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## Senate

The Senate met at 9 a.m., and was called to order by the President pro tempore [Mr. THURMOND].

### PRAYER

The Chaplain, Dr. Lloyd John Ogilvie, offered the following prayer:

O God, our help in ages past, help us to be open to Your serendipities today. Grant that we may not allow our experience of You in the past to make us think that You are predictable or limited in what You can do today. Help us not to become so comfortable with the familiar that we miss the new things that You want to do in and through us and in our Nation.

Father, our life is so often filled with stress and pressure. We need Your help in keeping our hearts receptive to Your Word in the midst of all of the other words that clamor for our attention. May our constant question be: "Is there any word from the Lord?"

Help us to have no other gods before You—neither our power, popularity, nor plans. Grant that we may value spiritual riches over material and give You first place in our hearts. With these priorities, bless us in our work today. In our Lord's name. Amen.

### RECOGNITION OF THE ACTING MAJORITY LEADER

The PRESIDENT pro tempore. The able Senator from Rhode Island is recognized.

### SCHEDULE

Mr. CHAFEE. Mr. President, today there will be a period for morning business until the hour of 10 a.m. Immediately following morning business, the Senate will resume consideration of S. 1664, the immigration bill, and the pending Graham amendment. Additional amendments are expected to be offered during today's session. There-

fore, Senators can expect rollcall votes throughout the day, possibly prior to 12:30. A cloture motion was filed to the immigration bill last night, and in accordance with rule XXII, Senators have until 12:30 today to file first-degree amendments to the bill. The Senate will recess between the hours of 12:30 and 2:15 for the weekly policy conferences to meet.

I thank the Chair.

I yield the floor.

### MORNING BUSINESS

The PRESIDENT pro tempore. Under the previous order, there will now be a period for the transaction of morning business, not to extend beyond the hour of 10 a.m., with Senators permitted to speak therein for not to exceed 5 minutes each.

Mr. BREAUX addressed the Chair.

The PRESIDENT pro tempore. The able Senator from Louisiana is recognized.

Mr. BREAUX. I thank the Chair. I will yield myself 5 minutes under that unanimous consent.

### THE CENTRIST COALITION PROPOSAL

Mr. BREAUX. Mr. President, for colleagues who may be watching by their TV monitors, Senator CHAFEE and I have taken this time this morning to talk, once again, about the so-called Chafee-Breaux centrist coalition proposal, which I think is monumental legislation in that it presents to the Senate a way to achieve a balanced budget in a 7-year period and do so in a bipartisan fashion.

A lot of people have said that something of this nature cannot be accomplished in an election year. Our operations and the legislation that we offer proves that it can be done. We have met since October 1995, last year, on a

regular basis, sitting down and discussing the difficult problems that are facing this Congress. It is very clear that the alternative of doing nothing is not a real alternative.

Unless we get a handle on entitlement spending, and unless we make major changes in the entitlement programs, our country is going to be in very, very serious trouble. The alternative, I think, is a bright future for this country and for our children. With a balanced budget, people see a number of benefits that are real, that are tangible, that affect their daily lives—lower interest rates on home mortgages, lower interest rates on car notes, more spendable money to spend at home on the things that families need in terms of education and health care.

We have presented a package for our colleagues to consider, and we hope that after reading our plan, they will join with us in a true bipartisan fashion and move on and enact a balanced budget in this Congress. It is not too late. It is only too late if we do nothing. It is absolutely critical that we take this step in this Congress.

I point out that here we talked about how close we are in the various proposals. There is much similarity in the administration's latest proposal and the proposal from the Republicans and the proposal from our centrist coalition, the Chafee-Breaux proposal. There is no reason that, with all of these things that we have already agreed on, we cannot take the next step and work out the differences that still exist.

All three proposals have a balanced budget using CBO numbers. We save between \$600 and \$700 billion over the life of this plan, and we do it while protecting the needs of the most vulnerable in our country—the people on Medicaid, Medicare, and welfare. So it is not to say that you cannot save between \$600 and \$700 billion and not at the same

• This "bullet" symbol identifies statements or insertions which are not spoken by a Member of the Senate on the floor.



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time protect the most vulnerable in our population.

Our Medicare proposal is real reform. It is not just cutting Medicare, but it is real reform in a major way in the programs, giving beneficiaries more choices, which will increase the solvency of the trust funds. We make reductions in spending. It is not as much as some would like, but it is more than others would like. In Medicaid, we have worked with the Governors in a bipartisan fashion to come up with our Medicaid plan, which I think has gotten a lot of support from the Governors. Democratic Governors have said they would like this to be done. Republicans, I think, would agree with the direction we are moving in. It maintains flexibility and some of the standards. It is basically a Federal program working with the States.

Yes, there should be Federal standards about how the programs are going to be worked out. On welfare, as President Clinton said, a welfare reform bill should be tough on work but good for kids. Our plan does that. Our plan takes care of children. It provides more child funding for parents who are working, for child care and day care. At the same time, we have vouchers for children after their parents are terminated off of welfare. If the parents are able to work, they should work. Welfare cannot be a permanent way of life. We have time limits. We have a block grant to the States. Yes, there is more cooperation between the States and the Federal Government as to what they have to do.

Yes, we have a tax cut. Some say we need a \$245 billion tax cut. Well, we have a real \$105 billion tax cut, with \$25 billion of loophole closings, which I think most people can agree to. We have a tax cut for families, \$250 per child tax cut, which goes up to \$500 per child if they invest in an individual retirement account in that child's name. We have reductions for education. This is a family friendly tax proposal in the sense that it helps working families. We have some alternative minimum tax relief, which many people will agree we should have. We have a capital gains tax cut, which we think is important to create economic incentives for individuals and for corporations in this country.

Finally, we have an adjustment in the Consumer Price Index. A lot of people said you cannot do that. Well, we have done that in a bipartisan fashion. Economists who are both Republican and Democrat have told us that the CPI, Consumer Price Index, which is the vehicle that is used to project all of the cost-of-living adjustments, is overstating what those adjustments should be.

So we have taken the step of saying we are going to have a reduction of five-tenths of 1 percent, one-half of 1 percent for 2 years and then three-tenths of 1 percent for the remaining years in our budget plan. That saves \$110 billion. For a Social Security re-

cipient, it means, instead of getting the normal increase, they would still get an increase in their benefits, but it would be approximately \$3 less than they would normally get per month. But what it does is help save the system.

I suggest that most people who are on retirement programs would say it is important to save the system, not only for me as a selfish reason but for my children and my grandchildren, and we are asking everybody to have a more realistic adjustment in what their increases should be—still get an increase if the cost of living goes up, of course, but guaranteed, guaranteed in a better fashion because the system is going to be stronger. All of the retirement programs will be stronger and more solvent as a result of our Consumer Price Index adjustment. People will get an increase. The increase will be smaller than it might have been, but the principle is that the formula is incorrect, and we are trying to correct the formula. What is wrong with that?

So, Mr. President, let me reserve my time and conclude by saying that there is going to be an opportunity perhaps in the next couple of weeks to present our budget in this Chamber, to have our colleagues take a look at it and to, yes, vote for it because we think it truly represents the only bipartisan effort that has a real chance of passing and getting the job done.

Mr. CHAFEE addressed the Chair.

The PRESIDENT pro tempore. The able Senator from Rhode Island is recognized.

Mr. CHAFEE. Mr. President, I want to ask the Senator from Louisiana a couple of questions, if I might, on my time.

Mr. BREAU. Sure.

Mr. CHAFEE. I should like to say to the distinguished Senator that I encounter fellow Senators who say, "I'm all for your plan except I don't like the tax cut," or, "I am all for your plan except I don't like that change in the Consumer Price Index," or, "That's an excellent plan, but the Medicare number isn't the one I like."

Now, my question to the Senator from Louisiana is, What other vehicle is going to be presented that fixes these problems? If they do not accept our proposal, the proposal of the distinguished Senator from Louisiana and I and this wonderful group of bipartisan Senators working with us, if they do not like that, what else has a chance at being enacted that is going to balance this budget, not only at the end of the seventh year but in the outyears as well?

Mr. BREAU. If the Senator will yield for a response to the question, the Senator has outlined a formula for failure, a formula for disaster. If every Member comes up and says, "I like what you have done except one little item," we will never get any agreement. The essence of the agreement on this issue is a compromise between those who want to do it all one way or

all the other way. So, yes, there will be differences, as there was—and I know the Senator remembers this—in our own discussions. The Members said, "It is a little too far in this direction," or, "It is not far enough in that direction."

What we have shown, however, is that you can come together in a bipartisan fashion and reach an agreement that gets the job done. I think it is a genuine compromise. That is the only way the job can get done.

Mr. CHAFEE. The distinguished Senator from Vermont is here and has some comments on this, and I know he has duties presiding in a few minutes, so I would like to yield whatever time he wishes.

Mr. JEFFORDS. I thank the Senator very much, my good friend from Rhode Island. I am pleased to be here again this morning to talk about the importance of adopting a balanced budget in this Congress.

As the speakers before me have outlined, it is extremely serious, and this may be the only opportunity we have now that we have a group of moderates who believe very strongly that there is a solution and that if we all sit down together and reason, we can have a balanced budget. I believe that very strongly.

The last time I spoke here, I spoke as a member of the Appropriations Committee and of the dire need with respect to the ability to appropriate to bring the entitlements under control. I suggested at that time that we had some difficult decisions to make in that regard. In particular, we have to look at the CPI and also we have to look at entitlements, especially those in the area of Medicaid and Medicare, to find ways to better handle them so that we do not continue the rapid increase we have in expenditures, which has made it imperative that we get together on a balanced budget.

Today I would like to speak to you as the chairman of the Senate Education Committee. Those of us who depend upon discretionary funds to accomplish those goals which we have set out look at the future and realize that with the increasing needs we have because of international competition in the area of education, there is no way we can reach those by depending upon our State and local governments to raise those funds, especially if you take a look at what the present trends show would be necessary to cut back on discretionary spending, especially the nonmilitary discretionary spending.

Let me briefly outline to you some of the dire consequences with respect to education.

On the one hand, we have recognized now for over a decade the incredible need we have to improve our educational system, in particular to meet the demands of international competition. Study after study has shown that if we do not change and improve our educational system, then in the next century the United States will no

longer be an economic power but will be a second-rate power.

What is the rationale and what are some of the reasons for that conclusion? First of all, international studies comparing our young people with those of other nations have shown that this country, which has been proud of its educational system, ranks dead last when it comes to the ability of our young people with respect to mathematics, with China, a growing economic power, being by far the leader with respect to education of its students in mathematics.

In addition, even a more horrible situation is the fact of the so-called forgotten half. The forgotten half are those individuals who are not college bound. We have not paid much attention to that group. In fact, studies that have been done by those who measure literacy found that half of our students who graduate from high school are functionally illiterate. That has to be turned around.

That is not even taking into consideration the fact that in some cases up to 30 percent of the students have already dropped out of high school. If you add those percentages together, you can see that this Nation's might with respect to education capacity is not there.

What do we do to change that? I am not one who would be up there to disagree with those who say you just cannot throw money at and improve education. That is a fact. What you cannot do is say you must cut back on education. Now we have suddenly gotten the message, at least from the people as well as from those who are discussing it, that cutting education is the poorest thing we can do.

But, again, I wish to point out that if we do not do something about balancing the budget, the impact upon discretionary spending is going to be so dramatic we cannot escape the fact we may have to start cutting back on education. That would put this Nation in dire peril. The public agrees with this; 86 percent say do not cut education, and 80 percent of those who said balance the budget said, yes, but do not cut education.

Congress heard that message this time, and we were able to escape. Due to the efforts of the Senator from Maine and others, we were able to stop, for instance, the tendency to seriously cut back on funding with respect to higher education. We were able to stop that and to keep it steady rather than having the dramatic cuts that were suggested by the other body.

In addition to that, the work of the senior Senator from Pennsylvania was very dramatic in the final analysis on the need not to cut back on education, and we finally recognized that we could not and we did not this time cut education. But the pressures in the future are going to be very dramatic.

Let me conclude by pointing out again there are dramatic needs in education that must be fulfilled. For in-

stance, if we were to match what other countries do with respect to days spent in education—China spends 250 days a year in education; we spend 180, and all of the other nations, our international competition in Asia and Europe, average about 220 days—we would have to appropriate, in order to get even with the average, some \$76 billion to spread over the States. That is just one example. I could go on.

Let me just stop and say we have an opportunity here through the leadership of Senator CHAFEE and Senator BREAUX to be able to bring into check the decrease in the spending of the discretionary funds which will be necessary if we do not adopt a plan such as theirs.

I commend them for their effort. I intend to work as hard as I can in order to bring the spending under control so that we do not have to have the negative impact upon education which we will have to have if we do not do so.

I yield the floor.

Mr. CHAFEE addressed the Chair.

The PRESIDENT pro tempore. The distinguished Senator from Rhode Island, Senator CHAFEE, is recognized.

Mr. CHAFEE. Mr. President, first I would like to thank the Senator from Vermont for his effective comments.

I notice the senior Senator from Pennsylvania is here. I would be glad to hear his views on this subject.

Mr. SPECTER addressed the Chair.

The PRESIDENT pro tempore. The able Senator from Pennsylvania, Senator SPECTER, is recognized.

Mr. SPECTER. Mr. President, I thank the Chair. I thank my colleague from Rhode Island for yielding to me, and I congratulate him and the distinguished Senator from Louisiana, Senator BREAUX, for the tremendous amount of work and success which they have brought into a program for a 7-year balanced budget.

My sense is that with a centrist approach, which is represented by the charts which Senator BREAUX has spoken about and the one which is next to Senator CHAFEE, we can have a balanced budget, and we can do it with a scalpel and not with a meat ax.

The bill which we passed last week and which was signed by the President is illustrative, in my judgment, of what we can do if we really set our minds to it. I chair the Subcommittee on Labor, Health, Human Services and Education. And, as I have said on this floor, it has been an embarrassment to me that that bill could be brought to the floor at a much, much earlier time. I will not review the bidding as to why it could not be brought to the floor, but suffice it to say that there were riders which kept it from consideration by the Senate.

Then Senator HARKIN, the ranking member on the subcommittee, and I crafted an amendment to add \$2.7 billion, significantly for education, but also for health, human services, and worker safety. That amendment passed the Senate by a vote of 84 to 16, which

is obviously a very strong bipartisan showing.

We then went to conference with the House of Representatives. The very difficult part is finding the figures which will be signed by the President and which will be acceptable to the House of Representatives. We had 20 hours of negotiations over 2 days, and we finally worked it through on the House-Senate conference with the House conferees to bring it to a narrow 6-to-5 vote, but it was accomplished.

I believe that is indicative of what we can do with this centrist approach. It is my hope that this will be reduced to bill form and that we will put it forward.

I have urged my colleague, Senator CHAFEE, to bring the proposal to the floor and to bring it to a vote because I believe that there are many Senators, besides the 20 or so who have joined in these meetings, who would be willing to support it if it came to the Senate floor for a vote.

It is reminiscent of the tremendous job which the distinguished Senator from Rhode Island, Senator CHAFEE, did on health care back in 1992, 1993, and 1994. He had so many meetings in his office at 8:30 in the morning every Thursday that most of us should have been lessees. We should have paid rent over there.

One of the concerns that I had on the tremendous job which he did was that it never came to the floor for a vote under the time of pressure for which I think we would have enacted that bill. He did set the stage, I think, for those of us working with him, and under Senator CHAFEE's leadership, for the legislation which was passed last week, the KASSEBAUM-KENNEDY bill. This bill, which is targeted, did not have the problems of the administration's bill which was a complete revolution.

So that with this centrist approach, I think we have it. I hope we will bring it to the floor. I think it is the model for accommodation, and I am glad to be a part of the team.

Again, I thank my colleagues who yielded the floor.

Mr. CHAFEE addressed the Chair.

The PRESIDING OFFICER (Mr. JEFFORDS). The Senator from Rhode Island.

Mr. CHAFEE. Mr. President, I thank the senior Senator from Pennsylvania for his kind remarks and for the wonderful work and help which he has given us on this.

I would like to turn back, if I might, to the Senator from Louisiana because both of us have encountered, as I have previously mentioned, objections to specifics here. But this is not exactly unknown territory.

Let me suggest to the Senator from Louisiana that a bill went through this body which had high tax cuts. It did not have the corrections to it in the CPI. And that bill, as I recall, did not get enacted into law. In other words, one approach was tried which many people here say, "Oh, we need more

taxes. We do not like this. You only have \$130 billion in taxes. You ought to have \$245 billion." OK. We tried that.

Am I correct in saying that?

Mr. BREAUX. The Senator is absolutely correct. We discussed and had heated discussions about the size of all of these reductions in spending as well as the size of the tax cut. But this is reflective of a genuine compromise reached between people of differing opinions. But it reflects, I think, the only way we can get the job done.

Mr. CHAFEE. So when those others say do it this way or do it that way, there is no other train leaving the station that I am aware of that is going to reach the terminal point successfully. In other words, the President has indicated that, and the Democratic leadership has indicated that they do not want high tax cuts.

Am I correct in that?

Mr. BREAUX. The Senator is correct. I think both sides have sort of polarized on whether to have a tax cut or not. But we have tried to listen to both sides and try to come up with a recommendation that meets the concerns of both sides but reflects a true compromise.

Mr. CHAFEE. That is the point that I would like to get across to our listeners and viewers—that it is easy to be critical. It is easy to say, "oh, no. Do not fool with that CPI, that Consumer Price Index, and the Medicare figure is too high. We do not like what you have done on welfare. The Republican Governors do not like what you have done totally on welfare an area that has been mentioned before briefly.

We make some savings out of Medicare, or actually what we do is we reduce the rate of growth over the next 7 years. Medicare, unless something is done, is truly going to go broke.

People say, "Oh, we have heard you people say that around here on this floor before." All right, let us just look and see what has happened. We have two recent reports. The New York Times reported last Tuesday that the Medicare hospital insurance trust fund—which is the fund that pays the hospital bills for the elderly—operated at a loss for the first 6 months of this current fiscal year. It fell short, the outflow as compared to the income, fell \$4 billion short in that brief time.

So once upon a time we were bringing in more revenue than we were expending and we built up a surplus. Now the lines on the graph have crossed and the expenditures are exceeding the income. That is not going to change unless we do some things.

Yesterday's Washington Post reported the Congressional Budget Office now believes the Medicare trust fund will become insolvent in the year 2001. When we started on this exercise just a few months ago we thought it was going to go insolvent in 2002, so in just a few months we have seen the fiscal situation of the trust fund deteriorate by a year. So, unless something is done in this Medicare Program, along the

lines that we have suggested, the Medicare trust fund, which pays the hospital costs of the elderly in this Nation, is going to go broke. That is something we ought to take very, very seriously.

I read a comment the other day in the newspaper where somebody said, "Oh, don't believe that. We are going to take care of it." It is not easy to take care of some of these situations once the downward spiral starts and the expenses exceed the income. Once that starts there is really serious trouble ahead.

I would like to now touch briefly on the Consumer Price Index. The Consumer Price Index has clearly been overstated. What we do, as the Senator from Louisiana pointed out, in our group, we say let us state the Consumer Price Index accurately. So that is what we have done. That results, fortunately, in dramatic savings, not just over this 7-year period, but for the outyears as well. So, a key part of our proposal here is the recognition of the fact that the Consumer Price Index is overstated. We hope our fellow Senators, paying attention, listening and studying this situation, will come to the conclusion that we have, that it is essential to state the Consumer Price Index in an accurate form. That results, as I mentioned, in our calculations, of a \$110 billion savings over the 7-year period with dramatic savings in the outyears, and which will mean, as the Senator from Louisiana briefly said, that Social Security and Medicare will be here in the future years.

Mr. BREAUX addressed the Chair.

The PRESIDING OFFICER. The Senator from Louisiana is recognized.

Mr. BREAUX. Mr. President, I yield myself such time as I may consume.

I would like to ask a question of the distinguished Senator from Rhode Island, because he was talking about the Consumer Price Index adjustment. He and I served on the Senate Finance Committee together. We know we had asked for a study by a commission to report to the Finance Committee. I think the commission was asked for by the distinguished Senator from New York, Senator MOYNIHAN, and, at that time, Senator Packwood, to report to us as to whether the CPI, the Consumer Price Index, was correctly reporting the cost of living or not. That commission made a preliminary report and said no, it is incorrect, in that it overstates inflation by anywhere between 0.7 percent up to 2 percent.

So what we have done is suggest we make an adjustment, that we make a correction, that we make it more accurate than it was before. Our plan says we are going to take a low estimate—let us use one-half of 1 percent—and make the adjustment there.

It seems to me, and I ask the Senator, that what we are suggesting makes such great sense I am wondering if he could comment on why there is so much opposition. It seems no one wants to touch this part of our plan for

fear of the political consequences. Could the Senator shed some light on why something that seems so reasonable is such a problem to do?

The PRESIDING OFFICER (Mr. SANTORUM). The Senator from Rhode Island.

Mr. CHAFEE. I think the answer to this is that people really do not want to get into trying to solve these dramatic problems that are out there in connection with the entitlements. The word "entitlement" is one we toss around here, but what are entitlements? Entitlements are, principally, Social Security. But they are also Medicare, Medicaid, and welfare. We believe—and it is not just us but every serious student of the deficit of this Nation and the direction we are going has said so—it is essential to get the expenditures in these entitlement programs under control or there just plain will not be money to pay for them in the future years.

So when we began looking into this in the Finance Committee, as the Senator from Louisiana indicated, Chairman Alan Greenspan of the Federal Reserve came and testified before us and he said you should look into the Consumer Price Index, and whether it is accurately stated? It was his view, which was corroborated by further studies, that the Consumer Price Index is overstated and the Consumer Price Index is the basis on which the cost of living adjustments are computed for Social Security, for pensions, indeed, for the Tax Code.

So we looked into this further. As the Senator said, we set up a commission to look into what is the accurate Consumer Price Index. As the Senator said, the preliminary report has come back saying that as currently computed it is overstated somewhere between, on the low side 0.7 percent, on the high side 2 percent.

So we looked at that, here is 2 percent way up here, 0.7 percent here. We said we will not go as high as either of those figures. We will only make an adjustment of 0.5 percent, from the Consumer Price Index. Actually, we would make really tremendous savings if we, for example, took the 2 percent.

Mr. BREAUX. Yes.

Mr. CHAFEE. But we chose not to do that, as the Senator recalls.

Mr. BREAUX. Let me thank the Senator for that comment. I want to talk about why we did what we did with regard to the CPI adjustment, because it is controversial. But I think, as our colleagues understand better what it actually does in the real world, they will agree with us that it is the right thing to do. I think it is the correct thing to do, not only economically, I think politically it is the correct thing to do because we are telling senior citizens and everybody else who benefits from programs that are indexed for inflation, that we are going to take the steps necessary to make sure the program is there for the future. Unless some corrections are made, you are

going to have an indexed program that does not have any money in it. So if the program is broke, what in the world is the benefit of having it indexed to inflation if there is no money left in the Treasury?

I will give an example. Just with the Social Security Program, the estimates are, by the year 2030, the number of people receiving benefits is expected to rise to 43 beneficiaries for every 100 workers. Right now it is 27 beneficiaries for every 100 workers. There is an explosion with the baby boomers who are going to be retiring. What that means in real terms is that by the year

2030, not that far off—by the year 2030, Social Security benefit payments will exceed the tax revenues dedicated to the program.

That simply means we are going to be paying out more than we are taking in. So if we are going to pay out more than we are taking in, what benefit is it to say it is indexed and I will get an increase every year to make up for inflation? If you do not have any money left in the pot, it does not matter it is indexed to any kind of standard because there is no money left to pay a person.

So what we have suggested is a fix in this area. It is not the only way to solve the problem, but it is part of a package. Increasing gradually the retirement age is part of that suggestion, and that I support as well.

Let me tell you what that means in the real world. I ask unanimous consent to have printed in the RECORD a table which is entitled "Impact of 0.5 percent CPI Change on Social Security Beneficiaries."

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

IMPACT OF 0.5 PERCENT CPI CHANGE ON SOCIAL SECURITY BENEFICIARIES

	1995	1996	1997	1998	1999	2000	2001	2002
Average Monthly SS Benefit .....	637	656	676	696	717	738	761	783
Average Monthly SS Benefit CPI—0.5 Percent .....	637	653	669	686	703	721	739	757
Average Monthly Difference .....		3	7	10	14	18	22	26
Average Yearly Difference .....		38	79	121	166	213	263	315

Mr. BREAUX. What this simply shows is that it has a very small dollar impact on a retiree when you look at the great benefits of shoring up the system. For instance, the average Social Security monthly benefit in 1995 was \$637 a month. With no change at all, that will go up to \$656 a month in 1996.

With our change—and people say, "Oh, it's so difficult. It is impossible to do politically. You will have all the seniors unhappy. It is a terrible thing to do"—with our change the person who is averaging \$637 per month in 1995 will still get an increase next year; it will go up to \$653 instead of \$656. That is \$3 less. It still is a substantial increase.

What is more important, it is a more accurate increase because it more accurately reflects what the adjustment should be. How can anyone stand up and say, "Not only am I going to have my benefits increased for inflation, guaranteeing an annual increase, but I want it to be overstated, I want it to be inaccurate, and I want it to be a mistake, which determines how much I get."

How can anyone stand up and say, "I want an error in the adjustment of what the increase should be to determine how much I'm going to get from my Government," putting in jeopardy the entire program for future generations? I cannot think of a senior who would ever want to stand up and say, "I want more than an inflation adjustment accurately says I should get," when it runs the risk of destroying the very program that their children and grandchildren, as well as themselves, have come to depend on.

So we have taken a great, courageous political step, some say. I think it is a factual step that has to be taken in order to preserve the system. I reserve the remainder of my time.

Mr. CHAFEE addressed the Chair.

The PRESIDING OFFICER. The Senator from Rhode Island.

Mr. CHAFEE. Mr. President, I agree with the Senator from Louisiana that

this step is simply the right thing to do. All we are doing is saying, let the Consumer Price Index be accurately stated. That is what we have chosen to do here.

Some have labeled that a very courageous step. We did not look on it that way. We think of it as the logical step to take to state the CPI more accurately. Likewise, there is, as the Senator from Louisiana so aptly stated, a tremendous benefit to doing that. Otherwise, unless we do it, the Social Security system is going to go under water.

I see the Senator from Washington here, and I am glad to hear his comments.

The PRESIDING OFFICER. The Senator from Washington.

Mr. GORTON. Mr. President, last Thursday, I appeared with the two distinguished Senators from Rhode Island and Louisiana and a large number of others to speak in favor of their bipartisan balanced budget proposal on which I have worked under their tutelage over the course of the last several months.

I do not need to repeat the history which led to this point or, for that matter, the details of the proposal itself, except to say, Mr. President, that this is, in fact, a balanced budget, a truly balanced budget by making real changes in the way in which we manage spending programs in this country, true reforms in entitlement programs, to a certain extent, and, in particular, reforms that were not even included in the balanced budget that were passed by this body in December. So from a substantive point of view, it is very real.

Mr. President, the only other comment about the program that I have to say is this. At one level, of course, balancing the budget is almost a moral course of action. It is simply wrong morally and ethically for us to continue year after year spending hundreds of billions of dollars on services that we want but are unwilling to pay for, and then sending the bill for those

services to our children and to our grandchildren. Beyond it simply being wrong, Mr. President, it is destructive of opportunity for future generations.

We are convinced and we are told by those who are economic experts that a balanced budget, even the clear promise of a balanced budget, with policy changes that will lead to that point, will mean more money for the Federal Government from the present tax system because of lower interest rates and greater prosperity, but, more significantly than that, more money in the pockets of American citizens, more jobs, better jobs, lower interest rates on homes and automobiles and other major purchases people make. There is a tremendous fiscal dividend to be had from a balanced budget, not only for the Government but more importantly for our citizens.

I will conclude, Mr. President, by saying that I believe that the two Senators who have led this effort deserve the gratitude not just of the Members of the Senate and of the Congress, but of the American people. They have not to this point gotten the publicity, the public acceptance, the public knowledge, for that matter, of this proposal that they deserve. But they have soldiered on to a point at which this is a very real alternative and one I hope that Members of both parties and the President of the United States will accept.

Mr. CHAFEE addressed the Chair.

The PRESIDING OFFICER. The Senator from Rhode Island.

Mr. CHAFEE. Mr. President, I thank the Senator from Washington for those very generous remarks. I appreciate the kind words he said. Let me just say that we cannot go too far wrong if we are doing something right for the future generations of this Nation.

It is absolutely clear that, if we continue on the present course, trying to fund these entitlements—Medicare, Medicaid, Social Security, welfare—without changes, it is clearly going to bankrupt the Nation. You see some projections that estimate an individual

will have to pay 80 percent of his or her earnings to the Federal Government in order to sustain these programs in future years. They are clearly out of control.

That is why we try to bring them under control. It is not just us predicting this. It is already happening, and ahead of schedule, as we see with the Medicare Program.

The Senator from Colorado is here, the senior Senator from Colorado. I will be delighted to hear his comments.

The PRESIDING OFFICER. The Senator from Colorado.

Mr. BROWN. I thank the Senator from Rhode Island and the Senator from Louisiana for their leadership on this project.

Mr. President, why in the world would you have a budget process going on separately from the committee? I think there are some simple truths that lay out why. The reality is that this Congress tried to control spending. They did it by proposing increases last year of roughly 3-percent. That may not sound like cuts to people outside the U.S. Congress, but in reality a 3-percent increase was less than the rate we had been on and less than what the natural law provides with the automatic increases in a variety of programs.

The President honestly, sincerely felt that we ought to increase spending at least 4, 4.5 percent. Thus, they did not reach agreement. Mr. President, that fact has not gone away. The reality is that the President of the United States wants much more in the way of an increase in spending than the Republican Congress wants. There is no way around that. It is not going to change tomorrow.

I think we all hope that the President will sit down with Congress and work out an arrangement. But that has been tried, and the reality is, the two parties have dramatically different views of what is good for the country. The President sincerely believes we need to increase spending more than the Republicans want to increase spending.

Mr. President, the only salvation for us is a bipartisan effort in Congress that comes up with enough votes to override the President's veto. That is a simple reality and a simple fact. If we did not develop a budget that does that, we did not achieve any progress. That is why I think this proposal has so much merit.

It is a bipartisan proposal. Is it as strong as I would like? Of course not. The reality is we ought to be cutting spending, not increasing it at a slower rate. Anybody who looks at their family budget knows that. But this is dramatically better than no progress at all, and it is the one alternative we have this year to make some progress.

There are some other facts that are realistic, too. Medicare is going to be insolvent. We can debate about whether it is going to be 5 years or 6 years or 4 years, but it is going to be insolvent.

The American people are not well served if you let it go to a position where it is insolvent. Social Security is going to be insolvent. It may be 20 years, it may be 25 years, but it will be insolvent.

To pretend you are somehow helping the American people by running these trust funds into insolvency is ludicrous. The American people know it is ludicrous. The American people want a Congress that will deal with the problems, not hide from them, not gloss them over, not pretend they do not exist. They want it done fairly, they want it done evenhandedly. Mr. President, this budget offers a bipartisan way to resolve our financial difficulties.

Mr. CHAFEE addressed the Chair.

The PRESIDING OFFICER. The Senator from Rhode Island.

Mr. CHAFEE. I thank the Senator from Colorado for those excellent remarks.

I yield what time the Senator from Utah needs.

The PRESIDING OFFICER. The Senator from Utah is recognized.

Mr. BENNETT. Mr. President, I rise to pay tribute to the two Johns—CHAFEE of Rhode Island and BREAUX of Louisiana—for the leadership they have shown and for the tenacity which they have maintained throughout this process.

As I go home to Utah, I have two reactions from people, as they go through the process and go through what we have done here. The first one that comes from people, who are, perhaps, more partisan than some others, is to find some aspect of this thing and complain. "How can you, Senator BENNETT, support"—fill in the gap—and the reaction is, "No, I do not support that. You are right, I campaigned against that." "Well, how can you stand here and say that this was a good thing that you have been involved in?"

And then we get to the second reaction, which comes from many of the same people, but includes a broader spectrum, and it is summarized, "Can you guys not get your act together back there and solve some of these problems?" "Why are you so partisan that you cannot address the fundamental issues of the country?" "Instead of a Democratic or Republican solution," one of my constituents said, "is there not an American solution?" I am not so filled with hubris as to say the result here is the "American solution" as opposed to the Republican or Democratic solution.

I remember something my father used to say when talking about his experience in the Senate. He said, "We legislate at the highest level at which we can obtain a majority." I think that is the driving force here—that we have recognized that there will be things in the bill that I will hate. There will be things in the bill that I will really like and that folks on the other side will hate. But we legislate at the highest level at which we can obtain a major-

ity. And the way we obtain a majority is to talk to each other and work things out and make the kinds of changes and understandings that we have to make in order to get there.

Unfortunately, in the circumstance we live in today, a majority is not 51 votes; a majority is 60 votes. And you cannot get 60 votes in the Senate if you do not have some give and take. So I salute the tenacity of the folks who have been involved in this process to keep at it and to keep both sides together and to keep both sides equal. I think that is a powerful, powerful idea.

What are we doing, Mr. President? We are trying to solve the financial problems of the United States. What are the financial problems of the United States? Quite simply, spending exceeds income at an increasing rate. That is very fundamental. So we have to address ways of increasing income and ways of decreasing the growth of spending.

The thing that I endorse the most out of this is the recognition that there are ways to increase income that defy the wisdom of the computers that make straightforward extrapolations. The willingness of everyone to put a capital gains tax cut in this package is the most encouraging thing for me. The computers say it is going to cost us money. I know the computers are wrong. I know that when we get actual experience, we will find that cutting the capital gains tax rate, as this package does, will increase capital gains tax revenue. Every time we have done that in history, that has been the result. Every time we have raised the capital gains tax rate, we have reduced capital gains tax revenue. Why we cannot get the computers programmed to recognize that fact is something I have quit arguing about, because I have been unable to budge anybody who programs the computers. But the willingness of both sides to say, OK, we will score this as a revenue loss, even though I know it is not, and we will pay for it because it is the right thing to do, shows a degree of understanding that I think is terrific.

The other thing we do in this package that I salute is that we have the willingness to confront the CPI. We have the willingness to say the Consumer Price Index is out of whack. The Consumer Price Index is driving the increase in spending. We have to confront it, even though it produces a bonus for a lot of our citizens.

I am heartened by the courage of all 22 members of this group, Democrats as well as Republicans, who looked each other in the eye and said, "It is time for a little truth telling. Even though the CPI is politically sensitive, it is time to do the right thing."

So, Mr. President, as I said, I salute the two Johns for their leadership, and the other 20 members of the group, who stood together on these crucial issues. I recognized immediately that there are things in the deal I do not like. But, ultimately, the direction in which

it moves us is the direction in which the country must go, in a bipartisan manner, lowering the temperature of the partisan arguments that occur on this floor. I am proud to have been a part of the overall effort.

Mr. BREAUX. Mr. President, I will yield whatever time he needs to the Senator from Wyoming. I will conclude by pointing out that I think we have laid out a good package. We have indicated that there will be an opportunity in the next week or so to present our package on the floor of the Senate as an amendment on a substitute to the Budget Committee resolution. We hope that between now and then we will have a chance to talk to our colleagues and go into greater detail with them as to what our package contains, to try and answer the questions they have, knowing that it is not perfect, but that we think it represents a true and fair compromise.

With that, I yield to the Senator from Wyoming.

Mr. SIMPSON. Mr. President, I ask unanimous consent that we continue for an additional 5 minutes in morning business, which will enable me to speak 4 minutes and conclude with either Senator CHAFEE or Senator BREAUX.

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

Mr. SIMPSON. I am pleased to join with Senators CHAFEE and BREAUX, and the others of the centrist coalition, in announcing this plan. This is very comprehensive. I hope our colleagues will take a very clear look at it. But I just so admire Senators CHAFEE and BREAUX—tireless, able, caring, sensible people, trying to do a sensible thing. We cannot continue this raucous partisanship about who is doing what to who. Medicare cannot be touched and now, of course, it is going to go broke a year, maybe 2 years, earlier than we thought 6 months ago. Here we rock along and, finally, we are addressing it in this proposal.

I am particularly pleased that we are looking at the Consumer Price Index, and that we propose to reduce that CPI by one-half of a percentage point in 1997 and 1998, and by three-tenths of a percentage point after that, for the purposes of computing the COLA's, the cost of living allowances. And, of course, the AARP will shriek like a gut-shot panther and leap off their pinnacle down there at their temple, for which they pay \$17 million a year rent. Please go see it. I hope everybody goes there. Get your shoes cleaned off before you go in, or you will hurt the marble floors. It is quite a place. They will go crazy on this. They will wail about tearing the back door down and the terrible effort to get Social Security benefits. And we are not cutting Social Security benefits. That is not what is driving this issue.

What we are striving to do is have a more accurate CPI that reflects the true level of inflation. This is the issue that is most important to the senior citizens of this country—inflation. This

certainly does drive seniors into doubt and concern. That is what we must do. It is inflation that eats away the seniors' lifetime savings.

So we have had the testimony from Alan Greenspan, and others, who believe the CPI is off the mark. We think this is a very valid step—\$110 billion in savings over 7 years. That may not be a popular proposal, but it is critically important. If we were to do that for 10 years on a 1 percent, which we are not dealing with, but that would be \$680 billion over 10 years. The figures are huge and, exponentially, they go on out.

So it is a total package. Some are not going to like things here, but it is a very good first step. We achieve some really significant reversal of what is happening to us as a country. I served on the Entitlements Commission, and we all know where we are headed.

I like the one about making Medicare eligibility link up with the Social Security retirement age by gradually increasing that eligibility age. That acknowledges that life expectancy is higher now.

We are going to affluence test Medicare part B. I would have done more of that. We say those who have annual incomes exceeding \$50,000 and couples who have incomes exceeding \$75,000 will be affluence tested. I certainly think we could do that at a lower income sometime, but we do not have the votes to do it at this time.

We limit Medicaid. I would have liked to have seen more flexibility, but I am not going to let that deter me from supporting this.

Everything here will have an objection from somebody, but the totality of it overwhelmingly outweighs the concerns I have about these other things.

So in many other areas—taxes—I had my concerns. Here is a tax package. I did not think we should just give away \$250 for every child under the age of 17, but in the spirit of cooperation and consensus, we were able to address some of my concerns. There was not a single thing I addressed that was not met with the finest courtesy and genuine regard of what we were trying to do.

So I urge all my colleagues to consider the plan. Those who automatically reject the notion of a bipartisan budget will have no trouble at all finding one or two items to oppose it, but I am convinced anyone who approaches the plan with an open mind and a recognition that all true bipartisanship requires a great degree of compromise—compromising an issue without compromising ourselves—will conclude this as an impressive plan. No tricks, no gimmickry, none of the usual stuff. It makes the tough, politically unpopular decisions Republicans and Democrats alike have been putting off for far too long.

I again thank sincerely Senator CHAFEE and Senator BREAUX. They are statesmen.

Thank you.

Mr. CHAFEE addressed the Chair.

The PRESIDING OFFICER (Mr. CAMPBELL). The Senator from Rhode Island [Mr. CHAFEE] is recognized.

Mr. CHAFEE. Mr. President, first, I want to thank each of the speakers who took the trouble to come here today in support of this effort that Senator BREAUX and I have the privilege of leading.

Second, I would like to say that what this is all about is future generations. Unless we do something about these entitlements, this country of ours is going to be in great financial and economic peril. If we take these steps now that we have outlined, then there is a wonderful chance—it is not only a chance, it is a fact—that we can reverse the trends that are now underway in our two largest spending programs—Social Security and Medicare—as well as Medicaid and welfare.

So this is it. It is easy to criticize, and people, as I mentioned earlier, will say, "I'm all for it, except for the CPI," or "I'm all for it, except for the Medicare number," or "I don't like your tax figure." But nobody else has come forward with a program that has the support of Senators on both sides of the aisle, Democrats and Republicans.

So this is it, and we hope that everybody, every single Senator in this body will carefully consider what we have come up with. We sincerely hope that they will join with us. We want more people. There are 22 of us who have worked together on this since October. But 22 is not enough, and it is not enough for Senators to say, "Well, that's pretty good. We'll see what else is going to come along." Nothing else is going to come along that we know of. We have been involved with this for some time.

So we do seek support from our fellow Senators on both sides of the aisle. The beneficiaries will be our children and our grandchildren, and that is a pretty worthwhile goal.

I thank the Chair and certainly thank my distinguished colleague, Senator BREAUX, who has been terrific in the leadership he has given to this program right from the beginning.

#### TRIBUTE TO FORMER JUSTICE RICHARD L. "RED" JONES

Mr. HEFLIN. Mr. President, retired Alabama Supreme Court Justice Richard "Red" Jones passed away on April 22. I had the pleasure of serving with him on the court in the mid-1970's, and remember well his great wit and ability to tell stories. He was also a true legal scholar who approached cases and issues with zeal accompanied by seriousness. He loved the law. He was always tenacious in his determination to arrive at the correct decision under the law.

Red grew up in rural Pickens County, located in west-central Alabama, where he was known by his initials, "R.L." People there continued to refer to him as R.L. throughout his life, as opposed