

All we are asking is let us find out what is going on. It is important. They conduct important functions of this Government, and we should know more about what they do. We have to do away with the shroud of secrecy. We have to peel back this cloak that they covered themselves with since 1913. This rainy-day fund they have set up is not a rainy-day fund, it is for a hurricane. They have this spending free-for-all attitude. That has to stop. They have a blank check mentality. I would like to know who is minding the shop, because 1913 accounting practices must be put to a stop.

Several Senators addressed the Chair.

The PRESIDING OFFICER. The Senator from North Dakota.

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

The PRESIDING OFFICER. The Senator from North Dakota has 4½ minutes remaining.

Mr. REID. And the Senator from Nevada?

The PRESIDING OFFICER. The Senator from Nevada has 2½.

Mr. DORGAN. Mr. President, let me use a couple of these minutes by trying to put this in perspective.

There is the policy issue with respect to the Federal Reserve Board, how it behaves, what it does, how it impacts this country's economy. Then there is the issue that we raised with respect to the GAO evaluation of the Fed. That is what we are discussing before the Senate today.

This 200-page evaluation of the Federal Reserve Board and its operations is the most significant look inside the Fed in 70 or 80 years. What it shows, as we have indicated, is they have stashed away \$3.7 billion for a surplus, despite the fact they have not had a loss in 79 consecutive years. They are spending more and more during times when others in the Federal Government are being told they ought to tighten their belts. Those issues are issues the Congress ought to deal with. The Federal Reserve Board ought to be subjected to an annual independent audit. We ought to have information and knowledge about what is going on behind that fence. That is the reason we want to make sure our colleagues, the relevant committees, and others will be able to evaluate the wealth of information that exists in this draft GAO report.

Let me, finally, say a word about the policies of the Federal Reserve Board itself, which are different, separate and apart from the issues we have been discussing. I have very serious reservations about the monetary policies pursued by the Fed. As I have indicated, the Federal Reserve Board has seemed to feel, now, for some long while, that this country cannot have economic growth rates above 2.5 percent. If they fancied themselves as a set of human brake pads whose mission in life is to slow down the American economy, I say they have succeeded. Give them a trophy.

That is not what this country needs. The global economy means wages are falling, not rising. It means inflation is going down, not up. And it means this country can have a higher rate of growth. There are Democrats and Republicans who believe very strongly that a 2.5 percent growth rate for our economy is anemic and cannot provide the kind of opportunity and expansion that we need in this country.

I hope, in addition to the discussion we will have about what the Fed is doing, how it runs its operations, how it spends its money—in addition to that, and we should have that discussion as a result of this report, I hope we will also have a discussion about the Fed's monetary policies, and whether they are appropriate to try to produce the kind of economic future that we want in this country. In my judgment, they are not.

Two years ago, we saw the Federal Reserve Board increase interest rates seven times. Why? Because they were heading off the fires of inflation, they suggested. But inflation was not going up, inflation was going down, and it continues to go down.

What they managed to do with those interest rate increases was to slow down the American economy. That is not such a significant talent. My Uncle Joe can slow down the American economy. Just bring Uncle Joe to town, and I am sure he can figure out how to throw a wrench in the crank case. It does not take a special talent to slow down the economy.

The question is, how do we get the economy moving again, a vigorous economy with new jobs and new opportunities for all Americans, without raising the specter of additional inflation? That is the task for all of us.

The Federal Reserve Board sees itself on a singular mission: Keep economic growth somewhere in the range of 2.5 percent. That is not enough growth for this country. No one ought to be satisfied with that. It does not produce the jobs or the opportunities this country needs.

Mr. President, I hope that even as we discuss the report about what the Fed does and how it spends its money, we will alternatively discuss Federal policies, especially in the area of monetary policy.

Mr. President, I yield the floor.

Mr. LOTT. 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. Without objection, it is so ordered.

#### EXTENSION OF MORNING BUSINESS

Mr. LOTT. Mr. President, I ask unanimous consent that morning business

be extended until the hour of 11 a.m., with Senators to speak for 5 minutes in the case of Senator BOXER; 12 minutes for Senator GRAMS; 10 minutes for Senator GRASSLEY; 5 minutes for Senator BRADLEY; and 5 minutes for Senator KENNEDY.

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

Mr. LOTT. I yield the floor.

#### PRESIDENT CLINTON'S BUDGET FOR FISCAL YEAR 1997

Mr. GRAMS. Mr. President, tucked into the 2,000-page, 9-pound-11-ounce stack of documents that make up President Clinton's latest budget was a small booklet that many people might have overlooked. That booklet is called "A Citizens Guide to the Federal Budget." I would like to read to you a couple of the paragraphs from chapter 2, and that chapter deals with where money comes from and where it goes.

It says:

In a typical American household, a father and mother might sit around the kitchen table to review the family budget. They might discuss how much they expect to earn each year, how much they can spend on food, shelter, clothing, transportation, and perhaps a vacation, and how much they might be able to save for future needs.

If they do not have enough money to make ends meet, they might discuss how they can spend less, such as cutting back on restaurants, movies or other entertainment. They also might consider whether to try to earn more by working more hours or taking another job. If they expect their shortfall to be temporary, they might try to borrow.

This is from the "Small Citizens Guide to the Federal Budget." I agree with every word of that—the situation it describes is precisely what American families are facing today. But then the booklet continues and says:

Generally speaking, the Federal Government plans its budget much like families do.

Generally speaking Mr. President, the Federal Government plans its budget nothing at all like a family across the country has to do.

A family does not have unlimited access to a credit card access that has allowed the Federal Government to amass a national debt of more than \$5 trillion.

A family would not be allowed to spend beyond its means forever—it would reach its credit limit and the family would eventually have to tighten its belt and begin paying back its debt. The Federal Government, on the other hand, just continues to steal from our children.

A family does not have the resources of foreign investors they can turn to when the bill come due. The Federal Government does, and expects the taxpayers to foot the bills and the massive interest payments those bills generate.

And finally, a family could not impose hundreds of millions of dollar worth of new taxes and fees on its friends and neighbors to help offset its own extravagant spending. But the Federal Government can, and it does.

For years, I have used the story of the family sitting around the kitchen table as an example of how middle-class Americans understand budgeting in a way Washington never will.

The methodical, commonsense approach to reconciling expenses against revenues represents everything that Washington is not.

So to suggest that the Federal Government's free-spending, unaccountable ways have anything in common with the way the working-class people of this Nation plan their budgets is ludicrous.

Librarians take notice: The Government will recommend that "A Citizen's Guide to the Federal Budget" be filed in the bookshelves along with the rest of the official Federal publications.

I say it ought to go up alongside Louis L'Amour and the Harlequin Romances, because it is pure fiction.

Mr. President, there is no question that families are facing tough times.

Money is tight, and there is not much left at the end of the day to put away for savings.

They are cutting back in order to make ends meet—skimping not just on entertainment, as the authors of "A Citizen's Guide to the Federal Budget" would have us believe, but too often on necessities like new clothes, insurance, or even groceries.

Their credit card bills are straining under the load. They are working two or three jobs and taking on overtime hours just to make ends meet.

But why are things so tight for American families? A close look at the President's latest budget offers some answers.

In his State of the Union Address delivered just 2 months ago, President Clinton boldly declared that "the era of big government is over."

Big government presumably meant the high taxes that have squeezed the middle class, the gigantic bureaucracy that has made redtape a synonym for Washington inefficiency, and the wasteful spending that has drained the taxpayers of their precious dollars.

But maybe big government means something different to the President. Under the budget he outlined Tuesday, big government is far from dead. In fact, it is off the respirator, breathing on its own and taking nourishment.

The Clinton budget—the ninth budget he has sent to Congress in the last 12 months—is nothing more than the status quo his administration continues to deliver, because it calls for increasing Federal spending every year over the course of the 7-year plan, until we're spending nearly \$1.9 trillion just after the turn of the century.

The President claims he will pay for all that new spending with unspecified cuts in domestic programs sometime in the future. Most of the cuts would not come until after the year 2000, meaning Bill Clinton will never have to make any of those tough choices.

As the President's budget grows, so does the Nation's debt, again, rising

every year of the President's plan. By the time we have reached the year 2002, the national debt will have ballooned from \$4.9 trillion this year to almost \$6.5 trillion. That is an increase of nearly 27 percent in just 7 years.

And where are the tax cuts the President has repeatedly promised American families? It is practically nonexistent. The President claims he is cutting, but in reality, most of his tax reductions are offset by new tax increases. This is unacceptable.

It is nothing but token tax relief, and his child tax credit is a sham. It begins at \$300 per child, is slowly ratcheted up to \$500, and then eliminated just 2 years later. By the way, teenagers are too old to qualify.

The President pays for all this big government not by controlling Washington's appetite for spending, but by spending the savings Americans have sacrificed over the last year toward a balanced budget.

Other areas of the budget that demand the President's immediate attention are virtually ignored.

He does practically nothing to save the failing Medicare system and bring it into the 21st century.

Under the Clinton plan, Medicare remains a relic from 1960's that does not work in the 1990's, and will not survive much beyond it.

His budget does not reform Medicaid, either.

At a time when a bipartisan coalition of Governors is calling on Washington to entrust the States with managing this vital program, the President says Washington has all the answers.

He does not make fundamental changes in welfare to control spending. The President would not "end welfare as we know it"—he would extend welfare as we know it.

The President's budget plan is just a bandage on a wound that's demanding emergency surgery.

President Clinton is asking the American family to pay for his campaign and he needs to pay off Washington bureaucrats and special interest groups.

His demand for billions of additional taxpayer dollars to finance bigger government, again, is consistent with his support for big Washington government.

And President Clinton funds his new spending, again, through increased taxes, increased user fees, and one-time sales of assets financed directly by the taxpayers.

Mr. President, I am a firm believer that privatization is crucial to reaching a balanced budget and protecting taxpayer dollars. But what is the point in selling off assets if we are just going to spend it on a bigger government?

Asset sales should be dedicated to deficit reduction—if they are not, and are simply redirected by Congress into another Federal program, how are the taxpayers any better off than they were before the sale happened?

Unfortunately, this budget will do nothing to help working Americans

devastated by the Clinton crunch that has trapped them somewhere between the falling wages and the President's economy has generated, and the rising taxes the President's budgets have demanded.

That is why families are having trouble making ends meet—the middle-class squeeze is squeezing them dry. A balanced budget would help, and the people deserve one, but the President's budget is not the answer.

We have to inject a dose of reality into the proceedings: President Clinton can claim to support all of these goals, but every time he has had the opportunity to prove it, he has let us down.

Congress passed a budget that balances in 7 years, protecting our children and grandchildren by freeing them from a legacy of debt and tax increases.

Our budget lets taxpayers keep more of their own dollars, for spending on things important to families, not on things Washington thinks are important.

Our budget says a life on welfare is not much of a life at all, and we offer encouragement to get people off the welfare rolls and into society.

Our budget says seniors ought to have a Medicare system they can rely on, so we save it from bankruptcy and offer Medicare patients the same kind of health care choices that are now available to everybody except seniors.

Our budget does all of that and more, and yet despite his claims that he endorses each of those goals, as we all know, the President vetoed every single one of those measures.

So you can see why it is hard to get excited about the President's professed interest in a balanced budget, tax relief, and welfare and Medicare reform, when his commitment to them seems to go no deeper than the tip of his veto pen.

The President met with the distinguished majority leader and Speaker GINGRICH last week, and they will meet again. I wish them well, because negotiating with the President is like boxing with a jellyfish—it is hard to score any points when your opponent seems to have no backbone or any firm principles of his own.

But if there is any hope of reaching an agreement on a budget this year, we will need to see some encouraging signs soon.

So, Mr. President, on a closing note, if the Nation were to continue along the path outlined by the President and the congressional majorities which came before him, a pathway dominated by high taxes and big government, I am afraid we might begin to parallel the experiences of Sweden.

There is this article from the Associated Press that appeared in the Minneapolis Star Tribune on March 15.

In this article it describes what happens when a nation guided by the belief that as long as it was collecting plenty of taxes and building plenty of government, it could provide a good life for everyone. But that has met the realities of the 1990's.

With a top income tax rate of 49.9 percent, Sweden ranks as one of the two highest-taxing countries in the world. "But today," says this article, "Swedes are deep in debt, taxed to the limit, edgy about unemployment, and cynical about the model in which they once took pride."

Even Soviet leaders once praised Sweden's welfare state. But now, continues the story, "the welfare dream is in crisis, along with the Social Democratic Party that built it."

While Bill Clinton and the liberal establishment try to push America toward the kind of high-taxing, big-spending government Sweden has tried and is now rejecting, Sweden's Social Democrats are pushing for a balanced budget, tighter welfare rules, and entrepreneurship.

"There is a growing insight that you can't tax a society into equality." Let me say that again. "There is a growing insight that you can't tax a society into equality." That is from a speechwriter for Sweden's retiring prime minister.

Somehow, Mr. President, we have moved perilously close to following in Sweden's footsteps, but it is not too late to take a step back.

If we are serious about giving our children a better future, the best thing we can do is to cut taxes, end the current spending frenzy, balance the budget, and begin paying off the national debt.

"Americans want a government that uses common sense when it makes decisions that affect their lives," concludes the administration's little budget primer.

I agree, as long as we're talking about the common sense of a family crafting its budget around the kitchen table, and not the nonsense we too often craft around the conference tables here in Washington.

#### NAVAL PROMOTIONS

Mr. GRASSLEY. Mr. President, 2 weeks ago I spoke in support of the Senate Armed Services Committee not granting promotion to Comdr. Robert Stumpf. Last Thursday night I had an opportunity to listen to Senator COATS, Senator BYRD, and Senator NUNN speak on the same subject. I agree with everything they said. I will speak, once again, on that same subject but put it in a little broader context.

Before I do that, there was, last Thursday, in the Washington Post this article about Commander Stumpf and the Navy, pushing for his promotion to be granted again. I suppose that means it will come back to the Senate Armed Services Committee sometime in the future.

If people wonder why this might not be granted, I read a paragraph from this article. It talks about the Tailhook conference 4 years ago in Nevada. It talks about the behavior at the Tailhook convention in September

1991. It drew scrutiny on at least two accounts about the behavior of Commander Stumpf. It says he was present in a hotel room hosted by his squadron where two strippers performed, although he left the room before one of the women engaged in a sex act with another airman. Now, he avoids all responsibility for that. I assume that is the moral of the story, why it should not be considered in whether or not he gets a promotion.

It would be similar if I had a Christmas party for my staff and I hired a couple of strippers, and before they did their act, before other things would happen, I leave the party and claim no responsibility for that. Commander Stumpf was the commander. It was his group that was involved. He thinks he can avoid responsibility for what goes on there. I think not.

But also for the entire Navy, I point out that when you have that sort of convention, it is under the auspice of the U.S. military, and we have two strippers hired and a sex act performed with an airman, I remind the Navy—and I say this because farming is my background and my son operates our family farm—that is the way animals operate. Animals operate that way. Human beings, in their interaction with people of opposite sex, do it with love and with concern and of course with the goals that every act of love has. That is what separates human beings from animals. I suggest to the Navy that they act like human beings and not like animals.

I want to put this whole thing in a different context because the latest tremors concern the future career of this Navy Commander, Robert Stumpf. Commander Stumpf's promotion to the rank of captain has been blocked, and properly so. The committee remains opposed to the promotion because Commander Stumpf is suspected of inappropriate behavior, as I described at this Tailhook convention.

Last week, under intense pressure and lobbying, the committee reexamined the promotion one more time, and the outcome was sustained. Commander Stumpf is off the promotion list and will stay off. I said 2 weeks ago that I support the committee's action, and I support their reconsideration by taking no action.

Unfortunately, Mr. President, I do not think we have heard the last from Commander Stumpf. A recent report in the Washington Times suggests that Commander Stumpf's name will be on the 1997 captain's promotion list. Now the good commander is suing Secretary of the Navy Dalton for helping the Senate to improperly block his promotion.

Commander Stumpf's predicament is a sign of a much bigger problem. It is the "problem of naval leadership," as one naval aviator put it recently. The Navy's leadership problem neither begins nor ends with Commander Stumpf. The root cause of the problem may be much higher up in the chain of command. I believe the Navy's leadership

problem may lie at the very top, with people like Secretary Dalton and the Chief of Naval Operations, Admiral Jeremy Boorda.

Mr. Dalton and Admiral Boorda should have been flagged—just like Commander Stumpf was—when their promotions came up here to be at these highest ranks. Unresolved issues in their past raise questions about their integrity and their ability to lead the Navy. The adverse information in their background should have been exposed to public scrutiny and debated, but that did not happen.

Surely these troublesome facts lay buried in Government files somewhere during the confirmation process. We were sleeping at the switch when they were slipped quietly through the Senate confirmation net. Mr. President, we had no reason to ask questions about Mr. Dalton. Mr. Dalton was presented to the Senate as a financial wizard with extensive business and managerial experience. He got a green light instead of a red warning flag that his wizardry deserved.

Mr. Dalton was confirmed on July 21, 1993. Exactly 1 year later, the damaging information in Mr. Dalton's background began leaking into the public domain. The New York Times ran a front-page story on July 22nd, 1994. It was written by Mr. Jeff Gerth. This is how it began:

When President Clinton announced that he had picked John H. Dalton to be Secretary of the Navy, he praised the nominee's true leadership ability as a Texas businessman.

As Mr. Gerth pointed out, "There was a part of Mr. Dalton's background that most Senators were unaware of."

His leadership was not advertised. We did not know he was deeply involved in the management of at least two failed savings and loan institutions. Mr. Dalton's S&L's were bailed out at the cost to the taxpayers of \$100 million.

As president of one S&L institution, Mr. Dalton was threatened with a suit by the Federal Deposit Insurance Corporation for violating State and Federal laws and for gross negligence. The institution's insurance companies had to pay \$3.8 million to settle a civil suit.

Now, Mr. President, this is very damaging information, I believe. It raises questions about the Secretary's integrity and his ability to lead the Navy. How did he skate right through confirmation without red warning flags? Commander Stumpf got the flag treatment for the big question marks in his file, and rightly so. Why did Mr. Dalton not get flagged and confronted?

We had an identical experience with Admiral Boorda's nomination. He, too, slipped right through the confirmation net. Admiral Boorda should have been flagged. Admiral Boorda was confirmed on April 1, 1994. About 2 months later I picked up a newspaper and saw this headline, "Court Says Navy Brass Shielded Official's Son: Lenient Treatment is the Latest Plight in the System." That is a headline. This report appeared in the Washington Post June