



United States
of America

Congressional Record

PROCEEDINGS AND DEBATES OF THE 104th CONGRESS, SECOND SESSION

Vol. 142

WASHINGTON, WEDNESDAY, MAY 15, 1996

No. 68

Senate

The Senate met at 9:30 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:

Cast your burden on the Lord and He shall sustain you.—Psalm 55:22.

Gracious Father, we respond to this uplifting promise with gratitude. Each of us has burdens. Some of them are profoundly personal. We carry the burden of our failures. In the quiet we hear You say, "You are forgiven; peace be with you." We also carry the burden of worry over our families and friends. You remind us that You love the people about whom we are concerned and so we turn our anxiety about the needs of people over to You. In our work we are burdened by the unfinished and the unresolved. Help us to do the very best we can each day and leave the results to You. As leaders of our Nation, we are troubled by the drift of our society from Your righteousness and truth. The burden of leadership rests heavily on our shoulders. We hear Your whisper in our souls, "I will never leave you or forsake you."

Dear God, bless the Senators, their families, staffs, and all who are part of the extended Senate family here in the Capitol. Whatever burdens each carries today, we ask You to lift them by Your grace and provide for them out of Your boundless resources. Then help us to lift each other's burdens by being as encouraging as You have been to us.

Today we join with the Nation in honoring and expressing our gratitude for peace officers. Thank You for those gallant officers who have given their lives in the line of duty.

In the name of our Lord. Amen.

RECOGNITION OF THE ACTING MAJORITY LEADER

The PRESIDENT pro tempore. The able Senator from New Mexico is recognized.

SCHEDULE

Mr. DOMENICI. Mr. President, on behalf of the leader, I make the following statement to the Senate.

This morning the Senate will immediately begin consideration of Senate Concurrent Resolution 57, the concurrent budget resolution. There is a 50-hour statutory time limitation on the budget, therefore Senators can expect late sessions this week and rollover votes throughout in order to complete action on the budget this week.

CONCURRENT RESOLUTION ON THE BUDGET

The PRESIDING OFFICER (Mr. INHOFE). Under the previous order, the Senate will now proceed to consideration of Senate Concurrent Resolution 57, which the clerk will read.

The assistant legislative clerk read as follows:

A concurrent resolution (S. Con. Res. 57) setting forth the congressional budget for the United States Government for fiscal years 1997, 1998, 1999, 2000, 2001, and 2002.

The Senate proceeded to consider the concurrent resolution.

The PRESIDING OFFICER. The Senator from New Mexico.

PRIVILEGE OF THE FLOOR

Mr. DOMENICI. Mr. President, I send to the desk a list of majority and minority staff members and ask unanimous consent they be granted the privilege of the floor at various times at the option of the manager and the ranking member.

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

The list is as follows:

MAJORITY STAFF

Brian Benczkowski, Jim Capretta, Amy Call, Lisa Cieplak, Christy Dunn, Beth Felder, Alice Grant, Jim Hearn, Keith Hennessey, William Hoagland.

Carol McGuire, Anne Miller, Mieke Nakabayashi, Denise G. Ramonas, Cheri Reidy, Ricardo Rel, Karen Ricoy, J. Brian Riley, Mike Ruffner.

Melissa Sampson, Andrea Shank, Amy Smith, Austin Smythe, Bob Stevenson, Beth Wallis, Winslow Wheeler (detailee).

MINORITY STAFF

Amy Abraham, Kenneth Colling (fellow), Bill Dauster, Tony Dresden, Jodi Grant, Matt Greenwald, Joan Huffer, Phil Karsting, Jim Klumpner, Soo Jin Kwon.

Daniela Mays, Sue Nelson, Jon Rosenwasser (fellow), Jerry Slominski, Barry Strumpf.

Mr. DOMENICI. Mr. President, again in behalf of the majority leader, I ask unanimous consent that the presence of small electronic calculators be permitted on the floor of the Senate during consideration of the 1997 concurrent resolution.

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

Mr. DOMENICI. Now, Mr. President, as I understand it, there are 50 hours of debate on this resolution. Unless it is agreed to add additional time, each amendment is given 1 hour for the amendment, 1 hour in opposition to the amendment. Amendments to the amendments have one-half hour, and one-half hour in opposition.

The Budget Act prescribes that opening statements will utilize 4 hours on economics, and that will be the opening of the budget debate. I am not so sure we are going to use all that time, but I would like to engage in a dialog with the ranking member, if he would, at this point.

Senator EXON, I note, and I think you would concur, this is a rather exceptional year in that there are three full budgets that will be offered to the Senate: There is the Republican budget that is pending, encapsulated in the

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



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resolution; there is a bipartisan proposal, led by Senators CHAFEE and BREAUX, which is a full substitute for the Republican proposal; and then there is a third proposal, which I assume you or someone on your side will offer, which is the President's budget, which, again, is a full substitute for the Republican plan. Also, obviously, there are many amendments that Members on your side and our side would like to offer, either to the Republican budget resolution or to one or the other of the other full budgets that I have just briefly described.

It had been my hope, and I share this with you to see what your thoughts are, that we could use the 4 hours allowed for economic discussion, 2 on each side, and then proceed with amendments to the Republican budget for the remainder of the day—we ought to get a lot of them in if we can do that—and that we then, late this evening, take an accounting for ourselves and see where we are, and that at a later time in this debate we take the full budgets that are offered as full substitutes to the Domenici mark. So at some point you would offer the President's and, some time thereafter, Senators CHAFEE and BREAUX, or BREAUX and CHAFEE, would offer theirs.

I think we had a very good spirit of cooperation in the committee. I am just hoping that between us we can get our Members to start sending their amendments to us so we will know where we are going. I can say unequivocally—I heard from the leader yesterday and I read a statement this morning—we are going to finish this this week. I see no reason to go into Friday night and Saturday if we can work together to kind of organize, as best we can, our colleagues in their presentations.

I yield at this point for your thoughts or observations, if you would share them with me.

Mr. EXON. I thank my friend, the chairman of the committee, for his remarks and outline. Generally speaking, I do not know that I have any serious reservations. I think the chairman of the committee has basically stated what should be the procedure. I have a caveat to that that I will mention in just a moment. I simply say that I agree that even though we have 25 hours on each side—and while you have not said that, I understand the intent is the 25 hours on your side would be controlled by the majority leader or his designee, which would normally be you, and the same thing would be true on our side with the minority leader and myself as the ranking Democrat on the Budget Committee. Is that the way? Would we follow usual procedures in that regard?

Mr. DOMENICI. Yes.

Mr. EXON. I see no reason why we should not head for, and very likely can, finish this by Friday late, if not sooner. I say to my friend, in the 4 hours set aside for economic discussions, I do not anticipate we would use

all of our 2 hours on this side, although no one ever knows what happens for sure in the U.S. Senate.

I simply say, as I listened to the opening remarks from the chairman of the committee, if he felt we would likely only have amendments to the Republican measure today, I had intended at a very early time to offer the President's budget, which we offered very early in the procedure in the committee, as you will remember, and we would not agree in advance to any extensive delay in our desire to offer the President's budget, which very likely would be the first action on this side. And so I would like to advise the leader of that.

Mr. DOMENICI. First of all, let me indicate, the leader has already indicated that I am his designee to manage this bill and allocate the time. From time to time, as you will, I will give that to some other Senator who will manage in my stead.

Mr. EXON. We will follow the same procedure here.

Mr. DOMENICI. Let me tell you one thing I failed to mention by way of trying to reach some accord. It is my commitment and desire, and I hope you will cooperate—I think there is no reason why we should not do this. Senator GRASSLEY has requested and I have agreed that his amendment with reference to defense will be the first amendment offered, and it addresses the pending resolution.

So sometime after our opening remarks and some discussions on the economics, I will clearly ask that he be the first one, and I think you will not have any objection.

Mr. EXON. I think it should be a foregone conclusion that whatever the procedure, that you on that side and myself on this side will make the final determination of what will be the order of filing amendments. Certainly you have every right to recognize Senator GRASSLEY for the first remarks on that side.

What I have indicated is when our time comes, it is very likely that the first action on this side will be the offering of the President's budget as a substitute. I just want to alert you to that.

Mr. DOMENICI. You do not intend to have other amendments that address themselves either to our budget or other things before you offer the full budget?

Mr. EXON. That is my present plan, although we have not locked in anything.

Mr. DOMENICI. I just thought it might be interesting, from the standpoint of understanding, if we got some of the amendments out of the way and we were looking at three full budgets and debating them in a sequence which would permit us to see them all kind of one, two, three. But you have every right to do that. So why do we not proceed.

Parliamentary inquiry, Mr. President: Is it correct, under the Budget

Act, that there are now 4 hours equally divided, minus the time we have used, I guess, after the opening statements?

The PRESIDING OFFICER. Yes, that is correct.

Mr. EXON. May I inquire further along those lines. If, after the opening statements by the managers, and we are into the 4-hour period that has just been referenced by the leader of the committee, we jointly agree or should jointly agree to yield back any remaining time—in other words, suppose we have an hour on each side or an hour on that side and half an hour on this side, whatever it is, we can hopefully work to expedite the procedures—

Mr. DOMENICI. Absolutely.

Mr. EXON. And I am sure you would agree.

Mr. DOMENICI. I agree.

Mr. EXON. If we can take that 4 hours and get it down to 1 or 1½, that is our goal.

Mr. DOMENICI. We are going to try to make it less than the 4 hours. We have a few Senators who want to speak on this subject, and they are going to be given that opportunity. And then we will get off that as soon as we can.

I thank Senator EXON for his cooperative spirit this morning. I hope we can do that all the way through the next 3 days.

Mr. President, we begin again today a debate that some might think has not yet ended and others might think never ends. To my friend, the ranking member of the Budget Committee, I know this is the last budget resolution he will manage on the Senate floor. I will have more to say about Senator EXON at the end of these remarks, but he knows the work we are about today and probably for the rest of this week. It is very serious work. It is work that will directly affect our country's future.

In many ways, the work we are about today is a continuation of our efforts of the last year to find a way to balance our Federal budget early in the next century and, in doing that, to look through the budget of the United States and find some areas where we are going to have real trouble down the line if we do not make some reforms and changes now.

In other ways, the work we are about here today builds on the successful efforts last year to reduce spending and put us on a path to a balanced budget. I think the fact has been lost in the heated debates last winter that we did reduce spending on appropriated accounts to the levels assumed in last year's budget resolution.

Largely because of those successes in the appropriated accounts, we are able to continue our goal of reaching balance in 2002 as originally planned. Obviously, our work is to achieve that goal, that goal which would have been made easier had the President signed the Balanced Budget Act of 1995 instead of vetoing it last December. But because the President vetoed that legislation, which we worked so hard to

enact last year, we find ourselves back here today. A little discouraged perhaps, but not daunted at all in our effort and our endeavor, because this issue is not going to go away and the American public demands that we balance spending and revenues at the earliest possible time.

While some things will surely seem not to have changed from last year as the debate progresses, in other ways things will have changed significantly since 1 year ago.

First, one big change is that the President, after nine attempts, has now, at least on paper, with some major gimmicks, figured out a way to present what he claims to be a balanced budget plan. We will have a lot more to say about the President's so-called balanced budget plan, and I sincerely look forward to debating it.

But let me say at the outset, however, that I have known smoke-and-mirrors budgets and I have known real budget plans, and I do not hesitate to award the President, the President's so-called balanced budget plan this year with an Oscar for the best acting in fiction.

Second, another big change this year, we will have a third budget plan to debate. I think that is exciting. The bipartisan budget plan to be offered by Senators CHAFEE and BREAU is a real budget plan. Again, I look forward to debating that plan.

Unlike the President's, which is a hoax of a budget, I want to compliment the group of Senators who have worked hard this last year to put together a real budget, certainly not a smoke-and-mirrors budget like the President's plan. Unfortunately, the bipartisan plan does not achieve balance in 2002, and I have some concerns about elements of that plan that we will debate later. But this is a welcome change from a year ago when Republicans stood here on the floor alone and offered the only real balanced plan for the American people, the only one to be on the floor of the Senate in almost four decades.

Mr. President, the Senate-reported budget resolution, the one before us today, Senate Concurrent Resolution 57, offers America hope. It is real—no smoke and mirrors. It recognizes the need to set priorities, it makes tough decisions, or at least says to those who will follow after it with legislation that they are compelled to make some tough decisions, and it is realistic. It can be done. It needs to be done. This is a budget designed to help working American families, to make them more secure, secure in their homes, in their communities, and in their jobs.

It offers them a more efficient Government, one dedicated to economic growth and security, support for our children and lower taxes on American families.

The resolution before us today recognizes the very simple notion that our Government cannot simply go on spending our children's money. It is

good medicine for our Nation and it is designed to prevent America's children from having to swallow a poison pill of mounting Federal debt. It is designed to prevent our Medicare system from going bankrupt in just 5 years. It is designed to prevent a future of a crushing tax burden on those just starting out in life.

The resolution before us, Mr. President, will strengthen America, it will continue to build on our successes of last year, and change the way our Government works, to make it more efficient, more responsive, and less expensive.

Most importantly, it is a budget plan that will ensure a better future for our children and our Nation. I said that last year; I believed it then; I continue to believe it now. True leadership cannot simply postpone this difficult work because it is an election year. The problem will not go away simply because there is an election this fall.

The second balanced budget plan the Republicans have proposed in this Congress is designed to return our Nation to fiscal reality and preserve America as the land of opportunity, not only for now but for future generations. In short, it reflects our commitment to fiscal responsibility, generating economic growth, creating family wage jobs and protecting the American dream for all our citizens young and old.

This budget will restore America's fiscal equilibrium. It will balance the budget by the year 2002 without touching Social Security, by ratcheting down the deficit by slowing the growth of Government spending. But let me emphasize, Government spending will continue to grow over the next 6 years. It is a budget which will reverse the tide of 50 years of power that flowed from the rest of the country to Washington.

We want to provide more freedom and opportunity to people at the local level so they might have more control over the decisions on the programs that affect their lives, affect their children, and affect their communities.

Key changes are proposed to shrink the Federal bureaucracy to terminate duplication in Government, to consolidate programs to improve efficiency, and prioritize the limited resources we have. But at the same time, we continue to support programs which provide needed services to our citizens. We have been careful to preserve a safety net for those truly in need.

We support programs aimed at keeping America safe, safe in their homes, their schools, and their neighborhoods, by funding needed crime programs and funding those parts of the U.S. Government that are engaged day by day in fighting crime across America, such as the FBI, the DEA, Border Patrol and the like.

The budget before us today provides \$6.5 billion for environmental protection, including increases of nearly \$1 billion in the safe drinking, Superfund

and the environmental enforcement programs of EPA. So in 1997 it cannot be said that this budget cuts environmental spending. It does not. It increases environmental spending.

This budget moves toward protecting America's senior citizens. It makes the Medicare trust fund solvent for 10 years, 1 decade. I regret that I cannot stand here and say to the senior citizens of the United States, we are going to make the trust fund solvent for 50 years. The truth of the matter is, it is difficult to make it solvent for 10. And we must at least do that.

I mention that the President's stated goal in his budget is solvency of the trust fund through 2006, 10 years, the same goal as we have in this budget resolution. The way we have solved it—that is, the budget before us and the President's—is very different. We will have more to say about this issue, a lot more during the debate.

But the Congressional Budget Office tells us very simply—question: How much must we save in the trust fund to keep it solvent for 10 years? Their answer is: You need \$123 billion of savings in the trust funded portion of Medicare to meet the President's goal of 10 years. That is what we have done. We have said, Medicare will be changed, reformed, but there for every senior that wants it just like it is, but the providers in that system, and through changing the program to offer options, we must save \$123 billion.

The President's budget, I regret to say, does not meet his goal. He only extends the life of the trust fund for 1 additional year. This is the President's first big gimmick, an unbelievable cruel hoax on senior citizens, particularly those who depend upon home health care as part of this system.

We protect, preserve and keep Medicare solvent for one decade. For Medicare part B—all should know that when you speak of Medicare, there are two pieces. One is a trust fund. Every working American puts money in that trust fund. That is essentially the part that is an encapsulated trust fund for the protection of senior citizens and their health programs related to hospitalization and long-term home health care. That is the part that is going bankrupt, and we will be there in 5 years unless we fix it. We have been told, to fix that part you must reform it to save \$123 billion.

The other part, frequently called part B, is an insurance program for the rest of health care that is not provided in the trust fund. This program is funded by general tax dollars, and there is no trust fund. Seniors pay a portion of the insurance premium, and essentially it is an insurance policy.

I want to make it absolutely clear, for part B we have taken the President's proposed savings, \$44 billion—we have heard all we can take about Republicans and Medicare—and this year it is clear that we are responding with 44 billion dollar's worth of savings in part B, exactly the same number as the

President. But we are making the trust fund solvent in a real way with no gimmicks and absolute integrity.

In our budget, so that everyone will understand the dimension of this issue, we provide \$1.46 trillion of Medicare spending over the next 6 years—\$1.46 trillion. We propose to increase on each Medicare beneficiary the amount of money spent from \$5,300 per person today to \$7,000 per person in 2002. How can that be called a cut? You do the arithmetic and it is a huge increase. If we were to provide these kinds of increases anywhere else in any budget it would be impossible to sustain it. In the case of seniors, we have a commitment. We want to save the fund and maximize their coverage.

Our budget throws the Medicare trust fund a life preserver. The President's budget throws Medicare overboard. We will have more to say about how the President gets to his statement of 10 years of solvency in part A of the trust fund as we move along.

Medicaid: Now, so everybody will understand, Medicare is for seniors; Medicaid is a program of the U.S. Government, or I should say, a composite of 23 programs that are put together to help poor people by giving them health care, by paying their health care bills with certain limitations and certain exceptions. This budget assumes we will spend \$731 billion on Medicaid over the next 6 years. This budget assumes the implementation of the Medicaid reform plan as recommended unanimously by a bipartisan group of Governors—that is, 48 Governors. We have added back \$54 billion in Medicaid spending compared with last year's resolution. Mr. President, that is \$36 billion of Medicaid spending, compared with the Balanced Budget Act vetoed by the President. We are anxious to get this Medicaid reform done. With the support of Democrat and Republican Governors it can be done. The amount proposed for savings is truly achievable.

Medicaid spending, Mr. President, will increase under this budget 46 percent over the next 6 years. How can that be called a cut? Medicaid spending in this budget will increase by 46 percent over the next 6 years. This budget recognizes the need to overhaul America's deteriorated welfare system. Funding levels in this resolution allow Congress to send power back to the States as requested by the National Governors' Association, by converting a failed AFDC Program, Aid for Dependent Children Program, sometimes called the welfare program, into a block grant with certain guarantees.

The resolution before the Senate assumes reforms in the food stamp and child nutrition programs to slow the growth rate of spending in those programs but maintains the entitlement to preserve a nutrition safety net for children. It assumes funding targets on the severely disabled in Supplemental Security Income Program.

This budget assumes funding from reforms to child enforcement programs,

to make deadbeat dads support their children instead of making the Government, the taxpayer, hard-working families trying to make a living, instead of asking them to do the supporting with tax dollars. This assumes we will change the law, truly make deadbeat dads pay their legally responsible child care and support.

This resolution assumes savings from restricting immigrants the access to Government assistance programs to ensure that sponsors live up to their promise not to allow immigrants to become a public charge. Actually, very few Americans, and until lately, very few Senators, knew that under our generous policy of family unification, for the last 15 years or so, American citizens have been busy bringing their relatives, most of them elderly mothers, fathers and grandparents, to our country, under our policy of unification, sign a certificate of support, for we do not invite the unification so that the taxpayers can pay for the support of these people that are brought to America to join in our society and be part of their family.

It is incredible how that approach has degenerated into a program where billions of American tax dollars are going to legal immigrants who are brought here purposefully to avoid the certificate of support and become wards of the Government. It is American history from our inception. We have held a policy that we are not bringing aliens to America to become wards of the public. That has fallen apart. We put it back together in our assumptions here. Many of the assumptions were realized in the votes on the immigration bill, Mr. President, as we voted numerous times last week and the week before.

Finally, this budget provides \$122 billion in tax relief for American families through a \$500 per child family tax credit. This will aid 52 million American children in 28 million families. I want to repeat, in this budget resolution, the resolution itself says we will reduce the amount of tax we take into the Treasury by \$122 billion because we are going to give 28 million American families, 52 million American children, a chance to keep more of their money and spend it on their needs. If ever the Tax Code of America went amiss and became antifamily, it was when we lost our way and let the deduction for a dependent child wither away from where it was in my day to where it is today. What can be deducted as an expense of rearing a child is a mere shadow of what it was in years past. Yet, we wonder why there is so much strain and stress in families. We will not even be returning it to its more wholesome day of profamily taxes, but we will make a giant step when we say every parent with children under 18 will get a tax deduction of \$500. Their taxes will be reduced by \$500 for each child. What is wrong with that?

For those who want to stand on the floor of the Senate and talk about this

budget cutting something so we can pay for tax cuts, let me just say I am very, very proud that we have made room in this budget for this \$500 child tax credit. For those who accuse us, let them stand up and say they do not want to give the \$500 tax credit. Under our plan, I repeat, a family with two children under age 18 would receive \$1,000 of permanent tax relief.

In summary, on the \$122 billion tax proposal in this resolution, we have reduced Government spending from what it would be by \$712 billion. In doing that, we feel very positive about being able to say \$122 billion is given back to the people rather than spent on more Government.

In closing, let me say that I hope we can move, during the next 2½ days, to enact this resolution, and then move toward implementing it in the months of June and July. I believe this can be done. But if, for some reason, we fail again to get the job done, I can only say that I think the tide is turning, and we will be back again and, clearly, sooner rather than later, we will do what is right.

Finally, I wish it were possible to have my friend and ranking member, Senator EXON, join me in support of this last budget resolution and his last budget resolution on the floor of the Senate. That is not possible. But he will be convinced, maybe, on its merits, and as we move through this debate, I just want to say that he has been a very good ranking member and has spoken his party's case extremely well. I believe it is fair to say that the two of us have done that, with little rancor and, in my case, with great respect and admiration, regardless of how it turns out in terms of where Senator EXON ends up 2½ days from now. I know that he feels very strongly about the need to find a balance in Federal spending. He has been a long-time supporter of the constitutional amendment for a balanced budget. He supported the line-item veto legislation that was enacted recently. He supported the unfunded mandates legislation voted out of our Budget Committee earlier this year.

Obviously, in the years to come, if it is my privilege to be here on the floor, I will miss him and I wish him well. We will have more to say about that soon.

At this time, I yield the floor.

Mr. EXON addressed the Chair.

The PRESIDING OFFICER (Mr. CAMPBELL). The Chair recognizes the ranking minority member, the Senator from Nebraska [Mr. EXON].

Mr. EXON. I thank the Chair. I thank my friend and colleague from New Mexico for his most kind remarks. I appreciate them more than he knows.

When I came here 18 years ago, I sought a seat on the Budget Committee and was granted one. I have served on the Budget Committee the entire time I have been here. One of the stalwarts on that committee on the other side of the aisle, whom I got to know initially very well that first year on the Budget

Committee, was PETE DOMENICI. What he has just said means a great deal, and I thank Senator DOMENICI for that. I have the highest respect for his ability and his integrity, and I appreciate what he said about my support.

I feel the same way about the Senator from New Mexico. We do not always agree, and we cannot in this body. Sometimes it may be difficult for people who do not understand the U.S. Senate to recognize and realize that we can disagree on policy, we can disagree on numbers, and we can speak very forcefully about that. That is the process. But as far as personal esteem is concerned, there is no one in the U.S. Senate whom I hold in more high personal esteem than I do my chairman, the Republican Member, and the excellent floor manager of the measure before us.

So in spite of what is said after that, I certainly want Senator DOMENICI to know, as he already knows, that we are good friends, who have high regard for each other personally. And in the difficult tasks that face the Nation, here is where we come to some disagreement as to how to reach the proper end that we both are seeking.

As Senator DOMENICI has said, Mr. President, this is the last budget resolution that I shall manage on the floor of the U.S. Senate. I remember well my first budget resolution 18 years ago. It was in the spring of 1979, and our dear and late colleague, Senator Ed Muskie of Maine, was the chairman of the Budget Committee, and the distinguished Senator from Oklahoma, Henry Bellmon, was the ranking minority member. The projected deficit for fiscal year 1980 was less than \$20 billion. It does not seem possible, but that is what it was. I had high hopes, as a freshman Senator, that we would see the end of deficit spending. I said so in my first speech. But those hopes were dashed, Mr. President, during the Reagan-Bush years when deficits were piled upon deficits. President Reagan's Office of Management and Budget Director, David Stockman—in case he has been forgotten—later described that period of time under Reagan-Bush as "fiscal carnage." The fiscal carnage that took place at that time is what we are attempting to deal with here today, as we were last year. Four years ago, President Clinton began the arduous task of drawing a narrowing circle on the deficit, and he succeeded beyond all expectations, with no help, Mr. President, from those on that side of the aisle.

I will simply cite the difficulties that we are in and how we are going to get out of them, and the significant contribution that President Clinton has made to the possibility of balancing the budget by the year 2002.

The graph that I have behind me here is entitled "Budget Deficits, CBO Estimates." These are Congressional Budget Office estimates of where they were going. You will see the year 1980 to the year 2000 across the bottom of the

chart, and the billions of dollars in deficits on the left side. If you will notice, halfway up the chart, before the dotted lines start, is where President Bill Clinton came into office. At that time, you will notice that the annual deficits were about \$300 billion a year. I would like to make a point here that I think all too many Americans do not fully appreciate or grasp. They hear "deficits," they hear "national debt," and all too often I think the difference between the two becomes blurred. So, once again, for the RECORD, let me state that the deficits we talk about are the annual shortfalls where we spend in Government more than we take in. The annual deficits were running wild.

I just stated in my opening remarks that when I was here in my first year, we were facing an annual deficit of \$20 billion. When Bill Clinton became President of the United States, we were facing annual deficits not of \$20 billion but of \$300 billion.

I hear attacks again and again that are not factual, indicating that the President of the United States is not sincere, that he is trying to use smoke and mirrors. The smoke and mirrors in this chart shows what has happened. This bottom line is that President Bill Clinton—without help from or even one vote on that side of the aisle in the U.S. Senate or over in the House of Representatives—has driven that \$300 billion deficit down. That is the annual deficit as opposed to the trillion-dollar, multitricillion-dollar debt of the United States of America. That is something that I think people overlook.

At the end of each year when the deficit is \$20 billion, as it was when I came here, or up to \$300 billion when Bill Clinton came here as President of the United States, those deficits at the end of each and every year are piled upon, and we start all over at the end of each year. Those deficits magically go away, I guess. What we do is pile them onto the national debt, which has risen since I came here—before the Reagan-Bush years from under \$1 trillion; today, to over \$5 trillion—and are going up even under the projections of the Republicans to at least \$6 trillion, before we balance the budget, hopefully by the year 2002.

The point I want to make again, Mr. President, is that when Bill Clinton became President of the United States we were running deficits of \$300 billion. Notice the lower line where they have come down now to where the Congressional Budget Office projects they will be under \$150 billion next year. Bill Clinton, therefore, is not even given credit by those on that side of the aisle for more than cutting in half the annual deficits of the United States of America. That is a remarkable achievement. But you do not hear much about it from that side of the aisle.

The lower part of this President's budget takes the budget down to balance by the year 2002 as opposed to

what the Congressional Budget Office projections said they would be on that up line before Bill Clinton—BBC, Before Bill Clinton. I submit for the RECORD that I do not think anyone can refute it, that unless we had followed the fiscal responsibility of Bill Clinton when he became President of the United States that has more than cut the annual deficits in half, we would not be standing here today pretending, or hoping, that we could balance the budget by the year 2002 because we would have been way up here on the upper part of this chart. And had we continued to follow the policies that those on the other side of the aisle, evidently by their votes, wanted to follow we would not be standing here today talking about reaching balance in 2002.

Before Bill Clinton, BBC, we were in deep trouble, and we are still in very deep trouble. But unless Bill Clinton had taken a stand and unless the Democrats, by a tie, or one vote, had the courage to stand up and say, "We have to stop it," we would not be in a position today, even under the Republican proposal to balance the budget by the year 2002. So let us give Bill Clinton at least some credit.

We thought, Mr. President, that we had a chance last year to build on the President's success. Under his leadership, we would have reduced our Federal deficit to use some other figure by a projected \$846 billion through fiscal year 1998. We had a rare opportunity to balance the budget last year, but that opportunity was squandered by the radical right. Here we are yet with another year and with yet another Republican budget that does not fairly do what this Senator and most on this side of the aisle and most of the American people want to do: balance the budget in a fair and equitable manner.

During the opening remarks by my friend and colleague from New Mexico, and I think I can quote the manager of the bill correctly, he said the President claims that he will balance the budget. But he indicated in his remarks that it was fictional. Let me say, Mr. President, that all during that debate that followed the budget last year and the failure of the Republicans even to meet with the President to work out a proposition, it is clear to see where the responsibility lies.

Despite the claims, despite the statements, June O'Neill, the Republican-appointed head of the Congressional Budget Office, testified in front of the Budget Committee, and I quote June O'Neill: "The President's budget proposals and policies, as estimated by the Congressional Budget Office, would balance the budget by the year 2002."

Let me repeat that again. Contrary to what you have heard, contrary to what you are going to hear, the Republican-appointed head of the Congressional Budget Office says the President's budget policies will balance the budget by the year 2002.

Mr. President, we also heard a great deal so far today—and I am sure that

we will hear more about it in the future—that the President of the United States is not being honest with regard to the Medicare trust fund. Mr. President, I cite a letter, and hereby request it be printed in the RECORD of May 9, 1996, from June O'Neill, the Republican-appointed head of the Congressional Budget Office, to me, the Honorable JAMES EXON, ranking member, Committee on the Budget:

DEAR SENATOR: At your request, the Congressional Budget Office has examined the effects of the administration's budgetary proposals on the hospital insurance trust fund. Under current law, the hospital insurance trust fund is projected to become insolvent by the year 2001. CBO estimates that the administration's proposal would postpone this date to the year 2005.

Enough is enough is enough. I do not think we accomplish a great deal by plotting against other people's motives when the leader of the CBO has certified that the President is being honest and that the President and his administration are being straightforward.

Mr. President, I ask unanimous consent that the letter I just referenced be printed in the RECORD at the conclusion of my remarks.

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

(See exhibit 1.)

Mr. EXON. Here we are, Mr. President, with yet another Republican budget. But after 18 months of extremism and demagoguery, after two shutdowns and a threat of a dozen more, I must say that I expected something better. True—and I congratulate and thank my friend from New Mexico—true, there is some degree of dulling the knife's edge from last year's disastrous Republican budget proposal that was not appreciated by the vast majority of the people of the United States once they understood it.

But I ask, is this latest Republican budget kinder? Is it a gentler budget than the Republicans had promised the American people? I think not. Yes, it is somewhat better, I would say, than last year. Primarily that is possible because the Congressional Budget Office in the estimating of what is going to happen in the future has come up with a healthier economic growth than they had previously. I thank Senator DOMENICI and the Republicans for wisely using that to alleviate some of the hit that many Americans not as fortunate as the rest of us would have taken.

We hear time and time again about how the Republicans are going to spend more money on these programs than in the past. You have heard already and you will hear more about the fact that the Republicans are spending more money than in the past, especially with regard to Medicare programs. Yet the facts are that the additional money the Republicans are saying they are going to spend, therefore saying, piously, that it is not a cut, even though the rate of increase that the Republicans are proposing for the average Medicare recipient is less than the projected in-

creased costs of health care for the public at large will not be sufficient for the seniors that need Medicare. So another way of saying it, oh, yes, they are providing more money but they are not providing the money that seniors need for Medicare, if you look at the projections of what the increased costs will be for the public at large.

One need only go in this area to the materials issued on May 8 by the House Budget Committee and the joint House-Senate press conference that followed. You will see the same venomous policy and skewed priorities that were proposed in last year's budget included in this new Republican budget, although I hasten to add it is an improvement over last year.

The direct student loan program would be eliminated. The Goals 2000 Program would be terminated. That is a key educational function. The earned income tax credit would be slashed by \$17 billion, \$7 billion above what the bipartisan Governors found was acceptable.

So that there will be no misunderstanding, the earned income tax credit was first proposed, I believe, by President Ford, and the earned income tax credit is designed for the very lowest of the low-paid people of the United States of America. It is designed to get them out of poverty by giving them an earned income tax credit. It was a Ford-Republican proposal that we Democrats in a bipartisan fashion recognized was good, and we have taken up the mantle. They, the other side of the aisle, are devastating that earned income tax credit that goes right to the heart and throat of many people living near that economic edge.

The programs that they advocate also eliminate the Department of Commerce, and Energy would be either eliminated or deep sixed to the place where they could not function. Even the slightly better off Senate Republican budget cuts \$65 billion more in discretionary spending than the President's plan, and discretionary spending is something that we all agree now is a major concern for the future welfare of America. I suppose this warms the cold hearts of Speaker GINGRICH and Mr. ARMEY and the Republican freshman class over on the other side of the Hill, but it is of little consolation to the American people who had expected moderation and imagination and teamwork.

I say to my good friend, the distinguished chairman of the Budget Committee, I compliment his leadership on that side of the aisle in many areas, and I listened with great interest and had a tendency to stand up and applaud when Senator DOMENICI was talking about the need to make changes in the immigration policy. I happen to agree that we have gone way too far and allowed way too many people into the United States of America. Not all of the immigrants but far too many are coming in here to take advantage of our safety net that is already over-

crowded, and we are not doing a very good job of maintaining it. We cannot have immigrants coming into this country primarily to take advantage of our safety net.

I hope and think my friend from New Mexico appreciates the fact that during the recent debate on this measure, this particular Senator voted almost without exception with the distinguished Senator from Wyoming [Mr. SIMPSON], the leader of the effort. I think we will find that we did not do everything we wanted to do, but I think we made some good strides under the excellent leadership primarily of Senator SIMPSON and, of course, on our side Senator KENNEDY. Immigration is still a major problem and causes us great difficulty when we try to come up with what is the right thing to do.

Once again, I compliment Senator DOMENICI for his leadership in this area and in many others. Yet we are faced with those in our party and he on his side in his party among many who feel that some kind of compromise is something bad.

Compromise is the only way we have to bring 100 dedicated, strong-willed people into some kind of coalition so that we can get things done.

I must say that I look at this budget resolution, Mr. President, that this budget resolution, while some improvement over the last, still fails in many ways. Most of all, this budget fails the American people. I do not think putting frosting over a bad cake makes it any better. It still divides our great country when we should be striving to unite it. It still casts blight when we should be providing shade and comfort for the elderly, the disabled and especially our children. It still extracts the most from those who have the least when we should be asking for a fair and shared sacrifice. This is where President Clinton's budget succeeds. That is why I will be offering to use the Clinton budget, which balances the budget by the year 2002 as certified by the Republican appointee to the Congressional Budget Office.

This is where the Republican budget, in my view, fails the test of fairness. The Republican budget promises many things. As far as I can see, the Republican budget may achieve balance. I agree that it would achieve balance, as does the President's budget, in the year that they claim it will. But at what cost to the American people under the Republican budget? What sacrifices, many of them unfair in the view of this Senator, are we going to make? As far as the rest of the loud promises are concerned, they are gusty winds of propaganda. This Republican budget delivers least when it promises to do most.

The Republican majority would like Americans to believe that they are saving Medicare for future generations. "Preserve and protect," was their poster-tested public relations slogan. But when \$167 billion—I repeat, Mr. President, when \$167 billion is lopped off the projected spending for Medicare over

the next 6 years, \$50 billion more than in the President's budget, I am not so sure it will be the same first-class health care system that exists today. It is this first-class system—and it is a first-class system—more than just a trust fund that we are trying to protect and preserve.

Despite the attacks from the other side, I cite back once again to the letter that I received from June O'Neill, the Republican-appointed CBO chief, that the President is right in his projections.

The Republican budget would reduce Medicare spending growth per beneficiary far below—far below the projected private sector growth rate. I mentioned this earlier. It is right to say we are increasing the spending, but if we are increasing the spending for Medicare less than the cost of health care delivery in the private sector, then that is not an increase.

I am very fearful that what the Republicans are doing here will, without question, diminish the quality and the access to health care for millions of middle-class Americans. Doctors and hospitals will be able to charge seniors for the entire balance of the charges above the Medicare payment. Hear this again. Under the proposal, the Republican proposal that they claim is fair and reasonable, doctors and hospitals would be able to charge seniors for the entire balance of the charges above the Medicare payment. The danger here, and Americans should understand it, and they will not have the wool pulled over their eyes—is the Republican majority may assert—

Mr. DOMENICI. Will the Senator yield?

Mr. EXON. I will yield at conclusion of my remarks.

The Republican majority may assert that premiums are not going up, but they cannot make the same claim about seniors' out-of-pocket expenses to pay their medical bills. The \$123 billion reduction in the growth of the Medicare hospital insurance spending will particularly devastate rural and urban hospitals. The Republicans assert that it is necessary to preserve the solvency of the trust fund through the year 2006. Not true, Mr. President. President Clinton's budget proposal extends the life of the trust fund without such deep reductions as the Republicans are proposing. The Republican-appointed CBO Director has certified, and I say this again, that the administration's proposal would extend the life of the Medicare hospital insurance trust fund until the year 2005.

What about Medicaid? What about Medicaid reform? Reform was the Republican rallying cry, but instead of attempting to reform Medicaid in a manner that would be acceptable to mainstream America, the Republican majority paddled up one of their right-wing tributaries and came out with something new. I believe you would take the whole Nation by surprise if you told them that the Republican

Medicaid reform might mean that middle-class working American families might have to pay thousands of dollars out of their own pockets for nursing home care for their loved ones, or that millions of low-income children might have their health care jeopardized, or that enforcement of nursing home standards might not be as vigilant as it is today.

In other words, "reform" means "conform," to their way of thinking, even if it means taking out a second mortgage on your home to pay for nursing home care for a sick or elderly parent. With a \$72 billion reduction in Medicaid from the projected spending combined with a block grant approach, that may well be the scenario.

In closing, I want to talk for a moment about tax breaks. My colleagues know that I oppose all tax breaks until we get the deficit under control. But, of course, that is not going to prevail. This is just one conservative Senator's opinion, that we should not be talking about tax breaks until we get the budget finally and completely under control. But that is not the way it is going to be, because this is a political year. It is not easy to say "no" to tax cuts. It is a painful, unpopular vote. But that is what we should be doing, in the opinion of this conservative Democratic Senator.

This year the Senate Republicans claim a net tax cut of \$122 billion. This figure is going to be talked about a great deal during this debate. But let me repeat that. This year the Senate Republicans claim a net tax cut of \$122 billion. But no one should be fooled into believing that the Republicans intend to limit their tax breaks merely to that. The gross cuts will be much larger. The House Budget Committee and its chairman boast that this budget will provide at least \$180 billion in permanent new tax relief.

There is something amiss here. The Republicans are certifying and claiming that they have only \$122 billion in tax cuts in the Senate proposal and yet those who consulted with the Republicans in the Senate, their counterparts over in the House of Representatives, claim that the same numbers will add up to \$180 billion in tax cuts, and have said so publicly. There is something wrong. Their budget also provides for a list of tax cuts that could include nearly every item included in last year's totally failed budget that was rejected by the President and rejected by the American people. Just so no one has forgotten, the tax cuts in that bill would have gone primarily to the wealthiest Americans. So much for the little guy in a Republican proposed budget.

I provide this side-by-side comparison for a good reason. I ask my colleagues to remember what happened last year. The Senate Republican budget had \$170 billion in tax breaks and the House Republican budget lavished even more at \$347 billion in tax breaks, largely for the wealthy. In the end, the

conferees agreed to \$245 billion in tax breaks. So experience tells us to be wary of Republican promises of how much or how little tax breaks will be, and who in the end will benefit from them.

The Republican budget also does not call upon special interests, who assume few if any of the burdens of balancing our budget. While President Clinton has proposed that \$40 billion—\$40 billion be raised from corporate reform and loophole closing, the Republican budget lists no savings from these categories.

When I mentioned that President Clinton has proposed \$40 billion be raised from corporate tax giveaways and reforms and loophole closings, I only say, referring back to the chart I have in back of me that I referenced earlier, the President, Bill Clinton, knows what he is doing with regard to being a fiscal leader.

Having said that, I must admit that I would not have stood on the floor of the U.S. Senate and said that a year ago in January when the President sent his group down here to explain to us on the Budget Committee his budget for last year. At the time, I said it was a bad budget, I did not support it, I would not support it. But through the influence of Senators like myself and others, we have helped Bill Clinton make the firm decisions that he made to accomplish the goal of reducing the annual deficit from \$300 billion when he took office down to \$150 billion.

The President is now on the right course. I did not salute him when he came up with a budget last year that I did not think made any sense. I salute him for what he has done now. He is on the right course. The figures prove that he is on the right course. Let us get behind the President and support him.

Chairman DOMENICI made it clear, however, that the tax increases can be used by and maybe increased by the Finance Committee to offset additional tax breaks. If the past is any guide, the Republicans will soon be proposing to raid the pension funds for working families to pay for tax breaks that will primarily benefit those earning over \$100,000 a year.

I do not believe, Mr. President, that my friend and colleague, Senator DOMENICI, wants that. But he has to deal with some people on the other side of the Hill who plainly want that, and the Republicans in the Senate need and have to have the cooperation and the support for their Republican counterparts on the other side of the Hill.

I simply say that there is an alternative. There is an alternative to this rehashed and repackaged Republican budget. It is the President's budget. In my 18 years in the Senate, this is the first Presidential budget of either a Republican President or a Democratic President that this Senator has supported, and I support it in the form that is submitted. Not that I agree with all of it, and I hope that if we were using the President's mark, the

President's budget, we would adopt some changes. But from the standpoint of starting and setting up something to amend, we would be far better off to work from the President's budget with some flaws than the Republican proposal with many, many, many more flaws.

The President's budget reflects his values and the priorities. It makes difficult choices, but it makes them fairly. It balances fiscal responsibility with caring and compassion for our seniors, the young and the neediest among us.

At the appropriate time—sometime today—I will offer the President's budget as a substitute for the Republican budget that is presently before us. There is a clear distinction between these two budgets, a distinction that is not lost on the American people. We should have the opportunity to debate and vote on these two distinct visions for the future of our Nation, and we will.

Mr. President, let me conclude by saying to the chairman of the Budget Committee, once again, that I know he had a very difficult time putting this budget resolution together, and I suspect he would be the first to admit that there are some things in here that he is not enthusiastic about. But, once again, the art of being a leader in the U.S. Senate, regardless of which side of the aisle you are on, has to take into consideration what you can do, what you can accomplish, building a coalition. Certainly, in this case, the Senator from New Mexico has built a coalition of what most of the Republicans would like to see.

I join with my chairman and thank him for mentioning the fact that Senator BREAUX and Senator CHAFEE, and several of our comrades on both sides of the aisle, have come up with a budget that is worthy of some consideration. Likewise, there are some parts of that budget that I do not agree with, but at least it is something that we should take a hard look at and possibly, in the end, incorporate some of those concepts and those ideas of those thoughtful Senators, both Democrats and Republicans, who are trying, in my opinion, to be helpful.

I had hoped one day in my Senate career I would be able to say to my good friend, for whom I have said before I have high respect and admiration, that I support his budget. Unfortunately, that day has not come. But I really enjoy working with him, and I hope that the debate that follows will be as factual as possible, will be as short as possible, and, once again, I tell him that I will try in every way I can to cooperate with him, as I did in the committee, not to have this go on and on and on.

I thank the Chair, and I yield the floor.

EXHIBIT 1

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, May 9, 1996.

Hon. J. JAMES EXON,
Ranking Minority Member, Committee on the Budget, U.S. Senate, Washington, DC.

DEAR SENATOR: At your request, the Congressional Budget Office (CBO) has examined the effects of the Administration's budgetary proposals on the Hospital Insurance (HI) trust fund. Under current law, the HI trust fund is projected to become insolvent in 2001. CBO estimates that the Administration's proposals would postpone this date to 2005.

Sincerely,

JUNE E. O'NEILL,
Director.

Mr. DOMENICI addressed the Chair. The PRESIDING OFFICER. The Senator from New Mexico [Mr. DOMENICI], is recognized.

Mr. DOMENICI. Mr. President, shortly, I am going to yield as much time to Senator MACK as he desires. Senator SPENCER ABRAHAM will come to the floor probably during Senator MACK's discussion. On the record, I want to state that I am going to designate Senator ABRAHAM in my stead to control the time on this side, at least until noon or 12:30.

Mr. President, I want to make two very brief comments with reference to the statements of the distinguished Senator from Nebraska. First, if the Senator is suggesting that Republicans are for lower taxes, we are going to plead guilty. We are for lower taxes. If the Senator suggests that we are going to cut taxes for families with children, we plead guilty. We are going to do that.

Second, the President of the United States entered into his office as President at a point in time when a number of things were happening and, as a matter of fact, he was very, very fortunate, as was the country, that these events occurred. I personally believe the President's budget and the President's conduct had nothing whatsoever to do with them. They were in play.

Let me just put up one little chart. You see, Senator EXON says that this budget deficit CBO estimates—let me see if I can meander over there a little bit.

Does the Senator mind if I use his chart?

Mr. EXON. No. The Senator is welcome to.

Mr. DOMENICI. The Senator would make a point that at this point in history the budget starts turning down, and it would have gone up; and, therefore, President Bill Clinton has done a masterful job of controlling the expenditures of our country and being fiscally responsible.

Let us just look. This is not me. This says the Congressional Budget Office. It is not the Senator from New Mexico. We asked them, what did this? How did this happen? Lo and behold, here is what they said: Taxes were raised, and that made up 38.3 percent of getting this down.

So the American people right off should know, yes, the Democrats got

the deficit down. And 38 percent was because they increased taxes. Most interesting, 50 percent—50 percent—of this reduction, from this line to this line, had nothing whatsoever to do with any action by anyone. They are merely reestimates of the expenditure of Government to adjust them to the reality instead of the estimate, such things as the savings and loan fund to pay for the bailout. We overestimated the amount of money, and it was sitting there in the budget, a huge amount of money. I cannot believe that anybody is going to claim that the President did that or the Democrats, by voting for a tax-loaded budget-deficit package, did that. That is a huge amount of money.

Others are estimates in the expenditure costs of programs. The estimated increases did not come out as high as the budget projected. I must say, in all deference, it did not matter who was elected President. That 50 percent occurred from no action on the part of the executive branch or the Congress. So that is 50 percent; plus 38 percent of the reduction in the deficit.

Over here we had economic changes amounting to \$13 billion. We will just put that up there. If they want to argue about that \$13 billion—that the President deserves credit for that—then we can talk about that. But the thing that we must be worried about—that we must be worried about—is that the Congressional Budget Office told us that through 1995 the total cuts in spending were \$1 billion, the total cuts in spending were \$1 billion.

Frankly, in all deference and with all of the gentleness that I can muster, this is not a deficit-reduction package that is calculated to permanently reduce the size of Government, which everyone says is the cause of the deficit. Nobody says we are being taxed too low—strike that. Somebody does. Most people do not think we have to raise taxes and spend more. They think we should cut the expenditures of Government to get to fiscal equilibrium. This is the history of those lines.

Having said that, I want to just make one last point. Senior citizens, senior citizens, the President of the United States has pulled off in his budget a huge hoax—a huge hoax—for which, because of other things in his budget, as I said in my opening remarks, he truly deserves the Academy Award for fiction on his budget.

Let me just tell you about Medicare. Medicare in the entrusted fund, the trust fund, Mr. President, has been assuring and paying seniors for long-term—long-term—home health care. Let me repeat, in the trust fund, seniors, you have been getting your long-term home health care paid for by this guaranteed fund.

Second point. It is the fastest growing item in Medicare. Fact—the President chooses to take that program out of the trust fund. That program is \$55 billion, home health care for seniors.

What a hoax. You take out something you are providing them, and say,

"We're saving the trust fund." Now the question is, how does he pay for it, the home health care for the seniors? Interesting. He does not pay for it. He puts it right on the backs of the taxpayers of America. One might even say, you raise the taxes \$55 billion, because the truth of the matter is, the insurance premiums that the seniors pay for, everything other than what is in the trust fund, other than hospitalization and long-term care, the insurance premiums, the President says we are not going to add the \$55 billion to the premiums. So magically he has made the trust fund more solvent by taking away some of its responsibility and also diminishing the assuredness of that coverage for seniors and at the same time does not pay for it.

He just says, add it to the expenditures of the Government. I believe it is at risk. I believe it was safe in that trust fund. I believe it is at risk when you take it out and you do not pay for it and you just say, the taxpayers will pay for it, and Congress will see to that.

That is the truth of the difference in our solvency of the trust fund and the President's. He has this magic \$55 billion solvency by saying what we have been giving you out of that trust fund we are not going to give you any longer. But we have made it solvent.

So frankly that is the only difference between the President and the Republicans. That is a big difference. That is a difference that, when it is understood, will turn the tables on who is really worried about making sure the senior citizens get their care and protection.

At this point I yield to Senator MACK.

Mr. EXON addressed the Chair.

Mr. MACK addressed the Chair.

THE PRESIDING OFFICER (Mr. COATS). The Senator from Nebraska, as manager of the bill, is recognized.

Mr. EXON. I yield myself whatever time is necessary off of my time.

Mr. President, I listened very carefully to my friend and colleague, and as near as I can tell, when he uses charts to show how we are falsely trying to take credit for reducing the annual deficit, and giving that credit where I think it logically belongs, to President Bill Clinton, I simply say, well, it is tomfoolery.

I also suggest, regardless of the charts and percentages that we talk about, one of the reasons that we are making significant progress is the fact that under President Bill Clinton we are having a good economy, a growing economy, the stock market reaching record proportions.

I simply say, at least I hope my Republican colleagues would agree that we should give President Clinton the credit that he deserves for the good economic news, the growing economy without inflation that we are experiencing under the leadership of Bill Clinton.

I would hate to think what the Republicans would be saying if we were

here debating this resolution at a time when the economy was not going well, if the confidence of Americans was not as healthy as it is. I am sure that under those conditions my Republican colleagues would not be blaming President Clinton for those downturns. That is facetious and at best it is an understatement.

One other thing on Medicare. The Republicans always seem to keep moving the goalposts. Last year, how many times did we hear, "Mr. President, just give us a balanced budget that will be scored and balanced by CBO, and we can come to an agreement." The President did that at the urging of myself and others who thought that his earlier budget proposal last year was not sound. He made dramatic changes. He changed many things, all for the good.

Finally, believe it or not, we got CBO to approve a budget plan that the President had offered. Then, rather than sealing the agreement that they had made—if you could come to a balanced budget agreement certified by CBO, we could get together—they started moving the goal post.

On Medicare, the Republicans always seem to be moving the goal post once again. All last year, the Republicans called for preserving the Medicare hospital insurance trust fund. All year, time and time again, that is what they wanted. Now, Mr. President, now that the President has come up with a plan, certified again by the Republican appointee, the head of the Congressional Budget Office, they are moving the goal post. They said 2005 is not enough, we have to go beyond that. It is like they are moving the budget, and every time we meet their goal and reach their goal line, they move the goal post. That may be political. I think it is. At least, it seems to me, it is not realistic.

I simply say, as somewhat of a football expert, Nebraska could not possibly have won two national championships if we moved the goal post every time we got close to the goal line. I reserve the remainder of my time.

THE PRESIDING OFFICER. The Senator from Michigan is recognized.

Mr. ABRAHAM. How much time remains on our side?

THE PRESIDING OFFICER. The Senator would be advised there are 24 hours 15 minutes.

Mr. ABRAHAM. Is there a limit on opening statement time?

THE PRESIDING OFFICER. There is no limit.

Mr. ABRAHAM. I yield such time as he may consume to the Senator from Florida.

Mr. MACK. Thank you, Mr. President. I am going to focus my remarks this morning not so much on the specifics of the budget, as others will during the next several days, rather I will focus on the economic conditions that surround this debate.

The distinguished Senator from Nebraska who a minute ago said he hoped that we Republicans would give Presi-

dent Clinton credit for good economic news, may be disappointed in what I have to say, because it certainly is not my intention to give the President high marks for what is happening in the economy.

I ask people to reflect first on my very strong feelings about the Office of President of the United States, an office that all of us hold in high regard, when we think back across our history to some of the great leaders who have held that position. But today, as I discuss the economy, I find it difficult, frankly, to hold in high regard the comments made by the President of the United States with respect to what is happening with the economy, what is happening with growth, what is happening with opportunity.

In his State of the Union Address this year, President Clinton said this is the strongest economy in three decades. Last year, fourth quarter to fourth quarter, the economy grew at an anemic 1.3 percent. Over the entire time that President Clinton has been in office, we have seen economic growth of only 2.4 percent a year. Compare that to the 10 years prior to President Clinton's administration, when economic growth in America averaged 3.4 percent a year. I do not believe this economy is something that we should brag about.

Now, some economists cite statistics and say to us, "Well, things are really kind of OK, not to worry." Let me tell you who I pay attention to. It may be all right for the President to pay attention to those economists and maybe try to hide behind the numbers—2.8 percent annual real growth in the first quarter of this year—while ignoring the fact that in 1995 we had only 1.3 percent real growth; or to say the unemployment rate is at 5.4 percent, while failing to say at the same time that there were no net jobs created in the private sector last month—none, zero. What does that mean? No opportunity. No opportunity to find a new job, no opportunity to leave one job to advance to another. No jobs created.

When I want to know about the state of the economy, I pay attention to the people back home, people who come up to me and tell me they are worried about their future. In fact, it is interesting to ask people these days, how many of you believe that you are better off than your parents were at your age? Almost every hand in every audience goes up, agreeing that they are better off than the previous generation. But when you then ask how many believe their children will be better off when they are your age, maybe four or five hands go up. It appears that for the first time in a long, long time, we have a generation of Americans that thinks the next generation will not do as well as they have done. That is what is causing the tremendous anxiety that exists in America today.

Still, President Clinton wants to claim the strongest economy in three decades—on the basis of 1.3 percent growth. It is interesting to remember

that in 1992, when he was campaigning for the Presidency, he called the economy the worst in 50 years, even though the economy that year grew at 3.7 percent. It is a little difficult to understand the President's line of thinking: one day he talks about 3.7 percent growth as being a very weak economy, and then a few years later and he is President, and the economy is growing at only 1.3 percent, or even 2.4 percent, to say we have the strongest economy in three decades. It is very difficult for me, frankly, to give this administration, or this President, credit for a strong economy.

I think we ought to, again, listen to what the people back home are saying to us. One example. I recently heard a story about a woman recalling that her husband had said to her on two separate occasions, "You better not go out today. I may have to call and tell you to come pick me up, because I may not have a job when this day ends." I think about the mother telling her children she would not be home in the evening because she had to get a second job to make ends meet.

One piece of statistical data that has not made the headlines is that, since January 1994, the number of individuals holding a second job has increased 17 percent. Now, the economists might tell working people not to worry. The President may tell working people not to worry, that everything is fine. But I can tell you that the people back home do not agree. They are very anxious about their future, and their ability to make ends meet.

As a matter of fact, a recent poll asked, "How worried are you about your ability to make ends meet?" The response indicated that some 20 million American families a year say their ability to make ends meet is their No. 1 concern. Now there are 30 million families who are concerned about their ability to make ends meet. The anxiety question is real. Economists can say whatever they want, but the people in the State of Florida are concerned about the future.

A couple of other statistics point to why people are feeling anxious. Real median family income has declined in 4 out of the last 5 years. And many other indicators suggest that trend will continue. Real compensation—that is, wages and benefits—grew only four-tenths of a percent in 1995, the slowest in 14 years. Between 1982 and 1989, real income per person grew three times as fast as it has since 1993, when President Clinton took office.

The real issue before us is, how can we help create higher levels of growth? Should America be satisfied with 2.4 percent real growth, or worse? I say the answer is absolutely not.

From the end of World War II to the beginning of the Clinton administration in 1993, economic growth averaged nearly 4 percent a year. Today, we are told we are doing well with growth of only 1.6 percent. Where are the jobs going to come from that will ensure prosperity and opportunity tomorrow?

Not long ago, the President of the United States was in Florida, and there was debate over the future of the sugar industry in the Everglades. Protesters opposed to the administration's plan said they were going to lose their jobs. In essence, the President responded: "Don't worry, we will see that anyone who loses their job will get another one." I wonder how many times he has made that comment around the country. But where does he think these jobs come from? Government doesn't create jobs. They come from the private sector, and they come as a result of Government getting out of the way and allowing for investment to take place.

So we must begin this discussion, Mr. President, with the understanding that the economy is weak, not strong, that job creation has slowed. While the administration wants to brag about the 8.5 million jobs created since they came into office, they neglect to mention that if job formation took place at the same rate as in previous recoveries, there would have been 11.5 million jobs created in America, and we are really 3 million jobs short. Furthermore, of the 8.5 million jobs that have been created, many are second and part-time jobs going to families that need second jobs just to make ends meet. That does not make for a growing economy.

I think it is also important that, when we debate the budget, we must remember who is paying the bills. I think about the people at home who come up and tell me about their tax burden, what they are being asked to pay for Government. I think of the young couple, the husband who works two jobs all week long, from early in the morning until late at night, five days a week, and then stays at home on Saturday and Sunday to take care of his little ones while their mom is out on her job over the weekend in order to make ends meet. I think about the couple that gets up at the crack of dawn and commutes long distances to work, and does not get home at night until well after dark, who cannot spend time with their kids, yet are being asked to pay more and more and more to the Federal Government.

Do you know what really frustrates them? It is that they are being asked to work longer and harder to pay more taxes to support programs that they know have failed and to support individuals who are not working. That is the central theme that runs all through the debate. For example, with respect to the 4.3-cent rollback of the gasoline tax. Every time workers pull up to the gas pump, that 4.3 cents in gasoline taxes goes not to build more roads or to build more bridges, but to fund Federal programs they know have failed, and support people who refuse to work. That is why support for activities here in Washington, DC, has been so deeply undermined in America.

So, Mr. President, I believe our debate should not be so much concerned about this budget itself, but about what needs to happen in order to spur

growth of this country, and thereby provide more hope and opportunity for more Americans.

Let me make one other point about productivity growth. Prior to the mid-1970's, productivity in America grew approximately 2.1 percent a year. In the last 10 years, that rate declined to about 1.1 percent. And now, during the 3 years of the Clinton administration, productivity growth has averaged only three-tenths of a percent. If productivity does not increase in a meaningful way, there is no way to pass on higher wages to employees.

What is causing productivity to decline? More taxes, more spending, more Government, and less freedom, including taking away the freedom to pursue greater creativity, to spur American ingenuity, and to provide opportunity. With higher taxes, more regulation, and more interference from Washington, there is less opportunity for American business to be more productive, more competitive, and to create jobs.

So, Mr. President, I say that, at this point, this economy is weak. There is no sign that, in the long run, we are going to achieve higher levels economic activity or offer hope and opportunity to future generations of Americans unless we follow far different policies than the ones offered by the administration. Those politicians who believe that today's economic statistics indicate opportunity are making a grave mistake. The debate on this budget should be about America's future, about the ability to create jobs and opportunity through more investment, job creation, and business formation.

Mr. President, I yield the floor.

(Mr. ABRAHAM assumed the chair.)

Mr. COATS. Mr. President, I asked the Senator from Michigan if he would assume the chair so I could take the opportunity to come down to the floor to compliment my colleague, Senator MACK from Florida. He outlined for the Senate, and for those who are observing, the real concern and the deep anxiety that exists among many Americans today about their future and their family's future. A concern that I think is now becoming almost universally shared about the impact of the decisions, or lack of decisions, that Washington has made. This inability of Congress and the President to make decisions impact their future in a negative way.

We have not faced up to some of the difficult choices that clearly must be made if we are going to put our economy on an upward path, and if we are going to offer and provide opportunity for the young people of the next generation of America, not to mention this current generation that is struggling with that economic anxiety. The Senator from Florida put his finger on the most immediate items that we in this Congress and with this President can address in answering these particular problems. We can provide immediate relief to Americans today by

doing what they have asked us to do, and that is examine the role, the function, the scope, and the size of Government. We can address what virtually a universe of Americans now believe—this Government tries to do too much, it is too big, it spends too much. Americans see the results of this Government and they are simply not the kind of return on investment that Americans are asking for. They are working harder in order to pay more taxes to fuel and feed a Government spending effort that is not addressing the basic needs of Americans in an effective way, and they are saying "scale it back." If we could do so and make the appropriate decisions in doing so, we can provide them with an immediate increase in their wages. We can give them immediate salary or hourly wage increase by giving them tax relief from the excessive burden of taxes now being imposed.

This whole question about the gas tax is not really to move the price of gasoline which I paid this morning \$1.65.9 a gallon. The question is, and the issue is, that the Congress has not been straight and fair with the American people on the issue of gas taxes and on a whole range of other taxes. The Clinton 4.3-cent gas tax increase was not applied to building roads and bridges, which most motorists in Indiana and, I think, across the country believe. When Americans pay extra money to cover gasoline increases, I know they at least think it goes to build roads and bridges and to help ease their commute to work, or their travel across the country. But no. This gas tax increase went to general revenues in order to feed the excessive and seemingly unabated spending habits of Congress.

So just in the gas tax alone we are talking about more than a reduction at the pump. We are talking about being honest with the American taxpayer in terms of how their money is being used and giving them some relief. The budget that we are debating today is designed to put us on a path toward fiscal responsibility that will allow us then to take the savings that occur over and above balancing the budget which can occur in outyears and return it to the American people in the form of tax relief so they do not have to work so hard and do not have to take that extra job simply to pay taxes to fuel Government.

The Senator from Florida has accurately addressed the issue. And I wanted to take the opportunity to step down from the Chair to thank him for his contributions and for reminding us and keeping our eyes focused on the real picture.

The second point I would make is simply that we as a Congress and the President of the United States must address the tough choices and the priority choices that we all know have to be addressed if we are going to get a handle on this budget.

This idea of deferring for some future Congress the questions about manda-

tory spending and entitlements is simply postponing the inevitable and bringing us closer to a day of cataclysmic budget collapse. We cannot continue to run up the deficit as we have. We cannot continue to pretend that there are not problems in the mandatory spending programs that need to be addressed.

It reminds me of the old commercial where the fellow picks out the dripping carburetor leaking with oil and says, "You've got two choices. You can pay me now or you can pay me later. If you pay me now, we can make this a lot less expensive and a lot less painful. But, if you wait, the whole engine is going to fall apart."

If we keep postponing this decision, the whole engine is going to fall apart. Republicans have attempted to come forward with budget after budget addressing these questions in an honest way even at considerable political risk only to find that President Clinton ducks his head in the sand, or slips and slides his way through the political minefield, the end result of which is to do nothing.

Mr. MACK. Will the Senator yield?

Mr. COATS. Yes. I am happy to yield to the Senator.

Mr. MACK. I think it would be helpful if we put this debate in terms that citizens around the country can associate themselves with. I remember last year when we were going through this debate, we talked about what would happen if we got a balanced budget. We said that interest rates would come down and that would mean lower mortgage payments, lower automobile payments, and more affordable student loans. I think it is important to look closely at what has happened since we did not get an agreement on a balanced budget. Long-term interest rates have risen by a percentage point. What does that mean to the average consumer, to the couple who is out there today closing on the purchase of their first home? For the average home in America, that higher interest rate means they will pay about \$650 more each year in payments, or another \$100 a year for a car.

So there are real consequences to this debate and for failing to get a balanced budget proposal through the Congress and signed by the President of the United States.

Real families, real individuals, hard working men and women of America, are paying hundreds of dollars more each year because of the failure to come to an agreement on a balanced budget.

I thank the Senator for yielding.

Mr. COATS. I thank the Senator for those comments.

I will close by quoting what has already been quoted on the floor today probably, the piece written in the Washington Post by Robert Samuelson, who is an economist and writer that I greatly respect because he speaks with great candor, and I think speaks about the thrust that this Congress and that the President needs to address. Just to

quote part of this. He says, "As a moral matter, Americans deserve candor."

Americans deserve to hear the truth about the financial situation in which we find ourselves. We are debating in the Senate this week the budget for the next fiscal year and a budget which lays out a plan to achieve a balance in the future. We are debating about these very issues, the issues of how we spend taxpayer dollars, and how we establish priorities. And there is no better time to talk about it than this particular week in the Senate.

Samuelson said, "As a moral matter, Americans deserve candor. As we debate this issue, they deserve what we believe to be the truth. They deserve candor about the situation in which we find ourselves. When you look at the mandatory spending in just the Social Security and Medicare areas, it is an unassailable fact that longer lives, steep health costs, and an aging baby boom will inevitably make Social Security and Medicare unbearably expensive in the next century."

The next century sounds like a long way away. We have plenty of time to worry about it. This is 1996 approaching 1997. We will be at the next century before we know it.

He uses the word "unbearably expensive." "We are facing a crisis of fiscal proportions that this Nation has never faced in its history. It will be unbearably expensive, if we do not address it, and address it now."

He goes on to say, "At some point, spending and benefits will be cut to avoid costs that seem politically intolerable. But the trouble is that the longer changes are delayed the more abrupt and unfair those changes will be, and that's why silence is irresponsible."

We are today hearing silence on this issue from the White House. We are seeing gimmicks, budgetary gimmicks, as the Senator from New Mexico just outlined, to fool, or attempt to fool the American people about the status of the Medicare trust fund by shifting \$55 billion out of that trust fund to the general revenues to either put the benefit program at risk, or to add additional costs to the taxpayer, or to drive us deeper into debt.

Samuelson says "This is a relevant character issue about the President. Question: Does he have the moral fiber to help America make difficult choices?"

We are trying to make difficult choices. This budget requires difficult choices. But it is time that we stood up and began to tell the American people the truth about those difficult choices and not postpone the inevitable. At great risk to this economy, at great risk to the future of this generation, and an extraordinarily unbearable risk to the future generation.

So I hope we will use this time to make these discussions relevant, to talk about them in an honest way, and to quit the posturing and the pretending and to end the practice of saying,

"Well, we cannot do it now because there is an election just months away." I have served in this body for some time, and every 2 years the excuse is "we will do it after the next election." The time to do it after is running out. The risk is extraordinary; the results are unbearable; and I hope we could face up to these decisions and honestly put it before the American people.

Frankly, I think they are ready for the truth. Frankly, I think they will reward truth and reward candor, and I hope this can be a major part of this debate in the Presidential election and in the Senate and congressional elections, and I hope we can initiate the debate this week.

Mr. President, I thank you for your patience. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

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

Mr. ABRAHAM. I yield myself such time as I may need.

Mr. President, once again, we have before the Senate the budget resolution that was passed by the Budget Committee under the leadership of Senator DOMENICI. This budget resolution achieves balance in the year 2002. It accomplishes this feat by reducing the size of Government and slowing the growth of various governmental programs. At the same time, it preserves and protects Medicare, provides full funding for education and environmental programs, and increases funding for Federal crime programs over previous levels.

Mr. President, let me begin by saying I am happy that this year we are dealing with a belief that we should balance the budget. One year ago in this budget process the President was talking about \$200 billion a year deficits as far as the eye could see. This year the President is talking about balancing the budget and attempting, we would argue not successfully but at least attempting, to present a budget that does bring us into balance.

The differences though are considerable. The accomplishments of the Republican budget contrast strongly with the President's budget submitted earlier this year. Where we rely on tough economics and tough choices, the President's budget relies on rosy scenarios, gimmicks and deferred savings. Where we employ new ideas to help curb the growth of our entitlement programs, ideas like choice in Medicare and returning our welfare programs back to the States where they belong, the President relies on tried and, I believe, failed policies that guarantee our entitlement programs will continue to spiral out of control. Where we put our faith in individuals and families by en-

couraging economic growth so they can earn more, reduce the size and scope of government so they can keep more, and in the process do more for themselves and their families, the President's budget simply puts his faith in more government.

The differences are these. We are offering a budget that gets to balance and achieves it by making some tough choices, choices that have to be made if we are to truly have a balanced budget.

The President's budget, on the other hand, in effect says we can achieve a balanced budget painlessly, without anybody really having to suffer. That is, in my judgment, impossible. Obviously, we have to constrain the growth of government. We have to do it in a way that is fair and equitable. To say that we can accomplish this where tough choices are not needed is wrong.

Other Members have already addressed the important details of the Republican budget. How it reduces overall growth in Federal spending by over \$440 billion through the year 2002 while increasing funding for education, the environment and crime fighting programs. How it protects veterans' health care and homeless programs from the devastating cuts included in the President's budget. And how it protects Medicare home health care programs by keeping the program within the part A portion of Medicare where it belongs.

Today, I would like just to focus on one difference between the two budgets. That is the area of tax cuts and how the Republican approach contrasts with that of the President.

First, let me put the tax picture in perspective. According to the Tax Foundation, more than one-third of the average American worker's wages go to taxes. For working parents that meant they had to work until May 7 just to pay their taxes this year. The Tax Foundation calls this tax freedom day, and May 7 is the latest it has ever been recognized.

Other indicators are just as ominous. Columnist Bruce Bartlett pointed out recently that State, local and Federal revenues now consume more of our national income than ever—31.3 percent of everything Americans earned last year. At the Federal level, taxes are also at near record levels. Last year, they consumed 20.4 percent of our national income. This marks only the second period in which the Federal tax burden has exceeded 20 percent of the gross domestic product of the United States. The last period was at the end of President Carter's administration, just prior to President Reagan's tax cut proposals of 1981.

President Clinton has played a very active role in helping achieve this record tax burden. As a candidate, he campaigned on a platform of middle-class tax cuts. At that time he stated, "We will lower the tax burden on middle-class Americans." He even argued against raising gasoline taxes, telling voters, "I oppose Federal excise gas tax

increases." Why? Because a gas tax "sticks it to lower income and middle-income retired people in the country, and it's wrong."

That is the campaign rhetoric of 1992, but it is not consistent with his performance thereafter. As we all know, President Clinton pushed through the Congress in 1993 the largest tax increase in history: \$265 billion over 5 years. Gas taxes were raised during that budget battle. The President also raised taxes on senior citizens. He raised taxes on the largest corporations, and he raised taxes on thousands of the smallest businesses. He raised taxes on the living and he even raised taxes on the dead. Then he turned around and told a Houston audience, "You might be surprised to find * * * I think I raised your taxes too much."

That is true. The fact is, the tax burden has been raised higher than it has ever been before, except for one point in American history. More significantly, by ranking tax burdens according to Presidents, you can see that this President has presided over the highest average tax burden of any President in the history of the country, 19.933 percent of national income.

In a nutshell, the President has succeeded in completely reversing the progress made during previous administrations in moving us toward a simpler, fairer, flatter Tax Code. The Tax Code now is more burdensome, it is more complex, and it is more costly as well.

What does that mean to average Americans? We can talk about numbers and percentages, as we often do on the floor here, to the point where we lose sight of its impact on real people. But what it means is this. Last year Americans paid to Uncle Sam \$87.2 billion more than they would have under previous policies. For the average American family, that's over \$800 taken out of their pocket each year and handed over to the Federal Government.

The Balanced Budget Act which President Clinton vetoed last year would have provided partial relief from these record tax burdens. The bill would have reduced the tax burden on Americans by a modest amount, on average about \$36 billion a year. In other words, the tax relief vetoed by President Clinton last fall was less than half the increased tax burdens that Americans have experienced since he took office in 1993. President Clinton vetoed the Balanced Budget Act and deprived Americans of middle-class tax relief, like the \$500-per-child family tax credit, marriage penalty relief, expand IRA's, spousal IRA's, and estate tax reforms that would have given small business and family farm owners the opportunity to pass on their enterprises to their families in a way that is not feasible right now because of the high inheritance taxes.

Which brings us to this year. In the President's State of the Union Address, Mr. Clinton announced that "the era of big Government was over." He then

sent to Congress a budget which would ensure that Government spending and income taxes remains at record levels.

Once again, however, we have to look beyond the rhetoric. When the President released his budget in March, he claimed he was providing Americans with \$99 billion in tax relief, enough to pay for a watered-down child tax credit.

On closer inspection, however, the President also included \$62 billion in tax loophole closing and other increased revenues, which means the net tax relief is only \$36 billion.

Finally, in an attempt to make the budget reach balance in the year 2002, President Clinton has to terminate his tax cuts in the year 2000, which reduces the total tax relief provided in the Clinton budget between 1996 and 2002 to something around \$6 billion.

Think about that. We are talking about net tax relief over 6 years of about \$1 billion per year. There are 250 million-plus Americans. That means the President's tax cut, spread over six years, averages out to about \$4 per American per year. This amount is hardly consistent with the promise that was made during Clinton's election campaign for significant middle-class tax relief. In fact, Mr. President, as I think about it, it probably means one extra trip to McDonald's per year for the average American family.

But that is not the worst part. The worst part is that, while President Clinton terminates his tax cuts, his tax increases are permanent. They go on forever. The net effect is another tax increase on Americans. Between 1996 and 2006, President Clinton's budget would raise taxes on Americans by \$50 billion. Add this new tax increase to the previous tax increases, and this Presidency will have cost Americans 465 billion additional dollars through the year 2002.

Contrast this tax increase with the Republican budget. Our budget includes funding for the full-sized, permanent, \$500-per-child family tax credit. Our goal is to reduce the tax burden for those taxpayers who need it the most—parents attempting to raise young children. For a family earning \$30,000 per year in my home State, Michigan, with two children, the child tax credit would reduce their 1996 Federal income tax burden 51 percent. That is real relief from what, under President Clinton, has become the highest tax burden on families in the history of this country.

That is the difference between the direction that we perceive Americans wanting to go and the direction they would have under the President's proposals. Our goal is to let American families earn more and keep more. Our goal is to give American families a chance to keep more of the dollars that they earn and to be able to use those dollars to help their families, particularly those families in the middle class who are struggling to make ends meet, working hard and playing by the rules.

I think the choice before the Senate is clear. On the one hand, you have a resolution that is responsive to the American voters and taxpayers in their desire to see a smaller, more effective Government with its books balanced, and, on the other hand, you have the President's budget which is responsive to the status quo and inside-the-beltway interests.

I would like to just close by thanking Senator DOMENICI for his leadership on this issue. This is my second opportunity to vote for a budget resolution. Thanks to Chairman DOMENICI's resolve and guidance, I am once again proud to support and back a document that brings this Government's budget into balance. It has been 25-plus years since the Congress was able to do that, and it is under the leadership of Senator DOMENICI and the Republican majority that we accomplished this goal.

Last year we took this goal as close as we could to the finish line by making sure that Congress ultimately passed a budget that was in balance. Unfortunately, the President chose to veto that budget. He chose to veto tax cuts for working families. He chose to veto reform of the Medicare Program to help ensure the solvency of the Medicare trust fund. And, he chose to veto a budget that will give Americans relief from the high interest rates that result from uninterrupted Federal budget deficits, years.

Hopefully this year, when a balanced budget is presented to the President, we will have a different result. I hope he will sign that budget, and I hope he will agree with us that it is time to truly put the era of Big Government to rest and move in a different direction.

The President's budget does not really accomplish that. The budget which the Senate Budget Committee passed last week does. I look forward to working to see its adoption here on the floor of the Senate.

I yield the floor.

Mrs. BOXER addressed the Chair.

The PRESIDING OFFICER (Mr. ASHCROFT). The Senator from California.

Mrs. BOXER. Mr. President, I am pleased to be here today as a member of the Budget Committee to talk about the differences between President Clinton's budget, which I voted for in the Budget Committee, and the Republican budget that passed on a partisan vote.

First, I wanted to point out that the Senator from Michigan complains about the size of Government as a share of the economy, but he only tells half the story, if that. What he did not know is that President Clinton has reduced the size of Government. There are fewer people working for the Government now than at any time since John Kennedy was President.

Let me repeat that: There are fewer people working for the Government now than at any time since John Kennedy.

Spending by the Federal Government now is 22 percent of the economy. But

what the Senator did not know is that this is the lowest percentage since the 1970's—lower than it was when we had Republican Presidents. As a matter of fact, the record level was set during the Reagan administration.

So I think when we talk about this budget and the situation today, we ought to put it into the context of where we have come from. We have come from a time when there were hardly any new jobs created to a point where President Clinton has fulfilled his commitment to create more than 8 million new jobs. We have come from a time where we talked about deficit reduction but ran up more debt during George Bush and Ronald Reagan than all the years since George Washington through Jimmy Carter. Now we have seen deficit reduction 4 years in a row.

There are many other facts about this economy that are important. The misery index is at the lowest point. That is a combination of unemployment and inflation. It is at a very low point. As I said, we have fewer Government employees than at any time since John Kennedy.

Does that mean everything is perfect? No, it does not mean everything is perfect. We have a long way to go. We should have started yesterday by passing an increase in the minimum wage. That is what we should be doing. We should be reaching across the aisle to make life better for millions and millions of working people who have seen that minimum wage go to a 40-year low in terms of its purchasing power. Seventy percent of the American people think it is an issue of fairness, and we have a Republican leader over in the House who says he really does not believe there ought to be any minimum wage—there ought to be no minimum wage. Can you believe it?

The thinking that has taken over this Congress since 1994 never fails to amaze me. Yesterday, I said the passion that is being expressed on the other side about reducing 4 cents on the gas tax should be matched by a passion to increase the minimum wage for our people.

We already know from the experts that the oil refiners will probably get that 4 cents a gallon. When that issue comes before us, we are going to work hard on the Democratic side to make sure that money does go into the pockets of consumers, but even with that, we cannot ensure it. Let us say they got every penny, that is \$27 a year, and the deficit will go up. If it is made a permanent repeal, it will go up by \$30 billion.

So how do the people view this Republican Congress when deficit reduction is supposed to be No. 1 and then we repeal a gas tax, which will probably go into the pockets of the oil companies, and then we are going to have to find out how we are going to make up that money? The latest plan is to do a one-time fee on banks. But the fact is, that fee on banks is supposed to be put aside in case there are bank or savings and

loan failures, not to be used up on a gas tax repeal.

What does that all have to do with the budget? I think in many ways it is symbolic of the kind of budgets we are going to see presented. One, in my view—and that is President Clinton's budget—really does put people first, and the other, the Republican budget, I do not think puts people first. Of course, it is up to the American people to decide.

I am going to just show the differences in the budget, as I see them. I will use a chart to do that, because I think it is one thing to talk about how we feel about the budget, which we all will do, it is another thing to put the numbers behind our statements.

So I have tried to highlight from my perspective as a Budget Committee member some of the most important differences in the two budgets. I want to talk about education and job training.

If people from another country were to ask me what makes our country great, I would say it is because we have a great middle class and everyone has a chance at the American dream.

And then if they asked, "Why do people have a chance at the American dream?" I would say, "If I had to say one thing, it would be education."

I happen to be a product of public schools, all the way from kindergarten through college. I was very fortunate to have a good education in public schools. In college, I went to the State university. It cost me \$12 a semester. It was amazingly affordable. Of course, as I go around my State, the people who like me say, "Look at that Senator, she's a product of public schools." Of course, the ones who do not say, "See what public schools can do; look at that Senator."

The fact of the matter is, it is education that is the key to the American dream, and today it is more than education, it is education and job training. As our President has said, many of us will have seven and eight jobs in a lifetime, and we need the constant retraining, the reeducation. I know people of my generation have had to learn how to use the computer. It is not that easy, but it can be done.

The fact is, if you look at the two budgets, the President's budget and the Republican budget, the President adds \$56 billion more to education and training than does the Republican budget. That is a fact. Both budgets balance in the timeframe of 6 years. Both budgets balance. So we do not have to argue about that. That is resolved. The question is, what are your priorities? What do you want to invest in? And I think that this Democratic President is correct in saying we must invest in education.

What the Republicans do is actually, compared to 1996 levels, decrease by \$3.2 billion over the next 6 years what is spent on education. I just have to say, if there were no other differences in this budget, no other differences

than this first point, \$56 billion more to education and job training in President Clinton's budget than in the Republican budget, if there was not one iota of difference other than that, I would say vote for President Clinton's budget, which is, of course, what I intend to do.

There are more important things as well—Environmental Protection Agency enforcement. I see the Senator from Arkansas is on the floor, and yesterday I thought he made a spectacular statement about the importance of clean air and clean water and an environment we can hand down to our children that is at least as beautiful as the one we inherited. You cannot do that without enforcement.

We had this argument in the 1970's when, under President Nixon, we set up the Environmental Protection Agency. That was bipartisan. What has happened to the environmental issue? We cannot find support for environmental protection on the Republican side of the aisle.

It takes inspectors to enforce the laws, to make sure that companies are not polluting and that when they do, they pay to clean it up. It takes dollars to clean up Superfund sites, most of which are very close to our populated cities.

I visited one of them in San Bernardino, CA. The cleanup was stopped because of the Government shutdown. We could not get the money to clean it up, and the pollution and the toxic waste was about to penetrate into the water table. Thank goodness we were able to get those funds after the Government reopened to begin cleaning up that site. That is just one small example of the problems that we have.

Years ago we did not know that some of these chemicals were very dangerous, that they could sink down into the water table. But we know it now, and if we do not pay the price now, we will pay it later. How wise it is to clean up those pollutants now before they get into the water table and people cannot drink the water, and if they do, they get sick. I just read a recent report that they have traced chemical pollution in the water supply to childhood leukemia.

The fact of the matter is, it is shortsighted to shortchange the Environmental Protection Agency, and that is a difference in our budget.

Let us get to the issue of Medicare. I thought we had the fight over Medicare in the sixties, and we decided it was shameful and morally reprehensible that half of our senior citizens had no health insurance.

We passed a good law, the Medicare law. It has worked. Do we have to make sure that the Medicare system is sound? Do we have to make corrections and reforms? We do. And the President does in his budget. He makes that fund safe until at least 2005.

But what does the Republican budget do? It cuts \$50 billion more out of Medi-

care than does President Clinton's budget—\$50 billion more. It is hard to imagine what \$50 billion would look like. But taking \$50 billion out of Medicare more than the President—more than the President—and saying that system can survive is simply not so. As I understand it, all of the costs would be put on to the hospitals in this particular plan, and hospitals will start closing; we will lose emergency rooms and we will be in big trouble. I think our senior citizens deserve better.

Republicans cut \$18 billion more than the President out of Medicaid. I hope to have an amendment to talk about the Medicaid issue. Who is on Medicaid? The poor children, the poor families, and two-thirds of our senior citizens in nursing homes are on Medicaid, our grandmothers and our grandfathers.

What do you suppose is going to happen when you take \$18 billion more than the President did out of Medicaid? Nothing good will happen, I can assure you. We have already had the scandals in the nursing homes in the 1980's. I do not want to live through that again. We cannot take these kinds of dollars out of Medicare and Medicaid and have a system that functions and a system that works. Then if you do the medical savings accounts on top of that, which is also, as I understand, assumed in this budget, the healthiest and the wealthiest will leave a lot of our plans, including Medicare, and it is going to make matters far worse when the healthiest and the wealthiest leave the big insurance pool.

The earned income tax credit. Republicans cut \$12 billion more than the President in the earned income tax credit. What is the earned income tax credit? It is a credit given to those in our community who work very, very hard for very low wages. And the purpose of it is to ensure that they do not have to go on welfare. And it is really a very important, very important tax credit for those at the bottom of the scale who work so hard and do not want to be on welfare. Yet, the earned income tax credit, which was really praised highly by President Reagan, President Bush, bipartisan, is hurt deeply in the Republican budget.

However, there is one area where the Republicans spend more. Guess what it is? It is the Pentagon. They spend \$11 billion more than the Department of Defense asked for. Let me repeat that. In this budget, if you vote for it, you are voting for \$11 billion more than the Department of Defense, the admirals and the generals, asked for. I do not get it. I do not get it.

We have the strongest military in the world, and we should keep it that way. We spend more than any other nation. I am going to tell you exactly what we spend compared to other countries.

Here is a chart that shows that the U.S. military budget spends more than the next five countries combined. I want to thank Senator SIMON for sharing this chart with me. He had used it

in the Budget Committee. So here we see the United States, \$264 billion; Russia, \$98 billion; Japan, \$54 billion; France, \$41 billion; the United Kingdom, \$35 billion; and Germany, \$34 billion.

Let me make a point. Let us just say for purposes of this that Russia is not our friend. Of course, the cold war is over and she would like to join NATO. But for the purposes of this conversation, let us say Russia was not our friend, because there are elections coming up and we are nervous about it, I understand. All the other countries—Japan, France, the United Kingdom, and Germany—are our very close allies. So if you take what America spends, and you add what our best friends spend, I mean, we are up there in the stratosphere. We do not have to lose sleep at night about the size of our military budget.

And the fact of the matter is, the kinds of threats we now face are very different than the threats that we faced in the height of the cold war, when we worried about intercontinental ballistic missiles and we worried about nuclear weapons. Thank goodness times have changed. Are they risky times? Yes. Are they dangerous times? Yes. We can never not be vigilant. But the threats are different. And the costs should reflect the different types of threat.

We are far more threatened by terrorism, for example, than we are from an intercontinental ballistic missile. And you need different things to prepare for that than you do that type of a star wars threat that we used to feel in the cold war days. So with all of this information, the Republican budget adds yet another \$11 billion.

I want to hearken back to what Dwight Eisenhower said, general and President, a Republican. He said, it is very important to educate our children; that the defense of our Nation is not only in the size of its arsenal, but how educated our children are. He is the one who brought to the Congress in the 1950's the National Defense Education Act. He called it the National Defense Education Act because he knew, if we are going to be strong, if we are to defend America and its principles and its democracy, it takes an intelligent country and it takes young people who are ready to learn.

I will tie that into a conversation I had with the entrepreneurs in the Silicon Valley. I am so proud to represent them here in the U.S. Senate. When I went to see them when I was running for the Senate back in 1992, I said, "Tell me the one thing I could do for you if I become your Senator." I fully expected them to say something like, "Well, cut our taxes." They did not say that. They said, "If you become our Senator, get us an educated work force. Get us an educated work force." Today they are hiring foreign workers because they are not getting the skills here that they need. The answer lies in this budget.

That is why this debate is so exciting and so important. It can sound a little boring when you talk about technical terms such as "real freezes" and "hard freezes" and all the rest and technical assumptions, "CBO" and "OMB," and all the things we talk about in our budget meetings.

But behind all those words is reality. The reality is, what do we believe in? What do we believe will make us great? If we can, in our budget, invest in those things that will make us great, in the context of a balanced budget, because we need to do that—we need to do that. We are wasting so much on interest payments on the debt. We have to get a handle on that. And we do in both of the budgets before us. The debate can now focus on these differences, these things.

So, Mr. President, it is indeed an honor for me to partake in the debate. I want to thank Senator EXON, our Democratic ranking member, for all the hard work that he has done and the staff has done. I want to thank the President of the United States for giving us a budget that I think we can be very proud to vote for. It is fiscally responsible. It makes the tough and hard choices. It comes to balance, but it does it in a way that makes the right investments: Education, environment, Medicare, Medicaid, the earned income tax credit, and a sensible number for defense.

You put that altogether, and I think you have a pretty good roadmap into the next century, one in which America will truly be the economic leader of the world, and also the moral leader of the world.

Thank you very much, Mr. President. I yield the floor.

THE PRESIDING OFFICER. The Senator from Tennessee.

MR. FRIST. Mr. President, I rise today as a member of the Budget Committee in strong support of the 1997 balanced budget resolution. I want to commend the diligent work of our chairman on that committee in moving this legislation to the floor of the U.S. Senate.

As we begin our debate, I hope we will keep our Federal debt in perspective. As of today, the Federal Government is \$5 trillion in debt, more than \$19,000 for every man, woman, and child in America. The whole concept of \$1 trillion is so difficult to understand. An analogy I use to explain how much a trillion is, I go back to a very simple way of thinking about it. That is, if you started a business on the day that Jesus Christ was born, almost 2,000 years ago, and on the day he was born you lost \$1 million and you lost \$1 million every day since the day he was born—\$1 million every day—you still would not have lost \$1 trillion.

We in this country have a \$5 trillion debt. Looking at this problem from another angle, a child born today owes \$187,000 just on interest on the debt over his or her lifetime. We clearly cannot sustain this course of unre-

stricted, unrestrained Federal spending. That is why we are here today to introduce a balanced budget which will protect those children and that opportunity for an American dream for those children.

It really boils down to the whole concept of long-term thinking. We, in this town, too often think in terms of 1 year or 2 years. It is time for all of us to come together and think in terms of that long term. In my own career of medicine, before coming to this body, you do an operation to possibly get through a short-term, acute problem, but you do it for the long-term quality of life for that individual. It is this long-term thinking that all of us need to engage, bring to the table in this budget debate.

Long-term thinking clearly means reducing spending and reforming entitlements, something that is tough to do—and this is a political year—really any year. All of us are dependent on reaching out to the public. Telling the public, broadly, that entitlements, or benefits established by law and paid to any eligible beneficiary—and we define that the eligibility requirements, regardless of cost, are what are driving this country to higher and higher debt and larger deficits over time—it is the result of the automatic-pilot spending that causes entitlements to be the largest and fastest growing portion of our Federal budget.

On this chart—and it is a familiar chart to many of us on the budget committee, but it is one that is worth imprinting in our minds because it shows the problem that we have, not just in 1996 and 1997, but on into the next century. The chart is very simple. It shows Federal spending; that is the height of each of the bars. It starts in 1970 and comes to where we are right now, 1990, then to the year 2000, and on into the next century, the year 2030.

The green line is the revenue that comes in to Washington, DC, the taxpayer dollars, the amount of money that is coming in. We can see, over time, as a percent of GDP—gross domestic product—that is constant. It has been constant for decades and will be for decades, right at 19 or 20 percent of GDP. We can see, of interest, that the income coming in, the revenues, matched in 1970—the last time it matched—Federal spending. Why? We have not had a balanced budget in almost three decades in this country.

We can see through the 1980's and the 1990's that the Federal spending outpaced the revenues. That is why we have the deficit each time. We add up each of the deficits, and we get the \$5 trillion debt. In red are the entitlements. There are basically five entitlements—there are really more than that: Social Security, Medicare, Medicaid, pensions, and welfare spending.

Look at the dramatic increase, historically, over time, to where we are today, in the red, in entitlements. They are on autopilot. The interest is the amount of money, the interest on

the Federal debt. It is the amount of money that we are paying each year we have to pay on the \$5 trillion debt that is out there. As the debts increase, the amount of increase over time has increased.

In the blue, looking at 1970, we have discretionary spending. Discretionary spending is that spending that is for the sorts of things that we just talked a little bit about earlier. That is our national parks, defense of this country, education, roads and infrastructure. Notice how, over time, the blue is getting smaller as the red gets larger on autopilot.

What is frightening—and the reason why I want to show this chart—is what happens in 4 years, 10 years, in the year 2000, 2010, and 2020. Revenues stay the same and there is a huge growth in overall Federal spending. Unless we do something, this is inevitable. This is agreed to in a bipartisan way. These are data that are generated by a number of sources that, again, both sides of the aisle accept. It is inevitable. The reason it is inevitable in some part is because of our aging population, because we had a baby boom back 30 years ago now which will be traveling through, which at the year 2010 will hit.

Now, 2010 sounds a long way away, but in truth it is 14 years away. You can see in the year 2010, 14 years away, that entitlements, in the red, and on the debt, in the yellow, consume all Federal revenues in 14 years unless we do something. The last year and a half we have not done anything. Unless we do something, we will have no money left over for the discretionary spending. This is education, national parks, research, science, and defense of this country. That is why we must come together and act in a reasonable way.

The growth of mandatory spending we can look at differently to drive home the problems that we have. That is really in this second chart. Mandatory spending—what we spend if we do nothing—on entitlements and interest on the debt are consuming an increasing portion of our Federal budget pie. This chart, I think, describes that and explains that very well. We have mandatory spending in 1965, overall spending in 1965; overall spending in 1995 is shown by the middle pie; and then looking on into the future. This is our overall budget. The red is entitlements; the yellow is interest on the debt; and the discretionary spending is in the light blue.

Look what happens between 1965 and 1995: Entitlements and interest on the debt in 1965 consumed about one-third of our overall budget; by 1995, the discretionary spending and the mandatory spending have flipped. We can see entitlements and interest on the debt now consume almost two-thirds of the overall budget, with the discretionary spending having consumed before two-thirds, now only one-third. We must act.

Again, why do we need to act today for the long term and not just the short

term? Because if we look out again in 14 or 15 years, in the year 2012, the entire Federal budget will be spent for entitlements and interest on the debt, with absolutely no money left over for defense, medical research, roads, national park, and infrastructure. This is what happens if we do not act, if we do not act in this body, in a bipartisan coming-together, in a reasonable way.

Clearly, we face a monumental fiscal crisis if we do nothing. This 1997 balanced budget resolution, which came out of the Budget Committee, begins to solve this long-term problem by reducing spending growth and reforming entitlements. Over the next 6 years, our resolution will slow spending by \$441 billion. More importantly, 85 percent of these spending reductions target mandatory programs, those automatic pilot entitlements that are driving us deeper and deeper into debt.

Our budget, unlike the President's budget, addresses this problem of growth in entitlements and interest over time, which ultimately eliminates discretionary spending. Now, long-term thinking also means strengthening and improving programs that are critical to the health care of our Nation.

Of the 400 entitlement programs in the budget, I want to briefly comment on two—Medicare and Medicaid. It is the long-term decisions that we make about these programs that are crucial because it is they that are the fastest growing entitlements, and it is they that provide the critical health care services that over 37 million senior citizens depend upon and over 30 million people below the poverty level. It is a little disappointing because I have been in this body about a year and a half to 2 years, and we have made absolutely no headway in saving, strengthening, and simplifying Medicare. Yet, the problem has been laid out for us now almost 2 years ago.

Politicians all too often have been negligent in telling people the truth about Medicare's really precarious financial situation. Let me say at the outset that, as a physician, I have taken care of thousands of Medicare patients personally, day in and day out. It is the world's largest insurance program. It is hugely popular among 37 million participating Americans. It is giving seniors and individuals with disabilities unprecedented access to the great health care system that we have today. It has prolonged and improved the lives of millions and millions of Americans. Thus, we must work together to strengthen and save this program.

The truth is depicted again in this chart, though. This is the Medicare hospital trust fund, the so-called part A trust fund. It started going broke last year. If I were to come into any small business and say, "You are going broke right now," what would they do? They would react, go back and develop a strategic plan. They would react on that day. Yet, we sit in this body and have not yet done one thing to reverse

Medicare going broke in a few short years.

This chart shows overall assets of the trust fund in billions of dollars. You can see that we were spending more than we were taking in beginning last year. This is 1994. In 1995, we went into the red in the Medicare trust fund spending, the actual cash flow going in and out. That deficit spending has increased this year, will increase this year, the year after that, and the year after that. Meanwhile, this trust fund is going down, down, and down, where in 4 to 5 years the trust fund will be bankrupt.

I should add that these projections have gotten worse over the last year. Last year, we said it is not going to start going bankrupt for a year and will not really go bankrupt until 2002. Well, over the last 14 months of doing nothing in the U.S. Congress, Medicare is going bankrupt more quickly.

This chart shows this whole concept. We sort of looked at cash flow in the last part, how much is coming in and going out. If we look at actual bankruptcy—I took a chart that we used last year, based on the Medicare trustees' report of last April, and updated that chart. This chart looks at, in billions of dollars, how much the trust fund has in assets. When it gets down to this line, Medicare is actually going bankrupt. This is 1985 to 1995. It projects out to the year 2004. The line that I used last year, which was in the Medicare trustees' report, was the blue line. From 1985 to 1995, as you can see, the Medicare part A trust fund looked better and better and better. However, we saw, beginning last year—not this year, and we saw it on the previous chart—we started deficit spending. This is what we projected last year. This is 1995. That is, Medicare would be bankrupt in the year 2002. I should add, when Medicare goes bankrupt, by law, no hospitals can be paid. So when it goes bankrupt, that means that care will actually be denied. That is inevitable, unless we act. Well, last year, we presented a plan to the President of the United States that would save Medicare, would change the course of this line on out into the future. Yet, it was vetoed by the President. Now we have yet another opportunity to salvage, to save and strengthen Medicare.

Look what has happened in the course of the last year and a half of doing nothing. That is where I have updated this chart. That is where the red line comes in. Based on the predictions by the Congressional Budget Office, we see that Medicare is not going to go bankrupt in the year 2002. But now it is going to be going bankrupt in the year 2000—and nothing else has changed—unless we act. In this balanced budget resolution, I will show you, shortly, how we will extend these lines out and preserve Medicare.

Surely, we must save and strengthen and simplify this program. We have to lay aside the politics and focus on protecting those Americans. I think of

those thousands of patients who I have taken care of myself, and who were treated for heart disease, lung disease, emphysema, and had lung cancers taken out, and who have gone through coronary bypass surgery. Those are the people I have seen and the people we have to be responsible to in preserving this program.

This chart shows the Medicare hospital insurance trust fund with what we have before us today in this balanced budget resolution, with what the President has proposed and will be talking about later today, and what we will discuss on this floor today and tomorrow. Under current law, again, this shows that Medicare will be going bankrupt in the year 2000 if we do nothing. That is the red line. Well, the President, in his proposal—once you get rid of the gimmicks of moving home health care and part A of the trust fund elsewhere, which is a gimmick—if you put that aside, you can see that under the President's proposal, in green on the chart, the hospital trust fund is extended for 1 year.

We have to get away from this short-term thinking and look on into the next century. The baby boom does not even hit until 2008. We have to be prepared for the year 2008 and extend solvency for 10 years. That is what our balanced budget proposal does. The balanced budget proposal—the one we will be debating and discussing—extends the life of the part A trust fund, which is the heart of Medicare, out for 10 years. That is an objective that the President said he would like to see out there. It is something I feel strongly about. Remember, out in the year 2006, we are going to have a whole new set of problems we have to address. In the proposal before us, we extend for 10 years the solvency. The President extends it only for 1 year. If we do nothing, it will be going bankrupt in the year 2000.

With regard to Medicaid, which is the second area I want to discuss, I think we have a historic opportunity to work together to preserve what has become and needs to be a real safety net for women, children, senior citizens, and our disabled population.

Let me, again, say that about 35 percent of the people who I have transplanted hearts into are below the poverty level and benefited by having Medicaid. So, again, my experience with this whole health care issue is pretty real in that 35 percent of all the people I have transplanted benefited by having Medicaid, which served them very well. The problem is that Medicaid, today, takes up 6 percent of total Federal spending and about one-fifth of State spending. Unless we act, we will see about a 155-percent increase in just 10 years.

This increase in Medicaid spending, if you look at it just from last year to this year, is more than we spent in whole on mass transit, on all criminal investigations, on pollution control and abatement, and on the National Science Foundation. That is just how much the increase has been. Unfortu-

nately, Medicaid, with this inexorable growth, is bankrupting our State budgets, who have Medicaid being the largest single entity in the States' budgets, driving out spending on other very useful causes, like police, crime, and education.

Let me say at the outset that nothing in our balanced budget resolution constitutes a cut in Medicaid—absolutely nothing.

President Clinton and Republicans both attempted to rein in growth and spending and protect the eligible population. The differences are going to be hammered out in the committee. But let me just say what we started with.

We started with the bipartisan cooperation in working with the Nation's Governors, 48 of whom got together and passed out unanimously a proposal that we agree with. Their plan was designed to protect all current law eligibles and included in the umbrella a fund for emergencies.

To preserve the important safety net which must be there, Medicaid spending under our plan, our proposal, will increase 25 percent over the next 6 years. There are \$54 billion more in our bill than in last year's budget resolution. It is not a cut. The program will continue to grow at a rate of about 6.5 percent under our proposal, which is important—two times the rate of inflation—and it will grow a total of 46 percent from 1996 to the year 2002.

Let me also add that as we strengthen Medicare, improve Medicare, and save Medicare for the future, and as we improve, simplify, and strengthen the Medicaid programs, we must also recognize that biomedical research must and will remain a priority for our Nation's long-term health care needs, again going back to the importance of thinking long term and not just short term. In this field of biomedical research, shortsightedness would only yield some quick remedies that would really, I think personally and based on my experience, potentially endanger lifesaving breakthroughs from continuing research.

The 1997 budget resolution allows us to maintain funding for the NIH, the National Institutes of Health, at the level of funding secured last year and an increase of 8.8 percent, or almost \$1 billion, more per year than in last year's budget resolution. Their commitment will help to preserve our position as a world leader in biomedical research.

Finally, Mr. President, long-term thinking means avoiding budget gimmicks. Earlier I spoke very quickly about a gimmick that I find very troubling in the administration's budget of transferring home health care, which is growing at about 17 percent a year, from one part of Medicare to another to make us feel better about part A. Medicare is part A, the hospital trust fund we have talked about, and part B, which is physician services, we focused on a lot over the last year and a half.

Part A, the hospital trust fund, and the data that we just talked about, is the hospital part A trust fund. We can-

not solve that problem without some fundamental reform. What the President has done, unfortunately, is take assets out of the part A trust fund, move them elsewhere and say, now the trust fund is going to be solved long term. It is just not right. It is just not true. That is a gimmick. We have to have fundamental structural reform if we are going to look at the long-term solvency of that part A trust fund.

I guess I want to comment lastly on the President's "spend now, save later," proposals for discretionary spending. This chart looks just to the nondefense discretionary outlays, the spending that is out there. The red is the President's plan. The green is the Senate-reported plan that we have on the table now. It is \$270 billion in overall spending, fiscal year 1996, where we are today, going out to the year 2002 over the next 6 years. The difference in this plan is very clear—increased spending in these early years by the President's plan in nondefense discretionary spending where we have real numbers coming in addressing the problem today, not focusing on just the first 2 years, but the long term.

The President has certain trigger proposals which will come into play these last few years, and I think they really defy common sense. The American people need to recognize these proposals as gimmicks that are antithetical to our efforts to balance the budget. No American family or individual would conduct their financial affairs in this manner, and their Government should not either. The problem is now. Let us address the problem now, not increase spending hoping, hoping, that it will be addressed in the future.

I look forward to offering a sense-of-the-Senate amendment on the floor that will oppose these discretionary triggers and support commonsense budgeting.

Our constituents deserve nothing less than a courageous forward thinking leadership here in Washington. All of us know that today they want us to balance the budget. Today they want us to save Medicare from bankruptcy, which is inevitable if we do not act. They want us to reform Medicaid to return welfare to workfare, to provide tax relief without resorting to budgetary gimmicks. We do need to transform Washington from that 2-year town that looks to the next election to a 20-year town that looks to the next generation.

We can start that today as we get this whole budget discussion underway this morning and in the afternoon, over the next 50 hours, by eventually passing this 1997 balanced budget resolution.

I would like to briefly yield time, if I might, out of my time to Senator GRAMS, my friend from Minnesota.

Mr. EXON addressed the Chair.

The PRESIDING OFFICER. The Senator from Nebraska is recognized.

Mr. EXON. Mr. President, I would like to briefly respond to the remarks and comments of my friend and colleague from Tennessee.

Could I see that chart that he just had there about the trust fund going broke?

Mr. President, here is one of the things that I am most concerned about. I think we all recognize that we have a problem, and we all are trying to work together to solve it. I do not think it is particularly helpful for us to show on television charts that scare the devil out of the senior citizens of America.

The Medicare fund is not going to go broke. Everybody knows it is not going to go broke because the Congress, whatever it has to do, is going to step in and stop it. The fact of the matter is that while we keep criticizing what the President of the United States has done, as I demonstrated by charts earlier on today—listening to people on the floor of the U.S. Senate that have recently come into the Congress, you would think they are the only ones who have any expertise or knowledge on how to balance the Federal budget—as I showed vividly with charts this morning, it was the President of the United States, Bill Clinton, who has come on board and at the urging of some of us who have been fiscal conservatives for a long, long time and very much concerned about the skyrocketing budget deficits annualized at about \$300 billion, Bill Clinton is the one who has reversed that course. For the first time since man's mind runneth to the contrary, we have seen a dramatic turnaround in the annual deficits of the United States of America.

I only say, once again, that all of these things that are being thrown around by those on that side of the aisle who fought without a single Republican vote against the deficit reduction proposal advanced by the President of the United States and supported by Democrats was the only time in 30 years that we have had a turnaround in the annual deficits.

When I see people talking about the trust fund going broke, unfortunately, I feel it is a means of scaring senior citizens. I tell the senior citizens that the fund is not going to go broke. Of all the criticisms that have been made about how bad and how gimmickry the President of the United States is with his proposal, I cite once again, and, if necessary, I will read it once again.

Let me repeat what June O'Neill said on May 9, 1996, in a letter to me after I made a request for her, June O'Neill, the Republican appointee as head of the Congressional Budget Office that we all look to as a guiding light today and the umpire, if you will, on disputes between the political parties. She said, "Under the law, the trust fund is projected to become insolvent by 2002."

So we agree with that part. But when we talk about going busted, that is something else—going bankrupt, projected to go bankrupt.

June O'Neill goes on to say that the Congressional Budget Office, which, I

say again, is run by the Republicans—it has a director who makes these decisions after listening to staff that are Republicans—June O'Neill says in that May 9 letter to me, "The Congressional Budget Office estimates that the administration's proposal would postpone this date," or the date when it could be in some trouble, "to the year 2005."

I simply say, Mr. President, it is not necessary for us to talk about this going broke and indicate that the Democrats and the President of the United States are doing nothing about it when that is not the case.

The Senator complains about backloading, about backloading in the President's budget. Take a look at the Republican budget. It is like the kettle calling the teapot black. There is little difference with regard to the backloading in either the Democratic plan or the Republican plan, and we should be honest about it and not mislead the American people. It seems to me you would have to agree that under my calculations, both budgets, both the Democratic budget of the President and the Republican budget, achieve exactly the same amount of deficit reduction—82 percent of it in the last 3 years.

Let me repeat that. You hear this talk about backloading. Backloading means that you do not make the cuts upfront now. You wait until the 6th and 7th year of the budget. So that is after Bill Clinton will have finished his second 4-year term as President of the United States or that is after our good friend, Senator BOB DOLE, would finish his first 4 years as President of the United States. But both are guilty of the same thing. And I wish to lay down the marker now, that when you hear about backloading, it is a plague on both of our houses.

Mr. President, 82 percent of the deficit reduction or savings in both the President's plan and the Republican plan is in the last 3 years. So I simply say that there is probably little to be gained if you want to talk honestly about who is the worst backloader.

I reserve the remainder of my time and yield the floor.

Mr. FRIST addressed the Chair.

The PRESIDING OFFICER. The Senator from Tennessee.

Mr. FRIST. Let me just very briefly respond because I know we have a number of colleagues here. I guess the one element that I would like to respond to is the scare tactics, because it has been a fascinating year for me. I have only been here for a year and a half, and I do not have all the answers to the budgetary problems that we have today, but if we look at the issue of scare tactics, the numbers that I showed you in terms of the chart and Medicare going bankrupt were given to us, given to this body, by the Medicare trustees, a bipartisan group, three members of President Clinton's Cabinet, and that is the chart that comes directly out of their numbers. They tell us that it is an urgent problem; it is going bankrupt—again, bipartisan.

The numbers that have been released recently are that things are getting worse, that part A—40 percent of the overall Medicare Program is part A—is going to be insolvent. We were told in 7 years. Now we know it is going to be 6 years, which, since it has been a year, is only 5 years from now. That is scary. That is scary.

But contrast that with the number of things you see on television. Every time I go back to Tennessee they say, "What are you people trying to do with our budget and Medicare, trying to slow the growth from 7 percent to 6 percent," which is what we were trying to do last year and that is what we are trying to do this year.

That scares seniors. That scares seniors. If we do not do anything, that program is going broke. It is gone. The 70-year-old people who need heart surgery, who I operate on, are not going to get it.

I have not been around that long, but maybe by the year 2000 they will come in with some huge tax increase or strip back benefits in the year 2000, but that is the only thing that will save the program. Nothing else will do it because it is inevitable; it is going bankrupt, part A, the hospital part of the trust fund.

So we have seen a lot of scare tactics out there over the past year and a half. Those scare tactics have been on television, paid advertising. They scare every senior citizen. Every person over the age of 50 will come up, because they are scared, and say, "Don't touch anything, because what we can see on the television ads, if you reform the system, we are not going to have a health care system at all."

Those are the scare tactics I am afraid of. I have just presented the facts in terms of bankruptcy. I agree with Senator EXON. We need to work together. Clearly, both budgets have their real problems. These numbers came from CBO scoring, that right now, if you look at the hospital trust fund—these are CBO numbers, Congressional Budget Office numbers, that came from June O'Neill's staff to our staff that have been released and part of the record we talked about in the Budget Committee—it is going bankrupt in 5 years—the red line—if we do nothing.

Under the President's plan, if you remove the gimmickry of the \$55 billion in home health care—it is just moved to the side—CBO said it extends the life of the trust fund for 1 year.

Our proposal, according to CBO, June O'Neill's group, says we have 10 years in our report. This, again, comes from the Congressional Budget Office.

I thank the Chair. I yield the floor.

Mr. GRAMS addressed the Chair.

The PRESIDING OFFICER. The Senator from Minnesota.

UNANIMOUS-CONSENT AGREEMENT

Mr. GRAMS. Mr. President, first, in business to come before the Senate, I ask unanimous consent that the Senate stand in recess today from the hours of 1:30 to 3:30 and that the time

during recess then be charged equally from the budget resolution. By the way, this does have the approval of the minority side as well.

The PRESIDING OFFICER. Is there objection?

Mr. EXON. There is no objection on this side, Mr. President.

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

Mr. GRAMS. Thank you very much, Mr. President.

I rise today with great pride in supporting the budget resolution for fiscal year 1997, and I commend the distinguished chairman of the Senate Budget Committee, Senator DOMENICI, and my colleagues on the committee for drafting a piece of legislation of which every American can be proud.

This bill, more than anything else, is about promises, making promises and keeping them. The American people have every reason to be cynical about political promises. They hear so many of them, and they hear them repeated so often that it is easy to begin to tune them out. Yet, something resonated with the voters when we went to the people back in November of 1994 and we promised that we would take this country in a better direction if they elected a new majority to Congress.

Last year we redefined the role of the Federal Government when we laid out a plan for the Nation's future unlike anything that the people have seen over the last 40 years. Up until then, they had always been told that big Government was good Government; that we could keep spending as much as we wanted and never get stuck with the bill; that Washington knew best.

That was nothing more than a fairy tale. Our budget pointed toward a more realistic, more responsible path, and we passed that into law only to have it vetoed by a "pie crust" President whose promises are easily made and easily broken.

Now the second installment of our balanced budget promise is before us and we have a second opportunity to take our case to the people. Our budget recognizes that we do have a responsibility to guarantee our children a debt-free future and that balancing the budget without raising taxes must be a priority of this Congress.

Mr. President, it is ironic that we begin debate on the budget resolution today, May 15. Each year, the non-partisan Tax Foundation calculates its tax freedom day, and that is the day on which Americans stop working just to pay their State, Federal, and local taxes and actually begin keeping their earnings for themselves.

Now let us go back to 1925. Tax freedom day arrived on February 6. But this year, Americans had to wait until May 7 before they were allowed to keep the first dime of their own money. Mr. President, 1996 marked the latest arrival ever for tax freedom day. In fact, tax freedom day has just jumped ahead an entire week since President Clinton took office because under Bill Clinton's

watch the Government is taking more from the paychecks of middle-class Americans than ever before.

Let me repeat that. Despite all the claims you hear about Bill Clinton doing well with the budget and the deficit, tax freedom day is a week later under Bill Clinton than ever before because, under the watch of President Bill Clinton, he is taking more money out of the pockets of American taxpayers than ever before.

I also want to make a couple of notes on some of the charges or responses we have heard today from some of our Democratic colleagues, and I will just go back to Senator EXON and some of the comments he made, that Congress will step in to save Medicare. Senator FRIST of Tennessee is more of an expert on this than I am, and he has done a good job of laying it out and trying to explain what happens, but we know the President is using smoke and mirrors when he says he is going to take \$55 billion out of Medicare and move it into the general fund so it will make it look like it is solvent. And when Mr. EXON says Government or Congress will step in to save it, what does he mean? The President has ignored the issue. How they would step in and save it would be to raise your taxes.

Let us not talk about it today, but if we get the opportunity we will come in and we will raise our taxes. Also, about the claims that they passed the 1993 budget plan without a single Republican vote, we are very proud of that, that we were not part of raising taxes in 1993.

My colleague from California, a few minutes ago, was talking about a smaller Government today under President Clinton than ever before, and a higher Government level under President Reagan in the 1980's. But I think that is when you take into consideration all military personnel as well. The truth is, under this administration we have more bureaucrats and more people working in Government outside of the military than at any time in history. So they have not shrunk the size of the Federal Government. They have shrunk the size of the military in order to come up with those numbers.

Then lower deficits, the reason we have lower deficits today is because of higher taxes. They are taking more money from the average taxpayer to offset the increase in spending. Also, we have enjoyed some lower interest rates over the last couple of years. But when we are talking about spending, it continues to grow out of control, so we have not reduced the size of the Government, we have not eased the spending burden on Americans, especially when you look again at the fact that tax freedom day comes 1 week later today than it did 3 years ago.

And then the gas tax. I tell you, some just cannot stand to let go of a tax no matter how small they try to make it look. They are saying the 4.3 cents is going to go into the pockets of oil companies. That is doubtful. When they re-

duced the excise tax on air fares, when the Government tax went off, that was immediately passed on to the consumer in a rebate. But no matter what that question might be, we do know one thing, the \$5 billion in that increased gas taxes come out of the pockets of taxpayers and it has gone into the pockets of bigger Government.

When we talk about cutting and backloading our budgets, and we are charged we do not do any better than what the President has proposed in his budget—there are some very stark differences. Our budget, over the life of 7 years, begins to trim the size and scope of the Federal Government and we will enjoy compounded savings in the fourth, fifth, sixth, and seventh year of our budget. But the President's plan takes 100 percent of its backloading reductions in the last 2 years, and it takes it directly out of discretionary spending. I do not think there is one Member of this Congress who could stand up and tell the mayors and Governors of this country and others they are going to make that deep of a cut in the last 2 years. That will not happen.

So we do have some differences in how we achieve the balanced budget. It seems they always try to find some good out of a bad situation. On the farm you would call that trying to make a silk purse out of a sow's ear. But the news is more discouraging for taxpayers of Minnesota because national tax freedom day came and went 8 days ago, but Minnesotans do not keep their own dollars until today. That is, 136 days into 1996, because of higher State and local taxes, and the differences in the Federal tax burden, Minnesota is tied with Wisconsin in having the fourth latest tax freedom day in the Nation. Only the residents of Connecticut, New York, and New Jersey pay higher taxes than we do in Minnesota. That is nearly 20 weeks, over 800 hours on the job, just to pay Uncle Sam.

By imposing his record-breaking \$255 billion tax increase in 1993, again, President Clinton bears the responsibility for ever-increasing tax burdens from singles to families to seniors to job providers. Every segment of society has felt the pinch. Motorists were hit especially hard by the President's gas tax increase, which again boosted the cost of gasoline by nearly \$5 billion every year.

So, whatever you call it, the Clinton crunch or the middle-class squeeze, as long as taxes keep rising, the dollars Americans have left over to provide for their families will keep falling. It must be the goal of Congress to help Americans earn more money and keep more money so they can do more for themselves, their kids, their communities, and their churches.

The budget resolution we begin debating today will go a long way toward ensuring tax freedom day arrives earlier next year for all Americans. Mr. President, its cutting taxes provisions

could not come at a better time. Government has become a looming presence in the lives of the American people. Each year the people are asked to turn more responsibilities over to the Federal Government for Government regulation, for Government support. From the time they get up in the morning until they go to bed at night, there are very few aspects of American daily life that are not touched now by the hand of government.

So government has been forced to grow just to keep up. Consider that government spending at the Federal, State, and local level has jumped from 12 percent of the national income in 1930 to 42 percent today, and the burden for keeping these ever-ballooning bureaucracies in operation has fallen on the taxpayers, of course, through more and higher taxes.

The increase has been dramatic. Between 1934 and 1995, individual Federal income taxes as a percentage of gross domestic product rose 1,114 percent.

Today, the typical American family faces a tax burden from all levels of government of 38 percent, and most middle-class American families are turning more money over to the government than they are spending for their family's food, clothing, shelter, and transportation combined. Families with children are now the lowest after-tax income group in America, below elderly households, single persons and families without children.

A significant number of families are relying on a second job just to pull themselves above the poverty line and to meet their annual tax obligations. The majority of families who have reached a middle-class standard of living are families with two incomes. They are still trying to pursue the American dream, but the ever-increasing tax burden keeps pushing it out of reach.

According to the Gallup organization, 67 percent of the people say they are handing over too much of their own money to the Federal Government. They might feel differently if they were getting a fair return on the investment, but Americans see their hard-earned dollars being wasted by the Federal Government. They look at the services they are getting in return and they feel like they have been taken to the cleaners.

It has always been easy for past Congresses to be generous with somebody else's money. This Congress, however, is no longer willing to let the Government gamble away the taxpayers' hard-earned dollars. In fact, we are going to keep those dollars out of the Government's hands in the first place. The centerpiece of our balanced budget plan is the \$500 per child tax credit, and I am proud this desperately needed provision remains at the heart of our legislation. The tax credit alone will allow 28 million taxpaying households to keep \$23 billion of their own money each year.

In my home State of Minnesota, the tax credit would return \$477 million

every year to families who work hard, pay their bills, and struggle every day to care for their children without relying on the Government.

In addition another 3.5 million households nationwide will find the \$500-per-child tax credit tax liability has eliminated their tax liability entirely; 3.5 million households. President Clinton has promised a middle-class tax cut of his own, but, again, it is virtually nonexistent in his 1997 budget. Let us look at what he calls for.

To qualify for the President's version of the child tax credit your child has to be under the age of 13—meaning that just about the time you need that tax relief the most, it would dry up. In addition, it would only be \$300 per child for 3 of its 5 years, and then it would be abruptly terminated 2 years early. The \$122 billion in tax relief Congress is offering in our budget resolution is real tax relief. It is not a paper gimmick.

The second plank of the legislation before us is the promise to balance the budget by the year 2002. Every year the Federal Government is spending billions and billions more than it takes in. Because of 4 decades of fiscal insanity, the national debt has today eclipsed \$5 trillion and continues to rise. Just the interest alone on a debt that massive is accumulating at the rate of \$4 million an hour. If our national debt were shared equally among all Americans, each of us would have to pay up \$19,000 for every man, woman, and child in this country. Every child born today in the United States of America comes into the world already saddled with a debt of more than \$19,000. The share for an average family is \$75,000.

So the first, most important result of a balanced budget would be to free our children and grandchildren from the economic burden they will inherit from this generation, a burden they did not ask for and one they certainly do not deserve. Because we have been able to begin reining in spending over the past year, our budget reaches balance in 6 years, not 7 as we first proposed a year ago. By contrast, the President's 1997 budget plan never achieves balance. It achieves an annual budget deficit of \$84 billion by the year 2002. Our plan achieves its goals without dramatic cuts of any kind—except in the deficit.

Spending on Medicare, Medicaid, Social Security, welfare programs, and the earned income tax credit will all continue to grow to meet this Nation's needs over the 6-year life of our budget.

Keeping promises may be considered out of style here in the Nation's Capital City, where promises are a dime a dozen among the professional politicians, but back in Minnesota a promise is something a person does not back down on, even if it was made by a politician.

With our budget resolution and its meaningful tax relief, its protections to ensure the solvency of the Medicare Program, its reform of the welfare system, its commitment to a balanced

budget by the year 2002, this Congress is keeping the promises that we made to the American taxpayers.

Thank you very much, Mr. President, I yield the floor.

The PRESIDING OFFICER. If the Senator from Michigan will withhold.

APPOINTMENT BY THE MAJORITY LEADER

The PRESIDING OFFICER. The Chair, on behalf of the majority leader, in consultation with the Democratic leader, pursuant to Public Law 102-246, appoints Julie Finley, of Washington, DC, as a member of the Library of Congress Trust Fund Board, effective June 30, 1996, vice Edwin L. Cox.

APPOINTMENT BY THE VICE PRESIDENT

The PRESIDING OFFICER. The Chair, on behalf of the Vice President, in accordance with 22 U.S.C. 1928a-1928d, as amended, appoints the following Senators as members of the Senate delegation to the North Atlantic Assembly during the second session of the 104th Congress, to be held in Vouliagmeni, Athens, Greece, May 16-20, 1996: the Senator from Colorado [Mr. BROWN]; and the Senator from Hawaii [Mr. AKAKA].

APPOINTMENT BY THE PRESIDENT PRO TEMPORE

The PRESIDING OFFICER. The Chair, on behalf of the President pro tempore, pursuant to Public Law 94-201, appoints the following individuals as members of the Board of Trustees of the American Folklife Center: James F. Hoy, of Kansas, and Charles E. Trimble, of Nebraska.

CONCURRENT RESOLUTION ON THE BUDGET

The Senate continued with the consideration of the concurrent resolution.

The PRESIDING OFFICER. The Senator from Michigan.

Mr. ABRAHAM. Mr. President, at this time, I yield to the Senator from Missouri such time as he may need, up to 15 minutes, to speak on the bill.

The PRESIDING OFFICER. The Senator from Missouri.

Mr. BOND. Mr. President, my sincere thanks to the acting floor manager and to the Chair.

A comment was made a few minutes ago when I was on the floor that maybe some of the newer Members of the Senate did not really understand how we have to balance the budget in the Federal Government.

I am one who is not new around here, and I would like to say that I appreciate very much the interest and enthusiasm and commitment brought by the acting floor manager, the previous speaker, the Senator from Minnesota; the previous acting floor manager, the