

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 President, I ask unanimous consent that the order for the quorum call be rescinded.

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

CONCURRENT RESOLUTION ON  
THE BUDGET FOR FISCAL YEAR  
1997—CONFERENCE REPORT

Mr. BOND. Mr. President, I have been authorized to allocate myself such time as may be required from the time allocated to the majority on the conference report.

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

Mr. LOTT. Mr. President, will the distinguished Senator from Missouri yield for a bit of information?

Mr. BOND. I am delighted to yield.

Mr. LOTT. Mr. President, first I want to thank the Senator from Missouri for the good work he has been doing in this area. I have seen the questions he has asked about the outyears in the budget as proposed by the administration, and how in the world they plan to meet those numbers. In fact, you have had administration officials say, "Well, we do not really plan to."

So I hope you will continue to pursue this because this is a very important question of whether or not we are getting accurate information, what this means for the future in terms of trying to get a balanced budget.

So I hope you will continue to pursue aggressively those questions because we need to know the answers.

Mr. LOTT. Mr. President, I would like to take a moment to advise Members that it appears that the House will not be able to complete action on the budget resolution conference report by the 3:30 hour, and possibly not until much later this afternoon.

Therefore, there will not be a vote on the budget resolution conference report today. We will consult with the Budget Committee leaders and the Democratic leader and announce this afternoon exactly what time the vote will occur on Thursday.

I thank you for yielding.

Mr. BOND. I thank the majority leader and join my colleagues in offering congratulations and tell him that we are delighted to have his leadership. We look forward to working with him, and I also appreciate your comments about this measure.

Mr. President, I am here today to commend our chairman of the Budget Committee, and the staff who worked together to put an honest budget together which will get our budget to balance in the year 2002. It is an honest budget, and, therefore, it makes some tough choices. Some people do not like it because it makes tough choices. It makes those tough choices honestly.

I think it is a fair subject to debate. We have had those debates in this body. They had it on the other side, and we are now going to act on a conference report.

I am a strong supporter of this budget even though it does have to make some tough restrictions on our spending. Because I believe we have a solemn

commitment to our constituents, to future generations of Americans to bring our budget in balance. I have been very disturbed in the last several weeks to hear our budget attacked in comparison to a budget submitted by the President which is far more generous in election years and then purports to get to a balance by the year 2002 by making some draconian cuts in many discretionary spending programs.

In addition to serving on the Budget Committee I have the privilege of serving as chairman of the appropriations subcommittee that deals with the Veterans' Administration, HUD, and independent agencies. As my colleagues know, we have a number of very large and very important entities that are funded in that budget. So I have been holding hearings in the appropriations subcommittee over the last several weeks knowing how important budgets are for planning, and for implementing our fiscal decisions down the road. I have been asking the administration officials who have come before me how they plan to handle the large cuts proposed by the President's budget for the years 1998 to 2002.

We do not have to emphasize the fact that 1998 comes after the current election cycle. Apparently, some people may think that the heat will go off and they will not have to be quite so accountable.

Mr. President, I have been asking questions in the appropriations hearing as one who has dealt with budgets and agencies for many years. How can you cut 23 percent out of the Veterans' Administration medical care without some plan in place to close hospitals; to consolidate or switch to outpatient care? If you intend to continue the care that we owe to our veterans and you believe, as the administration purports to recognize in its budget—this document published at great expense at the cost of many, many trees which shows that there will be almost \$13 billion cut out of the Veterans' Administration in the next 6 years—how can this be done?

I was so concerned about it that I asked Secretary Brown how they planned to live with the 23-percent reduction. Imagine my surprise when the Secretary told me that he had no plan; that in fact he had no intent of creating a plan because he had been assured that the cuts were not going to happen.

Mr. President, this book is what we are supposed to be operating from. This book is what we are supposed to be comparing as the administration's budget plan versus the plan that will be before us for a vote we hope later this week.

The numbers in the President's budget show that VA medical care drops from an annual appropriations of \$17 billion to \$13 billion over the next 4 years. But the VA Secretary tells me that those are not real, that the President's budget is not what he really proposes to do, that he would be shocked if it were actually to happen.

So why are the numbers in the budget, in this booklet, if they are not the

President's plan? I did not have an opportunity to listen. But I have seen the transcript of the President's comments in his Memorial Day radio show which seemed to be geared along the same lines as was stated by the Secretary of Veterans Affairs.

He did not follow the line and warn the veterans on Memorial Day that he would be proposing cuts that would shut down one-quarter of the VA medical care system, hospitals, clinics, and nursing homes at a time when the veterans population is rapidly aging and in need of services.

The President said in his Memorial Day message:

Even as we balance our budget, my administration is working to keep our solemn commitment to America's veterans by improving the health care they receive.

So a fair question, I think, would be, Whose budget is that he is talking about? Which budget is he talking about? Is there another budget that perhaps has not been printed up that we have not seen?

I thought perhaps it was just the Veterans Administration which was suffering from these mixed signals and maybe they were confused or maybe they thought the best way to avoid the potential political consequences of calling VA medical care unnecessary or a low priority was to issue confusing statements to the veterans by saying, "Don't worry about it, it won't really happen."

So the next agency that came before our committee for a hearing was that of the National Aeronautics and Space Administration. I asked the NASA Administrator Dan Goldin how he was going to plan for the over \$3 billion cuts in the 6-year plan for NASA, because they have already taken very serious cuts. I commended Administrator Goldin for having done a very responsible job in downsizing that agency. It seems to me those cuts were unduly harsh and would, perhaps, imperil the mission of that vital agency.

Much to my amazement, the NASA Administrator told me that OMB had told him not to worry about the out-year cuts either.

Wait a minute, what is going on? Let me stop just for a moment and explain why this matters.

The cuts I was asking about are those which the President needs and which he sets forth in his budget to be able to claim to the public he has presented a balanced budget proposal. We need to have these budget plans, not only for what we expect to happen in the future, but how we plan to appropriate money for this year. If, for example, there is a way to eliminate \$12.9 billion out of the VA Administration budget and not harm veterans medical care, then maybe we ought to be looking at that plan right now so we can make sure that we meet all our commitments for housing for low-income people in this country, because we are

going to be very mightily squeezed to achieve the necessary funding that we need for our ongoing commitments.

The President's budget asked for a couple of new hospitals. How is he going to build new hospitals when he is looking at a 23-percent cut that is going to wind up shutting down at least one-quarter of the institutions now in the VA system? That makes the cuts on other facilities even greater. There is no way responsibly you can be building new hospitals and planning for an increase this year if you are going to take a 23-percent cut immediately thereafter. It does not make any sense.

What appears to be going on here is that there are two sets of books. One is what the President talks about whenever he wants to say he has a balanced budget, because there are a lot of people—I know, I have talked to a lot of people in my State who say we have to balance the budget, we have to cut spending, and I agree with them, because we are mortgaging our future and threatening our children's security by spending more than we take in.

On the other hand, the President has another set of books whenever he wants to tell them that he is protecting their priorities and not causing any political pain. It is truly breathtaking to see the ease with which the President shifts effortlessly back and forth between the two sets of books. Using this set of books, he is a tough budget cutter.

Now, in the next speech, when he gets on the radio and talks to veterans on Veterans Day, he is the mainstream protector against those extremists, Republicans and other budget cutters, who are gutting these favorite programs, cutting programs that are vital for the services we must provide.

My question very simply is, Mr. President, which set of books are we to believe? That is why I, along with several of my colleagues on the Budget Committee, have written a series of letters to OMB Director Rivlin asking for clarification and the details on which budget is going to be followed. We have also written to several agencies asking them what actions they are taking to plan for the outyear cuts. We want to know from the Food and Drug Administration, the Federal Aviation Administration, Federal Highway Administration, the Under Secretary of Agriculture for the School Lunch Program and WIC Program how they would work with those cuts.

Then, in a hearing before our committee, I asked the EPA Administrator Browner what their plans would be for handling the reductions. The Administrator of EPA told me that EPA was a priority. She was absolutely sure that EPA would not face the 10-percent cut in 2001 and an additional 18-percent cut in 2002, as prescribed in this book.

Then I joined another subcommittee on which I serve to question the Secretary of Health and Human Services, Secretary Donna Shalala, about the cuts that are being planned in her agency. Secretary Shalala told me that in her budget, she was absolutely con-

vinced that NIH would not be cut, Indian Health Services would not be cut, HCFA administrative costs would not be cut, Head Start would not be cut, the Ryan White AIDS Program would not be cut, and there may be others as well.

So far, what I am getting back is, we see these drastic cuts proposed, but nobody is going to be cut. That has to be the best of all possible worlds. You are going to balance the budget with cuts, but you are not going to cut anybody.

I received an interesting followup, a response—actually, it was addressed to Senator SHELBY who had joined with me in the letter I sent to the Food and Drug Administration. We sent a letter to Dr. Kessler asking how the FDA would handle their cuts. Well, they must have placed a high priority on our request, because it was signed by the Acting Associate Commissioner for Legislative Affairs, and she wrote back with this very clear statement:

FDA is moving ahead with Agency budgeting plans for the immediate future based on the budget authority by function and program as contained in the health function forecasted to the year 2002 of the President's fiscal year 1997 budget.

Let me interpret. As best I can understand, that means that the FDA is planning on a budget that reflects the figures in the initial book presentation prior to the triggered cuts. In other words, the figures in this book show spending that would be about \$81 billion out of balance. The only way the President gets to balance is to employ a trigger mechanism to make 10 percent cuts in 2001 and 18 percent cuts in 2002.

So it appears that the FDA is planning on smooth sailing. They are going to sail along in the out-of-balance budget because they, too, apparently do not plan on making any cuts.

So no one is being cut, yet somehow the budget is being balanced. Let us get at the truth. Which set of books is the real Clinton budget? Now that the cat is out of the bag and we know that there are two sets of books, what is the administration's response?

Well, this is really interesting. I have just seen a Monday Associated Press article, I believe it was printed June 11 in the Washington Times. It says:

In an unusual public admission, two top Clinton administration officials say the White House will not necessarily pursue some cuts in veterans and space programs.

Then they went on to say that the comments by the people who had testified before my committee were politically awkward.

... another official said privately that Mr. Brown and Mr. Goldin would be talked to.

That means somebody in the administration is going to talk to VA Secretary Brown and NASA Administrator Dan Goldin. They are going to be talked to? Talked to about what? About telling the truth that the administration has no intention of balancing the budget? That their budget is a sham, exposing the second set of books to the light of day? Or does that mean they are going to be told to go back and start planning on making

those very serious cuts in their Agency?

Somehow, Mr. President, I do not believe they are being told they have to go back and make those cuts. Now, I may be wrong. I am from Missouri, and you can show me. If the Veterans' Administration comes in with a set of figures that shows how they take \$12.9 billion out of their budget in the next 6 years, then we will take a look at it. But that is why I have said recently that we want some honest answers to the questions we have posed to OMB Director Rivlin: Where will the \$67 billion in triggered spending cuts fall? Are certain programs exempt from cuts as claimed—education, environment, law enforcement? Are the numbers in their budget real for VA? Is Secretary Brown wrong or right in his claim that the President assured him the cuts proposed would not happen? And if the VA numbers are not true, what else in the President's budget should we disbelieve?

If none of these programs are to be cut, are there really other cuts that are going to be made in the administration's implementation of their budget? Too often in Washington, no one is accountable, but this issue is too important to be treated as if it were business as usual and it does not really matter.

A Cabinet Secretary and an agency head have apparently let the cat out of the bag, and for their candor, they are being talked to.

The administration officials who keep playing the Clinton budget game, described in a column by David Broder on Sunday, have been talked to. But what are the creators of the two sets of books designed to fool the public into doing? Are they being talked to? Only those two officials who happen to tell Congress and the public what is actually going on, they are the ones to blame, according to this news article. That is wrong.

Until we get some answers to the basic simple questions of which set of books is the real set, I will continue to pursue these questions.

Mr. President, I ask unanimous consent that the article from the Monday Associated Press and the article by David Broder be printed in the RECORD.

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

[From the Washington Times, June 10, 1996]

#### VA, NASA CHIEFS CONTRADICT CLINTON PLANS FOR CUTS

In an unusual public admission, two top Clinton administration officials say the White House will not necessarily pursue some cuts in veterans and space programs that it proposed in its budget-balancing package just three months ago.

The recent remarks by Veterans Affairs Secretary Jesse Brown and NASA chief Daniel Goldin put the administration in the position of disavowing details of its own plans for eliminating deficits by 2002. And the comments come during President Clinton's reelection campaign, in which one Republican

strategy has been to attack his commitment to balancing the budget.

"They're keeping two sets of books, one to balance the budget, the other to avoid cuts in agencies that would cause problems in the election," said Sen. Christopher S. Bond, Missouri Republican, who elicited the comments from Mr. Brown and Mr. Goldin.

"This is well thought through as a political avoidance strategy, a downside-avoidance strategy," said Senate Budget Committee Chairman Pete V. Domenici, New Mexico Republican.

Administration officials and Democrats said Mr. Clinton was sticking to his overall plan to eliminate annual deficits by 2002 but would review details every year, a fact of life in the government's annual budgeting process.

"The president is committed to the overall numbers. They reflect his commitment to getting to a balanced budget by 2002," said Alice Rivlin, director of the Office of Management and Budget. "But the priorities will be revisited annually, as they are on the Hill."

But conceding that the comments were politically awkward, another official said privately that Mr. Brown and Mr. Goldin would be talked to.

Mr. Clinton has proposed slight increases for education, environment and technological research. Because there is a fixed amount of money for these and other annually approved programs, other areas must be cut.

Mr. Brown and Mr. Goldin made their comments in separate appearance before the Senate Appropriation subcommittee that oversees space, veterans and other programs, which was holding hearings on the budget for fiscal 1997. The fiscal year begins Oct. 1.

On May 3, Mr. Brown told the panel the Department of Veterans Affairs "cannot live" with the cuts proposed in the agency's budget beyond fiscal 1997 by either Mr. Clinton or Congress. He said the Clinton cuts would force the agency to deny care to 1 million veterans and close the equivalent of 41 hospitals.

"The president has told me personally . . . he will negotiate the VA's budget each and every year with the veterans of this nation," Mr. Brown said.

Asked by Mr. Bond, the panel's chairman, whether he expected to see the future-year cuts Clinton has proposed, Mr. Brown responded, "I would be shocked."

On May 16, Mr. Goldin told the panel that "the White House has instructed us to make no precipitous action" on cutting NASA programs after 1997.

Mrs. Rivlin said the spending figures Mr. Clinton proposed for many programs after 1997 were "not finely tuned assessments of what exactly would be needed each year."

"That's a normal thing," she added.

Democrats said GOP-written budgets have long included unworkable long-range assumptions. For example, they said, the new GOP budget-balancing plan assumes that proposed tax cuts will get smaller in 2002, and that less should be spent for defense than Mr. Clinton wants. Both are considered politically unrealistic.

[From the Washington Post, June 10, 1996]

#### CLINTON'S BUDGET GAME

(By David S. Broder)

A recent exchange between Sen. Christopher (Kit) Bond (R-Mo.) and Secretary of Veterans Affairs Jesse Brown casts a clear light on the reality behind the partisan rhetoric of the past week's budget debate.

Bond is chairman of the appropriations subcommittee that handles the VA budget. He was grilling Brown on President Clinton's

budget proposal for veterans' health care and hospitalization. For next year, Bond noted, Clinton is urging a level of spending for this politically important constituency more than \$1 billion higher than it was in 1995. But in the following two years—after the election—Clinton's budget would cut that spending from \$17 billion down to \$14 billion, and then slice it further.

How can you meet your obligations to veterans under that budget? Bond asked. "Sen. Bond, we cannot," Brown replied. If funding were to remain flat (as Republicans have proposed), "it would force us to deny care to about a million veterans and it would force us to close the equivalent of 41 hospitals. So obviously . . . we will not be able to live with the red line" showing the postelection cuts suggested by Clinton.

And then Brown made this eyebrow-raising statement: "The president understands that. I talked with him personally about it and . . . he gave me his personal commitment that he was going to make sure that the nation honors its commitments to veterans and that he will negotiate the budget each and every year . . . with the veterans of the nation."

Bond: "So you are saying that these out-years mean nothing. It is all going to be negotiated in the future, so we should not worry about the president's budget plan. . . . You are not planning to live with that budget?"

Brown: "I am not planning to live with it. I am not planning to live with your budget . . . nor am I planning to live with the president's line."

Bond: "You do not work for us. You work for the president. You are saying that you do not like our budget, but you know that his budget does not mean anything."

After this remarkable exchange, Bond made similar inquiries of the director of another huge agency, Dan Goldin of NASA. He too said that White House budget officials had told him to make no plans based on the sharp cuts indicated for future years in Clinton's budget. As Goldin put it, "the White House has instructed us to take no precipitous action on out-year budgets, and we are taking them at their word."

To Bond and other Republicans, this looks suspiciously like a shell game. The president has told Congress and the country that he can achieve a balanced budget by 2002, without the serious savings in Medicare and Medicaid that Republicans have proposed. At the same time, he has said that he can keep spending in five or six priority areas at least even with inflation.

He can do all that, he has said, by cutting "Less important" spending. Veterans and space budgets are not on his priority list. But the men running these programs say they have assurances that the numbers the White House has given Congress are just paper figures—not mandates to prepare for belt-tightening.

White House Budget Director Alice Rivlin has assured Bond and his colleagues—and then tried to convince me—that there is no contradiction. "Simply put," Rivlin wrote Bond, "the president is committed to the discretionary savings needed to help reach balance in 2002 . . . but will continue to revisit decisions about specific programs one year at a time."

"Nobody is cheating," Rivlin insisted in an interview with me.

"I don't think it washes," Bond said. "It's not an honest budget."

Two things are going on here. Clinton, in his desire to dodge serious cuts in politically popular programs such as Medicare and Medicaid, while promising more spending for education, the environment and law enforcement, is projecting cuts in other programs

that are so severe they will be very hard to achieve. That is why people like Brown and Goldin say the cuts are unimaginable.

And second, in order to postpone the pain, Clinton is telling not just the constituents of the endangered programs but their managers that they will have plenty of opportunities in future years to stave off the cuts.

That may not be "cheating," as Rivlin says, but it is playing a game that is too clever by half. Balancing the budget means making tough choices. Clinton is postponing those choices and—by giving people the sense that the goal can be reached without giving up anything that is important—making it that much harder when the crunch comes.

Mr. DOMENICI. Will the Senator yield?

Mr. BOND. I will be happy to yield to the distinguished chairman of the Budget Committee.

Mr. DOMENICI. First, I want to congratulate the Senator on this effort. For a couple of months he has been trying to tell the American people that there were two sets of books and that, indeed, if you use the set of books that gets a balanced budget in the same way that we do—because the President now says, "You asked me to get a balanced budget using Congressional Budget Office assessments"—of the two sets, if you use the same set of numbers of economic assumptions that we have been compelled to use, then all of those cuts that are called triggered cuts have to be in the budget or it is not in balance. Is that not correct?

Mr. BOND. That is correct.

Mr. DOMENICI. So what the President has done is he has two balanced budgets, one using the same economic assumptions that we have used, which he told the American people, "They have told me to use that, and I've used it, and I'm in balance," but he has another budget when he does not use those same economic assumptions. He uses his own, prepared by the Office of Management and Budget, under the direction of the executive branch. And that is the second set of books.

Which set of books are we telling the American people balances the budget? I believe the President is making it very clear that he balances the budget the same way we do. But then he produces a second set of books where he does not have to have as many cuts, he does not have to have these triggered cuts because the economics are so much better that he can get by with less.

Let us make it very clear, if we talk about the President's budget that is just like our budget in terms of which level you are jumping over, where is the stick that you are doing your high jump over? Using the same one for both, then there is no way that the President can be in balance without cutting, in the last 2 years of this budget, discretionary programs by 10 percent and 18 percent respectively. Is that not correct?

Mr. BOND. That is correct.

Mr. DOMENICI. Is it not in that regard that the Senator has been inquiring, and has the Senator not been saying, under the real budget, the budget

using the Congressional Budget Office numbers, what are you going to do to the veterans? Is that not when the Senator is getting the answers that they do not believe they are going to do this? Is that a fair assumption?

Mr. BOND. Mr. President, it is actually worse than that. It is actually worse than that. It is not just the triggered cuts that fall very heavily on the veterans.

But let me say, earlier in my remarks, I came to the floor to say that the Senator from New Mexico, under his leadership, has produced a balanced budget, an honest balanced budget that makes some very difficult choices. People do not like it because it is an honest budget, and it has had to make some difficult choices. But the President has submitted a budget which he claims is in balance, but he has told his people not to worry about it.

Now the cuts in the Veterans' Administration are not just the result of the triggered cuts.

Mr. DOMENICI. No.

Mr. BOND. The cuts in the Veterans' Administration begin precipitously in 1998, even under his OMB assumptions. Even using the rosy scenario, he would still chop that Veterans' Administration budget by 23 percent prior to the time that the triggering budget cuts would have to be implemented in 2001 and 2002.

So regardless of which set of assumptions he uses, even under his favorable budget, the favorable budget that he set up originally that did not have the triggered cuts in it, he slashes VA by 23 percent, and that was the first thing that tipped us off that maybe there was another set of books that we had not seen.

He had apparently convinced the Secretary of Veterans Affairs, the Veterans' Administration, that those cuts, even the ones he had in his OMB-approved numbers beginning in 1998, were not going to happen. That is why we cannot make an honest comparison between the numbers that the Senator has presented and the numbers that the Clinton administration claim come to a zero deficit in the year 2002, if we are being assured by all of the agencies that they do not have to plan for these cuts. They have no intention of making these cuts because the President and OMB have told them, "Don't worry about making the cuts." Something is amiss here.

Mr. DOMENICI. I ask the Senator, one of the reasons that that precipitous fall occurs, even under the OMB budget, is because the President desires to tell the American people that certain parts of Government are going to get increased and so he has built into that budget these very large increases for education, for the environment, which end up, if you go that high on them, you have to take it out of somewhere else. That is where the veterans get that big cut the Senator has spoken to.

Mr. BOND. That is what happens when you establish priorities. If that,

in fact, is his priority that he wants to put veterans that far down on the list, then we ought to be debating it. And we did have a debate on this floor. The Republicans voted to amend the President's proposal by taking additional savings out of welfare. Even my Democratic colleagues, who did vote for that proposal, had voted for another one that restored those cuts. Nobody agrees with those priorities that the President has proposed.

Mr. DOMENICI. I want to thank the Senator once again for the excellent work he has done. And it ought to be clear to everyone, the President of the United States does not have a balanced budget. He does not have a balanced budget using the Congressional Budget Office numbers, which he has touted across the land, unless he is willing to admit that these programs get tremendous cuts starting in 1998, 1999, 2000, 2001, 2002, which he clearly does not want to tell the American people. That is how I see it.

These Cabinet members who are seeing these cuts are being told, "We'll look at them once every year. We're evaluating them every year." You can evaluate them every year, but if there is a very large cut in a program, somebody has to be cut, right?

Mr. BOND. I thank the chairman of the Budget Committee for that very important clarification.

Mr. DOMENICI. I thank the Senator.

Mr. BOND. Frankly, if it did not matter what we are going to spend in the outyears because we would negotiate it anyhow, we would not present multiyear budgets. We have to do that as part of a responsible plan process, Mr. President, so we know if we are on a path to get our Federal spending machine under control.

When we see a budget presented that claims to have significant cuts, but the people who would be affected have been assured by the President and OMB that those cuts will not be made, we can only conclude that either there is a very secret second set of books which eliminates programs we have not been able to identify, or the President and his Office of Management and Budget are not serious about balancing the budget and making the limitation in cuts in discretionary spending to achieve that balance.

Mr. President, I yield the floor.

Mr. BIDEN addressed the Chair.

The PRESIDING OFFICER. The Senator from Delaware.

Mr. BIDEN. Mr. President, I ask unanimous consent that I be able to proceed for 20 minutes.

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

Mr. BIDEN. Mr. President, I did not come to respond to my friends from Missouri or New Mexico, but I find it kind of interesting. You know, we deal with names and these issues so much, and we use the jargon so much, that sometimes it is pretty interesting and pretty confusing to the American people. I am not suggesting that the

things that either of my colleagues have said is not substantively correct, but I would suggest it is out of context.

Mr. BOND. Mr. President, would the Senator—

Mr. BIDEN. I will not yield until I explain what I said. Then I will be happy to yield.

First of all, the Republican-appointed Director of the Congressional Budget Office states in the latest CBO report—and I quote from the summary page:

Both the Congress and the President, however, have proposed changes in policies that would balance the budget in 2002.

Let me read it again.

Both the Congress and the President, however, have proposed changes in policies that would balance the budget in the year 2002.

I am reading from the "Economic and Budget Outlook, Fiscal Years 1997 to 2002, Report to the Senate and House Committees on the Budget, Congress of the United States, Congressional Budget Office."

The second point that I will make: That does not suggest that what my friend said is not true, but it is kind of like you have to watch the pea and the shells here.

The idea of these dual books, the President all along has said the economy is going to grow more robustly, has all along said that the CBO's estimates are too cabined, that things are going to be better than they say. So far he looks like he is right. But he said, "You want me to do it according to the way you want the numbers," which I do not think are realistic numbers. I think they are too conservative. Business thinks they are too conservative. Everybody thinks they are too conservative except our conservative Republican friends.

He said, "OK, if that's the deal, I'll submit a budget based on that." And he submitted a budget based on that. Their Republican-appointed Director of the Congressional Budget Office said, "Yeah, he submitted one on that, and it balances that way."

It is not, then, inconsistent for the President to say, "By the way, I submitted it," but basically saying, "I am predicting to you things are going to be better than these economic forecasts called for. If it turns out the economic forecast is as bad as you all say it is going to be, then this is what we're going to have to do to balance it. I will balance it under those conditions."

But what he is saying makes it sound sinister, this two-book thing. He is saying, "But my prediction to you is, you won't have to do it this badly, you won't have to cut this much." He is not saying, "I won't do it if the economic forecasts turn out this way." He is just saying, "I don't think the economic forecasts are going to be that way."

You know, it is kind of like my saying to my son or my daughter when they were teenagers—they say, "Dad, I want to go away to camp, and I would like to go for 2 weeks to camp." I say, "How much is camp, honey?" They say,

"Well, it's \$100 a week." I say, "I don't have \$200. I've got \$100. We'll sign you up for camp for 1 week. You're going, but I think I'm going to find another \$100, and I think before it's time to go to camp you'll get to go for 2 weeks because I think economically I'm going to find another \$100. But if I don't, you only go for 1 week."

These guys make everything sound so sinister. Like, you know, "Well, let's find the fingerprints on budget No. 2."

So all I am saying to you is, keep your eye on the ball. The bottom line in this budget debate, no pun intended, is the summary of the Republican-led Congressional Budget Office that says—unless they changed their mind in the last couple hours—both the Congress and the President, however, have proposed changes in policy that would balance the budget in 2002.

Now, Mr. President, a number of our colleagues, including two who have just spoken, have once again attacked the President's budget as providing too little in appropriated spending. I find this a fascinating debate. They say, "By the way, you are not going to balance the budget because you have two books. You really do not mean it. You are really going to cut something you have not told us," et cetera. But then they say, "By the way, one of the reasons we do not like this President's budget is it provides too little in appropriated spending."

They criticize the President's cuts as being too painful. It is true, the President's budget does make substantial cuts in discretionary spending. But the cuts in the Republican budget are far deeper. Over the 6 years of the budget, the Republican budget cuts appropriated spending by \$68 billion more than the President's budget. In the year about which the Senator from Missouri most complains, 2002, the Republican budget cuts appropriated spending by \$16 billion more than does the President's budget, using the assumptions that we are both using.

If the Senator from Missouri and others find the President's budget cuts too painful, and they are painful, he must find the Republican budget positively deadly.

Mr. President, I ask unanimous consent two tables comparing the cuts in the Republican budget with those of the President's budget be printed in the RECORD.

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

## COMPARISON OF BUDGET PLANS: 6-YEAR TOTALS

(In billions of dollars)

	President's budget	Republican budget	Difference
Spending cuts:			
Discretionary .....	-230	-298	-68
Mandatory:			
Medicare .....	-117	-168	-51
Medicaid .....	-54	-72	-18
Other health <sup>1</sup> .....	9	10	1
Welfare .....	-38	-53	-15
EITC .....	-5	-19	-14
Spectrum auctions .....	-37	-19	18

## COMPARISON OF BUDGET PLANS: 6-YEAR TOTALS—

Continued

(In billions of dollars)

	President's budget	Republican budget	Difference
Other mandatory .....	-24	-34	-10
Subtotal .....	-265	-355	-90
Revenues: <sup>2</sup>			
Tax relief and other .....	99	180	81
Corporate reforms .....	-40	-21	19
Other proposals .....	-5	(?)	5
Expiring provisions .....	-43	-36	7
Subtotal .....	11	122	112
Policy savings .....	-485	-531	-46
Debt service .....	-41	-49	-8
Total savings .....	-525	-580	-55
2002 deficit/surplus .....	0	5	5

<sup>1</sup> Health care reforms in President's budget; GME add-back in Republican plan.

<sup>2</sup> The Republican plan reconciles a net tax change of \$122 billion over 6 years, but includes reserve fund language that allows for additional tax cuts on a revenue neutral basis. The revenue figures for the Republican plan show gross tax cuts assuming that the Republicans adopt the corporate reforms contained in the Balanced Budget Act and certain tax provisions that have expired since last year.

## COMPARISON OF BUDGET PLANS: SAVINGS IN 2002

(In billions of dollars)

	President's budget	Republican budget	Difference
Spending cuts:			
Discretionary .....	-84	-100	-16
Mandatory:			
Medicare .....	-34	-53	-19
Medicaid .....	-22	-30	-8
Welfare .....	-8	-13	-5
EITC .....	-1	-4	-3
Spectrum auctions .....	-23	-7	16
Other mandatory .....	-5	-4	1
Subtotal .....	-92	-110	-18
Revenues:			
Tax relief and other .....	3	29	25
Corporate reforms <sup>1</sup> .....	-7	-5	2
Other proposals .....	-3	(?)	3
Expiring provisions <sup>1</sup> .....	-8	-7	1
Subtotal .....	-15	17	32
Policy savings .....	-190	-193	-3
Debt service .....	-20	-22	-2
Total savings .....	-210	-215	-5
2002 deficit/surplus .....	0	5	5

<sup>1</sup> The Republican plan reconciles a net tax change of \$122 billion over 6 years, but includes reserve fund language that allows for additional tax cuts on a revenue neutral basis. The revenue figures for the Republican plan show gross tax cuts assuming that the Republicans adopt the corporate reforms contained in the Balanced Budget Act and certain tax provisions that have expired since last year.

Mr. BOND. Is the distinguished Senator from Delaware ready to respond to a question?

Mr. BIDEN. If you let me complete, I will take 12 minutes and respond to any questions you have. I know that if I start to respond—I did not come to make the statement I just made. I am just responding to what I heard. Let me make the statement I came prepared to make and then yield to the Senator for anything he wants to say or ask.

Mr. President, to state the obvious, a budget, whether it is a household budget, whether it is a company's budget, whether it is the Nation's budget, is the formal expression of our priorities as a company or as a family or as a nation. It tells us, after all the talk is over, where we decided to spend our hard-earned money. In this case, the hard-earned money of taxpayers like all of us.

Unfortunately, Mr. President, the budget resolution before the Senate, in my view, fails to address the most fun-

damental issues before the country. It fails to take care of the basic priorities that have made our Nation great, the priorities that can help us meet the challenges of the future. Again, I think we can all agree on one thing. I used to be on the Budget Committee. I am delighted I am no longer on the Budget Committee. I was on it for a long time. When I used to be on the Budget Committee and had to give it up to move over to other committees, new members come and say, "What do you think about getting on the Budget Committee?" Or I speak to university groups or constituents at home and they say, "What about the Budget Committee?" I say that the single most important thing a new Member of the Congress can do is be a member of the Budget Committee. Just like the single most important thing you can do if you go with a big company is look at the company's budget.

When all the rhetoric is gone, and everything is stripped aside, where we spend our money says volumes about what our real priorities are. If we say we care about education and do not spend money on education, then we obviously do not care about it very much. If we say we care about crime in dealing with crime and do not allocate our resources there, we do not care about it very much. If we say we care a lot about a national defense, and we do spend our money on it, it establishes we do care a lot about national defense. We say to students, if you want to know what a company really does, what a family really cares about, what a nation cares about, go look at its budget, its budget. I do not think anybody could disagree with that, have any reasonable disagreement with that. It lays out our priorities as a nation.

The point I want to make in the next few minutes, I think we have in the budget before the Senate, the Republican budget, our priorities out of whack. It is not a bad budget. It is not an awful budget, not a draconian budget. We can say a lot of political things about it. The real debate on this budget is no longer about no matter what you hear people say here, we are going to balance the budget, are we committed to balance the budget; it is how we balance a budget, how we balance a budget.

It is just like a family can decide if your child gets into Harvard University whether you are going to spend \$25,000, meaning that you cannot buy a car for the next 4 years. Or you can buy a new car for the next 4 years and send your kid to my alma mater, the University of Delaware, which will cost \$7,000. There are priorities. I happen to think a Delaware education is better than a Harvard education, but that is a personal thing.

It is real important when we talk all the mumbo jumbo out of this and understand what this debate is about. It is about where we are going to spend money, and even more importantly in

this environment, where we will cut. There is no way to get from here to balance under anybody's numbers, anybody's numbers, any assumptions, short of divine intervention by the Lord, without cutting.

It is a question. You can measure one's value system based on how much more they spend on something, how much more they cut. When you have to cut, who do you cut it from? Do you cut it and decide you are going to cut it from your children's education and still go to the beach for 2 weeks, or are you going to decide to cut the beach and spend it on your children's education? It says something about how much a family values education. It says something about how much they value vacations. I am not making a value judgment. A vacation for one family may be more therapeutically needed than an education for another child. That is literally what it does. That is what this fight is about. That is the difference between Democrats and Republicans here. It is not that we both decided to say, "I like being with a party that has a letter that begins earlier in the alphabet." That is not the reason why I am a Democrat or why my friends are Republicans. We have different priorities here.

How do you best make the Nation function? I do not doubt for one second the positive patriotic intentions of my Republican colleagues. They proposed this budget not because they are mean-spirited. They proposed it because they believe this is truly the best way for the most Americans to do the best. We have a disagreement. I think America will not prosper spiritually, morally, economically, politically, as well, under their set of budget priorities than they do under mine or my parties or the President's. That is what this is about.

You all are going to get the smoke-screen out. "There are a secret set of books buried somewhere in the Capitol, and in the year 2002 we will open them and you will find the fingerprints of John Q. Wilson who worked for the FBI in 1974"—what are we talking about? We should have a straight up-and-down fight. They do not want to spend as much money on education as we want to. They do not want to spend as much on the environment as we want to spend. They do not want to spend as much money in law enforcement as we do. We do not want to spend as much on defense, or as much on the wealthy as they do, and so on. They are legitimate, fundamental, disagreements. I think we should do the American people a favor. Have a referendum on what they want, which theory they buy into.

My comments, the remainder of them, are directed at why I think my theory, my party's theory, my party's priorities, are better not only for average Americans but for the community of America, than are those of my Republican friends. I do not doubt their good intentions, I want to make it clear. I do not think they sit in the

Cloakroom and say, "You know, how can we make sure that John Kluge makes more money?" Some of my left-wing friends think they sit there and say, "Well, how are we going to get the wealthy to do better at the expense of the poor?" I no more believe that than I think this chair can get up and levitate. They believe the way to help the poor the best is to see that those who have the most have the greatest freedom and prosperity to invest. I found that theory does not necessarily follow. I have a disagreement.

Let me make it clear, lest anyone come out here. I do not question the intentions, motivation, or sincerity of any of my Republican colleagues. I think they are wrong—not morally wrong—wrong. They will not turn out as you predict.

Mr. President, each year education becomes ever more important to keep our economy growing and to enable our citizens to become productive members of society. This budget in question cuts, in my view, too much from education.

(Mr. BROWN assumed the chair.)

Mr. BIDEN. By eliminating the guaranteed student loan program it makes college education even more expensive, in my view. And far from increasing our commitment to a better-trained work force, the budget provides less and less money for education and training as we move into the next century. In real terms, adjusted for inflation, their budget cuts spending by \$25 billion for spending in this area over the next 6 years.

Look, we can argue about elementary and secondary education, we can argue about whether or not prayer in school will change it, or we can argue about whether or not spending more money in title I will change it, and we can argue about how bad off our education is. There is one thing there is no argument about. We have the best higher education system in the world—in the world. It is the only place we do not have to look at any little thing and say we rank 7th, 17th, 91st—we rank No. 1 in the world in higher education.

So what are we doing? As more and more people from different countries are beating their brains out to get into our higher education system, we are—I suspect unintentionally—making it harder for Americans to get into educational institutions of higher learning. We are not arguing about the quality of that education.

My Republican friends—in my State, at least—like to argue what Ronald Reagan argued: You know the best way to cure education is to spend less money on it. The one place nobody makes that argument is higher education. That is what I mean when I talk about guaranteed student loan programs. As for our country's commitment to our parents' generation, Mr. President, this budget's Medicare cuts will make health care more expensive than our proposal will. Its cuts in Medicare will make nursing home and

long-term care a greater burden for families of those whose seniors depend on them.

Whenever we talk about Medicare, we always talk in terms of the effect on seniors. That is not how I talk about it. Where I come from, I talk about it based on the values I was raised with. Can you imagine, I say to anybody listening here, if your mom or dad comes to you and says, "You know, honey, under the changes taking place, I am no longer able to see Dr. Smith, and I have to do" this, that or the other thing—can you imagine any decent child in a position to financially take care of them not saying, "Do not worry, mom, I will pay for it."

Who do you think is going to pay for this? Middle-class parents. The people who are 45 to 55, who have children coming up through school trying to get into higher education and have moms and dads with increasing medical bills or needs. I wonder how many Americans—men or women, husband or wife—are going to turn to their mother and father or mother-in-law and father-in-law and say, "It is too bad that they changed the system that way. You have less money for health care, and I am not chipping in." This is going to increase the burden on my generation, which is getting squeezed.

Now, again, I do not suggest that is why it is being done. I suggest that we have different priorities, because one of the things my friend said is that if we spend more money on education, we have to cut something else here. If we spend more money on Medicare, we have to cut something else down here. This is not a zero sum game. This is not one of these things where I can say if you buy into my proposal, you get everything. I am not saying that. This is different priorities.

In my view, the place where we should be putting all of our energy is to deal with the shrinking middle class, which is getting their brains kicked in. We all acknowledge that.

Mr. President, most troubling for me is the failure of this budget resolution to fully fund the most basic function of Government—that is the purpose of my being here today—which is to protect our citizens from violent crime.

Mr. President, let me first review the facts that underscore just how we have come to face a budget resolution that cuts funding for the administration of justice account—that is a fancy Senate term for the money we spend on law enforcement—below what the President requested, below what the U.S. Senate has passed, and below what the House of Representatives has passed. Let me review what has gone on so far. The President requested a total of \$23.5 billion for 1997, \$5 billion of which is for the crime law trust fund—which I am proud to say I was the author of, along with several others—to fund the entire Justice Department, which includes the FBI, DEA, prisons, other Federal law enforcement, and the courts—they are all included. Then the House-passed



budget resolution proposed by the Republican leadership of the House of Representatives, by a narrow partisan vote—that sounds pejorative; I mean a narrow vote that was based on party lines—226-195; 221 Republicans voted for it, 4 against, and 190 Democrats voted against it, 5 for.

What did that House budget resolution do? It cut the President's \$23.5 billion request for law enforcement, and all the functions related to that, to \$22.1 billion, a cut of \$1.4 billion. Included in this was a \$317 million cut for the crime law trust fund. That is the thing that funds all the cops—the State cops, local cops, the 100,000 cops—and that is the thing that funds prison money for States. That is the thing that funds that whole crime law.

Then the Senate passed a budget resolution offered by Chairman DOMENICI. Unlike the House, to his credit, Chairman DOMENICI fully funded the \$5 billion requested by the President for the crime law trust fund. But the Senate budget resolution cut the total from the administration of justice account—that is everything else—to \$21.7 billion. That is a cut of \$1.8 billion below what the President wants.

Again, we are talking priorities here. We acknowledge that if we spend \$1.8 billion more on crime than the Republicans want, we have to find \$1.8 billion somewhere not to spend it. We acknowledge that. The point I am making is the priorities here. We do not think we should cut it from there.

Finally, the House and the Senate Republicans offered the Senate a conference report. For those listening, that is when the House passes their bill and the Senate passes their bill on the same subject, but they are different in detail. So we have a conference and literally meet in a room in the middle of the Capitol somewhere and work out the differences. Then we send back a compromised version, called a conference report, to the House and Senate, which has to be voted on again.

Now, the House and Senate Republicans offered the Senate a conference report that makes even deeper cuts than were made by either the House or the Senate in the Senate-passed resolutions to the President's request for crime-fighting dollars.

The conference cuts the President's \$23.5 billion to \$20.9 billion, a cut of \$2.6 billion. So it has gone from \$1.2 to \$1.8 to \$2.6 billion less being spent on crime fighting. In fact, this cut would put the administration of justice account, in 1997, below the 1996 level by \$45 billion. We will spend less next year than this past year if this budget resolution were to become law, if we do what it proposes.

Mr. President, by the way, what happened to all the tough-on-crime rhetoric that we have been hearing from all sides—Democrats and Republicans? Neither side is immune from being shameless in talking about how tough on crime they are. It seems that the President held up his end of the bar-

gain. He requested the largest ever annual budget for the FBI, DEA, U.S. attorneys, and help for the State and local prisons and police. But a majority of the Congress has been AWOL—absent without law enforcement leave here. If the proposed cut of \$317 million for the crime law trust fund is allowed to stand, there can only be one result: Fewer Federal dollars will be able to combat crime.

As my colleagues know, the general numbers of the budget resolution do not specify which programs will be cut. But it is clear that some programs, when they get to the appropriators, will have to be cut below what the President and what I and others want. What specifically might this mean? Let us just review the law enforcement efforts funded by the crime law trust fund. We fund Federal prosecutors out of that fund in the amount of \$55 million; the FBI, \$40 million; the DEA, \$200 million; border enforcement and deportation of aliens who break the law, \$525 million. By the way, we spent weeks on the floor talking about why that is so important. The violence against women efforts including more police and prosecutors and more shelters for battered women, \$254 million. A billion dollars for the construction of prisons and reimbursing States from imprisoning criminal aliens. And an additional \$2.6 billion is to aid State and local law enforcement.

We all know there is no free lunch. So if there is a cut in the total for the trust fund, at least some of what I just read will have to be cut. It is going to be less border patrol, less efforts to combat violence against women, fewer FBI agents, fewer DEA agents. There are going to be cuts.

Again, I am not questioning the motivation. I am just saying there is an honest disagreement. I think we should cut other things rather than cops, or the FBI, or prison construction. Just because I was the author of the law that this funds, I have to acknowledge that. So I lay it out. I do have a bit of an interest in it in the sense that I spent 6 years trying to get it passed, but that is not the reason alone. I think it is the single highest domestic priority we have.

To review the potential impact of the total cuts of \$2.6 billion, let us look at how the President proposed to spend his \$23.5 billion that he proposes for the administration of justice accounts. Again, we cannot be sure specifically what will be cut, but it is clear that there will have to be significant cuts of the President's request.

He wants \$2.5 billion for the FBI, \$818 million for the DEA, \$2.2 billion to build Federal prisons and maintain them, \$949 million for Federal prosecutors, \$372 million for interagency drug enforcement task forces which every State in the Nation is asking for help on, and \$1.7 billion for immigration enforcement.

None of us can say where the cuts will have to be made, but if this budget

passes, the appropriators are going to have to go out and find that money—hundreds of millions of dollars to cut from each or all of those accounts. There is no way to avoid it. None. Granted, everyone can vote for this budget, and when the FBI says, "You voted to cut our budget," they say "No, no, I didn't vote to cut your budget. The President said \$2.5 billion, and I want to spend it at \$2.5 billion."

Tell me where you are going to cut the \$2.7, or whatever the number is when we finish here? None of us can say where the cuts will be made, but it is clear there will have to be some significant cuts in all of these key law enforcement initiatives.

Is there anyone in this Senate, though, who thinks our Nation will be better served by a smaller FBI, by a smaller DEA or fewer Federal prosecutors? I would like for them to come forward and tell me that. Again, that is a little unfair.

That implies, by the way, that I said that people really want to do this. I am not even sure, if we had all the money in the world—economic assumptions are different—that we would have little disagreement about spending all of this money. Maybe a little, particularly by some of our friends on the House side who may think that all Federal agents are jack-booted thugs and who want to cut it out and who probably think the Freeman are doing the right thing, and so on. If they exist, they are overwhelmingly in the minority. I know of none in the Senate.

But what we are doing here is, we are saying this is the place we should cut more than we should cut tax exemptions for individuals. This is the place we should cut for corporations. This is the place we should cut rather than cut money for the Defense Department. That is what we are saying. That is what I have difficulty agreeing with.

If there are no additional resources, no more FBI agents, no more DEA agents, no more Border Patrol, no more prosecutors, no more State and local police added to our streets, no more drug testing of offenders, no more prisons built, all the new laws we can pass will not be worth the paper we write them on. If you are going to pass tough laws and say, "Put them in prison," you have to have a prison to put them in. It costs money. It even costs money to shoot them. It even costs money to hang them. It even costs money to inject them lethally. It costs money.

Mr. President, this budget resolution shortchanges, in my view, the national effort against crime. I submit that this Congress could pass a new terrorism bill, or any other criminal justice reform, every single week from now until the end of the session, but if it does not require more agents, nor more law enforcement officers, nor more Border Patrol, nor more prisons, nor more prosecutors, it ain't worth a darn. But this is not the only reason I urge my colleagues to vote against this budget resolution.

America became a great economic power because we developed an educational system. Any hope we have to maintain our Nation as the world's most productive economy depends on our willingness to commit resources to our workers for the skills which they need. Ours is a great country because we respect the contributions of those who have gone before us—our parents' generation who made us into a leader of the free world.

We committed to support them. We committed to support what they have done to guarantee them the health care they need and deserve. We made that commitment. We made the commitment not only because they are parents but for what they did to build this country. Americans everywhere want and deserve clean air and clean water and not backing off.

All this stuff, by the way, about the environment, I just want to say again what I said several times before. I have not had a single, solitary Delawarian come to me and say, "You know, BIDEN, you are spending too much money on determining whether or not my water is clean. I don't want you paying that much attention to it." I have not heard one single, solitary Delawarian come to me say, "BIDEN, you are spending too much money on monitoring whether or not the water in my State is clean." It seems to say, to me, that is what the American people, the Delaware people, want their money spent on: clean air and clean water. We do not spend enough in this budget on those things.

On each and every one of these fundamental priorities—fighting crime, educating our children, particularly higher education, caring for our elderly, and protecting the environment—I believe this well-intended resolution fails to take care of the most important priorities that have been made by us in past generations, and continue to be the priorities we all say we care about, priorities that help us meet the challenge of the future.

Mr. President, education, crime, caring for our elderly, and protecting the environment are the priorities upon which we do not disagree on whether we should do them. I want to make it clear again. I am not suggesting that there is any Republican who does not want to protect the elderly, have clean air and water, have a good education system, and fight crime.

I am suggesting that the tools they have given us to do those things in this budget are not sufficient, and they give more than is needed for other areas which should not be priorities. If, in fact, we had all the money in the world, we will not have to make these hard choices. But, ultimately, a budget is about deciding what you think is most important, and today we measure "most important" by what we do not cut as much as something else. I think their priorities are not the ones that I would like to see.

And, therefore, I will urge my colleagues to vote against the budget resolution.

I see the distinguished manager on the Democratic side is here.

I yield the floor. I thank my colleagues.

Mr. EXON addressed the Chair.

The PRESIDING OFFICER. The Senator from Nebraska.

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

I start out by thanking my friend from Delaware for the excellent remarks that he has made on the budget in general. Once again, I listened with keen interest to the very solid presentation that he has made.

Mr. President, yesterday the Director of the OMB, Dr. Alice Rivlin, sent a letter laying out the administration's objections to the budget resolution conference report that we are now discussing. Dr. Rivlin provided a very good analysis of the budget and its many failings.

I ask unanimous consent that the text of the letter be printed in the RECORD at this point.

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

EXECUTIVE OFFICE OF THE PRESIDENT, OFFICE OF MANAGEMENT AND BUDGET,

Washington, DC, June 11, 1996.

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

DEAR MR. CHAIRMAN: I am writing to transmit the Administration's views on the conference report on H. Con. Res. 178, the concurrent resolution on the budget for fiscal years 1997–2002.

As you know, the President has proposed a plan the Congressional Budget Office (CBO) said would reach balance in 2002. It targets tax relief to middle-income Americans, makes prudent savings in Medicare and Medicaid, and provides enough in discretionary funds to finance the President's investments in key priorities. Clearly, a balanced budget does not necessitate extreme cuts in programs on which tens of millions of Americans rely.

With H. Con. Res. 178, the Republican majority has crafted a resolution designed to appear more moderate than the budget policies it pursued last year; however, the resolution continues the extreme policies first contained in the reconciliation bill that the President vetoed last fall.

For instance, the plan calls for Medicare cuts of \$168 billion—more than \$50 billion higher than the savings in the President's budget, according to CBO. Since the Budget Committees have claimed that their level of Medicare Part B savings is identical to the President's, the full difference must come from Medicare Part A. Cuts of this size could limit beneficiary access to hospital health services and lead to lower payments to hospitals even in nominal terms—not just cuts in the rate of growth. This could place huge stress on hospitals, leading to lower quality and threatening the financial viability of hospitals—particularly rural and urban hospitals. In addition, the structural changes proposed in recent Republican plans would seriously threaten the long-term health and viability of Medicare.

The conference agreement also includes \$72 billion in Medicaid savings, far more than in

the last Republican Medicaid restructuring proposal (if estimated under CBO's new baseline). If the resolution assumes previous Republican proposals that allow for lower State matching contributions, the actual cuts in Medicaid services and coverage could reach \$250 billion. Along with these cuts, recent Republican proposals have included damaging structural changes, including the block granting of Medicaid, that would undermine the guarantee of coverage. If these provisions are retained, the resolution would mean, for example, an end to the Federal guarantee of coverage for up to 2.5 million children from ages 13 to 18. It would also mean an end to the guarantee of meaningful benefits for over 36 million Medicaid beneficiaries, including 18 million children and over 6 million people with disabilities.

With regard to taxes, the resolution would raise income taxes on working Americans by assuming cuts in the Earned Income Tax Credit (EITC). In fact, the cuts of between \$17–\$20 billion actually would make working Americans even worse off than the latest Republican offer in the President's negotiations with congressional leaders, which called for cuts of \$15 billion. We can balance the budget without raising taxes on working Americans.

In addition, the tax cuts—which purport to be \$122 billion—are understated and misleading. For one thing, the cost of the child tax credit inexplicably falls in the year 2002, meaning either the revenue estimate for the credit is too low or part of the credit itself disappears. For another, the level of permitted tax cuts is actually higher. In fact, Republicans have talked about total tax cuts of \$170–\$185 billion. The resolution appears to reserve billions of dollars in revenues to pay for these excessive tax cuts—\$36 billion from extending expiring provisions (from last year's vetoed reconciliation bill) and \$26 billion from closing corporate loopholes and other tax measures (from the last Republican offer). Rather than finance excessive tax cuts, these revenues could offset some of the unnecessarily deep cuts in Medicare, Medicaid, and other priorities. By contrast, the President proposes and pays for targeted tax cuts to help middle-income Americans raise their young children, pay for postsecondary education, and save for the future.

On welfare, the President supports real bipartisan welfare reform that would move people from welfare to work and protect children. The President has consistently said he wants to work with Congress to reach that goal. The resolution, however, assumes cuts in low-income assistance programs of \$53 billion over six years—\$2 billion more than the recently introduced Republican welfare bill that does not meet that objective. While the new bill has more child care funding than the Republican welfare bill that the President vetoed in January, the cuts outside Aid to Families with Dependent Children and child care are actually deeper than in the vetoed bill. Like the vetoed bill, the new bill couples deep cuts with severe structural changes and bans on benefits for legal immigrants—policies that would harm children.

Moreover, the resolution instructs congressional committees, as part of the first reconciliation bill, to link welfare reform with the proposed changes to Medicaid and with tax cuts. The President wants real welfare reform, but he will not accept any legislation that would block grant Medicaid and undermine its guarantee of health coverage to millions of vulnerable Americans. Congress should not link welfare reform to Medicaid policies the President has consistently said are unacceptable. In addition, it should not pay for tax cuts by making excessive cuts in Medicaid and welfare. Finally, this reconciliation package would make virtually no progress on deficit reduction.



On student loans, the resolution assumes that reconciliation legislation will impose a cap on the amount of student loan volume in the Direct Loan program, which would eliminate hundreds of colleges from the program and deprive millions of students of the benefits of the flexible repayment options under that program, including income-contingent repayment. And the reconciliation instructions appear to require the opening of the Alaska National Wildlife Refuge, a national treasure, to oil and gas development—a policy the President has said he would veto.

On discretionary spending, we recognize that the conferees added non-defense discretionary spending for 1997 to the House-passed level. These levels, however, are still inadequate—more than \$15 billion in budget authority below the President's request. In fact, the President's budget proposes higher total and non-defense discretionary levels than the conference agreement in every year through 2002—while still balancing the budget according to CBO. The non-defense discretionary levels are inadequate to fund key investments in education and training, the environment, science and technology, and law enforcement. For example, the resolution provides \$57 billion less for education and training from 1997 to 2002 compared to the President's budget, jeopardizing adequate funding for such priorities as Head Start, Education for the Disadvantaged, Goals 2000, School-to-Work, education technology, Pell grants, summer youth jobs, and dislocated worker training.

In the near term, the resolution shifts more resources into defense programs than necessary, squeezing investments in non-defense programs. The resolution provides over \$11 billion more in defense budget authority for 1997 than the President's defense plan—which already commits historically high levels of resources to readiness, as measured in funding per troop. At the same time, the resolution does not provide enough budget authority, compared to the President's defense program, in the critical years of defense modernization at the turn of the century—the years when new technologies come on line.

In their negotiations last winter, the President and congressional leaders found more than enough savings in common to reach balance by 2002. The President wants to finish the job, and he has repeatedly asked the Republican leadership to return to the negotiating table.

As you can see, while the Administration and Congress share the goal of a balanced budget, we have grave concerns about the approach contained in this resolution. We also hope Republicans learned from last year's experience, which included two government shutdowns and 13 continuing resolutions, that we need to work together. We want to work with Congress, as the process moves forward, to give the American people the balanced budget they deserve.

Sincerely,

ALICE M. RIVLIN,  
*Director.*

Mr. EXON. Mr. President, we have additional speakers that will be seeking recognition. In the meantime, I suggest the absence of a quorum and ask that the time be equally charged to each side.

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

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. FAIRCLOTH). Without objection, it is so ordered.

Mr. DORGAN. Mr. President, we are now in debate on the budget conference report, is that correct?

The PRESIDING OFFICER. The Senator is correct.

Mr. DORGAN. Mr. President, is there a time agreement at this moment?

The PRESIDING OFFICER. The time is controlled under the Budget Act.

Mr. DORGAN. Mr. President, let me just yield myself 7 minutes from our side.

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

Mr. DORGAN. Mr. President, we find ourselves once again debating a budget conference agreement that some have dressed in new clothes and wrapped with new ribbons and brought to the floor of the Senate to say, "Gee, we've made changes. This is a new budget. It's a different approach. And we seek support for it."

The Senator from Nebraska, Senator EXON, I think said yesterday quite appropriately, there is nothing new about this. This is the same approach for 2 years that has been trotted out on the floor of the Senate by the majority party saying, "Here's what we insist on in a budget agreement." The dilemma I see in this budget agreement is this. The conference report is designed to try to reduce spending and balance the budget, but it also includes at the same time a substantial tax reduction.

Would the American people like a tax reduction? Of course. Would it be popular to talk about cutting taxes rather than cutting spending and reducing the deficit? Yes, of course it is more popular to talk about cutting taxes. But our problem is, we have got deficits in this country that need to be brought down. There are a couple ways of doing that, but not proposing a very large tax cut is not on the list of ways to bring the deficit down. The majority party brings this conference agreement to the floor and downplays the tax cut.

I want to show my colleagues a quote from the chairman of the Budget Committee on the other side of the Capitol Building, a Congressman for whom I have great respect, Congressman KASICH, who is the chairman of the House Budget Committee. He says in response to a question:

We will have a capital gains tax cut. We will have all the . . . Contract With America items that we originally proposed. . . . So what you ultimately get is . . . a gross tax cut number that will approach \$180 billion.

The paradox is, as we are trying to reduce the budget deficit, we have folks here who want to serve dessert before they serve dinner. It does not make any sense.

The most responsible position, it seems to me, is for the majority party to set aside tax cut questions at this point and let us deal with the issue of cutting Federal spending in appropriate ways to reach a balanced budget. When we have reached a balanced bud-

get, then let us turn our attention to the question of how we can appropriately cut taxes to reduce the burden on middle-income families.

But it is not appropriate in my judgment, to be bringing a budget to the floor of the Senate that purports to reduce the Federal budget deficit but also includes in it a substantial tax cut, much of which will go to the wealthiest Americans.

Let me quickly say I have nothing against those who have made a great deal of money in our country. Many of them are wonderful Americans who have been enormously successful. They are resourceful people who deserve and have received the benefits of doing well in our system. But it is also true that the small group on the top of the economic ladder in our country has had substantial, substantial economic gains and their tax burden has not kept pace. They have been treated very, very well.

It seems to me that when we are attempting to reduce the budget deficit, it makes very little sense for us to decide at the same time we should provide significant tax cuts to those who need them least.

Let me give you one little example. Some Americans will remember when we would read in the paper reports about studies on the amount of taxes paid by some of the largest enterprises in America. We would discover while reading the morning paper that some of the largest corporations in America have made billions of dollars and pay zero in income taxes—not a lot, not a little—zero in income taxes.

People were wondering, "Well, if I make \$20,000 a year, and work hard all day, and try to do the best I can, why do I have to pay taxes when a corporation that makes \$3 billion in income pays zero?" It is a good question. So the Congress began to address that in the mid-1980's and said, "Well, let us put together what is called an alternative minimum tax so if a big company were able to use tax loopholes to pay zero in income taxes, they at least must pay an alternative minimum tax, a minimum tax."

Have you heard lately of a big corporation that makes a lot of money that pays zero in income taxes? No. Why? Because there is what is called an AMT, an alternative minimum tax so they must pay some taxes.

Well, guess what is deep in the bowels of this budget? You got it. A change in the alternative minimum tax that will say to some of those corporations, "Let's go back to the good old days. You can start zeroing out again." It just does not make sense for us, when we are here to try to reduce the Federal budget deficit, to say, "By the way, let's bestow a little gift here on some of the biggest enterprises in America and say to them, 'You can go ahead and zero out, make lots of money and pay no taxes anymore.'"

I just do not understand the mindset of people who refuse to keep their eye

on the ball. The ball is the budget deficit. The menu of changes needed to address the budget deficit does not include new tax breaks for some of the biggest corporations in the country. It does not include new tax breaks for people who make \$50 and \$100 million a year. And, yes, there are some people in this country who make that and they do not need a tax break.

So I ask the majority party, and instead of advertising a tired old product as something new, let us go back to the drawing boards, set the issue of cutting taxes aside, especially cutting taxes for the wealthiest Americans, set it aside and let us deal with one specific element in our responsibility. Let us use the budget in the 7-year budget cycle to reach a balanced budget. When we have done that, then let us turn to the proposition of changing the Tax Code so that it is less of a burden on middle-income families.

Let me make one important point that needs to be cleared up. I heard earlier today a discussion by, I believe, the Senator from New Mexico and the Senator from Missouri and some others. They were talking about the President's budget, the majority budget, and a balanced budget here and there. None of these budgets balance the budget. None of them—not the President's budget and not the budget that is brought to the floor of this Senate from this conference. They fall short, because in the year 2002, they will use the Social Security trust funds as ordinary revenue in order to claim they have balanced the budget. None of them balance the budget. Yet, even though they still fall short in the year 2002 of balancing the budget, the majority party says, "We are proposing \$180 billion in tax cuts during the 7-year period."

I suppose I would probably not protest so much—I still would protest, but not so much—if the tax cuts were going in the right direction. They so fundamentally distort who ought to be paying what. These tax cuts are wrapped gifts to the biggest economic interests in America. It makes no sense to do this.

I just think, generally speaking, we ought not be talking about tax cuts until we have met our responsibility to balance the budget. This resolution on the floor demonstrably does not balance the budget, no matter what has been said on the floor today by those who push this proposal here in the Senate.

If I had the time, I would speak at length about a range of priorities. Let me finish with one point about the issues inside the budget. We must fix our Medicare Program. It is a good program. It has helped a lot of Americans. It is a program that works well. It is a program whose costs are outrunning our ability to pay those costs. We must make adjustments to it.

No one ought to come to the floor selling some snake oil that says, "Let us cut approximately the same amount

from Medicare spending so we can make room for the same amount of tax cuts. Let us take from those who do not have much by reducing the Medicare Program, and give to those who have plenty, with tax cuts for upper-income folks." I find that to be a strange, twisted set of priorities.

Even as I say that, I recognize all of us must find a way to reduce the kinds of budget claims the Medicare Program has in the Federal budget. We can do that sensibly, thoughtfully. We cannot do that if we want to use savings from the Medicare Program in order to make room for a tax cut. That is an inappropriate subject in the first instance while we are trying to balance the Federal budget. It will be interesting in the next week or two to see the manifestation of this philosophy.

The majority party says they are the ones that want to balance the budget. They also want to bring to the floor of the Senate a defense bill that will spend some \$13 billion more than the Pentagon asks for, a star wars program that will cost some \$60 billion in money we do not have to build something we do not need.

It seems to me the real test of what you stand for is not what you say, but what you bring to the floor. What specific proposals do you have? How will you require the American people to pay for them in the future? As soon as the American people understand exactly what are the details of this plan, I think they will understand the twisted set of priorities embraced by this budget conference report.

I see my colleague from North Dakota is on the floor prepared to speak about the budget. I yield the floor.

The PRESIDING OFFICER. The Chair recognizes the senior Senator from North Dakota.

Mr. CONRAD. I thank the Chair, and I thank my colleague from North Dakota, who has spoken clearly and well on the basic point that none of these plans is a truly balanced budget. One of the most frustrating things I have felt during our discussions—about what is a balanced budget and what is not a balanced budget—is that somehow when we get inside this Chamber, our financial common sense goes right out the window. I say that because I come from a financial background. My colleague who just spoke from North Dakota has a financial background.

Frankly, Mr. President, if we were in any financial institution and said we were balancing the budget, when in part what we were doing was taking the retirement funds of our employees and throwing those into the pot, we would be laughed out of the room. Mr. President, that is not a balanced budget. The Chair knows that. I think every Senator in this room knows that. That is not a balanced budget.

In fact, this budget shows a \$103 billion deficit in the year 2002 if we are to exclude Social Security surpluses. Of course, we have to exclude them if we are going to be basing our determina-

tions on honest accounting and on the law. That is not a balanced budget.

I would point out that last year I offered the only plan that did balance the budget without counting Social Security surpluses. That was the fair share plan, and it got 39 votes here in the U.S. Senate.

I think in the interest of honest disclosure, we have to acknowledge the President's plan is not truly a balanced budget plan. The Republican plan is not truly a balanced budget plan. In fact, the centrist coalition, which I was a part of, did not produce a truly balanced budget plan. All of them were significant deficit reduction plans, but none of them achieve a truly balanced budget.

Mr. President, I want to take a few moments to talk about the budget before the Senate. I believe the most important work that any Congress does is its determinations on the budget, because that determines where the nation's resources are going to go for the next year, and beyond.

Mr. President, yesterday was a remarkable moment in this Chamber. Senator Dole, who has been here in the U.S. Senate for 27 years, retired and left this Chamber to pursue his candidacy for the Presidency of the United States. Yesterday, when he stood in the well and at the majority leader's desk and gave his final farewell address to the Members, I was struck when he talked about the things that he was most proud of, the things that he had done here that he will remember and be proud of.

What did he talk about? He talked about a series of legislative accomplishments that were all bipartisan in nature. He talked about working across the gap between Republicans and Democrats, working across the aisle to accomplish things that were important for our country.

Mr. President, I think all of us know, in our heart of hearts, when this institution works best, it works in a bipartisan way to achieve legislative advances for the American people that we are all sent here to represent.

Mr. President, it was that sense of bipartisanship that was palpable in this Chamber yesterday, but that is so lacking in this budget proposal before the Senate today. This is the same song, second verse, of a Republican budget plan that was offered last year and was vetoed by the President. There is very little difference. It is rewrapped with new packaging, but if you open up the package and look at what is inside, you find there is very little difference between what the Republican majority offered last year and what they are offering to us this year.

The press has reported, and reported widely, this is a kinder, gentler Republican budget. Frankly, they have been fooled, because this has gone from being a 7-year budget plan to a 6-year plan. They are comparing last year's 7-year plan to this year's 6-year plan, so all of a sudden the numbers look better.

Mr. President, that is not a fair comparison. You have to compare apples to apples and oranges to oranges, a 7-year plan to a 7-year plan, not a 6-year plan to a 7-year plan. If one does that, you find there is almost no change. Yogi Berra said, "Deja vu all over again."

Mr. President, let's look at a real comparison, a 7-year comparison, to what the majority offered just last year and what they are offering us this year. On Medicare last year, they offered \$226.8 billion in cuts over 7 years. This year, if you adjust their 6-year plan to a 7-year plan, it is \$228 billion of cuts in Medicare. Very little difference.

On Medicaid, last year it was \$132.6 billion in cuts; this year it is \$106 billion. On welfare last year, the Republican plan was \$65.6 billion; this year, they have actually increased the cuts, if it is over a 7-year period, to \$66.7 billion.

Last year, on the earned-income tax credit, a provision that will increase the taxes for moderate-income Americans who work, they are actually going to increase those folks' taxes, \$21.2 billion in last year's plan; they have taken \$1 billion off this year, and it is a \$20 billion increase. Tax breaks, last year, the plan was \$246.7 billion over 7 years; this year, on a fair comparison, it is \$220.4 billion. Very little change.

Mr. President, I oppose this budget resolution. I do not think it is bipartisan. I do not think it represents the kind of settlement between the two sides that can be sustained. If we are serious about reducing the budget deficit and getting our fiscal house in order, we know there is only one way to accomplish that goal. We must march together, Republicans and Democrats, so we can actually enact into law what we propose here on the floor of this Chamber.

(Mr. GREGG assumed the chair.)

Mr. CONRAD. Mr. President, I want to emphasize that it is critically important that we succeed in this endeavor. Make no mistake about it, we are on a fiscal course that cannot be sustained. As I have said repeatedly to my colleagues on the Budget Committee and on the floor of this Chamber, it is true that we have seen a substantial reduction in the budget deficit, and that is certainly good news.

Without question, this chart shows what happened to the unified Federal budget deficit as a percentage of the economy from 1980 to 1996. Back in 1980, the deficit was about 3 percent of our economy, about 3 percent of gross domestic product. It then shot up to 6.3 percent in the early 1980's, worked its way back down in 1990, when it was back down to around 3 percent, and then it jumped up again to nearly 5 percent. During the tenure of Bill Clinton as President of the United States, the deficit has come down 4 years in a row. We are now down to a deficit that is less than 2 percent of our gross domestic product. That is the lowest deficit as measured against the size of the

economy of any industrialized country in the world. So we have made great progress.

But no one should be under any illusion. While we have made significant progress, if we do not keep working, if we do not keep putting on the pressure of deficit reduction, all of these gains are going to be lost as we start to move toward the time that the baby boom generation retires.

Mr. President, we face a demographic time bomb in this country. It is the baby boom generation, because when they start to retire, the number of people who are eligible for programs like Medicare and Social Security is going to double. We are going to go from 24 million people eligible for Social Security and Medicare to 48 million people eligible. None of us can put our heads in the sand and say it is not going to happen. It is going to happen. And the consequences are going to be enormous, and they are going to be severe. We have been told by the Entitlements Commission that if we fail to change course, by the year 2012 every dime of Federal revenue will go for entitlements and interest on the debt. There will be no money for any of the other functions of the Federal Government. There will be no money for roads. There will be no money for parks. There will be no money for education. There will be no money for research.

Mr. President, that is not an acceptable result. We were also told last year that if we stay on the current course, future generations will face either an 82-percent lifetime net tax rate or a one-third cut in all benefits. Let me repeat that because I think it is so jarring that most people almost cannot hear it when you say it. We were told last year that if we stay on the current course, future generations will face either an 82-percent lifetime net tax rate or a one-third cut in all benefits. Does anyone believe we are going to have an 82-percent tax rate in this country? I do not believe it. That is never going to happen. So the alternative is a one-third cut in all benefits. What a disaster that would be for those who are anticipating and counting on those programs to be present when they retire.

Mr. President, it is not only for those reasons that we must move to reduce the budget deficit further, it is also because balancing the budget will provide an enormous boost to our economy. Economists have told us repeatedly that if we reduce the deficit, that will expand the pool of national savings that are available for investment. It is only through investment that we are able to improve future economic growth. We have to have investment to grow.

Where do you get money to invest? You have to have savings in order for there to be investment. Where do those savings come from? Well, they come from the private sector. But they also come by eliminating the budget deficit because the budget deficit eats into the

pool of savings that are available for investment—that investment that is necessary to improve the economic performance of our economy.

Mr. President, all we have to do is look back and see what we accomplished by the 1993 budget plan that cut spending and, yes, raised income taxes on the wealthiest 1 percent in this country. That plan significantly reduced the deficit. There were certainly other factors, as well, that contributed to that deficit reduction. But because we reduced the deficit, the pool of societal savings was increased, interest rates came down, business investment went to a 30-year high, 9 million jobs have been created, and the American economy has been on a path of sustained growth.

Mr. President, we should not let this opportunity pass us by again this year. We should seize this opportunity and, on a bipartisan basis, form an agreement to reach a budget accord that would get this job done, that would move us toward fiscal responsibility, that would move us toward balancing this Federal budget. Let me just say that, very often, people talk about balancing the budget in moralistic terms. Unfortunately, I think that turns off a certain segment of the American people who think, all that is in deficit reduction is pain, all that is in it is cutting programs we like, or raising our taxes, or some combination of both. None of it is good news.

Mr. President, there is enormous good news in deficit reduction. The good news comes when you lower interest rates and save the American people money. A 1-percent drop in interest rates, as a result of deficit reduction, means individual savings of almost \$5,000 over 5 years on a conventional mortgage. Just think of what that means to the average American family. A 1-percent reduction in interest rates on their home mortgage means, to the average American family, nearly \$1,000 a year, or \$400 a year on a 5-year car loan. And to people in my State—my State is a farm State, North Dakota—it means nearly \$1,000 a year of savings to a North Dakota farmer.

So not only is balancing the budget better for the average American now, it is also of the utmost importance for economic growth and our children's future. We were told last year by a GAO study that if we would balance the unified budget by the year 2002, this economy, by the year 2029, would be 25 percent larger than if we failed to change course. Think of what that means in terms of jobs and opportunity and economic growth. Think of what that means in the quality of our children's lives.

Mr. President, I know the occupant of the chair is somebody who has been dedicated to deficit reduction. I must say of my colleagues here in this Chamber, I think few match the occupant of the chair for his dedication and seriousness and commitment to deficit reduction. I applaud him for it, because

I think all of us can see that it is clearly in the interest of our country. Somehow we ought to find a way to work together to achieve that result.

Let me say that the budget before us troubles me in many respects. First of all, the first reconciliation package that the budget resolution conference report provides for—that first reconciliation bill provides for \$124 billion in mandatory savings for Medicaid and welfare, but up to \$122 billion in tax reductions. That is a fine way to begin a deficit reduction effort—to start by spending every penny that we save.

Mr. President, that is not my idea of a path toward deficit reduction.

Let me say that the Republicans in this latest proposal have made some improvements in their Medicaid package, but the proposal remains fatally flawed. It does not provide a guarantee of a meaningful benefits package, and it gives away Federal dollars to the States through changes in the Federal matching formula and the repeal of a restriction against State scams to tap into the Federal Treasury. Well, I can understand why some of the Governors of this country are lined up behind this proposal. I can understand why those Governors support it. It is great for them. They are able to tap into the Federal Treasury to replace some of the money that they are currently spending.

Mr. President, we have seen the scams that have gone on in the past by way of provider taxes in which the States would engage in what is really an accounting sham to shift their spending onto the Federal Government in order to relieve State budgets and make it a Federal budget obligation and responsibility.

Mr. President, that is the last kind of high jinks we need if we are serious about reducing the Federal budget deficit. The Federal budget is out of balance. The last thing we need to do is shift responsibility and obligations from State governments to the Federal Government, when the Federal Government cannot meet the obligations it currently has.

In sum, might I say that the assumptions contained in this budget resolution with regard to Medicaid are designed as a poison pill to ensure that the President does not sign a welfare reform package. They have linked Medicaid changes that are totally unacceptable to the President with welfare reform knowing that he cannot accept the Medicaid part of the package. So they know he cannot accept the package as a whole.

What we have here is a political game. It does not serve either side well. It does not serve the American people well. And it does not lead us to resolution of anything.

With respect to welfare reform, let me say that I am a strong advocate of welfare reform. I think it is intolerable that we have a system that abuses everyone in the system, abuses the taxpayers that pay for it, abuses the re-

cipients who receive it, and abuses all the rest of us who must witness the results of a system that clearly is failing.

Last year Congress debated welfare reform, and one of the most important lessons we have learned is that in order to have successful welfare reform, we must work together. We had a package that passed the Senate overwhelmingly on a bipartisan basis. I wish the same could be said of the budget proposal that is before us. But I cannot. It was not done in a bipartisan way. As a result, we have a package that is not going to work.

Last year, I introduced my own sweeping welfare reform package that emphasized work, that protected children, that safeguarded taxpayers. Those are the principles that we ought to, on a bipartisan basis, apply to writing a budget resolution as well.

A few weeks ago, Republicans introduced their new welfare reform package. I must say I have concern about many of the provisions contained in this proposal, including decreasing the maintenance of effort to 75 percent. This proposal has the potential to allow States to supplant, rather than supplement, State spending on low-income families with Federal dollars. That is not what we ought to do as we go about the important task of reforming the welfare system.

The proposal also lacks provisions to promote Government accountability and to ensure the integrity of Federal funds.

Another major deficiency, in my judgment, in the Republican proposal is the State option to block grant the Food Stamp Program. The Food Stamp Program is the anchor for the Nation's nutritional safety net. The program has an impressive history of responding to economic fluctuations in our country and changes in child poverty levels.

Senator Dole stood at the majority leader's desk yesterday and said one of his proudest accomplishments here in the Senate was the Food Stamp Program. Mr. President, Senator Dole was right. That is a proud accomplishment. The program can be improved, and it must be.

But we should not take steps that might undermine and destroy that program that has made such a difference in the lives of millions of Americans. No American ought to go to bed at night hungry. That is what the Food Stamp Program has changed.

I remember very well coming here as a teenage boy and listening to testimony before the Senate Agriculture Committee—Senator Dole was a member—about hunger in America, and the very real circumstances that families faced up and down the east coast of the United States, and in the central part of America where hunger was prevalent before we had a Food Stamp Program.

Senator Dole spoke movingly yesterday about what he himself saw in a hearing that was held in South Carolina—hungry people that were helped by a program that was passed on a bipartisan basis.

The conference report of the budget resolution also provides for a reconciliation bill to consider Medicare reform in July and a tax cut bill coupled with other mandatory savings in September. I am disappointed that a reconciliation bill to provide tax cuts, which may not be fully offset, is provided for in this conference report.

When the Senate considered the budget resolution, much was made of the fact that the first two reconciliation bills would have to be enacted first in order for the Senate to consider the third reconciliation bill which would have the tax cuts in it. Now, all of a sudden, that is all out the window. It shows, I believe, the real priority of some in this Congress to cut taxes regardless of whether they are accompanied by tough budgetary decisions to make certain that the deficit is not increased as a result.

This approach really makes me wonder if we have learned anything from the disastrous fiscal policies of the 1980's. Are we really going to embark on that course once again of cutting taxes and not having the spending cuts to go with them and seeing the deficit mushroom and seeing the economic security of this country once again threatened? Is that really the course we are going to embark on? I hope not.

Mr. President, I also want to comment briefly on the discretionary spending proposals that are contained in this budget resolution. This proposal contains huge and completely unrealistic cuts in discretionary spending. Behind the scenes it is kind of laughed at by everybody who has really spent time on these budget proposals.

Whether it is the President's proposal or this Republican proposal, these domestic cuts are totally unrealistic. Everyone knows they are not going to happen. It is kind of the dirty little secret of these budget plans. They are back-end loaded, both of them.

I have another chart that shows what we are faced with by both of these budget plans—how truly unrealistic they are. This shows the distribution of the total savings in the budget plans, both the President's plan and the Republican plan before us. It shows by 2002 what the savings are.

But look at what happens under both of these plans. The Republican plan has 64 percent of its savings in the last 2 years. The President's plan is no better. He has 66 percent of his savings in the last 2 years. Over the last 3 years, they are identical. Both of them have 82 percent of their savings in the last 3 years.

A big chunk of this is domestic spending cuts in both the President's plan and the Republican plan. They are not going to happen. They are unrealistic. We would be much better off to be honest with each other and have a spending plan that might really be sustained by future Congresses so that we can be on a path that really gives the result all of us seek—getting the Federal budget deficit under control. That

is in our common interest. It is in our country's interest. It is what we ought to do.

I will just close by saying I will oppose the conference report on the budget resolution. I think it sets in motion another partisan political war over budget priorities and contains misguided priorities. As I indicated earlier, I think it is the same song, second verse, of what we saw last year—very little difference if you compare it on a 7-year basis to what was offered by the majority last year and what is being offered this year.

I close by saying, there is another way. There is another way different from what the President has proposed and different from what the Republican majority has given us in this budget resolution; that is, the centrist plan that got 46 votes here on the floor of the Senate just a few weeks ago. Twenty-four Democrats voted for that plan and 22 Republicans voted for it, even though the leadership on both sides were opposed to it. I think that sends a signal that we were on the right path.

I would be the first to assert that it is not a perfect plan. It was the product of compromise. But it was the product of bipartisan work—the only place where there has been a successful effort to reach across the aisle to try to bring agreement and closure to a plan that would really put us on the path to serious deficit reduction, and not just deficit reduction until 2002, but deficit reduction beyond that time.

As I said earlier, that plan is not a balanced budget plan either because, as I have indicated, of the use of Social Security surpluses.

Mr. President, I hope that before this year is over we can go back to a process of bipartisanship, of reaching out and working together to achieve a result that is important for our country.

I thank the Chair. I yield the floor.

Ms. MIKULSKI. Mr. President, I rise in opposition to the budget resolution conference report. I oppose this conference agreement because it fails to meet the day-to-day needs of the American people. I oppose it because it threatens the economic and retirement security of our most vulnerable citizens. And, I oppose the conference report because it fails to make the investments in education and training that are needed to prepare our work force to meet the challenges of the global marketplace.

Mr. President. Let me be absolutely clear. I believe we need a balanced budget. I voted for just such a plan when the Senate considered the budget resolution. I joined with 44 of my colleagues in voting for the President's budget plan, which would achieve balance by the year 2002.

The President's plan cut spending by \$528 billion over 6 years. But it made these cuts without jeopardizing the Medicare Program, without jeopardizing Medicaid, without harming the environment, and without excessive cuts in education and training.

Unfortunately, the conference report before us is the same old wolf in new sheep's clothing. Let me mention one area of particular concern to me. Under this conference report, once again, Medicare and Medicaid are under assault. This plan would cut Medicare spending by \$168 billion. These massive cuts, coupled with the structural changes proposed by the Republicans, will turn the Medicare Program into a second-class system for the sickest and poorest of our seniors.

The Medicaid Program would be cut by \$72 billion, and under Republican Medicaid proposals some 36 million people will lose the guarantee of access to health care, while others may be forced to accept a reduced level of benefits. Together these Medicaid and Medicare cuts make the promise of health security impossible to achieve.

What is particularly distressing is that these massive cuts, cuts which will be felt most seriously by our most vulnerable citizens, are being made to pay for tax breaks for the wealthy. While the budget plan I supported eliminated special interest tax breaks, providing \$40 billion in additional revenues, the Republican plan contains absolutely no savings from this category. Instead it contains tax breaks in the order of \$180 billion.

I think that is an outrage. And I believe it does not reflect the needs and priorities of the American people.

Mr. President, I was elected by the people of Maryland to save lives, to save jobs, and to save communities. I work every day to meet people's day-to-day needs, and I want a budget that reflects those priorities.

This budget plan sets us on the course for the same painful and divisive budget battles that we fought all last year. It is a prescription for gridlock.

Yes, we must balance the budget. But the way to do that is to follow a steady, responsible course toward deficit reduction. We have made much progress under the Clinton administration in moving toward a balanced budget. In fact, the budget deficit has declined to \$130 billion, less than half of the \$290.4 billion deficit President Clinton inherited from the previous administration.

We have tightened belts and made many tough decisions to achieve this success. And we will continue to do more. But we have done that while protecting people and priorities. That is what the citizens of Maryland sent me here to do.

That's why I believe we need to reject the extremism of this conference report, and reach for the sensible center in our budget negotiations. And that is why I will vote against this conference report.

Mrs. MURRAY. Mr. President, I rise to express my displeasure with House Concurrent Resolution 178, the Republican budget resolution, and my disappointment that the budget was not improved during the House-Senate con-

ference. Rather, the budget has grown even more troubling since going into conference. And I want to take a few minutes to discuss some of the provisions that concern me.

Two weeks ago, I voted against the Senate Republican budget resolution because it failed to reflect the priorities and values held by most Americans—the belief that we need to ensure our quality of life, educate our children, and care for our elderly and disabled.

The majority party could have improved the budget in the House-Senate conference meeting. They could have acknowledged the growing support for the centrist budget and the strong desire to reach a true balanced budget compromise. We should not forget the Chafee-Breaux balanced budget proposal received 46 votes, and I was proud to be among them. It received strong bipartisan support, and it is proof that Congress can get the job done.

Mr. President, House Concurrent Resolution 178 took an extreme Senate Republican budget and made it worse. Rather than moving toward the centrist budget, the Republican leadership yielded to some disturbing House positions. Their actions lead me to believe some Republicans want gridlock—they do not want a balanced budget compromise.

For instance, House Concurrent Resolution 178 includes a section known as the Government shutdown prevention allowance, or section 307. This section quite simply confirms the Republican strategy not to reward the American people with a balanced budget agreement this year. This section acknowledges the fact that the Republican budget is too extreme to be accepted by mainstream Americans.

Section 307 states the Budget Committee chairman can increase appropriation spending caps by \$1.3 billion if the appropriators pass a continuing resolution. This language makes it very clear the Republicans intend to pass a long-term CR rather than work toward a comprehensive budget agreement. Mr. President, the American people expect and deserve better. The American people do not want to see us throw the towel in early.

The budget conference also reveals the fact that Republicans again wish to give tax breaks to the wealthy by cutting Medicaid coverage for the poor. Mr. President, after last year's budget debate, I would have thought the Republicans learned Americans are not in favor of giving tax breaks to the wealthy by cutting health care coverage to our children, elderly, and disabled. As written, the Republican budget cuts Medicaid by \$72 billion over 6 years. Along with welfare reform, the Medicaid cut will offset \$122 billion worth of tax cuts.

A year ago, I was opposed to cutting back Medicaid because it provides health care for our poorest children and it ensures quality nursing home standards for our parents. But, after

talking to health care experts in Washington State, I concluded my home State could still serve our most vulnerable populations while absorbing a significant cut to Medicaid. I am willing to concede that point, and I know now that if we all give a little, we can reach compromise.

However, we should not be cutting Medicaid simply to hand out politically-popular tax breaks. That does not make good sense—that would not fall in line with our recent efforts to become more fiscally responsible.

And, Mr. President, let us remember exactly where we are on this road to ending the deficit. Since 1993, we have made great progress toward reducing this Nation's deficit. CBO estimates the 1996 deficit will fall to \$130 billion—the fourth straight year the deficit has declined. We have cut the budget deficit in half in less than 4 years, and today's annual deficit is the lowest percent of our gross domestic product since 1980. I'm proud of this fact. I am proud to have been involved in crafting the omnibus budget package of 1993. That deficit reduction package has us on the right track.

Our need to do more, however, spawned a bipartisan group of Senators to come together and formulate a well-reasoned, well-balanced budget proposal. I commend Senators CHAFEE and BREAUX for their leadership and hard work on this matter. I voted for their budget alternative because it is exactly the kind of bipartisan teamwork congress needs. Certainly, I would like to see less savings come out of discretionary accounts that include education, job training, trade promotion, and the environment. And the tax cuts may be too generous.

The Chafee-Breaux plan may not be perfect, but I believe it is probably the most realistic compromise one could craft. I am hopeful this centrist plan will become the framework for future budget negotiations.

Mr. President, this past year has taught us we can reach a balanced budget. We learned we can formulate a balanced budget that uses common sense and reflects America's values and priorities. That is why Senator KERRY and I offered an amendment to restore education and job training funds in the Republican budget. As my colleagues know, this amendment failed despite the fact that the Republican budget will cut education spending 20 percent from current levels.

Americans understand how important education and job training investments are for our children, and the future success of this Nation. A recent USA Today poll found that education has become the most important issue for Americans—ranking above crime, the economy, and the quality of one's job.

Mr. President, we have a lot of work to do if we are going to reach a balanced budget. But the truth of the matter is that both parties have agreed to enough savings that we could bal-

ance the budget today if we really want to. When considering the entire budget, the difference between the two parties amounts to less than 1 percent of the Federal Government's spending. A balanced budget plan is possible. All we need is the courage to find compromise.

I look forward to working with my colleagues on the Appropriations and Budget Committees in order to make sure this Congress' spending priorities are balanced and in line with our constituents' wishes. Unfortunately, today's budget resolution fails to strike a balance. It is simply a replay of last year's failed Republican budget. And I will be fighting to make sure this Congress does not lose sight of what is truly important to our friends and families.

We have made tremendous progress in the past 3 years. The 1993 budget reconciliation enabled us to cut the deficit in half, and create over 9 million jobs in the process. This is great news; but that is not all—last year we narrowed the differences in the competing budget plans to just a few, and a centrist plan to bridge the gap fell short by only five votes. We are close. We are very close to finishing the job.

I urge my colleagues to reject this partisan plan and rededicate themselves to reaching a workable compromise.

Mr. FEINGOLD addressed the Chair.

The PRESIDING OFFICER. The Senator from Wisconsin.

Mr. FEINGOLD. Mr. President, I ask unanimous consent to speak as in morning business.

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

#### COMMUNICATIONS DECENCY ACT

Mr. FEINGOLD. Mr. President, this morning, the three-judge panel sitting in the U.S. district court in Philadelphia issued its decision in the case involving the Communications Decency Act, which was included in the telecommunications bill signed into law earlier this year.

I opposed the Communications Decency Act when it was first proposed in the U.S. Senate, because I believe this measure would have a chilling effect upon communications transmitted over the Internet, and it would stifle the expansion of this important and exciting new communications vehicle.

My concern was that the Communications Decency Act injected Government censorship into communications over the Internet that would not withstand a first amendment challenge and would be harmful to the development of technology to do what the proponents of the Communications Decency Act said they wanted to do, and that is to protect minors from exposure to pornographic material transmitted or made available on the Internet.

I also joined the Senator from Vermont [Mr. LEAHY] in introducing legislation to repeal this patently un-

constitutional infringement of first amendment rights. Let me take my hat off to the Senator from Vermont who has been a great leader on this issue. It has been a bit of a lonely fight out here, given the vote we had on the Communications Decency Act, but the Senator from Vermont has been very instrumental in raising this challenge.

I am delighted to report that the court this morning acted in a decisive manner and issued a preliminary injunction blocking the Federal Government from enforcing the act. In a decision which I believe recognized the unique nature of the Internet, the court wrote:

As the most participatory form of mass speech yet developed, the Internet deserves the highest level of protection from Government intrusion.

Mr. President, let me repeat. The court has said "the Internet deserves the highest level of protection" of any form of communication or mass speech.

This decision followed an extraordinary court proceeding in Philadelphia where the three judges were actively involved in learning about how people communicate across the Internet and the limitless potential the Internet now provides. They were also exposed to detailed information on how this same technology can and should be used to block access to certain material by minors. What they found, as some of us tried to note in the congressional debate, was there were far less intrusive means of achieving the goal of protecting minors than the approach utilized in the Communications Decency Act, which would impose content-based restrictions on information transmitted by adults over the Internet.

It is a longstanding constitutional doctrine that when the Government chooses to interfere with fundamental constitutional rights, even for a very good cause, it can only do so in the least restrictive means available. Clearly, the Communications Decency Act has failed to meet that test.

I firmly believe that if Members of Congress had this kind of tutorial that the members of the court had on the workings of the Internet and the alternatives available to protect access by minors to certain material, I think the Communications Decency Act would never have become law in the first place. This measure was pushed through Congress with minimal understanding or debate over the far-reaching implications of its provisions, and I think that was a mistake.

The issues relating to the Communications Decency Act are larger than the so-called adult expression or communication. The core issue is whether Government, and in particular the Federal Government in Washington, DC, should decide what we see, hear, and write. The Constitution protects every American from this kind of censorship, except for very narrow circumstances, which did not exist in this case.