

a credit and not an exemption or deduction. Thus, each child in any family is going to be worth \$500 more, regardless of the income of the family. And the phaseout ranges of the credit begin at a lower level of income than do the phaseout ranges of the current dependency credit.

So if any Senators claim that they want to defend families in this budget, the best place to start is by taking money away from Washington and returning it to the families. Families can spend that money more wisely than Washington can spend that money.

Besides that \$500 tax credit per child to help empower families, this budget resolution of 1997 reforms entitlements. It would be wonderful if we can continue to allow entitlements to grow unchecked, but that is not possible. Without legislative maintenance, entitlements are going to swallow themselves. We know now that if we do not do something about entitlements, by 2012, the entire budget will be made up of entitlements and interest on the national debt, with nothing even for national defense.

Also, our budget resolution will save \$53 billion in welfare programs as we reform welfare and turn it back to the States. Medicare spending is going to go up at a rate that will allow us to consume \$72 billion less than under present payout. Of course, we just heard last week that Medicare is racing toward bankruptcy in 5 years. We will not allow that to happen. We allow Medicare spending to go up from \$4,700 per person per year to \$6,800 per person per year, and its solvency is extended 10 years in this budget resolution. We do this without increasing the regressive payroll tax, and we do it with keeping the part B premium at its present level of 25 percent of total program cost. We freeze discretionary budget authority in this legislation in 1997 at the 1996 level. One place where I disagree with Republicans is that defense spending in our bill is too high. I made an effort on the floor of the Senate to cut that back by \$11 billion, but that lost. This budget compromise between the House and Senate reflects that higher level of Defense expenditures. I think that if families are tightening their belts, and other programs in Washington are tightening their belts, and if entitlements have to have their belts tightened, defense contractors ought to have their belts tightened as well.

Finally, the budget process is somewhat changed from last time. This budget resolution offers three separate and independent reconciliation bills. Each bill can live without any of the previous bills. The structure of the two succeeding bills depends upon the success of the preceding one. This is a sound and flexible plan that will allow us to present to the President something that he will not have any excuse for vetoing, as far as I am concerned, considering the fact that he vetoed last year's budget that we gave to him.

The days of our living beyond our means, hopefully, come to an end with the adoption of the budget resolution for 1997. Hopefully, it puts us on a path, for the first time in a generation, to get to a balanced budget. Hopefully, it means that each generation is going to assume its fair share of pain for our programs and for ending the principle of passing on to future generations the cost of our programs for today.

I yield the floor. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. GORTON. Mr. President, I ask unanimous consent that further proceedings under the quorum call be dispensed with.

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

Mr. GORTON. Mr. President, I ask unanimous consent that I may be able to use such of the time reserved for the Senator from New Mexico as I may use.

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

THE BUDGET RESOLUTION

Mr. GORTON. Mr. President, sometime late tomorrow or early on Wednesday the Senate will begin formal consideration of the budget resolution adopted late last week by a conference committee. That budget resolution, in common with its predecessor a year ago, will clearly put the United States on the road to a balanced budget, a goal shared by more than 80 percent of all of our fellow citizens.

To a certain extent, Mr. President, a balanced budget is a goal in the abstract. It is a phrase that sounds good, sounds responsible, but nonetheless is divorced from our day-to-day concerns. It is, however, vitally important to our future, but most particularly to the future of our children and our grandchildren, to those who come after us.

Almost 200 years ago Thomas Jefferson spoke of it as a moral imperative, that it was simply a moral wrong for the politicians of his day or of ours to spend money on programs, however worthy, that they supported, but to refuse to pay the bill, to send that bill to someone else.

Thomas Jefferson's words are as important and as valid today as they were at the beginning of the 19th century. It is our obligation to seek this goal, and not just to seek it, but to put the Nation on a path pursuant to which it will be attained.

It does, of course, go beyond a pure moral imperative. It is a financial imperative as well.

We know by the almost unanimous opinion of economists who dig deeply into this issue that the mere promise of a balanced budget, accompanied by a set of policies that will lead us shortly after the turn of the century to reach one, will have a positive impact. Such

a promise will lower the interest rates that men and women pay on the homes they purchase or wish to purchase, on their automobiles and other large consumer purchases, on their businesses, small and large, designed for their own future, and for the creation of opportunity in our society and our economy.

The actual accomplishment shortly after the turn of the century of a balanced budget will mean somewhere between \$1,000 and \$2,000 per average American family additional in their pockets, partly because of the lower interest rates that I have already described and partly because, all other things being equal, the economy will be that much stronger. There will be that many more and better jobs for Americans in just a very few years from now. This is a case in which the moral imperative and the financial desirability as a course of action lead us in precisely the same direction.

Mr. President, under those circumstances, why is this not only a unanimous goal, but why are not the policies that lead to that equally unanimous? I do not remember during the course of the last year any Member of this body standing before the body and saying, "It is a poor idea. It is not something that we should bother with at all." No, Mr. President, everyone gives at least lip service to the idea, but that lip service goes little further when it comes to the practical methods of attaining the goal. With those who voted no as recently as last week on a constitutional amendment that would mandate attaining a goal, to those who will vote no tomorrow or the next day, the answer will constantly be, "We have to do it differently. I do not like this balanced budget." It is some other balanced budget, my own or someone else's, that is the only way to go. In other words, the details, the tendency for perfection in the mind of each individual Member, interferes with attaining a goal so important both morally and economically.

Mr. President, perhaps all of us could have been accused of that course of action as recently as a handful of years ago. Almost never, in my memory, did anyone seriously propose a budget that led to that balance until the dramatic vote of something more than a year ago in which the balanced budget constitutional amendment, having been approved by the House of Representatives, was defeated here by a single vote. Following that dramatic loss, many Members took much more seriously the lip service they previously had given to a balanced budget. In fact, a majority of this body came up with a budget resolution and then enforcing statutes that would reach that goal by the year 2002.

Regrettably—I think profoundly regrettably—the President of the United States vetoed that proposal with the statement that we ought to do it in a different way. Now, that statement came in spite of the fact that the President of the United States had never

previously proposed any way of reaching that goal. Since that veto, Mr. President, not surprisingly, given the predictions of what success would bring, failure has brought an increase in interest rates. Almost half of last year's gain has now been lost. The prospects of the good economics that result from a balanced budget are limited.

The President criticized the budget by reason of what it did to strengthen and preserve Medicare. Yet, just last week, his own Medicare trustees have said the very challenges in the Medicare system that last year's balanced budget was designed to cure have become not better, but worse. Even so, Mr. President, we now have a proposal from the administration called a "balanced budget" that has been severely, and I think appropriately, criticized by Members on this side of the aisle on the ground that it was not real.

Just yesterday in the Washington Post we saw an analysis of some elements of that proposal by a normally relatively liberal columnist who pointed out what we already knew, the President's budget for this year increases spending on a number of politically popular programs and proposes dramatic cuts in those programs next year and the year after. However, Mr. President, when his Cabinet Members in charge of administering those programs were asked how they would deal with those reductions in future years, they assured Members of Congress that, in fact, the President had privately assured that they would never, in fact, take place; that they were, in effect, phony figures designed to create a paper balance that never, in fact, would take place.

Now, Mr. President, we are faced with a dramatic choice: Do we vote in favor of the one proposed budget resolution now available to us that includes difficult but necessary policy decisions to reach this goal desired by so many Americans for so many good reasons, or do we continue to say, "Not this one, not now, wait until next year, do it differently"?

Mr. President, I was one of the dozen Republican Members who joined with a dozen Democratic Members to come up with a different proposal, a bipartisan proposal, to reach the same goal in approximately the same period of time, a proposal that I thought at least in some respects to be superior to the one that is about to come to the floor of this U.S. Senate. Mr. President, that proposal received 46 affirmative votes out of 100 Members of the Senate. That is not quite enough. The reason that it did not quite go over the top was that the President of the United States rejected that proposal to exactly the same extent that he rejected the Republican proposal. He would not endorse it. He would not even say he would sign it if its enforcing legislation was to be passed.

So the first bipartisan attempt in a decade at solving this contracted bud-

get problem has been rejected. Now we are faced with another proposal, almost as good, certainly plenty good enough to reach the goal, which is very, very likely to be passed by a strictly partisan vote, and then to have its enforcing legislation vetoed by the President of the United States. I regret that, Mr. President.

I hope during the course of the debate in the next 2 or 3 days some Members of the other party who worked so hard and so sincerely and so diligently on the bipartisan proposal will see the many similarities between their product, our product, and the one that is now before us, and will generously and with a good heart determine that if they cannot have perfection, they can certainly get—even from their own perspective, with our budget—a vastly superior program to that proposed by the President's administration. I hope that some of them at least will have courage enough to join with us to move the whole project forward, to help us see to it that we do something that we are enjoying to do, like no less a historic personage than Thomas Jefferson, as a matter of moral imperative, and something that will have such a tremendously positive impact on our children and grandchildren in general and generations yet to come, who do not have the right to vote in this fall's election, but who are our responsibility nevertheless.

Mr. President, this is a fine resolution. It is a courageous resolution. It is a moral resolution. It is an effective resolution. It should be passed, and it should be enforced.

I yield the floor.

Mr. LUGAR addressed the Chair.

The PRESIDING OFFICER. The Senator from Indiana is recognized.

Mr. LUGAR. Mr. President, I ask unanimous consent that time allocated to Senator DOMENICI in this period of time be allocated to me and that I may use as much time as I may require.

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

GETTING BACK TO BASICS: NATO'S DOUBLE ENLARGEMENT

Mr. LUGAR. Mr. President, the visit to Washington of Lech Walesa, the former President of Poland, and the introduction of the NATO Participation Act on the floor of the Senate, suggests that it is time for the Senate to begin to seriously consider the future of the Atlantic Alliance.

It is a particularly important time to take stock of where we stand in the Alliance. Over the past 2 years, the Alliance has discussed and studied many issues ranging from enlargement to command reform to the broader structural reform of the Alliance in order to enable it to carry out new missions.

The time for discussing and studying is now coming to an end. Over the next 12 months, NATO must make decisions in three key areas which will cast the

die for European security and the transatlantic relationship for the next decade.

Starting with last week's Ministerial meeting in Berlin, Alliance leaders must decide:

First, will NATO enlarge its membership, and what policies, recognition, and certainty should it give to countries which will not be included in the first selection?

Second, how will NATO reform itself internally to be able to carry out new missions? This includes article 5 defense commitments as well as other non-article 5 missions such as crisis management beyond Alliance borders.

Third, what should be the NATO relationship with Russia during the enlargement process? Should NATO build a parallel cooperative partnership with Moscow?

The ramifications of how well or poorly NATO does its job on these issues are far reaching. We are talking about the laying of the cornerstones of a new European peace order and building a new NATO which deserves that name not only in theory but in reality. If we succeed, we will have set the foundation for decades of European peace and prosperity. If we fail, historians may look back at the early post-cold-war period as a tragic loss of opportunities.

It is in this context that we must weigh the utility of legislative efforts such as the NATO Participation Act.

Above all, we must realize that we are headed into a historical debate over NATO's future, one that will reverberate for many years to come. It is a debate that will be public and which will undoubtedly be controversial—as befits an alliance of democracies wrestling with such important issues. Much of the discussion about the pros and cons of enlargement and other issues have been limited to elites and experts—along with the occasional Senator or Minister. That, too, is going to change.

I look forward to this public debate. I believe that we have an historical window of opportunity to take steps that will secure European peace and stability and which will lock in the freedom and independence won in the revolutions of 1989 and the collapse of communism. I believe that we will win this debate, both in the U.S. Senate and elsewhere in the Alliance, provided that we follow some simple, common-sense guidelines.

Before charting those guidelines, I want to review the basic questions we will undoubtedly face in the U.S. Senate, as well as in the parliaments of both NATO allies as well as candidate countries.

THE VISION THING

In the United States, our political leaders are often asked about what we call the vision thing. What is it you want to achieve and why? What is your vision and how will individual policies fit together with an overall set of objectives? As a U.S. Senator, I am often asked, by some of my colleagues and