

WELFARE REFORM

Mr. ROTH. Mr. President, it has been 37 months since President Clinton outlined his welfare reform goals. On February 2, 1993, he told the Nation's Governors he would announce the formation of a welfare reform group within 10 days to work with the Governors to develop a welfare reform plan. But welfare reform was not enacted that year nor the following year.

Fourteen months ago, President Clinton declared at a joint session of Congress that, "Nothing has done more to undermine our sense of common responsibility than our failed welfare system. It rewards welfare over work. It undermines family values."

In response, the new Congress passed welfare reform twice in 1995. H.R. 4, the Personal Responsibility and Work Opportunity Act of 1995, received bipartisan support in both the House and Senate as it was being drafted. Yet, 10 weeks ago, President Clinton vetoed welfare reform for a second time. With a stroke of his pen, President Clinton wiped out the welfare reform American families need and expect. By vetoing welfare reform, President Clinton has accepted the status quo in which millions of children are trapped in a vicious cycle of dependency.

Two weeks after he vetoed H.R. 4 President Clinton once again pledged his support for welfare reform in his 1996 State of the Union Address.

The President also declared that, "the era of big government is over." But his actions contradict his words.

On February 6, the Nation's Governors issued their own bold challenge to reform the welfare state. The Governors' unanimously adopted a bipartisan—I emphasize "a bipartisan"—blueprint for returning the power and authority over the welfare system, including Medicaid, to the States. Since then, the Finance Committee has held three hearings on the welfare and Medicaid proposals forwarded by the National Governors' Association. The Governors specifically built upon the welfare reform conference report rejected by the President.

On February 28, Secretary Shalala testified for the administration on the Governors' proposals. Once again, we found that the administration has an incredible capacity to blow hot and cold air at the same time. While lauding the Governors for their effort, Secretary Shalala opposed every major provision of the bipartisan proposals.

The Nation's Governors assembled again this week, this time in Palisades, NY, for a National Education Summit. The purpose of this meeting was for the States to share their ideas and strategies for introducing new technologies, standards, and assessments to improve the education of our children.

The Governors invited the business leaders who will help develop the new learning systems which will combine education and technology. The Governors also invited President Clinton to address the summit and, who no

doubt, pledged his support and commitment to our children's future.

But among all of the dignitaries, there was an uninvited and unwelcome guest at the banquet. Medicaid, the uninvited guest, will consume much of the necessary resources intended for education and will leave only scraps for the education of our children.

The insatiable appetite of Medicaid spending is limiting the ability of the Governors to fully fund education as they wish as Medicaid's share of State spending has nearly doubled in just 7 years. Its share has grown from 10 percent of State spending in 1987 to 19.4 in 1994.

During this same time, the share of State spending for elementary and secondary education dropped from 22.8 to 20.3 percent. Higher education's share dropped from 12.3 to 10.5 percent.

In 1990, Medicaid spending replaced higher education as the second largest State spending category, exceeded only by elementary and secondary education.

If present trends continue, Medicaid will soon pass elementary and secondary education as well. As shares of total State spending, both elementary and secondary education and higher education are at their lowest point in memory.

Between fiscal years 1993 and 1994, elementary and secondary education grew by just 2 percent. In comparison, Medicaid grew by more than 12 percent.

These alarming trends have consequences in other vital services as well. Transportation's share has dropped from 10.6 percent of State spending to 8.9 percent. The broad category of all other which includes public safety, investment in infrastructure, and many other services has declined 3 percentage points.

Another hidden threat of Medicaid is how State government is funded. Medicaid forces States to borrow more to finance the cost of education.

States cannot sell bonds to finance Medicaid, so the cost and burden of borrowing is passed on to other budget categories.

In 1987, 6.4 percent of bonds issued were to finance higher education. In 1984, 19.2 percent of bonds were used to fund higher education. This debt, of course, is ultimately passed on to our children. Even worse, as Medicaid spending consumes even greater shares of spending, leaving less for education, the cost of education may well rise beyond the ability of many families to spend their children to college to all.

The consequences of the failed welfare system are realized in many ways. It spreads its ill effects throughout society.

Now we find that unlimited entitlement spending threatens our democratic institutions as well. Mandatory Medicaid spending is draining State and Federal budgets. Governors and State legislatures are no longer in control of their State governments—they are being held hostage by the demands of Federal bureaucrats.

Mr. President, if we truly care about the education and future of our children, we must enact authentic welfare reform. Medicaid is the largest welfare program and the threat of its uncontrolled growth is spreading. Without welfare and Medicaid reform, whatever President Clinton promised for education last Wednesday in New York, is certain to be consumed by Medicaid tomorrow.

Mr. President, I yield back the floor. The PRESIDING OFFICER. The Senator from Washington.

Mr. GORTON. Mr. President, I ask unanimous consent for roughly 10 minutes in morning business.

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

PACIFIC NORTHWEST SALMON RESTORATION

Mr. GORTON. Mr. President, the Columbia River is the crown jewel of our Pacific Northwest. Its waters passing through our dams light our cities and towns. Its waters held back at times by those dams have saved thousands of lives from destructive floods. Its waters spread on our dry land have made the desert bloom and provide food for millions of people around the world. At the same time, that magnificent Columbia River has been the home to the most munificent runs of salmon anywhere in the lower 48 States of the United States of America.

Now that very civilization that has built those dams and used these waters so constructively threatens the future of these wonderful salmon runs. What should we do? How should we see to it that we both have the benefits of power and of irrigation and flood control and at the same time preserve and strengthen and restore these wonderful runs of salmon?

I think it is becoming more and more evident what we should not do. In the last 5 years, Federal bureaucrats here in Washington, DC, have billed us in the Pacific Northwest \$1.5 billion for salmon restoration, half a billion dollars last year alone, and we have not seen any positive results at all. In spite of this investment, an investment the people of the Pacific Northwest have not begrudged, the results are nothing. The results are a continued decline in our salmon runs. These costs are welcomed by the people of the Pacific Northwest, but the results are not.

I am convinced that this failure of Washington, DC, bureaucrats means that we cannot succeed if we continue to do business in the same way that we are doing it at the present time. I believe, and I believe firmly, that we can do a far better job in the Pacific Northwest if we are allowed to make the decisions that affect our lives and affect our resources.

Personally, I am totally committed to restoring an abundant salmon fishery in the Columbia and the Snake Rivers. Healthy and strong salmon

runs are vitally important to our economy, to thousands of people whose livelihoods rest on them. But there is something more important even than those who are professionals in these fields. Salmon are a distinct part of our society and of our culture. Everyone who grows up in the Pacific Northwest has his favorite stories—his or her own big catch, the thrill of the child catching that first salmon, or just of a summer cookout with the family with salmon on the grill. I would find it unacceptable that my grandchildren would not have in their lifetime the same opportunities that I have had.

I have also to confess that my thinking, along with that of many in the Pacific Northwest, has grown and expanded over the years to emphasize the vital importance of native salmon runs. We have spent much of our time building hatcheries and creating artificial runs where native runs once existed. Those hatcheries are important. They are an important supplement. But we now recognize that it is vital that we strengthen the native runs and help restore them at the same time.

I am convinced that the people of the Pacific Northwest are willing to pay money, money literally in the hundreds of millions and billions of dollars that has already been wasted, in order to restore these salmon runs, but at the same time the people of the Pacific Northwest want that money to be spent effectively. They also want the amount of money they are going to spend to be predictable, and they want it to be spent in a scientifically credible fashion.

Last November, the National Academy of Sciences, the most prestigious institute of science in the free world, came up with a set of reports indicating what we know and what we do not know and suggesting some courses of action. That report has been almost totally ignored by the Federal bureaucrats who are in charge of spending our money and telling us what to do.

So I believe we need a change. I think we need to change a system that has failed and come up with a system that will work. I believe that that system is most likely to be developed by the people who are going to pay the bills and benefit from any success and pay the penalty for any failure.

Mr. President, do you not agree that the people of our region are better capable of answering these questions than the bureaucrats here in Washington, DC? Should not authority over how we deal with these runs be turned over to us, collectively—our sportsmen, our commercial fishermen, our citizens in cities and towns, our irrigators and farmers, our Indian tribes? Are they not going to be able to come up with a better answer to this question than we have gotten so far from Washington, DC?

Mr. President, I am convinced that is the case. I am convinced that this Congress should require a significant amount of money to be spent on the

restoration of our salmon runs, should allow our people to spend more, if they wish to do so, should allow us to come up with a predictable number of dollars for this effort, and then, most vitally, should allow us, using the best science we can possibly find through these wonderful national and international scientists, to decide how best to spend that money so that we, you and I and all of us from the Pacific Northwest, may be able to pass on to our children and grandchildren the wonderful heritage of an abundant fishery at the same time that we preserve power for our cities and towns, water for our farms, rivers for our recreation, and safety for our citizens.

Several Senators addressed the Chair.

The PRESIDING OFFICER (Mr. GRAMS). The Senator from Texas.

Mr. GRAMM. Mr. President, I ask unanimous consent to proceed as in morning business for up to 20 minutes.

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

BIG GOVERNMENT OVER? NO, BIGGEST GOVERNMENT EVER

Mr. GRAMM. Mr. President, we have received last week the President's official budget for 1997 and for the next 6 years thereafter. I would like to take some time this afternoon not to do the standard presentation that we all make, where we take the President's budget and say what in it is phony, what is smoke and mirrors, and what in it has no hope of coming true?

If people took the President's budget this year and did that, I think they could make a magnificent presentation because the President's budget is based on optimistic assumptions that things are going to get better without any change in policy to make them better.

But that is not what I want to do this afternoon. What I want to do this afternoon is to talk about the President's budget proposal from a point of view that we don't use enough, and that is, if we assume that everything in the President's budget is valid, if every word in here is backed up by sound policy, if everything the President assumes will happen will happen, if we grant the President every benefit of the doubt, then let us look historically at the kind of America that this budget will produce. That is what I would like to do for a few moments here this morning.

I would like to set it in historical perspective by using a series of charts. On this first chart I compare expenditures on national defense starting the day that World War II ended. So I look at the decade of the 1940's after World War II, the decade of the 1950's, 1960's, 1970's, 1980's, and then I look at the Clinton budget as projected for the next decade, in his own numbers.

To simplify the comparison and avoid the impact of inflation or overall growth in the economy, I have decided to look at budget expenditures as a

percentage of the total production of the American economy. So when I am going through these numbers, think of it as the Nation's overall income, the value of everything we produce and sell, and how much of that is going for these particular purposes.

Looked at in this way, this chart shows that in the second half of the 1940's, from 1945 to 1950, 7.9 cents out of every dollar earned by every American was spent on national defense. As the cold war accelerated, that grew to 10.6 cents out of every dollar. It fell off some in the 1960's to 8.9 cents out of every dollar. In the 1970's and 1980's, it was 6 cents out of every dollar.

If President Clinton's budget is adopted exactly as it is written, if every word in it turns out to be backed up by sound policy, and if everything it assumes will happen happens, under his policy we will, in the decade of the Clinton budget, be spending 3.4 percent of the Federal budget on national defense.

There are several important points here. First of all, that is the lowest expenditure on national defense—3.4 cents out of every dollar earned by every American going to national defense—since the 1930's.

Second, that is 43 percent less than we spent in the decade of the 1980's, and if every penny that has been cut out of defense had gone to deficit reduction, we would have a balanced Federal budget today.

Let me state it in another way. The whole peace dividend for winning the cold war, which allowed us in real terms to spend about \$150 billion less on defense every single year, every penny of the peace dividend has been seized and spent by Government. This is the first major victory in the history of America where the fruits of that victory—whether it was the Civil War, World War I or World War II—this will be the first time in American history that when the conflict ended we did not give the money back to the people we took it from to fight the conflict. Every penny of the peace dividend will have gone to Government and will have been spent on nondefense programs.

The second point I want to make is about social spending. Again, beginning the day World War II ended and for each of the decades, I have the percentage of all of the income in America that was spent by Government on non-defense programs, basically social programs with the overwhelming preponderance entitlement programs. Again, the level was 7.4 percent in the 1950's, it rose to 10.2 percent in the 1960's, rose to 14.6 cents out of every dollar earned by every American spent by Government on social programs in the 1970's. That rose to 17.1 percent in the 1980's and, under President Clinton's budget, if we met every savings proposal that he has, if all of his assumptions came true about saving money—and it would be the first budget in history where that ever happened—even under the best scenario,