There are many more individual success stories, but the true success of the Lakota Fund has transcended the accomplishments of any one individual. It has affected the entire community.

Over the years, the Lakota Fund has loaned nearly $1 million to over 250 small business men and women. Of these loans, less than 10 percent have failed.

When the Lakota Fund began 10 years ago, the town of Kyle had only one grocery store and one convenience store. Today, with the Lakota Fund's help, Kyle is home to a cafe, two video rental stores, a flower shop, a tire repair shop, and a multitude of other businesses. These ongoing success stories are testament to the vision of the Lakota Fund's creators and staff. They knew that as each new business would bring new jobs, so would each new job sustain and improve the hope for financial independence.

I have learned a great deal from the Lakota Fund's success. It has strengthened my belief that economies are built through partnerships. It has proven that Federal agencies such as the Economic Development Administration and the Small Business Administration can work together with community leaders to provide the financial support needed to make sound investments in local economies. And it has clearly demonstrated the important roles that exist for private foundations in supporting new business ventures.

But most importantly, these efforts are shining examples that successful change can begin at the local level, that good things can be done when people work together, and that dreams can be reached where hope is allowed to grow.

Mr. President, on June 20 of this year, the Lakota Fund will celebrate the ribbon cutting of their new foundation headquarters. This building, which was constructed through financial partnerships with the Economic Development Administration, Norwest Bank, and other notable private organizations, will house the offices of the Lakota Fund and will provide retail space for existing clients as well as training facilities for new loan applicants.

This day will also celebrate the opening of the Tribal Business Information Center, a joint Small Business Administration venture that will work with the Lakota Fund to assist in the further development of the local economy.

I would like to recognize the efforts of the Lakota Fund's staff for the hard work and commitment that was necessary to see these two projects through to fruition. In particular, I would like to personally honor the hard work and dedication of Elsie Meeks. As the former executive director of the Lakota Fund, Elsie has long been an impassioned voice for economic development in the Pine Ridge community. Her foresight and determination have made the Lakota Fund a national example of how trust among people can affect positive economic change.

Still, I would be remiss if I did not emphasize that much more work needs to be done. The success of the Lakota Fund and the creation of the Tribal Business Information Center are but two small steps on a much longer journey to sustained economic growth on the Pine Ridge Reservation.

Under the local guidance of organizations such as the Lakota Fund, I am confident we can continue to maximize our resources and forge stronger relationships between the public and private sector. And, with responsible leadership in Congress, we can reward the priorities of economic growth by emphasizing Federal programs that promote partnership and local control.

FISCAL YEAR 1997 GOP BUDGET RESOLUTION

Mr. KERREY. Mr. President, I rise today to briefly discuss my opposition to the fiscal year 1997 budget resolution.

In voting against the balance budget amendment last week, I stated that I did not believe Congress needed a mechanism in the Constitution to balance the budget and that I believed Congress had the will to reach a balanced budget on its own. If nothing else, I can say that at least my colleagues across the aisle proved me right on that point.

However, I voted against this budget proposal because I am in considerable disagreement with the way they propose we achieve budgetary balance.

Their budget resolution, passed yesterday on a party-line vote, calls for discretionary spending cuts to programs vital to our Nation's future—like education and research—while offering a tax cut that forces larger and deeper cuts to Medicare and Medicaid. But more important, Mr. President, this budget does nothing—nothing—to fundamentally reform our entitlement programs which continue to consume a bigger portion of the Federal budget each year. I also point out that this resolution raises the deficit for the first time since the Clinton administration took office.

Mr. President, I support the goal of a balanced budget and have fought, am fighting and will continue to fight to achieve it. Recently my colleagues and I—Senators SIMPSON, BROWN, NUNN, and ROBB—proposed a provision that would have reformed long-term entitlements. Mind you, we did not tinker around the edges, but instead took on some serious budgetary dilemmas without using gimmickry or short-term measures as a solution.

For our efforts we received 36 bipartisan votes—unprecedented support for this type of long-term entitlement reform. Our proposed changes to current laws would have caused taxpayers very little concern in the short-term as these changes would be phased in and have no effect on anyone over the age of 50 and would save the Nation billions of dollars in the long term. As well, the Senate recently voted on the centrist budget plan, which addressed a number of budgetary problems including long-term entitlement reform, and provided a balanced budget in seven years. This plan garnered 46 bipartisan votes—22 Democrats and 24 Republicans.

I only wish my colleagues on the other side of the aisle chose a similar path.

A balanced budget by 2002, which this resolution offers, is still of little solace because it ignores the most important fiscal challenge we face: the rapid growth in entitlement spending over the next 30 years.

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

Unfortunately, and conveniently, this demographic challenge is kept from our view by a budgeting process that discourages long-term planning. A six-year span is completely inadequate when the most difficult budget decisions we need to make deal with problems we will face 20, 25, and 30 years down the road, when the aging of our population propels entitlement spending out of control. The most important recommendation of the Bipartisan Commission on Entitlement and Tax Reform was that we begin to look at the impact of budgets over 30 years rather than just 5 or 7. The reason is that our country looks very different, and our current budgets look very different, viewed over that span.

We can see the trend even in the short term. Entitlement programs—which included Social Security, Medicare, Medicaid, and Federal retirement—will consume 66 percent of the budget this year. By 2002, it will be 73 percent. By 2005, the number is 78 percent. Those numbers are straight from CBO, and if we project further, Mr. President, we see that by 2021, mandatory spending and interest on the national debt will consume every dollar we collect in taxes. By 2013, we will be forced to begin dipping into the surplus in the Social Security Trust Fund to cover benefit payments, a practice that will go on for not more than 16 years before the trust fund goes into the red.

These trends have to do with the simple fact that our population is getting older while our work force gets smaller. My generation did not have as many children as our parents expected, and, as a consequence, the system under which each generation of workers supports the preceding generation of retirees simply will not hold up.

Indeed, Mr. President, long-term entitlement reform coupled with a reasonable reduction in spending would alone reduce interest rates and bring balance to the budget.

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

In 1981, Congress—backed by the Reagan administration—passed a tax-cut for the American people hailed as a boon to the national economy and a panacea for combating an overreaching Government. However, the tax cuts proposed and passed were coupled with unrivalled Government spending, which created the enormous deficits we now confront in this body daily. Nobody believed in 1981 or 1982—save a small few—that what was happening was the creation of large, grave deficits the likes of which this country had never seen, even after the then Majority Leader Howard Baker at the time called this budgetary strategy a ''river boat gamble.''

Mr. President, until Congress can agree on a budget that addresses the unsustainable growth of entitlement programs and avoids gimmickry and short-term fixes, anything else is simply a river boat gamble.

I will continue to oppose resolutions such as the one we voted on yesterday because I do not wish to commit our Nation's fiscal integrity and the hopes of future generations to a gamble, no more than I would try to balance my family's checkbook by heading to the slot machines with a pocket full of quarters. This Nation and our children deserve better.

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

The PRESIDING OFFICER (Mr. KYL). The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

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

EXECUTIVE SESSION

FEDERAL RESERVE SYSTEM NOMINATION OF ALAN GREENSPAN TO BE CHAIRMAN OF THE FEDERAL RESERVE SYSTEM

Mr. REID. Mr. President, it is my understanding that the matter now before the Senate is the nomination of Alan Greenspan to the Federal Reserve.

The PRESIDING OFFICER. The Senator is correct. The clerk will report.

The bill clerk read as follows:

Alan Greenspan, of New York, to be Chairman of the Board of Governors of the Federal Reserve System for a term of four years.

The Senate resumed consideration of the nomination.

The PRESIDING OFFICER. The Senator from Nevada.

Mr. REID. Mr. President, I like my colleagues, take my responsibility very seriously as to whether or not I support nominations made by the President. During the time that I have served in the Senate, most of that time has been under Republican Presidents. I always took the fact that they made the nomination something that I should, if I could, support. I felt that way for Republicans. I feel the same way for a Democratic President.

As a result, my decision today, while it may not be earthshaking in nature, has been quite difficult. It was after great deliberation that I concluded I can not support the nomination of Alan Greenspan. He has rendered great service to the country. But I think the time has come for new leadership. We need to look at what is taking place at the Fed not only regarding its monetary policy but also internal management. I think that we need to send a message to the American public that what is going on in the Federal Reserve Board is not good.

As a result of that, I have indicated I will not support the nomination of Alan Greenspan, a nomination that has been submitted to the Senate of the United States by a Democrat, Bill Clinton.

Mr. President, many suggest that if the Federal Government operated more like the private sector we would rid ourselves of waste and inefficiency. While that generalized statement is probably true—that we would get rid of a lot of waste and inefficiency, if we operated more like the private sector—that is not absolutely true. It has merit. I subscribe to that belief, and I think that we should keep that statement in mind when we consider the reappointment of Chairman Greenspan to the Fed.

For example, if the shareholders of a bank—and if the President of that bank operated as a multimillion dollar enterprise—suddenly found in that banking operation that there was a fund, a slush fund, a rainy day fund, as the Fed looks to it, without anyone's knowledge, would the shareholders vote for reappointment of that President? The answer is obviously no. They would want probably an opportunity for the President of that bank to explain himself. Yet, those who are insisting on a vote in the affirmative for Chairman Greenspan are asking us to accept what the Fed has done without any explanation. I personally cannot do that.

According to the General Accounting Office report that I requested, along with Senator DORGAN, the Federal Reserve Board is operating with a number of problems. But one is that the General Accounting Office found that there is a $3.7 billion fund. Some refer to it as a rainy day fund, and others have referred to as a slush fund.

The purpose of it, they say, is to make sure that if there are ever any losses that they are covered.

Well, for 79 years the Fed has been in existence. They have never had a loss. There has been no explanation why they have this fund maintained. It is fair to assume that, when it comes to deficit reduction, the chairman's rhetoric is inconsistent with his actions.

The Government was literally shut down last year for a billion dollars here, a billion dollars there. For $3.7 billion we would not have had a Government shutdown.

The report raises a number of legitimate questions about the fiscal management within the Federal Reserve System. Important questions should have been answered prior to now and certainly prior to voting for confirmation of this Chairman. This study was requested because no close examination of the Fed operations had ever been conducted.

I offered legislation on a number of occasions calling for the audit of the Federal Reserve System. These requests for legislation were promptly thrown in file 13. They never went anyplace. The Fed is untouchable. Well, after this study I do not think they should be untouchable, because some of the questions that people asked have been answered in this report.

In fact, does the Federal Reserve System run its own shop with no oversight by anyone? The answer is yes. As I said, there has never been a close examination of the Fed's operations until this study was conducted. The General Accounting Office did a good job. The report is sizable in nature. This is a draft of the report. I understand that on Monday the 17th, they are going to submit their final report. This is done the way the General Accounting Office always does their work. They do a draft report and they show it to the people that requested the report and then they submit it to the body that is being investigated. It will be interesting to see how the Fed has responded to some of these questions. I think, interestingly enough, their responses do not answer all of the questions raised in the report.

Since they are a taxpayer-financed entity, I believe it was necessary to shed greater light on the Fed's operation and so I asked the General Accounting Office to do this. In today's constrained budget environment, Congress needs to be informed, and well informed, on all activities that affect Government's finances. Certainly the national banking system, the Federal Reserve System, is something we should have a better handle on. That, in part, is why we requested this study of the Fed.

Much of the study focuses on activities occurring under Mr. Greenspan's watch and the policies he oversaw. He has been there a long time. He cannot blame what has gone on on someone else. He is the chief administrative officer. He is the person we look to for guidance. He is the person, when we have a problem with our national banking system, we call in to Congress.