

Undoubtedly, Jerstad thinks a lot about what death will be like. But he doesn't fear it.

"One of the things that fires me up," he said, and his voice breaks as his eyes fill with tears, "is knowing I'll get the chance to meet my dad again. He died a couple of years ago. I loved him dearly."

What a glorious reunion, the son said. Yet until then, this husband and father intends to revel in the support of his family, his friends and his faith—for as long as he has.

"I have to say, I wonder if I have been given a gift," Jerstad said, marveling at his own outlook. "I mean, I'm surely not in denial. If anyone has accepted the reality of their death much sooner than normal, it is I."

GIFT OF FAITH

How can that be? How can anyone face death with no resentment, anger or bitterness?

In a phrase, he said with a smile, it is a gift.

"The gift of faith," Mark Jerstad said. "Maybe I'm not angry because I'm so hopeful for the life beyond this life."

"I'll be honest; I know my life is in the hands of the Lord. I can't fantasize anything better than that."

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

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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 President, I ask unanimous consent that the order for the quorum call be rescinded.

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

CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. The hour of 12 o'clock having arrived, morning business is closed.

BALANCED BUDGET AMENDMENT TO THE CONSTITUTION

The PRESIDING OFFICER. Under the previous order, the Senate will now resume consideration of Senate Joint Resolution 1, which the clerk will report.

The legislative clerk read as follows:

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

The Senate resumed consideration of the joint resolution.

The PRESIDING OFFICER. The Senator from Utah.

Mr. HATCH. I thank the Chair.

We are returning to the balanced budget constitutional amendment debate. This is a singularly important debate in our Nation's history. And while I am talking, I am going to constantly refer to just 28 of the unbalanced budgets since 1969—28 of them. We had to find a table strong enough to hold them, and we could not put them on top of each other. As you can see, they are almost as high as I am, stacked in twos and threes. If we put them on top of each other, they would reach almost

to the ceiling. These are our unbalanced budgets over the last 28 years, every last one. And yet every time we get into this debate, our friends on the other side of this issue come in and say, "Oh, let's just have the will to do this. We can do it if we want to, if we just have the will." And we heard the President the other evening talking about all you have to do is pass it and I will sign it.

Give me a break. That is what was said in every one of these instances. And a number of them were listed as balanced budgets during this time. It turned out to be horrendous budgetary deficits rather than balanced budgets. You can just look at this stack—and this is just 28 years. This does not count the other unbalanced budgets for most of the last 60 years. This is just 28 years, these stacks right here.

A lot of good intentions, a lot of people working hard to try to do what is right but never accomplishing it because they did not have the fiscal discipline necessary to get it accomplished. You cannot look at this and listen to these arguments of "Why don't we just do what we should do."

After 28 years—and we are just using the last 28 years like I am saying—after 28 years we have to wake up and say we do need a fiscal mechanism to help Congress to do its job because it has not done its job in the last 37 years and most of the last 60 years.

If we put them all up here, we would not have room. Frankly, we are worried with this stack that we might be violating OSHA rules. If these happen to fall over, somebody's leg could get broken.

We are returning to this debate, and it is an important debate. It is about whether we have reached the turning point in our Nation's history in our fiscal affairs which will change the way we have been doing business. We are hoping that if we pass this amendment, we will profoundly effect a legacy we leave to all future Americans.

We have, as I have said, had piled on this table the failed budgetary history of the last 28 years. These are the unbroken string of unbalanced budgets that we have had since 1969.

As Senator ABRAHAM observed last night, this is about as close to balancing the budget as we have come, balancing these budget documents on this table so they will not fall over. That is about as close as we get to balancing budgets. We are not sure we have it balanced well even that way, so you can imagine how difficult it must be to try to balance them the real way.

We received today yet another budget submission. In this one, President Clinton has promised to point us to balancing our budget by the year 2002. In the coming days and weeks, the Congress will be reviewing this budget submission to determine whether it will be just another failed attempt that we toss on top of this huge pile. Of course, since this budget for fiscal year 1998 will not itself balance, it can be placed

on this stack of unbalanced budgets. But we have yet to see if Congress will be able to work with this budget submission to get us on the path to balance by 2002.

We should all understand that the backdrop to all this is that the Congressional Budget Office has recently painted a less rosy picture of the deficit in the next few years under current policies. Let me just take this chart.

As this chart shows, CBO predicts that the deficit will begin to rise this year and continue rising throughout the foreseeable future. The CBO predicts that the deficit will rise to \$124 billion in fiscal year 1997 and continue to rise to \$188 billion by fiscal year 2002, the year we hope we will have balanced the budget. The deficits just keep rising until 2007, as you can see. Our annual deficit is projected to be, at that time, \$278 billion a year.

Added up, these deficits will add a total of more than 2 trillion additional dollars to the debt from now until the year 2007. That is if we do what the President is going to offer today.

The point is that we cannot yet congratulate ourselves for a job well done. There is work ahead for all of us to do, and there is no assurance of success. Based on the sad history illustrated by these 28 years of budgetary submissions, success has to be considered, by any reasonable person, to be in serious doubt. That is why we need a balanced budget amendment to the Constitution. It has been called an insurance policy that we will get the budget actually balanced in the year 2002 and, more important, that we keep it balanced afterward, instead of doing what it appears will be done up through the year 2007, a continual rising deficit each year, well over hundreds of billions of dollars.

I think the combination of these illustrations of the past and the projections for the future based on our current policy suggest that the past is prologue and should show us that we need a balanced budget amendment.

We have been through debates on this measure before. I would like to outline briefly for those watching these debates what they are likely to hear from the opponents of this amendment based on past debates and the positions outlined to this point in this debate.

First, let me point out this is not a partisan disagreement or debate, and it should not be. That is only fitting and proper for a constitutional debate. You have to have people on both sides supporting a constitutional amendment or there is no way it even has a chance of passing. This is a bipartisan amendment.

Some opponents of a balanced budget amendment will attempt to paint this debate as a battle of parties, of a choice between a Republican amendment or a Democrat amendment or Democrat opposition to the amendment. While I hasten to point out that all 55 Republican Senators, every one of us, are supportive of this balanced

budget amendment, there are numerous Democrats who support it as well and I commend them. Among the original cosponsors are seven Democrats. An additional four Democrat Senators voted for this version of the balanced budget amendment the last time it was considered in Congress, two of whom voted for it in the House and have now joined us in the Senate, and two other new Democrat Senators expressed support for the balanced budget amendment in their Senate campaigns. That number alone will give us sufficient support to send this amendment to the States. Other Democrat Members have supported this text in the past, and I hope they will return. I would certainly be happy to welcome them back. Senate Joint Resolution 1 is a bipartisan undertaking and a bipartisan, bicameral consensus amendment.

The first division of opponents of the balanced budget amendment is between those who say that they are for a balanced budget amendment, just not this one, and those who are against all balanced budget amendments. In effect, the position is the same. Senate Joint Resolution 1 is the product of years of refinement and debate. It is the only balanced budget amendment which has any chance of being adopted by the Congress as a whole.

In past debates, substitute amendments have been offered, not one of which has garnered the support of even a mere majority of the Members of this body, let alone approached the 67 Senate votes required for Senate approval. Any of us might change a word or two if we were writing our own Constitution. We might want the courts to do this or the President to do that, or we might want tax limitation or any number of other changes. But Senate Joint Resolution 1 is the only version that has a chance of passing. So, when someone in this debate says they have a better idea, you will know, in effect, that they are working against passing a balanced budget constitutional amendment.

Second, there will be those who propose changes to the amendment to exempt certain items from the budget-balancing rule. While they will profess that, of course, they are for balancing the budget—we are all for balancing the budget now; I don't know of anybody on this floor who does not say that. They believe that certain items are just too important to be left to congressional prioritizing. Because they are so important, they propose pretending that, for purposes of the Constitution, these items do not exist in the budget of the Federal Government. Of course, these items are items that the Federal Government pays for, but never mind, they are not part of the budget for purposes of balancing the budget.

When it comes to this, I have to say the No. 1 scheme on the part of these people is to exempt Social Security from the balanced budget amendment. We are here to save Social Security.

That is what the balanced budget amendment is all about. The best way to do that is to pass this constitutional amendment. If you take Social Security out from the purview of the balanced budget amendment, the highest item in the Federal budget, that is a risky gimmick that would endanger Social Security's future. So we are very concerned about what is happening here.

Third, we will also hear those who believe that willpower, or another statute, will be the discipline we need. Let me say, again, it has been 28 years, since 1969, since we have balanced the budget. That was the only time we did it since 1960—37 years ago. So, in 37 years we have only balanced the budget once and we have only 28 of those years up here. We could not afford to take the risk of violating OSHA rules by piling this any higher. So, willpower has not worked. We have had no fewer than five major statutory attempts to rein in our borrowing habits since 1978 alone. No statute has worked.

Finally, there are those who would say that a constitutional amendment is unnecessary because Congress and the President both want to balance the budget by 2002, we are moving toward that goal. While it is true that everyone has adopted the goal of balancing the budget by 2002, we have not finished that job yet. June O'Neill, the Director of the Congressional Budget Office, testified last week before the Budget Committee that the good news is pretty much over and the hard work is ahead. As I pointed out, CBO projects that the annual deficit will begin rising again this year from \$107 billion this year, which they act like is nothing, to \$124 billion next year, to \$188 billion in the year 2002, the year we all agree we will have a balanced budget, or we will have to balance the budget.

The lesson, then, is we cannot declare victory and go home because things have recently improved to some extent. The hard work is ahead, and the political pressures that have given us our decades-long debt habit will continue to push us off balance, toward mortgaging the future. Only the permanent counterweight of the Constitution can get us to balance in the short term and keep us in balance for the long term.

Let me conclude simply by saying that I am pushing for this change in our basic charter because I care about the quality of life for all Americans, for those now living, and for those future generations that cannot make their wishes known at this time. I believe that if our colleagues will think about how Washington has worked over the last few decades—just look at it, three decades almost—and the price real Americans pay now, and especially will pay in the future, that they will agree that a vote for the balanced budget amendment is a vote for a better future for all Americans.

We have debated this amendment in Congress for many years. I believe it is

time to let the American people debate it in their State legislatures, but that cannot happen unless we pass it through both Houses of Congress. I believe it is time they will adopt a balanced budget amendment to the Constitution if we give the people a chance. Let the people speak, and let them speak without further delay.

Let me just say one last thing about Social Security, because I think it is one of the phoniest issues I have seen in years. Without a credible sustained balanced budget, we will never have the money to pay our future benefits. It is just that simple. A balanced budget means economic prosperity, producing the revenues necessary to fund the program. With a balanced budget, the big spenders in Washington won't be able to target Social Security to pay for other programs, just as the administration did in 1993.

By the way, in the President's own words, he said this: "Neither the Republicans nor I could produce a balanced budget tomorrow that could pass if Social Security funds cannot be counted."

That was said on January 28, 1997, just a week ago. Neither of us can do it without that.

I think it is important to make it clear that opponents of the balanced budget will throw out any diversion to confuse the issue. They will even use scare tactics. The truth is, excluding Social Security does nothing to secure benefits into the future, and the President's own budget that is submitted today counts those surpluses to set it in balance.

We have set aside most of our time this afternoon for our newest Members of the Senate, our freshman class, to come down and express their views on this.

Mr. LEAHY. Will the Senator yield for a question?

Mr. HATCH. Yes.

Mr. LEAHY. The distinguished chairman is not suggesting, and I realize by parliamentary form he could arrange that to happen, he is not suggesting, is he, that debate would be limited only to those who are in favor of the constitutional amendment?

Mr. HATCH. Of course not. We will go back and forth as we did yesterday; either way, as far as I am concerned.

Mr. LEAHY. I don't object.

Mr. HATCH. For some of these freshmen Senators, it will be their first speech as U.S. Senators. I can't believe that there is anything more fitting than the balanced budget amendment in their very first speech. This is a historic issue, and I think these freshmen Senators will help us understand how truly historic it is.

Mr. LEAHY. Mr. President, will the Senator yield again?

Mr. HATCH. I yield.

Mr. LEAHY. On that point, as the distinguished chairman knows, the new Senator from Nebraska was on the floor yesterday. While he took a different position than mine on this, I

commend him for his efforts and his work on this. While the chairman and I disagree on the need for this amendment, I think we both agree that if somebody is to give their first speech in the Senate, there are few issues that will be of such significance as this.

Anytime one amends the Constitution, something that has been amended only 17 times since the Bill of Rights, that is a significant effort. As I said yesterday, for 200-some-odd years, we have resisted the temptation to amend our Constitution, which is one of the reasons why we are such a powerful democracy and one of the reasons why our Constitution has stood the test of time.

I also note, I think on both sides of the aisle there is strong support to balance the budget, but what I want to remind everybody, as the President said in his State of the Union Address, is all it takes is our vote and his signature to balance the budget without a constitutional amendment. In the last 4 years, the deficit has come down. For the first time since I have been able to vote, the President 4 years in a row brought the deficit down and is now on the fifth time. He deserves a great deal of credit for that.

The PRESIDING OFFICER. The Senator from Utah.

Mr. HATCH. Mr. President, I honor my colleague. He is a very fine Senator and does a very good job, but give me a break: All it takes is for us to do the job and the President's signature. We have had 28 years of that philosophy. Here it is. Twenty-eight years on balanced budgets and really, in the last 60 years, there have been really very few balanced budgets. This would be three times this size if we put it up for the last 60 years. This ought to give anybody enough pause to say, "Hey, it's time to get this over with. It's time to let people move on from here."

Our efforts to pass the balanced budget amendment predate even my own election to the Senate some 20 years ago. But these new freshmen Senators are absolutely critical and an indispensable factor, it seems to me, in this debate. They came to the Senate last month with new insights and unbounded enthusiasm and energy and determined that some integrity and sanity be restored to the Federal budget process. Their commitment to this process, to our children and our grandchildren is an inspiration to those of us who have dedicated most of our political life to this message. I hope their message is heard around the country.

All freshmen Senators are original cosponsors and they can work in a bipartisan manner with their Democratic counterparts to ensure passage of the amendment this month.

The PRESIDING OFFICER. The Senator from Colorado is recognized.

Mr. ALLARD. Thank you, Mr. President.

First of all, Mr. President, I would like to recognize the leadership of my colleague, the Senator from Utah, on

the balanced budget amendment to the Constitution.

One of my primary campaign promises when I was running for election to the U.S. Senate was to push for a balanced budget, and I believe that the best way to force us to finally take the courageous steps necessary to balance the budget is to establish a constitutional balanced budget requirement. Statutory balanced budget requirements have proven to be insufficient as Congress has proven its willingness to amend any such requirements.

I must emphasize that the modern congressional movement to establish balanced budget requirements is not a partisan issue. In 1935, the first bill to establish a statutory balanced budget requirement was introduced by Senator Millard Tydings, a Democrat from Maryland. In the following year, Congressman Harold Knutson, a Republican from Minnesota, introduced the first proposal to place a balanced budget requirement in the United States Constitution. In light of the bipartisan history of the balanced budget movement, I urge all of my colleagues to join together in making the balanced budget amendment the first and most important accomplishment of this 105th Congress.

During the 104th Congress, the Federal Government surpassed a milestone that our forefathers would have never thought possible—the debt incurred by the Federal Government surpassed \$5 trillion dollars. This is an astronomical sum of money, and it is something of which we, as policymakers, should be ashamed. We owe it to our children and grandchildren to do better. We owe it to them to pass a constitutional requirement to mandate that the Federal Government balance its budget by 2002.

Most people believe that the issue of balanced budget constitutional amendment is a relatively recent issue. But this issue actually surfaced before the Constitution was ratified by the States.

New York and Rhode Island both included requests that the Federal government be restricted in its ability to borrow money. Gilbert Livingston of New York proposed "that no money be borrowed on the credit of the United States without the assent of two thirds of the senators and representatives present in each house." Admittedly, Mr. Livingston was an anti-Federalist who did not believe in the Union. But he and other anti-Federalists realized that forcing the Federal Government to live within its means would provide an important check on its power. Requiring the Government to go to the people for all of the revenues necessary to run its programs would force it to be accountable to the people.

Indeed, in 1779 when the United States was still governed by the Articles of Confederation, Benjamin Franklin angrily complained of the extravagances of the Federal Government that were afforded by its ability to print money to pay its bills. While the Gov-

ernment was having difficulties raising the funding to carry out the Revolutionary War, it still managed to spend large sums of money to pay for tea and other wasteful items.

The dire financial straits of the Federal Government in the aftermath of the Revolutionary War seem to have minimized the concern that the founders had to constrain the ability of the Federal Government to incur debt. In addition, Framers of the Constitution such as Alexander Hamilton believed that the Federal Government would voluntarily restrain itself, and that the public would provide an adequate check if the Government showed a tendency to get out of line. But it was not long before some in the Federalist Party began to voice their support for a constitutional balanced budget requirement. Thomas Jefferson was concerned with what he considered to be the extravagant spending practices of the administration of John Adams and he felt that the best way to correct this problem was to take away the ability of the Federal Government to incur debt. He wrote to John Taylor on November 26, 1798, "I wish it were possible to obtain a single amendment to our Constitution. I would be willing to depend on that alone for the reduction of the administration of our government to the genuine principles of its Constitution; I mean an additional article, taking from the Federal Government the power of borrowing." Thus, Jefferson saw a balanced budget requirement as the proper tool to constrain the Federal Government within its proper boundaries and to cure the Government of any wasteful tendencies.

In spite of the concerns of those like Jefferson who felt that the Federal Government needed to be constrained by a constitutional balanced budget requirement, the Federal Government seemed to be able to balance its budget except in times of war and economic downturns until the 1930's. Budget deficits were considered to be abnormalities and Federal officials felt that they had a moral responsibility to their children and grandchildren to balance the budget and even pay down the Federal debt. In his first inaugural address, Andrew Jackson stated, "Some of the Topics which shall engage my earliest attention as intimately connected with the prosperity of our beloved country, are, the liquidation of the national debt, and the introduction and observance of the strictest economy in the disbursements of the government."

Jackson detested debt because of an experience that he had had as a young man in which he was nearly ruined financially as a result of a debt on a parcel of land that he had acquired as a young man. Jackson considered it to be a matter of public honor and morality to retire the national debt. In a speech in 1831, he commented that when the debt was retired, "we shall then exhibit the rare example of a great nation,

abounding in all the means of happiness and security, altogether free from debt." Although the debt had been paid down on a nearly continuous basis after the United States was brought under the Constitution in 1789, Jackson finished paying off the debts incurred by the Nation in the Revolutionary War and the War of 1812 in 1834—and became the first and only administration to ever retire the debt of the Federal Government of the United States.

In 1837, the worst economic downturn in the history of the United States aside from the Great Depression caused the Government to resume running occasional deficits. But Jackson's successors shared his belief in a balanced budget and ran balanced or surplus budgets except in times of war or economic downturn. In 1842, President John Tyler wrote that Americans were a "people rendered illustrious among nations by having paid off its whole debt."

The Republican Party held the White House almost continuously from the outbreak of the Civil War until the beginning of the Great Depression. And although these Presidents managed to continue the trend of balancing the budget or running surpluses except in times of war or economic downturn, these Presidents were not the model of efficient government that we should aim to follow. Prior to the Civil War, the Federal Government spent a record \$74 million. After the Civil War, Federal Government expenditures never dipped below \$244 million and often times was in excess of \$300 million, an increase of more than 400 percent. As the Federal Government increased its spending, it expanded into new areas of influence. Prior to the Civil War, the Federal Government had mainly confined itself to matters relating to the national defense. After the war, however, the Federal Government increasingly took over waterway and transportation improvement projects from the State and local governments. Although the Federal Government only spent a total of \$3.7 million on river improvement and harbor construction between 1850 and 1860, it spent \$53.8 million from 1869 to 1879—an increase of over 1,300 percent.

Not only did the nature of Federal Government expenditures change, the attitude about fiscal responsibility had changed as well. As a favor to their business constituencies, the Republicans were intent upon maintaining exorbitantly high tariffs ranging from the 20 percent Morrill tariff which was enacted to finance the Civil War in 1861 to the Dingley tariff of 1898 and the Smoot-Hawley tariff of 1930, both of which were in excess of 45 percent. As these tariffs represented an enormous tax upon farmers and other consumers, they were very unpopular. The tariffs generated enormous budget surpluses and, as a result, they were hard to justify to the public. Rather than finding ways of returning the money to the people, Congress and the Republican

administrations engaged in unprecedented spending binges on patronage and questionable pork-barrel and log-rolling projects to reduce the budgetary surpluses to politically acceptable levels. At the same time, they proclaimed their support for balanced budgets to the public. Thus, President Benjamin Harrison described unnecessary debt as criminal even though spending increased during his term from \$299 million in 1889 to \$383 million in 1893.

The rules of the Federal budgetary game changed with the New Deal policies developed by President Franklin Delano Roosevelt in the wake of the Great Depression, the worst economic downturn in the history of our Nation. FDR was a well-intentioned man whose primary goal was to end the suffering that he witnessed with any means at his disposal. FDR detested the tendency of economists and others around him to try to think about the long-term implications of his policies, but instead preferred to devise immediate solutions to the problems that the people faced. He established numerous agencies and public works projects to try to pull the Nation out of the depression while continuing to profess a sincere desire to balance the budget. One of FDR's fiscal innovations that has had the most profound impact on our economy was the widespread use of entitlement programs which are defined as programs that make payments to all individuals or companies who are eligible by current law and who apply for the benefits. The most popular entitlement program created during FDR's administration was Social Security. Also created under FDR were the Federal farm assistance programs which I am proud to say we successfully reformed and made more market-oriented during last year's debate on the farm bill.

Most economists agree that the Great Depression ended only with the outbreak of World War II, but the legacy of the Depression era programs has lived on. Several new entitlement programs have since been established, most notably the Medicare and Medicaid health programs which were started as a part of LBJ's Great Society fiscal agenda. Although FDR was not completely convinced by Keynesian economic theories, in the aftermath of FDR's administration, Keynesian economics became an accepted theory in determining fiscal policy. This theory, best expressed by the Employment Act of 1946, stated that the Government would run balanced or surplus budgets in times of economic prosperity, but it would seek to run deficits and stimulate the economy during recessions through increases in discretionary spending projects. This theory encouraged a reluctant President Eisenhower to run a deficit throughout much of his administration stating:

Balancing the budget will always remain a goal of any administration . . . That does not mean to say that you can pick any spe-

cific date and say, "Here, all things must give way before a balanced budget." It is a question of where the importance of a balanced budget comes in; but it must be the aim of any sound money program . . . When it becomes clear that the Government has to step in, as far as I am concerned, the full power of Government, of Government credit, and of everything the Government has will move in to see that there is no widespread unemployment and we never again have a repetition of conditions that so many of you here remember when we had unemployment.

Based on Keynesian economic theories, Eisenhower approved discretionary spending increases in fiscal year 1958 and fiscal year 1959 which resulted in deficits of \$3 and \$13 billion respectively.

This regard for Keynesian economic theories caused administrations to change their views of deficit spending and encouraged the Federal Government to try to micromanage the economy and incur massive deficits in the process. No longer did policymakers consider it such a moral obligation to balance the Federal budget. In the entire postwar period, we have run budgetary surpluses only eight times. It is curious to note that the surpluses in times of economic prosperity in the Keynesian economic theories have almost entirely failed to materialize. The last budgetary surplus occurred in 1969 and the deficits run by the Federal Government have grown increasingly larger reaching a high of nearly \$330 million in fiscal year 1992. Luckily, Keynesian economics has increasingly been ignored in recent years as a usable guide for fiscal policy. It has been realized that the Federal Government does not have enough information at its disposal to accurately predict the onset of a recession. In addition, by the time a stimulus package can get through Congress, economic recovery is often already underway. In cases such as these, precious taxpayer dollars are wasted while the economy may be overstimulated resulting in inflation.

In spite of the recent turn away from Keynesian economic theories, in general the Federal Government's deficits have been growing larger over time, and this trend is only expected to continue. This is due to the rapid growth of entitlement and other mandatory spending. About 55 percent of our spending went to entitlements in fiscal year 1996, and, as projected by the CBO in its January 1997 report on the Economic and Budget Outlook for fiscal years 1998 to 2007, entitlement spending is expected to top \$1 trillion in fiscal year 1999. This increased entitlement spending is expected to be accompanied by enormous deficits. In its January 1997 report, the CBO forecasts the deficit to reach roughly \$280 billion in fiscal year 2007 if discretionary spending is allowed to increase with inflation. This increase in entitlement spending also corresponds to a continued large role for the Federal Government in the economy, equal to 21 percent of GDP during the next decade, of which 14 percent of GDP would be represented by

spending on entitlements by 2002. We simply cannot allow this to happen.

We must establish efficiency and accountability in the Federal Government. Entitlements, which automatically grow without any action on the part of Congress, are causing these tremendous deficits. Although we can reduce the deficit by freezing discretionary spending, entitlement reform that puts these programs on sound economic footing is absolutely necessary in order for us to balance the budget. As the 105th Congress begins, one of the first things that we need to do is to get our fiscal house in order and send to the States a balanced budget requirement. It is a disgrace that in fiscal year 1996, we burdened the hard-working taxpayer with \$241 billion in net interest charges on the national debt. It is even more disgraceful that if we fail to balance the budget, the resulting higher interest rates and lower foreign exchange rate will doom our children to a lower standard of living than they otherwise would have. For our children and our grandchildren, we, the Members of the 105th Congress must be courageous and pass a balanced budget amendment to the U.S. Constitution.

Mr. HATCH. Mr. President, I thank the distinguished Senator from Colorado for making such an impassioned statement on how important this balanced budget amendment is. We are so glad to have you in the Senate. You are making a difference and we appreciate and thank you so much for your good comments. You are speaking for the vast majority of people in this country, 68 percent of whom, according to the latest polls, want this amendment passed. I personally thank you and congratulate you for your speech.

The PRESIDING OFFICER. The Senator from Oregon is recognized.

Mr. GORDON SMITH. Mr. President, it is an honor to rise in this Chamber to make my first remarks as a U.S. Senator. I'd like to begin by paying tribute to Senator ORRIN HATCH of Utah for the leadership he has shown on this issue for many sessions of Congress, to help focus us, the American people, upon this important and overriding issue of balancing our Federal budget.

I come to this Chamber, to this service at the Federal level, from the State legislature in Oregon—where I served as a State senator and as the Senate president. It was our highest priority in the State legislature to balance our budget. Indeed, it was our constitutional responsibility to balance the budget. Every session, we would convene in Salem; coming together as Republicans and Democrats, liberals and conservatives, to have an honest debate about how we spent public money, and what taxes, if any, should be raised or reduced, and how best to be good public stewards. I say it was an honest debate because we did not have the recourse of deficit spending—of going to the credit card of our children. I took pride in the kinds of debates we had.

Sometimes they were tough, but always they ended with our budget balanced and Oregon's fiscal house being in order.

Today we come to a decision about whether or not our Government needs to have the same kind of commitment, that constitutional commitment that we have in most States. My colleague, Senator ALLARD, read repeatedly from the words of Thomas Jefferson. I like Jefferson's words in which he counseled us that it should be unthinkable for us to spend the money of the next generation for our consumption in this generation. Indeed, we have done this to a degree, now, that we begin to hamstring our economy and threaten the future in ways that ought to make us ashamed.

During the course of a yearlong campaign, I would go home as often as I could. But always when I did, I was very tired from long hours of campaigning. On one occasion, I sat in my living room and began to fall asleep. My son, who was 6 years old at the time, toddled over to me and tapped me on the wrist. As I was waking up, he asked me the question, "Daddy, can I have your watch when you're dead?"

At that time, and since then, I have laughed at that comment many times because it was a question from an innocent child. I have thought humorously about it since and yet, also, soberly. I would like my sons and daughters, and your sons and daughters, to be able to inherit more than just a watch, to be able to inherit the kind of future and the kind of America that we have had, and the kind which we have an obligation to pass on.

What drives our need for a balanced budget amendment? Pure and simple, it is the growth in spending that is out of control. It is immoral. It ought to be illegal. I would like to use the growth of four programs to demonstrate how, frankly, when coupled with interest on the national debt, we are spending ourselves into oblivion. The four programs are entitlements. They are important programs, and they have done great things for the American people—for the needy and the elderly—to take them out of poverty. Entitlements don't require a vote of Congress each year. And interest on the debt is something we have to pay, again; it is not voted upon.

Thirty years ago, in 1967, the Federal Government's spending on these four programs—Medicare, Medicaid, Social Security, Federal and military pensions, and then interest on the national debt—represented just 25 percent of our budget. Ten years later, in 1977, just these four programs, plus interest, had grown to 41 percent of the budget. In 1987, just these four programs, plus interest, had grown to 50 percent of the budget. In 1997, these four programs, plus interest, have grown to 61 percent of our budget. In 2007, just 10 years from now, they will make up more than two-thirds of our Federal expenditures, if we don't change our spending

habits now. What will be left, then, for schools, roads and bridges, for police and for our national defense? If we don't do something right now, then each year the deficit will grow higher and higher. We must have a mechanism that will ensure that deficit spending will stop. We must have an amendment that will ensure a balanced budget.

I understand, as a former legislator at the State level, how difficult it is to say "no," because whether you are a Republican or a Democrat, you go through the fire and pain of a campaign because you care about people, you want to leave your community better off. Everyone who comes to your door has a legitimate and often heart-rending story to tell. And if you could, you would say "yes" every time. But the problem in this Federal city is that we never say "no" when we ought to say "no" for the betterment of our whole society.

I spoke about these programs, these entitlements that help our Nation's elderly. I believe that to preserve and protect and strengthen Medicare and Social Security, we have to have a debate about the whole problem. Many have talked about how Social Security needs to be protected. I share that concern, and I will always talk about that, and I will vote to protect Social Security. But it is not right to say that this program—in order to protect it—should be taken off budget as part of the balanced budget amendment. Not even our current President believes that and, therefore, when speaking about his administration's deficits, always including the Social Security trust funds.

There are those in the Senate that say that we should exempt Social Security from the balanced budget amendment. I disagree with that. I say that passing the balanced budget amendment, which both Republicans and Democrats have proposed, is the most important thing we can do to protect Social Security and our seniors. If Social Security balances are exempted, additional cuts will have to be made during years of surpluses. For example, in the year 2002, Congress will already have to save, in order to balance the budget, \$188 billion. If those trust funds are exempted, then Congress will have to cut an additional \$104 billion from the budget. Thus, Congress will have to radically cut programs by \$292 billion. Just making the cuts to reach the \$188 billion mark will be difficult. An extra \$104 billion will be incredibly difficult and will, undoubtedly, cut discretionary and mandatory programs, many of which will help America's aged, those 65 and over.

What does a balanced budget mean to Oregon, my State, and to your State, and to America? It guarantees that we will be fiscally responsible. It means that we will restrain the rate of growth of deficit spending by the Federal Government, and that we will increase the rate of growth in the private sector. It means that interest rates will be lower for all Americans. That means lower mortgage payments.

For example, if you have a \$100,000 mortgage payment, on a 30-year basis, a 2 percent drop in the interest rate would result in a \$140 per-month reduction in your mortgage payments. At the same time, it means lower car payments. For a \$15,000, 5-year auto loan at 9 percent, this would represent savings of \$1,200 over the life of the loan. Well, lower interest rates also means lower interest on your credit cards. On a credit card balance of \$1,000, with a rate of 14 percent, it would save you \$20.

That is real money to real people who have real problems in their lives. It means more money in your pocket, as an American citizen, to be saved, if you choose, for things that are important to your family, like buying a home, providing for a child's education, for food, for clothing, all the things that real people need more than Government needs them.

This is a choice about a brighter future for America. I am very pleased that I was able to support a balanced budget amendment to the U.S. Constitution in my first remarks on the floor of the U.S. Senate. It will send a credible message to all of the world and its economic markets. It will mean long-term economic growth. It will give greater control of our foreign-held debt. It will restore integrity to our budget process. Finally, this debate will show American families that they have a choice for a brighter future.

Thank you, Mr. President.

Mr. HATCH. Mr. President, I compliment our distinguished colleague from Oregon. He became the president of the Oregon Senate shortly after he was elected to the Oregon Senate. I think we are very privileged to have him in our body today. He has made his maiden speech, and I can't imagine any subject that would be more meaningful than this one. I am pleased he took the time to make that speech on the balanced budget amendment. It also shows there is a new wave coming through this body. People are now getting serious, after 28 years of unbalanced budgets. This stack represents the 28 unbalanced budgets over the last 28 years. These folks are coming in here saying it is time to change it. You can hardly see me behind this stack. But this has to be changed, and the only way we are going to change it is with a balanced budget amendment. When people come on the floor and just say, "Let's have the will to do it," the only will they need to show is to pass the balanced budget amendment so we will do it. For 28 years—really, for most of the last 60 years, we haven't had the will to do it. I compliment my colleague and thank him for his cogent, good remarks here today.

I yield the floor.

Mr. GRAMM addressed the Chair.

The PRESIDING OFFICER (Mr. ENZI). The Senator from Texas.

Mr. GRAMM. Mr. President, I rise today to talk about the issue which is before us, the balanced budget amend-

ment to the Constitution. But I don't think today we can talk about this babble about putting the Federal Government on a budget like everybody else, except in the context of the latest edition to this big stack of budgets over here which have failed America and failed the working people of our country and piled hundreds of billions of dollars of debt on generations yet unborn, without looking at the newest installment of this debate; that is, the budget that the President has sent to us this morning.

I want to make it clear, Mr. President, that I am rising to talk about this budget and to criticize it, in some ways in harsh terms. I want to begin by pointing out that I rise to criticize this budget more in disappointment than in anger. I believe with the rhetoric that both parties have been using that it is essential that we work together with the administration. I do not believe we are going to balance the budget based on the efforts of one party, though I think both parties need to do a better job of doing their part.

I am the new chairman of the Medicare Subcommittee. I would like to do something worthy of being remembered by taking major, bold steps towards saving Medicare, and I know we can't do that if we do not work with the President.

So I would like to focus my comments on the President's budget today, and really focus not so much on the deficiencies of this budget and on those aspects of this budget which represent really a political shield that the President has erected to protect himself from having to make hard decisions; I would like to couch my comments about this budget in terms of what is left to be done, and what we have to do if we begin with the President's budget and we decide we are going to go from here to a balanced Federal budget. I would like to talk about that first. Then I would like to talk about where we differ with the President. What is the real issue that we are going to have to decide in writing the budget of the United States of America for this year? Then I would like to sum up.

First of all, let me say that, like most of my colleagues, I was disappointed when our President the night before last told us that we do not need a balanced budget amendment to the Constitution of the United States.

My guess is that at the founding of the Republic, when the Bill of Rights was set out as the immediate follow-on to the Constitution, there were those who said, "Well, we do not need to guarantee freedom of speech. We do not need to guarantee freedom of religion. We do not need to guarantee freedom of assembly. Let us do it ourselves. Let us let the Congress do it. We do not need to guarantee the protection of the rights of the States in those areas where the Federal Government doesn't have specific enumeration in the Constitution. Congress is capable of making those decisions."

Our Founders decided that trust Congress to guarantee freedom of speech, that they couldn't. That logic didn't make any sense. Our Founders decided that they couldn't trust Congress to guarantee freedom of religion. So they put it in the fundamental contract which bypasses Congress, which bypasses the President, and that is the contract between the Government and its people. That is what the Constitution is.

The difference between our position and the President's position is the President is saying after 28 years of failure in a row, after piling now trillions of dollars of debt on generations yet unborn, that we ought to trust Congress; that we ought to trust the President to balance the budget without being required to do it. Obviously, if you look at that big stack of budgets over there on Senator HATCH's desk, for 28 years in a row under Democrat and Republican Presidents, under Democrat and Republican Congresses, we have not done the job. I point out that many of those budgets claim to be in balance. But as I will make clear in my comments about the newest installment, the 29th budget to go on top of 28 budgets that failed to get the job done, if we took this budget on its face and assumed that it was adopted whole by this Congress, it is probably the poorest blueprint among the 28 to get the job done.

In fact, for a President who says we do not need to require a balanced budget, that we can do it, it is very instructive to look at the fine print in the President's budget. In fact, it is not even in the budget document itself. You have to get over into the analytical perspectives to find any word as to how the administration actually is going to ensure that the budget is balanced. In fact, it is the very last paragraph in the section of the President's budget that is entitled "Preview Report." In other words, it is about as hidden as you can make something hidden.

Let me read basically what it says. It says in very small italic print, "Mechanism to ensure balance in the year 2002. The budget includes a mechanism to ensure that the President's plan reaches balance in 2002 under OMB or CBO assumptions."

What is that mechanism? Here is the mechanism. The mechanism is that if things don't work out, the tax cuts that the President has in his budget this year would in the future be taken back. But the tax increases the President has in his budget this year would be forever. The President proposes spending more money now and increasing the deficit now over the last year where we have an actual figure on the deficit, and that is fiscal year 1996. The deficit would rise from \$107 billion in 1996 to \$121 billion in 1998. But what the President says is, let me raise taxes this year. Let me increase spending this year. And then, if we do not balance the budget in 4 years, I want to

take back the tax cuts that we would have given you 4 years from now. And let me spend the money on all of these new programs—which we heard about the other night—but if, in fact, the budget is not balanced, then we are going to have a mechanism to take that money back. Where is the mechanism? We do not know. Nowhere does the President tell us where this mechanism is.

Mr. President, this is no guideline for balancing the budget. This is no program for achieving what the President says he is committed to. What we need more than anything else is to, No. 1, sign a contract with the American people through the Constitution that President Clinton can't change and the Republican Congress can't change committing that we are going to do it. And then, second, we need to buy an insurance policy by setting out a program that makes changes now—not 4 years from now—if we fail to get this job done.

So I think it is very instructive in this debate about a balanced budget amendment to the Constitution that when our President adds the 29th failed budget in a row, nowhere in the budget itself does he talk about how we are going to achieve a balanced budget and an enforcement mechanism. But in one paragraph in Analytical Perspective, he tells us that "most of the President's tax cuts would sunset, and discretionary budget authority and identified entitlement programs would face an across-the-board limit." No one knows what that mechanism really is. But it is very clear what the President intends here, and that is tax now, spend now, and then 4 years from now let somebody else worry about it.

President Clinton is not alone in these failures. We have budgets over there in that stack from Republican Presidents who have done the same. Isn't it time that we stop this process with a balanced budget? I say yes. God willing, we will.

Let me turn to a discussion of the President's budget. It is hard to come up with analogies because accounting, especially when you are dealing with billions of dollars, bores people to death. Quite frankly, most of us do not know what \$1 million is. I have one constituent, Ross Perot, who knows what \$1 billion is. Nobody knows what \$1 trillion is. But let me try to set it in perspective. Let me just run through and talk about a few of the things that the President is proposing in his budget.

No. 1, think of the Government as being overweight and think of what we are trying to do here as going on a 4-year diet. We have been overweight, and we have been claiming to be on a diet for 28 years, but we have a new diet that the President is going to put us on here. Let me start and go through the diet and I am sure at least—well, let me be careful—some of my colleagues have been on diets as I have been. Others probably are so

blessed that they have not, but judge this diet if you needed to lose weight for your happiness or health.

First of all, the President takes the amount of weight we need to lose and, by assuming different things, he says let us assume half of the weight loss is going to occur naturally.

The first thing the President does in his budget is he changes the economic assumptions of the nonpartisan Congressional Budget Office which gave him their outline that we are required by law to follow in our budget. Before he ever wrote his budget, they told him the rules Congress will be bound by in writing our budget.

What the President says in essence is that to achieve a balanced budget we have to have a certain amount of savings. I am going to change assumptions, the President in essence says in his budget, so we assume that half the weight loss is just going to occur naturally. So the President is talking about, if you look at a budget, in this case for a bloated Government which has not been on a real diet in 28 years and shows it, losing half the weight that Congress is bound in writing in our budget to lose—to be able to claim that in fact we have a diet which will achieve our goal, the President assumes half the problem away right off the top.

Second, we heard the other night about the President's tax cut and what it was going to provide, but now that we have the numbers—and I do not think it is unusual. I am not trying to be partisan with regard to the President. But let me just give you the rest of the story. The President the other night talked about a \$98 billion tax cut and all the good things we were going to get.

Now that we get the President's budget, we discover some very startling things. First of all, in the first year, 1997, taxes go up, not down. No. 2, the President has in his only enforcement mechanism a provision that says, 4 years from now, if we do not lose half this weight by assumption and good wishes, he is going to take back the tax cut. So the first year he raises taxes out and out, no doubt about it. Then he is going to give us a tax cut in the future, but he has provisions in the bill that say, if we do not lose half the weight we need on this diet automatically, he is going to take the tax cuts back. The President's tax increases are forever, but the tax cuts are temporary.

Also, the President has all kinds of offsetting receipts and hidden taxes and user fees that let the President claim we are controlling spending when we are not.

For example, the President assumes we are going to sell spectrum, sell the right to use the radio waves of the country, and that we are going to get \$36 billion from that, and that he is going to spend every penny of that \$36 billion. The President has nearly \$47 billion in new fees that he would have

us impose. The President increases nondefense spending. In an era where, the President told us last year, big Government was over, the President proposes in his budget increasing non-defense discretionary spending by \$73 billion.

And with this increase in spending, guess what. Discretionary spending goes up next year, the deficit from the last real number we have in 1996 goes up next year, taxes go up next year. Next year, taxes will be at the highest level in the history of the United States of America. Defense will be at the lowest level as a percentage of the budget since the mid 1930's. And yet the deficit will be rising relative to what we have achieved in fiscal year 1996. Why? Because of new spending. There are 101 other little tricks in the budget, and each of these tricks is aimed basically at having it both ways.

Let me get down to the fundamental choice we are going to have to make. First of all, if we are going to lose this weight, if we are going to balance the budget, we cannot start by assuming that half the problem is going to solve itself. We have to assume that we are going to have to do every bit of it. We are going to have to make the tough choices. And if we really want to do it, we need to be conservative in making choices so that if things do not quite work out, we still get the job done.

We cannot get where we are going by beginning in the wrong direction. If our goal is to spend less, why spend more in the first year, the only year of the budget that is binding? If our objective it is to lower taxes, why raise taxes the first year with a program that will cut taxes in the future—but only if you achieve the deficit reduction targets.

However, there is a more fundamental issue here, and this is one where there is a legitimate difference, and that is we have two competing visions. The President's vision, despite all the rhetoric of a year ago, is a vision of Government providing more benefits and more services to more people. The President gives us a budget where discretionary spending grows by \$73 billion. The President believes, obviously, as reflected in this budget, that Government can spend the money of working families better than they can spend it themselves. The fundamental difference between the President's budget and the vision that most Republicans share is, at its very root, a philosophical issue and a legitimate issue and it is what we ought to be deciding in the budget, and that is what kind of America do we want?

The President wants an America with taxes at the highest level in history, spending at the highest level in history for nondefense programs, spending on defense at the lowest level as a share of the budget in a half century. That is his vision, as reflected in this budget. Our vision is different. Our vision is the vision that we want families to spend more money, whereas the President wants Government to spend

\$73 billion more on nondefense discretionary programs alone. And, look, he wants Government to spend it on good things. He wants Government to spend it on education. He wants Government to spend it on health. He wants Government to spend it on building schools. He wants Government to spend it on all kinds of programs to help people. There is no evil or sinister scheme in what the President wants here. He wants Government to help you with \$73 billion in new spending. The fact that it will mean that social spending will be at the highest level in American history and taxes will be at the highest level in American history, that does not change the fact that the President's intentions are both good, from his point of view, and they are honorable.

But here is the difference. We are not debating how much money is going to be spent on education. We are not debating how much money is going to be spent on nutrition or health. We are debating who is going to do the spending. President Clinton wants the Government to do the spending and we want the family to do the spending. We want to take this \$73 billion of spending increases on all the good things the President wants to spend it on and we want to give that money back to the families who earned it to begin with and we want to let them spend it on education and housing and nutrition. It is fundamentally an issue of whether Government can make better decisions for working families or whether working families can make better decisions.

Let me give an example, the most heartrending part of the President's program, health care for children. Who wants to debate health care for children and be against it? Nobody. The President spoke with great eloquence and passion about it. He said 80 percent of the families that do not have private health insurance pay taxes; 20 percent that do not have it, by and large qualify for Medicaid but have never bothered to fill out the papers, in many cases because when a child gets sick and they go into the hospital, at that point they join Medicaid.

Now, here is the fundamental issue. The President says working moderate-income families are having trouble making ends meet and, as a result, many of them do not have private health insurance for their children. We agree, Mr. President. We are in total agreement.

But the issue is this. Is the solution to create another Government program to help these people? Or is the solution to let these working families keep more of what they earn so they can buy private health insurance for their children? Is the solution more Government? Or is the solution to let families have more freedom about spending their money? Is the solution to spend 73 billion more dollars, as the President has proposed, sitting around the Cabinet table at the White House, sitting around the committee tables here

in Congress? Or is the solution to let working families keep more of what they earn and let them spend the money sitting around their kitchen tables? That is the fundamental issue. It is two different visions for two different Americas.

If you want to go to the analogy about bridges to the 21st century, it is the debate about, not how we are going to get to the century—we are certainly going to get there. I can guarantee you today that, barring a calamity, we will have a 21st century. The debate is not about building a bridge to it, we are going to get there. The debate is what is the century going to be like when we get there. Is it going to be a century dominated by Government? Is it going to be a century where Government is taking care of us? We started out with a Government taking care of the poorest of the poor. Now the Government is taking care of more and more and more Americans. We are going to take care of moderate-income people because they cannot take care of themselves with the confiscatory tax burden that has them paying 15 cents out of every dollar in payroll taxes and often 28 cents of the last dollar they earn, or certainly 15 cents of the last dollar they earn to the Federal Government, and then State and local taxes on top of it. Is the solution, when families are taxed so they cannot meet their fundamental needs, to tax them more and to give them benefits? I don't think so.

I think the solution is to let them keep more of what they earn and let them decide. That is the fundamental issue. That is what we ought to be debating. My appeal to the administration is: Look, let's clear all these other issues off the table. Let's not start out assuming that half of the work to be done is just going to happen miraculously. Let's not tell people we are giving them tax cuts and then take them away 4 years from now, or tell them we are giving them tax cuts when, in fact, in the first year we are raising their taxes even if you believe everything in the President's budget. Let's not say we are going to make tough decisions in the sweet by-and-by, but in the first year have the deficit rising from 1996 and have taxes rising and have spending rising. If we are going to start on this diet, let's not wait until next week and go on a feeding binge this week. Let us start today.

So, let's debate real, permanent tax cuts. Let's debate real decisionmaking. And then let's have the debate that America deserves, and the debate is a simple debate but it is fundamental to the future of our country. Do we have too much Government or too little? Can Government take care of you better than you can take care of yourself? Does Government love your children more than you do? Has Government proven that it can educate your children better than you could, if you got to keep more of what you earn and could invest it in their education? Would you rather have a new health

care program or would you rather have us cut your taxes so you could buy health insurance that you choose for your children? That is a fundamental issue and that is what we ought to be deciding. But we cannot debate those issues when we are not debating apples to apples.

So, my urging today to the President is: Let's go back and rewrite these budgets. Let's assume the same things about where the goalpost is and what we have to do to get to it. And then let's explain to America how we are going to do it, not with a sleight-of-hand, where we are going to come in 4 years from now with an unspecified policy and raise taxes and cut spending but we are not going to tell people how we are going to do it now. Let's put it all out on the table, let the American people look at it, and then let's make a fundamental decision.

Finally, and I have spoken too long, but let me end on a note about cooperation. There is one area where we are going to have to have bipartisan-ship. If all else fails, it is an area where it is absolutely essential that we not let partisanship stop us from acting, and that area is Medicare. I know we talk about gloom and doom and the world coming to an end, and it does not come to an end. And it is not going to end until somebody more powerful by far than we are makes that decision. But Medicare is going broke. It is in the red this year. It will be bankrupt in 4 years. It will have a cumulative deficit of a half a trillion dollars in 10 years. We have a crisis in Medicare that is far beyond the comprehension of most people, as to how big this problem is. If we set out today to fix Medicare permanently, it would cost more money to fix Medicare and guarantee it for our parents and our children than it cost in real dollars to fight and win World War II.

Those are the facts. So the one thing we must do, if we are going to do anything this year worthy of being remembered, is we have to begin to address the problems in Medicare. The President has made a bunch of proposals, and in some form or another, I can support virtually everything the President has proposed. I think, obviously, there are areas, with some debate, where the administration would make some changes, but here is the point. We are going to have to do some fundamental reforms in the system, and we are going to have to do them this year.

In a sense, I will tell you the sky is falling in Medicare by saying if we don't start this year fixing Medicare, within a decade, we are going to be denying benefits to people, within a decade we are going to have a tax rate on the payroll tax that is going to be substantially higher than it is today, and the crisis is going to be greater even than it is now. So this is one area where every person who represents the good interest of the country should work together. I am certainly interested in working with the President.

We need a balanced budget amendment to the Constitution. I plan to speak at some length on this subject later. But I thought it was important to note, when we have stacked up 28 budget failures, Democratic and Republican budget failures that have not gotten the job done, that have failed the American people, that have mortgaged the future of our children, in the current form, the President's budget issued today will fail. It cannot and will not balance the budget, and our goal has to be to work with the President, if we can, to make this budget a real budget that will do the job. I, for one, am willing to work for that goal. I yield the floor.

Ms. SNOWE addressed the Chair.

The PRESIDING OFFICER. The Chair recognizes the Senator from Maine.

Ms. SNOWE. Mr. President, I think we all accept the fact that this body faces so many great decisions on such a regular basis that it is sometimes difficult to focus on one vote or one debate that stands apart as a truly monumental decision, a truly monumental vote.

But, let me be clear. I think the Senate is now entering such a debate, and later this month, this body will face such a vote. The stakes could not be higher. With a balanced budget constitutional amendment, this Senate will face perhaps its defining moment as we lay the foundation for our fiscal agenda of our Nation's coming century—as we decide how this Nation will conduct its affairs. Who can doubt that future generations will look upon this debate and this vote with great historical interest as a crossroads in our country's national affairs. Who can doubt, with this vote, these future generations will praise us for bringing America's economic house in order, or they will blame us for simply passing the buck when we could have stopped a mounting national crisis.

Mr. President, as an idea, the concept of a balanced budget is hardly new. Many in this body have rightly championed it for many, many years. Leading economists across our Nation have spoken and written of its value, and many of the Nation's brightest business minds from Wall Street to Main Street have urged its passage. There is no politics in any of these voices. They simply speak the truth: A balanced budget is the first step on the road to long-term prosperity for America.

But perhaps most convincingly, Mr. President, the balanced budget constitutional amendment is not just supported by these impressive voices. It is also championed by a nation of citizens who, for months and years, have been urging this body to take action, to pass the balanced budget constitutional amendment for the sake of our Nation and our children. According to a CBS-New York Times poll conducted January 30 and February 1, an astounding 76 percent of our citizens favor this amendment. From parents who care

about the economic future of their children to teenagers who are worried about their future, the call for a balanced budget has been loud. Some would say it has been deafening.

Yet, the regrettable reality still exists. Unable to pass the balanced budget amendment, our Nation has run staggering deficits year after year that stifle our Nation's economic growth and prosperity, suffocate our future generations, and ultimately eradicate public confidence in our Nation's fiscal management to the point where only 12 percent of the American people, according to a CBS-New York Times poll, think we will balance the budget by the year 2002. Unfortunately, Mr. President, the American people are losing confidence in our willingness and ability to act. They have lost confidence in our ability as a nation to face the challenges as we approach the 21st century.

So let us in this debate consider some of the facts, because facts, as has often been said, are stubborn things. And the facts, when properly considered, point us unequivocally toward the merit of a balanced budget amendment.

First, I want this body to listen carefully to an assessment issued just last May by the Congressional Budget Office. The CBO, as my colleagues well know, is not a partisan voice; it has no real stake in this debate, except to ensure the facts are properly considered. But its assessment of deficit spending could not be more troubling.

According to the CBO report: "The budget deficits projected for future years are so large that they could put an end to the upward trend in living standards that the Nation has long enjoyed. Thus, current U.S. budget policies cannot be sustained without risking substantial economic damage."

Substantial economic damage, that's right, Mr. President, is what we run the risk of bringing to this Nation if we do not act now. The CBO report goes further. Should we fail to bring our deficits to a halt, our economy will enter what CBO calls a period of "accelerating decline."

"Accelerating decline," "substantial economic damage"—in my 18 years in Congress, I have read a lot of CBO reports, a lot of analyses of our Nation's economy, and I can tell you, the warnings and the wordings do not get more dire than these.

I know there are some who may say, "Yes, I, too, support balanced budgets, and I, too, oppose deficits, but a balanced budget amendment, well, that goes too far, that binds us unnecessarily."

Mr. President, let us be clear about two further facts. First, these past three decades have shown that our political culture, the ways of our democratic governance, great as they are, do not always lend themselves well to fiscal prudence. My colleagues will recall that we tried before to reduce our deficits through statutory means. You can see right here that these number of budgets for the last 28 years have

shown that we have failed. Let's look at the history of our efforts.

Next to me, I have two charts. The first documents 33 years of good intentions—5 more years than these unbalanced budgets—statutory efforts that required or promised to balance the budget of our Nation. All the greatest hits from the past are here from the Revenue Act of 1964 through Gramm-Rudman-Hollings of 1987, and more recently was the infamous Budget Act.

But as we can see on this chart, the statutes don't work. Gramm-Rudman-Hollings II; Gramm-Rudman-Hollings I; Recodification of title 31, 1982; Bretton Woods agreement, 1980; debt limit increase, 1979; Byrd amendment; Humphrey-Hawkins Act; Revenue Act of 1978; and Revenue Act of 1964. These are just some of the examples of our statutory efforts in the past.

I might also add, over the years, we have had a number of balanced budget amendments in both the House and the Senate, and I point back to October 1, 1982. The House failed to pass a resolution getting two-thirds, and the Senate adopted a balanced budget constitutional amendment, August 4, 1982. Unfortunately, we didn't pass it in Congress, but as far back as 1982, we debated a balanced budget amendment. Each and every time, when we have had those debates on the amendments, everybody said, "We can do it on our own if we only have the will. We really don't need a constitutional amendment."

Yet, Mr. President, this graph speaks for itself. Statute after statute has been passed by this body, but this deficit has kept right on marching. The lesson, I think, is clear—fail to pass this amendment and we reject perhaps the greatest fiscal lesson of modern times.

This deficit is not going to be halted through statutes. I think this is a good indication with these 28 years of unbalanced budgets. The last time we had a balanced budget is when Neil Armstrong landed on the Moon. The only way we are going to stop deficit spending and reach a balanced budget is through an amendment.

The second chart I have behind me reveals some other important aspects to this entire debate. First, a close examination of our budget history dating back, I might add, to 1905, reveals that deficits have been the norm, not the exception, as we can see. The deficits are in the red bars below the line. And the green—you can barely see it—is above the line, which would represent the years in which we have had surpluses between 1905 and 2005. Some of those are estimates for the projections by CBO for future years. That is last year's estimate. They may be a little bit better than that with this year's estimate. But, nevertheless, it gives a broad indication of the fact that we are going to continue to have major deficits in the future. It also has shown that we have had generally a century of deficits with very few exceptions.

These deficits go back decades. Very rarely we found efforts in which we have been able to have a surplus. So I think that this chart reveals that we have had a century of failure of statutory efforts to balance the budget.

Now, some have said, well, a balanced budget amendment is just a gimmick. As I have said before on the floor, and I will say it again, if this amendment was really a gimmick, we would have passed it long ago because Congress loves gimmicks.

Mr. President, this is no gimmick. This is the first necessary step—a brave, bold and thoughtful step—on the road to fiscal sanity.

The second point, in response to these critics, is that the balanced budget amendment does allow us in the event of some national crisis, disaster or massive economic downturn to run a deficit. With a three-fifths majority we can take the steps necessary to address any existing crisis that threatens our Nation and requires a commitment of our national financial resources above and beyond a balanced budget.

When Members of this body vote yes for a balanced budget amendment, they are not prohibiting our country from ever running a deficit. We are simply making it the rare exception. So, Mr. President, I view this as a most responsible approach to the problem.

I know some may be thinking that certainly we can escape this debate one more time, we can duck the big question one more time, we can conveniently leave this decision to others one more time. Well, again, Mr. President, facts are stubborn things, and they suggest a very different reality.

The deficit of this Nation was \$107 billion last year. Left unchecked, according to CBO, it will double by the year 2004. And by the year 2007, if we fail to act, it is expected to reach a staggering \$278 billion. Put another way, the deficit comprised 2 percent of the GDP in 1995. Should we stand aside and do nothing? According again to statistics from CBO, this deficit will rise to 5 percent of the GDP by the year 2010 and 37 percent by the year 2030. The message of those statistics could not be more blunt: Time is ticking.

In fact, in the year 2025 alone—in that year alone—the deficit will be \$2 trillion. So the deficit, obviously, in future years is going to double and triple.

Let there be any doubt about the ramifications of all this, consider this. If we can prevent these staggering deficits and bring the budget into balance permanently through this constitutional amendment, our Nation will be the big winner. We will experience a 25 percent growth in the GNP per capita by the year 2030, according to CBO—a 25 percent growth per person, Mr. President. That means growth for our Nation's economy. It means jobs. It means higher standards of living. It means a positive difference in people's lives and their futures and their children's futures. These are the things

that this Senate must take very, very seriously.

So to those who say, well, the balanced budget amendment is just a product of deficit hawks, I say, take a close look at these CBO numbers. This is an economic growth initiative. This is about the future. This is about our children and our grandchildren. This is about economic security. It is about providing for a stronger standard of living, not a lower standard of living, because we are incurring debts and deficits to bequeath to the next generation.

What about interest rates? I know this body knows well that growth is intimately linked to the rates of borrowing. That is no secret. Pay higher interest rates for a car, higher interest rates for a house, and you soon find less and less people able or willing to make that purchase. Production goes down, jobs get fewer. That, too, is no secret.

But consider for a moment, Mr. President, the actual impact the amendment can have on our citizens. Look at the projections for lower interest rates if we pass a constitutional amendment to ensure the continuity of balanced budgets into the future, year after year after year, not just the year 2002.

We have had estimates by the Joint Economic Committee that says that we could have a 2 percentage point decline in interest rates by the year 2002 if we have a balanced budget. The DRI-McGraw-Hill projection says that interest rates could drop even further, could drop more than 2.5 percent if we pass this amendment.

That means lower cost to people in terms of their mortgages and car loans and student loans, whatever the case may be in terms of borrowing. And that is real money to the average American family.

It means that Americans who now pay \$570 a month on an \$80,000 mortgage, when that mortgage is paid at an interest rate of 7.7 percent, if we pass the constitutional amendment, this rate would fall to an estimated 5.7 percent, bringing that mortgage payment down to \$464 a month according to the Joint Economic Committee. The result is a \$1,272 mortgage savings per year for this family, all because we have taken the right steps through an amendment.

That again is real money to the average American family who works hard and sees more of their hard-earned dollars being taken in terms of taxes. We have seen the tax burden escalate in this country. It is the highest historically because taxes consume more now than food, shelter and clothing combined.

But also look at what a balanced budget amendment would mean in savings—in excess of \$1,500 to the typical middle-income family, counting their interest savings on all of these loans, on mortgage loans and car loans and student loans, according to the Joint Economic Committee.

Now, Mr. President, President Clinton is talking about building a bridge to the 21st century. That is fine. But, with this vote, we will go far in defining what kind of bridge this will be. This bridge to the 21st century can be solid, constructed on strong beams, capable of moving the American people safely and securely, or it can be a hazardous and rickety bamboo bridge suspended by worn ropes over the chasm of our national deficit.

Pass the balanced budget amendment and we lay the ground for a solid foundation for this bridge into the next century. Pass the buck on the balanced budget amendment and we cross this bamboo bridge literally on borrowed time.

So the decision will be ours. I think we know the right thing to do. We know the danger, indeed, the very threat, to our Nation of ongoing deficits and deficits. We know that we need stronger steps of fiscal self-discipline. I doubt that any Member of this great body, knowing what they know about the dangers of deficits and our historical inability to end them without this amendment and the many benefits of this amendment, can rise in good conscience to defend the status quo.

Now only one question remains, and it is this: Will we have the strength and the courage and the wisdom to implement it? Mr. President, let this Senate answer this vital question without hesitation. For the sake of our Nation and its future, let this answer be yes. Mr. President, I yield the floor.

Mr. DORGAN addressed the Chair.

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

Mr. DORGAN. Mr. President, I have been very interested in the discussion today about a constitutional amendment to balance the budget. It is a serious subject and one which the Senate should take seriously. We should have a robust, aggressive, provocative and interesting debate on a question of this magnitude.

I have told the Senate before, and I would like to again at the risk of being redundant, that I was privileged to be one of 55 people to go back into the room in Constitution Hall in Philadelphia on the 200th anniversary of the writing of the Constitution. 200 years previous, 55 white men went into the room in Philadelphia Hall, some very great men, and they wrote a Constitution for this country. George Washington's chair is still in that room. You can see where he sat in the front of the room and presided over the Constitutional Convention.

Mr. President, 200 years later 55 people—men and women, people from all ethnic and racial backgrounds—went in and had a celebration in that room.

Coming from a very small town in southwestern North Dakota, I kind of got goose bumps that day because I was sitting in the very room where they wrote the Constitution of the

United States. It was a unique and special privilege for me to be present and to be one of those participants.

Senator BYRD, the distinguished Senator from West Virginia, and I were just visiting moments ago about the U.S. Constitution and he gave me a copy of the Constitution that he carries in his pocket. It is a very small document, one of the most remarkable documents ever written by people who live on this Earth. It is the framework for the most successful democracy in the history of the world.

It is this document, the Constitution of the United States, that we are talking about amending. We are debating whether or not to alter this document. And we are in the midst of a blizzard of rhetoric about a stack of 6 or 8 feet of budget documents spanning some 29 or 30 years.

Well, those budget documents do not read like this:

"We The People of the United States, in Order to form a more perfect Union, establish Justice, insure domestic Tranquility, provide for the common defence, promote the general Welfare, and secure the Blessings of Liberty to ourselves and our Posterity, do ordain and establish this Constitution for the United States of America."

You will not find this language in that stack of documents.

This Constitution has a provision in it by which it can be amended. We have some people in politics today who believe that this is an imperfect document. Some, in fact, in the last session of Congress, some proposed three separate amendments in the period of 3 months. Over the years we have had thousands of proposals to change this document. I do not see many people who look like Madison, Mason, Franklin, or Washington walking around making these proposals. I see a lot of other folks making these proposals.

My point is this: When we debate how and whether we should alter the Constitution of the United States, we ought to be mindful of the need to get it right. Be careful. Do not dishonor this great document by making alterations that will in the long run weaken our country.

That brings me to the debate about the current constitutional amendment to balance the budget.

Mr. BYRD. Mr. President, would the distinguished Senator yield at this point without losing his right to the floor?

Mr. DORGAN. I am happy to yield.

Mr. BYRD. The distinguished Senator talked about the language of the Constitution. In reading this amendment, this proposed amendment to the Constitution, I have been struck as I read it by the contrast in this language in the proposed amendment in contrast to the language of the Constitution.

Would the Senator be surprised if I were to say to him that the Constitution of the United States provides for a Congress of two bodies, the Senate and the House of Representatives, provides for the creation of the House of Rep-

resentatives, provides for the establishment of the Senate of the United States, provides for the establishment of the Presidency, provides for the establishment of the Supreme Court of the United States, and provides for the mode by which that Constitution would come into being? Would the Senator be surprised if I were to say to him that the language in the Constitution that does all of these things that I just enumerated constitutes fewer words than are used in this proposed amendment to the Constitution? Would the Senator be surprised at my saying that?

Mr. DORGAN. Well, I am not surprised because I have read those provisions. But I fully understand the point the Senator from West Virginia has made.

Mr. BYRD. This is not Constitution-like language, to start with.

Has the Senator heard any proponent of this amendment come to the Senate floor and explain to the Senate and to the people watching and listening to the debate through the electronic eye, has the Senator heard any proponent come to the floor and, section by section, explain this amendment, how each section would work, why each section is there, what each section means?

I have heard quite a number of Senators come to the floor and talk about the need for balancing the budget. I think we are all in agreement on that and I think there is a consensus here as to a need for balancing the budget at some point, bringing down the deficits, but I have not heard a single Senator—and I have not been able to listen to all of the debate; I tried to listen to as much as possible, but the Senator has heard most of the debate—has the Senator heard any proponent of this amendment come fully explain this amendment, talk about the amendment? Not about the need for balancing the budget, not about the need for getting the deficits down, about which we all agree. I would be greatly enlightened if a Senator would take the time not to talk about something we all agree on, but to talk about how this amendment will balance the budget, how it will eliminate the deficits. Has the Senator heard any proponent do that thus far?

Mr. DORGAN. I say to the Senator I have not. Again, the Senator makes a good point. There is a difference between balancing the budget and amending the Constitution to require that it be done.

Mr. BYRD. I thank the distinguished Senator.

Mr. DORGAN. I appreciate the comments by the Senator from West Virginia.

I will talk just for a moment about this issue of debt. Clearly, the amount of Federal debt that we have is excessive. The deficits that we have experienced in recent years, in the last couple of decades, especially, saddle our children with interest payments that

we do not want to have to have them meet. Clearly, we need to make progress in balancing the budget and finally achieve fiscal stability and have a budget that is balanced. That is clear.

We have a debt problem. That is clear as a bell.

I say to people who come to the floor and talk about this issue, however, it is not just the Federal debt. We have corporate debt that is rising just exactly like the Federal debt is. We have credit card debt that is rising faster. We have consumer debt that is rising just as fast. We have \$21 trillion in debt out there in this country.

In fact, you walk down the street, you walk past a picture window of a business someplace, and you almost hear the invisible tapping on the windowpane behind the bright red letter sign that says to you "Say, consumer, come over here a second. It does not matter you cannot afford this. It does not matter that you do not have money for it. Come and buy this product. Come over here and buy this product. We will give you the product. You take the product home. We will give you a rebate. You do not make a payment for 6 months. Come over here. Credit bad, it does not matter. We will give you credit. Are you in college and have no job? We will give you a credit card. In fact, we will give you four of them, from four different companies. You do not have to have a job and you can be in college and you get a pen pal or a dozen of them, saying "Take our credit card, buy our product. It does not matter that you cannot afford it."

We have a debt problem in this country. It is an addiction and it is a problem in a range of areas in our economy. One area we can do something about is the Federal Government's spending and the Federal Government's fiscal policy. I want to talk about that. In 1993, President Clinton won his election to the Presidency. He came to this Congress and he said the Federal deficit is a problem and he proposed that we do something about it. He proposed a deficit reduction act. It included some tough medicine, some things people did not like, some controversial items, spending cuts, yes, real spending cuts. Some tax increases, yes, very unpopular. We passed it here in the Senate by one vote. I voted for it. Was it the popular thing to do? Of course not. The popular thing to do would have been to have voted against it and go home and crow about having voted in opposition to this proposal. Now, that would have been the political thing to do—go home and crow about your opposition to this proposal. We didn't get one vote from the other side of the aisle, not one, not even by accident. You would think maybe someone on that side would have made a mistake and voted for it. No. We passed it by one vote.

I will read for my colleagues some of the comments during that debate. If you pass this legislation to tackle the deficit in this way, some of my colleagues said, what is going to happen?

"This bill is going to cost America jobs." "It will kill jobs." "It's going to be devastating." "We are buying a one-way ticket to a recession." Another Senator said, "It will turn a fragile recovery into a solid recession." Another said, "It will lead to a recession." All of that was said here on the floor of the Senate. "Do this and you kill this economy."

But we did it, and here is what happened to the Federal budget deficit since then: 4 straight years of reduced deficits; the unified deficit cut in real terms by 60 percent—60 percent.

Now, this isn't the deficit the Republicans use or the President uses because neither one use the right numbers. This is a deficit without the Social Security funds in it, because you ought not be able to misuse those funds. A 60-percent reduction in real terms in the unified deficit.

What happened to the economy? We have seen record numbers of new jobs. The economy continues to grow.

What did we do? We cut the deficit by 60 percent. I am glad I did that. Was there a price to pay for that? Yes. The popular thing would have been to do something different. But we did this.

Now, how do you cut the deficit from here to zero? Well, you can get a costume and suit up and strut around and bellow or bray or crow, or whatever it is one wants to do. Or you can decide that the way to reduce the budget deficit is by individual spending and taxing choices that we must make in a budget document.

You can alter the Constitution of the United States, I guess. You can take this little Constitution and alter it in a hundred places and when it's done, in 5 seconds, not one penny will have been altered from this budget deficit. You can change the Constitution at 2:10 today and you won't have done one thing to change the budget deficit. Why? Because changing the Constitution doesn't change the deficit. Only men and women making individual decisions on spending and taxing can change the budget deficit. We did that in 1993. We didn't have many friends when we did it, but we did it. It's tough medicine, but it's the medicine we have to take.

Now, some come to us today and say that if we simply change the Constitution, we will solve this problem. I have taken the position that I am willing to alter the Constitution of this country. I have not been willing to do it often. I voted against most of the proposals—term limits and dozens of proposals around here—to alter the Constitution. I have not been very willing to change the Constitution. But I have said I think there is some merit in fiscal discipline. I would vote to alter the Constitution.

But I will not, under any condition, vote to alter this Constitution in a manner that, as the majority proposal does, takes the Social Security trust funds, adds them in, and then claims to have balanced the budget when they

haven't. That happens today in normal fiscal policy practice, and it is wrong today. It was wrong last year and, especially, it will be wrong and devastating to this country if you enshrine that practice into the Constitution of the United States.

I want to ask one question, and I want to come here this coming week and ask it repeatedly because I want to find someone who will stand up and answer the question.

To frame the question, I want to give a little history. In 1983, the Congress said, "We have problems financing the Social Security system." We formed a commission, headed by Mr. Greenspan, who now chairs the Federal Reserve Board. Mr. Greenspan and the commission reported to Congress and said that the way we are going to solve the Social Security problem in the long-term is we are going to increase payroll taxes, we are going to increase the age of retirement in the outyears, far out in the outyears, and make a number of other changes. When we do that, we are going to deliberately develop a Social Security surplus—this year, incidentally, it's \$78 billion—and that surplus will be available when the baby boomers need it and retire, well after the turn of the century.

Why was that necessary? Because after the Second World War there was this massive outpouring of love and affection when our young men came home. Guess what? There was something called the World War II baby boomers, the largest baby crop in the history of our country. That large baby crop has worked its way through our society. When it reaches retirement age, we have a demographic problem in Social Security. That is what the Greenspan commission said. The Congress recognized that and they said, "Let us save for that period of time, collect more money now in the Social Security system so that we have it available later when we need it."

Now, the reason I say that they did that, here is the commission testimony before the Ways and Means Committee on which I sat. It is what they claimed, what they said and recommended to us. Create the surplus now so that it's available later when we need it. It was the sober and right thing to do. That is exactly what was done.

In fact, on the chart here are the Social Security surpluses that are going to accrue. This simply goes to 2010—actually, the trust fund is in surplus out to about 2018, and in 2019 begins to run a deficit. You will see the surpluses. These are not insignificant amounts of money. We are talking a trillion dollars in the next 10 years alone.

Now, unfortunately, what has happened as a result of all of this is, instead of this money being saved, it has been used as an offset against other spending. Some say, well, that is all technical garble. It is not technical garble.

I want to ask this question as a result of all of this: In the year 2002,

when we are told by this constitutional mandate and by a budget that calls for a balanced budget—and this would be true of the administration's budget and also true of the majority party's budget—in 2002, if the budget is in balance, why in that year will the Congress be required to increase by \$130 billion the limit on total Federal debt?

I want to ask this question again. I want to ask this a fair amount and get an answer to it. If the budget is balanced by constitutional mandate, if the budget is balanced by a budget plan submitted by anybody in the year 2002, why in the year in which the budget is balanced does CBO tell us that the debt limit will have to be increased by \$130 billion?

I will give you my answer. My answer is that the reason the debt limit has to be increased the very year they say the budget is in balance is because the budget isn't in balance, and everybody here knows it. It's a charade.

I want to ask that question and ask someone to come and answer it. I certainly intend to ask the sponsors to answer it. If the budget is in balance, why are you then required to increase the Federal debt?

Does anybody sitting around their dinner table talking about how they balance their checkbooks believe that is what would happen? We are in perfect balance, our spending is meeting the amount of money we have to spend and, therefore, our debt is increasing. Does anybody believe that would meet the test of credibility in business? I don't think so. It doesn't meet the test of credibility here.

I will support a constitutional amendment to balance the budget. I have introduced one with six of my colleagues, which does not misuse the Social Security trust funds to the tune of a trillion dollars. I challenge those who say they want to alter the Constitution of the United States to join us. We can pass it in 10 minutes, pass it with 75 votes. But that's not what is at stake here. What is at stake are people who want to talk about balancing the budget.

We did more than talk in 1993. We cut the unified budget deficit by 60 percent in real terms, at some political peril, and we paid a price for it. Some people want to talk about balancing the budget and about altering the Constitution. What I want to talk about is doing what we promised the American people we would do—saving over a trillion dollars in the next 10 years of Social Security dedicated trust funds that are taken from workers' paychecks. We promised those workers their money would be saved in a trust fund, saved for when we need it after the turn of the century. Yet here we see a Constitutional proposal to misuse those trust funds and claim that we have balanced the budget.

A columnist in the Washington Post, who I shall not name—Charles Krauthammer—wrote a column last week about this matter. This was his

third column on this issue. He is all cranky about it. He basically said, "DORGAN and those folks don't know what they are talking about."

There is no Social Security trust fund? Social Security is pay as you go? Nonsense. What a bunch of nonsense.

You have a right to be wrong in this country. God bless political pundits who are wrong. You have a right to be wrong. But if you want to see the Social Security trust fund securities, go to Parkersburg, WV. The bonds are under armed guard. The trust funds exist under law. Bonds are in the trust fund.

Pay as you go? Nonsense. The Commission in 1983 said it was not going to be a pay-as-you-go system anymore, that we will raise more money—\$78 billion this year alone—and save that money for the future. So Mr. Krauthammer is just flat wrong.

A group that is right is the well-respected Center on Budget and Policy Priorities. They published something on this issue this week. I want to read part of it into the RECORD because I heard some discussion here today saying if we do not pass our constitutional amendment to balance the budget, the one that misuses all of these Social Security revenues, it is going to hurt our kids.

You want to hurt kids? I will tell you how, and do it quickly. It is confirmed by this study. What you do is take the savings that are designed to be spent in the Social Security system when our kids are going to be out there working and you use the surplus now in order to claim that you are balancing the budget and continue running the deficit. That is why you are still increasing the Federal debt even as you claim you have a balanced budget.

That will really hurt kids, because 10, 15 or 20 years from now you will have to have massive tax increases on our kids to pay for the baby boomers' retirement. The Center on Budget and Policy Priorities lays the whole scenario out in this document.

Pass the constitutional amendment that I have talked about, and you do the honest thing. You save the money we said we would save and you are balancing the budget.

But let me go through this quickly. The report by the Center on Budget and Policy Priorities reads as follows:

The version that includes the Social Security revenues in the unified budget poses serious dangers for the Social Security system. It also is inequitable to younger generations, as it would likely cause those who are children today to have to bear substantial payroll tax increases when they reach their peak earning years.

The reason? Because the money we said was going to save the day is not going to be saved by those who want to enshrine the misuse of it in the U.S. Constitution.

I will read another piece of this.

Unfortunately, the balanced budget amendment pushed by the Leadership would undermine this approach to protecting Social Security and promoting generational equity.

Under this version of the balanced budget amendment, total government expenditures in any year—including expenditures for Social Security benefits—could not exceed total revenues collected in the same year, including revenues from Social Security payroll taxes.

What are the implications of that? It is pretty clear. We envisioned when we passed the Social Security Reform Act that we were going to have a circumstance where we save now and spend out later. The balanced budget amendment reported by the Judiciary Committee would not only allow the misuse of the savings now but also would prevent the expenditure later when it was necessary to meet future needs.

The leadership version, according to the Center on Budget and Policy Priorities, "would eviscerate the essential achievements of the Greenspan commission."

I ask unanimous consent to have this printed in the RECORD. This is an excellent piece that has been written by the Center on Budget and Policy Priorities on exactly this point.

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

THE BALANCED BUDGET AMENDMENT AND SOCIAL SECURITY

In recent years, Congress has considered two versions of the balanced budget amendment. The version supported by the Republican Congressional leadership (herein termed the "Leadership version") requires the "unified budget" to be balanced each year, including Social Security. The other version, which Senators Feinstein, Wyden, Dorgan and others introduced in the last Congress, requires the budget exclusive of Social Security to be in balance.

The version that includes Social Security in the unified budget poses serious dangers for the Social Security system. It also is inequitable to younger generations, as it would likely cause those who are children today to have to bear substantial payroll tax increases when they reach their peak earnings years. The Feinstein/Wyden/Dorgan version introduced in 1996 does not pose these problems.

BACKGROUND

In coming decades, Social Security faces a demographic bulge. The baby boomers are so numerous that when they retire, the ratio of workers to retirees will fall to a low level.

This poses a problem because Social Security has traditionally operated on a "pay-as-you-go" basis. The payroll taxes contributed by today's workers finance the benefits of today's retirees. Because there will be so many retirees when the baby boomers grow old, however, it will be difficult for the workers of that period to carry the load without large increases in payroll taxes.

The acclaimed 1983 bipartisan Social Security commission headed by Alan Greenspan recognized this problem. It moved Social Security from a pure "pay-as-you-go" system to one under which the baby boomers would contribute more toward their own retirement. As a result, the Social Security system is now building up surpluses. By 2019, these surpluses will equal \$3 trillion. After that, as the bulk of the baby boom generation moves into retirement, the system will draw down the surpluses (although it is likely that Congress will act to bolster Social Security's finances by reducing benefits or

increasing revenues before then, thereby causing the surpluses to grow larger and last longer than current projections indicate). This practice of building up the surpluses while most baby boomers are still working and drawing them down after they retire is akin to what families do by saving for retirement during their working years and drawing down their savings after they reach retirement.

This approach has important merits. It promotes generational equity by keeping the burden on younger generations from becoming too high. In addition, if the Social Security surpluses were to be used in the next two decades to increase national saving rather than to offset the deficit in the rest of the budget, that would likely result in stronger economic growth, which in turn would better enable the country to afford to support the baby boomers when they reach their twilight years.

To pursue this approach, the deficit in the non-Social Security budget will need to be reduced significantly or eliminated in coming years—so the surpluses in the Social Security trust funds contribute in whole or large part to national saving—and further reforms in Social Security will need to be instituted to restore it to long-term actuarial balance.

THE LEADERSHIP BBA AND SOCIAL SECURITY

Unfortunately, the balanced budget amendment pushed by the Leadership would undermine this approach to protecting Social Security and promoting generational equity. Under this version of the balanced budget amendment, total government expenditures in any year—including expenditures for Social Security benefits—could not exceed total revenues collected in the same year, including revenues from Social Security payroll taxes. The implications of this requirement for Social Security are profound.

First, the budget would be considered balanced when the deficit outside Social Security exactly offset the surplus inside Social Security. But when that occurred, the sound objective of the Greenspan commission—to accumulate a Social Security surplus partly to help build the nation's capital stock and productive capacity so we can better afford to pay for the baby boomers' retirement—would be stymied.

Second, the benefits of the baby boomers would have to be financed in full by the taxes of those working in the years the baby boomers are retired.

The Leadership version thus would eviscerate the central achievements of the Greenspan commission.

One reason the Leadership version would have this effect is that even though the Social Security trust funds would have been accumulating large balances, drawing down those balances when the baby boomers retired would mean the trust funds were spending more in benefits in those years than they were receiving in taxes. Under the Leadership version, that would result in impermissible deficit spending (unless it were offset by a corresponding surplus in the rest of the budget, a daunting and possibly unachievable task, especially since Medicare and Medicaid costs also will rise when the baby boomers retire.)

By precluding use of the Social Security surpluses in the manner the 1983 legislation intended, the Leadership version would be virtually certain to precipitate a massive crisis in Social Security about 20 years from now, even if legislation had been passed in the meantime putting Social Security in long-term actuarial balance. To help pay the benefits of the baby boom generation, the nation would face an excruciating choice at

that time between much deeper cuts in Social Security benefits than were needed to make Social Security solvent and much larger increases in payroll taxes than would otherwise be required. There would be only one other alternative—to finance Social Security deficits in those years not by drawing down the Social Security surplus but by raising other taxes substantially or slashing the rest of government severely. As a result, the government might fail to provide adequately for other basic services, potentially including health care and national defense.

Given the numbers of baby boomers who will be retired or on the verge of retirement in those years, deep cuts in Social Security benefits are not likely at that time. Thus, under the leadership version, it is almost inevitable that younger generations will face a combination of sharp payroll tax increases and deep reductions in basic government services.

For these reasons, the Leadership version is inequitable to younger generations. Aggravating this problem, the Leadership version would undermine efforts to pass Social Security reforms in the near future. Why should Congress and the President bother to make hard choices now in Social Security that would build the surpluses to more ample levels if these surpluses can't be used when the boomers retire? Under the leadership version, there is no longer any reason to act now rather than to let Social Security's financing problems fester.

LEADERSHIP VERSION ALSO POSES OTHER PROBLEMS FOR SOCIAL SECURITY

Under the Leadership version, reductions in Social Security could be used to help Congress and the President balance the budget when they faced a budget crunch. This could lead to too little being done to reduce or eliminate deficits in the non-Social Security part of the budget and unnecessary benefit cutbacks in Social Security.

At first blush, that may sound implausible politically. But the balanced budget amendment is likely to lead to periodic mid-year crises, when budgets thought to be balanced at the start of a fiscal year out of balance during the year, as a result of factors such as slower-than-expected economic growth. When sizable deficits emerge with only part of the year remaining, they will often be very difficult to address. Congress and the President may be unable to agree on a package of budget cuts of the magnitude needed to restore balance in the remaining months of the year. Congress also may be unable to amass three-fifths majorities in both chambers to raise the debt limit and allow a deficit.

In such circumstances, the President or possibly the courts may feel compelled to act to uphold the Constitutional requirement for budget balance. In documents circulated in November 1996 explaining how the amendment would work, the House co-authors of the amendment—Reps. Dan Schaefer and Charles Stenholm—write that in such circumstances, "The President would be bound, at the point at which the 'Government runs out of money' to stop issuing checks." This would place Social Security benefits at risk.

THE FEINSTEIN/WYDEN/DORGAN APPROACH

The Feinstein/Wyden/Dorgan approach resolves the problems the Leadership version creates in the Social Security area. It reinforces the 1983 Social Security legislation rather than undermining that legislation. It does so by requiring that the surpluses in the Social Security system contribute to national saving rather than be used to finance deficits in the rest of the budget and by enabling the surpluses to be drawn down when the baby boomers retire.

The Feinstein/Wyden/Dorgan version thus improves intergenerational equity rather than undermining it. It ensures the surpluses will be intact when they are needed. It also allows these surpluses to be drawn down when the baby boomers are retired, rather than forcing large payroll tax increases and benefit cuts at that time that go well beyond what is needed to make the trust fund solvent.

This version of the amendment also ensures that Social Security benefits will not be cut—and Social Security checks not placed in jeopardy—if the balanced budget amendment leads to future budget crises and showdowns. However such crises are resolved, Social Security would not be involved, because cuts in Social Security would not count toward achieving budget balance.

Mr. DORGAN. Mr. President, I will come back to the floor and ask this question again: If the budget is balanced, why is the Federal debt increasing? Why do you want to put a process in and enshrine a practice in the Constitution that reaches this result, a budget that you claim is in balance when the Federal debt is continuing to rise?

I will continue to ask that question and ask if there isn't a better way to decide to alter the Constitution of the United States.

I want to just respond for one moment to some of what we heard on the floor about how we got to where we are now. I will be very brief on this final point.

We are constantly told—in fact, one of my colleagues last year, and I will never forget this, talked about how we ought to somehow regret the last 50 years in our country. "Gee, what an awful place. What terrible decisions were made in America in the last 50 years."

In November I was in several countries in Asia, and one of the interesting things that I discovered is that when you talk to most of the citizens of those countries, they want to come to the United States. Why? They think this is a wonderful place because of the things that we have created—our education policies, our achievements in a whole range of areas such as health care, education, and the environment.

Most people see America as a beacon of hope and opportunity. Most people around the world see this as a wonderful place in which to live. And much of what makes us a great country is Medicare, Social Security, Head Start programs, and so many other things, almost all of which had to be done by people standing up on the floor of the Senate saying let us do these things, let us improve this country, this is a step forward.

And others are standing up saying, "Oh, Lord no, we can't do this." I know people who are just opposed to everything for the first time. We all know people like that. No matter what it is, they oppose it for the first time, and 10 years later, of course, they think it is just fine because they then understood that it worked.

We have done some good things in this country. And we have made some mistakes.

David Stockman, the Director of the Office of Management and Budget under President Reagan, has written about one of our mistakes. And he was one of the architects of what was done. One of the mistakes made in the early 1980's, as he tells it, was this. "The root problem"—he is talking about the deficits now and where we are financially as a nation—"The root problem goes back to July 1981, the frenzy of excessive and imprudent tax cutting that shattered the Nation's fiscal stability * * *". He says, "A noisy faction of Republicans willfully denied this giant mistake of fiscal governance and their own culpability in it ever since. Instead they have excessively poisoned the political debate pretending that economic growth and spending cuts alone will cure the deficit."

That is David Stockman. That is a Republican.

The only point I am raising is not to point back and forth but just to say here is where we are. Here is how we got here. Let all of us decide, yes, let us balance the budget. Let us put this country on a fiscal policy plane that makes some sense. Let us do this for the benefit of our kids.

But let us not enshrine in the Constitution a practice that is not honest budgeting. Let us not do something that ends with this result of people crowing about how we are balancing the budget, even for their children's benefit, who come to vote for increasing the Federal debt and the same year claim the budget is balanced. How do they explain that to their kids?

If we are going to do something on this floor, especially with this document, let us do it the right way and not the wrong way.

Mr. LEAHY. Mr. President, will the Senator yield for a question?

Mr. DORGAN. Yes.

Mr. LEAHY. I ask the Senator: The Senator is aware, I am sure, that during the first 7 or 8 years of the 1980's the national debt was doubled and tripled; that the administration, then President Reagan's administration and the budget they proposed and received, took all the national debt that this country had built up over 200 years, first doubled it, and then they tripled it.

The Senator, I believe, pointed that out. Is that correct?

Mr. DORGAN. That is the point I was making. It is the point David Stockman made.

It was the fiscal policy recommended and designed by them. However, we also have a responsibility. Democrats and Republicans all have a responsibility for this problem and to solve it together but not create circumstances where we can claim a balanced budget as the Federal debt continues to increase. That is my point.

Mr. LEAHY. I agree with the Senator's point. Would the Senator not

also agree with what President Clinton said in the State of the Union Message that we want a balanced budget? The answer is right there in the Chamber where he spoke. We can vote for it, and he can sign it, and we can do that without amending the Constitution.

The Constitution has been amended only 17 times since the Bill of Rights. Is that correct?

Mr. DORGAN. That is correct. As I pointed out, if the Constitution is amended at 2:25 today, at 2:26 the deficit will not have decreased by one penny. Why? Because altering the Constitution will not decrease the deficit. Only individual choices by men and women of goodwill in this Chamber who are willing to take some risks and take a little heat for it will cut the deficit and finally balance the budget.

I am willing to do that. I demonstrated that in 1993, as did the Senator from Vermont. We had the fiscal discipline.

If we can get some others to join us, we can balance this Federal budget. I just do not want us to play games, saying we balanced the budget, only then trying to explain to our children why the Federal debt continues to increase at the same time. That is not balancing the budget.

Mr. President, I yield the floor.

Mr. LEAHY. Mr. President, I thank the Senator. I believe the other side wishes to have time, and I yield the floor.

Ms. SNOWE addressed the Chair.

The PRESIDING OFFICER (Mr. SESSIONS). The Senator from Maine.

ORDER OF PROCEDURE

Ms. SNOWE. I ask unanimous consent that at the hour of 2:30 p.m. today, the Senate turn to executive session to consider the nomination of Rodney Slater under a previous consent agreement.

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

Ms. SNOWE. For the information of all Senators, a rollcall vote is now scheduled to occur at approximately 3 o'clock on the nomination of Rodney Slater.

I yield the floor.

Mr. LEAHY. Mr. President, could I just ask the distinguished Senator from Maine, and obviously I have no objection to this request, is it my understanding that the Senate will then go into a short recess for a caucus, or what is the plan? I just want to be advised.

Ms. SNOWE. That is correct. We are going to recess from 3 to 4 for a Republican conference.

Mr. LEAHY. The reason I asked that, Mr. President, we have been trying, Senator HATCH and I and those who filled in for us, to go back and forth on this debate, so I just alert people. Obviously, it is the proponents' of the amendment turn to go, and I yield the floor.

BALANCED BUDGET AMENDMENT TO THE CONSTITUTION

The Senate continued with the consideration of the joint resolution.

Mr. GRASSLEY addressed the Chair.

The PRESIDING OFFICER. The Senator from Iowa.

Mr. GRASSLEY. I rise in support of this constitutional amendment. I have had an opportunity each and every time—and I suppose this is the fifth or sixth time now—in the period of time I have been in the Senate to vote for a constitutional amendment because I believe that such a statement in the Constitution would be a legitimate part of the Constitution. I learned that from serving in a State legislative body where I worked with such a statement within our State constitution, and I saw it bring discipline to both Republicans and Democrats in State legislative bodies to balance the budget, to be fiscally responsible, and have each generation pay its own way.

I have also voted for it because there is not such a statement within the Federal Constitution, and I have seen the lack of discipline in the Congress of the United States to balance the budget. Since I have seen that discipline work at the State legislative level and since State governments tend to be laboratories for our political system, I think we can, with a great deal of certainty and ease of mind, feel confident that we are doing the right thing by placing that discipline on Members of Congress.

The rule of law is something that is traditional to our British-American legal system. Other societies as well might have a rule of law not exactly like ours but still have a respect for basic documents. The purpose of the rule of law is predictability and stability for the future.

Constitutions are part of the rule of law. Constitutions are adopted by societies because it brings discipline to policymakers in Government. It brings a certainty to the relationship of people who govern and the people who are governed. Part of that certainty is discipline on the part of policymakers like those of us in the Congress. So we have a Constitution, and it has worked well to bring stability, to bring discipline, and to bring predictability to the relationship between those who govern and those who are governed.

We see that discipline works in most of the policymaking between the Federal Government and our people, but we have not seen discipline work in the fiscal arena. Has it always been that way? No, it has not always been that way, because for the first 160 years of our country, except during times of war, we had more years where we had budgets balanced and surpluses than years we ran deficits. It was pretty well understood that fiscal discipline, even though it was not written in the Constitution, was an integral part of the tradition of America.

Since the year 1969, or for most of the time since World War II, that has not

been the case. We have shown anything but discipline when it comes to being a caretaker of the tax dollars we raise. The American public sees that. That is why, overwhelmingly, in mail and surveys and everything else, the people of the United States are telling the Congress we need discipline in fiscal matters and that they see a constitutional amendment as bringing that discipline.

It has been 28 years since the time we last ran a surplus. Congress in that period of time has made some feeble attempts to bring our national debt under control—but has failed. I have served with many fine Congressmen and Senators who have made valiant efforts to curb runaway spending. Regardless of their good faith, no balanced budget was produced. The goal has remained out of reach. In the end, then, we must conclude the will to balance the budget has been weak. That is why we desperately need the discipline of a constitutional amendment.

The scope of the national debt is immense. Every year this monster grows as it gobbles up the American dream for our young people. That American dream says that our children should have a better life than our generation as we had a better life than our mothers and fathers, as our mothers and fathers had a better life than our grandfathers and grandmothers. But the American dream is being snuffed out because of fiscal irresponsibility.

This situation has gotten so bad that we now spend nearly 40 cents of every dollar that we collect in income taxes just to pay interest costs on this national debt. The danger of this for the economy and the potentially disastrous effects for future generations have become impossible to ignore. You have to look long and hard these days to find public servants who do not say that they support balancing the budget. That is on both sides of the aisle. Rhetoric in support of budgetary control is at an unprecedented level. But it ends up that talk tends to be too cheap. I am sorry to say, and, as a result, the budget still remains unbalanced.

We must then have the structural discipline of a balanced budget amendment. Fortunately, there has been some progress made lately in bringing down the deficit. For the most part, this is the result of two actions—one by the Republican-controlled 104th Congress, and the other by President Clinton. In the case of the Republican-controlled 104th Congress, some spending restraint that we enacted; in the case of President Clinton, it was his suggestion for the largest ever tax increase that passed in 1993.

Now, of course, some of this reduction in the deficit can be explained by better than expected economic growth, which was mainly the result of the Federal Reserve's wise economic policies. And, despite initial budgets of President Clinton which projected deficits as far as the eye can see, the Congress has been able to submit a budget which balances by the year 2002. This is