maintain the status quo, difficult as that is, without cherry picking and trying to fix some programs that some may like better than

others, because once we get into that kind of a selection process, there will be no end to it. If the House sends us a bill financing programs which some of them like but eliminating programs that they do not like, when the issue comes to the Senate with our opportunity for unlimited amendments, we will never agree to that kind of cherry picking with financing programs that one group likes and eliminating all others; and that we will keep the Government going as it need be, crystallize the issue for the 1996 election, and not use the debt ceiling as political blackmail.

But most fundamentally, Mr. President, as I look over these complex charts and look over the figures, they are very, very close indeed. And even with the structural changes, there is middle ground available.

So it is my hope that the negotiators will continue talking. There is a bipartisan group of some 20 U.S. Senators evenly divided—almost evenly divided between Democrats and Republicans—who will seek to come to middle ground and to accommodate these differences of opinion, most of which boil down to dollars and cents, and structural changes themselves boil down to dollars and cents, remembering the foremost point that there is agreement on a balanced budget within 7 years with the real figures, the Congressional Budget Office figures; and we ought to declare victory on both sides, make it a win-win situation, and not try to achieve political advantage in the context where it is a lose-lose for all parties if we continue this stalemate.

But, as I say, to repeat very briefly, I intend to put before the Senate a side-by-side comparison showing how close we are on the figures themselves and on the structural changes.

#### EMERGENCY RELIEF

Mr. SPECTER. Mr. President, during the course of the past few days, I have been touring Pennsylvania looking at very, very extensive damage from the heavy snows and from the flood.

Earlier today I came from Harrisburg, where I was present with my colleague, Senator SANTORUM, looking over the tremendous damage which has been inflicted at several points from the swollen Susquehanna River. It is a very distressing sight. The walk bridge which spans the Susquehanna from Harrisburg over to the island has been destroyed in part. Many houses have been destroyed. My staff director of northern Pennsylvania, Tom Bowman, in Potter County, has several feet of water in his basement. His furnace is ruined. Appliances are ruined. And that is characteristic as well and has been going on over all of the State.

On Saturday early, I flew to Pittsburgh, where I met Pennsylvania Gov. Tom Ridge looking at the tremendous devastation and destruction which is present there. At Three Rivers Stadium, at the confluence of the three

rivers in Pittsburgh, water was all the way up to the Hilton Hotel and was extraordinarily serious.

Later on Saturday, I saw the swollen Susquehanna in Wilkes-Barre, where some 100,000 people had been evacuated, and the flooding had spread through Pennsylvania, and what a very, very serious situation it is.

As of this morning, only 6 counties had been declared disaster areas in Pennsylvania, which I found just a little surprising. On Saturday, I talked to Mr. James Lee Witt, who is the FEMA national director. Mr. Witt was on the job and promised to have the emergency declaration promptly executed. And, in fact, it was done on Sunday morning, with some question, some misunderstanding, perhaps, about how fast the facts and figures got through. But as of this morning, only 6 counties had been declared a disaster area, and 19 counties were added. Yet, we do not have all the appropriate counties identified.

In western Pennsylvania, Beaver County, immediately north of Allegheny County, was not declared a disaster area. I can attest personally to the disaster there. Nor was Greene County so declared. It is important that those counties be extended, and that the Federal emergency relief be moved in there very expeditiously on temporary housing, on the grants that are available, on the low SBA loans which are available, and on the extension of unemployment compensation when people lose out on their work because of this flood damage.

I might share with you one factor as to how serious the situation is. I declared this with my distinguished colleague, Senator SANTORUM. But on the banks of the Susquehanna earlier today, Senator SANTORUM said that he hoped FEMA would be "liberal." But I quickly modified that to "moderate." There we have the "L" word from Senator SANTORUM. May the RECORD show a smile coming to the face of the distinguished Presiding Officer. But it is that serious that a call has been made for that kind of treatment by the Federal management corps.

As I have earlier today on some of the radio networks, I would like to repeat the 800 number which people can call for assistance. They can make application by telephone. It is 1-800-462-9029. I will repeat that. It is 1-800-462-9029, where applications can be made on the phone.

Yesterday, I also talked to Secretary of Transportation Peña, who has advanced \$1 million for highway cleanup and bridge cleanup, and urged that a more realistic figure be assessed because of the tremendous damage done to the highways and bridges in Pennsylvania.

Last year, the Congress appropriated \$6.4 billion largely for the earthquakes in California but also for emergencies such as are now plaguing Pennsylvania and many other States in the mid-Atlantic area where we sustained a snow-

fall 2 weeks ago today of 30 inches. In Philadelphia, it measured 30.7 inches. And then with the high temperatures last Thursday into the sixties, with the tremendous melting and flooding, there is a very serious situation indeed. So I urge FEMA and the Department of Transportation to take all action possible to bring relief to those people who are in need of emergency assistance.

I thank the Chair, and in the absence of any other Senator in the Chamber, I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. BENNETT). The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. SANTORUM. 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. SANTORUM. I thank the Chair.

#### FLOODING IN PENNSYLVANIA

Mr. SANTORUM. Mr. President, I wanted to follow up the remarks of my senior Senator from Pennsylvania [Mr. SPECTER], and talk about the problems that we are having in Pennsylvania today. The first thing I wanted to do was make sure the record is very clear in my use of the word "liberal." I suggested that FEMA be more liberal than what they have been to date, as of early this morning, in declaring counties in Pennsylvania eligible for individual assistance, for emergency disaster relief funds. I think that was an appropriate call given the fact that the Governor of Pennsylvania, who knows a little bit about the Emergency Relief Act that is in place here because he helped write it several years ago and knows it cover to cover, declared 58 of Pennsylvania's 67 counties disaster areas and was seeking Federal grant recognition for, if not all, certainly a great majority of those counties.

Senator SPECTER, I know, has been traveling the State extensively, as have I. We have seen the tremendous damage done by this heavy snowfall and subsequent quick melting and floods and then freezing again, causing ice jams and horrible damage on our Commonwealth's rivers and streams. We do believe that several more counties should be included in the list that are eligible for individual assistance, and obviously the process will commence to determine whether those counties and municipalities will be eligible for public assistance, for reimbursing municipalities and counties for the cost of cleanup and dealing with the problems of this horrible storm.

I understand that the senior Senator has already talked about how today James Lee Witt, the head of FEMA, has been up to the State of Pennsylvania and he has added to the list of 6 counties an additional 19 counties, bringing to 25 the number of counties that will now be eligible for some assistance.

We were in Harrisburg this morning. I know he mentioned we saw some of