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Senate

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

PRAYER

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

Almighty God, ultimate judge of our lives, in this moment of quiet reflection, we hold up our motives for Your review. We want to be totally honest with You and with ourselves about what really motivates our decisions, words, and actions. Sometimes we want You to approve of motives that we have not reviewed in the light of Your righteousness, justice, and love. There are times we are driven by self-serving motives that contradict our better nature. Most serious of all, we confess that sometimes our motives are dominated by secondary loyalties: Party prejudice blurs our vision, combative competition prompts manipulative methods, negative attitudes foster strained relationships. Together we ask You to purify our motives and refine them until they are in congruity with Your will and Your vision. In the name of Jesus who taught us the liberating, healing motivation of glorifying You by serving others. Amen.

RECOGNITION OF THE ACTING MAJORITY LEADER

The PRESIDENT pro tempore. The able acting majority leader, Senator LOTT, of Mississippi, is recognized.

SCHEDULE

Mr. LOTT. Thank you, Mr. President. The Senate will immediately resume consideration of House Joint Resolution 1, the balanced budget constitutional amendment. Senators are reminded, a vote will occur on passage of the balanced budget amendment at 12 noon today. Following that vote, the

Senate may consider other Legislative or Executive Calendar items that can be cleared for action. I know that there are some bills that are pending that could be taken up. I know that there has been work underway on executive items. So I am sure that that information will be provided by the majority leader immediately following the vote at 12 noon. Mr. President, I yield the floor.

BALANCED BUDGET AMENDMENT TO THE CONSTITUTION

The PRESIDING OFFICER. The Senate will now move to consideration of House Joint Resolution 1, which the clerk will report.

The assistant legislative clerk read as follows:

A joint resolution (House Joint Resolution 1) proposing a balanced budget amendment to the Constitution of the United States.

The Senate resumed consideration of the joint resolution.

Mr. LOTT. Mr. President, I suggest the absence of a quorum, and I ask unanimous consent that the time in the quorum call be equally divided on both sides.

The PRESIDING OFFICER (Mr. BROWN). Without objection, it is so ordered. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

The PRESIDING OFFICER. Without objection, it is so ordered. The senior Senator from Alaska is recognized.

Mr. STEVENS. Is there controlled time, Mr. President?

The PRESIDING OFFICER. There is controlled time, equally divided.

Mr. STEVENS. I yield myself 5 minutes.

The PRESIDING OFFICER. The Senator yields himself 5 minutes. The Senator has the floor.

Mr. STEVENS. Mr. President, the budget deficit for 1996 is estimated at \$144 billion. It is projected to nearly double by the year 2002 under current budgetary policies and will continue to grow each year thereafter. It is growing at an astounding rate, over \$335,000 a minute. I am sure people are tired of hearing this, but in my opinion, we have to keep repeating it.

The average young couple starting life today will pay about \$113,200 in interest on this debt.

I have a number of children, six of them. I have eight grandchildren. I am very worried about the future as far as they are concerned in terms of what their share of this national debt will be if it continues to grow at this astounding rate.

It was projected that my youngest granddaughter's share of this debt will increase 25 percent in just the next 5 years, and that she will pay something like \$187,000 in taxes in order to pay the interest on the national debt during her life.

I have been impressed by what the leader, Senator DOLE has been saying. Interest rates are 2 percent or more higher than they would be if the debt and the deficit were under control. It is not a matter of trying to pay down the debt overnight; we cannot. It is over \$5 trillion. It is not a matter of trying to eliminate the deficit overnight; we cannot. The debt is mounting too fast.

What we can do is pass House Joint Resolution 1 which would be a symbol to our people and to the world that we are prepared to set a new standard for the Federal Government. The Federal Government of this country will do exactly what every State in the Union must do, balance the budget annually, bring interest rates under control, and try to find a way to start paying down the debt.

That is what this battle is all about. It is not about this generation and the deficit created under it. It is about

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



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whether this generation is going to solve the problem created during their lifetime, or are we going to pass it on to our children and grandchildren?

I do not believe you can have any more graphic example than the experience that Senator DOLE shared with some of us the other day. He told us about how he visited with this young couple, and because of the 1-percent increase in interest rates, they were not able to buy the house they wanted. It meant \$65 more per month. That is getting down where the rubber hits the road.

Many of us remember those days when we had to figure out, to the penny, what we were doing as young couples in order to have a home and to buy a car and to be able to plan ahead for our family.

These higher interest rates are denying young couples today the access to the type of housing they need to raise a family.

I think that is the worst part of this situation we are dealing with right now, the disincentive for young people to start their families, to plan ahead and provide homes for them. That is not only the American dream, it is the American lifestyle. We ought to have a way to get back to that lifestyle. We ought to not deny it for future generations.

I do believe when we look at this problem today, whether or not we are going to send this constitutional amendment to our States for ratification, we ought to think of future generations, not just ourselves.

We need to think of our children and our children's children. Given our enormous debt, will their taxes be out of sight? They will be. Will they be paying into Social Security retirement funds that will not be there when they retire? They will be. Will the interest on the debt squeeze out the type of services that ought to be provided by the Federal Government? The answer is yes.

Interest in the national debt is growing now to the point where it will be 20 percent or more of Federal spending by the year 2002.

I support this constitutional amendment. In the past I have questioned whether there was a basic commitment to the discipline that is necessary in Congress to carry it out without cutting necessary discretionary spending. I believe there is a commitment in this Congress and we ought to send this constitutional amendment to the States.

Mr. GRAMM. Mr. President, how much time do I have under the previous order?

The PRESIDING OFFICER. The time is equally divided between the two sides.

Mr. GRAMM. Mr. President, I yield myself 10 minutes.

Mr. President, today we are once again engaging in an ancient debate about whether or not there ought to be binding constraints on the ability of

the Government to incur debt. I say this is an ancient debate because it actually started at the very beginning of the constitutional process.

When Thomas Jefferson first saw the Constitution, he was serving as Minister to France and, therefore, was not in the country when it was written. When he first saw the Constitution, he made, in a letter, the following statement: "I wish it were possible to obtain a single amendment to our Constitution. I would be willing to depend on that alone for the reduction of the administration of our Government to the genuine principles of its Constitution. I mean an additional article taking from the Government the power of borrowing."

Now, I submit, Mr. President, that today we are engaged in the same debate that was initiated the very first moment Jefferson saw the new Constitution. It was recognized at that point, by no less a keen observer than Thomas Jefferson himself, that there was a problem in the Constitution. Fortunately, at that time, we were on a gold standard and the amount of money in the economy was limited by a requirement that it be converted into gold at the rate of \$20.67 an ounce, and except during wartime, when this requirement was suspended, we had a relatively stable situation. Every time this requirement was suspended, however, we had an explosion in prices, and when we went off the gold standard in the 1930's, this constraint on the amount of money in the economy was totally removed.

We now find ourselves in the situation where we have not balanced the Federal budget since 1969. Every year since 1969, we have run a deficit. The cumulative debt of the Federal Government, which converts into a debt for each individual citizen, has risen from \$1 trillion to \$2 trillion to \$3 trillion.

I know throughout this debate we have had charges hurled back and forth between the Democratic side of the aisle and the Republican side of the aisle as to who is responsible for this situation. I, for one, do not have any trouble saying that the blame can be found on both sides of the aisle, both in the Congress and in the White House. The plain truth is, our Democratic colleagues who want more Government have consistently underestimated the cost of the Government that they want, and in doing so they have planted the seeds for more and more Government spending without being willing to look the American people in the eye and say, "We are going to have to raise taxes to pay for this additional Government."

Might I also say that, on our side of the aisle, we are very generous in promising less Government and more freedom—we love to talk about cutting taxes. But when it gets down to the bottom line of cutting Government spending, we have never ever been willing to cast the votes needed to place ourselves in a position where we are

living up to the high commitments we have made.

Some of our colleagues have said, "Well, why do we need a binding constraint on Government?" They are forgetting, however, what is the purpose of the Constitution. If the Founders had trusted Congress to respect freedom of religion, freedom of assembly, and freedom of the press, and if the Founding Fathers had trusted Congress to protect private property, there would never have been a Constitution. The whole purpose of the Constitution is to limit the power of Government. In fact, the genius of the Constitution is that it actually says there are certain things that Government just cannot do.

Does anybody believe that this Congress, this President—that any Congress, or any President—can be trusted to balance the Federal budget, to limit the growth of Government spending, or at least have the courage to pay for it by raising taxes? I do not believe this Congress can be trusted, and I can not envision any Congress which could be elected that, year in and year out, could be trusted to act in this manner.

Let me explain why: Every time we vote on a spending bill, all the groups who want the money are looking over the Congressman's left shoulder, sending letters back home, telling people whether their Representative cares about the old, the poor, the sick, the tired, the bicycle rider—the list goes on and on and on. But nobody is looking over the Congressman's right shoulder to see if he cares about the future of the country or the future of our children.

What happens, as we vote on these individual bills, is that the average beneficiary may get \$1,000, or \$1,500 while the average taxpayer may spend only 50 or 75 cents. You do not have to have a Ph.D. in economics to know that one person will do much more to get \$1,000 or \$1,500 than a lot of people will do to prevent spending 50 cents. So what happens on vote after vote after vote, is that we end up spending more and more money.

Well, as a result, what has happened to taxes? When I was a boy, 8 years old in 1950, the average family in America with two little children sent \$1 out of \$50 it earned to Washington in taxes. Today, the average family with two children is sending \$1 out of every \$4 it earns to Washington in taxes. If we do not create a single new Federal program in the next 30 years, if we simply pay for the Government we have already committed to, in 20 years the average family will be sending \$1 out of every \$3 to Washington, and in 30 years the average family will be sending \$1 out of every \$2 to Washington, DC.

This is the cold reality we face. In my opinion, there is only one thing we can do, short of a crisis, to change this picture, and that is to adopt a balanced budget amendment to the Constitution. A constitutional prohibition against deficit spending, which allows

for a period of time to come into compliance, will end all of this foolishness. The President will be forced to sit down and work with Congress and the Congress will be forced to work with the President, because under this constitutional constraint we will have no other choice. If we want the games to end, if we want the Government to be forced to live on a budget, if we want to stop the explosion of the tax burden, if we want to have any real chance of preserving Medicare and Social Security for our parents and for ourselves, and if we really care about the future of our country, the most important single change we could make in America Government is to adopt a balanced budget amendment to the Constitution.

Mr. President, I had a previous agreement for 15 minutes. I yield myself the final 5 minutes.

The PRESIDING OFFICER. The Senator is recognized for an additional 5 minutes.

Mr. GRAMM. Jefferson and Adams, after having both served as President and after having had one of the most bitter political debates in America history, started a correspondence, much of which is now known as the "Jefferson-Adams Debate." Adams, ever the pessimist, argued that Americans would discover that they could use Government to redistribute wealth, and that in doing so they would tax productive effort, reward indolence, and that ultimately democracy would fail. Jefferson, ever the optimist, agreed that Americans would make the discovery that they could use Government to redistribute wealth, and agreed that all the tendencies that Adams identified would clearly be present, but Jefferson argued that Americans would realize that what Government could take away from someone else to give them today it could also take away from them and give to someone else tomorrow. Jefferson believed that opportunity would always be so prevalent in America that Americans would ultimately reject Government's redistribution of wealth.

We are, today, living out the Jefferson-Adams debate, and the future of our country is going to depend on the outcome of this dispute.

I believe that Jefferson was right. I believe that if America understood what we are choosing every day by choosing more and more government and choosing less and less freedom, I believe that if we could just let Americans look at the end of the path we are following and then decide which fork in the road to take, there would not be any doubt as to which path they would choose—they would choose Jefferson's.

The problem is that the whole spending process distorts the view and prevents us from seeing clearly the end of the path we are now following. Even in the Republican budget which we tout this year, we will spend \$17 billion more on discretionary spending than we promised to spend last year, and we

are the party of fiscal responsibility. The Democrats would start dozens of new programs, that would bankrupt the country, without ever telling anybody that they would require a massive increase in taxes.

There is only one way we can bring this to an end, and that is to pass a balanced budget constitutional amendment, send it to the States, let the States ratify it, and then have it imposed on Congress. "Congress shall make no law which raises the deficit." This is the constraint we need.

There are those who have argued, "Well, you are endangering Social Security by forcing the Government to live on a budget." Does anybody really believe that we protect Social Security by going deeper and deeper in debt every single day? Does anybody believe that the explosion of Government programs can ultimately do anything except destroy Social Security? Does anybody believe this continued spending spree under Democratic and Republican administrations, under Democratic and Republican Congresses, can do anything other than undermine the creative genius of our country?

We can cut interest rates, we can expand economic growth, we can create more jobs, create more growth, and create more opportunity for our people, but we can only do it if we stop the deficit and force a real debate, and the real debate is this:

Do the Democrats want more Government enough to raise taxes to pay for it? Do Republicans want more freedom enough to cut spending to make it possible? Both parties are living a lie today. We could end that by passing a balanced budget amendment to the Constitution.

We were one vote short the last time we voted on this because six Democrats, having voted for it in the past, changed their votes when it really counted.

I hope today will be the beginning of a change. I hope people see this as a golden opportunity to change America. I doubt they will, though I am confident that some day we are going to pass this amendment. The sooner we can pass it, the better off the country will be and I continue to hope we will do it today.

I yield the floor.

Mr. HATCH. Mr. President, I yield 5 minutes to the distinguished Senator from Rhode Island.

The PRESIDING OFFICER. The Senator from Rhode Island.

Mr. CHAFEE. Mr. President, why are Federal budget deficits bad? One reason is that for every year that we run a deficit we have to borrow to pay for the shortfall. In the beginning of our country until today, we have borrowed—this Nation of ours currently is in debt nearly \$5 trillion—\$5 trillion with the overwhelming majority of that having occurred in the past 15 years. The cost of servicing that debt—in other words, paying the interest on that debt—is currently \$240 billion a year. That is

not paying the principal. That is solely paying the interest on the debt.

Interest now is the third largest payment that the U.S. Government makes every year. We pay Social Security. We pay defense. And then the next largest item is interest on the debt—\$240 billion a year.

Suppose we did not have to pay that interest on the debt? Suppose that \$240 billion was available instead to improve our education system, or to do something about better maintenance for our highways, or to clean up our environment in a better fashion than we are currently doing, or to bolster our efforts to combat crime. A whole list of very, very attractive items would be available—potential expenditures to improve our Nation if we were not paying \$240 billion a year interest on the debt.

The deficit places a tremendous strain on the national economy through higher interest rates. The interest rates would be far lower. And this is not just me saying this. This is testimony we have had before the Finance Committee by the Chairman of the Federal Reserve, Mr. Alan Greenspan. Investors in the United States and borrowers in the United States are required to pay higher interest because of the tremendous national debt that we have and the high interest rates that are having to be paid to service that debt.

If the interest rates were low, what would happen? People would pay less on their mortgages every year, less on their borrowing for a new automobile, and less on the borrowings they have made for their children's education.

The Federal deficit also places a drag on future economic growth. Our potential to expand the economy is directly linked to the amount we invest in physical and in human capital—newer and better machinery, a better trained work force with improved skills, and, thus, higher productivity and a higher standard of living if we had a pool of national savings available for that investment. Regrettably that is not true. National savings in our country has declined dramatically over the last decade—the last 10 years—in part because the Federal Government has engaged in a policy of not saving through its deficit spending. This is, in part, because now what can we do about all this? How will a constitutional amendment to balance the budget help us? What it will do principally is to impose fiscal discipline upon this Nation of ours.

The Federal Government has failed to balance its budget for 26 straight years. With a balanced budget amendment in effect, this Nation of ours—and us as elected Senators, and likewise in the House of Representatives—will be required to balance the budget, would be required to face up to the tough decisions, and if we want to spend money, we have to raise the money to pay for it. We cannot borrow.

So this balanced budget amendment represents a first and most important

step on a long and difficult journey to fiscal responsibility and to passing this Nation on in better condition to our children than we received it.

Mr. President, every previous effort to balance the budget without an amendment to the Constitution—I previously was not in favor of an amendment. Instead, I thought we could do it through Gramm-Rudman-Hollings, or through firewalls, or through caps on discretionary spending, or pay-as-you-go rules. All of these we have tried. None of them has succeeded to date. When the targets became too difficult to meet, we simply changed the law. That is the way we did it in the past. But we will not be able to do it once this amendment is in effect.

So, Mr. President, it is my earnest hope that this amendment will be adopted today.

I thank the Chair.

Mr. WELLSTONE addressed the Chair.

The PRESIDING OFFICER. The Senator from Minnesota is recognized.

Mr. WELLSTONE. Mr. President, I yield myself such time as I might need.

Mr. President, let me, first of all, say that I think this proposal on the floor of the Senate suffers from the same structural problems that have been with it from the very beginning. It is good politics. It is easy for everybody to vote for it, even if they are not serious about balancing the budget. It is painless. But I do think there are a couple of problems that are very important problems to the people in my State of Minnesota.

First of all, there are a number of us who would be interested in this formulation about balancing the budget if, in fact, we had an amendment that said there could be no raid on the Social Security trust fund. That ought not to be a part of the equation of balancing the budget. But we cannot get support for that amendment.

So, No. 1, I think the talk about a constitutional amendment to balance the budget without the ironclad guarantee, not just to senior citizens, but to their children and their grandchildren, that we will not raid the Social Security trust fund, is a proposal that is deeply flawed.

Why are my colleagues so reluctant to support an amendment on the proposition that in balancing the budget between now and 2002, we will not raid the Social Security trust fund? In the absence of that kind of guarantee, I am not going to vote for any amendment, constitutional or otherwise, to balance the budget, unless there is the absolute assurance given to senior citizens and their families.

I am so tired of this politics that tries to divide the old from the young, senior citizens from their children and grandchildren. Unless we have that guarantee, this proposal is deeply flawed. There are a number of us who want to vote for that alternative, but we do not get the support for it. People in Minnesota and around the country

are not interested in an effort to balance the budget on the backs of senior citizens. They are not interested in an amendment that says we will balance the budget, with no guarantee that we are not going to raid the Social Security trust fund to do it. That is flaw No. 1.

Flaw No. 2. People in cafes in Minnesota—I think the cafes are the best place to be; I think this is the best focus group. You sit down and you talk with people. They say, look, we balance our budget at home—and we do. But when we balance our budget at home, here is how we do it. We make a distinction between investment for the future and our daily or monthly or yearly operating expenses. We do not cash flow a car that we buy. We do not cash flow the home that we buy. It is on the basis of a fairly long-term mortgage, and we do not cash flow our children's education, higher education. We make an investment. It is a very good family practice and a very good business practice, a sound business practice, to make such an investment if you know that it will pay for itself over and over and over again.

We had an amendment last time that said, look, let us talk about a constitutional amendment to balance the budget, but let us make some distinction between the investment budget, investment we make now—education, physical infrastructure, or whatnot—which pays for itself over and over again versus our daily operating budgets. That amendment was voted down. Every family in Minnesota and in America knows the distinction between spending money on a vacation during the summer, when maybe you should not do it, versus spending money on your child's higher education. We had an amendment that wanted to make that distinction. I have talked to one of the coauthors, Senator SIMON, about such an amendment. But, no, that amendment also is not part of this.

So if you are talking about a constitutional amendment to balance the budget and (a) you have to guarantee that this does not lead to a raiding of the Social Security trust fund, and (b) you have no distinction made between an investment budget and an operating budget, you have a deeply flawed proposal.

The third point. We can balance the budget—and should. I voted for the President's proposal to balance the budget by the year 2002—CBO scored. I do not think people really know what all this CBO scored means, but I will say it. Actually, I thought that proposal was by no means perfect and that we could do much better.

Mr. President, you have a proposal that is flawed on several counts. Then we get to the sort of—as my children would have said it when they were younger—“get real” phase of this. We do not need this to balance the budget. We can do it. The question is, how?

I will tell you one of the things that I find just more than a little bit ironic.

At the very time that some of my colleagues, whom I deeply respect, are talking about a constitutional amendment to balance the budget, they trot out a son-of-star-wars proposal. The Pentagon does not want it, the Joint Chiefs of Staff do not want it, and it is \$70 billion more on top of what we are already spending on star wars. We do not know whether it will work. It is not proven. Research has not been done. The Pentagon and the military tell us we need to, first of all, do research to see whether or not this would work and to defend our country in what ways. But the very people who are talking about a constitutional amendment to balance the budget, no guarantee we will not raid the Social Security trust fund, who will not pass our amendment that makes it clear that you cannot do that, are the very people that trot out the son of star wars, with \$70 billion more for a system the Pentagon itself does not want in this form right now.

Mr. President, the very people who are voting for a constitutional amendment to balance the budget have now in the budget proposal voted for \$11 billion more than what the Pentagon wants. The first time in my adult life—no, it is the second time; it happened before. This is the second time around. This is the second time in my adult life where the Congress is appropriating more money than the Pentagon says it wants. These are the same people who want to cut financial aid to higher education, cut educational opportunities for children, cut into Head Start, cut into job training, and they want to go \$70 billion more for son of star wars, and they want to spend \$11 billion more above and beyond that \$70 billion than the Pentagon even wants. And the last time around, in the last budget, it was \$7 billion more we were going to spend. My friends who say they want to balance the budget want to spend \$7 billion more on the Pentagon than the Pentagon wanted, and I came out here with a modest amendment which said, please, could you not take half of that \$7 billion, \$3.5 billion, spend \$3.5 billion less since the Pentagon said it does not need it and put it into deficit reduction, and the amendment was defeated.

So everybody understand the politics of today. This proposal was defeated before. It will be defeated probably by a wider margin today. The Senator from Nebraska [Mr. EXON] has come out in the Chamber and said this is absolutely outrageous, because I see what my colleagues are doing here; they want to spend more and more and more and then they want to do a constitutional amendment to balance the budget.

Well, to use what I think is an old Yiddish proverb, you cannot dance at two weddings at the same time. And people in the country are just getting a little tired of it. That is what this proposal is all about. You have people in the Senate who say we are for balancing the budget by the year 2002, and

do not worry, senior citizens; this will not be done on your backs and we will not raid the Social Security trust fund, although that surplus is sitting out there, we can assure you of that. But then when it comes to actually voting for that, these folks will not do that.

Mr. HATCH. Will the Senator yield on that point?

Mr. WELLSTONE. I would be pleased to.

Mr. HATCH. It seems to me that is one reason why we need a balanced budget amendment. If there are Senators that will not do that now, then under the balanced budget amendment we are going to have to. We are going to have to raise taxes and reduce spending or have a supermajority vote to spend more. But if I could just ask one last thing, and I do not mean to interrupt my colleague.

Mr. WELLSTONE. That is fine.

Mr. HATCH. One last thing. And that is that I have heard these arguments before. I heard President Clinton on the news the other day say as he was walking outside the White House, "Let's just balance it." I have heard that for the whole 20 years I have been here: "Let's just balance it." Both sides have said that over the years.

I think both sides have flaws here. I think both sides have spent too much, both sides have taxed too much, both sides have not done what should be done. That is why we need a balanced budget amendment, because then the game is over. The Federal Government is going to have to live within its means or vote with a high consensus to not live within them, but at least that vote will be done on the record, in front of the American people, rather than the phony way things are done today when people just stand up here and say, "Let's just balance it." I have to laugh. That is the biggest joke in our history. We have 60 years of not balancing it very often, and 27 years in a row of not balancing it at all.

That is what bothers me. That is why Senator SIMON and I and others have fought so hard to try to get this amendment passed, so that the game will be over for both sides.

I would also use a Yiddish expression, and that is chutzpah. It takes chutzpah to continue to just spend and tax the American people and to sell out the future of our children. And frankly, that is what is going on here. I am willing to blame both sides. I will be happy to say the Republicans are to blame here, too. I will be as bipartisan as I can be, just like Senator SIMON has been, but both of us know that if we do not do something about it, it is only a matter of time until we are going to have to monetize the debt and we will pay it off with devalued dollars that roll off the printing press not really worth anything—barrels of dollars that will not be worth anything printed up so the Government can escape its debt liability. But at that point, the United States will no longer be the great power it has always been. And that is

what it is coming down to, because we cannot continue to go the way we are.

What really bothers me, and I will end—

Mr. WELLSTONE. That is fine.

Mr. HATCH. What really bothers me is this argument that we have to preserve and protect Social Security by defeating the balanced budget amendment, which is the only way to preserve and protect Social Security, or at least the current Social Security system. I think if we pass this amendment, we will not only have to preserve and protect it as it is now, we are going to have to find a way of reforming it so that it will last well into the next century and take care of our children and our grandchildren as well, not just those who are living today. The only way we are going to do that is if we really get serious about it and force the Congress to do it. And the only way you are going to do that is by passing a constitutional amendment. I do not think anybody who looks at it sincerely can doubt the wisdom of what I just said.

The fact is that this amendment has been around for a lot of years. It is a consensus amendment. It is the one amendment that has a chance of passing, the first amendment that has ever passed the House of Representatives, the first one and maybe the only one that will ever pass the House of Representatives, and yet we in the Senate are going to stand and block it.

What really hurts me to a great degree is that at least six Senators who have always voted for it are voting against it under the guise that they are protecting Social Security, when in fact the only way you can protect Social Security is to get our spending habits under control, and the only way to do it is to give us the fiscal discipline to do it in the constitution.

I thank my colleague for allowing me to make these comments, but I felt I had to make them in light of what my friend has said.

Mr. WELLSTONE. Mr. President, my colleague may want to make more comments because I just respectfully—parliamentary inquiry. I have the floor, is that correct?

The PRESIDING OFFICER. Yes.

Mr. WELLSTONE. I thank the Chair. First of all, I am always more than pleased to hear the analysis of my friend from Utah—a lot of times we say in the Chamber "whom I deeply respect," and it sounds like flattery, but whom I really do deeply respect. There is just no doubt of his ability as a legislator and his expertise in the Senate, but I am in profound disagreement with that analysis on two points.

First, in fact we want to make it crystal clear that we are going to balance the budget by the year 2002 and in no way, shape or form is the Social Security trust fund money going to be used for that, then let us have the amendment out on the floor and let us vote for it.

Mr. HATCH. Will the Senator—

Mr. WELLSTONE. Let me just finish if I can. That is my first point. That is, I think, an important reassurance which we must give.

My second point is that I am absolutely in agreement with my colleague that when you look to the future, especially around the year 2030 and you get to a ratio of two workers and only two workers or working people to every one retired person—in that sense demography is destiny—we have our work cut out for us. But I think it is a flawed economic analysis to argue, well, the way we do that is in fact through a constitutional amendment to balance the budget. The way we do that is in a lot of different ways, but one of those ways is to make sure that we have an economy that is producing enough living-wage jobs, that is to say, jobs that people can count on that pay a decent wage with decent fringe benefits so that that working generation, which is the way the Social Security system works, is able to contribute to those who are retired, and then when we are retired, we hope that also there will be a successful enough economy so that base will be there. That is a whole different set of issues that have to do with whether or not we are going to invest in job training, that have to do with whether or not we are going to invest in education, that have to do with whether or not we are going to have an economy that produces high value products with a skilled labor force—all of which, I would say to my colleague, has much to do with whether or not we make the right investment decisions in the private sector and in the public sector.

Mr. HATCH. Will the Senator yield?

Mr. WELLSTONE. If I could just finish—that is my first point.

My second point is, I must say that when my colleague talks about the past 20 years, I do not have that perspective. Maybe that is the difference. I have not been here that long. I know that in the last 3 years since the President was elected we have halved the deficit. It has gone down. Those facts are irreducible and irrefutable.

I know, if we want to talk about the past, there were people here in the early 1980's, starting around 1981—David Stockman has written about this eloquently, as he looks back on those times—who passed what was euphemistically called the "Economic Recovery Act." George Bush, President Bush, once called it "voodoo economics." We were going to have these massive tax cuts. That was great politics. We could say to people in the country, "We ask you to make a supreme sacrifice. Will you let us cut your taxes so the economy will grow and everybody will be better off?" And people said, "Absolutely." So we did that; disproportionate money going to those who had the most income. And, in addition, we dramatically increased the Pentagon budget, not to mention the explosion of tax expenditures. By the way, I say to my colleague from Utah,

I do not see any evidence that my colleagues here are willing to take that on, all those loopholes in deductions, all those subsidies that go to oil companies, tobacco companies, pharmaceutical companies, you name it. We do not take any of that on.

So what did we have, an overall debt that was about \$900-and-some billion? Now what is it, \$4, \$5 trillion, or thereabouts?

I must say, yes, I was not a part of that. I was not a part of the claim for trickle down economics. I never made those claims to people. And I know if we were not paying the interest off on that debt built up during the 1980's we would have a balanced budget right now.

So I am not arguing—I will finish. I have the floor. But I am not arguing that we not make the tough decisions. I am not arguing that we should not be fiscally responsible. As a matter of fact, I come to the floor with amendments for lots of cuts. What I argue with is some of what I think are distorted priorities. People want to do more and more for the Pentagon. They now have a son of star wars. But for some reason, my colleagues do not seem to believe that a good education is a strong national defense against ignorance, against prejudice, against hopelessness, against despair, against children not doing well, against not having skilled workers.

So this is a debate about a flawed proposal, structurally, and about priorities. That is what this debate is about.

Mr. HATCH. Will my friend be kind enough to yield on that point?

Mr. WELLSTONE. I will be pleased to yield for a question, but I would like to keep the floor.

Mr. HATCH. Let me just say, I believe my friend makes a very good case for the balanced budget amendment. Because even though he criticizes some things that others have done, and compliments some things that he has done, the fact is that the system is running the same as usual. One thing that I would just like to point out and I ask the question, is it not true that the six Democrats who always voted for the balanced budget amendment before—and, perhaps, all Democrats on that side—who now refuse to support the balanced budget amendment under the guise that they are preserving or protecting Social Security by refusing to support a balanced budget amendment that does not exclude Social Security from the balanced budget calculation, that all six of those Democrats, and I believe every Democrat who will use the Social Security argument as an excuse for voting against the balanced budget amendment, I would ask my friend, did not every one of them vote for President Clinton's fiscal year 1997 budget which did not exclude Social Security receipts from deficit calculations? And, even though my colleague claims the deficit is going down, the debt since we first debated and voted down the balanced budget amendment

has gone up \$320 billion in 15 months. While we fiddle around here the Nation is burning. We fiddle around on trivialities when, in fact, passing the balanced budget amendment is the only way we are going to get things under control.

Will my colleague agree the Democrats voted for the Clinton 1997 budget, which itself did not exclude Social Security, and used those Social Security surpluses in their budgetary deficit calculations?

Mr. WELLSTONE. I say to my colleague there is one fundamentally important distinction. The Democrats did not enshrine in the Constitution the potential raiding of the Social Security trust fund. It is that simple. I do not think senior citizens or their children or their grandchildren want us to do that, nor should we do so.

I also would say to my colleague, my critique was not restricted to just that one point alone. I argued that this proposal, I think, is flawed in two or three fundamental ways, and then went on to discuss priorities. So that is the distinction.

Mr. President, let me just finish up, because I see my colleague from New Mexico is on the floor. There are others who want to speak.

I reiterate what I said earlier. This proposal is deeply flawed, I think on policy grounds, structural grounds. There should be an ironclad guarantee that we do not enshrine in the Constitution, raiding the Social Security trust fund. We should make a distinction—I have said this over and over again, I say to my colleague from Utah—between investment and operating budgets. And we ought to be very careful in not tying our hands so that we do not have, through specifically fiscal policy, the ability in times of economic downturn to do what we need to do to make sure that recessions do not turn into depressions.

Those are some of the structural arguments. My other arguments have to do with priorities. One more time I will point out to people in the country the politics of this vote. It is transparent. We had the vote before. It is not going to pass. Senator EXON has come to the floor, who has voted for it before, and he said this is just outrageous. The very people who are proposing this now bring out son of star wars for another \$70 billion. These are the very people who want to spend \$7 billion more than the Pentagon even wants. Now they are talking about what kind of tax cuts they can give. And this just does not add up. It does not add up at all.

So it is wrong on basic policy grounds. It is wrong from the point of view of playing politics. And, finally, I have to say, as somebody who has had amendments out here—and a good number of these amendments have not been agreed to, but I actually think these amendments are quite connected to where most of the people in the country are—for the life of me I do not understand why this interest in going

forward with this expensive son of star wars system, this star wars system, and at the same time colleagues are so eager to cut into job training programs, educational opportunity programs, Head Start programs, and environmental protection programs and all of the rest. When it comes to going after subsidies for oil companies or tobacco companies or pharmaceutical companies or big insurance companies and a whole lot of others of these tax expenditures, which are giveaways, a big part of the budget, the silence of my colleagues is deafening. They do not want to do it. These are the big players, the heavy hitters. These are the folks who have the clout.

When it comes to going after the Pentagon contractors some of my colleagues who are pushing this proposal the hardest want to spend more money than the Pentagon even wants to spend. And they continue with this idea of tax cuts, adding up to a significant amount of money, disproportionately flowing to those people who need it the least, all in exchange for reductions in the quality of health care for senior citizens, children, you name it.

These are distorted priorities. So we have two sets of issues going on here, and on all counts this proposal should be defeated.

I yield the floor.

Mr. HATCH. Mr. President, I yield to the distinguished chairman of the Budget Committee.

The PRESIDING OFFICER (Mr. INHOFE). The Senator from New Mexico.

Mr. DOMENICI. Mr. President, I hope the American people understand all these arguments about what Republicans want to spend money on, what Democrats want to spend money on, who wants to cut taxes, who does not want to cut taxes, have nothing whatsoever to do with a balanced budget. It is an absolute, utter smokescreen. The truth of the matter is, you either want a balanced budget built into the Constitution or you do not. For those Democrats and the one Republican who voted against the balanced budget and never came to the floor, never inserted in the RECORD any excuse, but rather said, "I am against it as a matter of policy," I laud them. I praise them. They just happen to be against it. They do not think it ought to be done.

But for those Senators, and I gather there are none on our side, who take to the floor and make excuses about why they are against it such as, "We are raiding the trust fund for Social Security," it is a charade, it is an absolute smokescreen.

Senators DASCHLE and DORGAN and others have produced a constitutional amendment which would require a balanced budget in the year 2002 excluding the Social Security trust fund. They argue that including Social Security in the balanced budget amendment effectively authorizes the raiding of the Social Security trust fund and its surpluses for purposes of balancing the budget.

Mr. President and fellow Senators and those who are listening, I believe this argument and the Daschle-Dorgan proposal, I repeat, is nothing more than a smoke screen. It is intended to divert the public's attention from the real issue, constitutionally required fiscal discipline. You either want it or you do not want it. We happen to think it is long overdue. Second, it provides an excuse for some who supported a balanced budget amendment in the past to vote against it now, now that their votes really matter.

But I believe the American people will see through this smokescreen because it is obvious that this is a charade and it is not about Social Security. Rather, it is plain and simple about defeating the balanced budget amendment. That is what it is all about, defeating the balanced budget constitutional amendment.

It is obvious—not those Democrats who will vote against it on principle or our one Republican who votes against it on principle—but it is obvious that others are not serious about their constitutional amendment because it would have one clear result which they adamantly oppose, deeper spending cuts in domestic programs, or, which they allege to be opposed to, tax increases. It will be one or the other under their proposals—huge, deep spending cuts in domestic programs, which they avow they are not for, or huge increases in taxes, which they run around saying they are not for. One or the other must occur under their balanced budget amendment, which they call pure.

Over the next 6 years, from 1997 until 2002, the cumulative unified budget deficit, that is the total receipts less total outlays—a simple proposition—will be \$1.1 trillion, according to CBO. Over that same period, Social Security will run a surplus of \$520 billion, including \$104 billion in the year 2002.

Mr. President, if we adopt the Daschle-Dorgan approach, we would be forced to make much deeper spending reductions than any plan on the table.

Let me give you the best estimate I can of what it will require, I say to Senator HATCH.

If applied proportionately across the budget, that plan will require \$92 billion more in Medicare cuts. Of course, they will disavow that. They are not for that. They are for a balanced budget without Social Security, without that trust fund being in the budget. It will require \$46 billion more in Medicaid cuts. Of course, they will say that is not the case. They do not want that. It will require \$36 billion more in welfare cuts, \$62 billion more in mandatory spending, and \$38 billion more in the discretionary accounts of the Government. Is that what they really want?

Frankly, some will get up and say, "No. We're going to do it another way." How? There is only one other way, and that is to dramatically increase taxes. I do not mean a little

bit—a huge amount. Is that what they want? Maybe. But they are not saying that.

So I conclude that those who are now hiding behind the veil of Social Security being adversely affected by a unified balanced budget, their real goal is plain and simple and as patent as can be. It is to kill the balanced budget amendment, nothing more, nothing less.

The sponsors of the Daschle-Dorgan proposal argue that our balanced budget amendment would raid Social Security. If that is the case, then the Democrats who proposed it and the President who talks about that are raiding Social Security, too. In fact, every budget plan by the President and the Democrats in the past 18 months, which claims to reach balance in the year 2002, includes Social Security in the deficit estimates. They claim balance; and it is a balance which includes Social Security in every single budget produced.

Most recently—January 19, 1996; the end of the negotiations—Senators DASCHLE and DORGAN held a press conference with others to promote their approach to balancing the budget. Somehow they must have forgotten that their plan reached balance in 2002, in their words, "raiding Social Security."

Moreover, the President's 1997 budget, although filled with gimmicks, like every other balanced budget presented this year, gets nowhere near balance in the year 2002 if the Social Security trust fund is excluded. Yet Democrat after Democrat—not those who vote against it as a matter of principle; but those who want to tell the American people they are for a constitutional balanced budget—but Democrats of that yoke, one after another, claim that the President's proposal "balances the budget in 2002." Yet 45 Democratic Senators voted for the President's balanced budget plan during the last month of debate on the budget resolution. I will wager that almost every one, knowing that the public wants a balanced budget, took full credit for it and said, "We just voted for a balanced budget." It was a balanced budget of the exact type that this constitutional amendment will require.

I mention this only again to highlight the hypocrisy of such proposals. They say they cannot support a balanced budget that includes Social Security surpluses and yet every budget they produce and call balanced supports exactly that.

This is not about protecting Social Security. Those who claim that it is and put a cover over their vote by claiming that it is are trying to suggest that our balanced budget amendment does not protect Social Security.

Let me be clear. We made a promise to our Nation's seniors that we would balance the budget by 2002 without touching Social Security benefits. We kept that promise. Of course, the same cannot be said of some of the other proposals.

The President, in 1993, in his \$260 billion tax increase, the largest in history, raised the portion of Social Security benefits subject to taxes from 50 to 85 percent. This effectively cut benefits for millions of middle-class senior citizens by \$25 billion over 5 years.

In 1995, 19 Democrat Senators voted for a substitute balanced budget under reconciliation that cut the Consumer Price Index and thus Social Security COLA's. I will admit there was great bipartisan support for it. But for those who now say they do not want to touch Social Security, they do not want to harm it in a constitutional balanced budget, they voted already to harm it to cut the CPI.

Indeed, my good friend, Senator MOYNIHAN, known as a defender of Social Security, called for a CPI reduction of 1 percent each year to balance the unified budget by the year 2002.

Of course, very recently 46 Senators, 24 Democrats and 22 Republicans, voted for the Chafee-Breaux alternative which included a COLA reduction of five-tenths of 1 percent. This proposal would cut Social Security spending by \$40 billion.

So, not only did that proposal count the surpluses toward the balanced budget, it increased those surpluses by cutting benefits. I hope that no Senator that voted for Chafee-Breaux will vote against the balanced budget amendment using the protection of Social Security as an excuse.

Again, I want to repeat, the Republican budget does not touch Social Security at all. I have said all along that the best way to protect Social Security is to balance the budget so that we have a strong, growing economy. In legislation implementing the balanced budget amendment, if it were to pass, we could provide procedural safeguards to preclude cutting Social Security benefits or raising Social Security taxes to balance the unified budget. That is not an issue of the amendment. It is an issue of the will of the Congress as a matter of policy, once it is adopted.

When we amend the Constitution, we must be taking the long view. Although some claim they are worried about raiding the Social Security surpluses, I am concerned about the looming and massive Social Security deficits that are on the horizon. These Social Security deficits threaten to push the unified budget to levels far above those we are experiencing today.

Over the period from 2020 to 2030, the Social Security trust fund will run a cumulative deficit of \$4 trillion. In 2030 alone, the annual Social Security deficit will be \$1 trillion, or \$225 billion in constant dollars, which is 56 percent higher than the projected unified budget deficit for all of government.

If we adopt the Daschle-Dorgan constitutional amendment approach, the Constitution would allow these massive deficits in the unified budget to occur even as we would be telling the American people that our budget is

balanced in accord with the Constitution.

Let me repeat that: If you put something in the Constitution, I assume you would hope it would exist until 2020 or 2030. If you adopt the Daschle-Dorgan approach, you will be building into the budget of the United States by the year 2020 an opportunity for us to tell the American people we are in balance, even though the Social Security trust fund can be out of balance by hundreds of billions of dollars.

The truth of the matter is that not only would that kind of budget make a mockery of the constitutional balanced budget requirement, it would also be devastating to the American economy because—and I want to make this point—it is the unified budget deficit, regardless of what is said here on the floor, it is the unified budget and its deficit, not the deficit excluding Social Security, which tells us how much Government must borrow from the public each year. That is what we want to know: How much do we have to borrow. The unified budget tells us how much Government must borrow. It is this Government borrowing that has real economic consequences for national savings, for investment, for inflation, for interest rates and for economic growth.

Now, to remove any remaining doubt that those who take the coverup of Social Security as their defense against the balanced budget amendment, so that they would remove any doubt that they are more interested in killing the balanced budget amendment than in protecting Social Security, I want to make it known that we were willing to compromise with them to get an agreement. We suggested the idea of revising the balanced budget amendment to require both a balanced unified budget in 2002 and a balance excluding Social Security in 2006, which I believe anyone looking at the flow of expenditures and what is practical would say that is probably where we ought to be.

We proposed an amendment to this proposal that would make it such, 2002, balance under unified; 4 years later, balance excluding Social Security. There is nothing inconsistent with requiring both. In fact, you get to balance excluding Social Security, you have to first balance the unified budget—no way around it.

Moreover, I believe we need a permanent requirement regarding unified budget balances to protect against a time when Social Security runs large deficits. Those who reject this offer are really, once again, showing us they are not interested in getting an agreement on the balanced budget. They are, instead, interested in defeating it.

Now, Mr. President, and fellow Senators, what we are talking about is the following. It is the difference between economic prosperity and long-term stagnation. As we look out there among our people, one of the things they are most worried about is stagnation in their economic condition, that

wages are not going up as fast as they should, that the dream for their children might be less than theirs, which somehow stirs a strong cord in the hearts and minds of Americans. If we do not build into American policy constitutional fiscal restraint that leads to a balanced budget, the difference is going to be simple. It is going to be whether we have prosperity or whether we have stagnation. No doubt about it.

Mr. President, to prove that for you, I want to cite a Congressional Budget Office report. According to the Congressional Budget Office, their so-called base scenario, here is what we can expect in 2030 if we do nothing.

Debt held by the public will reach 180 percent of our gross domestic product. At the end of 1995, our debt stood at 50 percent. In 1945, at the end of the war, it was 114 percent. The budget deficit will reach 15 percent of gross domestic product. In 1995, it was 2.3 percent. Net interest rate on the cumulative debt will cost 8 percent of the gross domestic product. Net interest rates are only 3 percent now. Social Security, Medicare and Medicaid will cost 18 percent, all alone, of the gross domestic product. These programs cost 9 percent now.

It assumes these massive deficits will do no harm to our economy. That is the rosy scenario. CBO states in its report: "In the end, these deficits will weaken the economy, end long-term upward trends in real GDP per capita that we have enjoyed throughout our history. With Federal debt growing so rapidly, the economy will enter a period of accelerated decline."

Mr. President, this is a real debate. This is about one of the most important issues for our future that will come before this body.

I went to some length to produce my argument today because I believe those who claim Social Security is the issue and trust funds of Social Security are the issue are perpetrating a huge smokescreen, at best, and, at worst, a monstrous charade. There is no doubt in my mind the best way to help Social Security now and in the future is to balance the budget as prescribed in this constitutional amendment. Without it, the very seniors they attempt to say they are for are put in very serious jeopardy, as are their children and grandchildren.

I yield the floor.

Mr. HATCH. How much time do we have left?

The PRESIDING OFFICER. The time of the Senator is 1 minute remaining.

Mr. HATCH. Mr. President, let me use the remaining time to say I have never heard a more phony argument in my life than the argument that they, the Democrats, are trying to protect Social Security, and yet every time President Clinton's budget comes up here not protecting Social Security the way they say they want to protect it, they vote for it. I am not willing to say people are hypocritical on this matter, but I am willing to say that it is a

lousy argument. It is clearly an argument designed to give those who use it an excuse for them to vote against the balanced budget amendment. I have never heard a more disappointing display than yesterday, as Senator after Senator came on this floor and jumped all over BOB DOLE, who has done his best to get a balanced budget amendment through.

I think some of the most sordid politics I have seen in years occurred in some of the arguments yesterday. And the arguments are phony arguments. This is a very, very important opportunity for us to try and get the Congress to be required to do what is right. This is the only chance to get them to do that. I hope people will vote for this amendment—if not today, count on it, it will be back next year.

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. SIMPSON. 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. SIMPSON. Mr. President, I ask unanimous consent that I might speak for 7 minutes.

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

Mr. SIMPSON. Mr. President, now maybe we can get to where the rubber hits the road. I have been given the grisly task of chairing the Subcommittee on Social Security and Medicare and Family Policy. I have heard the debate going on about the looting of the Social Security trust fund. Mr. President—and I know they will rush onto the floor. The doors will clatter open in a moment.

Let me tell you that there is no Social Security trust fund. It is a huge stack of IOU's. The trustees know that, all thoughtful Americans know that. It is listed in the trustees' report. It is a huge stack of IOU's. There is no place in there with your name on it or my name on it. When a young person pays in today, it goes out next month to the beneficiary. In the year 2011, there will not be enough payroll tax to cover it. There will be a huge accumulated surplus then. And then you go and take the IOU and say, "I am cashing this in." That is the double hit that is coming.

I related this last week. We are all aware that the Social Security program and its relation to any balanced budget constitutional amendment will always be an issue of fervent controversy. In fact, many individuals, and the well-organized interests and, oh my, the citizens and, oh my, the AARP—do not miss their work here—have cited the need to "protect" Social Security as a moral justification for opposing any such constitutional amendment. We have heard more of that on the Senate floor this week, and we will hear it forever.

I trust that my colleagues will pardon me to say that I find this completely baffling—bizarre and baffling. I see no possible sensible justification for using Social Security as an excuse for opposition to the balanced budget amendment—none. It is but an excuse which excites the interest groups, which may be sold as a way to cover a vote against a balanced budget amendment. “CYA” here does not mean corporate youth activity. It is without substantive merit, in my view.

Let me explain fully that this is my duty as chairman of the Social Security Subcommittee to try to determine the facts. At least everybody is entitled to their own opinion, but no one is entitled to their own facts. How is the Social Security trust fund managed? This is how it is required under the law to be managed. It is a rather unfortunate that one would even have to do this, but too many in Congress, and out in the land, do not seem to “get it,” I believe is the phrase they use on us around here.

This is an enlargement of an excerpt from section 201(d) of the Social Security Act. Allow me to read from it to you:

It shall be the duty of the managing trustee to invest such portion of the trust funds as is not, in his judgment, required to meet current withdrawals. Such investments may be made only in interest-bearing obligations of the United States, or in obligations guaranteed as to both principal and interest by the United States.

This section continues later:

Each obligation issued for purchase by the trust funds under this subsection shall be evidenced by a paper instrument in the form of a bond, note, or certificate of indebtedness issued by the Secretary of the Treasury.

We can and we still do call these things T-bills, savings bonds, whatever. But it refers to any such Treasury bond or certificate.

Before I continue, allow me to translate this bit of mumbo jumbo. What this means is what the law requires. It is what the law demands—that when the Social Security payroll taxes come rolling in, most of them are immediately used to pay the benefits to today’s recipients. The leftovers are not put in some vault or box, where we keep them, save them, and hold them for tomorrow’s retirees. They are used to buy Government notes now. That is the law, that has always been the structure of Social Security. It is what is required of us. It is not “raiding” anything. It is not “breaking a promise” to anyone. That is how Social Security currently works, and it is how it was intended to work. That is what I mean when I say that the fund holds “floating IOU’s.” It is holding those notes from the U.S. Government, and those notes are promises to pay up at a future date.

Let me take you to section (f) the Social Security Act. Do not miss this one. This is the section that explains how the future benefits are going to be paid:

The interest on and the proceeds from the sale or redemption of any obligations held in

the Federal Old-Age and Survivors Insurance Trust Fund and the Federal Disability Insurance Trust Fund shall be credited to and form a part of the Federal Old-Age and Survivors Insurance Trust Fund and the Disability Insurance Trust Fund respectively.

Listen closely to this part:

Payment from the general fund of the Treasury—

Are you listening?

to either of the trust funds of any such interest or proceeds shall be in the form of paper checks drawn on such general fund to the order of such trust fund.

Here we see the obvious. The payment back to Social Security at a future date will come from general revenue—taxpayers’ money. Only from the general fund will it come.

The general Government, until the appropriate time, thus holds this big bag of IOU’s to Social Security, and then it has to make good on those from the general revenues, not from some separate trust fund. It comes out of general revenue when the IOU’s are due. That is how it works, and that is how it was intended to work. There is no way around it, no tricks, no gimmicks, no big lump of money in a trunk sitting there that we can emotionally plead to save from raiding if we exclude Social Security from a balanced budget amendment. Those benefits are to be paid with moneys raised from the general revenues—period.

Another way of putting it, if I may, is today’s workers will support today’s retirees and tomorrow’s workers will support tomorrow’s retirees, period. That is the law. This is how Social Security works. All of this posturing and fear mongering about how somehow a contract is being broken and that looting and pillaging, and God knows what else, and other sins are taking place, is so much guff and nonsense. It is so much like the old professor of mine. He said, “SIMPSON, this is opium smoke.” That old professor was right. The benefits of future beneficiaries were never available to be looted. They are IOU’s, and all of the cash will be raised from general revenue when those bonds became due.

Let me just show you one final chart. I want you to pay, please, strict attention to this one. These are the annual operating balances projected for Social Security as of last year. You can see that, indeed, there is a sizable surplus today, and some are using this as an excuse to oppose the balanced budget amendment. This \$60 billion figure appears small because—I ask unanimous consent for an additional 4 minutes.

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

Mr. SIMPSON. They are using it as an excuse to oppose the balanced budget amendment. This \$60 billion figure appears small because it is an annual figure, a consolidated figure which also includes the disability payments and does not represent the total size of the accumulated Social Security reserves which are supposed to add up to another \$2 trillion. They will get to \$2

trillion—everybody needs to know that; we all know that—before the big drawdown, the big meltdown, comes.

But you know what we always hear about this surplus. “We don’t want this surplus to be counted toward balancing the budget.” It is said plainly, passionately, and persuasively.

I ask you to look at the much larger picture. By the year 2020 we are also facing huge annual operating deficits, meaning that we would have to dip into the principal and the interest in this trust fund, the IOU stack, which I have already shown you is not there and eventually will only come from general revenues at that time.

Look at the size, look at the enormity of these promised obligations, all of which we have no possible way of paying unless we raise payroll taxes, and the seniors are telling you to do that to correct the program because they “ain’t paying” them. Payroll taxes—that is how you get here, and other taxes, to raise them dramatically when the time comes. There is \$7 trillion in unfunded liability in the Social Security system alone.

Does anyone seriously believe that the way to “protect” Social Security is to save it from a balanced budget amendment? Can anyone seriously maintain that the fate of Social Security hangs on the budgetary treatment of funds in 1996 when these are the balances projected in the outyears? We all know this. That is no secret to anyone. To use Social Security as a pallid excuse to defeat a balanced budget amendment is absurd, hypocritical budget blather of the most odious kind. We all know what the real threat to Social Security is. It is the situation you see on this chart. It is the threat that we will do nothing. That is the threat. That is the threat—the threat that we will let it go bankrupt on its own. But that is a debate for another day. I will not be around when the big bill comes due. But I hope in the year 2030, they will tap on my box and tell me how it all went because I can tell you where it is going to go.

My purpose today is to, hopefully, dispense with the idea that there is some promise that has been made to save the Social Security surplus in some way that we are currently violating. No. We are doing with Social Security precisely what the law demands and commands us to do—to buy T bills. If we can be charged with failing to do anything, it is failing to balance the budget. That is what will make it harder to make good on those IOU’s when they come due. It will be very hard to raise the general revenue to do that. So as long as we keep blithely adding trillions to the debt—I ask unanimous consent for 2 more minutes.

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

Mr. SIMPSON. Mr. President, let me close by saying I agree with my friend and colleague, Senator PAUL SIMON of Illinois, that the assured best way to protect Social Security is to pass the

balanced budget amendment, or if you do not like the balanced budget amendment, to force ourselves to balance the budget. That is the one thing and the only thing that will make it possible to pay off those sacred promises to future retirees. I do not see people who like to cast those tough votes. They do not show up.

But in any event, let me say again that I find it very unseemly that anyone who refuses to help in that effort will use the looting of Social Security as an excuse not to impose a balanced budget requirement. I hope that all of you will read the Social Security Act for yourself and the sections of it—section 201—and think it over closely, and then read the trustees' report. If we have a more accurate public understanding of exactly how Social Security does, indeed, work, it is my earnest, and yet possibly most naive, belief that the argument over the balanced budget amendment can take place on a more honest and informed basis.

I thank the Chair.

Mr. DEWINE addressed the Chair.

The PRESIDING OFFICER. The Senator from Ohio.

Mr. DEWINE. Mr. President, I ask unanimous consent to speak for up to 8 minutes.

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

Mr. DEWINE. Mr. President, I rise today in strong support of a balanced budget amendment to the Constitution.

Here we are again. One more time, we find ourselves about to cast really a historic vote. In March 1995 the Senate failed by one vote to pass this measure, a measure that has been demanded by the American people, this measure that is absolutely necessary if we are going to rescue America from bankruptcy of our children's or our grandchildren's generation.

It has been pointed out on this floor that the Federal debt is already more than \$5 trillion, the figure that is hard to even comprehend. Next year Americans will pay about \$240 billion just to meet the interest payment on that debt. That is almost \$1,000 for every man, woman, and child in this great country. You know, it is really money for nothing. That money is not just to educate our children or fight the drug problem or find a cure for cancer. It is simply a transfer payment from the future to the past. We need to reduce those interest payments. We need to start investing in the future instead of the past. But until the annual budget is in fact balanced, all we are doing every day, every month, and every year is adding to the problem. Congresses of both parties, Presidents of both parties, all have compiled a spectacular record of failure in dealing with this fundamental issue.

That is why I believe it is time to make a fundamental change in the way we deal with it. I am not one who thinks we should tamper with the Con-

stitution. I do not like to amend the Constitution. But I believe in the age-old principle, "If it ain't broke, don't fix it." I think it is broke this time. I think we have a problem, and we have to have a fundamental fix. We have to change the way we do things.

Mr. President, there are 5 trillion reasons convincing me that in this case our system is broken and it is time to fix it. The people of this country demand change. People of my home State of Ohio demand change.

As I was thinking about this issue, I was reminded of the crusade that a former Member of this body who represented the State of Ohio for many, many years had to say about this. Frank Lausche was and remains a legend in Ohio politics and Ohio government. He served many terms as Governor of the State of Ohio and several terms as U.S. Senator. From the time he was Governor, throughout his career here in the Senate, one theme kept recurring, and that theme was fiscal responsibility. I remember, Mr. President, as a young boy hearing grown-ups talk about what Frank Lausche was doing as Governor. There was a little debate going on. One of them said, "It is terrible. They are running a surplus. The Governor is running a surplus this year. He should be distributing that money. We have some projects and things that we need to have done." That was the kind of person Frank Lausche was. He was a person who believed in fiscal responsibility.

Let me cite what Senator Lausche said in 1962 on this floor. In 1962, Frank Lausche rose in this Chamber, and this is what he told his colleagues. Remember, this is 1962.

The sheer size of the extravagant Federal budget has made it impossible in the Chamber of the Senate to guard adequately against extravagant spending. The present debt is too high relative to our general assets. Instead of reducing the debt since World War II, we have raised it from \$255 billion to a presently proposed \$308 billion. The unabated increase in the national debt is a threat and danger to our security and to our freedom.

That was Frank Lausche, U.S. Senator from Ohio, in 1962. Mr. President, the \$308 billion that Senator Lausche was talking about was not the interest on the national debt; it was the total national debt in 1962. The distinguished Senator from Ohio, Senator Frank Lausche, was right. Unless we make fundamental changes, the problem is only going to get worse and worse and worse. It is time, long past time that we do something about it. And today is our opportunity to cast a vote that will change the direction of this country and to cast a vote that really will make a difference.

Mr. President, I yield the floor.

Mr. BYRD addressed the Chair.

The PRESIDING OFFICER. The Senator from West Virginia.

Mr. BYRD. Well, Mr. President, here we are engaging in the same old political flimflam, talking about a constitutional amendment to balance the bud-

et while at the same time talking about giving away a big tax cut. That is flimflam, pure and simple. It is the very same constitutional amendment that we defeated last year in the month of March. It was a bad idea then and, unlike a fine wine or an old violin, it has gotten no better with age.

The advocates of the balanced budget amendment are known to assert that amending the Constitution—here it is, the Constitution of the United States, right here. I carry it in my shirt pocket. I do not wear my shirt when I am sleeping so I do not have the Constitution that close to me when I am sleeping, but I carry it with me during each day. So they are known to assert that amending the Constitution is the only way, the only way, that we can eradicate the recurring budget deficits that have plagued our great Nation for a long time. We in the Congress, they say, lack the fiscal discipline and the moral backbone needed to make the painful and difficult policy choices that will actually bring the budget into balance.

What the proponents of this fiscal monstrosity fail to acknowledge is that the amendment itself will make none of these difficult choices. The difficult choices will remain to be made here. There is nothing in this constitutional amendment that tells us how we are supposed to balance the budget. There never has been. On the contrary, we in the Congress will still have to make and legislate choices regarding what programs will be cut and which taxes will be raised as a way of bringing about a balanced budget.

Amazingly, many proponents of the balanced budget amendment continue to asseverate their commitment to eliminate the Federal budget deficit out of one side of their mouth while supporting substantial tax cuts out of the other side. Certainly that remarkable oral dexterity calls into question the real possibility of actually achieving budget balance.

Just last year, as I hope we will all remember, the majority in this body voted for a budget resolution that called for approximately \$250 billion in tax cuts over a 7-year period. That is money that we will have to borrow. We will have to borrow that money to finance that tax cut. And it will be money borrowed at interest.

We continue to talk about children and grandchildren and how they will bear the burden of our continuing fiscal unwisdom if we do not balance this budget. We voted for a huge tax cut. We have to borrow the money at interest to finance that tax cut. And who will pay that interest? On whom will that burden be laid? On our children.

In hindsight, that figure of \$250 billion seemed almost reasonable when compared to the more than \$350 billion in tax cuts approved by the other body last year under the aegis of the so-called Contract With America—the so-called Contract With America.

You do not hear much about that so-called Contract With America these

days. The glitter has worn off, and I said on this very floor that the worm will turn. The worm will turn. And it did. It has turned.

You do not hear much about the so-called Contract With America. Why? Because that so-called Contract With America was not a contract with America. This is the real contract with America, the Constitution of the United States—over 200 years old. That is the contract with America. That is the contract to which I have sworn an oath to support and defend. Many times I have sworn that. That is the real contract. And here today we are saying, amend it, amend this contract.

Simply put, combining huge tax cuts in a deficit reduction package while at the same time proclaiming the invincibility of the balanced budget amendment is entirely and completely inconsistent. How can anyone seriously and with a straight face suggest that the best way to dig ourselves out of a massive fiscal hole is to start by digging the hole a little deeper? Where is the logic in that? It defies simple common sense. And yet here we are, after a year of stalemate between the Congress and the President, and once again the majority has approved another budget resolution that includes large tax cuts for the wealthy. On the surface, the \$122 billion in proposed revenue reductions may appear modest. In reality, though, a closer reading of the budget resolution reveals that the actual tax cuts may be far greater than \$122 billion and could go as high as \$180 billion or more. So, Mr. President, we will soon be considering, under fast-track reconciliation procedures, Republican tax cuts in the range of \$200 billion. Can you believe that? These same Republicans who are constantly touting their courage and their prowess in making the hard decisions to cut the deficit and balance the budget have chosen to use the reconciliation process to enact freestanding tax cuts totaling \$200 billion. I have been in politics 50 years. It is easy to vote for a tax cut. That is no sweat for anybody. That is the easiest thing, coming or going. Vote for a tax cut. So they are at it again. And they are doing so at the very same time they are trumpeting the merits of a balanced budget amendment. One has to have a nimble mind indeed to perform the intellectual gymnastics it takes to reconcile the two positions.

And now we have presidential politics coming to the fore in a big way. The Washington Post reports that sweeping tax cut proposals are under consideration by the Republicans, and one proposal would allow workers to deduct their payroll taxes from their income tax returns. The cost of that proposal to the Treasury over the next 7 years would be a whopping \$350 billion. In addition, the Post reports that a 15 percent reduction in Federal income tax rates is also being considered. That particular proposal would result in lost revenues to the Treasury over the next 7 years of \$630 billion.

Nor is President Clinton without fault when it comes to proposing tax cuts at the same time we are attempting to balance the Federal budget.

I voted against the President's budget. I am the only Democrat who did so. And I did so because he was cutting discretionary spending, the discretionary funding of programs that are so important to the well-being of our fellow Americans, and because he was advocating a tax cut also.

In addition to the President's proposed tax cuts in his 7-year balanced budget plan, as late as Tuesday of this week, in what was billed as a major speech at Princeton University, the President unveiled additional tax cuts, so we are going to have more in this bidding battle between the Republicans and the Democrats. So he proposed additional tax cut measures that would allow tax credits of \$1,500 to college freshmen and sophomores at a cost of many billions of dollars.

Not every high school graduate should go to college. I have seen students in college who had no business being there.

How can these frantic revenue reduction efforts by both political parties be squared with the florid rhetorical fulminations we constantly hear about the critical necessity for balancing the budget?

As I have said many times on this floor, this amendment is nothing less than sheer folly, folly, just as the propositions for tax cuts at the present time are sheer folly. It is like getting on two horses and starting off in two different directions at once.

This amendment is a sham. It is a charade. And it will not help to balance the budget one whit. As these tax cut proposals show, this amendment is simply being used as convenient cover for politically inspired massive tax giveaways, which will be paid for by our children and our grandchildren. The interest on those tax giveaways will be paid for by your children and mine, and your grandchildren and mine.

To make matters even more unbelievable, just this week, even under the shadow of the balanced budget amendment we saw an attempt to spend \$60 billion on a missile defense system that the Pentagon does not want and that this Nation does not need if we are serious about balancing the budget. I hope all Senators will think very hard about the message we are sending to the American people with these impossibly contradictory actions on the Senate floor. They do not make sense economically, and, unfortunately, when you think about them carefully, they do not even make sense politically. Tax cuts, while always popular, become addictive in election years. But I nevertheless believe the American people will clearly understand that these tax cuts represent nothing more than political pandering—political pandering to win votes at the expense of serious deficit reduction. The American people

can see through political pandering. They do not like pandering. They do not like to be pandered to. But it is easy to see through it, is it not?

To have the same proponents of the balanced budget amendment preach the gospel of tax cuts while we are trying to balance the budget is entirely inconsistent with common sense. It reminds me of an Elmer Gantry revival meeting: Come on in, politicians. Come on in. Walk the sawdust trail. Get baptized with the holy water of the balanced budget amendment. Hallelujah. Come get it and then go on about your business, and sin, sin, sin.

We do not need a constitutional amendment to balance the budget. We do, however, need discipline and self-restraint. We must not repeat the experience of the 1980's where massive tax cuts were matched by the doubling of a peacetime defense budget from 1981 to 1991.

I have come to the mourners' bench many times. I have confessed my mistake in voting for both. So I did not come in with clean hands. I voted for that tax cut, the Reagan tax cut. And I voted to increase those deficit budgets. But at least I came to the mourners' bench and have confessed my waywardness in going astray.

That is not what the American people want. No one is clamoring for a return to the fiscal calamities of the last decade. No one, it seems, but those who are bent on irresponsibly trying to claim that a balanced budget, reductions in revenue, and large increases in defense spending are all goals which can be achieved.

On the contrary, achieving budget balance will take a combination of spending cuts in all areas of the budget and some tax increases, instead of tax cuts.

If we are really conscientious and sincere, if we really mean that we do not want to foist this great deficit burden upon our children, if we really mean that, if we really love our children that much, then we have to put aside this folly, utter folly, regarding a tax cut at this time. There are times when tax cuts are advisable, but not now.

So that is the reality of it. We prefer to pander, pander to the American people. And if there is anything that makes me sick as a politician it is a politician who panders. To propose to amend the Constitution when we are so obviously unwilling to make those hard choices is to promote a vain hope and to perpetrate a falsehood on the American people, on those people who are looking through that electronic eye. This balanced budget amendment should be again defeated. It is little more than a political mirage in a vast, dry desert of empty election-year promises.

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

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

Mr. DORGAN. Mr. President, I yield myself the time that is available under the time originally allocated to Senator BYRD. I understand that is another 5 minutes.

The PRESIDING OFFICER. The Senator is correct. The Senator has control until 11:10.

Mr. DORGAN. Mr. President, I heard a generous discussion this morning on the floor of the Senate by the Senator from New Mexico, the Senator from Utah, and the Senator from Wyoming. I felt it necessary for a few minutes to at least respond to some of those comments. I have great respect for all of those Senators. But I respectfully believe that they are wrong on the issue of Social Security and its relationship to the balanced budget amendment.

I observe again the history so that people understand where we are. These facts I expect are not in dispute. In 1983 it was determined that Social Security was going to be in some longer-term difficulty and a Social Security reform package was enacted by the Congress. I was a part of that because I was a part of the Ways and Means Committee in the U.S. House that actually originated the legislation.

In that legislation we determined to do something very responsible. We determined to trim back some benefits in Social Security, extend the age for Social Security recipients from 65 to 67 over a long period of time and raise some payroll taxes, all of that in order to create a yearly surplus in the Social Security trust funds to save it for the long term.

This year \$69 billion more is being collected in the Social Security trust fund than is needed this year for Social Security. Why is that the case? Is that an accident? No. As I said yesterday, we recognized that the war babies were going to retire after the turn of the century. America's largest baby crop would hit the retirement rolls. That is going to cause maximum strain on the Social Security system.

I said yesterday, partially tongue in cheek, that the war babies resulted from an outpouring of love and affection in this country, immediately following the Second World War, and people getting back together and reacquainted, and the largest production of babies in the recorded history of this country.

After the turn of the century—2005, 2010, 2015—those babies will become eligible to hit the retirement rolls. At that point we needed to have some planning in the Social Security system for funds to be available to meet those needs.

This year \$69 billion in excess money is being raised in the Social Security system. It is not an accident. It is a deliberate, forced national savings to be

available to meet the needs after the turn of the century.

My friends on the other side of the aisle say, "Well, that is not special money. That's just regular money. We put it right into the old operating budget of the Federal Government and count it as other revenues." In fact, they count it as other revenues such so in the year 2002, when they say their budget is in balance, if you took the Social Security money out of their budget, it would be \$108 billion in deficit. But they say it does not matter. It is all the same money.

It is not the same money. Someone working this morning has a tax taken out of their paycheck, and they are told by this Government that is a Social Security FICA tax that is going to be put into a trust fund and can only be used for one purpose—not for offsetting against building star wars, not as an offset against cutting taxes for the wealthy—it can be used only to put in a trust fund to be used for the Social Security needs of the future.

But that is not what the majority party wants to do. They want to take that enormous amount of money, raised by an aggressive payroll tax, and slide it over here into the operating budget of the Federal Government and say, "By the way, now we've got more revenue over here so we can build the star wars project for \$60 billion. We can have big tax cuts. We can do all of these things that we want to do even as we claim to want to balance the budget."

I do not allege that they are not operating in good faith. I only say that they are wrong on the issue of Social Security.

One person who spoke this morning said there is no trust fund. One who spoke this morning said there was a trust fund, and we are not misusing it. Another said there is a trust fund, and we are misusing it, and we promise to stop by the year 2008. The three stages of Social Security denial.

If we are willing to do what is necessary, what we promised workers and retirees we would do in 1983, we will set aside the Social Security revenues in a trust fund, not count them as part of the operating revenue, balance the budget honestly, and move on.

That is our job. That is our task. We will offer a unanimous consent request on the floor of the Senate to allow a constitutional amendment to be offered which I voted for previously that is identical in every respect to the one offered by the majority party with one exception. That is, section 7, which will describe that the Social Security surplus funds shall not be counted as part of operating revenues.

If they agree to that, they will get 75 votes for their constitutional amendment. I yield the floor.

Mr. HATCH. Mr. President, this is the only balanced budget amendment that has ever passed the House of Representatives. It is the only one that has a chance of passing both Houses. All of

the unanimous consent requests in the world are not going to bring up an amendment that will be acceptable to both Houses, except this amendment. Everybody knows that. For these people to bring up another amendment at this late date is just a subterfuge.

There have been six Democrats who before have always voted for the balanced budget amendment but have been using the Social Security pretext as a charade to cover their backs. Last year, every one voted for Clinton's 1997 budget that does not protect Social Security in the way they want it protected. I do not think they argued with the President to get that in there. The fact is, it is a charade. I hope everybody knows it.

Not only did the Clinton budget of 1997 not balance in the year 2002, under CBO's more cautious economic and technical assumptions. Without Social Security receipts and assets and deficit calculations, it would have been \$184.5 billion out of balance in the year 2002. It is just phony. Without Social Security's receipts and assets in deficit calculations, the Clinton budgets would never balance. The fact is the Republican budget would be balanced by the year 2005 without Social Security.

These people argue that they want to protect Social Security, yet they make the situation worse for Social Security by not voting for the balanced budget amendment that would protect it. We keep the status quo of setting up budgets that do not protect Social Security like they want to protect. How phony can you get?

As a matter of fact, let me quote Washington columnist Charles Krauthammer, who has exposed twice the Clinton position, the administration's unconscionable human-shield strategy that they are protecting Social Security. In a column entitled, "Social Security Trust Fund Whopper," he writes:

In my 17 years in Washington, this is the single most fraudulent argument I have heard. I don't mean politically fraudulent, which is routine in Washington and a judgment call anyway. I mean logically, demonstrably, mathematically fraudulent, a condition rare even in Washington, and a judgment call not at all.

Now, when the two Senators from North Dakota replied in print to his chart, Krauthammer went further and said this:

Their response is even more fraudulent than their original argument. Conrad-Dorgan profess indignation with this 'pundit' who 'condones the use of the Social Security surpluses' for 'masking the size of the budget deficit.' Well, well. Where is their indignation with a President who does not just condone this practice but has carried it out three years in row? By their own logic, the President, who is of their own party, has looted the Social Security trust fund by \$47 billion in 1993, another \$56 billion in 1994, and plans to loot another \$60 billion in 1995. Makes you wonder about the sincerity of their charge.

Mr. DORGAN. Will the Senator yield?

Mr. HATCH. If I had time, I would yield. Ordinarily, I would.

Conrad-Dorgan's Social Security argument, writes *Time* magazine, is, to put it politely, "mendacious nonsense."

Now, that is Charles Krauthammer, who generally writes it the way he sees it. I have to say I see it that way, too. I really believe that those who claim they are arguing to protect Social Security are not protecting it at all.

This is the only balanced budget amendment that could pass. Being the only one that can pass, the fact of the matter is there is going to be no protection when it is voted down today, and this President is going to continue to put up budgets that literally do not protect it, either. To use the term of my distinguished friends from North Dakota, "will continue to loot Social Security." Yet, they voted for those budgets.

To me, there is something inconsistent here. The only chance in the world, the only chance in the history of this country to have an amendment that will put some fiscal discipline into the Constitution, and they are voting against it under the guise they are protecting Social Security, when, in fact, they make Social Security worse because they put off further doing anything about it. To me, that is absolutely amazing.

Mr. President, I yield a minute and a half to the distinguished Senator from Oklahoma.

Mr. NICKLES. Mr. President, I wish to compliment Senator HATCH from Utah for his leadership, as well as Senator CRAIG from Idaho for his leadership, as well as Senator SIMON, and most of all, Senator DOLE, for his leadership, because they strongly support passing a constitutional amendment to balance the budget, as the American people do.

Mr. President, I heard my distinguished colleague from West Virginia pull out the Constitution. I know he has great respect for the Constitution, as I do. A statement Thomas Jefferson made in 1798 I will quote:

I wish it were possible to obtain a single amendment to our Constitution. I would be willing to depend on that alone for reduction of the administration of our government to the genuine principles of its Constitution. I mean an additional article taking from the Federal Government the power of borrowing.

Thomas Jefferson was right. He was right in 1789. It is the right thing to do today.

Also, Mr. President, I will read a letter from the Governor of Oklahoma, addressed to the President of the United States.

DEAR MR. PRESIDENT: On Friday, May 31, at 4:59 p.m., the Legislature of the State of Oklahoma adjourned its 1996 session. Not once during that four-month session was there a moment of discussion about deficit spending. Not one penny was appropriated to pay interest on a state debt. No bill was passed that spent a cent in excess of actual state revenues—all because the Constitution of Oklahoma contains an amendment that requires a balanced budget.

The Balanced Budget Amendment to the United States Constitution will be considered in the Senate this week. I urge you to

follow the examples of 49 of our 50 states—including Oklahoma and Arkansas—and support this effort to import common sense from the states to Washington.

Sincerely,

FRANK KEATING.

Mr. NICKLES. Mr. President, we need to pass this amendment today. The House has passed it. The Senate came within one vote last year. We need to pass it this year. We need to pass it today and send it to the States for ratification.

Mr. HATCH. Mr. President, how much time remains?

The PRESIDING OFFICER. The Senator from Utah has 1 minute and 19 seconds.

Mr. HATCH. I yield to the distinguished Senator from North Carolina and then the balance of the time to the Senator from Idaho.

Mr. FAIRCLOTH. I repeat what has been heard many times here today. I believe this is the most important vote we are going to cast this entire year in Congress. I strongly support the constitutional amendment to a balanced budget. We need it to save the country.

Mr. President, \$5 trillion of debt is too much.

Mr. President, I rise in strong support of the balanced budget amendment. Last March, as we debated this amendment, I noted the great importance of this issue.

I believe that this is more true today than it was last year.

Government spending has put the American people \$5.1 trillion into debt. In this Chamber, we often speak about the national debt as the Federal Government debt, but, of course, this debt will be paid by the American people.

The American people—not the Federal Government—will work to pay the taxes that go toward these Treasury bonds. The American people—not the Federal Government—will manufacture products, raise crops, program computers, and do the millions of jobs that generate growth in our economy. So, although we are entrusted to spend the money that the American people work to earn, we continue to struggle to balance the Federal budget.

This Congress passed a balanced budget—the first legitimate balanced budget plan in a generation—but the President vetoed it.

This Congress made the tough choices, but the President exploited our good work for political advantage, and he demagogued the issues. Unfortunately, without the Amendment as an enforcement mechanism, I do not believe that a balanced budget will be passed and signed into law. It stops the posturing and the revolving votes and the other games that will bankrupt the next generations.

I am not eager to amend the Constitution. We have done so just 27 times in over two centuries. It is a serious matter. Senators are right to take pause before casting a vote to amend our Constitution. Unfortunately, however, I have concluded that this amend-

ment is necessary. The national debt is just too large.

In the 1820's, President Andrew Jackson, a North Carolinian by birth, called the national debt "a curse to the republic" and "incompatible with real independence." In the early 19th century, however, the Federal Government was disciplined and successfully paid off the national debt.

That is no longer true today.

The specter of a \$5.1 trillion national debt is apparently insufficient to force this Government to bring the budget into balance. Interest on the national debt, which we continue to wrack up, is the third largest component of the Federal budget. The average taxpayer will send \$882 to the IRS in 1996 just to pay the interest on the national debt. Interest alone will consume 41 percent of the income taxes that the American people send to the Treasury.

If these facts do not shock us into support for a balanced budget—not rhetoric, Mr. President, but votes for a balanced budget—then we are forced to amend the Constitution. We owe it to the next generation.

The average child born today faces a lifetime tax burden of \$187,000 just to pay the interest on the national debt. In effect, we hand a \$187,000 bill to every newborn American along with his birth certificate. We do this because the President vetoed the first balanced budget in a some 20 years.

In this Chamber, we often speak about obligations to future generations, but we are imposing trillions of dollars of debt upon our children and grandchildren. How many of us look forward to explaining this to them?

How can we explain this to them? What will we say? Can we really tell them that it is fair to welcome them to the world with a \$187,000 bill? All because we do not want to offend the groups that line up for a piece of the Federal pie.

President Clinton talks about deep cuts and draconian cuts. What cuts will our children make in their family budgets to pay off this \$187,000 bill? All because the President will lose a campaign issue if we slow the rate of increase in Federal spending. Is that really too much to ask?

There are claims on the other side of the aisle of support for a balanced budget. However, the first balanced budget in a generation passed in this Chamber on November 18, 1995, with no Democrat votes, and it was vetoed by a Democrat President.

The Constitution, as we all know, was amended to permit the imposition of an income tax. I hope that few Senators consider the 16th Amendment amongst the more high-minded provisions of the Constitution. Mr. President, if we can amend the Constitution to increase taxes on the American people, I hope that we can amend it to ensure that their government spends their hard-earned money responsibly.

Thomas Jefferson first read the Constitution upon his return from France

and recommended that the Constitution include limitations upon the powers of the Federal Government to borrow. Mr. President, if we do not impose a restraint on the power of this government to borrow, we will not balance the budget and ensure that it remains balanced.

Mr. CRAIG. Mr. President, let me thank the chairman of the Senate Judiciary Committee and senior Senator from Utah for the tremendous leadership he has played in this critical issue of a constitutional amendment requiring a balanced budget.

The record must show, Mr. President, and it must show it clearly, if Social Security is to remain solvent into the next decade and into the next century, the budget of the Federal Government must be balanced. The only security for Social Security is a Government that lives within its financial means. If our Federal Government goes bankrupt or if we demand of our citizens that they pay an 85 to 90 percent tax on their income, then Social Security and every other security program for people in our country is in jeopardy.

I am sorry the other side of the aisle does not get it, and they do not get it. We have heard one phony argument after another, that somehow balancing a Federal budget in one way or another damages Social Security. Yet, the very Social Security actuarials, the people who watch the programs, say if you want to save Social Security you balance the Federal budget.

Today, we have that opportunity as a U.S. Senate to secure for the future Social Security by allowing the American people—let me repeat, by allowing the American people—the right and the opportunity to vote on whether they want this Government to balance its budget by passing a balanced budget amendment to our Constitution.

Mr. President, I rise in support of the motion to reconsider House Joint Resolution 1, the balanced budget amendment to the Constitution.

LESSONS OF HISTORY VERSUS BLAMESMANSHIP

If the debate this week has shown anything, it is this: the case for the balanced budget amendment is compelling; there is not one good argument against it.

The worst thing you can say about the amendment is that maybe Congresses and Presidents will have the courage to do the right thing without it.

In reality, if the Constitution doesn't require balancing the budget, it just won't happen.

We've heard a lot of blamesmanship on this floor, disguised as history lessons.

Democrats blame the past debt on Reaganomics. Republicans blame 40 years of free-spending by Democrat Congresses.

But this debate isn't about the past. We can't change the past. This debate is about our future.

Our economic house is on fire. Instead of arguing over who has the

matches in his pocket, let's put out the fire.

THE OUTLOOK IS GRIM—BUT THERE'S TIME TO ACT

The greatest threat facing our country is the mounting national debt that drags on our economy and threatens to destroy the American Dream for our children.

A new study by the Congressional Budget Office says that, if we do nothing:

In less than two generations, the Federal debt and interest payments on that debt will consume, not the entire Federal budget, but the entire American economy.

Their words, not mine: The numbers are "not computable," meaning the "debt would exceed levels that the economy could reasonably support."

This is not a temporary problem, it is a Constitution-class crisis.

This is what the Constitution is all about: protecting the liberties of the people by putting limits on a power that the Government is too tempted to abuse.

The good news is that we still have time to act. That opportunity will not last forever. But if we act now, we can: create 6 million more jobs by the year 2002; make homes, education, and family necessities more affordable; provide greater security for our senior citizens; and raise our children's standard of living by a third.

The debt is the threat. The balanced budget amendment is the answer.

SOCIAL SECURITY

I understand Senator WYDEN will try to offer an alternative amendment later today which would exempt Social Security.

Several Senators are simply hiding behind this red herring. Former Senator Paul Tsongas, a Democrat, has said:

It is embarrassing to be a Democrat and watch a Democratic President raise the scare tactics of Social Security.

Those who vote to exclude Social Security are voting to kill the Balanced Budget Amendment. It is that simple, it is that clean, and should be stated.

Under every alternative proposed by Senators WYDEN, HOLLINGS, FEINSTEIN, REID, DORGAN, or DASCHLE, the Federal Treasury would continue to borrow the Social Security surplus. Why don't they tell us this?

Ask them. Ask them, Where will Social Security surpluses be invested under their plan?

Answer: They change the book-keeping, not the borrowing.

The difference is, their alternative is more loophole than law; their alternative would allow unlimited deficit spending, as long as you call it Social Security.

That would mean more borrowing, more debt, and a bankrupt Social Security system.

Senior citizens understand the debt is the threat to Social Security. A bankrupt Federal Government will not be able to send out Social Security checks.

THE PRESIDENT AND THE FLIP-FLOPPERS

Last year, President Clinton twisted arms; he made phone calls; he sent cabinet secretaries to Capitol Hill; and he got six Senators to vote against their previous positions, their consciences, and their constituents.

Before then, this issue had always been bipartisan and should have stayed that way.

But President Clinton and the powerful, liberal, special interest groups realized that the 104th Congress really was ready to send this amendment to the States.

So I say, Mr. President, release your hostages. Let our colleagues go. Free the "BBA Six."

SEND THE BBA TO THE STATES—LET THE PEOPLE DECIDE

Balanced budget amendment opponents just don't trust the people.

Let's remember, Congress doesn't amend the Constitution.

We merely propose amendments that the States, that the people, decide whether to ratify.

We are saying, let the American people exercise their constitutional right to start the debate in earnest—a debate in every State capitol and every coffee shop over the very future of this country.

ACKNOWLEDGMENTS

As we move toward concluding this debate, I would like to thank and acknowledge the years of hard work and leadership by several of our colleagues in this effort including:

The President pro tempore, Senator THURMOND; the chairman of the Judiciary Committee, Senator HATCH; Senator HEFLIN on the Judiciary Committee; and the distinguished majority leader, Senator DOLE; and in the House, Congressmen CHARLIE STENHOLM and DAN SCHAEFER, with whom I have worked for years on this amendment.

I want to pay a special tribute to Senator PAUL SIMON. The Senate and the nation will suffer a great loss when he retires.

It has been said of Ronald Reagan, and I say it of PAUL SIMON, in an age when many are cynical about our political leaders, he is proof that a great man can also be a good man.

When we do eventually pass this amendment, it will be a monument to his years of leadership in putting principle above partisanship.

Let the debate go forward to the State capitals of this Nation. That is where this issue will go. Vote for this amendment. It is absolutely critical to our Nation.

Ms. MOSELEY-BRAUN. Mr. President, today the Senate is considering one of the most important measures that will come before it this Congress—the balanced budget amendment to the Constitution. As I have stated before, and can't emphasize enough, it is critically important that we address balancing the budget because that is the only way that we will be able to do anything about American priorities.

As reluctant as I am to tinker with the Constitution, I believe that the arguments for a balanced budget amendment are compelling. We owe it to our children—and their children—to get our fiscal house in order. If we fail to do so, our legacy to future generations will be one of greater problems and diminished opportunities.

Passing a balanced budget amendment will not prevent the Government from acting to help address problems, and working to help create expanded opportunity for Americans. And defeating a balanced budget amendment will not guarantee the Federal Government's ability to act on behalf of the interests of the American people. The truth is that, whether a balanced budget amendment becomes part of our Constitution or not, the only way to preserve Government's ability to act is to face our underlying budget problems—honestly and directly—and to solve them.

If we do nothing, the Government's ability to act to address issues important to the American people will continue to be eroded. Only by balancing the budget will we be able to reclaim the Government's ability to make important investments in our communities, such as fixing crumbling schools, investing in mass transit, providing pension security, and ensuring that our airways are safe.

Since 1980, we have added more than \$4 trillion to the national debt. If we do not eliminate our run-away deficit spending, we will not be able to ensure that future generations have the same opportunities we enjoyed. We will not be able to ensure that our children and our children's children will be able to achieve the American dream.

As I learned through my work on the Entitlement Commission, unless we get the deficit under control, by the year 2003, mandatory spending—entitlement, plus interest on the national debt—will account for fully 72 percent of the total Federal budget. These few program areas already consume almost two-thirds of Federal resources. If we don't act now, if we wait until the country is on the brink of financial ruin, we will have totally failed to meet our obligation to the American people and to our country—and our children will pay the price for our failure.

For example, current recipients of Social Security and those of us in the baby boom generation who will be collecting checks in the not so distant future, have an absolute expectation that Social Security will provide for our retirement. Social Security, thus far, has been a wonderful success, but that success is in danger. In a report released June 5, 1996, the Social Security and Medicare boards of trustees stated that, by the year 2012, the Social Security trust fund will begin spending more than it takes in. And by the year 2029, the Trust Fund will have exhausted all of its resources. And even the current Social Security surpluses

will not stave off the coming fiscal crisis for many more years. To meet Social Security's obligations after 2012, the Federal Government will come up with more cash by raising taxes, making cuts in other parts of the budget, or issuing more debt. Right now, we are using Social Security surpluses to mask the deficits. After 2012, when there are no more surpluses, Federal deficits will really begin to explode, an explosion fueled by the looming retirement of the baby boom generation. The balanced budget constitutional amendment will not solve these problems, but it will make it much more likely that we face them while there is still time.

Making the balanced budget amendment part of our Constitution is a demonstration that we are willing to face our long-term fiscal problems, and that we are prepared to act. The amendment will impose on Congress the fiscal discipline to do what should have been done years ago. If we don't act now to stop our run-away deficit spending, there will be nothing left for education, for infrastructure, or even for national defense.

We have an obligation to the American people to discharge our debts and not leave them with daunting burdens that should have been addressed years ago. We need to make the balanced budget amendment part of the U.S. Constitution.

Mr. KERRY. Mr. President, we have had this debate before. But more than talking about someday in the future balancing the budget we should be balancing is now.

Since the last debate, we have had ample opportunity to balance the budget—not just attach our names to a constitutional amendment which does nothing to get us to balance. We are here arguing about the requirement rather than doing the hard work necessary to succeed in that effort.

Mr. President, every Member of this body has voted for one plan or another to balance the Federal budget by the year 2002. We have all done that, Mr. President.

Last year, I voted for the Conrad budget and this year, I voted for the President's budget. Both plans brought us to balance by the year 2002.

This amendment will not force differing parties to come together—the parties must do that themselves with the same energy with which they debate this issue.

Over the past year, I have weighed this issue carefully—I have reexamined my opposition to this constitutional amendment as drafted and reviewed all the arguments in this debate. I have read and re-read historic documents, analyzed committee hearings and the report language, and carefully assessed the impact of this amendment on Massachusetts and the country as a whole.

And, Mr. President, after this review, I arrive at the same conclusion—we do not need this amendment as drafted to balance the budget. Everything in this debate must be viewed with that truth

in mind. We do not need this amendment to the constitution. It is superfluous. And passing it will not magically balance the budget.

The proponents of this amendment have said in the Chamber time and again that by constitutionalizing the fiscal principle of a balanced budget, a new moral power will overcome members of Congress. To quote the committee report on this subject: "The Committee expects fidelity to the constitution, as does the American public."

Needless to say, there is an extraordinary statement of pathetic admission in this glorification of a new moral authority.

Here are elected officials, already sworn to defend the Constitution which means defending the general welfare of the nation; already granted, at the highest level of Government, major responsibility to carry out the public trust. We are individually already on record in town meeting after town meeting—in editorial board after editorial board—in campaign promise after campaign promise—in support of a balanced budget.

And yet, here we are, being told that words on a piece of paper will somehow provide the moral force to accomplish what nothing but the lack of personal moral commitment prevents them from doing today, right now.

Tragically, Mr. President, this amendment as drafted is neither fair nor neutral. It has been drafted in a way as to create an amendment with an agenda.

This amendment goes well beyond fiscal responsibility and constitutionalizes the politics of the moment—the immediate political agenda of the current majority—in a way that may ultimately do violence to the genius of our Constitution and our form of democracy.

When the veneer is stripped from this amendment, we see a deeply troubling political motive that goes well beyond just balancing the budget—which, by definition, cannot be the only reason for this amendment since the proponents already have the authority to balance the budget today. They can do it today. And we have voted on plan after plan to bring the budget to balance.

Mr. President, this amendment goes further than balancing the budget—it goes to the heart of our democratic process.

It carries with it a fundamental shift in the exercise of decisionmaking in America.

Those who are using this amendment as a weapon in an ideological war do not want the votes of those who think differently to count as much as theirs. It's that simple.

If there is a possibility you may ever reach a different conclusion than they have, they want to make certain that your vote will not count equally by requiring that you must find a super-majority to fight back.

This is wrong, Mr. President, it is undemocratic, and fundamentally revolutionary in the worst sense of the word.

But, Mr. President, that is not all that is wrong with this amendment as drafted—though it would certainly seem to be enough.

This amendment as drafted will encourage budget gimmickry. It invites the worst type of cynicism. The experience of States with balanced budget requirements only bears this out. The proponents of this amendment have argued that the experience of States with balanced budget requirements makes a constitutional amendment obvious—but realities in budgeting demonstrate the exact opposite to be true.

I take to heart the testimony of the former comptroller of one State: Edward Regan of New York told the Congress that many States with balanced budget requirements achieve compliance only with "dubious practices and financial gimmicks." These gimmicks include shifting expenditures to off-budget accounts or the financing of certain functions to so-called independent agencies. These States have been creative with tricks and ploys to mask their deficits.

My distinguished colleague from Vermont, Senator LEAHY, has illustrated some of the shenanigans in his lucid critique of this amendment—he talks of States using "accelerated revenue receipts such as tax payments, postponing payments to localities and school district suppliers, delaying refunds to taxpayers and salary and expense payments to employees until the next fiscal year, deferring contributions to pension funds or forcing changes in actuarial assumptions, and selling States' assets." And this amendment does nothing to stop the Federal Government from employing the same tactics and dozens of others.

Mr. President, consider the effects of these gimmicks on the people in this country. Postponing payments? Withholding funding for schools? Delaying refunds to taxpayers? Deferring pension contributions? Selling our national assets?

That will be the result of this amendment, Mr. President.

I oppose this gimmick. And I do so principally because I have come to believe this is an ill-advised attempt to memorialize, in the fundamental governing document of this democracy, budget gimmicks and one political party's fiscal agenda.

This amendment as drafted, Mr. President, is political dogma disguised as economic policy. It is the continuation of an ongoing effort to demonize national interests by demonizing those who promote any kind of national programs to protect the American concept of community.

The gimmicks engendered by this amendment will assist the victory of stagnant partisan politics over sound public policy, doing what's smart politically rather than what's good for the American people.

The budget process of the U.S. Congress already gives us the means to balance the budget. The Constitution

already gives us the authority. We have all voted on plans to balance the budget by the year 2002. Let us get on with negotiating a plan that works for the American people—bring this budget into balance and protect services the American people depend upon.

I stand in strong support of a balanced budget, Mr. President and have voted for balanced budget plans, but I am still opposed to amending our statement of rights, our Constitution, with this particular resolution.

If the majority wants a balanced budget, as I and other Democrats do, we should spend our time balancing the budget. It's axiomatic. It is simple. It is time.

I yield the floor.

Mr. HATFIELD. Mr. President, on February 8, 1995, I addressed the Senate regarding my views on a constitutional amendment that would require a balanced Federal budget. I stated at that time that I was opposed to an amendment to do something that can be done without a change to the Constitution. My position on this matter, some 13 months later, has not changed.

However, I would like to take a few moments to point out some things that have changed over the past 13 months. The first is that the 104th Congress, with a majority of Republicans in each Chamber, voted and passed legislation which would have balanced the budget by 2002. That legislation contained painful decisions for all Members—Democrats and Republicans. But in the end, Congress was able to do something that few people thought was politically possible, it passed a balanced budget. I think it is important to note that the success in the Senate and House of this effort was due in large part to the outstanding leadership of Majority Leader DOLE, and Speaker GINGRICH, as well as Senator DOMENICI and Congressman KASICH as the chairmen of the respective Senate and House Budget Committees.

Despite the achievements by the Congress to pass legislation which would have led to a balanced budget by 2002, this bill was vetoed by the President. That does not mean that the Congress failed to make headway toward the goal of balancing the budget during the 104th Congress. I would like to note that one committee, the Appropriations Committee, was able to cut \$23 billion in discretionary spending this year. As members of the Appropriations Committee in the House and the Senate know, that process was not a pretty picture. I liken it to major surgery without the benefit of anesthetics. I am happy to report that the Appropriations Committee is ready to do its part again this year.

As I have stated here on the floor of the Senate many times before, we should not, we cannot, and we will not balance the budget of the Federal Government solely on the back of non-defense discretionary spending accounts. I do not wish to slip into Washington language so I will explain what

nondefense discretionary accounts actually are. Education funds are discretionary, environmental programs fall under discretionary spending, crime prevention programs come from discretionary accounts, and medical research falls under the discretionary umbrella. Do not forget agriculture programs, the State Department, housing programs, NASA, and many other programs which touch each of our lives every single day. By excluding military spending, entitlements and mandatory spending from our calculation to balance the budget—each one of these programs must bear the brunt of any reduction in spending.

Entitlement programs such as Social Security, Medicare, and Medicaid are important and vital programs—but they should not be held above everything else that the Federal Government invests in. There have even been calls by some to take a \$348 billion program off the negotiating table as the key to passage of a version of a constitutional balanced budget amendment; \$348 billion represented 22 percent of all Federal outlays in 1996. Compare that 22-percent program to the 17 percent of the Federal budget that represents all nondefense discretionary spending. Is it realistic to take 22 percent of the budget off the table in trying to balance the Federal budget? I do not believe it is realistic. All Federal spending should be on the table, even if it is an entitlement program—and even if that program is Social Security.

Mr. President, I support balancing the Federal budget, and I will do all that I can as the chairman of the Appropriations Committee during my last year in the Senate to see that it is done. What I cannot do is support a constitutional promise to the people of this country that its elected representatives will balance the Federal budget. Congress and the President can and should, with the support of the public, balance our budget.

Mr. LEVIN. Mr. President, I support balancing the budget. That is why I supported the President's deficit reduction package in the last Congress, which has already cut the deficit in half—reducing it for 4 consecutive years for the first time since World War II. That's why I've have voted for five specific balanced budget proposals in this Congress.

But while I will continue to stand up for real deficit reduction, I am not prepared to write into the Constitution language that is more likely to lead to disillusionment and constitutional crisis than to a balanced budget.

The proposed amendment, despite its title, would not balance the budget—it would just say that a future Congress has to pass a law to enforce a balanced budget. Why wait?

The only real way to balance the budget is to make the tough choices. Most of us have voted for budgets which balance in the next 6 years. The argument is about how to balance the

budget. We should be working toward an agreement that would complete the job and balance the budget. Unless and until we make those tough choices and bridge the remaining gap, settle the disagreement over the Nation's priorities, we will not have a balanced budget, whether or not we pass the proposed constitutional amendment.

In this Congress, both Democrats and Republicans have put proposals on the table which, as certified by the non-partisan Congressional Budget Office [CBO], would result in a balanced budget by the year 2002. A bipartisan coalition has put its own budget plan on the table, also certified by CBO to achieve a balance within 7 years. We won't get to a balanced budget now by walking away from the table and voting instead on a constitutional amendment. That's a dodge which allows some to say we are cured before we have taken the rest of the medicine.

In May 1992, Robert Reischauer, then Director of the CBO, testified before the House Budget Committee that a balanced budget amendment is not a solution, it is "only a repetition in an even louder voice of an intention that has been stated over and over again during the course of the last 50 years." Dr. Reischauer stated:

It would be a cruel hoax to suggest to the American public that one more procedural promise in the form of a constitutional amendment is going to get the job done. The deficit cannot be brought down without making painful decisions. . . . A balanced budget amendment in and of itself will neither produce a plan nor allocate responsibility for producing one.

Dr. Reischauer further stated:

Without credible legislation for the transition that embodies an effective mechanism for enforcement, government borrowing is not going to be cut. But the transitional legislation and the enforcement mechanism are 95 percent of the battle. If we could get agreement on those, we would not need a constitutional amendment.

The public understands this. They know the difference between promises and action. And, that is why when the Senate considered this same constitutional amendment last year, I offered an amendment to require enactment of legislation to enforce the provisions of the Constitutional amendment before it went to the States for ratification. My amendment was tabled 62 to 38.

Let me tell you what some of the commentators have said about the balanced budget amendment back in my home State. Here is what the Detroit Free Press said when we debated the issue last January:

You wouldn't take seriously any politician who promised to be faithful to his spouse, beginning in 2002, so why do so many people take seriously the proposed balanced-budget amendment?

It's the same kind of empty promise to be good—not now, but later. Putting it in the Constitution isn't likely to confer on Congress the spine or the wisdom to fulfill it.

. . . [T]he way to cut the budget is to cut the budget, not to promise to do it sometime in the future. . . . Gluing a balanced budget amendment onto the Constitution only postpones the moment of truth.

And here is what the Battle Creek Enquirer said, also last January:

If a balanced budget is such a good idea, we say to Congress: Just do it!" After all, waiting until a constitutional amendment mandates it will just delay a balanced budget—perhaps by years.

This Congress isn't likely to give the nation a balanced budget, that's for certain. But, by touting the need for this amendment, it sure can talk like a Congress that already has. . . . [I]t's all an illusion.

"Just do it!" That's what the American people want. They know the difference between promises and action. A constitutional amendment can promise a balanced budget, but it cannot deliver a balanced budget. Only concrete action by the Congress and the President can do that.

Mr. President, I am also deeply troubled by the fact that this amendment, as written, would put the Social Security trust fund at risk. Time after time, my colleagues on the other side of the aisle have rejected amendments to protect the Social Security trust fund. Consequently, if we enact this amendment, we will continue running deficits of at least \$120 billion a year for more than a decade, and will conceal these deficits by using the surplus in the Social Security trust fund.

The money in that trust fund should be exactly that—in trust. I cannot vote for a constitutional amendment which allows the use of trust fund money to cover up huge deficit spending. That's simply wrong.

In conclusion, Mr. President, the proposed amendment provides an excuse for Congress not to act now to reduce the deficit and it doesn't force congressional action later either. It lets us off the hook now, and there is no hook later. There is only one way to balance the budget—now or in 2002—and that is with the willpower to make the hard choices. Let's get back to work.

Ms. SNOWE. Mr. President, I rise once again in strong support of the measure that will soon be before us: a balanced budget amendment to the Constitution of the United States. No issue is more critical to the economic future of our Nation—and the economic future of our children and grandchildren—than that of balancing the budget.

John F. Kennedy once said, "It is the task of every generation to build a road for the next generation." Well, Mr. President, the road we are building for the next generation is laden with the cavernous potholes of deficits and debt that threaten to swallow up our children's future prosperity. And if we fail to take the bold steps necessary to halt our reckless and irresponsible pattern of deficit spending, the road we pass on to the next generation will be nothing more than a dead end.

But, Mr. President, we have an opportunity today to alter the construction of that "road to nowhere" * * * and to begin to build a smooth, safe road for our children and grandchildren that will lead them into a bright future

of economic security and prosperity that so many of our generation have enjoyed.

Today marks yet another historic opportunity for the U.S. Senate and for the American people. Some of us have been working for more than a dozen years for a balanced budget amendment—while others have joined the fight more recently. As a Member of the House of Representatives, I dedicated myself to passing a balanced budget amendment. Beginning in 1981, I was one of four original cosponsors of legislation calling for a balanced budget amendment—and I have cosponsored four similar measures since that time—including the resolution we are discussing today.

In the 103d Congress, I was once again one of four bipartisan sponsors of the amendment in the House, and we worked with my friend, the distinguished Senator from Illinois—Senator SIMON—to overcome institutional opposition to the balanced budget amendment. Notwithstanding the opposition of the House leadership in the 103d Congress, we nearly reached the requisite two-thirds needed for passage, only to have our hopes dashed when the Speaker of the House and Democratic leaders whipped their members into line—and urged even some Democrat cosponsors to change their votes on the bill.

Well, early in this Congress, a similar event undercut the balanced budget amendment here in the U.S. Senate. Democratic opponents—led by the President—argued that the balanced budget amendment was nothing more than a gimmick. They said balancing the budget requires nothing more than accounting sleights-of-hand. But as I have stated in the past, if the balanced budget amendment were a gimmick, Congress would have passed it long ago—because Congress loves gimmicks.

Ultimately, the President and his fellow opponents succeeded in rejecting the will of 80 percent of the American people who support this amendment and defeated it by a single vote—a single vote that could have been provided by any one of the six Democratic Members that had switched their vote from the previous year.

Fortunately, our distinguished majority leader, Senator DOLE, gave us the opportunity to revisit that short-sighted political decision by changing his vote and vowing that these six Members and other opponents would have the opportunity to reconsider their vote later in the 104th Congress. That opportunity is now upon us, and I would hope that these Members would—in the words of the majority leader prior to the last vote on this amendment—repent and vote to give the decision to enact this amendment to the citizens of their States.

Mr. President, the Senate cannot allow the opportunity to complete the first leg of this journey to pass us by. We cannot allow arrogance to triumph over the will of the American people.

This is a rare opportunity to do what is right: To set a path for a balanced

Federal budget amidst a rare common purpose. The American people have asked to give them the power to decide if such an amendment is in their best interests—and I believe the Congress has the obligation to do just that.

The action we take today will not alter the Constitution this week, this month, or even this year. Rather, our adoption of this resolution will simply allow the States to take up this proposal in the years ahead and—if those who sent us to this body also deem the balanced budget amendment worthy—only then will our Constitution be changed.

To be sure, we have tried to meet the challenge of a balanced Federal budget through other measures short of an amendment. Mr. President, they have not worked . . . they will not work.

Congress has repeatedly tried to balance the budget through statutory remedies. Each of these efforts—the 1978 Revenue Act, the 1978 Byrd amendment, the Humphrey-Hawkins Act of 1978, Gramm-Rudman-Hollings I, Gramm-Rudman-Hollings II, and the 1990 agreement following the budget summit—ended in failure.

And, Mr. President, my confidence in the wisdom of the balanced budget amendment has only been increased in light of our most recent effort to balance the budget statutorily.

As you will recall, the Republicans moved forward in presenting a bold plan to balance the budget despite the narrow defeat of the balanced budget amendment last year. Following 10 months of wrenching work and tough decisionmaking by the Republican majority, President Clinton—amidst immense demagoguery and obfuscation of the facts—ultimately vetoed our carefully crafted budget plan that would have set our fiscal ship aright. This veto came from the same President who sat out the fight during those 10 months and did nothing to move the process of balancing the budget forward.

In fact, President Clinton chose instead to first offer a budget that promised deficits in excess of \$200 billion per year as far as the eye could see. Several months later, when he realized the political wind was shifting and the tide was turning in favor of a balanced budget, he pointed his boat in the direction of the wind, put up the spinaker, and claimed that he too could balance the budget—but it would take 10 years.

Well, not only did that plan prove to be nothing but a sham that produced annual deficits of \$200 billion, but it also demonstrated President Clinton's willingness to renege on a campaign promise that he made exactly 4 years ago: His commitment to offer a plan to balance the budget in 5 years. Of course, since he took office, the President has had considerable difficulty deciding how long it would take to balance the budget. First it was 5 years, then 10 years, then 7 years, then 8 years, then 9 years. And today—as a re-

sult of the vacuum of Presidential leadership on this critical issue—we still have no balanced budget agreement.

To make a long story short, the President's charade of offering balanced budget plans that did nothing but exacerbate our problems in coming years continued through all of 1995, until he finally crafted a plan that reached paper balance on January 6 of this year. The budget negotiations between the President and congressional leaders that had been undertaken at that time ultimately collapsed in late January, and we are once again faced with the daunting task of crafting a plan to balance the budget on our own with no sign of compromise from the President.

In fact, rather than come forward with a plan that would demonstrate his willingness to reach consensus and provide a real path to balance, the President's fiscal year 1997 budget continued to rely on gimmicks such as the backloading of fully 60 percent of his spending cuts in the final 2 years of his plan.

And then, less than 2 months ago, CBO told us that the President's budget did not reach balance on its own, and was in fact \$81 billion out of balance in the year 2002. CBO further stated that the President would not only have to turn off his tax cuts in the year 2001 to reach balance, but discretionary spending—which is used to fund programs that many consider to be vital to our shared commitments to education and the environment—would also need to be cut by an additional \$68 billion in the years 2001 and 2002 alone.

Regrettably, the President has refused to budge from his insistence on using gimmicks and budgetary sleights-of-hand to reach balance—and his latest budget proposal made no meaningful strides toward gaining bipartisan support. In light of these events, I believe we can all agree that any hope for a balanced budget agreement prior to the November election now seems unthinkable.

If we learned nothing else from the acrimonious debate on the budget of the past year and a half, it is that absent a force greater than politics, our ability to agree on a plan to balance the budget will always be held hostage to other short-term considerations. However, the enactment of the balanced budget amendment will force the Federal Government to live within its means because it will compel us to reach agreement. A balanced budget would no longer be an option, it would be an imperative. The President and the Congress would be forced to compromise or be held accountable for renegeing on their sworn commitment to uphold the Constitution.

Mr. President, if we pass the balanced budget amendment, our government will be forced to break its addiction to deficit spending. The full weight and measure of the Constitution will force us to live within our

means. We will no longer be able to borrow against our children's future. And we will be required to set priorities among our programs.

For 8 years, my husband served as Governor of Maine. During that time, I used to tell him that traveling between Washington and Maine was like going from fiscal fantasyland to fiscal reality for me. Because, like the Governors of 47 other States, he was required to balance the State's budget no matter what the economic conditions, or how much money they were short. That meant wrenching decisions, to be sure, but with discipline those decisions were possible.

If accountability and discipline work at the State level, we can and should make it work at the Federal level as well. Congress should be able to confront the economic realities and challenges that 48 States—and every American family—are forced to confront every day.

Mr. President, our national debt places a crippling burden on hard-working families in Maine and across our great land. The Concord Coalition compiled an analysis that suggests that without the deficit, our productivity would be much higher, and that the average American family income would be \$50,000, instead of the current \$35,000 a year.

How many children, I wonder, go without a proper education because of that missing \$15,000? How many couples or single parents forgo proper, safe, child care because of these numbers? Is this what has become of the American dream when, by ignoring the deficit, we deny American families the opportunity to prosper financially, or even to survive economically?

Mr. President, our constituents deserve—and need—to reap the windfall of a balanced budget.

Perhaps the most devastating and alarming impact the deficit has had on our economy is its effect on economic growth and job creation. The New York Federal Reserve Bank says that from 1979 to 1989, we lost 5 percent growth in GNP and in national income because of a drop in savings caused by the deficit. According to the CBO, every percentage point lost in GNP means 650,000 jobs lost in this country. That is a devastating concept: On that basis, the deficit in those years resulted in the loss of roughly 3.75 million jobs.

Ironically, opposition to the balanced budget amendment is once again coming from a President whose failed fiscal policies resulted in a growth in real GDP of only 1.4 percent in 1995. Contrary to what the administration would have us believe, this is the weakest economic recovery in 28 years. In fact, job growth following the most recent recession is half of what is typical in a normal recovery.

The present recovery has yielded total growth of only 12.2 percent, while identical periods of recovery following the recessions of 1982 and 1975 were 22.6 percent, and 32 percent respectively.

Balancing the budget—while not a silver bullet—would have a tremendous positive ripple effect across the economy: It has been estimated that balancing the budget would not only lead to growth in real GDP of 0.5 percent or more, but would also yield a drop in long-term interest rates of between 2.5 and 4 percent over the next 7 years.

This is remarkable, because even a 2-percent decline in interest rates would create an additional 2.5 million jobs, according to the Joint Economic Committee. In human terms, that means that Americans would pay less on their home mortgages, car loans, and student loans for college. When you stop to think about it, the last time we saw interest rates that low, General Eisenhower became President Eisenhower.

And while balancing the budget would result in immediate economic benefits, even more compelling reasons can be found in what will happen to our economy in the future if we fail to balance the budget. As Herb Stein of the AEI notes, "The problem isn't the deficit we have now, it's the deficits we will have in the next century." You know the numbers:

Under current economic policies, our debt—which has grown from \$1 trillion in 1980 to more than \$4.9 trillion today—will reach \$6.4 trillion by the year 2002. And according to estimates from the President's own Office of Management and Budget, the deficit will double in 15 years, then double again every 5 years thereafter. And by the year 2025, OMB estimates that the deficit in that year alone will be \$2 trillion. OMB also forecasts that if we continue our current spending spree, future generations will suffer an 82-percent tax rate and a 50-percent reduction in benefits in order to pay the bills we are leaving them today.

As my colleague, the distinguished Senator from New Mexico [Mr. DOMENICI] has emphasized in the past, our national debt represents the most unfair tax ever imposed.

The balanced budget amendment demands that we evaluate every one of our programs. It compels us to ask these important questions about every government program:

Does it fit within our priorities? Can we afford it? Will it help the American people?

And, the balanced budget amendment will force those of us in Congress to ask ourselves the fundamental question: Can we do our job better?

Mr. President, the answer is yes—we can do our job better. And we must do it better. We have skirted the issue of the balanced budget for years now. We cannot continue to pass this onerous debt on to our children and grandchildren. We can no longer squander their future.

I believe that we must also lead by living by the standards that every American must uphold in their daily lives. The American people have learned to live within their means. They balance their checkbooks each

month, and adjust their spending as their income changes. We must do the same.

Passage of the balanced budget amendment will restore accountability to the Federal budget process, and force our government to live within its means as well.

How much proof of the devastating impact of this deficit do we need? How much debt is finally enough? And how much longer do we have to wait for Congress to have the will and the courage to act?

Now is the time to pass the amendment, Mr. President. Recent events have proven that even with the passage of a balanced budget plan by a majority of Congress, months of negotiations between the President and Congress, and countless calls for compromise by the general public, the adoption of a balanced budget can still be thwarted by a force the average American has grown tired of: the force of politics. The passage of a constitutional amendment will change all that. We cannot afford to squander this opportunity yet again.

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

Mr. LIEBERMAN. Mr. President, I intend to vote against House Joint Resolution 1, a joint resolution proposing a balanced budget amendment to the Constitution of the United States. At the same time, I want to make it clear that not only do I support balancing the budget, I have devoted a good deal of my time in the Senate toward achieving that goal.

Most recently, I worked with a bipartisan group of Senators to develop a bipartisan balanced budget package. We spent over 6 months putting together a package which set reasonable discretionary spending limits, began the process of entitlement reform, and contained a reasonable set of tax initiatives. I was, and continue to be, proud of these efforts. And while we did not win the vote on this package, I am delighted to note that we came pretty close in a 46 to 53 vote, with 24 Democrats and 22 Republicans voting for what has come to be known as the Centrist Coalition plan.

I found this vote heartening and I think it speaks well for the future of balancing the budget. Because if there is one thing we are all coming to realize, it is that one political party is not going to be able to do it alone.

Rather than heading down the path of amending our Constitution to say we want to balance the budget someday, I hope that Members of this body will consider redoubling our bipartisan efforts to actually balance the budget. It seems to me that we are very close to agreeing on a 7-year balanced budget plan, this year, in this Congress. We ought not to distract from that goal which is tantalizingly within our reach. I hope my colleagues will agree with me and join in a here and now attempt to balance the budget by supporting the budget which has been put forward by the Centrist Coalition.

Mr. BIDEN. Mr. President, more than a decade ago, when budget deficits were first becoming a way of life around here, I proposed a constitutional amendment to require a balanced budget. Since then I have voted for several other versions of a balanced budget amendment, including the one before us today.

This is not a commitment I have undertaken lightly. This is the ultimate step we can take to safeguard future generations from irresponsible budget policies. On those grounds, I believe that making deficit finance a more difficult decision is an appropriate issue for consideration as part of our country's fundamental law.

But the practical reasons for this amendment are also compelling. The threat to the future of our country, and the damage that accumulating deficits are doing right now, are sufficiently serious to warrant this ultimate step.

The effects of mounting debt and deficits on the future of our country will be profound. Right now, the Federal debt held by the public—the accumulation of our annual deficits—totals more than \$3.6 trillion. This year the interest we will pay on our accumulated borrowing will be \$240 billion.

By the year 2002, the target year for balancing the budget under the amendment before us, interest alone will total \$311 billion, and will cost us more than we will spend on the total defense budget, more than we will spend on every domestic function of government, from fighting crime to building roads.

Accumulating debt at this pace is simply unsustainable—it will radically reduce the choices that future Congresses, representing future generations of Americans, can make. By continuing to accumulate debt, we are forging chains that will bind those who follow us. We are buying a little extra time to avoid those hard choices by dumping them into the future.

At the same time, because concern for the deficit is driving so much of our thinking right now, we are short-changing the kinds of programs that may provide long-term payoffs, that could make us all better off in the future, but that are increasingly squeezed out of the budget.

Just look what is happening to our investments in education, in research, in cleaner air and water, in safer working conditions. These represent our legacy to the future; they will determine—for better or for worse—the kind of country we pass along to our children and grandchildren.

But in the current budget climate, we are slighting these priorities in the race to find short-term savings.

Mr. President, I have watched for years as accumulating deficits have changed the face of our budget process. I have watched the policies that provide essential support for those who need it the most. They include my parents' generation, who won a war for us, and built the greatest economy in the

world. We have made moral commitments to them, commitments I came to Washington to keep.

And our children—the future of our country—will be shortchanged by budget policies that cut investments in education, research, health care.

Mr. President, there is much merit in the argument that we should return more authority and responsibility to State and local governments, that we should return the power to make decisions and the resources to carry them out to the neighborhoods and communities that know their problems best.

But we cannot lose sight of the reasons that led our Founding Fathers to establish a national government—the kinds of issues that cut across city and county lines, that cut across State and regional boundaries, issues that affect us all as Americans.

Unfortunately, it is also those priorities that are now under attack in our deficit-driven budget process.

I am talking about the air and water pollution that drifts and flows over State lines. I am talking about the safety of food and drugs sold by national and multinational corporations. I am talking about the safety and reliability of our rail and airline systems.

All of these essential functions of our national Government have been under severe spending restrictions—virtually a spending freeze—since 1990. Under the current budgets of both the administration and the Republican majority in Congress, these priorities will continue under tight restraints.

Now, Mr. President, over a decade ago I proposed, along with Senators KASSEBAUM and GRASSLEY, a freeze on all spending programs, to provide some breathing space for us reconsider the course we were on.

Well, of course we did not impose that freeze, and for almost a decade we did not undertake a fundamental change in our budgets—and the results are all too clear.

But 3 years ago, Mr. President, we took the first steps toward restoring some balance to our national finances. We passed a \$500 billion deficit reduction package that has produced 4 straight years of deficit reduction for the first time since the end of World War II.

Unlike so many of the promises made here in Washington, Mr. President, the benefits of that plan were even greater than advertised. Because of the lower interest rates that serious deficit reduction permitted, the economy has grown fast enough to reduce the deficit to the tune of \$846 billion less than it would have been.

That's right, Mr. President, our national debt would be \$846 billion higher if we had listened to those voices who tried to scare us out of taking the first real steps to bring the deficit under control.

That experience might have been encouraging—we could accomplish real, significant deficit reduction and be rewarded with lower interest rates and

stronger economic growth. But instead, the political response to that success has been a ceaseless stream of recriminations for those of us who voted for that historic budget plan.

So in many ways we are worse off than before, Mr. President. The lesson many will take away from recent budget debates is that the tough choices to reduce the deficit will get you little credit and a lot of blame.

And as is increasingly the case, we see that the goal of a balanced budget—years out there, over the horizon—seems dim and vague compared to promises to throw tens of billions of dollars on exotic weapons systems, or on continued corporate welfare, or tax breaks for a wealthy few.

That is why I am still convinced that we must take the final step to close the door on the era of uncontrolled deficit spending. We must send the balanced budget amendment to the States—to the people of the United States—for their approval.

Without this additional constraint on our budget process, I am afraid that we will find the old ways of doing business too easy, too attractive, to give up.

It is my belief that only when we have asserted control over our budget once again will we be able to conduct a meaningful debate on our real national priorities. Until then, the short-term, bottom line calculations will continue to drive the budget process.

Mr. President, that if we had taken control over the budget before, if we had found the discipline to make the tough choices, we would not have seen the erosion in support for those priorities that led me into public life. I want to restore balance to our Nation's finances, Mr. President, but just as importantly, I want to restore some balance to our priorities.

Mrs. MURRAY. Mr. President, earlier today, I voted against House Joint Resolution 1, the so-called balanced budget amendment. Like last year, this amendment was defeated. And, once again, I want to take a minute to tell my colleagues why I voted the way I did.

Mr. President, this amendment is nothing more than a feel-good political gimmick. The balanced budget amendment makes for a good political sound bite. But, when looked at closely, one can see this amendment would have serious economic ramifications, tie the hands of our children and trivialize our Nation's constitution.

I am disappointed—but not completely surprised—the Senate decided to vote on this amendment during the height of the Presidential campaign season. We should not use the Nation's fiscal policies to create divides between our two parties. Rather, we should be working together to come to agreement on a common-sense balanced-budget plan that reflects American values—the belief we should care for our elderly, educate our children and preserve our quality of life.

We have made great progress this past year. The difference between our

two parties has narrowed greatly. Everyone agrees we need to balance this Nation's budget, and we are closer than ever to reaching a budget compromise.

In fact, just 2 weeks ago, the so-called centrist balanced budget plan came within five votes of passing on this floor. And while I did not like every part of it, I supported it because it was the most credible attempt yet to actually reach a final compromise and get the job done.

Mr. President, we simply need to stay focused. We must remember a balanced budget constitutional amendment will not get the job done for us—political courage and tough decisions are the only things that will balance the budget.

Let's not forget the progress we have made these past 3 years. Since 1993, we have cut the deficit in half, and the Congressional Budget Office estimates this year's deficit will be as low as \$130 billion. That's nothing to cheer about, but it's progress. And it's proof the President's 1993 deficit reduction plan has worked. And I am proud to say I voted for that plan.

So, Mr. President, we know we can balance the budget without tying our children's hands in the future. This amendment will make it impossible for future generations to determine our country's spending and revenue priorities. We will do that for them. They will be forced to live within tight spending constraints and they will be paying much higher taxes than we pay today.

And proponents of this amendment fail to explain that it will make it much more difficult for our country to deal with recessions. Like any good business, the government must invest today in order to succeed tomorrow. During recessions, the Government's revenue stream decreases and its need to provide unemployment insurance increases. In order to curtail a recession and energize the economy, the Government must invest in capital and its people. Quite simply, the balanced budget amendment will stifle the Nation's ability to correct economic downturns.

And let's not forget the Government oftentimes is needed to help States and local communities deal with the damage that results from natural disasters. Just last winter, my home State suffered severe flooding. The floods caused millions of dollars worth of damage and upset the local economy. The Federal Government helped Washington State residents cope with this disaster by pitching in \$74.5 million. This is an important role the Federal Government must play. But, the balanced budget amendment would make this type of assistance impossible in the future.

Mr. President, balancing the budget requires tough choices. We have learned it takes dramatic spending cuts or tax increases or a combination of both. It cannot be done by cutting taxes. Last year, my Republican colleagues proposed \$250 billion worth of

tax cuts. I ask my colleagues, how would that huge tax cut proposal mesh with the constraints of the balanced budget constitutional amendment? Where would the offsets come from? Does this mean we would balance the budget by cutting important programs to pay for politically popular tax cuts?

Mr. President, these questions are important. We have already seen how the Republican majority would balance the budget. They would cut education and job training programs, strip environmental protections, and reduce payments to Medicare beneficiaries. We need to understand the consequences of passing this amendment, and we need to ask whether or not this Nation's most needy will be taken care of appropriately if it is passed.

Just as we must watch out for our most needy—those who cannot afford to buy a high-priced lobbyist to speak on their behalf—we need to consider how this amendment will impact small States. When determining how to make the cuts needed to balance the budget, the States with the most representatives will have the most influence over the decisions being made. I fear small States, like Washington State, will take a disproportionate hit when Congress determines how to make the cuts needed to balance the budget.

And, Mr. President, our wise Founding Fathers wanted Congress to control the Nation's purse strings because the legislative branch is the closest branch to the people—we understand the needs and priorities of our constituents. The balanced budget amendment could shift fiscal responsibility to the courts. If the President and the Congress disagree on spending and revenue priorities, the courts could be required to step in and decide the appropriate fiscal plan.

Mr. President, Supreme Court Justices are not responsible to the people of my home State. They are not elected, and they are not sent to the Nation's Capital to tend to the needs of my constituents.

We have amended the Constitution only 17 times since we adopted the Bill of Rights. We have never changed the Constitution lightly. Every previous amendment has expanded personal rights and outlined responsibilities. We have never amended the Constitution to insert an economic belief. And, fortunately, we did not do so today.

Mr. President, I voted against this amendment because I value the Constitution. I chose not to trivialize the importance of the U.S. Constitution by making it a forum for our annual fiscal decisions and the politics that accompany those decisions.

I have no doubt the Senate will debate this amendment again next year. I look forward to that debate, but I remind my colleagues that between now and then we can make that debate irrelevant. We can work together to find compromise, and we can work together to put together a sensible balanced budget agreement. And, I say, that

would be the best thing for our children—that would be the real accomplishment that will truly benefit our children.

Mr. DODD. Mr. President, I rise today in strong opposition to this constitutional amendment to balance the budget.

Let me first say, I am well aware that the notion of balancing the budget and forcing this Government to live within its means is a popular idea both in Congress and across the Nation. If working families have to do it, why can't the Government?

I agree. That's one of the main reasons that I was 1 of 11 Members of the U.S. Senate to vote against the Reagan tax plan of 1981. In case we've all forgotten, it was that plan, which cut taxes for the wealthy, increased spending and exploded the deficit to the heights it reaches today.

It is why I sponsored the first pay-as-you-go plan in 1982. According to the CBO, the enactment of that proposal would have brought a budget surplus by 1985, making this entire debate today irrelevant.

Additionally, it is why I was the second Member from this side of the aisle to support the Gramm-Rudman-Hollings Act.

And it is why I supported President Clinton's 1993 deficit reduction plan. Because of that plan the latest deficit projections are down to \$130 billion, from more than \$300 billion when the President took office.

It is also why I have long been an advocate for real deficit reduction and not the various accounting gimmicks that so often tarnish our budget cutting efforts here in Congress. But, at the same time, I have also fought for deficit reduction that protects our national priorities while forcing Congress to accept fiscal responsibility.

But, the measure before us today would meet none of those essential criteria. Instead it would only increase the use of budgetary gimmickry by allowing the Congress to avoid making the critical decisions necessary for balancing the budget.

What's more, it would not make it any easier for this or any Congress to accept our fiscal responsibility. Instead it would include in the organic law of our land a constitutional amendment that would remove from the legislature the historic and mandated role of making budgetary decisions.

Contrary to the arguments of its supporters, this amendment is not a lightning bolt that would suddenly give the Congress the courage it has so often lacked when it comes to cutting the deficit.

Instead it would constitutionally mandate possibly massive spending cuts in education, the environment, Medicare and Medicaid and other priorities that make a real difference in the lives of the American people. And in the end we would have a foolproof excuse for those draconian cuts: "The Constitution made me do it."

And if Congress could not effectively reach compromise a constitutional amendment could place the budgetary decisionmaking process squarely in the lap of the Supreme Court.

The Supreme Court is an unelected body whose job is to interpret our Nation's laws, not enforce them. But, if this amendment passes, the Supreme Court could be deciding whether the requirement of a balanced budget has been achieved.

If the conditions of this amendment were not met then our Federal judiciary could be making the decisions on budgetary allocations.

For the Congress to go along with such a proposal represents an absolute abdication of our responsibilities and obligations as legislators and elected representatives of the American people.

That's no way to balance the budget and it's no way to run the Federal Government.

But, while there are many reasons why I believe this amendment is truly bad public policy and bad for the American people, I also believe that it is wholly unnecessary.

Because, over the past year and a half, Democrats and Republicans reached compromise on the means for balancing the Federal budget.

Let me repeat that, because I think sometimes it is conveniently ignored by my Republican colleagues: Both President Clinton and the leadership here in Congress are in agreement on balancing the Federal budget in 7 years.

Both sides have proposed the necessary spending cuts to put our fiscal house in order. And both sides agree that this budget balancing can be done by the year 2002.

While I certainly think that the President's plan does a better job of protecting our national priorities, the facts remain evident for all those in this body who wish to open their eyes and see: We can work together to balance the budget. We don't need a constitutional amendment. We have the outlines for an agreement right here.

If my Republican colleagues would simply walk down Pennsylvania Avenue, meet with the President and in good faith negotiate a compromise solution there would be absolutely no need for a constitutional amendment to balance the budget.

But my colleagues across the aisle seem to prefer making campaign speeches on the Senate floor and embarking upon the momentous act of amending the Constitution of the United States rather than sitting down with the President and working out a deal.

They seem more inclined to avoid compromise and instead use the President's principled stand against this amendment as a means to score political points.

But, amending the Constitution should not, and must not, be a political tool. It is one of the most sacred and essential duties of our elected office.

There is a very good reason why, in the more than 200 years since this Nation adopted the Constitution, we have seen fit to amend it only 27 times. Twenty-seven times in more than 200 years.

In fact, in those 200 or so years, we've seen approximately 11,000 proposed amendments to the Constitution. Only 33 passed the Congress. And the Bill of Rights notwithstanding, only 17 are now part of the Constitution.

What's more, amending the Constitution remains an incredibly difficult task. Two-thirds of the Congress, and three-fourths of the State legislatures must agree before we change the law of the land. Our Founding Fathers made clear that amending the Constitution would not be an easy or brazen decision.

Changing the Constitution is not like adopting a simple statute that can be modified or repealed somewhere down the road. Indeed, the language we insert into the Constitution will very likely stay there long after all of us have left this Earth. Generation after generation will live with the consequences of our constitutional decisions.

As Henry Clay said 145 years ago, "The Constitution of the United States was made not merely for the generation that then existed, but for posterity—unlimited, undefined, endless, perpetual posterity."

But frankly, over the last year and a half, the sacrosanct nature of our Constitution and the amendment process has been largely ignored by the majority.

I fear that the sacred, fundamental nature of our Constitution has been lost on some of our Republican colleagues. The Congressional leadership is advocating one of the most sweeping rewrites of the U.S. Constitution since the enactment of the Bill of Rights.

The Constitution is not simply a set of fraternity bylaws to be amended with each new pledge class. It should reflect not the popular winds of the time, but the sacred principles of our republic.

Nonetheless, in the 104th Congress alone, several amendments to the Constitution, all of which would have an incalculable impact on the social, political and economic life of our nation have been proposed.

First, we have the balanced budget amendment, which we are discussing today. But, there are also proposed amendments requiring a super majority for raising taxes, limiting the terms of Congressman and Senators, providing for a line-item veto, preventing unfunded mandates, allowing school prayer, making flag burning a crime, and the list goes on and on.

Other than the Bill of Rights, ratified in 1791, these constitutional changes would be utterly unprecedented in our Nation's history.

Unfortunately those changes are an integral part of the Republican agenda.

Now, I've heard all the rhetoric from across the aisle about how essential

this amendment is for protecting our children from a lifetime of crushing debt.

I've heard the rhetoric about providing opportunity for working families. I've heard the rhetoric about cutting the deficit so as to increase economic growth.

Well to all my colleagues who constantly invoke children when calling for the enactment of this amendment, I ask how do you plan pay for this balanced budget amendment?

Will Head Start, Medicare, Medicaid and our environmental safeguards escape the budgetary ax? Now my Republican colleagues want to spend an additional \$60 billion to build another star wars system. How are they going to pay for that, while trying to balance the budget?

Are they going to raise taxes? Hardly. This body can't even swallow a 4.3 cents gas tax, which as part of the President's deficit reduction plan in 1993 cut the deficit in half. A plan, by the way, that failed to receive even a single Republican vote. But that's another story.

In 1995, the Federal Government spent more than \$1.519 trillion, while receiving in revenues approximately \$1.355 trillion. That represents a Federal deficit of just over \$150 billion.

If we passed this amendment tomorrow, this body would have to cut more than \$150 billion in 7 years. And if history is any indication, my Republican colleagues would do it by shredding the social safety net. They would enact draconian cuts in education, Medicare, Medicaid, and the environment to name a few. Is that how my Republican colleagues propose to protect children? By cutting money for education and health care for children.

That is the part of the balanced budget amendment that you don't hear about too often: the part where the Congress would be constitutionally mandated to unravel the fabric of America's social safety net.

I didn't run for this office to be a party to those kind of spending cuts.

When I became a U.S. Senator I took an oath of office to uphold and protect the Constitution of the United States. And that is why I'll be voting no on this balanced budget amendment and I urge my colleagues to join me.

Mr. HATCH. Mr. President, before we vote once again on the balanced budget amendment, let me pay tribute to some of my colleagues who have tirelessly and courageously fought for the passage of this crucial measure. First, let me mention the senator from Illinois, PAUL SIMON, the primary Democrat sponsor of this bipartisan amendment. His leadership on this issue will be missed in the years ahead. Senator THURMOND and Senator HEFLIN have been long-time leaders on this issue. Senator CRAIG and Senator COVERDELL have also fought long and hard for this measure. I would also especially like to thank the 11 freshman Republican Senators who joined us at the beginning of

the Congress, all of whom leapt immediately into the fray in support of the amendment when it came up in the very first month of this 104th Congress.

Mr. President, there are many, many others who have worked to send the balanced budget amendment to the States. But one Senator stands above them all in his tenacity, dedication, and commitment to providing a better future for our children and grandchildren—an America like the one he grew up in, fought for, and has served all of his life. I am of course referring to our leader in this effort, Senator ROBERT DOLE. His effort on this amendment is consistent with his decades of service on behalf of Americans of this and future generations. The contrast of his record with President Clinton's is clear.

President Clinton has fought the balanced budget amendment every step of the way. Last year, President Clinton won and the American people lost. The American people will lose again if President Clinton has his way this year, and it looks like he will.

Mr. President, I would ask, why are President Clinton and his allies opposed to the balanced budget amendment? I would suggest that 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's tough to stop spending other peoples' money.

And they do spend. When we last debated the balanced budget amendment, the Federal debt was \$4.8 trillion. As of Monday of this week, it stood at more than \$5.1 trillion. Mr. President, that is an increase of \$320 billion. Translated into more understandable terms, that means that the cost of the delay in passing this important amendment has been more than \$1,200 for every man, woman, and child in America. 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.

The enormous size of the national debt, over \$5.1 trillion, and the unacceptable rate at which it is growing threatens the economic stability of this great Nation. We all know this, Mr. President. And we know that the American people overwhelmingly want a balanced budget amendment.

Even so, there are those who oppose the balanced budget amendment and keep spending, and so they need to find a way to justify voting against it. President Clinton's chief advisor, Leon Panetta, said as much in 1994 when he explained the need to provide cover to opponents of this amendment so that President Clinton could defeat it with their votes. He conceded that "If you allow people to say, 'Are you for or against a balanced budget,' you'll lose it."

So, we have a parade of excuses of why we do not need the balanced budget amendment or why we need a different, meaning more lax, balanced

budget amendment. Capital budgets, automatic stabilizers—the list goes on and on. The most popular of these false protests is “protecting social security” from the balanced budget amendment—as if balancing the budget would harm a system that depends on the government’s creditworthiness. This argument has been called by one commentator in the *Washington Post* “the single most fraudulent argument” he has heard in 17 years in Washington, and by *Time* magazine as “mendacious nonsense.”

Mr. President, in less than an hour, the American people will see who is on their side and who is on President Clinton’s side. I would say to my colleagues, if you really support a balanced budget and not just talk, then cast your vote for the balanced budget amendment.

The very future of our country is at stake. I say to my colleagues, if not for yourselves, then support the balanced budget amendment for your children and your grandchildren who are almost \$20,000 in debt the very moment they are born. Do not condemn them to live in a nation of economic stagnation, suffocating taxes, and hopeless debt. This is what is riding on this vote. I urge my colleagues to support a balanced budget requirement today, so that we and our children will have a prosperous tomorrow.

THE RISE IN THE DEBT THIS YEAR

Mr. President, the eyes of the Nation are upon us. Today the U.S. Senate has the opportunity to keep us on a path to balancing the Federal budget. Last year this body narrowly missed another historic opportunity by failing to pass the balanced budget amendment. During that debate every Member of this body, whether they were for or against the balanced budget amendment, came to this floor to swear their support for balancing the budget. Well, the time has come to see who really meant it and who was just defending the status quo of runaway Government. I urge my colleagues to hold true to their promises, to vote for a balanced budget, and to not waste another historic opportunity.

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 have brought down a sort of 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 debate on the balanced budget amendment the Federal debt was \$4.8 trillion. As of Monday of this week, it stands at more than \$5.1 trillion. Mr. President, that is an increase of \$320 billion. Translated into more understandable terms, that means that the cost of the delay in passing this important amendment has been more than \$1,200 for every man, woman, and child in America. 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, and over \$7,500 every second. This is the price of the delay caused by President Clinton and his allies.

I urge my colleagues to put an end to this wasteful, out of control spending by supporting the balanced budget.

THE DEFICIT AND INCREASED TAXES

Mr. President, out-of-control Federal spending hurts us all in many ways. Not the least of which is through increased tax burdens on all Americans.

Every year hard-working Americans pay the price for our profligacy. The Tax Foundation has calculated that in 1994, the average American worked from January 1 to May 5 just to pay his or her taxes. They did not get to keep one cent of the money they earned until May 6. Put another way, in an 8 hour work day, the average American works the first 2 hours and 45 minutes just to pay taxes. This is simply intolerable, but it is not the end of the story.

The National Taxpayer’s Union, NTU, has also determined that for every year we endure another \$200 billion deficit it costs the average child over \$5,000 in extra taxes over his or her lifetime. How many more years will the Government levy another \$5,000 fine on our young people?

The bad news about the debt does not end there, either. The Competitiveness Policy Council has shown that the rising budget deficits have led to a 15-percent decline in real wages in the last 15 years. And NTU has further calculated that in the 45 years, unless we get our spending under control, after-tax incomes will rise by a mere \$125 for the entire 45-year period. Talk about a middle class squeeze. How can people be expected to bear the burden of stagnating wages and higher tax rates? We simply cannot continue blindly down this road to economic oblivion.

Mr. President, we now have the opportunity to make an historic change. We can pass a balanced budget and preserve a future for our children, our grandchildren, and this country. I urge my colleagues to support a balanced budget requirement today, so that we will have a prosperous tomorrow.

ECONOMIC BENEFITS OF THE BALANCED BUDGET AMENDMENT

Mr. President, apparently some of my colleagues have forgotten not only how dramatically the deficit is hurting our economy, but also how much a balanced budget will help our economy. I would like to touch upon some of those economic benefits which will accrue to working Americans across the country.

Last year, DRI/McGraw-Hill analyzed the economic impact of balancing the budget and has concluded that it will result in a significant improvement for the nation’s citizens. Here are the results of their study:

As government spending is reduced, resources will be freed up for private

investment and interest rates will drop. Both of these factors will make it easier for businesses to expand, resulting in the creation of 2.5 million new jobs by 2002.

Further, fueled by the drop in interest rates, private investment will rise and real nonresidential investment could grow by 4-5 percent by 2002.

Lastly, by the end of the 10-year forecast, real GDP was projected to be up \$170 billion from what it would be without a balanced budget. That translates to approximately \$1,000 per household in the United States.

So when we talk about who is really trying to help American citizens of *all* walks of life, lets remember just how important it is to balance the budget.

BENEFITS OF A CONSTITUTIONAL AMENDMENT

The sad history of legislative attempts to balance the budget show the need for a constitutional amendment requiring a balanced budget.

Despite our best statutory efforts and the most recent deficit reduction plan, a constitutional amendment is required for the following reasons:

Statutes do not purport to correct the structural bias in favor of deficit spending that would be offset by a constitutional amendment.

Statutes are only intended to deal with a temporary crisis, whereas a constitutional amendment corrects a bias that has caused deficits in 55 of the past 63 budget cycles. The deficit spending bias is not a problem that has lasted, nor will last, only 5 years. It demands a permanent constitutional solution.

Ultimately, no Congress can bind a succeeding Congress by simple statute. Any balanced budget statute can be repealed, in whole or in part, by the simple expedient of adopting a new statute. Statutory limitations remain effective only as long as no majority coalition forms to overcome such statutory constraints. The virtue of a constitutional amendment is that it can invoke a stronger rule to overcome the spending bias.

Our recent history suggest how much we need the strong rule of a constitutional amendment. Gramm-Rudman was to balance the budget by 1990. It was undone by a series of statutory amendments. Recently, we have fought tooth and nail to get on track towards a balanced budget. Without the balanced budget amendment to keep the Government in line, the budget we fought so hard for can be undone by a simple majority vote. Mr. President, the past year’s budget battle is not example of what Congress can do, it is an example of how hard it is for Congress to do what it should always do.

AUTOMATIC STABILIZERS

Some have argued that the reason we should not have a balanced budget rule is to keep intact the so-called automatic stabilizers. Their contention is that these so-called stabilizers help minimize the effects of the business cycle. Thus, those who support this theory want to cycle deficits and surpluses to counteract the business cycle.

This claim confuses me for three reasons.

First, we have had numerous business cycles since 1969 but have only balanced the budget once. If this theory is right, we should have had a cycle of deficits and surpluses.

Second, far from cycling, the debt is on a steady increase. The debt is growing at a fantastic rate, and is now over \$5.1 billion and is projected to exceed \$6 trillion in only 4 years.

Third, the balanced budget amendment in no way prevents us from running a small surplus, which could be used to offset the effects of an economic downturn.

I just do not believe that the facts support this argument.

PROTECTING SOCIAL SECURITY

Mr. President, I have listened to the same arguments raised time and again from opponents of the balanced budget amendment that we should exempt Social Security from the balanced budget amendment. Some opponents have been searching for reasons to vote against the balanced budget amendment or reasons to justify their "no" votes. In their efforts, they came up with a number of accounts and interests they think we should exempt. Social Security is just the most popular of these favored exemptions from opponents of the balanced budget amendment. This objection is not merely a red-herring, but a dangerous one at that. The balanced budget amendment helps protect social security by ensuring that when the IOU's in the social security trust fund come due, the Federal Government will be able to make the payments to the retirees counting on them. The exemptions proposed would endanger Social Security, and so does failing to balance the budget.

As I argued in the first round of debate on this matter, if we exempted Social Security from the balanced budget requirement, Social Security would be the only part of the budget which could run a deficit. This would create the dangerous incentive to run deficits in the social security account to ease pressure on balancing the rest of the budget, and might even lead to the chicanery of redesignating various programs as Social Security and thereby allowing deficit financing for them. This would endanger the solvency of the Social Security trust fund, leaving it with neither funds nor trust for retirees.

Now let me be clear about what is at issue. Those who were critical of the balanced budget amendment have said that Congress will raid the trust fund to balance the budget. This is confusing, rather than enlightening. In essence these critics object that there are not separate accounts set up under the balanced budget amendment for social security and other accounts. What is at stake is merely a question of accounting.

Proponents of the balanced budget amendment say that accounting formalities are not as important as sub-

stantive economic reality. When the Government takes money from people or gives it to people, it has the same overall economic effect no matter which pocket it puts it in or takes it out of. The real numbers, the ones to be concerned about are total Federal receipts and outlays. This is the consensus of almost everyone who analyzes budget issues, including President Clinton, most of Congress, and most private financial analysts.

Let me summarize the way the Social Security system works now: Money collected for Social Security comes into the Federal treasury. The treasury issues IOU's for that amount in the form of Government securities to the Social Security trust fund account and spends the money on other programs. Then as the IOU's come due, the treasury collects the IOU's from the trust fund and pays out money taken from the Federal treasury. This is the way it works now. And nothing in the balanced budget amendment would change that. And let me just say that as of now these IOU's are the most secure in the world: they are U.S. Government-backed bonds. The primary risk to the Social Security trust fund always has been and continues to be the risk that the Government might get so far into debt that it could not pay back these IOU's. Since the balanced budget amendment would return fiscal responsibility to the Federal Government, it would help protect Social Security by helping the Government always be able to meet its obligations to retirees.

Let me repeat: The real threat to Social Security is a Government that cannot pay its bills because it keeps piling up debt, not the accounting method used to count how high the debt is growing. The trust fund is not going to be depleted because of the balanced budget amendment. Indeed only a real balanced budget amendment will protect the financial solvency of the general treasury and of Social Security.

There is, however, one other threat to Social Security: a balanced budget amendment with an open-ended exemption for Social Security. Under alternative amendments offered by the other side on this issue, the Government would have to balance all its accounts except one—Social Security. So, all the pressure of balancing would have been placed on that account. The budget would be like a pressure cooker. And if steam can only escape through one valve, all the steam and all the pressure will go through that one outlet—and in balancing the budget there will be a lot of pressure. Social Security was to be that valve, and that would have been dangerous to the viability of the trust fund. This would cause the risk of either destroying the trust fund's solvency or creating a loophole in the balanced budget rule which could allow the same risk to the solvency of the Federal Treasury, either of which would betray the trust of those counting on the trust funds.

Let me summarize: Rather than protecting Social Security, these Social Security exemption alternatives would have endangered it—to effect nothing more than an accounting preference.

It is my hope that the balanced budget amendment can be sent on to the States so the country can have a debate about the fiscal future of our Nation and our Government. The people can then decide whether they want to ensure themselves of a Government that must act responsibly—with a constitutional safeguard for their children's future.

CONSTITUTIONAL ACCOUNTABILITY

Mr. President, I am always loathe to attempt to amend the Constitution. It is an undertaking that I approach with the most serious reservations and concerns. But it has become clear that a balanced budget amendment is necessary to save this country from economic catastrophe.

The Constitution speaks in terms of broad principles and general instructions of how democracy should operate in America. Some amendments to the Constitution provide people with rights that limit Government's authority while others provide for people to take part in our great democracy. The balanced budget amendment is a little of both.

While it is true that much of the enormous growth in Federal Government spending over the past two decades may be a response to evolving notions of the role of the public sector on the part of the American citizenry—that is, a genuine shift in the will and desire of the people—it is my contention that a substantial part of this growth stems from far less benign factors.

In short, the American political process is skewed toward artificially high levels of spending, that is, levels of spending that do not result from a genuine will and desire on the part of the people. It is skewed in this direction because of the characteristics of the fiscal order that have developed in this country in recent decades. It is a fiscal order in which Members of Congress have every political incentive to spend money and almost no incentive to forego such spending. It is a fiscal order in which spending decisions have become increasingly divorced from the availability of revenues.

The reason for this skew is simple—the future generations who will have to pay the bills for our extravagance have no political voice. Those who will join the work force in 20, 30, or 40 years may not even be born yet. But here we are, spending the money that they will need to live on.

Mr. President, one of the oldest and most basic appeals to fairness in the history of this great Nation is no taxation without representation. We teach it to all our children. It is this basic fairness that the balanced budget amendment is designed to uphold. Forecasts are that at current rates of spending our children may be crushed

with tax rates of 85 percent. All to pay for what we spend now, without their consent or even their knowledge. Surely every generation of Americans has the right to manage the country how it sees fit. But this generation is stealing from the next.

In seeking to reduce the spending bias in our present system—fueled largely by the unlimited availability of deficit spending—the major purpose of the balanced budget amendment is to ensure 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 such programs. For the first time since the abandonment of our historical norm of balanced budgets, Congress will be required to cast a politically difficult vote as a precondition to a politically attractive vote to increase spending.

The balanced budget amendment seeks to restore Government accountability for spending and taxing decisions by forcing Congress to prioritize spending projects within the available resources and by requiring tax increases to be done on the record. In this way, Congress will be accountable to the people who pay for the programs and the American people—including the future generations who must pay for our debts—will be represented in a way they are not now. Congress will be forced to justify its spending and taxing decisions as the Framers intended, but as Congress no longer does.

This protection of the rights of future generations of Americans is surely the kind of great principle for which our Constitution stands, and without it, the Constitution is incomplete.

Mr. KERREY. Mr. President, I rise in opposition to the balanced budget amendment to the Constitution.

The Constitution of the United States represents the greatest democratic achievement in the history of human civilization. It—and the self-evident truths which are its basis—has guided the decisions and heroic sacrifices of Americans for two centuries. Its precepts are a shining beacon of hope for millions of people across the globe who hunger for the freedoms that democracy guarantees. It has served us and the world extremely well.

Indeed, Madam President, this great document should not be amended in a rush of passion—or in the name of political expediency. It is evident from the Constitution itself that its authors intended the process of amendment to be slow, difficult and laborious—so difficult that it has been attempted with success only 17 times since the Bill of Rights. This document is not meant to be tampered with in a trivial fashion.

This proposed 28th amendment to the Constitution is intended to affect the behavior of America's congressional representatives. In that regard it is unique. Except for the 25th amendment, which addresses the issue of transfer of power, other amendments

affect the behavior of all Americans by limiting the power of government, protecting public freedoms, prohibiting the majority from infringing on the rights of the minority, or regulating the behavior of the States.

This would be the only amendment aimed at regulating the behavior of Congress—to date only 535 Americans—who, the amendment assumes, is incapable of making difficult decisions without the guidance of the Constitution's hand. That theory is grounded in the assumption that Congress and the public lack the political will to balance the budget.

I reject the argument.

Specifically, this amendment would raise the number of votes necessary in Congress for deficit spending from a simple majority to three-fifths and sets a goal of balancing the budget by the year 2002.

The amendment empowers Congress to pass legislation detailing how to enforce that goal, but does not itself specify enforcement measures. But nobody knows the answer to the question: what will happen if Congress and the President fail to balance the budget? The only mechanism our country has for enforcing the Constitution is the courts. So the amendment's ambiguity presents the serious possibility of protracted court battles which would give an unelected judiciary unwarranted control over budget policy—a power clearly out of the realm of their expertise.

The proponents of this amendment sincerely believe our Constitution needs to be changed in order to force Members of Congress to change their behavior, which, supporters argue, they will not do because they are afraid of offending the citizens who have sent them here. However, on that basis, there is a long list of constitutional changes they should propose, including campaign finance reform.

Mr. President, I support the goal of a balanced budget and have fought, am fighting and will continue to fight to achieve it. Recently my colleagues and I—Senators SIMPSON, BROWN, NUNN, and ROBB—proposed a provision that would have reformed long-term entitlements. Mind you, we did not dabble on the fringes, but instead took on some serious budgetary dilemmas, and avoided the use of gimmickry as a solution.

For our efforts we received 36 bipartisan votes—unprecedented support for this type of long-term entitlement reform. Our proposed changes to current laws would have caused taxpayers very little concern in the short term as these changes would be phased in and have no effect on anyone over the age of 50, and would save the Nation billions of dollars in the long term.

As well, the Senate recently voted on the Centrist Budget plan, that addressed a number of budgetary problems including entitlement reform, and provided a balanced budget in 7 years. This plan garnered 46 bipartisan votes—22 Democrats and 24 Repub-

licans—and is a fundamental indication that Congress is waking up to the need to reform our nation's budgetary ways and the need to get our economic house in order.

Four votes away from a bipartisan balanced budget in 7 years, Mr. President—a budget that would have passed had this not been a Presidential election year. So why do we need to amend the Constitution?

The Constitution and its 27 amendments express broadly our values as a nation. The Constitution does not dictate specific policy, fiscal or otherwise. We attempted to use the Constitution for that purpose once, banning alcohol in the 18th amendment, and it proved to be a colossal failure. If nothing else, this experience should have taught us that the mere desirability of a goal cannot become the only standard to which we hold constitutional amendments. Constitutional amendments must meet a higher standard.

Fundamentally, we should amend the Constitution to make broad statements of national principle—and, most importantly, Mr. President, we should amend the Constitution as an act of last resort when no other means are adequate to reach our goals. We do so out of reverence for a document that we have believed for two centuries should not be changed except in the most extraordinary circumstances. We have used constitutional amendments to express our preference as a nation for the principle of free speech, the right to vote and the right of each individual to live free. The question before us today is whether the need to tie Congress' hands on fiscal issues belongs in such distinguished company.

While I oppose this amendment, I understand, I understand the arguments for it. But if the appeal of a balanced budget amendment is simply the legal or political cover it provides for those tough choices, a statutory change could provide the same cover. If the assumption behind the amendment is that the political will to balance the budget does not exist, then make no mistake, those who lack that political will find a way to circumvent this amendment.

And beyond all the legal maneuvers, there is no cover for tough decisions but the courage to make them. A vote for this amendment is not a sign of courage—it is more an indication of timidity.

The balanced budget amendment assumes there is a structural flaw in our Constitution that prevents the 535 Members of Congress from balancing the budget. But if a flaw does exist, it is in the 535 Members of Congress themselves not the document that governs us. The fact is that we could balance the budget this year if we wanted to. And we can by statute direct the Congress to balance the budget by 2002, 2003, or any other date we choose.

The inherent weakness of the balanced budget amendment is that it tells us what to do over the next 7

years but ignores the following 20, the years which ought to command our attention. A balanced budget by 2002 still ignores the most important fiscal challenge we face: the rapid growth in entitlement spending over the next 30 years.

The year on which we ought to be focused is not 2002, but 2008, when the baby boomer generation begins to reach eligibility age for retirement. This will place a severe strain on the Federal budget. Our biggest fiscal challenge is demographic, not constitutional, and the amendment before us does not and cannot address it.

Unfortunately, and conveniently, this demographic challenge is kept from our view, not by an incomplete Constitution, but by a budgeting process that discourages long-term planning. The balanced budget amendment tells us what happens over 7 years. A 7-year span is completely inadequate when the most difficult budget decisions we need to make deal with problems we will face 20, 25, and 30 years down the road, when the aging of our population propels entitlement spending out of control. The most important recommendation of the Bipartisan Commission on Entitlement and Tax Reform was that we begin to look at the impact of budgets over 30 years rather than just 5 or 7. The reason is that our country looks very different, and our current budgets look very different, when viewed over that span.

We can see the trend even in the short term. Entitlement programs—which includes Social Security, Medicare, Medicaid, and Federal retirement—consume 66 percent of the budget this year. By 2002, it will be 73 percent. By 2005, the number is 78 percent. Those numbers are straight from CBO, and if we project further, Mr. President, we see that by 2012, mandatory spending and interest on the national debt will consume every dollar we collect in taxes. By 2013, we will be forced to begin dipping into the surplus in the Social Security trust fund to cover benefit payments, a practice that will go on for no more than 16 years before the trust fund goes into the red.

These trends have nothing to do with the Constitution, political will or pork-barrel politics. They have to do with the simple fact that our elderly population is growing and living longer while our work force gets smaller. My generation did not have as many children as our parents expected, and, as a consequence, the system under which each generation of workers supports the preceding generation of retirees simply will not hold up.

Indeed, long-term entitlement reform coupled with a reasonable reduction in discretionary spending—including defense—would reduce interest rates dramatically and achieve the goal of this amendment without tampering with the Constitution.

The result is sometimes described as a question of fairness between generations. Today there are roughly five

workers paying taxes to support the benefits of each retiree. When my generation retires there will be fewer than three. Unless we take action now, the choice we force upon our children will be excruciating: Continue to fund benefits at current levels by radically raising taxes on the working population or slash benefits dramatically.

Finally, I hope we keep our eyes on a larger prize than blind reverence to the idea of a balanced budget. Our goal should, in my view, be economic prosperity. I support deficit reduction as a means to that end. Deficit reduction is important not as an abstract ideal but as an economic imperative.

I believe in balancing the budget because it is the most powerful way to increase national savings. And increased national savings will lead to increased national productivity, which in turn will lead to higher standards of living for the American family. There is no short-cut to savings and no substitute that will get results. Increased national savings mean lower long-term interest rates and increased job growth in the private sector.

The balanced budget amendment assumes that a balanced budget is always the best economic policy. A balanced budget is usually the best economic strategy, Mr. President, but it is by no means always the best economic strategy. Downward turns in the economy complicate the picture. Downward turns result in lower revenues and higher spending, so there will be times—although very few of them—when a strict requirement for a balanced budget harms the economy by requiring the collection of more taxes to cover more spending in an economic environment which makes revenue collection more difficult in the first place. As I say, I believe those times are few and far between, but the Constitution is too blunt an instrument to distinguish between good times and bad. The American people hired us to do that job, not to cede it to a legal document that cannot assess the evolving needs of our economy.

As my friend and colleague the ranking member of the Finance Committee Senator MOYNIHAN has often said, "We do not need to put algebra into the Constitution." Mr. President, I could not agree more.

The bottom line for me is whether this amendment moves us toward achieving the correct goals and whether, if it does, we need to amend the Constitution to get there.

I believe a balanced budget is an important goal, but only as a component of an overall economic goal with a strategy that recognizes that skyrocketing entitlement spending is the most serious fiscal challenge we face. But I also believe that once we set those goals we can achieve them by statute or, more importantly, by changing our own behavior rather than changing the Constitution. And my respect for this document precludes me from voting to tamper with it when I

am not convinced that we must. This proposal for a 28th amendment does not command from me the same reverence in which I hold the 1st amendment, or the 13th or the 19th. And therefore, Mr. President, while I will continue to fight for its admirable goal, I will vote "no" on the balanced budget amendment.

The PRESIDING OFFICER. Under the previous order, the Democratic leader is recognized.

Mr. DASCHLE. Thank you, Mr. President.

Mr. President, I have a chart here that shows, as graphically as anything can, the number of times that our Republican colleagues have proposed in this Congress to change the U.S. Constitution. Not since the Bill of Rights have so many amendments been proposed all at once. No wonder the rumors of rumblings from gravesites from Monticello to Mount Vernon have been heard during this Congress. There are those who appear to believe that they know better than our Founding Fathers how our Constitution should be structured. They now advocate altering the U.S. Constitution not once or twice, but, as this chart shows, in 83 different ways. There were 83 amendments proposed by our Republican colleagues in this Congress to the U.S. Constitution. One has to wonder, Mr. President, whether or not there are those in this body, and in the other body, who believe they know better, and that somehow they are in a better position than our Founding Fathers to determine the advisability of changes in the Constitution to this degree.

I am not averse to constitutional amendments. I have supported some in the past. But before we do so, the first question we must ask is, is it necessary? We have had debates on the Senate floor in this Congress on whether or not to amend the Constitution to provide for protection of a flag. There are those who propose amendments that would somehow require the ability for public prayer in schools. In those cases, and in many others, I, as well as many of my colleagues, have concluded that indeed it is not in our best interest, that the Founding Fathers were correct that the first amendment rights need to be protected. We have shown the wisdom on those occasions to defeat proposals to amend the Constitution, as our forefathers would have.

We did not need a constitutional amendment 4 years ago, Mr. President, when this administration came to Washington, and the President decided—rather than talking about it, rather than constitutional amendments, rather than more proposals to modify the budget and bring this Government into balance—"I am going to do something about it." Indeed, he saw the need to do something about it.

Everyone recalls that, in 1992, the deficit was \$290 billion. In the first year in office in 1993, this administration, working with the Democratic Congress,

Mr. President, reduced that deficit to \$255 billion. In 1993, how well I remember the vote taken on this floor with virtually everybody in their chair, one-by-one, standing up, in one of the most courageous acts of deficit reduction since I have been here, and voting for a plan cut the deficit. That plan covered not just 1 year or 2 years, but 5 years of massive deficit reduction. And it passed by one vote.

As a result, the deficit in 1994 then fell to \$203 billion. Last year, in 1995, we did some more, and the deficits fell, not surprisingly, as a result of that action, to \$164 billion. Now, this year, we mark 4 years in a row of meaningful deficit reduction. With some courageous votes and real determination, the deficit is expected to fall to \$130 billion. That is the record over the last 4 years—from \$292 billion to \$130 billion.

For the first time since Harry Truman sat in the White House, the deficit has declined for 4 years in a row. The deficit has been cut in less than half since President Clinton took office.

That is the difference, Mr. President, between rhetoric and results. The only way that these results can continue, the only real way in the short-term that we can build on that record is with an negotiated agreement that balanced the budget by 2002.

A constitutional amendment, under the best of circumstances, is going to take several years to ratify. Who in this body would argue today that we ought to wait that long before we continue further efforts at deficit reduction? We all know we cannot afford to wait. The President realizes that and, for that reason, has held out an open invitation for Republican leadership to join with Democratic leadership and this White House to build on the record of the last 4 years, to take that \$130 billion down to zero, and to do it now. We can do it. We need to do it. But if that is going to happen, we must, in a bipartisan way, come together, resolve our differences, and put this country on the track to ultimate success. Not only are we not negotiating, Mr. President, not only may we miss that opportunity to balance the budget, but the very same threats that we faced in the early eighties are back with us again. I can hear them now. The political rhetoric is there. The same threats to the budget are as evident now as they were back then, 15 years ago.

In the 1980's, proposals for dramatic increases in star wars spending and dramatic cuts in taxes became more than just political rhetoric. They became reality. We were told we could do all of that without exploding the deficit. I remember how clearly, how persuasively the President at the time indicated that it indeed was possible. Well, now the reality is here. We are faced with the consequences. And \$5 trillion in debt later, some of us have learned, as we should have known back then, that if we follow that path, it will not be \$5 trillion in debt. Heavens

knows, it could go \$10, \$15, or \$20 trillion.

How ironic that similar proposals to those that created massive deficits in the 1980's are now again dominating the Republican rhetoric—the \$60 billion Defend America Act, and tax cuts ranging from \$600 billion to \$700 billion. The supply-side experiments of 1981 that created massive deficits are once again the centerpiece of the Republican agenda. To contend with such budget-busting proposals while debating the balanced budget amendment makes one wonder if we are facing historical blindness or gross hypocrisy. So let us recognize, if their fiscally irresponsible proposals come to fruition, we will be right back here all over again with yet more need for courageous action, to take this into our hands and to resolve it once and for all. We cannot afford that kind of rhetoric. We cannot afford those starry-eyed proposals if we are serious about accomplishing what we are debating today, balancing the budget.

Mr. President, having the realization that indeed building upon our 4-year record of deficit reduction is so important, it still begs the question, is an amendment necessary? Do we see it in our long-term best interests to amend the Constitution, to recognize that somewhere on this list may be an amendment that warrants our support? My answer to that question is yes. Beyond building upon the record that we have achieved, beyond the courageous work we have already done, my view is if the amendment is written properly, I support a constitutional amendment to balance the budget. In fact, I voted for such a properly crafted amendment last year during the previous debate on the balanced budget amendment, and I hope to vote for it again today.

But we must also realize that once it is part of the Constitution, there is no going back. We are not likely to change a clause or a phrase next year or the year after. That is not going to happen. Many Senate Democrats have offered a proposal which, in our view, does it right. Our alternative recognizes very important principles of constitutional law, but also recognizes the commitments on Social Security that we have made in statute and to the American people for generations.

Doing it right in this case recognizes the importance of protecting Social Security. Our amendment, which has been introduced this year by the Senator from Oregon, Senator WYDEN, proposes a firewall between Social Security and the rest of the budget. It is identical to an amendment crafted last year by the Senator from California, Senator FEINSTEIN, and the Senator from Nevada, Senator REID. Were it to be considered today, more than enough Senators would support it in order for it to pass.

In 1990, Mr. President, we made ourselves very clear on this issue by a vote of 98 to 2. This body voted for an amendment by Senator HOLLINGS to

take Social Security off budget. Why did we do that? We did it because we realized that Social Security has become a sacred trust; that that trust fund is going to be drawn down in the not too distant future, and we are going to need every dollar of it. We recognize that. So we said we are going to build a firewall. We are going to make absolutely certain that when we need that money, it is going to there. The program is financed by dedicated payroll taxes that were not to be raided to pay for general Government expenditures.

Mr. President, the pending version of the constitutional amendment breaks that promise. It breaks it. According to CBO's December baseline, the pending amendment anticipates using \$603 billion in Social Security trust fund dollars over the next 7 years to reach balance. This year alone, it anticipates \$71 billion borrowed from the trust fund. In the year 2002, as we proclaim a balanced budget, the fact remains that there will be \$103 billion anticipated in Social Security trust fund surpluses that will be counted toward that balance, so we will actually be \$103 billion in debt to future retirees.

So, Mr. President, we are violating public trust, and, in my view, we are actually overturning the law laid out on a 98 to 2 vote on the amendment passed in the Senate offered by Senator HOLLINGS.

This means continued reliance on payroll taxes to fund the Government, as well. Social Security, as everyone knows, is funded by a 12.4-percent payroll tax. It only applies to the first \$62,700 of income. As a result, this tax can be seen as regressive since it falls heavily on lower- and middle-income taxpayers. In fact, 58 percent of our taxpayers pay more in payroll tax than they do in income tax. We cannot allow funding of our Government by these working people, and we cannot allow the continued abuse of the Social Security payroll taxes. We should not fund the Government in large measure by a payroll tax which is regressive, the revenues from which are intended to be set aside in the Social Security trust funds for the needs of all beneficiaries.

Mr. President, we have a choice this morning. We have a real choice. We have the opportunity to build on the record of the last 4 years, to resolve to deal directly with our differences on budget priorities, and to build a balanced budget agreement in a way that will achieve a balanced budget by 2002. We can do that.

We also have an opportunity to build the next step, to pass an amendment that allows us to do it right, to pass an amendment that maintains a firewall between Social Security and the rest of the budget. The Constitution must recognize the critical, absolute dependence that we will have on Social Security trust funds in the future, and must recognize the meaning of a real balanced budget without the use of Social Security trust funds. It must recognize, too, our appreciation of the trust

of the American people. That is our choice. We can do it right or, once again, we can violate that trust. We can do it in a way that I believe undermines the credibility of this Constitution and what it was meant to do when our Founding Fathers wrote it 200 years ago.

We are not going to pass 83 constitutional amendments. We should not pass even one if it is not written correctly. We have the opportunity this morning, Mr. President, to approve an amendment that is properly crafted. The Senator from Oregon will seek unanimous consent that the Senate today vote upon his thoughtful alternative that accomplishes all of the goals of the amendment before us, without enshrining abuse of the Social Security trust funds in the Constitution.

I now yield to the distinguished Senator from Oregon, Senator WYDEN.

The PRESIDING OFFICER. The Senator from Oregon.

Mr. WYDEN. Mr. President, I thank the minority leader for yielding me this time.

I take this time to say that I think this is an historic opportunity for the Senate to get this job done right, to get this job done on a bipartisan basis. I do not think anyone doubts how this vote on the majority leader's proposal is going to turn out, today.

I believe we could have an alternative ending, however, that would benefit the American people, that would ensure that we get real fiscal discipline, and at the same time provide long-term security for generations of Americans to come. That is why I am hopeful that today we will have an opportunity to vote on a measure that is identical to that offered by the majority leader save for one difference. The alternative constitutional amendment to balance the budget would simply bar the use of the Social Security surplus or Social Security taxes for balancing the Federal budget.

Mr. President, and colleagues, it is clear that both political parties—let me emphasize—both political parties have in the past used that Social Security surplus to mask the overall Federal deficit. I think that has to end. I think that the amendment, the alternative described today, would give us an opportunity on a bipartisan basis to tackle this issue responsibly and end it once and for all. It is time to close this road show and give the people what they want. Our proposal would provide that opportunity.

Some of my colleagues apparently believe that you cannot balance the Federal budget without cooking the books. They have been trying to highlight various kinds of defects that they allege exist in our measure. I do not think the American people benefit from all of this. I do not think that the country benefits from this. The country benefits from an approach that forces both political parties to keep straight books, to get rid of the accounting fiction, and to make the

tough calls with respect to both the Federal budget and the Social Security program.

Therefore, Mr. President, I rise now to ask unanimous consent that immediately following the vote on House Joint Resolution 1, the Senate proceed to the consideration of Senate Joint Resolution 54, a balanced budget constitutional amendment that protects Social Security, and that the joint resolution be read a third time, and at the end of that the Senate proceed without any intervening action or debate on passage of that joint resolution.

The PRESIDING OFFICER. Is there objection?

Several Senators addressed the Chair.

The PRESIDING OFFICER. The Senator from Oklahoma.

Mr. NICKLES. Mr. President, I object—at least I reserve the right to object. I will make a comment to my friend and colleague from Oregon. Let me ask a question.

The essence of the unanimous-consent request is that he wants to have placed before the Senate by unanimous consent a constitutional amendment to balance the budget with an exception saying we are not going to count Social Security—Social Security taxes do not count, Social Security spending does not count, Social Security balances do not count—and the Senator wants to have that placed before the Senate without amendment, without discussion, and for a vote. Is that correct?

Mr. WYDEN. If the Senator will yield, the Senate prior to my coming here has debated and voted on this proposition, last year. In fact, in 1995, there were more than 80 votes on a motion asking the Budget Committee to refashion the leader's amendment to include Social Security protection. This is not a new issue to the U.S. Senate. More than 80 Members of the Senate, on a bipartisan basis, have voted for the alternative that I would like to offer in the form of a constitutional amendment, today.

Mr. NICKLES. Mr. President, I am not sure I got an answer, but I think I was correct in stating that the Senator's request—he would like to offer that.

I object. I object on the grounds—because Social Security taxes are taxes. Social Security outlays are spending. Constitutionality, in my opinion, should not be confused by what I would say is maybe an attempt to obstruct or maybe give political coverage for people who are not supporting a real constitutional amendment which says all revenues and all expenditures, and you cannot spend more than is received.

I object. I respectfully object.

The PRESIDING OFFICER. The Senator from Oregon has 1 minute remaining.

Mr. WYDEN. Mr. President, I will only say that the Senate on a bipartisan basis is formally on record with more than 80 Senators in support of this proposition. We have a choice, as

the minority leader has said. We can let this go down once more or we can have a vote on a proposal that I offer to my colleagues that will impose real fiscal discipline and at the same time assure that Social Security is protected for both workers and retirees in the days ahead.

Mr. President, I yield the floor.

Mr. HATCH addressed the Chair.

The PRESIDING OFFICER. The Senator from Utah.

Mr. HATCH. I ask for 30 seconds from the leader's time.

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

Mr. HATCH. Mr. President, we have never had a balanced budget amendment up where 80 percent of the Senators voted for this type of amendment. At the last minute to have an amendment like that literally creates a complete dislocation in the whole budget process. It would be highly unusual and we believe improper.

Mr. WARNER addressed the Chair.

The PRESIDING OFFICER. The Senator from Virginia.

Mr. WARNER. Mr. President, I ask unanimous consent that I might use not to exceed 2 minutes of the time allocated to Senator DOLE and that I might include in the RECORD certain documentation.

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

Mr. WARNER. Mr. President, I have participated before in these amendments, and have supported them throughout my career in the Senate. A balanced budget is essential for the United States. And each time I go back and bring to the attention of the Senate a resolution—this one is Senate Resolution 38—by my distinguished former colleague and senior Senator from Virginia, Harry F. Byrd. Each year he would bring before this body, and we would pass, a resolution which said, in effect, Congress shall assure that the total outlays of the Government during any fiscal year do not exceed total receipts for the Government during such fiscal year.

That is the essence of a balanced budget. Each year we passed this resolution. Each year it became law. And my distinguished colleague from South Carolina is nodding assent to that fact.

And what happened? What Congress does one day it can undo the next, and this resolution became worthless each year.

Mr. President, that is why we have to go to the Constitution of the United States to bring about the discipline required to compel the Congress of the United States to have a balanced budget. The laws that we pass—and we did I think eight times pass Senator Byrd's resolution—are undone the next day.

So we have no other recourse than to turn to the constitutional amendment and send it to the several States and allow the people all across this Nation to support the concept of amending the Constitution of the United States to bring about fiscal discipline which this body requires.

Mr. President today we are on the floor of the U.S. Senate with an opportunity to perform an historical act before the 104th Congress concludes later this year. Today, we are on the verge of ensuring that our Nation will have a balanced budget, free of any sleight of hand, as our majority leader prepares to depart. The Republicans have been working toward this end for years, and we must continue to stay firm on our mission.

As we have seen over the past 6 months, America's financial markets are showing their support for the Republican effort toward a balanced budget. If we are successful on this vote today, there will be another strong reaction on Wall Street. Wall Street reflects the views of millions of investors in America's future.

It is not only the investors in America's future that are behind us, but also Americans—in every walk of life—throughout this Nation. My phone lines have been busy, and in my State of Virginia, the calls have been overwhelmingly in support of our staying the course and finally balancing our Federal budget. The balanced budget constitutional amendment is supported by 83 percent of Americans, according to a poll published in a recent edition of USA Today. This proposed constitutional amendment, which passed the House by a 300-132 vote in January 1995, will enable all Americans, through their State legislature, to participate in the most important long-term decision facing us today.

Anything less than 67 votes would be failure, and an abdication of our responsibilities to those voters who gave this Congress a mandate to clean up our fiscal house. This is not a political issue, although there are those who would make it so. This is for our children, grandchildren and their heirs.

When the Senate voted March, 1995, and fell only one vote short, the majority leader said, at that time, that we would have another chance to give the American people what they want. Now is the opportunity for which we have been waiting. This Congress has a remarkable opportunity. We can take action that will benefit generations to come with the balanced budget amendment. It is our mission today, and it will become our legacy tomorrow.

When the final balanced budget constitutional amendment is passed, both Republicans and Democrats will have participated in the reaffirmation of the future of America. I am confident that today will prove to be that reaffirmation and I wholeheartedly support this resolution.

Mr. President, I ask unanimous consent that the text of Senate Joint Resolution 38 be printed in the RECORD.

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

S.J. RES. 38
(96th Congress)

Resolved by the Senate and House of Representatives of the United States of America in

Congress assembled (two-thirds of each House concurring therein), That the following article is hereby proposed as an amendment to the Constitution of the United States, which shall be valid for all intents and purposes as part of the Constitution when ratified by the legislatures of three-fourths of the several States within three years after its submission to the States for ratification:

“ARTICLE—

“SECTION 1. In exercising its powers under article I of the Constitution, and in particular its powers to lay and collect taxes, duties, imposts, and excises and to enact laws making appropriations, the Congress shall assure that the total outlays of the Government during any fiscal year do not exceed the total receipts of the Government during such fiscal year.

“SEC. 2. During the fiscal year beginning after the ratification of this article, the total outlays of the Government, not including any outlays for the redemption of bonds, notes, or other obligations of the United States, shall not exceed total receipts, not including receipts derived from the issuance of bonds, notes, or other obligations of the United States.

“SEC. 3. In the case of a national emergency, Congress may determine by a concurrent resolution agreed to by a rollcall vote of two-thirds of all the Members of each House of Congress, that total outlays may exceed total receipts.

“SEC. 4. The Congress shall have power to enforce this article by appropriate legislation.”

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

The PRESIDING OFFICER. The majority leader.

Mr. HATCH. I withdraw it.

Mr. DOLE addressed the Chair.

The PRESIDING OFFICER. The majority leader is recognized.

Mr. DOLE. March 2, 1995 was the last time we were all here talking about the balanced budget amendment. It was a very historic vote. We fell one vote short. And so we might reconsider that vote I changed my vote to “no” and entered a motion to reconsider.

That is what we are now doing. And I might confess that I thought—when I first thought about bringing this vote up, I thought I had to be here to do that; that when I left, it could not be brought up again. But the Parliamentarian properly advised me that once the motion is entered anybody can call it up. So I can say to my colleagues when I made my resignation statement, I was under some little misapprehension about whether or not we could do this.

But in any event, the point is I think it is the appropriate thing to do. There are fundamental differences. I know some are all over the lot on why they cannot vote for this. And some just do not believe it is the right thing to do. I understand that, and I do not question anybody's motives.

We have all talked about a balanced budget, and everybody has one in their hip pocket. But we have not passed any. We have passed ours and I believe we voted on the Democrats. The President vetoed a balanced budget—another reason we need an amendment.

We are working on a balanced budget through the legislative process now. In

fact, I hope we can come to some conclusion on that and get it done before the week is out.

There is a lot of talk in politics about children. There should be. They are the future. And what we do here will have a direct impact on children, on their hopes and their aspirations. I think today's vote certainly, talking about children, talking about their future, talking about the opportunities they may have, ties it all together. Just mentioning children does not do much for children. Passing a balanced budget amendment would. We would have a balanced budget. We would see interest rates drop. We would see Government responding not to every special interest group but to the balanced budget amendment where we would have to say, no, we cannot do it. And we would reorder some priorities around here. For all those who make speeches about the children and their future and crime and drugs and all the problems and all the temptations they have, here is an opportunity to stand up for children.

I have believed in this for a long time. Back in 1971 I started to talk about a balanced budget amendment. And they are very difficult to put together. You can always find some reason to oppose it—do not include this, do not include that.

So we will have this vote. We will lose, but we will have made the statement. That is the important thing. You made the statement. It will be back next year.

Mr. President, perhaps no policy is more important to the economic future of all Americans and particularly to the future of our children than a balanced budget. And that's why I believe there may be no more important issue for the U.S. Senate than whether we will finally pass the balanced budget amendment to the Constitution.

We take a lot of historical votes here in the Senate, but the vote on the balanced budget amendment is one of the most important in decades. It is a question of trust. Of whether we trust the people, of whether we trust the Constitution, of whether we trust the States. And most importantly, it is a question of whether future generations of Americans can put their trust in us.

Will we follow the experience of 49 States that are required by law to balance their budgets? Do we trust the people to be able to have the right to ratify this amendment through their State legislatures in the process spelled out by the Constitution?

We had 67 votes then to make it a part of the Constitution, as everybody knows, it has to go to the States and be ratified by three-fourths of the States. A lot of us have talked about returning more power to the States, power to the people. Dust off the 10th amendment, which is 28 words in length, which says in effect, the powers not delegated to the Federal Government by the Constitution nor denied to the States belong to the States and to the people.

So I have confidence in the people of Ohio, the legislators in Kansas, Mississippi, Virginia, Utah, South Carolina, Oregon, North Dakota, wherever. I have confidence in their judgment. So why not give them an opportunity, those who are closer to the people, to make the judgment.

Ultimately, this is a question of our values as a nation. Which do we value more: The fleeting interests of the moment, or our economic futures and destiny.

Last year the House of Representatives passed the balanced budget amendment by a vote of 300 to 132—more than the two-thirds majority required by the Constitution. We then had several long weeks of debate here in the Senate before the amendment narrowly failed on a vote of 65 to 35 on March 2, 1995.

We will shortly have our final vote on the motion to reconsider House Joint Resolution 1. The vote total may not change much today, but this vote is important to place us all on record with the American people on an issue of supreme importance to all Americans. So in a few minutes we will have one last vote—one last chance—to do what's right, and send the balanced budget amendment to the States for ratification.

When we debated the constitutional amendment last year, I quoted Thomas Jefferson, who was so concerned about the ability of Democratic Government to control spending, that in 1789 he wrote:

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, morally bound to pay them ourselves.

Jefferson's fears of 200 years ago are today's tragic reality. In 1994, the Federal Government spent \$203 billion in interest on the national debt—more than it spent on education, job training, public works, and child nutrition combined. In 1994, Americans paid an average of \$800 per person in taxes just to service interest on the debt—not to pay off the debt or even to reduce the debt just to pay the interest on the debt.

Some say deficits don't matter. But the fact is that the Federal budget deficit is like a tax hike on working families, and one that binds future generations of Americans exactly as Jefferson had warned.

The deficit drives up interest rates—and not by a little but by a lot. It is a stealth tax that every family with a home, every father and mother with a child in college, every young person who buys a car must pay, and pay, and pay.

What does this stealth tax cost in dollars? Over \$36,000 on a typical home mortgage. More than \$1,400 on an ordinary student loan. Nearly \$700 on a typical car loan.

I know around this place we sometimes fail to understand there are real

people out there waiting for us to make responsible decisions. I had an experience the other morning with the distinguished Senator from Virginia, in Virginia, near Richmond. Because of a lack of \$65 per month, this young couple and their young daughter, a baby, could not buy the house they wanted. To us, \$65 a month is \$65 a month. To them, it was a matter of a home. And since the President vetoed the balanced budget, interest rates have risen about one and a quarter percentage points.

So that couple and another young man—we visited his home—he did not get the home he wanted, the one for \$119,000. He took the one for \$109,000 because of interest rates. So we can make all these great speeches here that we want, but they are real people and they live in the District, they live in our States, where 1 percent of interest rate does make a difference.

We simply cannot continue to mortgage America's future. If we continue current tax and spending policies, future generations will be saddled with effective tax rates of more than 80 percent. Failure to stem the flow of red ink from Washington amounts to taxation without representation on our children and grandchildren.

That's why the question before us today is, as Jefferson said, "Of such consequence as to place it among the fundamental principles of government."

I don't think the balanced budget amendment is a partisan issue. Many Democrats voted for the amendment last year and we'd certainly like to have a couple more today.

It is not a partisan issue. I have said this publicly for a long time. The leader of the balanced budget effort that I have known for a long time is the Senator from Illinois, Senator SIMON, who is leaving the Senate. You could vote either way if you are leaving and not worry about it, but he is sticking with principle.

We are not going to change any votes because this is an election year and I happen to be the Republican candidate for President. I respect those on the other side who feel they must reflect the views of the occupant of the White House, the President, on it.

We had several Senators who had voted for this before, six, in fact, who switched their votes on March 2, 1995. In fact, we were counting 70-some votes for the amendment.

Several Senators who changed their votes last year talked about a Social Security firewall. We tried to reach out to those Senators to ensure that Social Security surpluses can never again be used to mask deficit spending. I believed that, after a suitable phase-in, the Federal budget could be balanced without counting the surpluses in the Social Security trust funds.

I still hope that one or two of those six Senators who changed their votes last year can come home again and support the balanced budget amendment as they have in the past.

As I said, the question of whether we saddle posterity with our debts does not divide us along partisan lines—some Democrats have been a part of this effort from the beginning. But the balanced budget amendment is a critical test of whether we are willing to be responsible for our debts, and to be, in Jefferson's phrase, "Morally bound to pay them ourselves."

And here is where the President has lacked leadership—where it matters most. Unlike his predecessors, he has opposed this amendment. The White House lobbied furiously against it and rounded up enough support to defeat the amendment last year by one vote.

But we always can hope. And I am hopeful. If it does not happen today, it will happen maybe later this year. Maybe next year the White House will not lobby against it. Maybe somebody will be there to lobby for it. Maybe we can find the votes, the three or four votes that we need.

It is no small accomplishment that almost all of us in this Chamber now agree that the budget should be balanced by the year 2002. That's a big change since last March. It's not just Republicans saying it now, but all of us—from Republicans to blue dog Democrats to the President. That in itself is good news for America. Since we all agree that it should be done by the year 2002, let's pass the amendment that requires that we do it by the year 2002.

But talk is not enough. President Clinton had an opportunity to demonstrate serious commitment for a balanced budget by urging his Democratic colleagues to support this amendment. Make no mistake: President Clinton's opposition continues to be the single largest obstacle standing in the way of a balanced budget amendment to the Constitution that 83 percent of the American public want.

The Federal budget has not been balanced since 1969. Since that time, Congress has passed no less than seven different laws containing balanced budget requirements.

But despite all the votes, all the speeches, and all the good intentions over the past quarter of a century, the Federal debt has grown each and every year.

Last year we passed the first balanced Federal budget in a generation. But President Clinton vetoed it. The record of the past 25 years is frustratingly clear: We simply cannot rely on statutory changes to get the job done. We need the balanced budget amendment to the Constitution to guarantee that the job gets done.

That's why I first introduced a balanced budget amendment back in 1971. And that's why I know ultimately someday this amendment will pass. Maybe not today. Today those of us who for years have been battling for a balanced budget amendment may feel all too much like that ancient Greek philosopher rolling the heavy rock up the hill just to have it roll back down again.

It is like the line-item veto. It was never going to happen, but it did, thanks to Senator MCCAIN and COATS and others on the other side of the aisle.

But this issue is the right one for America. And one day the balanced budget amendment to the Constitution will be passed in accordance with the wishes of the overwhelming majority of Americans. As for today, at least every American will know exactly where each and every one of us stands on the issue, and every American will know exactly where President Clinton stands on the issue.

In a few moments, Mr. President, we will have one last vote on whether we can finally pass the balanced budget amendment and send it to the States for ratification. Remember, no single action here in the U.S. Senate is the end of the line.

The final decision about whether or not the balanced budget amendment will go into effect rests with those outside Washington. The Founding Fathers decided to give the ultimate authority over constitutional amendments to those who are closest to the people—the men and women who serve in State houses around the country.

Let's trust the States and put our faith in the American people. Let's go through the constitutional process that our Founding Fathers so wisely set up. There's a word for that process. And that word is democracy.

Passing the balanced budget amendment is the singlemost important thing we can do to ensure that Nation's economic security and to protect the American dream for our children and grandchildren.

In this vote we address the fundamental principles of government, and we should, each of us, consider ourselves bound by Jefferson's admonition to be mindful of posterity, and discharge our moral debt to future generations of Americans.

The PRESIDING OFFICER. Under the previous order, the hour of 12 noon having arrived, the Senate will now proceed to vote on the passage of House Joint Resolution 1. The question is, Shall the joint resolution, as amended, pass? The yeas and nays have been ordered. The clerk will call the roll.

The legislative clerk called the roll.

Mr. FORD. I announce that the Senator from Rhode Island [Mr. PELL] is necessarily absent.

I further announce that, if present and voting, the Senator from Rhode Island [Mr. PELL] would vote "no."

The PRESIDING OFFICER (Mr. ASHCROFT). Are there any other Senators in the chamber desiring to vote?

The yeas and nays resulted—yeas 64, nays 35, as follows:

[Rollcall Vote No. 158 Leg.]

YEAS—64

Abraham	Bond	Campbell
Ashcroft	Breaux	Chafee
Baucus	Brown	Coats
Bennett	Bryan	Cochran
Biden	Burns	Cohen

Coverdell	Helm	Pressler
Craig	Hutchison	Robb
D'Amato	Inhofe	Roth
DeWine	Jeffords	Santorum
Dole	Kassebaum	Shelby
Domenici	Kempthorne	Simon
Faircloth	Kohl	Simpson
Frist	Kyl	Smith
Gorton	Lott	Snowe
Graham	Lugar	Specter
Gramm	Mack	Stevens
Grams	McCain	Thomas
Grassley	McConnell	Thompson
Gregg	Moseley-Braun	Thurmond
Harkin	Murkowski	Warner
Hatch	Nickles	
Heflin	Nunn	

NAYS—35

Akaka	Feinstein	Levin
Bingaman	Ford	Lieberman
Boxer	Glenn	Mikulski
Bradley	Hatfield	Moynihan
Bumpers	Hollings	Murray
Byrd	Inouye	Pryor
Conrad	Johnston	Reid
Daschle	Kennedy	Rockefeller
Dodd	Kerrey	Sarbanes
Dorgan	Kerry	Wellstone
Exon	Lautenberg	Wyden
Feingold	Leahy	

NOT VOTING—1

Pell

The PRESIDING OFFICER. On this vote, the yeas are 64, the nays 35.

Two-thirds of the Senators voting, a quorum being present, not having voted in the affirmative, the joint resolution fails of passage.

Mr. HATCH addressed the Chair.

The PRESIDING OFFICER. The Senator from Utah.

Mr. HATCH. Mr. President, we knew this was a foregone conclusion. I just have to say that today the liberal politicians have won again, and the American people have lost. We knew that was going to happen. We had no illusions about it. But it is simply amazing to me that, yesterday, some on the other side spent time attacking Senator DOLE, who sincerely has brought this amendment to the floor on a number of occasions. The only time it has ever been brought to the floor with a real chance of passing is when Republicans were in the majority of the U.S. Senate.

But what happened here is that some have tried to use this critical, historical debate, which will affect the future of our very children and grandchildren, for political ends and personal gain. I feel badly about that. Some have used the phony excuse of protecting Social Security. Those protectors have now left Social Security and all of our security open to the mercy of the big spenders.

Look at the current problems we face with Medicare. We said, a few years back, that we had to do something to fix it. Really, there has been little or no effort by this administration to do it. We told them Medicare was going broke. They laughed. Now their people have confirmed that we were right and they were wrong.

So when is the charade going to stop? When are the American people going to realize that the balanced budget amendment was defeated today because there are taxers and spenders here who do not want to be fiscally res-

sponsible? They won the day, and the American people, our children, and our grandchildren have lost.

Mr. President, I feel badly that we have lost this today. Knowing that we were going to, it has been somewhat philosophically accepted. But the fact is, it is not going to go away. We are going to have to put fiscal discipline into the Constitution if we ever want to get the spending practices under control. All Republicans but one voted for the amendment, and we had 12 Democrats vote for the amendment. I am personally grateful for those 12 Democrats who stood up and voted for this amendment. It means a lot to me personally, but I think it means more to the country. I hope that in the future we will get more on that side. This is the last chance to really keep America on sound fiscal footing.

DIFFERENCES IN JUDICIAL PHILOSOPHY

Mr. HATCH. Mr. President, I want to talk about another matter very near and dear to my heart. For some time now, I have been discussing the differences in judicial philosophy between the judges selected by Republican Presidents and the Presidents from the other side of the aisle. These differences can have real and profound consequences for the safety of Americans and their neighborhoods, homes, and workplaces. These differences, I might add, have serious consequences.

During these various speeches that I have given, I called attention to certain Clinton judges who have long track records of being soft-on-crime, liberal activists. One of these judges is Judge H. Lee Sarokin, a Clinton appointee to the U.S. Court of Appeals for the Third Circuit. Judge Sarokin has displayed an undue and excessive sympathy for criminals and is too willing to impose his own moral beliefs onto the law and onto our communities.

Judge Sarokin is the judge, this body may recall, who, before he was elevated by President Clinton to the third circuit, ruled that a homeless man could not be barred from a public library because of his body odor even though it was offending everybody in the library.

Judge Sarokin also issued several other activist decisions as a district judge, including some released convicted murderers from jail. I opposed his elevation to the third circuit because I believed he would continue his own special brand of judicial activism. My prediction has been proven true time and time again as Judge Sarokin voted to aggressively expand double jeopardy and to overturn several murderers' convictions.

This week Judge Sarokin informed President Clinton that he will retire at the end of July after 22 months as a circuit court of appeals judge. Judge Sarokin claimed that he was retiring because of the criticism that I and others have made against his activist decisions.