

in stature each year it has been held: the National Race for the Cure.

Saturday morning, June 15, several thousand people will gather down on the mall near the Washington Monument to compete in the 1996 National Race for the Cure, either by participating in a 5 kilometer run or a one mile walk. The purpose of this race is to help raise money for and focus attention on breast cancer, one of the major threats to the lives and health of women in this country. Numerous corporations have made financial and in-kind contributions to help support this event—including several Michigan corporations such as Kelloggs, General Motors and Ford—and they are to be commended for their generosity and dedication. Also, the U.S. Postal Service will be unveiling a stamp promoting early detection and treatment of breast cancer.

The race is put together by the Susan G. Komen Breast Cancer Foundation, the largest private funder of research dedicated solely to breast cancer in the U.S. Efforts such as the Race for the Cure and other events held in 67 cities in 35 States and the District of Columbia enable the Susan G. Komen Foundation to fight breast cancer through a combination of research advocacy, education, screening and treatment.

We are on the edge of crucial breakthroughs in the area of breast cancer research and treatment. For instance, researchers at the Human Genome Project at the National Institutes of Health have located the section of the gene that they believe dictates the genetic and hereditary nature of breast cancer. The efforts of private organizations such as the Komen Foundation, when combined with the work done through Federal agencies such as NIH, increase the real likelihood that a cure for breast cancer will be discovered in the foreseeable future.

Breast cancer education and activism are not new to the Abraham family. Ever since my Mother's death back in 1982 from breast cancer, our family has been involved in efforts to heighten awareness and promote early detection of this devastating disease. Among our recent activities, just last month, my wife Jane and I participated in the Michigan Race for the Cure. Jane is also serving on the Congressional Committee for the National Race for the Cure being held next Saturday.

Too often it takes the loss of someone close and dear to one's heart to properly focus our attention and energy on spreading the word about silent killers like breast cancer. That is why it is critical for those of us who have experienced the tragedy of breast cancer to speak out and inform women—and men—of the dangers of ignorance and procrastination.

And it is vital that men become involved in this issue as well, reminding their mothers, wives, sisters, and daughters of the importance of early detection and treatment. It is only through such efforts that we can see to

it that people no longer have to lose a loved one before learning the bitter truth about this devastating and deadly illness.

Once again, I want to commend everyone involved in putting together this year's race. I urge Members and their staff to participate in the race itself and to provide support to the broader cause of increasing education, treatment and research in the battle against breast cancer.

BALANCED BUDGET AMENDMENT TO THE CONSTITUTION

The PRESIDING OFFICER. The Senate will now proceed to debate House Joint Resolution 1, which the clerk will report.

The bill clerk read as follows:

A joint resolution (H.J. Res. 1) proposing a balanced budget amendment to the Constitution of the United States.

The Senate resumed consideration of the joint resolution.

Mr. HATCH addressed the Chair.

The PRESIDING OFFICER. The Senator from Utah.

Mr. HATCH. Mr. President, I rise today to call on the Senate to send the Dole-Hatch-Simon balanced budget amendment to the States for ratification. The time for decision has arrived. We will be voting on it either today or tomorrow. I suspect the vote is set for noon tomorrow. I hope that the Senate will respond to the needs of the American people and pass the balanced budget amendment.

Let me initially pay tribute to some of my colleagues who have fought for the passage of this crucial measure. First, let me mention the distinguished senior Senator from Illinois, PAUL SIMON, the primary Democrat sponsor of this bipartisan amendment. Senator SIMON has been a tireless and courageous, active worker on behalf of this amendment in his efforts over the years to secure passage of this amendment. His efforts on this matter, I think, are going to be missed in future Congresses. I have certainly enjoyed working with him. He is sincere. He is dedicated. He knows, unless we put the fiscal discipline into the Constitution, that we are not going to be able to balance this budget within 7 years or at any time in the immediate future.

I also have to mention another veteran of the battle for the balanced budget amendment, Senator STROM THURMOND. The senior Senator from South Carolina has been a consistent voice for fiscal responsibility and a staunch supporter of the balanced budget amendment over many years of his service here. We look forward to his continued work on this and other matters in the future. Senator HEFLIN from Alabama has also been a long-time supporter of this bipartisan measure, who will certainly be missed in future Congresses. I will miss both of these senior Democrats, who have done so much to try to pass the balanced budget amendment.

Let me also mention on our side—there are so many that should be mentioned on both sides—but let me mention Senator LARRY CRAIG, of Idaho, who has been a forceful advocate of the amendment and has done the best within his power to try to get the amendment up and of course do everything he can to pass it. And I might also add Senator PAUL COVERDELL of Georgia, who has been a key leader on the team in moving this idea forward.

I would also like to especially thank the 11 freshman Republican Senators who joined us at the beginning of this Congress. All of them leapt immediately into this fray in support of the balanced budget amendment when it came up in the very first month of the 104th Congress. They deserve a lot of credit. We only lost this by one vote. We will hear from each of them later, as we did in the first round of debates last year. It is heartening to see new Members so strongly dedicated to the fiscal soundness of our country.

These and so many of my colleagues from both sides of the aisle have been valiant servants of their country in fighting for a constitutional provision which will protect future generations from the profligacy of the current and past generations. But one stands above them all in his tirelessness, his dedication, in his commitment to providing a better future for our children and grandchildren, an America like the one that he grew up in, fought for, and of course an America that he has served all of his life. He will be leaving us soon and he will be sorely missed in this body, but he will be going on to greater challenges and higher offices in the service of our country. I am, of course, referring to our majority leader, and our leader in this effort on the balanced budget amendment, Senator ROBERT DOLE. BOB DOLE has made this a priority and has worked to make a balanced budget amendment the 28th amendment to the Constitution. His efforts on this amendment happen to be consistent with his decades of service on behalf of all Americans and on behalf of future generations. The contrast of his record with that of President Clinton is very clear.

President Clinton has fought the balanced budget amendment every step of the way. I would ask, why? The President now says he is for a balanced budget, yet I suggest the opponents of the balanced budget amendment are simply not ready to impose the kind of fiscal discipline on themselves that a constitutional amendment would require. It is tough to stop spending other people's money.

Last year, President Clinton succeeded in blocking the balanced budget amendment. He used all the tools at his disposal. He sent out Cabinet officials to argue against the amendment and even against balancing the budget per se. He used the resources of the Federal Government and all the persuasive power of the Presidency to defeat the balanced budget amendment to the Constitution.

Last year, President Clinton won and, in my opinion, the American people lost. The American people will lose again if President Clinton has his way again this year, unless he changes his mind and makes clear his support for this balanced budget amendment, the only one that has a possibility of passing because it already has passed the House of Representatives.

The subject matter of the amendment goes to the heart of our Founding Fathers' hope for our constitutional system, a system that would protect individual freedom through limited government. In the later half of this century, however, the intention of the Framers of the Constitution has been betrayed by Congress' inability to control its own spending habits. The size of the Federal leviathan has grown to such an extent that the very liberties of the American people and our future generations are threatened.

Since the other body has already given its approval to the amendment it is up to the Senate to follow suit to meet the needs of the American people, 85 percent of whom favor a balanced budget amendment. We need to relegate the spendthrift and tax-happy policies of the past to the dustbin of history.

This amendment has broad support in the country and among Democrats and Republicans who believe we need to get the Nation's fiscal house in order so that we can leave a legacy of a strong national economy and a responsible national Government to our children and grandchildren.

The problem is our worsening debt crisis. Our Nation is faced with the worsening problem of rising national debt and deficits and the increased Government use of capital that would otherwise be available to the private sector to create jobs and invest in our future. This problem presents risks to our long-term economic growth and endangers the well-being of our elderly, our working people, and especially our children and grandchildren. The debt burden is a mortgage on their future. The debt is fiscal child abuse and it must end.

The total national debt now stands at more than \$5.1 trillion. That means that every man, woman and child in Utah, and all of our States, has an individual debt burden of more than \$19,600. While it took us more than 200 years to acquire our first trillion dollars of debt, we have recently been adding another \$1 trillion to our debt about every 5 years.

Yet opponents of the balanced budget amendment claim that there is no problem. They point to the marginal slowdown in the growth of the debt in the last year or so as if it suggested that all our problems are solved. Only inside this beltway, in Washington, DC, can people claim that we are on the right track while we add to a debt of more than \$5.1 trillion.

The President's own 1997 budget predicts that in the year 2000, total Fed-

eral debt will be more than \$6 trillion. That means a Federal debt of about \$23,700 per person. Everybody in this country will have jumped from \$19,600 per person that we owe now to \$23,700 per person. This would be nearly a ten-fold increase in per-capita debt since 1975.

When we last debated the balanced budget amendment I gave a daily update on the debt increase as we debated. By the end of the debate my "debt tracker" was becoming unwieldy, so I brought down sort of a summary debt tracker to bring us up to date on the debt since we began debate on this amendment in January of last year.

As my chart here shows, when we last began our debate in January 1995, we were in debt, as a national debt, \$4.81 trillion. Since January 30, 1995 to June 3, 1996, a little over a year, we are now at \$5.13 trillion in national debt. We have gone up \$320 billion while this President is claiming we are getting the national debt under control and that he is really solving the deficit problems. That is a false claim and there is no question about it.

Translated in more understandable terms this means that the cost of delay in passing this important amendment has been more than \$1,200 for every man, woman and child in our country. Put another way, over the 15 months that have elapsed since President Clinton helped defeat the balanced budget amendment, the debt has increased on average over \$650 million a day; over \$27 million an hour, over \$450,000 a minute, over \$7,500 every second. This is the price of the delay by President Clinton and his allies.

That increasing debt is not just numbers on a chart. Over time, the disproportionate burdens imposed on today's children and their children by the continuing pattern of deficits could include some combination of the following: Increased taxes, reduced public welfare benefits, reduced public pensions, reduced expenditures on infrastructure and other public investments, diminished capital formation, decreased job creation, weaker productivity enhancement, and stagnating real wage growth in the private economy, higher interest rates, higher inflation, increased indebtedness to and economic dependence on foreign creditors, increased risk of default on the Federal debt, and, I might add, I think a very strong hit on Social Security—a very strong hit. Because, while we have done nothing to pass a balanced budget amendment, the debt has gone up \$320 billion in just the last 15 months, and every time that goes up it reduces the value of every dollar and hits people on Social Security more than anybody else.

So, while some are arguing that we have to protect Social Security in the balanced budget amendment, something that should not be written into a constitutional amendment, Social Security is endangered because we are

not putting this fiscal discipline into the Constitution and we have now gone 15 months with more danger to Social Security than ever before, where, had we passed this amendment, we would be on the way to balancing the budget by the year 2002 without any obfuscation, without the phony budgets that we commonly see around here, without the smoke and mirrors. We would have to do it. That, in the end, is what will protect Social Security and other pensions of people who are counting on them in our society.

Mr. President, one thing became clear during our recent experience in trying to enact the Balanced Budget Act of 1995. It is that we need a constitutional amendment. Some Senators argued during our debate last year on Senate Joint Resolution 1 that "we did not need a constitutional amendment to balance the budget; we know what needs to be done; we should just do it." In fact, the President said that in a news clip I saw. He pointed to the media and said, "Let's just do it."

That is what they have been saying for 60 years now and why everything is being put in jeopardy as this debt continues to skyrocket, while we continue not to have a balanced budget amendment which would protect us. The trouble with "just do it," is that Congress did it and the President did not. But under a constitutional amendment to balance the budget, the words "just do it," would have authority for both of the elected branches of Government.

In the year that has gone by since President Clinton helped defeat the balanced budget amendment, the country has witnessed one of the most contentious budget battles in the history of our Nation. President Clinton was willing to let the Government shut down not once but twice before he finally agreed to work seriously toward balancing the budget.

But really what guarantee is there the Federal Government will achieve a balanced budget? And it is not just balancing the budget; it is reducing the national debt as well.

When the other side of the aisle controlled Congress, we never even had a serious consideration of this budget plan, we never even looked at it seriously. President Clinton never proposed a balanced budget until he was forced to. The budget that he submitted, when we first debated this amendment last year, had \$200 billion deficits as far as the eye can see. Even our colleagues on the other side of the aisle recognized this as an entirely inadequate approach and rejected it. In fact, the President submitted no fewer than 10 budgets in 1 year in a series of attempts to avoid the tough, but responsible, decision to balance the budget.

Can the country afford the risk of having this fight every year? Nothing shows more clearly how difficult it is to move in the right direction than just the last 9 months. Mr. President, we need the balanced budget amendment to lock in the balanced budget

rule, or the future of our children will become bleaker and bleaker.

This constitutional amendment will help us end Congress' dangerous deficit habit in the way past efforts have not. It will do this by correcting a bias in the present process, which favors ever-increasing levels of Government spending. The balanced budget amendment reduces the spending bias in our present system by ensuring that, under normal circumstances, votes by Congress for increased spending will be accompanied by votes either to reduce other spending programs or to increase taxes to pay for our programs. For the first time since the abandonment of our historical norm of balanced budgets, Congress would be required to cast a politically difficult vote as a precondition to casting a politically attractive vote to increase spending.

Mr. President, the Senate should approve the balanced budget amendment. A vote against the amendment is a vote for the old status quo of irresponsible drift into more insurmountable debt than we already have. Sending the balanced budget amendment to the States is the right thing to do for ourselves, our children and our grandchildren, and it will give us back responsible and accountable constitutional Government.

I just want to say one more word about Social Security. I do not know of one Senator on either side of the aisle who does not want to protect Social Security. You do not write a protection for any particular item in the budget into the Constitution because that would lock it in and make it very difficult to ever make any changes or reforms that must be made.

The fact of the matter is, though, that if we do not pass a balanced budget amendment, Social Security will suffer, because we know by the year 2014, Social Security will start going bankrupt. In fact, many think it is going to start going bankrupt well before then. If we pass a balanced budget amendment, we will have to face these problems, and we will have to face them in a way that will protect those who are on Social Security in ways that, if we do not pass a balanced budget amendment, they will never be protected.

People need to know that is what it is. We have had 15 months of our debt going up \$320 billion and that cannot help but have an effect on the financial viability of our country, on the financial viability of Social Security, on the financial viability of the whole world. We have to get it under control. The only methodology that I know of that will get us there, and I think most people will agree will get us there, is a balanced budget amendment locked into the Constitution which all of us revere and worship, which all of us will pay attention to, which all of us will honor and are sworn to uphold that will help us to get these spending practices under control.

I hope we can pass this balanced budget amendment. I do not have any

illusions about it, but we are going to have this vote, and if it does go down again, which everybody expects it to, it will not be the last time we vote on this, we will be back next year and the year after, if that is what it takes, until this amendment is locked in the Constitution and people have to face the music here in Congress. It is about time we did.

I yield the floor.

Mr. HOLLINGS addressed the Chair. The PRESIDING OFFICER (Mr. SANTORUM). The Senator from South Carolina.

Mr. HOLLINGS. Mr. President, I ask unanimous consent that Senator EXON be recognized at 1 p.m. today.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. HOLLINGS. Mr. President, I ask unanimous consent that Senator DORGAN be recognized at 3:30 p.m. today to use whatever time he utilizes under the time he controls and that I be recognized after that.

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

Mr. HOLLINGS. Mr. President, I find it hard to believe my ears. What this really involves is the determined effort by the proponents of Senate Joint Resolution 1 to balance the budget with a constitutional amendment that devastates Social Security over the next 7 years by over \$600 billion.

Let me read section 7 of the joint resolution:

Total receipts shall include all receipts of the United States Government, except those derived from borrowing. Total outlays shall include all outlays of the United States Government, except for those for repayment of debt principal.

We suggested when this came up last year, and again earlier this year, that we were readily prepared to vote for a balanced budget amendment—we are waiting on the majority leader, of course, to make his motion to reconsider—if we add to the existing exclusion in section 7 that ignores those funds derived from borrowing and similarly exclude the Social Security trust fund surpluses.

The distinguished Senator from Utah says, "Oh, it's so fine, we're going to finally lock it in," and he shows a chart with a horrendous debt. He says, "Now we're going to finally really fix it so we can balance the budget." Then in the same breath, he says that "we're going to protect Social Security."

Social Security has long been protected. I intend to talk a little later about the history of our efforts to save it in 1983 with the National Commission on Social Security Reform on which the distinguished majority leader, Senator DOLE of Kansas, served.

But more to the point at hand: I made a motion as a member of the Budget Committee on July 10, 1990, that we put in a provision for Social Security protection. The reason being that we were beginning to rob the Social Security trust fund.

When the National Commission on Social Security Reform, the Greenspan commission, issued its report in 1983, they mandated that Social Security would be put off-budget in 1992. But when we saw what was really going on, I worked in bipartisan fashion with Senator Heinz and put into the law section 13301, signed on November 5, 1990, by President George Bush, which reads as follows:

Exclusion of Social Security from all budgets. Notwithstanding any other provision of law, the receipts and disbursements of the Federal Old Age and Survivors Insurance trust fund, the Federal Disability Insurance trust fund, shall not be counted as new budget authority outlays, receipts or deficit or surplus for purposes of the budget of the U.S. Government as submitted by the President, two, the congressional budget or, three, the Balanced Budget and Emergency Deficit Control Act of 1985. Exclusion of Social Security from the congressional budget, section 301(a) of the Congressional Budget Act of 1974, as amended, by adding at the end the following: "The concurrent resolution shall not include the outlays and revenue totals of the Old Age Survivors and Disability Insurance Program established under title II of the Social Security Act or the related provisions of the Internal Revenue Code of 1986 in the surplus or deficit totals required by this subsection or in any other surplus or deficit totals required by this title."

That is the law of the land. The Congressional Research Service and all others reading it who understand the English language know that section 7 of House Joint Resolution 1 repeals that law.

They dutifully praise the Senator from Illinois who stood for long periods of time here with me trying to balance the budget. He has come to me and other Senators on this side of the aisle and said, "Let's see if we can't compromise." I replied, "I don't mind being realistic, if you want to extend the date or any other wording." But Social Security has to be protected. We demonstrated the seriousness of our convictions with Senator DOLE's vote and Senator HOLLINGS' vote, just last year.

Mr. President, just November of last year, on the 16th of November, I put an forth an amendment:

Notwithstanding any other provision of this joint resolution, the 7-year balanced budget passed by the Congress to the President shall not include the use of Social Security trust funds to reflect a balanced budget.

In other words, that put the Congress on record against any kind of unified budget that included Social Security trust funds. That was passed with Senator DOLE's and Senator HOLLINGS' vote, 97-2, and in the original instance, back 5 years ago, in 1990, it was 98-2.

Yes, we talk about protecting Social Security, but in this constitutional amendment, we avoid that particular protection that is already in the law. Why are they so adamant to do so? Because they cannot present a balanced budget, Mr. President, over that 7-year period without using Social Security trust funds and without other smoke and mirrors.

I have put it into the RECORD many a time. I will put it in again and show

you the particular budget that I submitted. And I said that if you could give me a 7-year balanced budget without an increase in taxes, a realistic budget without the smoke and mirrors, I would jump off the Capitol dome. I tried to convince them. They all said, "Well, HOLLINGS—what's he for?"

I will put it in here right now in this RECORD. Mr. President, I ask unanimous consent that the Truth-in-Budg-

eting Act schedules, dated January 23, 1995, be printed in the RECORD.

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

HOLLINGS RELEASES REALITIES ON TRUTH IN BUDGETING

Reality #1: \$1.2 trillion in spending cuts is necessary.

Reality #2: There aren't enough savings in entitlements.

*Have welfare reform, but a jobs program will cost; savings are questionable.

*Health reform can and should save some, but slowing growth from 10 to 5 percent doesn't offer enough savings.

*Social security won't be cut and will be off-budget again.

Reality #3: We should hold the line on the budget on Defense; that would be no savings.

Reality #4: Savings must come from freezes and cuts in domestic discretionary spending but that's not enough to stop hemorrhaging interest costs.

Reality #5: Taxes are necessary to stop hemorrhage in interest costs.

	1996	1997	1998	1999	2000	2001	2002
Deficit CBO Jan. 95 (using trust funds)	207	224	225	253	284	297	322
Freeze discretionary outlays after 1998	0	0	0	-19	-38	-58	-78
Spending cuts	-37	-74	-111	-128	-146	-163	-180
Interest savings	-1	-5	-11	-20	-32	-46	-64
Total savings (\$1.2 trillion)	-38	-79	-122	-167	-216	-267	-322
Remaining deficit using trust funds	169	145	103	86	68	30	0
Remaining deficit excluding trust funds	287	264	222	202	185	149	121
5% VAT	96	155	172	184	190	196	200
Net deficit excluding trust funds	187	97	27	(17)	(54)	(111)	(159)
Gross debt	5,142	5,257	5,300	5,305	5,272	5,200	5,091
Avg. interest rate on debt (in percent)	7.0	7.1	6.9	6.8	6.7	6.7	6.7
Interest cost on the debt	367	370	368	368	366	360	354

Note.—Figures are in billions. Figures don't include the billions necessary for a middle-class tax cut.

Non-Defense Discretionary Spending Cuts	1996	1997	Non-Defense Discretionary Spending Cuts	1996	1997
Space Station	2.1	2.1	Moratorium on New Federal Prison Construction	0.028	0.140
Eliminate CDBG	2.0	2.0	Reduce Coast Guard 10%	0.208	0.260
Eliminate Low-Income Home Energy Assistance	1.4	1.5	Eliminate Manufacturing Extension Program	0.03	0.06
Eliminate Arts Funding	1.0	1.0	Eliminate Coastal Zone Management	0.03	0.06
Eliminate Funding for Campus Based Aid	1.4	1.4	Eliminate National Marine Sanctuaries	0.007	0.012
Eliminate Funding for Impact Aid	1.0	1.0	Eliminate Climate and Global Change Research	0.047	0.078
Reduce Law Enforcement Funding to Control Drugs	1.5	1.8	Eliminate National Sea Grant	0.032	0.054
Eliminate Federal Wastewater Grants	0.8	1.6	Eliminate State Weather Modification Grant	0.002	0.003
Eliminate SBA Loans	0.21	0.282	Cut Weather Service Operations 10%	0.031	0.051
Reduce Federal Aid for Mass Transit	0.5	1.0	Eliminate Regional Climate Centers	0.002	0.003
Eliminate FDA Rent Subsidies	0.02	0.1	Eliminate Minority Business Development Agency	0.022	0.044
Reduce Federal Rent Subsidies	0.1	0.2	Eliminate Public Telecommunications Facilities Program Grant	0.003	0.016
Reduce Overhead for University Research	0.2	0.3	Eliminate Children's Educational Television	0.0	0.002
Repeal Davis-Bacon	0.2	0.5	Eliminate National Information Infrastructure Grant	0.001	0.032
Reduce State Dept. Funding and End Misc. Activities	0.1	0.2	Cut Pell Grants 20%	0.250	1.24
End P.L. 480 Title I and III sales	0.4	0.6	Eliminate Education Research	0.042	0.283
Eliminate Overseas Broadcasting	0.458	0.570	Cut Head Start 50%	0.840	1.8
Eliminate the Bureau of Mines	0.1	0.2	Eliminate Meals and Services for the Elderly	0.335	0.473
Eliminate Expansion of Rural Housing Assistance	0.1	0.2	Eliminate Title II Social Service Block Grant	2.7	2.3
Eliminate USTIA	0.012	0.16	Eliminate Community Services Block Grant	0.317	0.470
Eliminate ATP	0.1	0.2	Eliminate Rehabilitation Services	1.85	2.30
Eliminate Airport Grant in Aids	0.3	1.0	Eliminate Vocational Education	0.176	1.2
Eliminate Federal Highway Demonstration projects	0.1	0.3	Reduce Chapter 1 20%	0.173	1.16
Eliminate Amtrak Subsidies	0.4	0.4	Reduce Special Education 20%	0.072	0.480
Eliminate RDA Loan Guarantees	0.0	0.1	Eliminate Bilingual Education	0.029	0.196
Eliminate Appalachian Regional Commission	0.0	0.1	Eliminate JTPA	0.250	4.5
Eliminate Untargeted Funds for Math and Science	0.1	0.2	Eliminate Child Welfare Services	0.240	0.289
Cut Federal Salaries by 4%	4.0	4.0	Eliminate CDC Breast Cancer Program	0.048	0.089
Charge Federal Employees Commercial Rates for Parking	0.1	0.1	Eliminate CDC AIDS Control Program	0.283	0.525
Reduce Agricultural Research Extension Activities	0.2	0.2	Eliminate Ryan White AIDS Program	0.228	0.468
Cancel Advanced Solid Rocket Motor	0.3	0.4	Eliminate Maternal and Child Health	0.246	0.506
Eliminate Legal Services	0.4	0.4	Eliminate Family Planning Program	0.069	0.143
Reduce Federal Travel by 30%	0.4	0.4	Eliminate CDC Immunization Program	0.168	0.345
Reduce Energy Funding for Energy Technology Develop	0.2	0.5	Eliminate Tuberculosis Program	0.042	0.087
Reduce Superfund Cleanup Costs	0.2	0.4	Eliminate Agricultural Research Service	0.546	6.656
Reduce REA Subsidies	0.1	0.1	Reduce WIC 50%	1.579	1.735
Eliminate Postal subsidies for Non-profits	0.1	0.1	Eliminate TEFPAP:		
Reduce NIH Funding	0.5	1.1	Administrative	0.024	0.040
Eliminate Federal Crop Insurance Program	0.3	0.3	Commodities	0.025	0.025
Reduce Justice State-Local Assistance grants	0.1	0.2	Reduce Cooperative State Research Service 20%	0.044	0.070
Reduce Export-Import Direct Loans	0.1	0.2	Reduce Animal Plant Health Inspection Service 10%	0.036	0.044
Eliminate Library Programs	0.1	0.1	Reduce Food Safety Inspection Service 10%	0.047	0.052
Modify Service Contract Act	0.2	0.2			
Eliminate HUD Special Purpose Grants	0.2	0.3	Total	36.942	58.407
Reduce Housing Programs	0.4	1.0			
Eliminate Community Investment Program	0.1	0.4			
Reduce Strategic Petroleum Program	0.1	0.1			
Eliminate Senior Community Service Program	0.1	0.4			
Reduce USDA spending for Export Marketing	0.02	0.02			
Reduce Maternal and Child Health Grants	0.2	0.4			
Close Veterans Hospitals	0.1	0.2			
Reduce Number of Political Employees	0.1	0.1			
Reduce Management Costs for VA Health Care	0.2	0.4			
Reduce PMA Subsidy	0.0	1.2			
Reduce Below Cost Timber Sales	0.0	0.1			
Reduce the Legislative Branch 15%	0.3	0.3			
Eliminate Small Business Development Centers	0.056	0.074			
Eliminate Minority Assistance Score, Small Business Institute and Other Technical Assistance Programs, Women's Business Assistance, International Trade Assistance, Empowerment Zones	0.033	0.046			
Eliminate New State Department Construction Projects	0.010	0.023			
Eliminate Int'l Boundaries and Water Commission	0.013	0.02			
Eliminate Asia Foundation	0.013	0.015			
Eliminate International Fisheries Commission	0.015	0.015			
Eliminate Arms Control Disarmament Agency	0.041	0.054			
Eliminate NED	0.014	0.034			
Eliminate Fulbright and Other International Exchanges	0.119	0.207			
Eliminate North-South Center	0.002	0.004			
Eliminate U.S. Contribution to WHO, OAS and Other International Organizations Including the U.N	0.873	0.873			
Eliminate Participation in U.N. Peacekeeping	0.533	0.533			
Eliminate Byrne Grant	0.12	0.306			
Eliminate Community Policing Program	0.286	0.780			

we got a consensus to go along and really do the job.

But let me not get off my major point here with respect to this resolution. The reason they will not exclude Social Security trust funds and pick up the votes on this side—and they could pick up easily 5 and probably 10 votes, and they know it—is that if they include the exclusion, they will rob their plan of some \$600 billion over the 6- to 7-year period.

You know, this is all about the Presidential election. I mean, after all, why have 7 years? It gets us by the election here in November and it gets us by the November election in the year 2000. So anytime you can get past two Presidential elections—and there were high hopes at one time that they were going to have the White House—you would not have any real responsibility to do anything under the constitutional amendment until after you were elected and reelected.

They certainly did not want to go along, even though they could get the balanced budget amendment to the Constitution, for which the Senator from South Carolina has previously voted. I do not mind a balanced budget amendment to the Constitution, but the reason they do not call up a balanced budget amendment that protects Social Security is because they know that they could not then vote for the fraud that is in their recent budget proposal.

I have categorically made this statement again and again for the past 15 years. No real balanced budget has been submitted in that 15-year period, no balanced budget has been submitted by this Congress or the President in the last 15 years. And to have the unmitigated gall to get up here and bring charts to the crowd—I do not know how long the distinguished Senator

Mr. HOLLINGS. I included that to show how you could do it, how many cuts would be necessary in discretionary spending, with taxes and without taxes at that particular time. I did that because I had heard my colleagues on national TV. On "Meet the Press," I heard the distinguished chairman of the Budget Committee, Senator DOMENICI, on the House side Mr. KASICH, and others say they are going to present a balanced budget.

I got together with the best of minds on the Budget Committee, the staff. We worked all through the month of January. Then we just put it into the RECORD that we had tried. I should note that the spending cuts I included were rather harsh—harsh, harsh. I was not prepared to vote for those unless

from Utah has been in the U.S. Senate, but he has been here a long time. I do not know how long the Senator from Kansas has been here, our distinguished majority leader, but I know he voted with us in 1968 when we balanced the budget. I think the exact date was some time in June 1968. He was in the House and I was in the Senate.

June 20, 1968, was the date of the adoption of the conference report on H.R. 15414 imposing—listen to this, Mr. President, hear ye, all ears take heed—imposing a 10-percent surcharge on personal and corporate income taxes. It required the Federal Government to cut fiscal 1969 expenditures by \$6 billion, and to reduce new obligatory authority by \$10 billion. It required a reduction in the number of Federal employees, extending certain existing excise taxes, accelerating payments of corporation taxes, revising or extending the effective date of certain welfare and medical assistance laws, and including provisions on various other subjects adopted by a vote in the House of Representatives of 268–150. It shows the distinguished Senator from Kansas voting “aye.”

Mr. President, I ask unanimous consent that the voting record be printed in the RECORD.

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

EXCERPT FROM HOUSE VOTES 109 THROUGH 112

112. HR 15414. Adoption of the conference report (H. Rept. 1533) on HR 15414 imposing a 10-percent surcharge on personal and corporate income taxes, requiring the Federal Government to cut fiscal 1969 expenditures by \$6 billion and to reduce new obligatory authority by \$10 billion, requiring a reduction in the number of federal employees, extending certain existing excise taxes, accelerating payment of corporation taxes, revising or extending the effective date of certain welfare and medical assistance laws, and including provisions on various other subjects. Adopted 268–150: R 114–73; D 154–77 (ND 96–49; SD 58–28), June 20, 1968. A “yea” was a vote supporting the President’s position.

	109	110	111	112
Kansas:				
1-Dole	Y	Y	N	Y
2-Mize	Y	Y	Y	Y
4-Shriver	Y	Y	Y	Y
5-Skubitz	Y	Y	Y	Y
3-Winn	Y	Y	N	N

Mr. HOLLINGS. Mr. President, that is the Senator from Kansas that we know and love. He was increasing taxes. He was cutting spending. He was getting rid of Federal employees, and right on down through his record as chairman of the Finance Committee—yes, we might as well bring it out categorically—he proposed the largest tax increase in the history of the U.S. Government.

Mr. President, I ask unanimous consent to have printed an article by Judy Mann, entitled “Fiddling With the Numbers.”

[From the Washington Post]

FIDDLING WITH THE NUMBERS

(By Judy Mann)

Gov. Christine Todd Whitman, the Republican meteor from New Jersey, had the un-

usual honor for a first-term governor of being asked to deliver her party’s response to President Clinton’s State of the Union message last week.

And she delivered a whopper of what can most kindly be called a glaring inaccuracy.

Sandwiched into her Republican sales pitch was the kind of line that does serious political damage: Clinton, she intoned, “imposed the biggest tax increase in American history.”

And millions of Americans sat in front of their television sets, perhaps believing that Clinton and the Democrat-controlled Congress had done a real number on them.

The trouble is that this poster lady for tax cuts was not letting any facts get in her way. But don’t hold your breath waiting for the talk show hosts to set the record straight.

The biggest tax increase in history did not occur in the Omnibus Budget Reconciliation Act of 1993. The biggest tax increase in post-World War II history occurred in 1982 under President Ronald Reagan.

Here is how the two compare, according to Bill Gale, a specialist on tax policy and senior fellow at the Brookings Institution. The 1993 act raised taxes for the next 5 years by a gross total of \$268 billion, but with the expansion of the earned income tax credit to more working poor families, the net increase comes to \$240.4 billion in 1993. The Tax Equity and Fiscal Responsibility Act of 1982, by comparison, increased taxes by a net of \$217.5 billion over 5 years. Nominally, then, it is true that the 1993 tax bill was the biggest in history.

But things don’t work nominally. “A dollar now is worth less than a dollar was back then, so that a tax increase of, say \$10 billion in 1982 would be a tax increase of \$15 billion now,” says Gale. In fact, if you adjust for the 48 percent change in price level, the 1982 tax increase becomes a \$325.6 billion increase in 1993 dollars. And that makes it the biggest tax increase in history by \$85 billion.

Moreover, says Gale, the population of the country increased, so that, on a per person basis, the 1993 tax increase is lower than the one in 1982, and the gross domestic product increased over the decade, which means that personal income rose. “Once you adjust for price translation, it’s not the biggest, and when you account for population and GDP, it gets even smaller.”

He raises another point that makes this whole business of tax policy just a bit more complex than the heroic tax slashers would have us believe. “The question is whether [the 1993 tax increase] was a good idea or a bad idea, not whether it was the biggest tax increase. Suppose it was the biggest? I find it frustrating that the level of the debate about stuff like this as carried on by politicians is generally so low.”

So was it a good idea? “We needed to reduce the deficit,” he says, “we still need to reduce the deficit. The bond market responded positively. Interest rates fell. There may be a longer term benefit in that it shows Congress and the president are capable of cutting the deficit even without a balanced budget amendment.”

Other long-term benefits, he says, are that “more capital is freed up for private investment, and ultimately that can result in more productive and highly paid workers.”

How bad was the hit for those few who did have to pay more taxes? One tax attorney says that his increased taxes were more than offset by savings he was able to generate by refinancing the mortgage on his house at the lower interest rates we’ve had as a result. The 1993 tax increase did include a 4.3-cent-a-gallon rise in gasoline tax, which hits the middle class. But most of us did not have to endure an income tax increase. In 1992, the top tax rate was 31 percent of the taxable in-

come over \$51,900 for single taxpayers and \$86,500 for married couples filing jointly. Two new tax brackets were added in 1993: 36 percent for singles with taxable incomes over \$115,000 and married couples with incomes over \$140,000; and 39.6 percent for singles and married couples with taxable incomes over \$250,000.

Not exactly your working poor or even your average family.

The rising GOP stars are finding out that when they say or do something stupid or mendacious, folks notice. The jury ought to be out on Whitman’s performance as governor until we see the effects of supply side economics on New Jersey. But in her first nationally televised performance as a spokeswoman for her party, she should have known better than to give the country only half the story. In the process, she left a lot to be desired in one quality Americans are looking for in politicians: honesty.

Mr. HOLLINGS. Mr. President, I will read one sentence. The entire article is in the RECORD so we know there is no misuse of this particular instrument here: “The biggest tax increase in post-World War II history occurred in 1982 under President Ronald Reagan.”

Now, Mr. President, we also have the statements from the other media. That statement was in the Washington Post on January 1 of last year. Everybody knows about that quote from the Wall Street Journal dated October 26, 1994: “Contrary to Republican claims, the 1993 package is not the largest tax increase in history. The 1982 deficit reduction package of President Reagan and Senator Robert Dole in a GOP-controlled Senate was a bigger tax bill, both in 1993 adjusted dollars and as a percentage of the overall economy.” That was in the Wall Street Journal, October 26, 1994.

Further, from the Washington Post of February 1, 1995: “The biggest tax increase in history did not occur in the Omnibus Budget Reconciliation Act of 1993. The biggest tax increase in post-World War II history occurred in 1982 under President Ronald Reagan.”

Now, from the New York Times, November 3, 1995: “It is not true that the \$240 billion tax increase approved by Congress in 1993 at Mr. Clinton’s behest is the largest in American history. When adjusted for inflation, the only way to make comparison for dollar amounts in different years, a tax increase engineered by Mr. Dole in 1982, when he was chairman of the Senate Finance Committee, was larger.” That was the New York Times, November 3, 1995. That is the Senator from Kansas that we know and love.

I voted, this Senator from South Carolina, with the Senator from Kansas back in 1968 when we had the last balanced budget. I voted against Reaganomics in 1981 and went along the legislation in 1982 because we could see the disaster coming; deficits were exploding, we needed more revenues, and the budget was getting entirely out of hand. Now, Mr. President, you cannot believe your ears. You cannot believe your ears. Having increased spending over the 15-year period, \$250 billion more than we have taken in, on

an average each year, we have run the national deficit—I do not need a chart; all you need is the facts—from less than \$1 trillion.

From the beginning of this Nation, in 1776 with the cost of the Revolution, the War of 1812, the Civil War, the Spanish-American War, World War I, World War II, Korea, Vietnam, the cost

of all the wars, we still had not run up a debt of \$1 trillion. I know we had Desert Storm, but the others are supposed to have paid for it. In a 15-year period, without the cost of a war, we have run amok. We have gone from less than \$1 trillion to over \$5 trillion.

What is the interest cost? The interest cost now is estimated to be 353 bil-

lion bucks next year; that is the April 30 figure by the CBO. Mr. President, I ask unanimous consent to have this table printed in the RECORD.

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

President and year	U.S. budget (outlays in billions)	Trust funds	Real deficit	Gross Federal debt (billions)	Gross interest (Budget realities, Sen. Hollings, 4-17-96)
Truman:					
1945	92.7	5.4		260.1	
1946	55.2	3.9	-10.9	271.0	
1947	34.5	3.4	+13.9	257.1	
1948	29.8	3.0	+5.1	252.0	
1949	38.8	2.4	-0.6	252.6	
1950	42.6	-0.1	-0.1	256.9	
1951	45.5	3.7	+1.6	255.3	
1952	67.7	3.5	-3.8	259.1	
1953	76.1	3.4	-6.9	266.0	
Eisenhower:					
1954	70.9	2.0	-4.8	270.8	
1955	68.4	1.2	-3.6	274.4	
1956	70.6	2.6	+1.7	272.7	
1957	76.6	1.8	+0.4	272.3	
1958	82.4	0.2	-7.4	279.7	
1959	92.1	-1.6	-7.8	287.5	
1960	92.2	-0.5	-3.0	290.5	
1961	97.7	0.9	-2.1	292.6	
Kennedy:					
1962	106.8	-0.3	-10.3	302.9	9.1
1963	111.3	1.9	-7.4	310.3	9.9
Johnson:					
1964	118.5	2.7	-5.8	316.1	10.7
1965	118.2	2.5	-6.2	322.3	11.3
1966	134.5	1.5	-6.2	328.5	12.0
1967	157.5	7.1	-11.9	340.4	13.4
1968	178.1	3.1	-28.3	368.7	14.6
1969	183.6	-0.3	+0.9	365.8	16.6
Nixon:					
1970	195.6	12.3	-15.1	380.9	19.3
1971	210.2	4.3	-27.3	408.2	21.0
1972	230.7	4.3	-27.7	435.9	21.8
1973	245.7	15.5	-30.4	466.3	24.2
1974	269.4	11.5	-17.6	483.9	29.3
Ford:					
1975	332.3	4.8	-58.0	541.9	32.7
1976	371.8	13.4	-87.1	629.0	37.1
Carter:					
1977	409.2	23.7	-77.4	706.4	41.9
1978	458.7	11.0	-70.2	776.6	48.7
1979	503.5	12.2	-52.9	829.5	59.9
1980	590.9	5.8	-79.6	909.1	74.8
Reagan:					
1981	678.2	6.7	-85.7	994.8	95.5
1982	745.8	14.5	-142.5	1,137.3	117.2
1983	808.4	26.6	-234.4	1,371.7	128.7
1984	851.8	7.6	-193.0	1,564.7	153.9
1985	946.4	40.6	-252.9	1,817.6	178.9
1986	990.3	81.8	-303.0	2,120.6	190.3
1987	1,003.9	75.7	-225.5	2,346.1	195.3
1988	1,064.1	100.0	-255.2	2,601.3	214.1
Bush:					
1989	1,143.2	114.2	-266.7	2,868.0	240.9
1990	1,252.7	117.2	-338.6	3,206.6	264.7
1991	1,323.8	122.7	-391.9	3,598.5	285.5
1992	1,380.9	113.2	-403.6	4,002.1	292.3
Clinton:					
1993	1,408.2	94.2	-349.3	4,351.4	292.5
1994	1,460.6	89.1	-292.3	4,643.7	296.3
1995	1,514.4	113.4	-277.3	4,921.0	332.4
1996	1,572.0	126.0	-270.0	5,191.0	344.0
Est. 1997	1,651.0	127.0	-292.0	5,483.0	353.0

Historical Tables, Budget of the U.S. Government FY 1996: Beginning in 1962 CBO's "1995 Economic and Budget Outlook."

Mr. HOLLINGS. Mr. President, the distinguished Senator is running for President and he is getting the praises. He also ought to get the facts. He is running on his record. "He gets results, results, results." Well, heavens above, what is the result? We are spending \$1 billion a day for nothing. Now, they could perhaps assess the blame to the Senator from South Carolina, or the Senator from Kansas, or any of the other Senators that have been around the last 15 years, but you can look at your books—Mr. President, they cannot blame President William Jefferson Clinton. He is the only President who has come to town since Lyndon Johnson that has cut the deficit.

The Republicans have the unmitigated gall, totally shameless, to single out the one individual that came in and said we are going to cut the deficit \$500 billion, we are going to tax gasoline, we are going to tax Social Security and in return get the finest result to the economy that you could possibly imagine. Meanwhile, Senators on the other side of the aisle said they would be hunting us in the street and shooting us down like dogs and all that nonsense. We could not get a single Republican vote in the U.S. Senate. We could not get a single Republican vote in the U.S. House of Representatives.

But President Clinton stuck to his guns. We stuck to our guns. Yes, we were responsible for those spending

cuts. We are responsible for those tax increases and we are responsible for the wonderful economy, the low inflation rate, the creation of over 8 million jobs and everything else. Yet they have come out to point fingers, when they are the ones who caused this waste of \$1 billion a day for nothing. Interest costs have gone up from \$75 billion in 1980-81 to \$353 billion. Just in round figures that is a \$275 billion increase in spending for nothing—no Government, no schools, no highways, no law enforcement, no foreign aid, no welfare, no nothing.

The crowd that caused this waste has now come around in this Presidential race and are trying to throw a long

pass. Please. I never heard of such foolishness—here we are dead broke, we are spending \$1 billion a day. Nobody has proposed that kind of spending cut or tax increase. Now we have the distinguished Senator from Kansas who wants to repeal the gas tax, \$30 billion. He wants to have a missile defense of \$60 billion. He now is going to propose an across-the-board cut of \$600 billion. Anything to get elected. Come on. I have a hard time when I wake up every morning and come to the office to face this problem. That is why I asked for this extra time on this measure.

They should not get the votes for this disaster. Coming around here with a constitutional amendment, like a crowd at a football game up in the grandstand hollering, "We want a touchdown, we want a touchdown." Heck, we are the team. We are on the field. What have they done, other than procedure—to pass it on to the States, and after two or three elections, 7 years from now, with the State's ratification—or 2, 3 years, whatever—pass it to the States and let them ratify and come back and let the Congress then go along with the ratification. Anything to push off our responsibility and act like we are not here. They bring in charts and blame the one individual that has cut the deficit since he took office. Down in Arkansas he had a track record of 10 years of balancing budgets. He comes to town with these interest costs and a horrendous debt. What does he do? He submits a realistic budget that would have the economy in good shape, and we can not get a single vote. And they have the unmitigated gall to come up here and say they are leading the way, and that President Clinton does not want a balanced budget while they do. They are the ones who caused these horrendous deficits.

Then I look at the screen from the Republican TV channel, channel 2, and here is what it has on there. It says: "Interest costs on the national debt account for 15 percent of all Federal spending." False. Interest costs on the debt are 27 percent of all Federal spending. Mark it down. I have to correct this myself. I cannot get the newspapers to do it.

Republican statement on the TV channel: "40 cents of every Federal income dollar goes to pay interest on the national debt." Fact: 54 cents of every Federal income tax dollar goes to pay interest on the national debt.

Republican statement: "Annual interest cost on the national debt almost equals annual discretionary spending." Fact: Annual interest costs far exceed discretionary spending. Discretionary spending—which is inclusive of international affairs—for 1996 is \$267 billion. The 1996 interest on the debt is \$344 billion.

Another Republican statement—they just put out—you talk about truth and who has character, come on. "Annual interest costs on the national debt almost equals the cost of national defense." That is on the Republican

screen right now, so all the Republican Senators can glean these quick misinformatons and run out on the Senate floor and act like they have studied the problem and know what they are talking about. False. The fact is, annual interest costs far exceed the cost of national defense. The 1996 defense spending is \$265 billion. Interest costs on the debt are \$344 billion.

Now, Mr. President, I hardly know how you are supposed to make sense out of this "non-sense". All that these plans accomplish is to move the deficit from the general Government over to Social Security. And they talk like it is a given: "Unified budget, unified budget, unified budget." That is my distinguished colleague from New Mexico, the chairman of the Budget Committee. I know he is a brilliant Senator, and I know he knows differently.

I want to go now to the Social Security record because, Mr. President, we have had a difficult time zeroing in on how we got to where we are. I hold the report of the National Commission on Social Security Reform, dated January 1983—right on page 23 it says: "The National Commission was able to reach a consensus for meeting the short-range and long-range financial requirements by a vote of 12-3."

The distinguished Senator from Kansas was included in that vote, Mr. President, and he bragged openly to the Catholic Conference on May 26—just this past month—that he helped save Social Security in 1983. In the short term, he did. He was a member of the commission. And one of their conclusions, point 21 on page 224, was: "A majority of the members of the national commission recommends that the operation of OASI, DI, HI, and SSI trust funds should be removed from the unified budget. Some of those who do not support this recommendation believe that the situation would be adequately handled if the operations of the Social Security Program were displayed within the present unified Federal budget as a separate budget function, apart from the other income security programs."

Now, Mr. President, there is no question that the distinguished Senator from Kansas supported that. And Senator DOLE referred, in his additional views along with Congressman Conable, who was chairman then on the House side, in statement 5, page 2, to the short and long-term deficits in Social Security: "In our judgment, \$150 billion to \$200 billion is the amount required to keep the system solvent through 1990, and over the very long-term, the next 75 years, the needs of the system amount to about \$25 billion a year." Thus, there was an understanding that we were making necessary changes to ensure the integrity of the Social Security system.

Now, moving on, to save time, Mr. President, again, on statement 5, page 7: "Accumulating considerably larger reserves is desirable," said the Senator from Kansas. But now those reserves

are what he is trying to eliminate—eliminate about \$600 billion to get this farcical constitutional amendment. We have never written a farce into the Constitution. I hope we do not put a farce in it now, because we know what the farce is. "Accumulating considerably larger reserves is desirable." And then the Senator said later on, "Trust fund reserves have been on a downhill coast for years." So he was very concerned as chairman of the Finance Committee at that particular time. He stated so in his submission of the particular bill on March 16, 1983, as the chairman when he said, "OASI, DI in the particular bill actually generates a surplus." Again, a particular caveat or catchall to make sure it does not go below. On page 22, on March 16, Senator DOLE says, "If the reserves fall below 20 percent of the annual outgo, the annual COLA would be based on the lower increase in wages and prices."

So they put in the 20-percent cushion, and constantly throughout referred to the effect on the trust funds. Now, the only reason I emphasize that is to show that in 1983 the distinguished Senator wanted to have trust funds. But they also wanted to ensure that the trust fund was off budget.

Let me read from the actual CONGRESSIONAL RECORD of March 24, 1983, on the House side.

It says:

D. Separate treatment of trust fund operations under unified budget. Beginning with 1969, the financial operations of the Social Security trust funds have been included in the unified budget of the Federal Government. House bill: House bill provides for the display of OASI, SI and DI fund operations as a separate function within the budget. Beginning with the fiscal year 1989, these trust fund operations would be removed from the unified budget—Senate amendment, no provision.

The conference agreement, here is what they agreed to:

The conference agreement follows the House bill except that the trust fund operations would not be removed from the unified budget until the fiscal year 1992.

So the conference committee chose to follow the recommendation in the Greenspan commission report and adopted into law that by 1992 you would take Social Security off-budget as a true trust fund.

When we started to see these surpluses being used to make the deficit look smaller, we decided we couldn't wait until 1992. On July 10th, 1990, in the Budget Committee, by a vote of 20 to 1, we put Social Security trust funds off budget and abolished the unified budget, including inclusion of Social Security. In that vote, 20 to 1, the one dissenting vote was the distinguished Senator from Texas, Senator GRAMM.

Let me say what we did when we adopted the law in 1983 and go back to what Mr. Heinz said, the former distinguished Senator from Pennsylvania, our great colleague, John Heinz, and I quote:

Mr. President, unless we separate Social Security from the budget, it is absolutely inconceivable to me that we are going to be

able to finance Social Security in any kind of rational way in the long run. Left in the unified budget, there does not seem to be anything we are going to be able to do except spend Social Security surpluses on other programs in the surplus years and our Social Security in the deficit years. Without some assurance that this program will be treated like the Social Security insurance program that it is, how can we expect young workers who are paying millions to pay anything into Social Security today, nearly 100 million of them, to trust that the benefits that they pay in taxes are going to be in when they retire 30 years from now? The answer is, unless we separate Social Security, as I provided, I do not think we can.

So it was Senator Heinz on the Republican side, in a bipartisan initiative in 1990, by a vote of 98 to 2—who worked with me to do just exactly that by law. It is the law today. It was signed by a Republican President, George Bush, but now under this constitutional amendment is about to be repealed.

They talk about protecting Social Security. But they are trying to disregard the protection we already have. We owe Social Security \$520 billion as of the end of April. That is how much has been borrowed from Social Security. Tack on under this particular constitutional amendment another \$600 billion as planned in the Republican budget by the year 2002. In the end, we may pass a constitutional amendment, but even if it was adhered to and things fell into place under a best-case scenario, we would end up saying, Yes, we balanced the budget, but we devastated Social Security. We would owe Social Security \$1.14 trillion. And who is going to raise taxes for that? Yet, they sit up here in solemn dignity talking about who is for balanced budgets, the very crowd that devastated us, devastated the plan.

I do not know how you make sense out of this crowd. I do not know how you make sense out of the media.

James Fallows wrote a very interesting volume entitled "Breaking the News." In there he discussed the dichotomy between Walter Lippmann and John Dewey. Lippmann and Dewey both agreed that we should have an outstanding press and an expert press, and to a great extent, we do. They know these things. Unfortunately, they have gotten into the habit of taking polls, because they want to be ahead of the news. So they gather news and then they find the stories to support the polls. That is an incestuous kind of thing and consequently, the press ends up making the news rather than reporting the news.

But Dewey went further, by saying that the American public should be engaged. It is Fallows' position that the public has not been engaged, nor have they been made to feel a part of the process so that they could understand hard facts. He states in his book that the press has a duty to report the truth even if they have to go against public opinion. We as a society are not getting those truths reported.

Unfortunately, this particular Senator takes issue with the idea about

the public being engaged. The public knows, and they want to be disengaged. They get this all "spew time" on the 7 o'clock news, they get this all spew time in the magazines, the daily press, and the media. It is a deluge. All they hear from us is this prelection off-Broadway show on the floor of the national Congress complete with charts.

The little tidbit of the moment this morning is that Medicare is going broke in the year 2001. So what has changed? That was the report when President Clinton took office. It was going broke in the year 2001. He extended—oh, they do not want to say that—he extended it into 2002; 1993 was his first assault on Medicare spending, because, yes, we not only cut spending \$500 billion, we not only increased taxes some \$240 billion, but we cut Medicare \$57 billion without a Republican vote.

They came in here with these tremendous tax cuts, which, unfortunately, my friend, Stevie Forbes, has the Republican nominee talking about now. I hope he does not go overboard with that nonsense. Because I can report to you exactly where that nonsense started. Here it goes again.

I want to include, Mr. President, an article from the *New Perspectives Quarterly* of March 22, 1993, by none other than David A. Stockman, the daddy rabbit of Reaganomics.

I ask unanimous consent that it be printed in the RECORD.

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

[From *New Perspectives Quarterly*, Mar. 22, 1993]

AMERICA IS NOT OVERSPENDING; NORTH AMERICA: THE BIG ENGINE THAT COULDN'T

(By David A. Stockman)

David A. Stockman Director of the Office of Management and Budget from 1981 to 1985, during the first years of the "Reagan Revolution," David Stockman left office amid the lingering controversy caused by his revelations in the Atlantic magazine about the internal Administration politics which, Stockman said, would result in untenable deficits.

Stockman's memoirs of those years are entitled *A Triumph of Politics: How the Reagan Revolution Failed*. He is currently a General Partner at the Blackstone Group, a New York investment house.

President Clinton's economic plan deserves heavy-duty criticism—particularly the \$190 billion worth of new boondoggles through FY1998 that are euphemistically labelled "stimulus" and "investment" programs. But on one thing he has told the unvarnished truth. There is no way out of the elephantine budget deficits which have plagued the nation since 1981 without major tax increases.

In this regard, the full-throated anti-tax war cries emanating from the GOP since February 17 amount to no more than deceptive gibberish. Indeed, if Congressman Newt Gingrich and his playmates had the parental supervision they deserve, they would be sent to the nearest corner wherein to lodge their Pinocchio-sized noses until this adult task of raising taxes is finished.

The fact is, we have no other viable choice. According to the Congressional Budget Office (CBO) forecast, by FY1998 we will have practical full employment and, also, nearly a \$400 billion budget deficit if nothing is done.

The projected red ink would amount to five percent of GNP, and would mean continuing Treasury absorption of most of our meager net national savings through the end of the century. This is hardly a formula for sustaining a competitive and growing economy.

The root problem goes back to the July 1981 frenzy of excessive and imprudent tax-cutting that shattered the nation's fiscal stability. A noisy faction of Republicans have willfully denied this giant mistake of fiscal governance, and their own culpability in it, ever since. Instead, they have incessantly poisoned the political debate with a mindless stream of anti-tax venom, while pretending that economic growth and spending cuts alone could cure the deficit.

It ought to be obvious by now that we can't grow our way out. If we should happen to realize CBO's economic forecast by 1998, wouldn't a nearly \$400 billion deficit in a full employment economy 17 years after the event finally constitute the smoking gun?

To be sure, aversion to higher taxes is usually a necessary, healthy impulse in a political democracy. But when the alternative becomes as self-evidently threadbare and groundless as has the "growth" argument, we are no longer dealing with legitimate skepticism but with what amounts to a demagogic fetish.

Unfortunately, as a matter of hard-core political realism, the ritualized spending cut mantra of the GOP anti-taxers is equally vapid. Again, the historical facts are overwhelming.

Ronald Reagan's original across-the-board income tax cut would have permanently reduced the federal revenue base by three percent of GNP. At a time when defense spending was being rapidly pumped up, and in a context in which the then "conservative" congressional majority had already decided to leave 90 percent of domestic spending untouched, the Reagan tax rate cut alone would have strained the nation's fiscal equation beyond the breaking point. But no one blew the whistle. Instead, both parties succumbed to a shameless tax-bidding war that ended up doubling the tax cut to six percent of GNP—or slashing to nearly one-third the permanent revenue base of the United States government.

While delayed effective dates and phase-ins postponed the full day of reckoning until the late 1980s, there is no gainsaying the fiscal carnage. As of August, 1981, Uncle Sam had been left to finance a 1980s-sized domestic welfare state and defense build-up from a general revenue base that was now smaller relative to GNP than at any time since 1940!

In subsequent years, several "mini" tax increase bills did slowly restore the Federal revenue base to nearly its post-war average share of GNP. The \$2.5 trillion in cumulative deficits since 1981, however, is not a product of "over-spending" in any meaningful sense of the term. In fact, we have had a rolling legislative referendum for 12 years on "appropriate" Federal spending in today's society—and by now the overwhelming bipartisan consensus is crystal clear.

Cash benefits for Social Security recipients, government retirees and veterans will cost about \$500 billion in 1998—or six percent of prospective GNP. The fact is they also cost six percent of GNP when Jimmy Carter came to town in 1977, as they did when Ronald Reagan arrived in 1981, Bush in 1989 and Clinton in 1993.

The explanation for this remarkable 25 years of actual and prospective fiscal cost stability is simple. Since the mid-1970s there has been no legislative action to increase benefits, while a deep political consensus has steadily congealed on not cutting them, either. Ronald Reagan pledged not to touch Social Security in his 1984 debate with Mondale; on this issue Bush never did move his

lips; and Rep. Gingrich can readily wax as eloquently on the "sanctity" of the nation's social contract with the old folks as the late Senator Claude Pepper ever did.

The political and policy fundamentals of the \$375 billion prospective 1998 cost of Medicare and Medicaid are exactly the same. If every amendment relating to these medical entitlements which increased or decreased eligibility and benefit coverage since Jimmy Carter's inauguration were laid end-to-end, the net impact by 1998 would hardly amount to one to two percent of currently projected costs.

Thus, in the case of the big medical entitlements, there has been no legislatively driven "overspending" surge in the last two decades. And since 1981, no elected Republican has even dared think out loud about the kind of big changes in beneficiary premium costs and co-payments that could actually save meaningful budget dollars.

To be sure, budget costs of the medical entitlements have skyrocketed—but that is because our underlying health delivery system is ridden with inflationary growth. Perhaps Hillary will fix this huge, systemic economic problem. But until that silver bullet is discovered, there is no way to save meaningful budget dollars in these programs except to impose higher participation costs on middle and upper income beneficiaries—a move for which the GOP has absolutely no stomach.

Likewise, the "safety net" for the poor and price and credit supports for rural America cost the same in real terms—about \$100 billion—as they did in January, 1981. That is because Republicans and Democrats have gone to the well year after year only to add nickels, subtract pennies, and, in effect, validate over and over the same "appropriate" level of spending.

On the vast expanse of the domestic budget, then, "overspending" is an absolute myth. Our post-1981 mega-deficits are not attributable to it; and the GOP has neither a coherent program nor the political courage to attack anything but the most microscopic spending marginalia.

It is unfortunate that having summoned the courage to face the tax issue squarely, President Clinton has clouded the debate with an excess of bashing the wealthy and an utterly unnecessary grab-bag of new tax and spending giveaways. But that can be corrected in the legislative process—and it in no way lets the Republicans off the hook. They led the Congress into a giant fiscal mistake 12 years ago, and they now have the responsibility to work with a President who is at least brave enough to attempt to correct it.

(Mr. ASHCROFT assumed the chair.)

Mr. HOLLINGS. Mr. President, I thank the distinguished Chair. The entire article is there, but let me just read this paragraph. How did this all get started, that chart of yours—if you want to know where that chart started, it did not start under President Clinton. He has reduced the deficit.

He has reduced the deficit. The debt they show on that chart that goes from less than \$1 trillion on up to over \$5 trillion occurred under you and me. And I quote:

The root problem goes back to the July 1981 frenzy of excessive and imprudent tax cutting that shattered the Nation's fiscal stability. A noisy faction of Republicans have willfully denied this giant mistake of fiscal governance and their own culpability in it ever since. Instead they have incessantly poisoned the political debate with a mindless stream of antitax venom while pretending that economic growth and spending

cuts alone could cure the deficit. It ought to be obvious by now that we can't grow our way out.

So much for growth, so much for tax cuts, so much for the ying-yang of entitlements. They had in the Atlantic Monthly this past issue an article by my friend Peter Peterson, former Secretary of the Treasury as well as in the Department of Commerce, and eminent fiscal expert. But he says the father of all unfunded mandates is Social Security and Medicare.

It's absolutely ridiculous when you get the best of the best talking that nonsense. Social Security has a surplus of \$520 billion. Medicare has a surplus of \$130 billion according to the April 30 Treasury report. So we have surpluses that they would call unfunded mandates. This misconception is followed by Time Magazine saying that the biggest thing causing the deficit is these runaway entitlements. All absolutely false.

What is in deficit, Mr. President, is the general Government. There is one big sham, one big fraud that is going on here in the National Government. And the people are enraged because they know about it. They are paying more and getting less Government. And, of course, the pollsters are off on that bit about get rid of the Government, get rid of the Government, get rid of the Government. The Government is not the solution; the Government is the enemy.

The fact is that we can spend money and save money, but these interest costs on the debt keep going up and away. Payment is required just like taxes. They say two things you cannot avoid are death and taxes. The third thing is interest costs on the debt. They are interest taxes going up on automatic pilot. As we talk today, while we talk, it will go up another billion bucks. And what is broke today is the Government, not the entitlements.

Now, I commend my distinguished friend from Nebraska, BOB KERREY, and the former Senator from Missouri, JACK DANFORTH. I voted for the Kerrey amendment to the budget resolution because, yes, I agree we have to get a bridle on this animal. We are going to have to gradually raise the retirement age. We are going to have to consider other changes such as holding up on the COLA's.

I have voted for a COLA freeze in the past. I have proposed budget freezes. I have proposed automatic spending cuts across the board. I have even proposed increasing taxes to reduce the deficit. But, Mr. President, you cannot get it now from this group. They are the ones who do not want to pay for Government. And they have the audacity to come here with these runaway spending programs and ridiculous allegations that the President is against defense. It is all a political act. They know he is oversensitive about defense and that he is going along with what the Joint Chiefs want.

I was with Danny Graham. I got the first SDI award. Do not tell me about

SDI and its support. I still support it. But after spending almost 90 billion bucks and having nothing to show for it, now is the time to stop, look, and listen and move in a measured way, as the distinguished Senator from Georgia, SAM NUNN, says to do and the Joint Chiefs say to do. But instead of being practical, they give us political theatre. And this particular constitutional amendment is another act where they try to make the President look bad for not being able to get the Democrats' vote.

Come on. The President did not get my vote on GATT. He did get my vote on NAFTA. I have a lot of things on which he is not going to get my vote. What are you talking about, get the vote.

But the Republicans can get HOLLINGS' vote in a flash if they protect Social Security. Just put in section 7 that Social Security funds are excluded. Why not write what the law requires and what we all say should be done to give the children and grandchildren a sense of trust, reliance, and respect for Government. There is no such thing as a unified budget with Social Security. By law Social Security is off-budget. But now they put in the constitutional amendment these different statements here.

Some may ask, what does the Senator from South Carolina want? Everybody knows, or should know, that the Senator from South Carolina works in a bipartisan fashion. This Senator, you are looking at him, got the only bipartisan thing done in the last 2 years, the telecommunications bill. I know it. The public knows it. I worked for 4 years on that. We worked with the Republicans and Democrats and we got 91 votes, 91 of the Senators on the floor. So I know how to work in a bipartisan way.

In fact, I worked with President Johnson to balance the budget in a bipartisan way. But when President Reagan came to town with the so-called Kemp-Roth tax cut, I knew we were headed for the pits. I knew it. Senator DOLE knew it. I can show you his statements critical of Kemp-Roth. He was not any supply-side chairman of Finance. He knew better. Senator Howard Baker, the majority leader, sat right down there at that first desk and he shrugged his shoulders and said this is a riverboat gamble. You did not get elected to come up here and gamble like a riverboat gambler. And I will not go along with it.

Vice President George Herbert Walker Bush called it "voodoo." How in Heaven's name can you cut your revenues, increase all your spending for defense, as elicited by Warren Rudman in his recent book, and expect a balanced budget? Who is that stupid? We continue to practice pollster-driven politics and focus on hot-button issues. But the public knows better.

So I voted against Reaganomics. I voted for the spending cuts. I voted for the tax increases. And I want to correct the record in that Rudman book,

which I have a little time to do. The inference is, in that first chapter, that Senator HOLLINGS had some doubts about Gramm-Rudman-Hollings and later asked for a divorce. It implies that I acted like I was just along for the ride.

Let me tell you now, the Senator from South Carolina worked in a bipartisan fashion like a dirty dog, over the objection of the Democratic majority leader, over the objection of the Democratic chairman of the Budget Committee. On 14 votes, up or down, we got a majority of Democrats to vote for across-the-board spending cuts of Gramm-Rudman-Hollings: \$36 billion a year.

Incidentally, I helped write Gramm-Rudman-Hollings. I used this budget tool as Governor. I got a balanced budget. I got the first triple-A credit rating. The distinguished former Governor and occupant of the Chair knows what I mean. We do not have a triple-A credit rating in the great State of South Carolina now. I got it. It has been lost. So I know how hard it is to work and get from Standard & Poor's a triple-A credit rating. I did it with a rule we had in the legislature of automatic cuts across the board, and that is all Gramm-Rudman-Hollings was. If you did not meet the target of spending cuts, then the law did it for you.

You could see the maneuvering and extension of a year and extension again of another year. So, 1987 we were still serious, eight of us, in a bipartisan fashion. I am qualifying myself as a witness. With six Democrats and two Republicans, Senator Boschwitz and Senator Danforth, myself and others, we voted for a value-added tax of 5 percent to eliminate the deficit and the debt. We knew we needed spending cuts. We knew we wanted Gramm-Rudman-Hollings. We knew we had to cut the size of the Federal Government. We knew we had to have spending freezes. But we also realized in that vote—and it was after a very serious, studied debate in the Budget Committee—that balancing the budget also required increasing revenues.

I appeared before the Finance Committee. I have testified twice. I met with the expert, Dr. Cnossen, who knows all about VAT's. I later met with the then-chairman, Senator Moynihan of New York, of the Finance Committee, and I am willing to appear again. I have introduced my legislation again in this Congress because I know you cannot possibly get a balanced budget without also raising revenues.

The way they have been doing it is, No. 1, rob the trust funds, not just Social Security to the tune of \$1.2 trillion. They have the highway trust funds, and the House crowd just acted to take the transportation trust funds off-budget. They said, "Wait a minute, you are taking our highway funds." They said, "Wait a minute, you are taking our airport improvement monies," to make the airports safe and everything else of that kind, "and using

it on foreign aid, or welfare, or defense, or whatever. You are not spending it for its purpose."

So the House is has acted on that measure. But there are still other trust funds: They are using military pension surpluses, they are using civil service pensions, and everything else of that kind, to the tune right now of \$1.2 trillion. So, we put forth, in a bipartisan fashion, a value-added tax. Then, in a bipartisan fashion, we enacted section 13301 to protect Social Security.

Thereafter, in April 1991, we wanted to answer the catcall that we heard from some Members on this side and on the other side of the aisle about the annual surpluses in Social Security. The distinguished Senator from New York, Senator MOYNIHAN, Senator KASTEN of Wisconsin, and myself, we offered an amendment to cut—what; taxes? Social Security payroll taxes.

We had the argument about the payroll taxes. I do not know why they are talking about cutting taxes again, just in time for the 1996 election. Why don't they look at how the distinguished Senator from Kansas voted back in 1991. He could have cut Social Security taxes, and supported truth in budgeting. We offered that amendment in April 1991, in a bipartisan fashion, and we got voted down.

Now, they have the audacity to come here, at this particular time, and talk on and on and on about who is for deficits. Let me be categorical about this. I know what President Reagan did, because I put into the RECORD the statement made by none other than the Director of his Office of Management and Budget, David Stockman. I was there and I saw it. I said, man, if this thing works, we can all go back home. Every Governor will start cutting his revenues. Go to the mayor of the city. I wish you would go back to your mayor wherever you live and say we have a new way of doing things. What we ought to do is cut your revenues. But cut your revenues 25 percent and see what your bond rating is then. You will have to lay off your firemen and policemen and everything else like that, and you will get run out of the mayor's office.

Try that on as a Governor. They try to give these tired arguments a kind of dignity and bring out charts and everything else. They claim they need a \$500 or \$600 billion cut to get the economy moving, but then they have Greenspan trying to hold growth down to 2.5 percent.

We could take care of a lot of deficits here if we had more growth, but that is another debate. The fact of the matter is, they come out with all of these things about tax cuts, getting rid of the 4.3-cent gasoline tax added in 1993, \$30 billion over those years. I voted for it. It is working. In fact, we know the price of gasoline went down after we put on the tax.

It is the fourth quarter in the Presidential race. They are throwing the bomb, anything to bring the candidate

alive, anything to bring the candidate alive—actually changing his entire congressional record of fiscal responsibility. You have him now for growth where he was not before. You have now for tax cuts when he was for tax increases and voted for and supported them and led the way for fiscal responsibility. You have him going along with any kind of thing to satisfy some small group that they have there—even assault weapons, I think.

Anybody knows you cannot let assault weapons be used around this country. Come on. But now they want to court another particular group in the polls, so they pick another hot-button item, and try to complete a long pass play.

Welfare reform—let it be shown that on welfare, we have worked and worked hard and had a good record. But then they wanted to abandon the children. I think it is on course again now, so I will not say any more, but I would be glad to get into that debate, because you cannot immediately save money by putting people to work, instituting an employment program, instituting day care, transportation and all these other things.

In the outyears you might, hopefully, get them off welfare, and I would go along with that and want to support it. But in the meantime, let us not continue to attack children's programs to the tune of \$60 billion and then in the same breath say, Let's have \$60 billion for SDI, because we've put "Defend America" in the title of the bill.

The time is now, Mr. President, to rebuild the strength of our economy. Our Nation's strength is like a three-legged stool. We have the one leg of values as a nation. That is strong. We feed the hungry in Somalia. We help develop democracy in Haiti. We commit troops for peace in Bosnia. We stand for freedom around the world and for this Americans are willing to sacrifice. The values leg is strong.

The second leg of military is unquestioned.

The third leg that is fractured and almost causes us to topple is the economic leg, and that is easily understood. For 50 years now, in trying to spread capitalism, defeat communism, spread democracy the world around, we sacrificed our economy. I have had many a debate on textiles. Others have had it on steel and iron and different manufacturing. The truth is that Japan is a larger manufacturing nation than the United States of America. The truth is, we have been blindsided. Read "Blindsided" by Eamon Fingleton.

Now is the time to start rebuilding our Nation's health. Let's start with those on welfare and, more than anything else, yes, let's continue this initiative for children because in the long run, it will save us money. I wrote a book on hunger. I worked to establish the women, infants and children feeding program or WIC. You cannot rebuild a strong America by denying the infants and expectant mothers access

to nutritional programs. For every dollar we spend in WIC, we save \$3.

You are not going to build a strong America by denying Head Start to 5- and 6-year-olds. For every dollar we put in to Head Start, we save \$4.25.

We are not going to build a strong America by denying school lunches to the 6- and 7-year-olds.

We are not going to build a strong America by denying title I to the disadvantaged 9- and 10-year-olds.

You are not going to build a strong America by denying summertime jobs.

You are not going to build a strong America by denying student loans for youngsters, 16-year-olds, to go to college.

These are the programs we are cutting, and meanwhile we are all talking about who is really telling the truth, who is really for reducing the deficit, who is really for a balanced budget, and we go through this silly act. People blame both sides, and they should blame both sides. That is why the American public does not turn out in force for national elections.

Now is the time to get real. Cut out the balanced budget amendments and let's balance the budget. Give it to us, and I will support it, I will go to conference. As a former chairman of the Budget Committee, I will work in a bipartisan fashion. We can balance this budget. It is going to be tough, but we will all have to work together to do it. We can't afford to keep turning it into Presidential political headlines.

It goes without saying that these particular budgets have never been balanced.

Mr. President, I ask unanimous consent a letter from June O'Neill of October 18 to the distinguished chairman of the Budget Committee be printed in the RECORD.

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

CONGRESSIONAL BUDGET OFFICE,
October 18, 1995.

Hon. PETE V. DOMENICI,
Chairman, Committee on the Budget, U.S. Senate,
Washington, DC.

DEAR MR. CHAIRMAN: The Congressional Budget Office has reviewed the legislation submitted to the Senate Committee on the Budget by eleven Senate committees pursuant to the reconciliation directives included in the budget resolution for fiscal year 1996 (H. Con. Res. 67). CBO's estimates of the budgetary effects of each of those submissions have been provided to the relevant committees and to the Budget Committee. Based on those estimates, using the economic and technical assumptions underlying the budget resolution, and assuming the level of discretionary spending specified in that resolution, CBO projects that enactment of the reconciliation legislation submitted to the Budget Committee would produce a small budget surplus in 2002. The effects of the proposed package of savings on the projected deficit are summarized in Table 1, which includes the adjustments to CBO's April 1995 baseline assumed by the budget resolution. The estimated savings that would result from enactment of each committee's reconciliation proposal is shown in Table 2.

As you noted in your letter of October 6, CBO published in August an estimate of the fiscal dividend that could result from balancing the budget in 2002. CBO estimated that instituting credible budget policies to eliminate the deficit by 2002 could reduce interest rates by 150 basis points over six years (based on a weighted average of long-term and short-term interest rates) and increase the real rate of economic growth by 0.1 percentage point a year on average, compared with CBO's economic projections under current policies. CBO projected that the resulting reductions in federal interest payments and increases in federal revenues would total \$50 billion in 2002 and \$170 billion over the 1996-2002 period. Those projections were based on a hypothetical deficit reduction path developed by CBO. The deficit reductions estimated to result from the reconciliation legislation submitted to the Budget Committee, together with the constraints on discretionary spending proposed in the budget resolution, would likely yield a fiscal dividend similar to that discussed in the August report.

If you wish further details on this projection, we will be pleased to provide them.

Sincerely,

JUNE E. O'NEILL,
Director.

Mr. HOLLINGS. Mr. President, that letter of October 18, 1995, said that we produce a small budget surplus with this 1996 budget we are under. But, Mr. President, when reminded of the law—do you think you have to remind a trust officer in a bank of the law? Do you think a director of the Congressional Budget Office has to be reminded of the Budget Act on Social Security?

I ask unanimous consent that this letter be printed in the RECORD.

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

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, October 20, 1995.

Hon. KENT CONRAD,
U.S. Senate,
Washington, DC.

DEAR SENATOR: Pursuant to Section 205(a) of the budget resolution for fiscal year 1996 (H. Con. Res. 67), the Congressional Budget Office provided the Chairman of the Senate Budget Committee on October 18 with a projection of the budget deficits or surpluses that would result from enactment of the reconciliation legislation submitted to the Budget Committee. As specified in section 205(a), CBO provided projections (using the economic and technical assumptions underlying the budget resolution and assuming the level of discretionary spending specified in that resolution) of the deficit or surplus of the total budget—that is, the deficit or surplus resulting from all budgetary transactions of the federal government, including Social Security and Postal Service spending and receipts that are designated as off-budget transactions. As stated in the letter to Chairman Domenici, CBO projected that there will be a total-budget surplus of \$10 billion in 2002. Excluding an estimated off-budget surplus of \$115 billion in 2002 from the calculation, CBO would project an on-budget deficit of \$105 billion in 2002. (The letter you received yesterday incorrectly stated these two figures.)

If you wish further details on this projection, we will be pleased to provide them. The staff contact is Jim Horney, who can be reached at 226-2880.

Sincerely,

JUNE E. O'NEILL.

Mr. HOLLINGS. October 20, 1995, to the Honorable KENT CONRAD.

Dear Senator: After taking Social Security off budget—

Actually, the budget projected would have a deficit of \$105 billion. We might get that truth out. We fought to get adherence to that law. We put up an amendment, and we cannot get support for it. But we continue to put up that amendment and everything else to say we want a balanced budget.

I have worked in the vineyards for 30 years for a balanced budget up here. I got one back when I was Governor of my State, and I will go along with you, but just do not move deficits. Let's eliminate deficits. Let's not move the deficits from general Government over to Social Security putting it in debt \$1.100 trillion by the year 2002. All you have to do is add "Social Security trust fund" where you say, "except for borrowed funds." "Except for borrowed funds from the Social Security trust fund."

That is all it is, a little language. They do not want to do it, because the truth hits them in the face when they go around the corner. If they put that in a constitutional amendment, there is no way in the world that they can produce a balanced budget without increasing taxes.

Their political singsong is, "We can just balance the budget. We're conservatives, and they're spending us blind, and the liberals there, they want to continue spending and all we need is spending cuts and you can eliminate the Government."

Mr. President, with \$267 billion in domestic spending eliminated and with the \$344 interest cost increase, you would still have a deficit. Do not just cut—eliminate. Eliminate Commerce or housing or energy or education. Eliminate Interior, eliminate the Justice Department, get rid of the FBI, the DEA, the Border Patrol and just eliminate it all, and you still have a deficit.

That is the dilemma we are in. Today's problems are not entitlements. It is not Social Security and AARP. My distinguished friend from Wyoming comes in here and says there is no trust fund. Well, that is his view. But in the view of the Congress and under his vote, there is a trust fund. Under the recommendation of the Greenspan commission, we put it off budget. Since 1990, we have had it formally in the law and they now want to repeal the law with section 7 of this particular constitutional amendment.

Mr. President, thank heavens for the sobriety of the Members on this side who have dutifully written a letter saying, Dear Mr. DOLE: Just go along with the protection under the law that we have in section 13301 of the statutory laws of the United States of America and you've got us five and you can pass a constitutional amendment in a flash.

They do not want a constitutional amendment. They want to get the credit, but they do not want to get the duty and responsibility. It is an absolute fraud, and they know it.

I retain the remainder of my time.

The PRESIDING OFFICER. Who yields time?

Mr. COATS. Mr. President, I yield 10 minutes to the distinguished Senator from South Carolina.

Mr. THURMOND. I thank the able Senator.

The PRESIDING OFFICER. The Senator from South Carolina is recognized.

Mr. THURMOND. Mr. President, I rise today in support of the motion to reconsider House Joint Resolution 1, the balanced budget amendment. Last year, the House acted with wide bipartisan support as it adopted the balanced budget amendment by a vote of 300 to 132. Unfortunately, last year in the Senate, we fell 1 vote short of the 67 votes needed for final passage. Now, we have an opportunity to do the right thing and adopt this proposal.

Mr. President, mandating balanced Federal budgets is not a new idea. The first constitutional amendment to balance the budget was proposed in 1936 by Minnesota Representative Harold Knutson. During World War II the attention of the Nation was distracted from efforts to secure annual balanced budgets, although Senator Tydings and Representative Disney introduced several balanced budget amendments during that period.

Following World War II, a Senate joint resolution on balanced budgets was introduced by Senators Tydings and Bridges and reported out by the Committee on Appropriations in 1947 but received no further action. During the 1950's, an increasing number of constitutional initiatives for balanced budgets came to be introduced regularly in Congress. It was during that time that I supported legislation such as that offered by Senators Bridges, Curtis, and Harry Byrd to require the submission by the President of an annual balanced budget and to prevent Congress from adjourning without having enacted such a budget. No action was taken on these measures. Yet, since the beginning of the 84th Congress in 1955, an average of four constitutional amendments to require a balanced Federal budget have been proposed during each Congress. There was little substantive action in the 1960's and 1970's on our proposals. But finally, in 1982 while I was chairman of the Judiciary Committee, the Senate passed a balanced budget amendment which I authored. Our victory was short-lived, however, because the Speaker and the majority leader at that time led the movement to kill it in the Democrat-controlled House of Representatives. That was our high water mark as we fell one vote short in 1986, four votes short in 1994, and one vote short last year. This is our final opportunity this year to deliver to the American people a balanced budget amendment.

Mr. President, simply stated, this legislation calls for a constitutional amendment requiring that outlays not exceed receipts during any fiscal year. Also, the Congress would be allowed by

a three-fifths vote to adopt a specific level of deficit spending. Further, there is language to allow the Congress to waive the amendment during time of war or imminent military threat. Finally, the amendment requires that any bill to increase taxes be approved by a majority of the whole number of both Houses.

This legislation would provide an important step to reduce and ultimately eliminate the Federal deficit. The American people have expressed their strong opinion that we focus our efforts on reducing the deficit. Making a balanced budget amendment part of the Constitution is appropriate action for addressing our Nation's runaway fiscal policy.

Over the past half-century, the Federal Government has become jeopardized by an irrational and irresponsible pattern of spending. As a result, this firmly entrenched fiscal policy is a threat to the liberties and opportunities of our present and future citizens.

The national debt is over \$5.1 trillion. Today, the payment of interest on the debt is the second largest item in the budget. That accounts for the estimate that this year it will take over 40 percent of all personal income tax receipts to pay the interest on the debt.

Mr. President, the tax dollars that go to pay interest on the debt are purely to service a voracious Federal appetite for spending. Payment of interest on the debt does not build roads, it does not fund medical research, it does not provide educational opportunities, it does not provide job opportunities, and it does not speak well for the Federal Government. Payment of interest on the debt merely allows the Federal Government to carry a debt which has been growing at an alarming rate. It is deficit spending which has brought us to these crossroads. Congress has balanced the Federal budget only once—I repeat, only once—in the last 36 years and only 8 times in the last 64 years. A balanced budget amendment as part of the Constitution will mandate the Congress to adhere to a responsible fiscal policy.

The American businessmen and businesswomen have become incredulous as they witness year in and year out the spending habits of the Congress. Anyone who runs a business clearly understands that they cannot survive by continuing to spend more money than they take in. It is time the Federal Government abides by this simple yet compelling principle.

For many years, I have believed, as have many Members of Congress, that the way to reverse this misguided direction of the Federal Government's fiscal policy is by amending the Constitution to mandate, except in extraordinary circumstances, balanced Federal budgets. The Congress should adopt this proposal and send it to the American people for ratification. The balanced budget amendment is a much needed addition to the Constitution and it would establish balanced budg-

ets as a fiscal norm, rather than a fiscal abnormality.

Mr. President, the tax burdens which today's deficits will place on future generations of American workers is staggering. Future American workers are our children and our children's children. We are mortgaging the future for generations yet unborn. This is a terrible injustice we are imposing on America's future and it has been appropriately referred to as fiscal child abuse.

Our third president, Thomas Jefferson, stated, and I quote:

The question whether one generation has the right to bind another by the deficit it imposes is a question of such consequence as to place it among the fundamental principles of government. We should consider ourselves unauthorized to saddle posterity with our debts, and morally bound to pay them ourselves.

That is a quote of Mr. Thomas Jefferson.

Mr. President, it is time we show the fiscal discipline advocated by Thomas Jefferson and adopt a balanced budget amendment. Mr. President, I yield the floor.

The PRESIDING OFFICER. Who yields time?

Mr. COVERDELL addressed the Chair.

The PRESIDING OFFICER. The Senator from Georgia.

Mr. COVERDELL. Mr. President, I, of course, rise in support of passage of the balanced budget amendment to the Constitution. I enjoyed very much listening to the remarks of the distinguished senior Senator from South Carolina as he outlined the benefits and the necessities of passing a balanced budget amendment to the Constitution.

You know, one of the things that leaves me perplexed about this entire debate is the fact that what we are talking about here is having the Congress ratify and send to the States the opportunity to engage in a broad national debate with regard to the passage of a balanced budget amendment. Those who rise in opposition seem to want to prevent the several States from engaging in this very valid, very important national debate. For myself, I have total confidence that the States deserve and need and will appropriately manage this debate.

Remember, for it to become a true amendment to the Constitution it will require that three-fourths of those States ratify this concept. So this concept will not come into place without massive public attention in all of the 50 States.

Surely, if three-fourths of the States conclude this is the right thing to do, then, indeed, it is the right thing to do. Yet those on the other side do not want it to get to the States. They want to lock it down here, very repeatedly, in Washington, whereas we have just heard in the last 36 years we have had 35 budgets that were not balanced, and one that was, which is, of course, why

the vast majority of Americans understand and know that we need this discipline, that the wise founder Thomas Jefferson warned us about. We need this provision of discipline in the Constitution.

I do not know how much evidence it takes. You count them off, 36 years, and we balanced the budget once, and 35 times we failed to do so, might suggest to the average American that something is a little bit out of whack, a little bit out of whack, and they are paying, oh, are they paying the price for it.

I see my colleague from Indiana is on the floor and I will yield the floor.

The PRESIDING OFFICER. The Senator from Indiana.

Mr. COATS. Mr. President, once again we are debating the balanced budget. We should not, any longer, be debating the balanced budget. We should be living by a balanced budget. Americans have lost their patience with this endless, fruitless process of debating the issue and our failure to achieve the issue. The question now before us, again, is simple: How do we finally make this commitment real, make it lasting, and make it binding?

The Democrats have argued—and I am not referring to the 13 Democrats that supported this effort in that close, almost historic vote that took place over a year ago; I am referring to Democrats because no Republicans are arguing against a balanced budget in this debate—Democrats have argued in the past that a balanced budget amendment is unnecessary. “Let’s not amend the Constitution,” they say, “just simply balance the books ourselves.” Last year, during debate on this amendment, the minority leader stated, “The budget is not going to be balanced in 2002 unless the responsible people in 1995 start to focus on their share of the work.” Senator KERREY added, “Let Senators get to work to show Americans we have the courage this amendment presumes that we lack.”

Now, that argument had some credibility when we made this debate in 1995, although it has been argued now for more than a decade, but it did have some credibility at the time. It is our responsibility. It is our job to keep the Nation’s fiscal house in order and to not spend more than we take in. Of course, we fail in that job year after year after year and there is always another excuse, there is always another program that needs to be preserved. There is always an argument why we cannot do it now.

Today, that argument does not have credibility. Democrats, both the President and Members of Congress, have shown little courage and have not lived up to their share of the work. Every tough question, every tough vote we have had, especially on entitlements, has been exploited for partisan advantage. Democrats have talked of balanced budgets, while refusing to pay the cost of courage. It is a cynical display. It is a hypocritical display to say

we must go forward on our own, and then put every roadblock in the way to accomplishing what they say we must do.

What lessons have we learned in this past year? If you make hard, necessary choices, the President and Democrat leaders will undermine you. If you carefully and responsibly confront runaway entitlements, they will vilify you. The President and his party are trying to create a Washington culture that rewards cowardice and compromises our future.

What do we do about it? How can we change that culture? How can we require Washington to make the difficult choices and turn our easy words into reliable results? The answer, Mr. President, is a balanced budget amendment to the Constitution. We have simply exhausted all other avenues in arriving at this goal.

We are back where we started. Congress must be mandated to do what it has consistently refused to do. No argument could be more clear and more compelling than our experience of this last few months. If balancing the budget is not a matter of constitutional principle, it will not be accomplished. It must no longer be subject to shifting and cynical political tactics. Our first duty as legislators, to preserve a strong and solvent Nation for the next generation, that commitment should be burned into our conscience and written into our most basic law, the Constitution of the United States or it will not happen.

Once again, we are here and we have the choice to make that happen. The success of this effort will depend on one thing: The President needs to persuade just 2 Democrat Senators to join 13 of their colleagues who voted for the balanced budget last year, to support this attempt at balancing the budget. The outcome is pretty much in his hands. If he refuses to act, he, then, is going to have to share the responsibility of the failure of this Congress to address what I believe is one of the most fundamental issues of our time. This is not a normal, everyday political debate we are engaged in. It concerns the very first principles of American Government and one of the most basic principles of morality. Endless debt is not just a drag on our economy, it is a burden on our national conscious.

I have quoted Thomas Jefferson on this topic before but his argument is worth hearing again:

The question of whether one generation has the right to bend another by the deficit it imposes is a question of such consequence as to place it among the fundamental principles of government. We should consider ourselves unauthorized to saddle posterity with our debts, and be morally bound to pay them ourselves.

Let me repeat that: Thomas Jefferson said, a long time ago, but it holds true today in a way that it never has before.

We should consider ourselves unauthorized to saddle posterity with our debts, and be morally bound to pay them ourselves.

What we are debating here is one of the most important and one of the most basic moral commitments between generations. It has always been one of our highest ethical traditions for parents to sacrifice for the sake of their children. It is the depth of selfishness to call on children to sacrifice for the sake of their parents. It violates a trust and it betrays a duty. When Americans view our actions, they see past the numbers to a set of principles. They see more than a matter of right and left. They see a matter of right and wrong.

One thing is increasingly obvious: We will not reliably consistently balance our budget until the Constitution requires it. The tug of quick political benefit is still too strong. The voice of vested interests is too loud. Buying votes by placing burdens on the future is still too easy. This amendment will force us, as a Congress, to make a choice. Will we preserve our ability to run up deficits or will we part with this destructive power once and for all?

Never has the choice been more stark or more important. It is the difference between false promises and real commitments. It is the difference between public relations and public accountability. We will never be restrained until we formally and forcefully restrain ourselves.

President Clinton’s current budget is example No. 1, a case in point. It is a political charade, not a serious budget plan. It increases discretionary spending every year until 2001 and 2002—conveniently beyond the time when President Clinton will no longer be President. That is when he proposes to cut his spending level by \$67 billion. Everybody knows this is absurd. It is an absurd proposal to say we will not make the hard choices, but we will force them onto the next President.

Such cuts in those outyears, after Bill Clinton has retired to Hope, AR, will be impossible. They will be too sudden and too steep—in education, the environmental, and veterans programs. But President Clinton does not mind, because all the tough decisions would be made on someone else’s watch. It is another shining example of the Washington culture of cowardice.

The time for these kinds of gimmicks and maneuvers is over. Americans have been disappointed too often. We have the ability to clear away decades of decision with one clear, sincere, moral commitment—that is, that we will no longer steal from the future, that we will pass a balanced budget amendment to the Constitution, we will leave a legacy to our children other than a monumental debt. We will leave them a legacy of courage and responsibility.

What Member wants to serve in this body and leave here looking back, having had the opportunity, but failed, to rectify this extraordinary imbalance in our Nation’s fiscal affairs? What Member wants to think back on their time, as they have been privileged to serve in the U.S. Senate, and say, well, I was

there, I had an opportunity to deal with one of the most fundamental, important issues this Nation has ever faced, to set a legacy for the future that will determine the prosperity and posterity for our children and grandchildren and generations to follow; yet, I passed on that opportunity because, you see, I did not want to make that a mandatory effort. I did not want to make us bound to fulfill that promise because the situation might change, or a program that I really favored might be impacted. And so, therefore, we put it off until the future, and we will ask the next Congress, or the next President to deal with that problem, and we forfeited our ability to deal with it now.

I do not want to have that as my legacy. But we have been talking about this ever since I have been here. There has always been an excuse not to go forward. There has always been some reason. As soon as we address the reason of the moment that is put up, then another one is raised. There is always a reason why we cannot go forward. We are just a few votes away from beginning that legacy.

The President, in his rhetoric, has supported balanced budgets again and again. Now he can prove himself a partner or partisan. It is his choice. I hope he will pressure his own party to support a constitutional amendment that nearly 83 percent of the American public supports. I hope he will abandon unfair attacks on the people making the hard, necessary, and courageous budget choices. I hope he will begin to bargain in good faith for a change. I hope for all these things, Mr. President. Unfortunately, I am not confident that we will see any of them, and that is a shame because it is a missed opportunity that may not come again, and I expect the American public, in just 5 months, will remember.

The moment has come to send a balanced budget amendment to the States. Let us begin a national debate, in every State legislature in this country. Americans have waited decades for this opportunity. And they have waited long enough.

Mr. COVERDELL. Will the Senator yield for a moment?

Mr. COATS. I am happy to yield.

Mr. COVERDELL. The Senator has very eloquently described the responsibility, through the Thomas Jefferson quote, that each generation has for the future, and that any time a generation consumes the future's resources for their own satisfaction, they are abrogating the freedom of the future.

My question is this: Is it not true that if we were successful in passing a balanced budget amendment to the Constitution requiring balanced budgets, there would be immense benefits for the present, that interest rates would drop, job lines would be shorter, there would be new businesses, and that the net effect would be that an average family in my State and yours would have the equivalent of making

\$3,000 to \$5,000 of immediate new income in their checking accounts in the form of reduced home mortgages and loans, so that they could get about the business of getting America up, getting it housed and fed and ready to be the leaders of the future?

Mr. COATS. The Senator makes an excellent point and one that has not been made enough. We have a responsibility to future generations. Clearly, the one thing we can do that would most benefit the future of this country, our children and grandchildren, and succeeding generations of Americans, is to enact within the Constitution a responsibility that each of us ought to take on, but we have been unable to take on as a majority. But it will have immense benefits for the present, as the Senator has suggested.

The Federal Reserve Chairman has indicated that if we could put a real balanced budget in place, we can pretty much count on an interest rate reduction of 2 percentage points. And 2 percentage points is an immense economic benefit to the present generation. For all those seeking to buy a new home, it means, over the lifetime of mortgage payments on that home, tens of thousands, if not more, of dollars in their pockets that otherwise would be paid in interest. It means, for those who own a home now and have a mortgage, the opportunity to refinance that home and put money right directly into their pocketbooks, into education for their children, into meeting the needs of their families.

So there is an immediate benefit for all Americans and for American businesses that have to go out and raise the capital to expand, which provides jobs for Americans, and on and on it goes. A number of figures have been thrown out in terms of what this means. A balanced budget over the next 6 years, according to some who have studied this, indicates that it would add to the United States economy \$32 billion in real disposable income, \$66 billion in new purchases, \$88 billion in new investment, and over 100,000 new housing starts. That translates into jobs, jobs, and jobs—real jobs, not minimum wage jobs.

The best thing we can do for people looking for work or seeking to improve their position and their jobs is to jumpstart this economy in a way in which we can expand opportunities for Americans to work. Average Americans will save, it is estimated, \$2,388 a year on mortgage payments on a house with a \$75,000, 30-year mortgage. Those of us who live in urban areas, or occupy areas where housing costs are much higher, obviously, are going to save much more than that. And it would be \$1,026 saved over the life of a 4-year car loan. Every 3 or 4 years, we go out to buy a new car. Most Americans do not have the cash to purchase those cars and, therefore, put a 4- to 5-year car loan on it. We are talking about \$1,000 or more in the pocket of every American who buys a new car back into

their wallet to spend for other purposes, or to save, that they otherwise would pay in interest. And \$1,891 interest over the life of a 10-year student loan, for all those parents and families—and I am one of them, as my third child will go off to college in a month and a half—those of us that need to borrow money to help finance that education are going to be borrowing it at lower interest costs, and it will save us the average, over a 10-year student loan, of nearly \$2,000.

Add all that up, and it amounts to nearly \$75,000 of savings for the average family—that is, raising kids, paying for transportation, putting a mortgage on their house, trying to save some money to send their kids to college to get an education beyond high school. We are talking about real dollars. So the appeal to the American public is not just our moral responsibility and the legacy we leave for future generations for this country, but also direct economic benefits that can flow directly to this economy and to Americans in this generation.

So, Mr. President, the question from the Senator from Georgia is a pertinent and relevant question to this discussion which I want to just briefly address.

Mrs. BOXER. Mr. President, will the Senator yield so I can find out what the time parameters are? As I understand it, at 1 o'clock Senator EXON gets the floor. I ask him if I could have 5 minutes.

Mr. EXON. I am happy to yield 5 minutes to the Senator from California.

Mr. COATS. Mr. President, I will honor that and wrap up my remarks so we can keep some semblance of time.

The PRESIDING OFFICER. Under the previous order, the Senator from Nebraska is to be recognized at 1 o'clock.

Mr. COATS. I thank the Chair for the time.

I thank my friend from Georgia for yielding.

The PRESIDING OFFICER. The Senator from Nebraska.

Mrs. BOXER addressed the Chair.

The PRESIDING OFFICER. The Senator from California is recognized under the time of the Senator from Nebraska.

Mrs. BOXER. Thank you very much, Mr. President. I thank my friend from Nebraska. I am delighted to speak for a brief period of time. I greatly appreciate his yielding me that 5 minutes.

(The remarks of Mrs. BOXER pertaining to the introduction of S. 1837 are located in today's RECORD under "Statements on Introduced Bills and Joint Resolutions.")

Mrs. BOXER. Mr. President, I think we are going along the same path on which we have already gone. Do we want to really balance the budget, or do we want a figleaf? Clearly a discussion and vote on a constitutional amendment debate is a figleaf when we can have the real thing. The President

was very clear. He said to the Republican leadership, "Please, come into to my office and let us get it done."

Every single Member of this body has voted for a balanced budget, a real one, not a figleaf. I voted for two. I voted for the Democratic plan, and I voted for a bipartisan plan. If those Republicans who were so anxious to have a balanced budget would come over and support the bipartisan plan, we would have a balanced budget. We would not have to have a figleaf. We could have the real thing.

That is important. That is what it would take. It is not up to the President. It is up to this body to come together either around their own plan and get enough votes to do it or around a bipartisan plan. I think that is the issue. The issue is not about a figleaf; it is about reality.

Sometimes I think the public is confused about this because they are told that people oppose an amendment to the Constitution because they do not want to balance the budget. In fact we have had very, very tough votes to do it. You do not need an amendment to the Constitution to balance the budget.

Mr. President, in my remaining time, I hope we get back to the issues that matter to people. No. 1, agreement on a real balanced budget; No. 2, the Kassebaum-Kennedy bill which will protect people who need health care; No. 3, the minimum wage. Then I would like to see us take up pension security, and in the few minutes I have remaining I want to call my colleagues' attention to a front page story in the Wall Street Journal today entitled "Frittered Away—Some workers find retirement nest eggs full of strange assets. Losses can be serious." It goes very painstakingly through a tragedy that has befallen employees of a company headquartered in Texas with many stores in my home State of California which invested about 85 percent of its 401(k) plan assets, which belong to employees. Employees put their hard-earned money into that particular company plan. The employees now find out that the company has gone bankrupt, hundreds of them have lost their jobs, and they may have lost their retirement.

If you want to do something on the floor of the U.S. Senate that impacts the lives of people, get a real balanced budget through, get the Kennedy-Kassebaum legislation through so employees can have health care, so it can be portable, get the pension bill I introduced today through so employees know that the same rules that apply to defined benefit pension plans apply to their 401(k)'s.

The Wall Street Journal article talks about how some employers have taken the hard-earned pension contributions of their employees and put them into worthless investments. Some of them have decorated their offices with these so-called investments. The investments are worth nothing, and the employees are left holding the bag. We can make

a very easy change here by applying the same protections to 401(k) plans as we already apply to other plans.

When we are here for 3 days talking about a constitutional amendment to balance the budget, I know the Senator from Nebraska has supported it in the past, but I think he will explain his frustration with this measure. We on the other side want to balance the budget. But the first thing they do is repeal the gas tax and put that money into the pockets of the oil companies. Then they talk about a huge tax cut.

It gets a little frustrating. If we really care about the people of this country, start debating a real balanced budget. Start debating the issues that matter to people.

I hope my colleagues will support my pension bill because it would protect workers from losing their 401(k) plans that they worked so hard to put their money into.

I say to my friend, I thank you very much for yielding. I look forward to his remarks.

I yield the floor.

The PRESIDING OFFICER (Mr. FAIRCLOTH). The Chair recognizes the Senator from Nebraska.

Mr. EXON. I thank the Chair. I thank my friend from California for her kind remarks.

Mr. President, I am very disappointed by this constitutional balanced budget amendment charade staged by the majority. My colleagues know that I am a staunch and dogged supporter of a balanced Federal budget and a balanced budget amendment to the Constitution. I have not changed in my resolve but quite obviously others have. There is something to be said for consistency and political honesty even during a political campaign. Up until very recently, I thought that if you favored one, you had to support the other. They clearly go hand-in-hand. But that was before the political shenanigans evidently brought about by election-year politics.

But watching the majority leader and the majority party become the new high priests of what George Bush called voodoo economics has caused me to question whether the Republicans sincerely want a balanced budget at all or just a meaningless campaign issue. Advocating a balanced budget amendment while advocating fiscal policy that makes it impossible to function is ludicrous.

One minute, the majority leader calls for passage of a balanced budget amendment. But in nearly the same breath, he simultaneously pushes massive tax deductions that would reduce revenues by multibillions of dollars such as deductibility of Social Security payroll taxes, repeal of the gas tax, and a laundry list of other tax breaks too numerous to mention. On the spending side, he calls for a \$50 billion plus revival of star wars that would additionally worsen the deficit. All of this fiscal nonsense—it is fiscal nonsense, Mr. President—has caused me to conclude

that I will not be a party to this hypocritical enterprise that falsely promises to balance the budget down the road, but avoids every hard vote to cut the deficit here and now and actually reach balance by 2002 when supposedly the constitutional amendment would kick in.

I find the about-face by the majority puzzling, to say the least. The National Review once quoted BOB DOLE calling supply-side economics a "magic formula that would give us lower taxes, all the benefits voters clamor for, and every weapons system on the military's wish list."

Doesn't that sound rather familiar now?

The majority leader was known for many years as downright hostile to supply siders, including his former nemesis, Jack Kemp. He once chided that Mr. Kemp liked to preach painless ways to reduce the deficit, and I quote Mr. DOLE, "while some of us do all of the dirty work." Perhaps the majority leader does not want to get his hands dirty anymore. Why do you suppose that is so?

During one of his previous Presidential runs, the majority leader said that the American people "are ready for bitter medicine" to reduce the deficit, but now he has become the tax cut candy man.

The majority leader also liked to joke that he had good news and the bad news. Once again I quote the majority leader. "The good news was that a busload of supply side economists had plunged off the cliff. The bad news was that there were three empty seats."

Mr. President, no one is laughing today, not the American people who will be stuck with a new deficit bill because of the Senator's 11th hour conversion to supply side economics.

Jokes aside, I cannot fathom how anyone who had a perch so close to the unholy economic mess that supply siders created could now become their standard bearer.

Former OMB Director David Stockman recanted, at least, from the deficits that he helped create. He wrote:

The real root problem goes back to the July 1981 frenzy of excessive and imprudent tax cutting that shattered the Nation's fiscal stability. A noisy faction of Republicans have willfully denied this giant mistake of fiscal governance and their own culpability in it ever since. Instead they have incessantly poisoned the political debate with a mindless stream of anti-tax venom while pretending that economic growth and spending cuts alone could cure the deficit.

Mr. Stockman was right and everyone in this Chamber, including the majority leader, knows it. But the majority leader was already agreeing with this assessment years ago. In January 1982, he told the Washington Post:

I do not subscribe to the fantasy that if we do nothing, deficits will disappear. Some of those in Congress who are the most vocally leading the fight against tax increases propose nothing to bring spending under control. It is hard to conceive a worse economic or political path to follow.

There is another revealing quote of the majority leader in the New Republic of January 7, 1985: "I never thought growth would deal with the deficit." To continue the quote from DOLE, "Mondale's view of it was all right. He was the wrong salesman." At least now we know where's the beef.

The majority leader also told the New York Economic Club in January 1984:

Unlike some who believe we can sit on the sidelines and allow economic growth to balance the Federal budget, I believe that Congress and the administration must earn its redemption.

I say to the distinguished majority leader, so do I. We can earn some redemption today by pulling this travesty off the floor of the Senate.

Mr. President, I have spent many an hour advocating a balanced budget amendment to the Constitution. No one has been more intent on this endeavor. I went even further than some of my colleagues would dare. I took the debate from a philosophical discussion to a level where it really counts. I tried to get Congress to abide by the very policy statement set out in the balanced budget amendment.

At the beginning of this Congress, I offered an amendment that would have created a point of order against considering any budget resolution that fails to comply with the requirements set out in the balanced budget amendment.

But my colleagues on the other side of the aisle, who were white hot in their passion for a balanced budget amendment, were curiously cool to that amendment.

You hear all of these pious speeches about how we want to balance the Federal budget, but if we had a dollar for every Senate speech in favor of a balanced budget we would have had a budget surplus long ago.

Then comes along a Presidential election, and all of a sudden Senators are falling all over themselves to cut taxes. I heard one Senator say, well, this was not the first tax that he would have cut, but it was an opportunity to cut taxes, and he was not going to miss it. It is a transparent political ploy, and this Senator, for one, has had enough of it.

Last year, the Senate had a thoughtful and measured debate on the balanced budget amendment. I did not particularly savor the outcome, but I was proud of the manner in which the Senate conducted the people's business. We were thorough, we were thoughtful, we were fair, and we acquitted ourselves with repute.

But today's action by the majority wreaks of partisanship and election year politics. It is not serious or sound public policy. It is more like a sound bite. This is a crass and appalling public relations stunt concocted and orchestrated by the Republican majority and the Republican National Committee. Their motives are as obvious as their tactics are unseemly. Mr. President, I will not dance to their piper. I deplore their tactics.

Using Congress as a backdrop, the majority will do their very best to embarrass the President and divert attention away from their 15 months of failed leadership. They will grasp at every thin reed to win back the White House, even this trumped up attempt to pass a balanced budget amendment to the Constitution that everyone knows in advance will fail.

I suppose they feel they have no choice. The majority needs and wants to shift the attention of the public away from their flash-in-the-pan agenda and their inability to produce a fair balanced budget behind which the American people can rally.

Mr. President, that reminds me of an article I once read. In August 1985, David Stockman, President Reagan's OMB Director, presented Senator BOB DOLE with a supply side birthday cake. According to the press, the Senator chortled with glee to find that under the icing the cake was hollow. I say to the majority leader, so is this attempt to win votes in November.

The Senate majority leader, 20 points or so behind in the race for the Presidency, has come up with a gimmick to reduce the gas tax by 4.3 cents, which, if maintained until the magical year of 2002, could cost the Treasury \$34 billion in revenues when we are already far short of any attainable goal to meet the constitutional guaranteed balance by that date. No matter the fact that the price of crude oil has fallen back to its low late in February.

According to the Wall Street Journal, the majority leader is also advocating of a \$500 a child tax credit and a \$500 annual credit for individuals contributing to charities. His key advisers are urging a 15-percent across-the-board tax cut. Billionaire Steve Forbes and adviser Jack Kemp are pushing a flat tax reduction. Meanwhile, President Clinton is inching toward more tax cuts as well. Where will it end? When will the tax bidding stop? When are we all going to recognize that we are on the road to bankruptcy?

I have criticized President Clinton for his tax cut proposals as well. But, by comparison, he is a piker. One thing is certain, President Clinton will not be around when the heavy lifting starts after the year 2000. At best, BOB DOLE would be approaching 80 years of age, in his second term as President. What an exciting prospect for keeping promises.

I ask my colleagues on both sides, how on Earth can we debate a constitutional amendment to balance the budget and then have a host of tax cuts in the wings that will worsen the deficit? And, yes, I say worsen the deficit, because the offset that the majority cobbles together or attempts to cobble together to pay for the tax cut will, in all likelihood, be something we are already counting on to help balance the budget. You cannot spend the same dollar two or three times.

So, if Senators want to cut taxes and then ask me to join them to support a

balanced budget amendment, they will soon find this Senator unwilling to go with them down that crooked road of no return. It is madness. It is unconscionable. It is the biggest flimflam in history.

The American people should understand that if a constitutional amendment to balance the budget by 2002 is followed by the tax cuts proposed or waiting in the wings by the majority, including a huge \$180 billion tax giveaway in the reconciliation bill, then future Congresses will face by far the largest tax increase ever imagined. Such a happening would be the height of fiscal and budget irresponsibility, and would saddle future Presidents and future Congresses with an unworkable fiscal dilemma.

In conclusion, if the distinguished majority leader is indeed earnest about reopening a serious debate on a balanced budget amendment to the Constitution, he will find a strong and willing ally in this Senator, as he has in the past. He knows that. I will not, however, be a party to this partisan charade. The numbers simply do not add up. We must repudiate this partisan sham. The honest, fiscally conservative vote on the Dole initiative is no.

Mr. President, I reserve the remainder of my time and I yield the floor.

Mr. BENNETT addressed the Chair.

The PRESIDING OFFICER (Mr. CAMPBELL). The Chair recognizes the Senator from Utah.

Mr. BENNETT. Mr. President, I have listened with some interest while my colleague from Nebraska has spoken. I am sure it will come as no surprise that I disagree with just about everything he has had to say, particularly with respect to the majority leader and his position. But I will not speak for the majority leader. He is more than capable of speaking for himself. I would like to get a few facts on the record that I think need to be part of this debate.

Fact No. 1: Money does not come from the budget. I know that comes as a great surprise to this body, but money comes from the economy, and if the economy is growing and vibrant, there is lots of money in the Treasury. If the economy is shrinking or depressed it does not matter how much the budget projected would be there, it will not be there. So the one thing that frustrates me the most, coming from the business world into the Congress, is this insistence upon making projections, all neat and balanced down to the last dollar, and then assuming that is the way things will turn out.

It is like a businessman who says at the beginning of the year, "I project we will have so much revenue from our business this year. Accordingly, I will adopt a budget for x amount to spend that much revenue." I have been in that circumstance. We made projections for a business that I was CEO of. As it turned out, we fell 10 percent short of our projections.

That should not bother too many people. Ten percent is not that much money. The problem is, our spending was based on the projection of revenue, and we had to change the spending pattern midyear, indeed midmonth, when it became clear to us we were not going to make as much as we thought we were going to make. We had projected a 100-percent increase in that business, and we had been doing that every year up to that point. As it turned out, we only had a 90-percent increase. As I say, we missed it by 10 percent. We had to adjust immediately or we were headed for a loss year. We do not do that around here. We say oh, no, the budget projects such and such, so we will spend such and such, regardless of what happens in the real economy. Let me give the Senate an example.

We stood here, my first Congress, the 103d Congress, and heard projections of how much money would come from the tax increase that President Clinton proposed. We heard numbers, hundreds of billions of dollars will come if this is done and we need to do this to balance the budget. The deficit is so much, we are going to get so much, this is how this is all going to work out. I put in the RECORD before, so I will not do it again, an article by Marty Feldstein, one of the more distinguished economists of this country, who, looking back after 2 years, said, in terms of actual revenue, the Clinton tax increase produced only one-third as much money as was projected.

Why? Simply because the economy reacted. People were faced with tax increases in one category of their investments so they switched investments to someplace else to avoid taxes. You do not have to be, really, very smart to figure out how that happens.

So President Clinton proposed a tax increase. It was passed by the previous Congress, and then the results came in and the results were that we only got one-third as much revenue as the President had projected we would. People changed their behavior.

It is very hard to convince a computer that is what is going to happen. The computers are programmed around here to assume the static analysis, on and on and on. The Senator from Nebraska heaped great scorn upon the supply-siders and carried on with the kind of rhetoric we have heard before in this Chamber about how it was the terrible tax cuts under Ronald Reagan that produced the runaway deficits we are all living with. That has been repeated so many times that people are beginning to believe it.

Mr. President, I do not have the time to give this argument again. I have given it before, but I have discovered in the Senate there is no such thing as repetition. But I will do my best to summarize it.

In 1989, which was the last fiscal year we operated under the tax structure that was created by Ronald Reagan, income taxes produced 8.6 percent of gross domestic product coming back to

the Government. So, however big the economy was, 8.6 percent of that came back to the Government in revenue. Then said those: "Oh, no, the terrible Reagan tax cuts have caused us to not have enough revenue. Tell you what we are going to do, we are going to have first the tax increase that occurred at Andrews Air Force base and then the Clinton tax increase that came in the 103d Congress."

And with those two successive tax increases, what did we get in fiscal 1995? The tax increase hit in 1993. What did we get in fiscal 1995? If we got only 8.6 percent of gross domestic product under the disastrous Reagan proposals, should we not be expecting 9, 9½, maybe even 10 percent? The fact is, instead of going up, revenues went down. Yes, down. In fiscal 1995, income taxes produced 8 percent of gross domestic product, almost 10 percent less of gross domestic product than was the case before.

It is very clear that the tremendous deficits that we have heard about and we have talked about and we spend time on did not come as a result of the Reagan tax cuts. Federal revenues went up every single year under President Reagan. The economy grew rapidly. Once we came out of the recession that occurred at the beginning of Reagan's term, we had the longest period of economic expansion peacetime in our history.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. BENNETT. Mr. President, I ask unanimous consent that I be allowed to continue for 3 additional minutes.

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

Mr. BENNETT. I thank the Chair.

Mr. President, money does not come from the budget. Money comes from the economy, and we have to learn in this body and the other body and in the White House to pay attention to the results from the economy instead of spending all of our time reviewing the numbers of the budget and listening to the computers of the budget who project blindly into the future without making the midcourse adjustments.

The record is very clear. The tax program that was followed during the Reagan years produced record revenues—not reduced revenues, record high revenues. The problem of the deficit occurred on the spending side, and it occurred on the spending side because of the changing demographics in the country and the growing spending on entitlements.

Nobody is to blame for that except the elderly who do not have the courtesy to die with the same regularity that they used to, and I, for one, do not want to call upon them to start doing that now just to balance the budget.

But that is the new reality of the marketplace, that is the new reality of the economy, and we must adjust our rhetoric to that reality instead of trying to go back and fuzz the factors of the past and say, somehow, President

Reagan is responsible for all of our difficulties.

No, our difficulties are rooted in the changes that are occurring in the country. We must recognize that fact, and we must put in place the structural discipline that will force us to recognize that fact in the form of the balanced budget amendment.

I thank the Chair. I did not want to leave the statements made by the Senator from Nebraska unresponded to, responding to in my own name, recognizing, as I said, that the majority leader is more than capable of responding in his own behalf.

The PRESIDING OFFICER. Under the previous order, the time from 1:30 p.m. to 3:30 p.m. will be under the control of the Senator from Wyoming, Senator THOMAS.

Mr. JOHNSTON. Mr. President, I ask unanimous consent that I be allowed to speak for 5 minutes out of the time of the Senator from Nebraska [Mr. EXON].

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. JOHNSTON. Mr. President, I rise to oppose this balanced budget amendment, recognizing that some of the people in this Chamber, for whom I have the most respect, are for it. But I oppose it to a large extent because of what I call the dilemma of enforceability.

My colleagues will recall that when this amendment was up earlier in this Congress, we had tremendous amounts of debates on whether the courts ought to be able to enforce this amendment. I made speeches against the difficulties that courts would have, the constitutional crisis that it would put this country in, and how terrible it would be in a democracy to have nonelected, appointed-for-life judges who are not available to the public making decisions about increasing taxes or cutting Social Security or cutting Medicare or cutting programs across the board, judges who have no feel for these programs, who have no background in the programs, no staff to understand the programs coming in and making an order and saying, "We're going to increase your income tax," or "We're going to cut your Social Security," or cut your Medicare programs, or name a thousand other different Federal programs.

I think it would be terrible, Mr. President. I think it would just be terrible. I think it would be the stuff of revolution, as people would say, "How did we get in this situation?"

Indeed, as we outlined these difficulties of this bill earlier when it was being discussed, finally the sponsors of the resolution agreed, at least they agreed to the extent they accepted an amendment. Some would say they accepted the amendment just to get the necessary votes; others would say they accepted the amendment because they knew it was the right thing. But in any event, the amendment, as I understand it—the Nunn amendment which is now part of this—states as follows:

The judicial power of the United States shall not extend to any case or controversy arising under this article, except as may be specifically authorized by legislation adopted pursuant to this section.

I suppose that is the present state of the amendment. What does that mean, Mr. President? It means this whole thing is a sham. It is either enforceable, and enforceable by the courts, so that the Supreme Court tells you what the size of your taxes are or what the amount of your Social Security payment is, or else it is not enforceable, and it is a sham.

People say, "Well, make your choice, Senator. You can't argue on the one hand against the courts enforcing it and on the other hand argue that if they don't enforce it, it's a sham." The fact of the matter is, that is the truth. Either horn of that dilemma is not breachable by this amendment.

There is really only one way to balance this budget and to do so in a way that makes sense to the American people, and that is for the Congress to do it. That is because the Congress, in every district in America, has an elected Representative who can come and represent the people, go back home in town meetings and communicate with the people, be on television, receive letters, respond to letters, communicate with the public and, in fact, represent the people in the most fundamental decisions that this country is made of; that is, what is the size of your taxes, what are the amounts of your benefits, and what are the functions of Government.

That is central to a democracy, that is central to our country, Mr. President, and the public ought to be entitled to be heard on that. That is why I think to try to get this automatic pilot, this constitutional amendment just will not work.

We tried it before. We tried it with Gramm-Rudman. I voted against the Gramm-Rudman because there is no magic automatic pilot. There is no substitute for elected Representatives making decisions in the interest of the public.

I remember when we passed Gramm-Rudman.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. JOHNSTON. Mr. President, may I be allowed 3 additional minutes?

The PRESIDING OFFICER. The Senator has 3 additional minutes.

Mr. JOHNSTON. We had a provision in Gramm-Rudman called sequestration. My colleagues will remember that well. If the budget was not balanced, or if we did not meet the target provided in Gramm-Rudman, there was to be this automatic guillotine that fell. There was going to be a chopped-off spending by a prearranged formula, and it was all going to be arranged and that was going to substitute for the backbone of Congress.

Of course, what happened, we got right up to look at that gleaming guillotine which was going to cut off

spending, and the Congress, predictably, said, at least the opponents of Gramm-Rudman said, it was going to be this. We said, "No, stay the guillotine, stay the sequestration, don't do it."

Here we are with a different kind of guillotine. Either we are going to have a permanent block in the guillotine, which is what the Nunn amendment says, nonenforceability, or we are going to go back to the old guillotine.

Mr. President, can you imagine what the American public would say if the Supreme Court made an order that said, "We're going to increase your income tax by 50 percent?" Why, there would be rioting in the streets. You say, "Oh, the Supreme Court wouldn't do that." Oh, no?

How is the Supreme Court supposed to balance this budget? You know, they have to do it quickly. Do you think they can go through every one of these little programs, thousands of programs, and snip each one? They cannot do that. They do not have that knowledge.

Can they cut them across the board? You cannot cut programs across the board, Mr. President. There are contractual arrangements. You take one of the budgets I have something to do with, the Corps of Engineers, they go out and make contracts. You cannot come in and say, "Well, we're going to pay you 95 percent or 80 percent of that which you're entitled to under the contract." You cannot do that constitutionally. You cannot do it in good sense. So you cannot cut things across the board. You have to have big amounts of money. So where do those big amounts of money come from? Two places—taxes or entitlements. You spell entitlements "Social Security" or "Medicare."

So, Mr. President, if anybody around here thinks that you can easily give the Supreme Court of the United States the power to raise your taxes and raise them big time, or to cut your Medicare and to cut your Medicare big time and raise these costs for our senior citizens, or do the same thing with Social Security, you have to be kidding, Mr. President. People have not thought this through if they think the American people would accept that or if they think that is sound Government or good policy.

The other horn of the dilemma is, if you make it nonenforceable, it does not mean a thing except for a campaign speech. It is a good substitute for real policy, which means that you really frustrate the goal of the balanced budget. I mean, if you have this thing where you say, "Look, don't ask me to cut these programs. I have already voted for the balanced budget amendment," then that is a good substitute for real policy. The only thing we need to do, Mr. President, is exercise real backbone, exercise real representation. I thank the Chair.

The PRESIDING OFFICER. The time of the Senator has expired. Who yield time?

Mr. THOMAS addressed the Chair.

The PRESIDING OFFICER. The Senator from Wyoming Mr. [THOMAS], is recognized.

Mr. THOMAS. Mr. President, I rise to continue this discussion on the balanced budget amendment. It has been a long discussion. It is not a new discussion. It is one that has gone on for years. Unfortunately, it is one that is going to go on for a number of more years.

Let me comment for a moment on the presentation of the gentleman from Louisiana. I respect him very much. Certainly he is one of the most polished and dependable Members of this body.

I disagree with him in this instance. I disagree on the notion that somehow the courts will inject themselves into this and this will not work. I cite the fact that some 35 States, mine included, has it in their constitution. We have not had the problem with the involvement of the courts.

The courts in some instances can come to the legislature, can come to the Congress and say, "What you have done is unconstitutional, and you need to redo it." That is a legitimate function of the court. They may do that, I suspect, in the spending area, but not to establish what you are going to spend. "What you're doing is not right, and you have to do it again." There is a substantial amount of evidence that that does work.

Mr. JOHNSTON. Would the Senator yield?

Mr. THOMAS. Sure.

Mr. JOHNSTON. Is the Senator aware of the huge amount of experience in the States where they have either constitutional provisions requiring a balanced budget or prohibiting the incurring of debt, or other constitutional provisions with respect to the raising of money under which legislatures, by clever schemes, get around these provisions?

I cite, as one of those, legislation that I was involved in, I mean, both legislation and litigation—I hate to make this question too long—involving the dome stadium in Louisiana where the law said, "No bond issued under this amendment may bear the faith or credit of the State," and where the legislature and the Governor came in with a clever artifice and got around that, and you ended up with bonds which bore the faith and credit of the State. Or, more recently, where the Louisiana Constitution said it takes a two-thirds vote to raise taxes, and they created a special taxing district by majority vote which raised the money and raised the taxes and got around the constitutional provision.

I cite those two examples as being typical of what has happened all across this Nation in avoiding the effect of those. Is the Senator aware of those?

Mr. THOMAS. Yes, of course. Let me give you an example. The Senator has been here for 20 years, or whatever, and we have not balanced the budget in the time the Senator has been here.

The Senator points to some areas—I do not mean this personally—but this has not been done. The Senator points to some possibilities that might happen under a constitutional amendment. Look at what has happened without one.

So I say to the Senator that—he talks about a sham. The sham is that we have gone on for 25 years here and we have spent more than we have taken in. Every time we talk about it, everyone who gets up in this place says, “I’m for balancing the budget. I’m going to balance the budget.” What is the evidence? The evidence is you have not.

Mr. JOHNSTON. The last 4 years we have cut down the deficit by more than 50 percent.

Mr. THOMAS. By raising taxes, the largest tax increase in history, I agree. I did not vote for it. The Senator did, did he not?

Mr. JOHNSTON. No.

Mr. THOMAS. I am sorry. I do not think that is the way to do it. I think we are looking for some sort of discipline. We just have an honest disagreement about this. I think that the constitutional amendment provides the discipline within which this body or other legislative bodies can work.

Obviously, the Senator mentioned Gramm-Rudman. It did not work because there was not the discipline. This body found its way to go around that, did they not? They said this is an appropriations but did not score it under GRAMM-Rudman.

Mr. JOHNSTON. Well, if the Senator will further yield?

Mr. THOMAS. Sure.

Mr. JOHNSTON. Should it be enforceable or not enforceable?

Mr. THOMAS. Of course, enforceable.

Mr. JOHNSTON. Of course, enforceable?

Mr. THOMAS. Yes.

Mr. JOHNSTON. The Nunn amendment is part of it at this time.

Mr. THOMAS. I am not sure.

Mr. JOHNSTON. I am advised it is part of this, which makes it non-enforceable, save for an act of Congress. Then you have the Supreme Court. I mean, should the Supreme Court be able to raise your taxes?

Mr. THOMAS. I claim my time back here. We can stand here, as we do, and as has been going on now since I have been here, in the House for 5 or 6 years, and particularly this year, and think of all these reasons why it cannot be done. “Oh, so Social Security is there.” “Oh, it’s not enforceable.” “Oh, the courts are going to get into it.”

But, you know, you really come down to the bottom line. And the bottom line is this year, for the first time in 25 years, the Congress sent to the President a balanced budget. The President promptly vetoed it. So I think you have to ask yourself, is it morally and fiscally responsible to balance the budget? Do we have a responsibility as representatives of our constituency to say, “Look, we’re not going to spend

more than we take in except in an emergency?” I think that is reasonable. I know the Senator would agree to that. But that has not happened. So we go into all these reasons and all these excuses why we cannot do that.

First of all, all we are doing is we are sending a constitutional amendment to the States. The folks will have another chance to look at this, which I think makes some sense. But I feel very strongly that we have tried the other things.

Some say, “Well, you shouldn’t tamper with the Constitution. The Framers didn’t put that in there.” I do not think the Framers also expected that you would have the largest line item in the budget being interest on a debt that has been built up because we do not balance the budget.

I think we are making some progress. I have to tell you that part of the largest tax increase in history helps do that. I think on the other side of the aisle you found, for the first time, some people willing to reduce spending, cut that back some. The combination of those two things are moving us in the right direction. There are two different points of view on it. That is why we are going to vote one of these times.

Mr. JOHNSTON. I will not prevail upon my friend to yield further. I thank him for yielding. I appreciate his courtesy.

Mr. THOMAS. I thank the Senator very much.

In any event, I just think it is time we have to take a look at what we are doing. Certainly a balanced budget amendment is something most people have thought was a good idea. A number of people on that side of the aisle thought it was a good idea a couple years ago; now, in the last time we voted, did not. Of course it takes two-thirds. It is a difficult thing to do.

Mr. President, one of the things that we ought to talk about a little bit, and I think about a great deal, is, why is it important to me as a citizen in Casper, WY, why is it important to anyone who pays their taxes, and is part of this Government? It seems to me that is where we ought to start.

First of all, I think a balanced budget has a great deal of impact on our lives. We have gone for a very long time with an unbalanced budget and we did not think much about it. There were no great discussions about it until fairly recently. Why? Because the debt has gotten so large that very likely next year the largest line item in the budget will be for interest of \$260-some billion, which will not be available to spend in other areas.

People have made the good point that if we did not have the interest payment, the budget would be balanced. But we do. I have heard others say, “Let’s get rid of the debt. It is just Government debt.” That is not true. You and I own Treasury notes. It belongs to people. It is a real debt. We have to pay that interest. That is part of it.

Another is, if you did not take all that money out of the economy, we would have, I think, a strengthened economy. We would have more jobs. Interest rates will be lower with a balanced budget. We have seen that happen fairly recently as we move toward that. Those are things that affect you and me as we live at home and work.

This is not some esoteric exercise about budgets, about legislation. It is a very real thing. Interest rates are lower on your home, on your school costs for your kids, on your car. It is very real. It makes a great deal of difference for the economy to be stronger, and jobs make a great deal of difference.

Furthermore, and maybe just as important to most of us, is that there is a moral and fiscal obligation with our Government to not spend more than we take in. That applies to everyone else. But we say, “Well, if we want something and we do not have the money, we will charge it to our kids, our grandkids.” That is what we have done.

This business of reducing the deficit, which is terribly important, has nothing to do with the corpus of the debt. We still have \$5 trillion out there that we have not even started to do anything about. We are still trying to reduce it. Over this 6-year period, as we move toward a balanced budget, the debt continues to grow, the interest continues to grow.

Mr. President, I think it is fairly easy to get up here politically and go into great economic ideas and so on, but the facts are pretty basic. That is, that it strengthens this country. It strengthens families. It is responsible. It is morally right. We have not done it. We need to do something different. The idea that you continue to do the same thing and expect different results is simply not a realistic expectation.

Mr. President, we have asked for some time—“we” being the freshman class—for the next 1½ to talk about this issue. I suppose some of us take a little different view than others in this body in that we all came through the last election. We are very conscious of what our voters said to us 2 years ago. Most of us would agree that one of the strong messages was the Federal Government is too large and costs too much and we need to do something about that. If you talk about balancing the budget in my State, it is one of the highest priorities of anyone there. I think those of us who have just been here now for less than a year and a half have a little bit of special interest in it. That is why we have asked for some time as freshmen, to have a special order on balancing the budget.

I yield to my friend and associate from Pennsylvania.

The PRESIDING OFFICER. The Senator from Pennsylvania [Mr. SANTORUM] is recognized for 7 minutes.

Mr. SANTORUM. I thank my friend from Wyoming, I thank the Presiding Officer, and I thank my friend from Minnesota, who is ready to talk.

This is an important debate. It almost is anticlimatic. The fact is that it is widely reported in the press that we do not have enough votes to pass the balanced budget amendment, an amendment that passed the House of Representatives, that this is just an exercise. Unfortunately, it has been minimized as a result of that.

I think it is important. I am glad the Senator from Wyoming has been our leader on the floor on these issues, has taken the time to get the freshman on the Republican side—the freshmen Members are all Republicans; I guess that would be the Republican side—to get up and talk about why we think this is important and why the public should be, again, focused on this issue.

I do not think there is anything more fundamental for the Government to do than to run an operation that is balanced. Almost every State government runs an operation that balances the budget every year. It is incumbent upon Government to act in a responsible fashion with the taxpayers' dollars and do so in setting priorities. It is hard to do. You have heard a lot about all the money that needs to be spent on a lot of different programs. There are a lot of things we need to do.

I see the pages down here and young people up in the gallery. I visited high schools and colleges just over the last week during the break, and it is hard to look into the faces of the young people in this country and say to them, "Look, it is much more important for us to get reelected. It is more important for us to have an issue to scare people on things like Medicare and education spending. It is more important for us to play politics, for our political career, than it is to solve the problems that face this country that are going to be burdening you to even a greater degree than it is burdening this generation of Americans."

I think we need to do a little soul searching at this point. One thing I found when I got in the Congress, you can always find a reason to vote no. There is always something in every piece of legislation, even if it is one sentence, you can always find a reason, an excuse, to be opposed to something and walk away from taking the responsibility.

I remember when I was in the minority in the House, it was very easy to walk away and say, "I am in the minority. It is not really my job to move legislation here. Yes, it is a good bill, but maybe I will take a pass on this because I am afraid of one little political twist." That is what we have done here on the balanced budget amendment. We found there are several Members who have found a reason to vote "no". That is the Social Security issue. That is the reason to vote "no" on something they say they are for. And they protest, "We want a balanced budget," but it is the Social Security issue holding us back.

I think that balancing the Federal budget is bigger than any one single program in Washington. A lot of great

programs have passed here, a lot of not so good programs have passed here, but nothing rises to the level of doing the basic fundamental requirement of any government, and that is to balance its books.

For those who hide behind Social Security, I say to them: Where were you and where are you when it comes to doing something for these young people on Social Security? Where are the brave souls who stride to the well and say, "We need to do Social Security reform because these young people who are paying taxes right now have absolutely no hope of seeing Social Security payments when they retire." Where are the brave people who want to preserve Social Security, not as a political issue for their next election, but as a real issue for the next generation?

I ask everyone who is hiding behind that issue, and I ask all the people who are listening right now, to examine those Members and examine the people who are using this issue and find out how truly they want to protect Social Security. I believe this is just a political issue they can hide behind so they can vote no on something they really do not want to do, which is the bottom line, balance our books, constrain Government spending.

I am hopeful at some point we will pass this. I have a lot of faith in the American public that when elections come around in November, they will send more Members to the U.S. Senate and Members of the House of Representatives, who will support a balanced budget—hopefully, from both parties. They will send a clear message that, yes, we understand that tough decisions have to be made, but that is why we sent you to Washington—to make the tough decisions to move this country forward.

So I am not discouraged at all. This is something that is going to happen. We are going to balance this budget. We have passed one balanced budget, which was not signed by the President. We passed major entitlement reform. Twice we passed welfare. We passed Medicare reform and Medicaid reform. We have done the heavy lifting to balance the budget. People say that we can do it today. We have done it today. We passed the balanced budget. So do not talk to me about we do not need this balanced budget because we can do it already. We did it already, and the same people who said we do not need the balanced budget amendment voted against the balanced budget proposal we sent to the President. The same President who says we do not need a balanced budget amendment vetoed the balanced budget resolution that we sent to him, which was the act to do that.

So, again, if you look at the Social Security issue, you know, it is just, we are for it, but we are going to hide behind Social Security. The other argument is that we do not need the balanced budget amendment because we

can do it ourselves. We did it ourselves, and they were against that, too.

So I think we just have to question what the real motive is here. Do these people really want to balance the budget, or do they just want to tell you they want to balance the budget? I think the answer is pretty clear. When the rubber hits the road, when it is either "yes" or "no" on a constitutional amendment to balance the budget, the answer is "no," and their excuse is Social Security. When it comes to reforming Social Security, the answer to reform is, "No, we cannot do that, we cannot touch it." The other excuse is that we do not need this because we can balance it ourselves. When we put one on the floor specifying where the changes need to be made in order to put the budget in balance, the answer was "no."

So it is "no" to a constitutional amendment, "no" to Social Security reform, "no" to a balanced budget act. But, "Yes, we are for it. In general, we are all for this."

Well, you cannot be for it and vote "no," "no," "no" when it comes time to put your words into actions. I hope that at some point we do put the words into actions and that we do it soon.

Mr. GRAMS addressed the Chair.

The PRESIDING OFFICER (Mr. GREGG). The Senator from Minnesota.

Mr. GRAMS. Mr. President, I ask unanimous consent that I also may proceed under the time set aside for Senator THOMPSON.

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

Mr. GRAMS. Mr. President, I am proud to be here today and to join with my freshman colleagues as we stand firmly together in our support for a balanced budget amendment to the U.S. Constitution. Sixteen months in the Senate have not dulled our enthusiasm for its enactment. We are more committed today than ever before.

Mr. President, it is a rare occasion in life when a person is granted a second chance, an opportunity to right a wrong. When those moments come along, we hope that we have learned from our mistakes and that when we are given that chance to approach things differently, we will step forward and do the right thing.

My colleagues and I have an opportunity this week to do that right thing and repair a wrong made within this Chamber a year ago when we denied the American people, by a single vote, the balanced budget amendment that they have repeatedly called upon us to pass.

The balanced budget amendment lies at the heart of what I believe to be the defining issue of the 104th Congress: deciding the priorities of the Federal Government and its budget.

Naturally, there have been disagreements over where these priorities lay. Each of us have different ideas about how the Government should—and, more importantly, should not—spend the taxpayers' money. But even with

these disagreements, there are several basic principles on which we should all agree. The balanced budget amendment embodies these common areas of agreement because it deals with the future of our children and grandchildren, and, therefore, it deals with America's future.

After all, that future is what our efforts to ensure a balanced budget are all about. In order for our children to enjoy the same economic security that we inherited from our parents, we must begin the process of controlling our Federal spending. Our parents and grandparents did not leave us a debt to pay—even after financing such major undertakings as World War II. They paid those bills and did not pass that debt on to us. But this generation has compiled a \$5 trillion-plus debt that we are now going to be asking our children and grandchildren to pay, and we cannot even reach an agreement on balancing the budget so we do not continue to do that.

With a balanced budget, then and only then, can we hope to pass on to our kids an inheritance of prosperity rather than a lasting legacy of debt. Right now, that future does not look so bright if we do not change our ways.

This year, the national debt has surpassed the astounding figure of \$5 trillion. It is increasing at an average of \$650 million every day. Even today, we are spending more on our interest payments than we are spending to defend this Nation.

By the way, as of 12 o'clock this afternoon, every child born in this country today already owes \$19,357.86 as their share of the national debt. The moment they are born, they are \$19,000-plus in debt. Over his or her lifetime, that child can expect to pay over \$187,000 in taxes just to cover the interest on that debt. That is about \$4,700 a year, or more than \$400 a month that they are going to pay just to cover the interest on that debt.

To meet its annual interest obligations, Congress has repeatedly raised the taxes of working Americans. As a result of an overwhelming burden of taxes, families now are having a tough time raising their children, paying their bills, and trying to make ends meet.

The Congressional Budget Office projects that spending on mandatory expenses, such as interest on the debt, will exceed 70 percent of total Federal outlays by the year 2003—meaning that less than 30 cents of every tax dollar will be available for education, environmental protection, crime prevention, and highways.

Is that the legacy that we want to leave to our children? For that reason, we should all agree that balancing the budget without raising taxes must be the foremost goal of this Congress.

It is our responsibility and duty to ensure the American children of this generation and the next a strong economy, a good education, a clean environment, and a debt-free future, but

also that they have the ability to have their own dollars in the future to continue the efforts and not just to pay interest again on this Congress' mistakes.

A constitutional amendment mandating a balanced budget is perhaps our best hope. There are those who question the need for an amendment requiring a budget that is balanced. After all, they argue, should a responsible Congress not be able to balance the budget without the need for a constitutional requirement? Yes, we certainly should. Congress should have the backbone to limit its spending and set priorities, just as every Main Street American family has to do.

If a family in my State of Minnesota wants to buy a house, it works out a mortgage and a payment schedule that fits the family budget. Eventually, that debt is paid; it is not passed on to the next generation. That is what the vast majority of Americans do when they make a major purchase. But that is not how the Federal Government operates. It borrows the money, without any kind of schedule for paying it back, except to go and raise taxes, or borrow it in the name of our children, and that debt continues to build, and the payments keep being deferred. And the debt, again, is passed down to our kids.

We often hear the argument of the need for borrowing and spending today to help our kids. Those short-term arguments will, in fact, in the long-term, harm the very people that those arguments say they want to protect.

If that family in Minnesota decides it needs to tighten its belt, it does. Congress simply punches another notch or two in the leather. Congress simply does not have the backbone to restrain itself; it never has and maybe never will.

Look at the facts. Congress has spent more than it has taken in for 55 of the last 64 years. We have not bothered to balance the budget since 1969. But for my colleagues who sometimes get lost in statistics, here is the reality of what our fiscal irresponsibility means to average Americans. Today, every family of four owes \$3,500 on the interest on the national debt. That means \$3,500 less to care for our kids, \$3,500 less to keep our families fed and clothed.

A balanced Federal budget would actually put those dollars back into the family budget. Economists have universally predicted the positive effects achieved with a balanced Federal budget. By the time 6 years have passed and the budget is brought into balance:

GDP will grow by an additional \$10.8 billion than it would under current law, interest rates will drop, and Americans will boost their spending power through an additional \$32.1 billion in real disposable income.

A decrease of just four-tenths of a percent in the mortgage rate would save the buyer of a \$100,000 home some \$10,000 over the life of a 30-year mortgage, and there are estimates that in-

terest rates could fall a full 2 percentage points, which would create even greater savings.

An additional 104,000 family homes would be built, and 600,000 more automobiles would be sold. That is good for the economy, that is good for jobs, and that is good for everyone.

Job providers would be empowered to create new jobs and pay higher salaries for those jobs, as many as an additional 6.1 million new jobs, by some estimates.

Makes the minimum wage increase look petty, does it not? So what does all this really mean on Main Street? Well, for an average American family with two kids, a mortgage payment, car and student loans, a couple of pets and lot of monthly bills, a balanced Federal budget would put nearly \$1,800 a year back into the family bank account by the savings that we would reap from a balanced budget. Let people earn more, and then let them keep more of that money. There are those in this Congress on this Senate floor who say no, that Americans need to give Washington their money, and then come "hat in hand" begging for our compassion as Washington then sits in judgment of who gets what. And who are they going to take that money from to pass it out?

Coupled with the \$500-per-child tax credit that makes up the cornerstone of our balanced budget legislation, a typical family of four would reap a balanced budget bonus of \$2,791 every year.

Yes, the concept is simple enough, and those practical statistics should be all it takes to convince anyone of the need for a balanced budget. But our internal battles over the past year have demonstrated just how difficult it is to carry out such a seemingly simple idea. We have proven, more than ever before, the need for a balanced budget amendment.

Through the commitment of this Congress to eliminating the deficit and erasing our debt without raising taxes on middle-class families, we were able to move \$40 billion closer to a balanced budget last year by controlling the growth of government spending and rooting out a great deal of waste and inefficiency. But as each of my colleagues will remember, it was a battle that took every ounce of our energy.

Because of the opposition of the President and my colleagues across the aisle to even these modest, sensible spending reductions, we endured 2 protracted Government shutdowns, 14 temporary spending measures to keep the Government from running out of money, 3 Presidential vetoes of our appropriations bills, and a final veto of our actual balanced budget legislation. At the end of the day, we had moved closer to a balanced budget. I am proud of our efforts. We must not stop working for a balanced budget amendment, however.

Under the leadership of a Republican Congress, each and every person is

dedicated to achieving a balanced budget by the year 2002. If this Congress could not force the big spenders in this body and the White House to mend their money-hungry ways and balance the budget through simple legislation—just as past Congresses could not do in 1964, 1976, 1978, 1979, 1980, 1985, 1987, and 1990—what chance do future Congresses have without the moral authority of the U.S. Constitution to back them up?

The American people know it will never happen without a balanced budget amendment, and they are calling on us—overwhelmingly—to pass it. Again, if we pass this balanced budget amendment, all we are doing is going to give the States and the voters of those States the opportunity to say yes or no. We do not make that decision on this floor. We are saying we are going to give the American people the opportunity to say yes or no to a balanced budget. But there are some that do not believe the American people can make that decision.

A Gallup Poll published just 2 weeks ago in USA Today showed that an astounding 83 percent of the American people support this amendment. It was the most popular item surveyed, and why should it not be? It makes perfect sense.

In Minnesota last year, just days before the Senate voted on the balanced budget amendment, I was joined at the capitol in St. Paul by members of my State's House and Senate delegations, elected officials from both sides of the aisle who were less interested in party labels than ensuring America's economic security. On behalf of working families who cannot understand why Washington refuses to get its finances under control, on behalf of families who are terrified by the legacy of debt we are building for our children and grandchildren, we signed a petition urging Congress to immediately pass the balanced budget amendment and send it to the States for ratification.

Together, we sent a strong, unqualified message to all Minnesota taxpayers that we heard their message and were no longer willing to accept business as usual from the Congress.

Today, we are all a year older, a year wiser, and just as committed to our purpose as we were 1 year ago.

Unlike the Federal Government, which has managed to amass a \$5 trillion debt, Minnesota does not rack up debt year after year.

Unlike the Federal Government, Minnesota does not spend beyond its means, building deficits that will take years to wipe away.

Unlike the Federal Government, Minnesota does not promise the Moon, while mortgaging the stars in order to deliver.

Why is it that Minnesota has succeeded where the Federal Government has failed? Why have 48 States abided by a balanced budget every year? Because the Minnesota State Constitution requires that we balance our budget, as do 48 other States.

Not only does Minnesota and 48 other States have to balance their budgets, but families and individuals have to balance their budgets, too. Businesses that cannot balance their budgets soon find themselves out of business. The only place where a balanced budget is not the rule is in Washington. That is what we are here to change.

As support for a balanced budget amendment grows among the public, the fear of what it will mean to those who have built their careers so recklessly spending the taxpayers' hard-earned dollars have intensified. As we move closer and closer to enacting this critical legislation, they see the writing on the wall, and frankly, they are scared, so scared, I have been told there may be colleagues of mine who would change a vote they made on behalf of this legislation a year ago to vote "no" this time around.

Well, the public should be outraged that there are those to whom a piece of legislation so vital as the balanced budget amendment is nothing more than a game, and their vote nothing more than a political poker chip, to be traded at will when the stakes begin to rise.

I would remind those colleagues of mine who speak out against this amendment that we would not be having this debate were it not for 30 years of deficit spending by this body. If we let the American public down again—as we did on March 2 of last year, when this Chamber turned back the balanced budget amendment—we will feel the anger of the people at the polls in November, and I believe they will speak with an even louder, more unified voice than they ever have before.

As I conclude, I turn to the words of President Thomas Jefferson, a leader who understood the importance of economic freedom in a free society, and the dangers of imposing our fiscal burdens onto our children.

He wrote:

The question of whether one generation has the right to bind another by the deficit it imposes is a question of such consequence as to place it among the fundamental principles of government. We should consider ourselves unauthorized to saddle posterity with our debts, morally bound to pay them ourselves.

Mr. President, those words are just as relevant today as they were when penned by Jefferson nearly 200 years ago, during the founding days of this Republic.

For all our differences—in beliefs and purposes—we should all share the common goals of building a better economic future for the coming generations, and giving them the freedom to seek success unfettered by any constraints we may impose. As we debate the merits of the balanced budget amendment, let us not lose sight of that goal. I urge my colleagues to support this amendment, and to do it for the sake of our children and our grandchildren.

Mr. President, I yield the floor.

Mr. THOMPSON addressed the Chair. The PRESIDING OFFICER. The Senator from Tennessee.

Mr. THOMPSON. Mr. President, we continue down the road toward bankrupting our country. The fact that I keep repeating this, and that others keep repeating this and perhaps we get used to hearing this, does not make it any less true. It cannot be repeated often enough. And behind closed doors Democrats, Republicans, people in the Congress, people in the White House, all admit what has to be done to keep from turning this country into one that is second rate when we leave it to our kids.

The most frustrating part of the last year and a half that I have spent in the U.S. Senate is witnessing close up the fact that we do not have the ability or the willpower to do what we all know is necessary and what we all know is the right thing to do. That is why I believe that our last clear chance to do so is undoubtedly a constitutional amendment to require us to balance the budget.

We all know that Medicare is on its way to insolvency. We all know that Social Security is on its way to insolvency. We claim to have reached a consensus in this country that we need a balanced budget—not only that but that we need to balance it with real numbers and not phony numbers; and, not only that, that we need to do it in 7 years.

But with all of this knowledge and all of this consensus and agreement behind closed doors and all of this coming together in terms of what needs to be done, we cannot take the first step. We have spent the last year to year and a half proving to the American people that we cannot really take the first step toward doing what we know has to be done. And yet there are those among us who continue to say we do not need a balanced budget amendment. Of course, we need to balance the budget, but we do not need a balanced budget amendment to require us to do so. All we have to do is to do the right thing.

I challenge anyone to give any evidence over the last year, year and a half that we have shown any ability or will to do the right thing. It does not exist.

We talk about a 7-year balanced budget. The President has a proposal. We have a proposal. Under the best of circumstances, even if either of these proposals were adopted, it is doubtful that it would be carried out; the proposals are back-end loaded. The President has some 60 something billion of cuts in the last 2 years of that 7-year time period. It is extremely doubtful, to say the least, that those cuts would actually be made when the time came. It is a matter of rolling our sins forward for yet a few more years when most of us are out of office and do not have to face the consequences and under the assumption that future Congresses will have the courage that we do not have except we are making their

job tougher than the one we have today.

Even if it does happen, even if we get everything we want, for example, on this side of the aisle, we are looking at the end of that road at a \$6 trillion debt. We are looking at the end of that road at the imminent retirement of the baby boomers. And the people who keep up with the demographics point out to us what that is going to mean.

By the year 2030, there will be twice as many people over the age of 65 as there were in 1990 and only 20 percent more workers, so those people paying in those FICA taxes for those retirement programs are going to be dwindling in number while the retirees are expanding. We all know what the results of that are going to be.

We all know we cannot continue down this road, and yet it is another election year and so the President vetoes our attempt to balance the budget. He opposes our attempt to pass a constitutional amendment, and our friends on the other side of the aisle fall in in lockstep.

Mr. President, this is not an esoteric economic issue. It is about the future of this country and the kind of America we are going to leave and what it is going to look like to our kids. What it is going to look like is astronomical tax rates they are going to be paying if we continue the spending pattern that we have had. It is going to mean astronomical interest rates that they are going to be paying. It is going to mean more and more reliance on foreign money and foreign investment coming into this country to help us pay the interest on the debt.

It is going to mean diminished savings. We already have the lowest savings rate in the industrialized world, the United States of America does, one of the lowest investment rates in the industrialized world in the United States of America. That is why we are looking at such low growth rates. You add to that the taxes that are going to be necessary to finance this astronomical debt as it goes out here, the interest rates that are going to come from that, and you are talking about economic disaster that is facing us. There is really not any serious debate about that. And all those people who complain about any kind of effort to balance the budget because they are looking out for the kids, they are looking out for the elderly, they are looking out for the young folks, what are you going to say to those young folks then when they cannot even go out and buy their first home when they start their families? What are you going to say when they cannot even buy a car because of the interest rates? And the tax rates they are going to pay. It will not make sense to work any more under those circumstances.

Yet we heard in the last couple days now the latest bid in the tax cut game from the President is to finance 2 years of college for people. I can only say we can debate that issue later, but we bet-

ter be financing maybe 10 or 15 years of college for people because they better stay in college. There are not going to be any jobs out there for them at the rate we are going. Everybody cannot go to college and stay forever. There has to be a work force out there, and they have to have reasonable interest rates to pay when they go to buy the items to build their family. They will have no need to buy a home. We are making it so they will not be able to do that.

We are the first generation in our history that even considered borrowing against our kids and those yet unborn to finance our own consumption. That is shameful. That is what we are doing. And yet we continue to say we do not need a constitutional amendment; we just need to do the right thing, when today, even today, every man, woman, and child is paying \$1,000 a year just to finance the interest on the debt.

Some say, well, we are making progress. We passed the largest tax increase in the history of the world, and we temporarily reduced the deficit, knowing that when the baby boomers start retiring in the next few years, it looks as if a rate that is slowing down is going to go off the charts in an upward direction.

We say, well, look at what we did last year: We cut \$23 billion from the budget from the year before. A drop in the bucket, Mr. President. We did not touch any of those areas that are increasing, some at the rate of 10 percent a year, that are going to have to be reformed if there is any hope of saving them.

Yet now we hear all of the same old arguments against the balanced budget amendment—we should not be tinkering with the Constitution. And I certainly think we should not be tinkering with the Constitution. But the Founding Fathers assumed that changed circumstances required us to seriously address our Constitution from time to time.

I would say the circumstances have changed. Thomas Jefferson and George Washington never thought about the possibility of bankrupting the next generation before they were even born. Those are the changed circumstances we are looking at today.

I would also say, Mr. President, if we have an economic meltdown in this country, there are going to be changes in regulations, there are going to be changes in statutory law, and, yes, there are going to be changes in the Constitution that are worse than our worst nightmares right now about what those changes might be. So the answer to that is to make some reasonable changes to get us on a flight path that shows some possibility of saving ourselves from ourselves.

Is that a pitiful situation or not? Of course it is. It should not be that way. But we have given ourselves now ample opportunity under all kinds of circumstances to so-called do the right thing, and yet here we are a year, a year and a half later. Every time some-

body makes a proposal, the other side goes on television with 30-second attack ads to make sure we do not do anything responsible, because this is an election year. And yet they say we do not need a constitutional amendment. I say we need to do whatever is necessary to keep from handing this country over to our kids in a way that we would certainly not want our parents to have handed it over to us, and they, in fact, did not.

The other argument we hear, of course, is one that the opponents of the balanced budget amendment want to protect Social Security. Mr. President, in my brief time here I have learned that if you want to stop something, if you want to throw a roadblock in the way of something being accomplished, you run out the old Social Security red herring and try your best to scare the elderly, because if you can scare the elderly, you can create enough temporary political confusion that you can prevent any kind of reform.

This is, of course, what has happened again. Six of my colleagues on the other side of the aisle in 1994, when there was no chance of a constitutional amendment for a balanced budget passing, voted for the amendment. Last year, when we had a real good shot at getting it passed, we fell one vote short. One Senator switched back and voted against the constitutional amendment. And the reason for that is they discovered that it might have endangered Social Security in some way.

The argument goes that because we include the receipts that go into Social Security and the expenditures that go out of Social Security in the entire budget, in some way that is endangering that program, and if we somehow pulled it out and set it over here to the side, that in some way would protect it. Of course, it is an appeal to fear. It is an appeal to ignorance. It has no relationship to reality.

It has been pointed out on this floor by my Republican and Democratic colleagues alike. Senator SIMON of Illinois just the other day, of course, pointed it out as a fig leaf that some will try to hide behind because they do not want a constitutional amendment to balance the budget. Time magazine called that argument "mendacious nonsense," the idea that the constitutional amendment to balance the budget would somehow endanger Social Security.

The fact of the matter is, only if we get the reforms necessary to keep from bankrupting this country can we protect and preserve Social Security. So the contrary of that argument is the case. Not to mention the fact that all we are doing is treating it the way that we have been treating it for three decades in this country, Democrat and Republican administrations alike.

President Clinton's last budget kept it all together, just the way we have always done. We did not hear any cries from our friends on the other side of the aisle when that happened. They voted for it. They voted for that budget, to keep all Government revenues

and all Government expenditures together. You are not looking at a realistic situation if you do not consider them together. We all agreed on that. So the Johnny-come-lately argument.

Not to mention the fact that if, in some way, Social Security was sequestered from the entire budgetary process, that would make, of course, balancing the budget impossible because it would require \$360 billion more cuts than what we have to make now. We have shown we cannot do what is necessary now, but if the income and the outflow of Social Security were taken out of it, we would have to cut programs another \$360 billion. The opponents of the balanced budget amendment know this. They know it would make it absolutely impossible to be workable under those circumstances. We strained and fought for a year and a half. We got \$23 billion in cuts—not \$360 billion, but \$23 billion.

But the point they make is that Social Security is now in surplus, so if you put it all together in the general budget, the general budget is getting the benefit of Social Security because it is in surplus and it makes the deficit look smaller. And it is true. It is true. That is the way the books are kept, and that is true, when you talk about for the next 15 years, for the general budget.

You know, those are Americans, too, getting the benefit of the general budget. Many of the same people who get the benefit of Social Security get the benefit of the programs in the general budget. But for the next 15 years, the numbers on the Social Security side will assist on the general budget side. And that is true.

But typical of the way that we think in Washington, DC—which is, if we are lucky, a couple of inches past our nose—we are not looking down the road. We are not caring about anybody but ourselves. We are not even caring about our own children. Because look at 16 years out. Social Security is in surplus now, but along about 2011, Social Security goes into the red, and we will be paying out more in Social Security, at a steeper and steeper rate, than we are taking in. So, by being a part of the general budget, under those circumstances Social Security gets the benefit of that, because where is the money going to come from to make the Social Security payments if not from the general budget?

Nobody, no opponent of this measure, is coming here and saying we need more Social Security taxes. Nobody wants to advocate this. So where is the money going to come from?

The point is, approximately \$850 billion annually will be needed by the year 2030 to fund Social Security, to pay current the liability over and above payroll tax receipts. So, by the year 2030, Social Security is going to need \$850 billion from somewhere. We are in surplus now, but here is what it is going to look like starting about 2011. But by 2030, we have dug a real big

deep ditch for ourselves. Nobody wants to talk about that.

Mr. President, just to repeat, the so-called saving Social Security by not going along with the bookkeeping entry that we have done for three decades, Democrats and Republicans, is a total red herring, a figleaf to hide behind by those who do not want to stop the culture of spend, spend, spend, and hopefully elect, elect, elect in a campaign year.

Mr. President, in conclusion, I urge we take what I referred to earlier as this last clear chance that I believe we have this year to take that first step—it is not a solution; goodness knows we are a long, long way from a solution—but to take this first step toward doing something responsible so we can hand this country over to our kids and to our grandkids in halfway decent shape, the way our parents and forefathers did for us.

I yield the floor.

The PRESIDING OFFICER. The Senator from Texas.

Mrs. HUTCHISON. Mr. President, I yield myself 10 minutes from Senator THOMAS' time.

The PRESIDING OFFICER. The Senator from Texas is recognized.

Mrs. HUTCHISON. Mr. President, the question I fear most as a Senator is not a question from a news reporter, it is not a question from a constituent visiting my office, it is not a question from a constituent at home; it is the question that I fear my grandchildren will ask me, and it is this. "If you were a Senator back then, why didn't you do something? Why didn't you balance our budget, so my family would be able to have jobs and afford an education?" Mr. President, that is the question I fear the most.

A great-grandparent, born in 1900, paid about 24 percent of the family income in Federal, State, and local taxes. That is after the benefits were taken out. A 26-year-old mother today, who may be working in an office or raising her children at home, will pay at least 34 percent of the family income in taxes after benefits. That is already one of the highest levels in our country's history. But if we do not change our ways, the real bad news comes for her children. Her young baby will pay 84 percent of lifetime income in taxes if we do not balance the budget in this country. That is what it will take to continue our current policies for Government spending. Our grandchildren cannot support such a burden of spending, debt and interest. At 84 percent, they will not be able to find jobs at all, much less pay their bills.

I do not ever want to be asked why I did not change the course of this country. I did not come to Washington to support the status quo. I came to change the way they do business in Washington, DC. I came to get Washington off the backs of the hard-working American people so they can earn more and keep more of what they earn. That is the American dream.

With a balanced Federal budget, the Joint Economic Committee forecasts that interest rates will fall by 2 percent. Let us look at what that means for the American family.

Senator PHIL GRAMM came up with this chart to talk about what it will mean to each family to have interest rates lowered by 2 percent. Our children's education? We would save \$1,369 on a 10-year student loan because interest rates would be 2 percent less. There would be a \$680 saving on a car loan over 4 years. For a small business, it would mean a savings of \$4,716 on a 8-year loan.

Farms that are struggling right now, especially in my home State of Texas, where we have a terrible drought, nevertheless have loans to pay. A 2-percent drop in interest rates would save the farmer \$2,067 on a 6-month loan.

What most Americans pay the most interest on is homes. On a home mortgage, 30 years, a 2-percent drop in interest rates would create \$1,880 per year in savings—almost \$2,000. That is like saying we are going to cut your taxes \$2,000 just by balancing the budget. So, with more interest kept in our pockets instead of paid to the bank, we will be able to send more of our children to college, give more of our children jobs in small businesses, and earn enough to pay for our homes and cars.

Yesterday, my office got a letter addressed to all Senators signed by 91 interest groups asking us to oppose the balanced budget amendment. It was signed by all sorts of groups: Labor unions representing teachers, postal workers, Government employees and auto workers; the American Association of Retired Persons; the League of Women Voters; the Americans for Democratic Action, several environmental groups; and several churches of many different faiths.

Why did 91 of these groups come together? What is their common bond? They are asking the hard-working people of America to work for their priorities. Many of these groups balance their budgets every year on the backs of the American taxpayer, the same taxpayer who goes to work every day hoping to earn enough money to do a little bit better for their children.

These groups had the nerve to say, "The American public has a right to know how a balanced budget will be achieved before a balanced budget amendment is enacted. Which important programs—education, health care, Social Security, transportation, job training—will either be dramatically cut or eliminated threatening America's vital interests?"

That was the question asked by these 91 groups. Where have they been? Where have they been for the last 2 years? For the first time since Government careened out of control, we have done exactly that. We have told the American people exactly how we will balance the budget over 7 years, and we are asking for a constitutional amendment that will assure that once we do

the work to balance it, that never again will a Congress be able to rob from our future generations to pay for what we are going to do today.

This Republican Congress has passed a balanced budget twice. It balanced a budget last year that did not touch Social Security, that allowed for increases in Medicare and Medicaid, that funded education, the environment, job training and transportation, and protected our children by cutting taxes on their parents and providing their futures will be deficit free.

But, what happened? President Clinton vetoed the balanced budget. So we have delivered a balanced budget in writing, and if they are looking for the details, they can look in President Clinton's wastebasket. And while they are there, maybe they will look at some of the promises that have been made by the President, because 4 years ago yesterday, June 4, 1992, President Clinton told the American people on television that if he was elected, he would present a 5-year balanced budget plan. He went back and forth on that over the last few years, but then when he did submit what he called a balanced budget to Congress, he did it by saying that all the tough cuts would come after the year 2000 when he would be gone, if he is elected to a second term.

I think that is the difference between the President and the Congress. The President has said one thing and made those promises and he has done something entirely different. Congress said what they would do in 1994, and they have kept their promises to the American people. We have set our priorities, and we have kept our promises.

So when the interest groups line up to oppose change, I think they should really consider what they are doing to their own members. Do the auto workers want to lower interest rates so they can build and sell more cars? Do the Government employees want lower prices on their homes so they can afford their part of the American dream? Do retirees want to leave a better world to their grandchildren? I know they do, because they contact my office all the time saying that they do.

To make this happen, we must change the way we do business in Washington. We must stop the deficit spending and make sure that no future Congress does it again.

To stop the deficit spending, we need a permanent constitutional protection so that we will not be able to go out and borrow money on our children's future. The more the population ages, the more economic growth stagnates from high tax, slow growth policies the more urgent our problem will become.

I urge my colleagues to vote with me to take action now to protect our country's future for our children by passing the balanced budget amendment and sending it to the States for ratification. We will be better remembered by our grandchildren if they have the same kind of America that we have

been privileged to grow up in. And, Mr. President, I do not want to face my grandchildren 20 years from now and have them ask the most dreaded question: "If you were a Senator back then, why didn't you do something?"

We can take action on the balanced budget amendment this week, and we can set the future course for our country and for our children and for our grandchildren.

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

Mr. GORTON addressed the Chair.

The PRESIDING OFFICER. The Senator from Washington.

Mr. GORTON. Mr. President, I am authorized to yield such time from Senator Thomas' time as I may need.

Mr. President, in a free country, some questions are never answered finally and definitively but must be addressed anew by each generation. It is, I think, for that reason that the words of Thomas Jefferson at the beginning of our Nation's history are so apposite today. Thomas Jefferson said:

To question whether one generation has the right to bind another by the deficit it imposes is a question of such consequence as to place it among the fundamental principles of Government. We should consider ourselves unauthorized to saddle posterity with our debts and morally bound to pay them ourselves.

That method of phrasing the question in Thomas Jefferson's time is every bit, if not more, applicable today during the course of this debate as it was almost two centuries ago.

This debate is most fundamentally about a moral question, about our right as Members of Congress, as representatives of the people of the United States to spend money, to advance programs—however well-intentioned, however successful—for which we are not willing to pay and to send the bills to our children and our grandchildren.

The question is practical as well as moral: Constant deficits, the increase in the burden of debt, the increase in the rate of interest which the Federal Government must pay on that debt and, equally significant, the interest rates individuals must pay when they purchase homes or automobiles, that businesses must pay when they wish to expand and give more opportunity.

Burdens—the burdens of regulation, the burdens of a large Government—are enhanced by unbalanced budgets, by the creation of bureaucracies, agencies, rules and regulations for which we are unwilling to pay but are willing to undertake only because we can send the bill to someone else.

Mr. President, there are a series of objections to this proposal. I hope it is not oversimplifying it by saying in some connections, they come from those organizations and those individuals who simply fear for the survival of their programs if present-day taxpayers are required to pay for those programs. Those fears are perhaps well-founded.

Clearly, if this amendment were a part of the Constitution of the United

States, we would spend less on today's programs. We would be required to set priorities to determine which are the most important programs to a far greater extent than we do at the present time.

A second objection which I have heard is, "Oh, it won't be enforceable anyway. People will find escape valves, ways to get out from under the requirements of this constitutional amendment."

A third is that we are turning the entire proposition over to the courts of the land, that courts will be able to impose taxes or cut spending if the Congress does not do it itself.

These are just some of the parade of horrible theories with which opponents regale us during the course of this debate. Some of them may or may not to a certain extent have a degree of validity.

But the other half is reality, Mr. President. For all of the fine words about our balancing the budget without a constitutional amendment, no Congress and administration has done so in 30 years. Yet, there has hardly been a Member of this body or the other body during that three decades who has not given lip service to the proposition that a balanced budget is a good idea. It has just not been quite so important as some other idea which each of those hundreds, perhaps thousands at this point, of Members of Congress have had. Reality, in other words, Mr. President, speaks far louder than any words we can possibly state.

I must admit that I was persuaded by some of those arguments a decade ago. I voted against a predecessor to this constitutional amendment based on the proposition that Congress ought to do the job itself. Well, Mr. President, fool me once, shame on you; fool me twice, shame on me. It had not happened before I came to this body; it has not happened since I came to this body.

I simply leave off with the proposition that if we do not change the structure in which we operate, the same excuses, the same reasons will be presented a decade from now that are being presented here today, and it is very likely that we will be no closer to that balance, that we will continue to pile unjust burdens on our successors, that we will continue to fail the moral duty that Thomas Jefferson outlined for us.

Just last year this constitutional amendment was defeated, largely by the votes of Members of this body who said, "We don't need a constitutional amendment. We simply need the moral courage to pass a balanced budget ourselves."

We took up that challenge, Mr. President. The Presiding Officer was a part of it. I was a part of it. We did, in fact, in this body and in the House of Representatives pass a balanced budget plan that would have met the requirements of the constitutional amendment had it been a part of the Constitution. We did that for the first time

in 30 years. And we were faced with a veto by the President of the United States.

In turn, the President of the United States then presented what he claimed to be a balanced budget, though all of the heavy lifting, all of the significant spending cuts would not take place until after the next President's full term had expired. That has not been accepted.

As recently as 2 weeks ago, Mr. President, for the first time in several decades, a group of Members from both parties in this body, Democrats and Republicans, came together and came up with an alternative proposal for a balanced budget that significantly impacted the entitlement spending programs which are at the heart of our deficit challenge. But, Mr. President, they failed, even though they got 46 votes out of 100 in this body. They failed. And they failed, among other reasons, because of the deafening silence from the President of the United States, a silence which communicated disagreement, disagreement based on the proposition that the President of the United States would no more have signed that bipartisan proposal than he would the Republican proposal of last December.

So, Mr. President, why should anyone listening to this debate believe that what has not taken place for 30 years will take place if this constitutional amendment is defeated? Every element in our history tells us that it will not. Each individual Member is more committed to something that he or she considers more important than the balanced budget, absent the discipline this constitutional amendment will impose on us.

So, Mr. President, I think this debate comes down to our own individual answers to a series of questions.

Do we really want a better economic future for our children and grandchildren?

Do we want them to be able to live in better homes because mortgage interest rates are lower?

Do we want them to have greater opportunities and more choices of jobs in a more prosperous economy?

Do we want their incomes to be higher because their Governmental burdens are less?

The answer to each of these questions, of course, from everyone here is in the affirmative.

But the fundamental question, Mr. President, is, do we want those goals for the future badly enough to do something about it, badly enough to take a difficult vote at this particular time?

Do we, Mr. President, want to live up to the advice of Thomas Jefferson? Do we care enough about our ethical and moral responsibilities to those who come after us to say, "The present system has not worked. We need a new system"?

Only if we pass this constitutional amendment, only if we allow this debate to take place in 50 State legisla-

tures, as they debate the confirmation of such a constitutional amendment, will we carry out our duties.

History tells us, Mr. President, that we will not do it on our own. This constitutional amendment is needed. We hope for the endorsement of the President, which we are almost certain not to get. But we hope, even more significantly, for the courage, the concern for the future, the concern for our economy, the concern for our moral duties that can, in my opinion, only be carried out if this constitutional amendment is passed and submitted to the States for their ratification.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

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

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

Mr. KYL. Mr. President, I yield myself such time from the time of Senator THOMAS as I may consume.

Mr. President, we are talking today about the balanced budget amendment that we will soon be voting on again. There have been several different kinds of comments made about the need for the balanced budget, probably the two most prominent being, No. 1, the fact that in the short-term we will all be financially better off if the Federal budget is in balance interest rates will immediately begin to come down. All economists agree that interest rates will drop once the market understands that we are going to balance the Federal budget. That 1-, 2-, or 2.7-percent drop in interest rates, depending on which economist you believe, means Americans will have more money to put in their pockets immediately.

In my home State of Arizona, the average home mortgage is just under \$100,000. The interest that would be saved as a result of balancing the budget for every Arizonan with that average home mortgage would amount to \$2,655 every year—\$2,655. This is real money. For the average student loan it is \$547. So, if we here in the Congress can pass a balanced budget amendment and send that to the States for ratification, the markets will adjust, will lower interest rates, and all of us will benefit as a result of that, through immediate financial savings.

There are many other ways this occurs. The Federal Government has borrowing costs which I will discuss here in a moment. Those borrowing costs are reduced. As a result, we do not have to pay as much in taxes to cover those borrowing costs. It applies all throughout the economy, both the private sector and the Government sector. Balancing the budget will reduce interest rates, and that will mean money in our pockets. That is an immediate benefit for all Americans, regardless of income status, regardless of where they live. It is very, very important.

Second, Mr. President, the other primary argument about the balanced budget has been the valid observation that we owe our children and our grandchildren the promise of a future that will be as good for them as our lives have been for us. We want them to have as much opportunity as we have had. That will not be the case if we continue to run up the debt and then ask them to pay it in the future. It is very much like young people getting in over their heads with their credit cards. We know that credit card interest rates are pretty high. Soon after you have loaded up your credit card, you can hardly make the monthly payments. You have to sell one of the two cars you own. You have to maybe take out a second mortgage on the home, or in a case I know, someone had to sell their home to pay the interest accumulating on this debt. That is what we are asking our children and grandchildren to do if we keep increasing the Federal debt with annual Federal deficits.

Until there is a balanced budget amendment this is not going to stop. How do we know that? Some of our colleagues who opposed the balanced budget amendment last year made the argument, "If you just let us do it, we will do it. That is what we were elected to come here to do, to make the tough decisions." We said, "All right, let's do it." For the first time in 26 years, Mr. President, we passed a balanced budget, on November 17, 1995. The problem is on December 7, 1995, President Clinton vetoed that balanced budget. Because of the impossibility of overriding his veto, we have not been able to agree upon a budget that would achieve balance. That is, until just 2 weeks ago, at which time the Republican Senate again passed a new budget that would be in balance after 6 years.

This effort to ensure that our children and grandchildren have the same kind of future that we have had also has very real monetary consequences. I have a brandnew grandson, whose name is Jonathan. He owes the Federal Government \$187,000. He is a year old. This is kind of a tough burden for him. That \$187,000 is just to pay the interest on the Federal debt during his lifetime. That does not pay anything else. It does not pay for defense, for education, for health care, or for anything else; it just pays the interest on the debt. But that is how much he owes. It is unfair.

One of the reasons that I ran for the U.S. Congress when I did was to try to ensure that when I finally left this world, I left it better off than I inherited it. I have now acquired a position of great honor and opportunity to try to do something about that commitment that I made. All of us have said the same thing in one way or another. If we are not committed enough to do something for these young children and grandchildren that we have, to guarantee that they have as good a future as we have had, then we are not doing our job. We understand that, without the

constraints that are required to comply with the Constitution, we are not going to balance the Federal budget, and those kinds of obligations are going to continue to be imposed upon our children.

I said in the beginning that those were the two primary arguments for the balanced budget amendment. I do not see how anybody can argue that they should not call for the adoption of the amendment. I wanted to focus on a different aspect of it that still relates to this question of interest payments because I think it puts into perspective how far out of whack this has become.

I want to relate some figures on how much in the way of interest we are paying. What is the interest we are talking about again? This is interest on the accumulated \$5 trillion-plus in Federal debt. Each year, we have a Federal budget deficit that adds to that debt and, therefore, adds to the interest. Here is what the interest payments now amount to. Compare this first with 1965, 30 years ago. The Federal Government in that year paid \$8.6 billion in interest. I remember a couple of days ago when I was presiding, and the Senator from Illinois, Senator SIMON, who has been a very strong advocate of the balanced budget amendment and who, unfortunately, is going to be leaving the Senate at the end of this year, said—talking about the figure of \$9 billion—“Back then, \$9 billion was a lot of money.” It reminded me of one of his predecessors who represented the State of Illinois, Everett Dirksen, who was famous for saying, “A billion here, a billion there, pretty soon you are talking big money.” Here is what this \$9 billion in 1965 has come to. In 1995, 30 years later, instead of \$9 billion in interest, the Government paid \$232 billion in interest. In just 30 years, it went from \$9 billion to \$232 billion.

What does that mean in terms of the obligation of the average family? In 1965, that interest cost of a little under \$9 billion amounted to 17.6 percent of all individual income taxes paid. In 1995, the \$232 billion in interest cost was over 30 percent of income taxes. In other words, just think about April 15 when you paid your tax bill. Almost one-third of that was interest on the Federal debt. What did the Federal Government get for that? What did we get for that? Absolutely nothing. That is just interest on the debt. It did not buy a single airplane for defense, it did not buy anything regarding health care or education or support for the elderly, or any other Government program that is of interest to the people of this country. It just paid the interest on the debt.

Now, let us compare it to a couple items in the Federal budget. Let us compare it to national defense. In 1965, 30 years ago, interest costs were 16.9 percent of the outlays for defense in that year. But, in 1995, this \$232 billion in interest costs was almost 85 percent of all outlays for defense. In other words, here is the defense budget. Thir-

ty years ago, we paid, in interest, about 17 percent of what we were paying for defense. Today, we pay, in interest, 85 percent of what we are paying for defense. In other words, it is almost getting up to the same amount that we pay for defense, which is the single largest component of our discretionary budget.

So let us compare it to our discretionary spending. In 1965, interest costs were equal to 38.9 percent of all domestic discretionary spending. Domestic discretionary spending is the money we spend for agriculture, for subsidies, for health care, for defense, and all of the other things. But, in 1995, that interest cost was 92 percent of domestic discretionary spending. In other words, Mr. President, we paid almost as much in interest costs as we did for all of the domestic programs that were funded by the Federal Government.

So, Mr. President, it is clear that this interest cost is huge, it is growing, it is not productive, and it takes money that could be spent for other things. As a result of reducing this interest expense, we would all be far better off, and it will not happen unless we pass an amendment to the Constitution to require a balanced budget.

Mr. DOLE addressed the Chair.

The PRESIDING OFFICER. The majority leader is recognized.

Mr. DOLE. Mr. President, is leader time reserved?

The PRESIDING OFFICER. Yes.

MEDICARE WILL GO BANKRUPT IN 2001

Mr. DOLE. Mr. President, the Medicare trustees have now released their report on the state of the Medicare trust fund, and the news is not good. Instead of going bankrupt in the year 2002, as they had previously forecasted, the trustees now conclude that Medicare will go bankrupt in the year 2001—just 5 years from now.

For the past year and a half, this Republican Congress has attempted to deal honestly and forthrightly with the impending Medicare meltdown. We have put forward a budget that would protect, preserve, and strengthen Medicare by reducing the unsustainable rate of growth, while still allowing for a healthy growth rate.

We did not claim that our plan was perfect or that it solved a long-term problem. But it was a real attempt to alleviate a crisis that will immediately impact 37 million Americans and will have repercussions on tens of millions more.

Along with our proposals to provide for short-term solvency in the Medicare trust funds, I also suggested, on numerous occasions, that President Clinton appoint a blue ribbon, bipartisan advisory committee, similar to the one I served on in 1983 that rescued Social Security, to help deal with this long-term crisis in Medicare. I was interested to see that Secretary Shalala made a similar recommendation today.

My response to the initial report of the Medicare trustees was based on my belief that leadership means more than just talking about the problem; it also means doing something to solve it. It is also clear to me that if we are to be successful, we must put politics aside and work on a bipartisan basis.

Unfortunately, President Clinton has been unwilling to do that. Ever since the trustees—three of whom are members of the President's administration—issued their original report, the administration has chosen to either ignore the warning of Medicare's impending bankruptcy, or to engage in a very sad campaign to frighten America's senior citizens.

It is an undeniable fact that the Republican proposal allowed spending for Medicare beneficiaries to increase from \$4,800 to \$7,200 per person over 7 years. It is also an undeniable fact that in their ill-fated health care reform proposal the Clinton administration advocated slowing Medicare's rate of growth. Despite that fact, however, the President vetoed our Medicare proposal. We have heard nothing—nothing at all—but attacks on Republicans for “slashing and cutting” Medicare. When the President was asked not long ago why he continued to use these terms even though they are not true—and I happened to be listening to the press conference—he said that the media made him do it. Maybe they did. But he has been doing it.

With the release of today's report, the inescapable conclusion is that, while the rhetoric flew, Medicare was put at further risk. Those who say that talk is cheap should now know that 18 months of misleading rhetoric may have gained points in the opinion polls, but it also put Medicare another \$90 billion-plus in the red.

The bottom line is that the 37 million Americans who depend on Medicare deserve better. Future generations of Americans who will need Medicare deserve better.

The choice is clear. America's leaders can spend the next 5 months focusing on the next election, thereby allow Medicare to grow ever closer to bankruptcy; or we can focus on the next generation, and do what we must to save Medicare.

It will not be easy nor simple. The solution cannot be a shell game, moving money from one part of Medicare to another. A tax increase is also not the answer.

I call on the President to come forward with real initiatives so we can preserve the Medicare Program and to join with Republicans on a bipartisan basis, as I have proposed before, to address this very serious problem.

So we have 37 million Americans who depend on Medicare. That is the bottom line. Future generations are looking to whether or not there will be any Medicare trust fund or any Medicare benefits. I think we need to fix Medicare just as we fixed Social Security in 1983 on a bipartisan, nonpartisan basis.