

to speak, and following their remarks the Senate stand in recess under the previous order.

Mr. BYRD. Mr. President, reserving the right to object, I have a little speech I would like to make on a non-germane matter. It will take me maybe 15 minutes.

Mr. LOTT. Mr. President, I amend the request for the Senators that I mentioned, Senators GRAHAM of Florida, GRAMS of Minnesota, Senator SESSIONS, and the Senator from West Virginia to be able to speak, and that we stand in recess under the previous order after those speeches.

Mr. BYRD. Mr. President, I thank the distinguished majority leader.

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

Mr. LOTT. I further ask unanimous consent that when the Senate reconvenes at 4 p.m. today—and it looks like there may actually, in view of the speeches to be given there, not be much of a recess at all, but at approximately 4 p.m. Senator DURBIN will be recognized to offer an amendment to the pending constitutional amendment.

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

Mr. LOTT. For the information of all Senators, the Senator from Illinois [Mr. DURBIN] will offer this amendment when the Senate reconvenes after our conference. He will then debate his amendment throughout the remainder of today's session as long as he needs. It is my understanding that Senator DURBIN will be willing then to vote in relation to his amendment on Monday, February 10, at 5 p.m.

I wish to say that we had been hoping maybe we did not need to have that vote, but in view of the fact that we are not scheduled to be in session next Friday and the funeral services are scheduled for Thursday for Ambassador Harriman, we do need to get as much work done as we can on Monday. So we will look toward having this vote at 5 o'clock on Monday and then votes early Tuesday morning, and continue on through the remainder of the week to accomplish as much as we can in terms of taking up amendments on the constitutional amendment and also confirmations that we hope to be able to move. We think we will have a couple more perhaps that we will be able to vote on in the next week.

So with that in mind, I would like to announce there will be no further votes today and the next rollcall vote is expected to occur at approximately 5 p.m. on Monday, February 10.

Mr. FORD. Mr. President, will the majority leader yield for a question?

Mr. LOTT. I will be pleased to yield to the Senator from Kentucky.

Mr. FORD. It appears that some of the nominees may not get out until Wednesday or so of next week without any problems but just because of when the next committee meeting will occur. Is it the majority leader's intention that if they get out, say, unanimously, without any opposition, and

have very little opposition, if any, here, we might waive the time and go ahead and try to vote before we leave here next week?

Mr. LOTT. Mr. President, as we have done on other nominees we have voted on, it would be our intent to do that. We want to get as many of them done as we can next week. We hope that perhaps we will reach a point where we can vote on the U.N. Ambassador's position, and we think there may be another one ready.

Mr. FORD. Secretary of Energy.

Mr. LOTT. All right. So if any of those will be cleared, we will try to get those up Thursday.

Mr. FORD. The only reason I asked, there will be kind of a time crunch, and I wanted others to understand we might get the committees to move their hearings up a day.

Mr. LOTT. Mr. President, the Senate will be in session on Friday of this week for debate on the pending balanced budget constitutional amendment. However, no votes will occur during Friday's session. It is my understanding that Senator WELLSTONE will be in position on Monday to offer two amendments to the balanced budget issue. It will be my intent to schedule those votes to occur after the weekly luncheons on Tuesday, February 11, somewhere between 2:15 and 3 o'clock.

I thank all Senators for their cooperation.

I yield the floor, Mr. President.

BALANCED BUDGET AMENDMENT TO THE CONSTITUTION

The Senate continued with the consideration of the joint resolution.

Mr. GRAHAM addressed the Chair.

The PRESIDING OFFICER (Mr. GRAMS). The Senator from Florida.

Mr. GRAHAM. I thank the Chair.

Mr. President, we as a Nation have come to an important crossroads in our history. We must decide whether or not we should alter our supreme and most respected document, the U.S. Constitution, to establish the principle of a balanced Federal budget.

As we all know, regrettably our Nation is deeply in debt and goes more so each year. The budget deficit has become a permanent fixture of our Nation's fiscal policy. While there are those who say we can without a constitutional amendment balance the budget, recent history raises serious doubts.

Mr. President, I should like to humanize this issue by putting it in the context of a family, my family. My father was born in Croswell, MI, in 1885—February 10, 1885, to be exact. When he was born, the national debt, after almost 100 years of American history, after having purchased Louisiana from the French, having fought the Revolution, the War of 1812, the Civil War, we had accumulated a total national debt on the day my dad was born of \$1.6 billion. If you took the population of the United States in February of 1885 and

divided it by that \$1.6 billion national debt, my father came into the Earth owing \$28. That was his share of the national debt.

I was born in November 1936. On that date, the national debt was \$33.8 billion. Between my dad's birth and my birth, we had fought the Spanish-American War, the First World War, and suffered a deep depression, which we still were in the midst of on the date of my birth. On that day, dividing the then national debt by the then population, I owed \$264. That was my indebtedness to the Nation at the time of my arrival.

My first child was born in January 1963. When Gwen was born, the national debt was \$310 billion. In 1963. That was not very long ago in the scale of life. And my daughter owed \$1,640. That was her share of the national debt as recently as January of 1963. And 27 years after her birth, my daughter Gwen had a daughter, Sarah. Sarah was born in 1990, and upon her birth the national debt, if you can believe it, had soared from \$310 billion 27 years earlier to \$3.2 trillion when my first granddaughter, Sarah Logan, was born. Sarah came into this world with a proportion of the national debt of \$12,830.

Since Sarah's birth, I have had seven other grandchildren, the most recent born in 1995. When those four grandchildren, triplet granddaughters and a grandson, Mark Ernest, were born, the national debt had soared again now to \$4.9 trillion, or they came into the Earth with an indebtedness of \$18,932.

Between my father's birth, with a \$28 indebtedness, to my youngest grandchild's birth, \$18,932 per person is what we have inflicted upon our children, our grandchildren, and generations beyond.

Such history has brought me to the conclusion that if we are to reverse this profligate policy, if we are to begin to return to the principles of our parents and grandparents, we, unlike they, must have the discipline of a constitutional amendment which will require that each generation assume responsibility for its indebtedness.

I make these observations not without recognition that we have made considerable progress in recent years in terms of gaining some control over our deficit. America reached its all-time high, in terms of an annual deficit, in 1992. In 1992 the national deficit soared to over \$290 billion in that one year. It took us 100 years to get to \$1.6 billion. In one year we had a deficit of \$290 billion.

This year, the estimate is that our deficit will be \$107 billion. So we have made substantial progress and I believe that President Clinton and the Members of Congress during this period deserve some recognition for the fact that we have pulled that line of deficits in a downward position, albeit still, each year, contributing substantially to our accumulated national debt.

But, despite this progress, current projections forecast large deficits into

the future. Our national debt is expected to reach not the \$4.9 trillion that it was in 1995, but \$5.4 trillion at the end of this fiscal year, by the end of September of 1997.

With this history in mind, and witnessing numerous attempts—many of which carry the names of Members of Congress—attempts and failures to enact legislation to force ourselves to meet the standard of a balanced budget, I believe the time has come to pass an amendment to the Constitution to mandate a balanced budget. It is unfortunate that we need a constitutional amendment to force us to do something that we ought to do voluntarily. However, a constitutional amendment is necessary to provide Congress and Presidents, today and in the future, with the necessary constitutional backbone to maintain a policy of a balanced budget.

I have long supported a balanced budget amendment. I am an original cosponsor of the current amendment that is before us this afternoon. I support an amendment as an important principle, both to maintain the momentum of the last 4 years toward reducing and eliminating the annual deficits, and to assure that, once we are at a point of balance, we will stay there. It is imperative that we not let this opportunity pass by, that we not lose the progress of the last 4 years. We must continue on a path toward a balanced Federal budget by the year 2002.

If I could speak in the context of my State of Florida, we have a unique interest in the outcome of this debate. Florida will continue to grow. It will be one of the fastest growing States in the Nation. Our population, which today is something over 14 million people, is projected to reach over 16 million by the year 2005. The benefits of a balanced budget amendment are national and numerous, but one of the most important benefits, as recognized by virtually all economists, is that a balanced Federal budget will lead to lower interest rates and increased economic growth.

Americans deserve the benefits that a balanced budget will bring and the people of my State, citizens in a State which each year must finance the consequences of growth—additional homes, schools, all of the things that a growing population requires—with money which has largely been borrowed, will benefit especially by the lower interest rates that a balanced Federal budget will bring.

If capital is readily available at reduce cost, virtually everything Americans do that involves borrowing money is easier and will have a positive financial impact on States with expanding population, such as Florida. Most States have a constitutional requirement for a balanced budget within their own fiscal houses. As a State legislator, and for 8 years as Governor of Florida, I operated with a balanced budget amendment to our State Constitution and with a balanced budget. I

can say from that experience that this requirement of a balanced budget in our State constitution, and the fidelity of generations of State officials to that objective, has served my State well. It will serve America well. I will support the specifics of this amendment because I believe that this specific amendment is better than the status quo, is better than the history of the last century. But I think we should not let this opportunity pass without striving for additional perfection in this amendment.

The U.S. Constitution appropriately is not amended frequently, or without the most serious considerations. Therefore, whenever its amendment is considered, we should give attention to the details of that amendment and strive to assure that we are leaving to future Americans the best possible statement of national policy. To this end, next week or as soon thereafter as possible, I will offer an amendment to the balanced budget amendment that will strive to accomplish four things.

First, it will eliminate almost \$2 trillion in the total debt that we will accumulate over the next 25 years under the amendment in its current form. Second, the amendment to the balanced budget amendment that I will offer will protect our Social Security trust fund. Third, it will stimulate economic growth. Finally, it will be honest with the American people, by being consistent with their expectations of what a balanced budget truly means.

The failure to pass a balanced budget amendment this year will be a great mistake. For too many years we have delayed the hard discussions until tomorrow. Mr. President, tomorrow has come. It is our generation's duty to assure that we pay our Nation's bills rather than asking our children and grandchildren to do so. It is our challenge to pass a constitutional amendment to establish as a national policy that each generation of Americans will balance its Nation's budget.

The PRESIDING OFFICER. The Senator from Utah.

Mr. HATCH. Mr. President, I cannot tell you how much I personally appreciate the distinguished Senator from Florida, his courage and boldness in standing up for the balanced budget amendment, which he has always done. He and Senator BRYAN are the two principal Democratic cosponsors of this amendment, and they have both worked very hard with us to try to bring this to fruition, not only on the floor but through the whole Congress. I want to personally thank him for his kind remarks, good remarks this day, and I look forward to the rest of the debate.

The PRESIDING OFFICER. The Senator from Alabama.

Mr. SESSIONS. Mr. President, I am honored to rise to address this Chamber and I am reminded of the responsibility given to me by my fellow Alabamians. It is both an honor and privilege to represent the people of Ala-

bama, and I will devote all my resources toward ensuring that their best and most honest instincts are well served in this institution.

I am also delighted to have heard the remarks of the senior Senator from Florida. Those remarks are most pertinent and important for us all.

I think, also, I should note the great respect that I have for Senator HATCH and the work he has done on building a balanced budget amendment that is sound and that will be a good addition to our Constitution. It is a well-written amendment and it ought to be passed in its present form.

I think it is, indeed, appropriate that the first bill under consideration on the floor of the U.S. Senate, is the balanced budget amendment. The people of Alabama have made their support for this legislation clear, and I intend to do all I can to ensure that they have the opportunity to have this amendment placed before them for their ratification. Americans know through experience that Washington cannot be trusted to keep its financial house in order. This has been demonstrated to them by Washington's failure to balance more than one budget in the last 28 years. The 28 years of unbalanced budgets stacked right here before us demonstrate Congresses past history of failure.

Americans know the burdens of Washington's excesses are going to fall primarily on their children, a result which is unjust and unconscionable. They have reached the same conclusions that I have: Enactment of the balanced budget amendment is the only way Washington's tax-and-spend mentality can be curbed and provides the only way for integrity and accountability in Government spending. It will force us to honestly confront the issues and to make choices.

Someone has suggested we really don't need to amend the Constitution, the budget deficit is dropping. But in Judiciary hearings last week, Senator BIDEN, a senior Democratic Senator from Delaware, discussed that very point.

He noted at the time that the only reason, in his opinion budget deficits have been dropping is because of the fear that this body and the House, along with the President, would pass a balanced budget amendment. Without discipline, budget deficits will increase again at an alarming rate. That is why Senator BIDEN supported a balanced budget amendment.

The arguments in favor of a balanced budget amendment are not new. In fact, the concerns Americans raise today were advocated by our Founding Fathers, and none more vocal than Thomas Jefferson. Where today's families worry about the crushing debt that is being passed onto their children, Jefferson warned, and I quote, "Each successive generation ought to be guaranteed against dissipations and corruptions of those preceding."

And corruption it is. It is irresponsibility. It is a corruption of the highest duties and responsibilities of office in this Government that we fail to make the hard choices when confronted with competing priorities and simply adopt both priorities and pass that debt to our children.

During the first Judiciary Committee hearing on this bill, Senator ORRIN HATCH placed a debt clock before us. It graphically illustrated the point. Each second that passes sees another \$4,500 being added to our national debt. Think about that. The national debt is growing at the rate of \$4,500 a second, \$270,000 a minute, \$16,200,000 an hour, \$388,800,000 a day. This is in addition to the current national debt of \$5.2 trillion.

At this moment, our current debt is equal to a \$20,000 obligation being placed on every man, woman, and child in this country, and it is our children who will face the brunt of this problem. Make no mistake, the increases in today's debt will be funded directly by taxes levied on our children and grandchildren, limiting the opportunity for them to enjoy the same standard of living we enjoy. By continuing these practices, we are mortgaging their right to participate in the American dream.

Having paid no heed to Jefferson's advice, we have failed to protect our Nation from the dissipations and corruptions of the present generation. Indeed, we have violated the very principle of our founding: taxation without representation. We are, in effect, taxing future generations without their consent as a result of our own irresponsibility.

I would like to take a moment to reflect upon the tragic waste of resources that the interest on this debt is causing us. We lose \$800 million a day simply on interest payments. In fact, over the course of a fiscal year, we spend nearly as much money on interest payments as we do on the Nation's defense. For example, in the year 1995, we spent \$232 billion on interest on the debt and \$273 billion on defense. The money we use to pay the interest on the debt is money that could be diverted to other areas or simply returned to the American taxpayer. This is an intolerable waste of our resources. A balanced budget amendment would offer protection against a continued waste of our revenue resources.

A balanced budget amendment would also afford protection against another evil Jefferson foresaw: the inability of Congress to restrain its spending with any degree of self-discipline. When Jefferson warned, "Public debt is the greatest of dangers to be feared by a republican government," he did so because he could foresee that self-interested politicians could be expected to choose spending over restraint and responsibility. Our \$5.2 trillion national debt is a sad testament to that fact. Our inability to live within our means on the national level is unacceptable and adds to the increasing lack of con-

fidence the American public—who must live within its budgets—feels for its Federal Government.

On this point, I am reminded of a story arising at the time I served as U.S. attorney and attended a Federal Judiciary Conference. The attending judges were complaining because Congress was requiring sentencing guidelines that would restrict their ability to sentence. In fact, the guidelines mandated certain sentences for certain types of offenses.

At one point, a senior judge stated to the entire conference: "Gentlemen, the plain fact is, the U.S. Congress no longer trusts you to sentence."

The fact today is that the American people no longer trust the President or the Congress to bring their spending in order. They are insisting upon a balanced budget amendment to end the deficit, because it is a people's initiative.

A constitutional amendment is needed, I submit to you, because we have a systemic weakness. We have observed in the last 28 years, by these budget deficits here before us, that this Congress cannot be trusted. Our system is weak without fiscal discipline, and it is proper and appropriate for this body and the people of the United States to amend that Constitution and fix that systemic weakness.

A balanced budget amendment is needed to regain the people's trust, because the people know that there has not been a balanced budget since 1969, and they know that we are continuing to run budget deficit after budget deficit. They are skeptical of our ability to keep our promises, because they do not believe that we have the political will to keep them without a law requiring it. And they are right.

When Treasury Secretary Rubin testified before the Judiciary Committee, I asked him about the current administration's commitment to a balanced budget. I specifically asked him how he could commit to achieving a balanced budget in 2002 when neither he nor President Clinton would even be in office at that time, because under the Constitution, President Clinton will leave office in the year 2000. They cannot give an answer to that, and that is the point.

Mr. President, I was pleased to hear the President speak of the need for a balanced budget in his address to the Nation. But what needs to be remembered in this debate is that while the President may offer visions of a balanced budget, and he may offer timelines for achieving that goal, he will not be in office when the target date for the balance arrives and therefore cannot be held accountable.

In essence, the promises of a balanced budget are nothing more than illusory commitments. Simply offering a vision of balance will not guide this Nation to its goal. An efficient enforcement mechanism needs to be in place in order to ensure that a commitment to a balanced budget becomes a reality.

This is especially true when an administration proposes a budget in which much of the budget savings are backloaded with the supposed balance to be occurring in the years after they leave office.

Such "out-of-sight, out-of-mind" proposals are a shunning of responsibility and reflect the same business-as-usual thinking that has led us to the fiscal trouble we now face.

In truth, the only instrument capable of creating the kind of binding discipline needed to bring our budgets in balance is this amendment. While ending deficits may be tough for pork-addicted politicians and for inefficient Government agencies and departments, it will become much easier, once the people speak, with this amendment.

Remember, there will be economic benefits from balancing the budget, such as increased savings and lower interest rates. The American public would also be the recipient of another important benefit—that of greater political independence.

On this issue, former Senator Paul Simon, a Democrat from Illinois, and a supporter of the balanced budget amendment, has raised a significant and often overlooked point. During testimony before the Judiciary Committee, Senator Simon noted that limiting our ability to increase our debt will necessarily mean that we reduce the amount of our Nation's debt held by foreign governments.

He recounted a jarring story in which he was once approached by a Treasury official before an important pending vote on a Saudi Arabian arms sale. The official told him that if the vote failed to pass, the Saudis might stop buying bonds which finance our debt. This sort of economic extortion is intolerable. American policymaking is and should always remain the sole province of the American people's representatives, not foreign bondholders. As most people know, it is not a good idea to get into a fight with your banker.

The time to restore the American people's trust is now. We simply cannot afford to let this opportunity pass us by. As I campaigned throughout Alabama last summer I was struck by the unanimous and universal support this amendment enjoyed. Whether I was meeting peanut farmers in Dothan or teachers in Mobile, small businessmen in Huntsville or police officers in Birmingham, the support for this amendment remained constant and strong.

The broad-based support is not confined simply to Alabama but is also reflected nationally. Survey after survey shows that over 80 percent of the American public supports enacting a balanced budget amendment. In fact, support for this concept has already been powerfully demonstrated on the State level with 48 States having enacted provisions which restrict each State's ability to incur debt, including my home State of Alabama. And it works well.

Support for this amendment is so wide ranging that it transcends party

lines. I note with some interest that my predecessor, former Senator Howell Heflin of Alabama, and a Democrat, introduced a balanced budget amendment as his very first piece of legislation in 1979.

Further, bipartisan support was evidenced in last year's vote on the issue, a vote which saw Republicans and Democrats in both Houses come together to fall just one vote short of passage. The reason for this bipartisan support is clear: The American people demand and deserve an opportunity to consider and vote on this amendment. I trust in the judgment of the American people to assess this amendment's merits as well as its defects, and I encourage my fellow Members to trust in the American people's collective wisdom as well.

As I began this speech by quoting Thomas Jefferson, I would like to finish it by quoting another of our Founding Fathers, George Washington. I believe his words are applicable to our current debate. In his words:

*** whatsoever is unfinished of our system of public credit can not be benefited by procrastination; and as far as may be practicable we ought to place that credit on grounds which can not be disturbed, and to prevent that progressive accumulation of debt which must ultimately endanger all governments.

Mr. President, the balanced budget amendment does place our credit on "grounds which can not be disturbed" and would prevent future accumulations of debt. It has been 200 years since Washington uttered these sentiments. We have procrastinated long enough. The time to pass the balanced budget amendment is now. Thank you very much. Mr. President, I yield the floor.

Mr. HATCH. Mr. President, I want to compliment the distinguished Senator from Alabama. When Senator Heflin left the Senate, I have to say that I personally felt very badly about it. But I think Senator Heflin, who worked very hard for the balanced budget amendment, would really have appreciated this wonderful set of remarks that the distinguished Senator from Alabama gave today. I want to compliment him for it.

Mr. President, as I understand it, there was a unanimous-consent request. I ask unanimous consent, if I can get this, that the order be Senator GRAMS, who I understand was supposed to go first, then Senator BYRD, then finally Senator DURBIN, who has an amendment that he will bring forward. I ask unanimous consent for that.

Mr. LEAHY. Reserving the right to object.

Mr. HATCH. With the right of the minority leader to come and speak whenever he desires.

Mr. LEAHY. Thank you.

Mr. President, I will not object, knowing the right of the distinguished Democratic leader, Mr. DASCHLE, to speak has been protected.

Mr. HATCH. Yes.

Mr. LEAHY. I know the distinguished Senator from Utah would do that in any event. I will not object. But I would like to make one comment after the order is entered.

The PRESIDING OFFICER (Mr. ENZI). Is there objection? Without objection, it is so ordered.

Mr. LEAHY. Mr. President, the distinguished Senator from Utah—if I might have his attention for one moment—the distinguished Senator from Utah and I have tried very hard to have speakers pro and con. It is my understanding that the distinguished majority leader wants this debate to go on for a few days, and as well it should.

Also, I understand the distinguished Senator from Utah wanted an opportunity for some of the new Members of the Senate to speak on this, as well they should. It is an important issue.

I urge those who do wish to speak to cooperate with the floor leaders, as they have. The distinguished Senator from Utah and I have been trying to do this informally—not through an order, but informally—to have one Member speak in favor of the amendment, one Member speak in opposition to the amendment, and go back and forth so the debate will bear relevance to the issue. I hope that all Senators will understand that and will work and cooperate with the two of us to make that possible.

Mr. HATCH. I thank the distinguished Senator. We will do that, except if the floor is vacant we will let whoever is here speak.

Mr. LEAHY. Of course. That is right. Mr. HATCH. Whether in opposition or a proponent of the amendment. So we will just work this out and work together. I yield the floor.

Mr. GRAMS addressed the Chair.

The PRESIDING OFFICER. The Senator from Minnesota.

Mr. GRAMS. Thank you very much, Mr. President.

I commend the chairman, the Senator from Utah, for all the hard work he has done on this amendment.

Mr. President, it was 2 years ago I rose as a freshman Member of this body to express my strong support for a constitutional amendment to balance the Federal budget. "There is no question that Congress must pass a balanced budget amendment and send it to the States for ratification." That is what I said here on the Senate floor.

I thought that with the will of the American people behind us, at that time we had every reason to be optimistic about its passage.

Well, here we are again, 2 years later, debating the same question we debated in 1995. And I am here once again to call for the passage of the balanced budget amendment.

We have already heard many of the arguments in support of Senate Joint Resolution 1, and I will not use this opportunity to repeat them all. But let it simply be said that there are indeed many.

However, the release of the President's budget just this morning illus-

trates just how difficult it is to produce a balanced budget void of gimmicks and accounting tricks, and illustrates the very real need for the balanced budget amendment.

Mr. President, this morning we got a first glimpse of the President's budget for fiscal year 1998. After a quick review of this massive document, I must say my initial feeling has been mixed.

On the one hand, I am pleased that the President has agreed to many of our goals, such as a balanced budget by the year 2002, tax relief for American families, and Medicare reform, and a strong national defense.

On the other hand, I am very concerned about what I see as serious flaws included in the President's plan.

Let me begin my observations with the President's education proposals, which he described in his State of the Union Address as "My No. 1 priority for the next four years."

The President proposes \$51 billion for education spending next year. That is an increase of 20 percent, rising to nearly \$60 billion by the year 2002, a 40-percent increase.

This includes \$36 billion in tax incentives for education and training; \$5 billion for school construction; \$1.2 billion for a new reading program; and increased funding to connect schools to the Internet.

Mr. President, we all agree that there exists a strong correlation between education and steady economic growth.

Investing in the skills and abilities of the future U.S. work force will enable us to achieve and maintain high levels of knowledge and productivity in the workplace—helping to improve our standard of living and ability to remain globally competitive.

However, the core question is not whether the Government should invest in education, but how those taxpayer dollars should be spent—and, ultimately, whether more spending is the answer to our education problems.

The United States has outspent every other G-7 country in education and leads in the attainment of secondary and university degrees. Our total government spending in all levels of education as a percentage of GDP has increased from 4.8 percent in 1985 to 5.1 percent in 1993—the highest among the G-7 countries. Eighty-four percent of our population successfully completes secondary education—once again, that is the highest among the G-7 countries. Twenty-four percent of our population receive a college or university diploma, a percentage more than twice that of Germany, the United Kingdom and France. It is significantly greater than that of Japan.

Despite hundreds of billions of dollars in education spending and hundreds of Federal programs, American students continue to perform poorly compared to students in other countries, particularly in terms of basic science and math skills. The science

and math scores of our students are the lowest among Canada, France, Italy, Switzerland, Taiwan, and Korea. Our Scholastic Aptitude Test scores among college-bound students have barely increased over the last decade, and remain below those scores attained in the 1960's and 70's.

We are spending more and achieving less. Clearly, this proves that spending more money on education is not the solution. If it were, the United States would have long been No. 1 in the world in attaining academic success. Unfortunately, throwing more money at the problem appears to be this administration's only solution. The administration would do well to look at my State of Minnesota, where a recent study conducted by the St. Paul Pioneer Press showed that the school districts with the highest per-student spending produced test scores that were among the lowest.

The President's education plan fails miserably at addressing the real issues that face our Nation. This is unacceptable. We must dedicate ourselves to improving our education system, but we must do it right.

First and foremost, in my view, an honest education budget should be one that restores and revives our traditional values in American education: It should ensure our current resources are used efficiently; it must have incentives built into Federal programs to reward students as well as teachers who improve their performance; it must focus on improving basic science and math skills of our primary and secondary school students; it must ensure a crime- and drug-free learning environment; it must ensure that taxpayer dollars are actually helping educate our youth.

Now let me turn to the President's tax proposals. I am pleased the President has acknowledged the tremendous good we accomplish by allowing working families to keep a little bit of their own money through the child tax credit. The President has moved one step closer to the \$500 per-child tax credit my Republican colleagues and I have long been advocating, and we welcome him on board. However, there still exists a big gap between his proposal and ours.

First of all, the President's child tax credit has too many limitations. For instance, the President extends his tax credit only to preteen children, those under 13 years of age, taking away the tax credit dollars just when families need them most. In the President's budget, the tax credit begins at only a \$300 per-child for the first 3 years and is finally increased to \$500 in the year 2000. Moreover, the President's plan begins phasing out the tax credit for families with a combined income of \$60,000, with more limited credits for families making as much as \$75,000. Finally, the President's tax credit would not be available unless deficit reduction targets are met.

Now these limitations greatly dilute the purpose of child tax relief. The ex-

tensive debate we have undertaken in the past 2 years over fiscal policy has helped us understand that working families are indeed overtaxed. In fact, families today spend more on taxes than on food, clothing, and shelter combined. A \$500 per child tax credit—without limitation—is more appropriate and necessary to allow families to make more of their own spending decisions.

As a long-time advocate for tax relief, I would prefer a zero capital gains tax on all investment incomes. While I do applaud the President's proposal to provide a capital gains tax cut for homeowners, his plan is really just a small step forward. It is hard to justify the exemption of this type of investment gain from other investments, such as the individual who chooses to live in a relatively modest home and invest in stocks and perhaps the formation of a small manufacturing company. Why should those individuals be taxed more harshly than those who invest in a personal residence?

In my view, a general cut in the capital gains tax must be provided to encourage savings, and to treat all investors equally. The current tax system discourages national savings and investment, which will adversely affect our long-term economic growth. Fundamental reform is needed to change the system.

The President's budget includes tax cuts totaling \$98.5 billion, with most of it going toward the family tax credit, education tax subsidies, and expanded IRA's. However, the Clinton budget proposes new tax increases targeted at airline passengers, small and large investors, and the Nation's job providers totaling some \$76 billion. We can do the math ourselves: The President's budget leaves a net tax cut of just \$22.4 billion. I do not believe that is what the American people intended when they re-elected the President to a second term.

Another serious concern lies with the President's proposed new entitlement spending. If the President is serious about adding another \$60 billion in new entitlement spending, he must show us why we need new spending programs when we have yet to repair the ones we already have.

Finally, Mr. President, I remain concerned about the economic assumptions the White House has relied upon in drafting its plan, which are significantly more optimistic than the projections of the Congressional Budget Office. The President's budget has not yet been scored by the CBO. Once it is, it may very well be \$70 billion short of our deficit targets.

President Clinton came here to Capitol Hill just over one year ago and stood in the House Chamber to declare that, "The era of big government is over." I am afraid that sentiment is not reflected within the 2,418 pages of the President's budget. I had hoped for bold steps from the President in addressing the very real need to control the growth of the Federal Government.

But what we received today were more like baby steps, the first tentative wobbles of an infant. Under the President's budget, Washington will actually spend 3.5 percent more in the next fiscal year than we are today. While the President's budget appears to reach balance in 2002, more than 60 percent of his deficit reduction are slated to come after he has left office. Leaving those tough decisions not to the Clinton White House, but the administration of the Nation's next Chief Executive.

Mr. President, I commend the President for the blueprint he has prepared for us, and I look forward to working with him and my colleagues to improve on and implement these historic changes in our Government. In the administration's budget, we have before us a good foundation on which to build that bridge to the 21st century the White House is so fond of speaking about. But without addressing some of the serious concerns I have outlined today, I am afraid that bridge may collapse before we are able to cross it.

Mr. President, I yield the floor.

Mr. HATCH. Mr. President, I thank the distinguished Senator for his remarks in this area.

The PRESIDING OFFICER. The Chair recognizes the Senator from West Virginia.

Mr. BYRD. Mr. President, I thank the Chair.

(The remarks of Mr. BYRD pertaining to the introduction of Senate Joint Resolution 15 are located in today's RECORD under "Statements on Introduced Bills and Joint Resolutions.")

Mr. DURBIN addressed the Chair.

The PRESIDING OFFICER. The Senator from Illinois is recognized.

AMENDMENT NO. 2

(Purpose: To allow waiver of the article in the event of an economic recession or serious economic emergency)

Mr. DURBIN. I send an amendment to the desk.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Illinois (Mr. DURBIN) proposes an amendment numbered 2.

On page 3, between lines 11 and 12, insert the following:

"The provisions of this article may be waived for any fiscal year in which there is an economic recession or serious economic emergency in the United States as declared by a joint resolution, adopted by a majority of the whole number of each House, which becomes law.

Mr. DURBIN. Mr. President, first let me thank the chair of the Senate Judiciary Committee for his cooperation in this effort. Though we may not see eye to eye on this amendment or the underlying amendment to the Constitution, he has been gracious and gentlemanly throughout. I appreciate that very much.

I would also like to salute the Democratic leader from that same committee, the ranking member, the Senator from Vermont, for extending the same courtesy, both personally and through his staff.

This is only the second time that I have taken the floor of the Senate to speak. And I consider it a high honor to follow the Senator from West Virginia. In the context of constitutional debate, I think we are all anxious to learn the views of the Senator from West Virginia because he reveres this Constitution, this great document, as much if not more than any other Member of the U.S. Senate.

In the course of the last 14 years I have served in the U.S. House of Representatives. I have cast about 7,000 votes. There were many important votes among them. The most important vote in my estimation was when I was called on to vote and decide whether or not the United States would go to war. I knew with that vote and the decision made by this Congress that lives would be lost. Husbands, fathers, sons, daughters, loved ones would put their lives at risk because of that vote. I do not think I cast a more important vote in my congressional career.

But immediately behind that vote I would have to put consideration of constitutional amendments. It is so rare that we in this body or in the other body have an opportunity to address amending this great Constitution that I hope we will all take it with a great deal of seriousness. Since 1791, 205 years ago, we have chosen to amend this great document only 27 times. Of course, the first 10, the Bill of Rights, were in that year, 1791. And each time an amendment has been suggested we have tried to step back and measure it against this Constitution, this document, and to determine whether or not that amendment or that suggestion really ranks with the importance of this great document.

This amendment that we are considering, the balanced budget amendment, is one that has been debated at great length. And it has been debated by many people of both political parties for a long period of time.

I hope that every Member of the Senate will come to this debate as I have with a new energy and a new determination to make certain that whatever we do in accepting or rejecting this amendment that it will bear the test of history, that those who come after us will judge us as having been thoughtful and reflective in determining whether or not this amendment belongs in this great document and whether this amendment will stand the test of time.

Mr. President, I do not believe that this balanced budget amendment as offered stands the test of time, and that is why I am offering an amendment today to address what I consider to be a fundamental flaw in the balanced budget amendment.

Mr. President, the balanced budget amendment that is before us today does not provide an adequate means for dealing with economic recessions or other serious economic emergencies that could unexpectedly throw the budget out of balance or require a fis-

cal response. It would tip the balance against working families and make it harder to help them recover from a recession or other economic emergency. In times of recession or economic slowdown it would force us to do exactly the wrong thing by making it more difficult for the Federal Government to respond to adverse economic circumstances. In the case of a regional economic downturn, or other economic emergency that fell short of a national recession, it would leave us unable to respond unless a supermajority of 60 percent or more agree to take action.

That is why I offer this amendment to allow Congress and the President to waive the requirement of a balanced budget in those times when our country is experiencing an economic recession or serious economic emergency. I do not stand alone with this point of view. More than 1,000 of the Nation's most respected economists recently joined together to condemn the proposed balanced budget amendment as unsound and unnecessary. And here are their words:

The proposed amendment mandates perverse actions in the face of recessions. In economic downturns, tax revenues fall and some outlays, such as unemployment benefits, rise. These so-called "built-in stabilizers" limit declines of after-tax income and purchasing power. To keep the budget balanced every year would aggravate recessions.

The more than 1,000 economists who signed this statement include at least 11 Nobel laureates and many present and former Government officials, including the former chairman of President Nixon's Council of Economic Advisers, current and former Federal Reserve Board Chairmen, and former Democrat and Republican Directors of the Congressional Budget Office. The group includes a friend of mine and a man I respect very much, Robert Eisner, professor at Northwestern University in my home State of Illinois who has a solid grasp of the economic ramifications of Government budget policies.

Most Members of this Senate, Democrat or Republican, would concede that our economy has moved forward in the last 4 years. Some credit fiscal policy emanating from the President and Capitol Hill, and others credit monetary policy from the Federal Reserve. I think it has taken both efforts to put this economy on the right track.

During the course of his testimony before our Budget Committee the Chairman of the Federal Reserve, Alan Greenspan, was asked point blank about the balanced budget amendment. And in the Chairman's words he said he was "opposed to putting detailed economic policy in our Constitution." This is a man who must on a day-to-day basis sit with his staff and cohorts and determine the course of the American economy. He is a man who is as dedicated to balancing the budget as any person in this Nation. He is someone who has made tough and difficult decisions time and again to put this

economy on track, and he has cautioned us that this is a mistake, a mistake for us to embody in this Constitution detailed economic policy, that we forswear the flexibility necessary to make certain that this Government of, by, and for the people can respond to the needs of the people in times of recession.

What these economists and Mr. Greenspan are warning us of is that the balanced budget amendment if not changed will exacerbate the economic slowdowns we experience. It will put our Nation into an economic strait-jacket that will make it hard to respond to economic downturns.

Let us talk for a moment about the mechanisms that work in our economy in times of recession. Tax receipts fall. Certain types of Federal spending increase. Consider the obvious, the plant closes in your hometown where workers who have spent a lifetime showing up every day doing their job and paying their taxes end up out of work, perhaps for the first time in their lives finding themselves drawing unemployment compensation from this Federal Government. Perhaps if things go badly for a family for a longer period of time, they may be called on to apply for food stamps to make sure there is food on the table, maybe even Medicaid to make sure there is hospitalization protection for members of the family, and then of course trying to find another job. They may need to call on the Government for job training courses or education to prepare themselves for another career; another opportunity.

What I have just described is not radical. It is a natural outgrowth of a free market capitalist economy with business downturns and with the vagaries of the business cycle leaving some families and some workers needing help.

The fiscal changes I have described that take place when the Government steps in are described as economic stabilizers because they kick in automatically in times of unemployment and recession, and they help the economy recover, as they help individuals get back on their feet. That is why Robert Greenstein from the Center on Budget and Policy Priorities described the effect of the balanced budget amendment in this way in his testimony before the Judiciary Committee:

In years when growth is sluggish, revenues rise more slowly while costs for programs like unemployment insurance increase. As a result, the deficit widens. Under a balanced budget amendment, more deficit reduction thus would be required in periods of slow growth than in times of rapid growth.

This is precisely the opposite—

The opposite, in his words—

of what should be done to stabilize the economy and avert recessions. The constitutional amendment consequently risks making recessions more frequent and deeper. In the period from 1930 to 1933, for example, Congress repeatedly cut Federal spending and raised taxes, trying to offset the decline in revenues that occurred after the great crash of 1929. Yet those spending cuts and tax increases removed purchasing power

from the economy and helped make the downturn deeper; they occurred at exactly the wrong time in the business cycle.

In Dr. Greenstein's words:

This is why a balanced budget amendment requirement is called "pro-cyclical." It exacerbates the natural business cycle of growth and recession. It also is why most economists who favor tough deficit reduction measures strongly oppose a constitutional balanced budget amendment.

Treasury Secretary Robert Rubin gave a similar warning when he testified before our Judiciary Committee. He said as follows:

A balanced budget amendment would subject the Nation to unacceptable economic risks in perpetuity . . . A balanced budget amendment could turn slowdowns into recessions, and recessions into more severe recessions or even depressions.

Mr. President, this would happen because the so-called automatic stabilizers in our economy that have been developed over the past 50 years to reduce the extremes of the business cycle and help avoid another Great Depression would remain inoperative by this proposed constitutional amendment.

I have a chart which I would like to bring up at this point.

This chart I think demonstrates graphically what I have described: What has happened in the business cycles of America from the year 1870 to 1990.

You will note that in our free market economy we have our ups and downs, but note the changes that took place after World War II. It is true that those spikes below the line still occurred, but they were not as deep as they had been before. You look back to the Depression, the Great Depression of 1929, you see the recession that we faced in the mid 1940's, but look at what happened afterwards. We have had our downturns, but they have been moderate in comparison.

These are something more than mere statistics. These reflect Americans working and out of work. They reflect businesses being forced to shut down. They reflect the misery that families feel when we go into an economic downturn.

Now, what happened at this point that caused such a great change for the 40 years reflected? We built into our economy certain ways to moderate recessions. Those moderations or stabilizers are Government programs involving Government expenditures. When our economy goes into a downturn, tax receipts are diminished, the opportunity to balance the budget is made more difficult, and we are called on at the same time to respond and spend.

So as tax revenues are going down, calls for expenditures to stabilize the economy go up. That is a recipe for an unbalanced budget. But it is also a recipe for stabilizing an economy, for ending a recession, for bringing people back to work, for giving small businesses a chance to survive, to say to family farmers it was a bad year but next year can be better; we are going to help you through this.

If we accept what this balanced budget amendment offers, it will become increasingly difficult for us to use the stabilizers that have kept America at work, have kept families together, have kept small businesses in business and family farmers on the farm.

That is what is at stake in this debate. The reason I have offered this amendment is to suggest that there is a more reasonable way to approach this. If those who support the balanced budget amendment want to make certain that this Congress goes on the record to make certain that we go on the record with a record vote and be held accountable when we do not balance the budget, my amendment requires that as well, but it does not require a supermajority.

In response to the claim by some that Congress could still easily respond to economic recessions with the balanced budget amendment, Secretary Rubin added the following comments:

You recognize recessions quite a bit after they have started. Predicting economic circumstances is well high impossible, in my judgment, at least with any degree of reliability. And under those circumstances you can be well into an economic downturn before you realize you have to deal with it, and—

In Secretary Rubin's words—

I think that is one of the very serious problems that the balanced budget amendment creates.

Why does it take time for us to recognize these recessions? The general working definition of a recession is that it is at least two consecutive quarters—a quarter being a 3-month period of time—of decline in real gross domestic product. It obviously takes 6 months to trigger this definition. So sometimes we have started into a recession moving below the line here, unemployment starting to show up and we do not see it. It is hidden to us until 3 months or 6 months later.

The more technical definition of recession also includes inherent lags. We have found that the decline in economic activity associated with a recession is not always widespread. Often-times it is confined to a sector of the economy or region of the country. We also find that sometimes these declines are cumulative in nature, not restricted to just 1 month or 1 quarter. Again, it takes time to measure these criteria.

So, as a general principle, what Secretary Rubin has said to us is we may not know we need to help until we are in the middle of our problem. There is a lag time, to accumulate and analyze data and recognize the decline that may have already started.

So how often do we face these recessions? Are they rare occurrences in the American economy? We have been blessed in recent years, but historically recessions occur very frequently. By the National Bureau of Economic Research's official determination, our Nation has experienced 9 recessions since World War II, 11 since the Great

Depression of 1929 to 1933, and 21 recessions this century, which means that roughly every 5 years we will face this recession.

The balanced budget amendment does not assume that this is going to happen. It assumes it will not happen. And if Congress is going to respond to this occurrence, which we know has been fairly regular, it requires a supermajority for us to spend the money to stabilize the economy.

In part because of the economic stabilizers that are now part of our economy, the average length of recession since World War II has only been 11 months compared to 18 months in the previous half century.

A recession is not just an abstract economic concept. It is lost jobs, lost wages, personal and family financial crises.

The Federal Government has developed many mechanisms to deal with it. I have mentioned a few: Unemployment compensation, Medicaid applications, food stamps and so forth.

Let me tell you a story that I think illustrates this as well as any that I could tell you on the floor of the Senate. In my hometown of Springfield, IL, we were blessed for decades with manufacturing plants which created good jobs, good-paying jobs for men and women who would come to work with a strong back, a good work ethic, and usually little more than a high school diploma. One of those plants was known as the Fiat-Allis plant. It was a plant organized by the United Auto Workers, producing heavy equipment and producing great jobs for a lot of families and a great boost to the Springfield economy.

Over a decade ago that plant closed, and hundreds of workers who had relied on this plant were thrown out on the street. You can repeat the example and story I am about to describe in virtually every city in America. This happens all too frequently. Let me tell you about one friend of mine who had worked at Fiat-Allis for years. His name is Bob Bergen.

Bob saw it coming. He had heard a lot of talk about the plant closing down. So Bob decided that he would do something about it. He went to the community college before the plant closed down and started taking courses in heating and cooling, thinking about opening his own business, furnaces and air conditioners and the like. So, when the plant did close down, Bob had a short transition, but one that he planned, drawing some unemployment, some trade adjustment assistance, finishing up his course work at Lincoln Land Community College, and ultimately opening his own business.

It worked. Our investment in Bob Bergen and his family paid off. We cushioned the shock of unemployment. We gave Bob an avenue to follow toward a new course of livelihood, and he took it. Now he is in business. In fact, he put the furnace in my home just a few years ago and does a pretty good

job now, and I am glad to call him a friend. His life and experience are illustrations of what I am talking about.

Imagine a recession closing down plants across this country and imagine this Congress, faced with the need to balance the budget to the dollar, being unable to provide unemployment compensation that Bob Bergen needed; being unable to provide the trade adjustment assistance that Bob Bergen used to keep his family together while he got his business started; being unable to provide job training, the scholarship assistance at community college, the things which people rely on in America to get back on track. If we are hidebound, tied to the provisions of this balanced budget amendment, and forget the Bob Bergens of the world and what it means to them, I think we have lost sight of our responsibility.

How much of a difference do these economic stabilizers make to our economy? Secretary Rubin testified, if you want to look at this in a larger context, "Without automatic stabilizers, the Treasury Department has estimated that unemployment in 1992 that resulted from the 1990 recession might have hit 9 percent instead of 7.7 percent." Statistics aside, Secretary Rubin tells us that would have meant 1 million more Americans out of work. We would have had 1 million more unemployed Americans, 1 million more families pushed to the economic precipice if our economic stabilizers had not been there.

These recessions also tend to be regional in nature. Proponents of the underlying balanced budget amendment argue that it contains an escape hatch that allows a waiver of its provisions by a supermajority vote of three-fifths of both Houses of Congress. But mustering a three-fifths vote is not always an easy matter. Millions of working families in America might have to suffer if we cannot come up with 60 percent on a vote to waive the balanced budget requirements in times of recession.

I recall, and I think most do as well, what happened not that long ago, in fact, just 2 years ago, when we were called upon in Congress to pass a debt limit, a debt limit which said we put our full faith and credit as a government behind the debt of the United States. It took only a majority vote to do that, and we could not bring it together. As a consequence, we faced some of the most serious shutdowns in our Nation's history. The Government shutdowns that occurred, two successive shutdowns, literally sent thousands of Federal workers off the job. The Government shut down not once but twice, a total of 27 days. The Office of Management and Budget has estimated that the overall cost of the shutdowns was more than \$1.4 billion. America knew it. More than 750,000 Federal workers were affected, some during the Christmas and Hanukkah season, including more than 250,000 who were furloughed.

During that period of the Government shutdown, 170,000 veterans did not receive their GI bill education benefits on time, 200,000 passports were not processed, more than 2 million people could not visit the Smithsonian museums and other facilities in the Washington area, and 7 million people could not visit their national parks. Mr. President, 1,300 workplace safety complaints went unanswered and 3,500 investigations involving pension, health, and other employee benefit plans were suspended. Delays were created in 250,000 cases trying to find deadbeat dads who were delinquent in their child support payments, and cleanup of hundreds of Superfund sites was delayed. All of this happened because we could not muster a majority, a majority vote, let alone a supermajority.

This balanced budget amendment will enshrine in our Constitution the requirement of a three-fifths vote in times of an economic recession to come to the rescue of American families. For those who think this is an easy requirement, it is rare in our Constitution to have any supermajority requirement and it certainly should not be imposed on people who, through no fault of their own, are victims of this economy.

My amendment brings the supermajority requirement of three-fifths down to a majority requirement. I think that is reasonable. It is still not going to be easy. Each and every person, whether a Member of the House or the Senate, must stand and justify that vote in terms of a recession, a national economic emergency, something that justifies slipping away from the balanced budget requirement that year.

I think we have to maintain flexibility to respond to recessions, disasters, and other economic emergencies in a timely fashion. I do not think we have to say, "I'm sorry, Mr. Bergen, I am sorry you have been laid off, but because of the balanced budget amendment, we are not going to be able to make the payments to you for your unemployment because we just have to balance the budget. We cannot help you when it comes to food stamps, we have run out of money. We cannot help your family when it comes to job training or Medicaid."

Think about that for a second. Is that fair to people we represent? Is that fair to this economy? Will it, in fact, result in these spikes going lower instead of moderating, as we have seen, as these stabilizers have been put in place? That, unfortunately, might be the verdict for Bob Bergen and others like him if this supermajority requirement allows 41 Senators or 175 Representatives to prevent a response that involves deficit spending.

Our Founding Fathers established only a few circumstances where supermajorities would be necessary for Federal action. We should not adopt a new supermajority requirement that prevents us from helping our most vulnerable and neediest citizens in times of

recession or other serious economic emergencies.

For all these reasons, I am offering an amendment to allow Congress to waive the requirements of the balanced budget amendment by a majority vote for a joint resolution in times of recession or serious economic emergency. My amendment will ensure that Congress can continue to respond to recessions and other serious economic emergencies with fiscal policies that will alleviate the pain of recession and shorten its duration rather than driving us deeper into economic stagnation.

I urge my colleagues to support this amendment.

The PRESIDING OFFICER. The Senator from Arkansas is recognized.

Mr. HUTCHINSON. Mr. President, I rise in support of the balanced budget amendment. I think it is one of the most important pieces of legislation we will be debating in this body, in this Congress. I might add, I appreciate the preceding Senator, Senator DURBIN, acknowledging, as he presented his amendment to the balanced budget amendment, his overall opposition to the underlying amendment to the Constitution. We are going to, I suspect, hear many amendments—several amendments at least—offered in the coming weeks, with the primary goal of ultimately defeating the balanced budget amendment to the Constitution.

As I said, I believe this is one of the most important pieces of legislation we are going to debate. The opponents of a balanced budget amendment argue that to compel Congress to balance the budget will forever damage and eliminate the ability to provide our seniors with the protection they have earned. Their plan—and we will be hearing more of it; we have already heard quite a lot—to exempt Social Security is nothing more than a risky gimmick. I say again it is a risky gimmick to put such an exclusion onto the balanced budget amendment. Their arguments are aimed at scaring the most vulnerable segments of our population.

In the last 2 years, in my experience in the House of Representatives and as I observe the deliberations in the U.S. Senate, we have seen a great deal of those efforts to scare those who are most vulnerable in our society. So I suppose it is not that unusual, as we enter a debate on the balanced budget amendment to the Constitution, to hear those who would frighten and those who would scare the most vulnerable in our society. They assert Social Security checks will be withheld because there will be no money left in the Treasury.

Mr. President, I ask unanimous consent that an editorial from the Arkansas Democrat Gazette be printed in the RECORD.

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

[From the Arkansas Democrat Gazette, Feb. 5, 1997]

BUDGETSCARE: HOW TO DEBASE A CAUSE

Bill Clinton doubtless wants to defeat the Balanced Budget amendment in the worst way which is just how he's going about it—by scaring old folks again. Yep, once more he's saying a proposed reform will put Social Security—Social Security!—at “grave risk.”

Now when have we heard that before? Only every time somebody tries to get the federal government to put its fiscal house in order. By now the clintonoids have made this simple scare campaign a fine art. First, scare the seniors; then scare 'em some more; then leave 'em petrified. And never, ever let the facts get in the way.

Despite its name, the Balanced Budget amendment would not keep Congress from passing an unbalanced budget. Instead, it just puts a slightly larger hurdle in the way. It would require a three-fifths vote of both houses of Congress to run a deficit. It's not an insuperable obstacle; most controversial business in the Senate already required a three-fifths vote—because that's what it takes to prevent a filibuster.

But here comes the president, warning that “disbursement of Social Security checks could cease or unelected judges could reduce benefits to comply with this constitutional amendment.”

Not very likely. Not very likely at all. The chances of Social Security checks being sequestered fall into the same range of probability as the Loch Ness monster posing for photographs. Both possibilities are great for scaring folks, but for little else.

Social Security is an entitlement written into law, it is not dependent on annual appropriations by Congress. It's recipients paid into the program, they're entitled to their checks—even if Congress doesn't approve a budget. It's automatic.

The federal government would have to go broke before one of those unelected judges the president uses as a bogeyman would have to decide what creditors got paid first. And recipients of Social Security would stand at the head of the line because their benefits are part of a separate law. Behind them would come all of the programs that are covered by annual appropriations—everything from education to the federal courts, from the Smithsonian to the space shuttle, and the multitude of grants for essentials like battery-operated grocery carts and solar powered cars.

All told, spending for these appropriated programs amounts to five times the size of last year's deficit, meaning that the government's default would have to be of Depression-sized proportions before Social Security might be threatened. And even then such a dramatic catastrophe isn't likely. Because this amendment has more escape hatches than an old-time movie serial.

The president knows the process. He has to know that Social Security isn't in the imminent danger he's conjured up. Once again he is playing to the darkest fears of the most vulnerable citizens in order to achieve a partisan end. Why, with all the arguments available to him, is Bill Clinton invariably attracted to the lowest common one? Some days it's as if he'll do anything but raise the level of public discourse.

A mere citizen can still yearn for a leader who, acting on principle, takes an unpopular stand without resorting to demagoguery. To make his case, such a leader would not paint a doomsday scenario of little old ladies starving in the cold, but would rely on reason supported by fact and informed by sober judgment.

About that misnamed Balanced Budget Amendment, he would say it would unneces-

sarily clutter the Constitution we all revere. He would explain that such an amendment would create an even more unwieldy process in a Congress already prone to procedural knots. Perhaps he would contend that the proposal for a super-majority is undemocratic. Or he could argue that while America is not a strict democracy, its citizens are loathe to depart from majority rule without a pretty darned good reason.

But these are all arguments that, unlike the usual scare tactics, would have to be patiently explained in order to carry the day. They would compliment the intelligence of the American people, not insult it. It's so much easier to proclaim that Social Security and the sky are falling. So, once again, William Jefferson Clinton has chosen to frighten any older citizens he can.

The result: Our president and head of state, an official who should be most responsible of all, introduces still more mistrust into a political system already overburdened with it. He encourages suspicion and cynicism—always corrosive agents in a system that relies on consent and understanding. In doing so, he tears at the fabric of the very constitution he claims to be defending.

Mr. HUTCHINSON. Mr. President, a part of that editorial says this:

The chances of Social Security checks being sequestered fall into the same range of probability as the Loch Ness monster posing for photographs. Both possibilities are great for scaring folks, but for little else.

I believe that is very, very true. Again, nothing could be a more risky gimmick to be put onto the balanced budget amendment than to exclude Social Security from the provisions of the amendment. It is attempting to replace the truth with fear.

The plain truth is that the President does not have the power to withhold appropriations, such as Social Security. Only Congress can give him that power. It is our responsibility to appropriate the funds necessary to carry out the domestic and the foreign policy programs of this Nation. In reality, the balanced budget amendment will ensure that money is there to spend.

Today, annual deficits and the national debt are the greatest threat to Social Security's existence. If we talk about the threat to the future of Social Security, let us not forget that the greatest threat is continued chronic deficits and an unwillingness or a lack of discipline and a lack of will on the part of the politicians of this country to bring our books into balance.

I believe this very vivid depiction of having 28 budget books stacked on top of each other is very clear evidence that the notion—as the President put it in the State of the Union Address—that we can just do it, we pass it and he will sign it, we will balance the books, will not happen, as we see with 28 budgets before us. It has to stretch the credibility of not only the executive branch but a Congress that is more inclined to continue spending on ever-expanding entitlement programs.

Since the 1930's, literally dozens of proposals have been made to require a balanced budget to limit the size or the growth of the Federal budget or public debt, or some combination of these ideas, including several very notable

recent efforts in 1990 and, again, in 1993. These have come in the form of bills, statutory efforts, and proposed constitutional amendments. An average, Mr. President, of more than 30 measures per Congress have been introduced in recent years.

I believe one reason that we have seen such statutory efforts and so many offers of various constitutional amendments is because many of those who occupy the Halls of Congress today, both at the other end of the Capitol in the House of Representatives and in the U.S. Senate, once served in State legislatures where they have the yearly annual experience of seeing their State budgets balanced. They came from State legislatures where there were constitutional provisions that required them to balance their budget, and they saw year after year after year that it could be done.

So when they came to Washington, they came with a determination, they came with a deliberation that we would have, in fact, that same provision embodied in the U.S. Constitution. But it has been frustrating. Year after year and time after time, we have seen those efforts defeated.

The opponents of a balanced budget amendment, I believe, are pursuing a campaign of deliberate disinformation. There has been and will continue to be an effort to distract and to divert the attention of the American people from the real issues that are at stake in the debate over a balanced budget and over a balanced budget amendment. The opponents would distract and divert the American people from the real threat to Social Security, which is chronic deficits and enormous accumulated debt. They would like the debate over the coming weeks to be about Social Security, but the debate is not about Social Security. The debate is about the chronic deficits that threaten the future economic stability of this Government and our economy in years to come. That's what it is about.

If you care about Social Security, you should care about a balanced budget amendment to the Constitution, because that is the best way of ensuring fiscal sanity being restored to our budget process. Without a credible, sustainable balanced budget, we will never have the money to pay out future benefits. It is just that simple. A balanced budget amendment needs economic prosperity that will produce revenues necessary to fund the program. With a balanced budget, the big spenders in Washington will not be able to target and, therefore, raid Social Security to pay for other programs.

Opponents of the balanced budget amendment will throw out, I think, any diversion to confuse the issue. They will use scare tactics. The truth is that excluding Social Security does nothing to secure benefits into the future. The President's own budget counts these surpluses to achieve his balance.

What if Social Security is excluded? Social Security will not be protected,

but between the years of 2002 and 2007, the deficit will appear \$700 billion larger. That means either a mammoth tax hike on American families, almost \$1,100 per year per household, or devastating cuts in important programs like Medicare, cancer research, Head Start, and environmental cleanup.

In the years since 1960, the budget has been balanced only once. Deficit spending during that period has increased the official national debt from less than \$284 billion to over \$5 trillion, and the 28 budget books that are stacked right over here give vivid evidence of that failure of Congress to discipline its spending habits.

Interest payments on the debt now consume about \$240 billion annually; \$240 billion annually just on interest to service the national debt. The \$240 billion that we are spending in interest payments is larger than the combined budgets of the Departments of Commerce, Agriculture, Education, Energy, Justice, Interior, Housing and Urban Development, Labor, State, and Transportation.

I suggest that if we have a commitment to education, then we ought to have a commitment to a balanced budget amendment to the Constitution to ensure that these exploding interest payments will finally be reined in. In the future, the debt problem will only get worse. The Government's current debt calculation fails to include the 10 to 20 trillion dollars worth of unfunded liabilities. These are promises to pay future benefits like Social Security, Medicare, Government employee retirement and other programs. In short, we will soon long for the days of \$200 billion deficits unless something is done, and that something should be the balanced budget amendment.

When you exclude Social Security, you derail the very purpose of the amendment. I was interested, as I listened to the deliberations of the House Judiciary Committee earlier this week on the balanced budget amendment, in the testimony of a former Congressman, my former colleague, Tim Penny. He referred to this gimmick of taking Social Security off budget and out of the unified budget as being the greatest money-laundering scheme in history, because future creative Congresses will find it not too difficult to begin to shift programs into the Social Security trust fund so as to circumvent the purpose and the goal and the intent of a balanced budget amendment to the Constitution. It is a loophole so large, not only can a truck drive through it, but tons and tons of red ink can flow through it.

Finally, the goal of such an amendment is to defeat the balanced budget amendment to the Constitution.

As I said, I am glad that Senator DURBIN acknowledged his underlying opposition to an amendment to the Constitution requiring a balanced budget altogether. So while he offers this amendment to the BBA, he still opposes the concept of an amendment requiring a balanced budget.

Secretary Rubin—who was quoted earlier this afternoon—Secretary

Rubin, when he testified before the House Judiciary Committee, was asked by my brother, Congressman HUTCHINSON, whether there was any balanced budget amendment that he could envision that he would be able to support? In other words, if you went ahead and excluded Social Security, or if you put in a recession provision, or if there were some other addition to a balanced budget amendment, was there any such amendment that Secretary Rubin or the administration could support? And when finally pressed, Secretary Rubin said no. He said he could not envision any amendment to the Constitution requiring a balanced budget in any form that the administration would support.

I think that really tells the story, that while there will be efforts to divert attention, while there will be efforts to distract the attention of the American people, all of the amendments that are offered are in the end ultimately being offered with the goal of defeating this very, very important amendment to the Constitution.

I want to put a human face on the balanced budget amendment. We can often become too consumed with who has political advantage in policy debates that we forget who sent us here and how it often affects them. Let me tell you about one of my constituents. Bob Boyd, a small business owner in Little Rock, is the kind of person who can speak to the importance, I think, of a balanced budget amendment to the Constitution.

Mr. Boyd was a delegate to the White House Conference on Small Business. During that time, he and the conference made several recommendations to President Clinton. The one proposal which received the most votes, more than any other policy recommendation by the White House Conference on Small Business, was for the adoption of a balanced budget amendment to the Constitution. Unfortunately, that proposal has only collected dust at the White House. But this was from the White House Conference on Small Business, the recommendation that received the most support.

When asked why so many of the conference voted on this proposal and voted for this proposal, Bob simply says:

... as a small business owner, we know the importance of the bottom line and [the] government doesn't, they have lost the principle of being responsible for their debts.

Bob said that the President told them "that small business is the engine that drives our economy." Unfortunately for Bob, and for all the small businesses in Arkansas and America, the national debt, and the taxes it needs to pay for it, are taking up all the fuel.

I strongly believe that ratification of a constitutional amendment is the only way to turn around this unending sea of financial debt. It is time to put the harness of the U.S. Constitution on Congress and the President. It is time to require these institutions to be more fiscally responsible than our predecessors have been.

I would just say again, as I conclude, Mr. President, that there is a fundamental immorality that goes along with chronic deficit spending. For decades and for generations of our history as a Nation, a constitutional amendment requiring a balanced budget was not necessary because there was an inherent fundamental belief on the part not only of our policymakers and our politicians but the people of the United States as a whole that spending more than you take in, whether it is your family budget or whether it is the Federal budget, is simply wrong. To transfer our spending in the form of debt to our children and to our grandchildren, for them to assume through higher taxes and through a lower standard of living, is simply wrong.

The intrinsic value, though, of the balanced budget amendment rests on a simple point—it affects every American. It will affect how and where we spend taxpayers' dollars. It will affect the process by which those decisions are made. Moreover, it will affect the real value we place on the taxpayers' money, when we are restricted in the ways we spend it.

The time has come for Government to learn how to work with less, how to see the citizen's money as being precious, and to permanently reduce its size so that its people's wealth can expand. I yield the floor, Mr. President.

Mr. HATCH addressed the Chair.

The PRESIDING OFFICER (Mr. ABRAHAM). The Senator from Utah.

Mr. HATCH. Mr. President, I just want to take a second here and thank the distinguished Senator from Arkansas for his remarks that he has made. I do not know when I have been more impressed with a group of new Senators than I have now, unless it was the last time when we brought the balanced budget amendment up and lost by one vote, when all of the new Senators spoke together on the last one. I was just really impressed with that. And these Senators this year have been doing very well. I appreciate the Senator coming to the floor and making these cogent remarks. I thank my colleague.

Mr. LEAHY addressed the Chair.

The PRESIDING OFFICER. The Senator from Vermont.

Mr. LEAHY. Mr. President, while the Senator from Arkansas is still on the floor—and while I indicate a different view than his on the amendment, I, too, join the chairman in complimenting him and the other new Senators who have spoken. When you think back to what your first speech was, it is nice to know it was on a major issue. So I compliment him for that.

Mr. President, I would note though that it is an important issue. That is why we should take it as serious as possible. We talked about amendments.

Senator DURBIN, the distinguished Senator from Illinois, has also spoken,

in one of his first speeches on the floor of the Senate, as eloquently and as completely and as logically and coherently as he used to speak in the other body. The Senator from Illinois has spoken of an amendment that he has offered. While we will not vote on it today, we will eventually vote on it to the balanced budget amendment. He also expressed his concern about the underlying amendment.

There is nothing inconsistent with saying that one does not want to amend the Constitution of the United States on this issue but will propose an amendment to the constitutional amendment as presented by the distinguished Senator from Utah and others. I think there is nothing inconsistent with this because all of us have a responsibility, however we vote, to try to make what is the final product as good as possible.

All Senators know that there are issues that come to this floor where we may have made up our mind how we would vote on the underlying piece of legislation, either for or against it, but yet we will be involved in numerous amendments before we get there.

I have voted against amendments on a bill when I finally voted for the final bill and vice versa. I have had legislation of my own that I have sponsored and have then supported amendments to my own legislation, amendments offered either by myself or other Senators. I have supported amendments to my own legislation offered by Senators from the other side of the aisle on major pieces of legislation on numerous occasions because while I thought I had brought a good piece of legislation to the floor of the Senate, other Senators brought up amendments that I realized, in listening to the debate, made that legislation even better.

I can think of various times during the years when I was chairman of the Senate Agriculture Committee, when I would have a farm bill, a major piece of nutrition legislation, and others on the floor—legislation that I had been the principal author of—and Senators on both sides of the aisle, both Republicans and Democrats, had come up with amendments which, after listening to them, I felt that they made the underlying piece of legislation better and voted for them.

I can think of a couple instances when I have had legislation on the floor where Senators have been very candid and told me they would not vote for my piece of legislation, but on the possibility it might pass they had an amendment which at least in their thought would make it better. It is a very legitimate thing to do. We debated those amendments. Some were accepted, some were not.

The underlying amendment, the underlying proposed constitutional amendment, is unsound economic policy and should be rejected for that reason. But you also go on the assumption that any piece of legislation may pass. It is the responsibility of each of us to

offer suggestions, if we have them, of how it may be improved. Senator DURBIN's amendment to waive this article in the event of an economic recession or serious economic emergency is right on point, and it does improve the legislation.

One should listen in that regard to the economic experts. More than 1,000 of the Nation's most respected economists, including at least 11 Nobel laureates, as well as a former chair of President Nixon's Council of Economic Advisers, the current and former Federal Reserve Board Chairman, former Democrat and Republican Directors of the Congressional Budget Office, all agree this amendment is unsound economic policy.

The distinguished senior Senator from the State of West Virginia [Mr. BYRD] held a news conference in which he released the signatures of more than 1,000 economists and had a number of economists, Professor Tobin and others, who pointed out why they felt this proposed constitutional amendment was bad economic policy. These economists, incidentally, were across the political spectrum. They all agreed that the proposed amendment would hamper the Government's ability to cope with economic downturns.

Economists and financial experts agree that this proposed balanced budget constitutional amendment will straitjacket the economy in hard times. It will hamstring the adjustment mechanisms that have been developed since the Great Depression to preserve jobs and restore the economy after a downturn.

Being opposed to the constitutional amendment is an entirely different thing than being opposed to a balanced budget. This Congress, under very strong leadership from President Clinton, has brought the deficit down 4 years in a row and is now going to go for the fifth year in a row. Certainly since I have been old enough to vote, no President, Republican or Democrat, has done that before. The deficit is coming down.

Were it not for the fact that we were now paying almost half billion dollars a day in interest on the deficits run up in President Reagan and Bush's budgets, we would not even have a deficit today. We would have a surplus, and we could start applying that surplus to the national debt.

I urge Senators to understand that people like the Senator from Vermont and others who have cast very, very difficult votes, politically unpopular votes to cut programs, to cut spending, to bring down the deficit, do not need to be shown a constitutional amendment that some day in the next century, the next millennium, it might have some effect. We can vote right now. As President Clinton said in his State of the Union Message, all it takes is our vote and his signature to bring down any deficit. We can do it now rather than saying, well, sometime in the next millennium, the year

2000-something, maybe there will be this untried amendment to the Constitution, only the 18th amendment to the Constitution since the Bill of Rights. Instead, we should have the courage to vote to bring the deficit down now.

Some of us in this Congress and the House and Senate have had the courage for 4 years in a row to cast those votes to bring down the deficit. I wish we were not paying that half billion dollars a day in interest from the doubling and tripling of the national debt during the 1980's. But to President Clinton's credit and the credit of those men and women who have voted with him to bring down the deficit, it is coming down.

Let us think about the flexibility you do need in difficult times. President Herbert Hoover, who was a great engineer and had many wonderful characteristics, but not a sense of the economy, felt during an early recession in his term that the most important thing he could do to bring about some confidence in this country was to take whatever steps necessary to have a balanced budget—basically taking the steps that would be required by this constitutional amendment. By doing that, it plunged this country into the worst depression it has known in its 200-year history.

If the economy today takes a downturn and Americans are losing their jobs as happened in the early 1990's, then this proposed constitutional amendment makes it more difficult for our Government to respond to the needs of working families.

As Treasury Secretary Rubin, a man who has proven by his own life that he understands the economy and economics, testified before the Judiciary Committee—and, incidentally, without any expert refuting what he said—Secretary Rubin said he thought "a balanced budget amendment would subject the Nation to unacceptable economic risk in perpetuity. * * * A balanced budget amendment could turn slowdowns into recessions and recessions into more severe recessions or even depressions."

To date, no competent, recognized expert has come forward and refuted what Secretary Rubin said. Thus, the 1,060 economists and 11 Nobel laureates who are opposing the proposed constitutional amendment condemn it because the amendment "mandates perverse actions in the face of recessions."

I am deeply concerned about the impact the balanced budget amendment will have on jobs for working families in Vermont and across the country during times of recession. If I put a human face on it, I put a human face of 560,000 Vermonters. We are a fiscally conservative State. We find when we sell bonds from Vermont, they sell out virtually immediately because people know how we feel about keeping our books. We do not have a constitutional amendment to balance the budget in the Vermont State Constitution. What

we have are 180 Vermont legislators who treat every tax dollar as though it were their own. Governors, Republicans and Democrats, felt the same, who realized, however, at such time as Vermont, a small State, has gone into a recession, there are times it has had to spend some money to help us out of it as a responsibility to the people of Vermont.

I hate to think what might happen if we go into a deep recession and people are being laid off from jobs and are told, "Well, we cannot help out." There are none of the programs we normally see to ease recessions and get our economy going again. I realize it is 25 below zero in Vermont. I realize you have just been laid off from a job you have had for 15 years, but the various Federal programs that we started after the Great Depression cannot be funded.

As Secretary Rubin explained, the so-called automatic stabilizers in our economy would be ineffective under this proposed constitutional amendment. These are mechanisms that have been developed over the last 50 years to reduce the extremes of the boom-and-bust cycles. They are intended to prevent another Great Depression. They have proven effective over time.

Secretary Rubin testified:

"[W]ithout automatic stabilizers, the Treasury Department has estimated unemployment in 1992 that resulted from the 1990 recession might have hit 9 percent instead of 7.7 percent, which would have been in excess of 1 million jobs lost."

Some of these things that helped, when I think about 1988 and 1992, we were adding around 40,000 people a week to the food stamp rolls to help bring us back. In the last 4 years, we have been taking millions back off the food stamp rolls. It shows it can work.

The preamble to the Constitution and its stated purpose to "promote the general welfare, and secure the blessings of liberty to ourselves and our posterity," ought not be overridden by a constitutional amendment that denies jobs to hundreds of thousands of working families in hard times.

People talk about the Federal Reserve Board. Federal Reserve Chairman Alan Greenspan reiterated his opposition to the proposed constitutional amendment during questioning by Senator LAUTENBERG during his testimony before the Senate Budget Committee. Federal Reserve Chairman Greenspan urged the Senate Budget Committee to continue to eliminate the deficit. He did join Secretary Rubin and our Nation's leading economists in the conclusion that this proposed constitutional amendment places too many constraints on our economy.

This so-called escape hatch allowing a waiver of its provisions by a supermajority vote of three-fifths of both Houses of Congress is small comfort to America's working families, because many national recessions start out in different regions of the country. For example, the most recent recession hit New England first.

What if citizens of New England, who have fewer Members of the House of Representatives than other regions of the country, needed help? Or, conversely, what if a very populous region of the country suddenly had a recession? Do they become the only ones who can get help? Could New England get Senators and Representatives from other States, which are still experiencing good times, to waive the constitutional balanced budget requirement to help protect their livelihoods?

Prof. Robert Eisner of Northwestern University, a past president of the American Economic Association, understood the economic problems under this proposed constitutional amendment when he wrote:

One need only recall the near collapses, in recent years, of the economies in New England, California, and Texas. Who would bail them out if their own tax revenues again decline and there were surges of claims for unemployment benefits, food stamps, and general assistance?

One of the reasons for having this great Nation of 50 States is so that we can work together to help each other, knowing that if a tornado hits one part of the country and not others, or a recession hits one region and not others, relief would be available. Relief for economic recessions and emergencies has to be flexible. None of us can predict, and certainly cannot write into a constitutional amendment, when the next natural disaster will hit or the next recession will take place, because usually a swift response from the Federal Government is needed to aid State and local relief efforts. Economic emergency relief by constitutional supermajority mandate is a prescription for gridlock, not swift action.

It would make no sense—if there is a terrible earthquake in California, or awful flooding in the Midwest, or a drought in the Southeast, or a recession in New England—to say we can't do anything to help because we need a supermajority vote.

When your State or region is hit by a major recession or emergency, do you want critical Federal assistance to hang on the whims of 41 Senators or 175 Representatives? That is all it would take. We have 535 Members of Congress. All 535 Members of those bodies—save a critical 41—could vote and you may not be helped.

Our Founders rejected this requirement of supermajorities. We should look to their sound reasons for rejecting supermajority requirements before we impose on our most vulnerable citizens a three-fifths supermajority requirement to provide Federal relief from recessions and serious economic emergencies.

In fact, I urge some to go back and read "The Federalist Papers," read what our Founders wrote. I hope that all Senators have read them. But if they haven't, now is as good a time as any to add to your education, improve your mind, and acquire a sense of history. It is why Senators, for 200 years,

have resisted the temptation to amend the Constitution unnecessarily—17 times since the Bill of Rights, that's all. Surely, we have had more than 17 times in this country when we have had the urge to do it, when it has been politically popular to do it, when we could point to political polls of the moment that said 70 percent of the country wanted us to amend the Constitution. We have taken polling where people have taken our Bill of Rights—those things that protect us from unlawful search and seizure, protect us in our right of free speech and religion—there have been polls and studies done that would just break down the words and ask the people, and the majority would say, oh, no, we could not vote for that. Then they are surprised to find that it is in the Bill of Rights.

The Constitution should not be a prisoner of that moment's public opinion polls. The Constitution should be protected by the best instincts and the greatest sense of responsibility of every man and woman in the Senate and in the House. If we start voting by popular public opinion poll and not by a sense of history and not by what is best for the next generation, then we fail in our own responsibilities here.

Mr. President, I grew up in a family that revered the Constitution. I grew up in a family that understood the first amendment. I grew up in a family that knew that so much of what makes us Americans is in the Bill of Rights. In my public life as a prosecutor, as a lawyer and, more important, as a husband and a father, I have realized the advantages I have that no one in any other country has because of the protections in the Constitution. I also realize that those protections came because my predecessors, and all our predecessors in these bodies, resisted the temptation to amend the Constitution every time that it was popular. I hope we will not do it now.

The sponsors of this measure repeatedly outline the dangers of a budget deficit. We are all in favor of bringing down the deficit, as we have done for the last 4 years. But these sponsors have failed to address how the proposed constitutional amendment will provide for the flexibility needed in economic downturns, without holding working families and hard-hit regions hostage to a supermajority vote.

Senator DURBIN's amendment restores that flexibility by requiring a simple majority vote to respond to economic recessions and emergencies.

Whether you are for or against this constitutional amendment, we should take the effort to make it a better constitutional amendment. Certainly, Senator DURBIN's amendment does that, and it deserves our support.

Mr. President, I see my friend from Utah on the floor. Maybe he can give us some idea of what he plans to do with our lives for the rest of the day.

Mr. HATCH. I think we have a few more remarks. The distinguished Senator from Wyoming would like to

speak, and the distinguished Senator from Maine wants to speak. I could then wrap up, and that should end it for the day. Do you have anybody over there desiring to speak?

Mr. LEAHY. I will check. It would be your turn to go now. I will yield the floor so your speakers may proceed. And we will find out if there is anybody else on this side.

Mr. HATCH. I yield to the Senator from Wyoming [Mr. ENZI].

The PRESIDING OFFICER. The Senator from Wyoming.

Mr. ENZI. Mr. President, I rise in support of the passage of the balanced budget constitutional amendment. Without that amendment, our children and grandchildren will be saddled with a mountain of debt. They will be left with no hope of fulfilling their hopes and dreams.

I feel that it is time to correct the misleading reports that have been put forth by many of the opponents of Senate Joint Resolution 1 over the past few weeks. Their arguments are not new. They have been the same arguments for the past 20 years—actually, for almost three decades Congress has failed to balance the budget. I am standing almost in the shadow of the mountain of budgets that don't balance. That failure has led to the current fiscal mess that holds us hostage.

But what has really kept us from a balanced budget amendment? The same old excuses and fear-mongering still prevail, scaring everyone from the children to the senior citizens of this country. The excuses take a little different form each year, but the same basic fears are still being played upon. The easy position to take is to continue spending the taxpayers money on feel-good programs instead of grappling with the tough issues.

The debt we are incurring for our kids amounts to taxation without representation. We are forcing people who haven't even been born yet to cosign on a note. A balanced budget constitutional amendment would tie the hands of the spenders in DC. It doesn't throw the baby out with the bath water. In fact, it is the life cord that connects the budget to the baby. It would protect generations yet to come.

A balanced budget will do away with the hidden taxes Americans pay in the form of higher interest rates. If we pass the balanced budget constitutional amendment now, a middle-class family could easily save \$1,500 a year. That is a nice raise. This is assuming a drop in mortgage rates from 7.7 to 5.7 percent, a drop in interest rates on a car loan from 9.2 to 7.2 percent, and decline in student loan rates from 8.5 to 6.5 percent. Interest rates should be 2 percent lower with a balanced budget.

How would the financial markets view the balanced budget amendment? According to many financial market experts, such as David Malpass, the more restraint on Government spending, the better the markets will respond. Part of the reason for the bull-

ish market is merely the suggestion of a balanced budget. Laws enforcing a balanced budget would perpetuate a bullish financial market. Currently, interest rates are low and the economy is healthy, due again in part by Congress and the President getting serious about balancing the budget. All of these positive trends are occurring as a result of just the possibility of balancing the budget.

What about the claim that a balanced budget amendment would hobble our economy in a recession? First of all, there is a clause in the amendment that would allow Congress, by a three-fifths vote, to spend more than it takes. In an emergency situation of three-fifths vote would not be difficult to attain. Financial experts agree that recessions have occurred at times due to Federal mismanagement of monetary, tax, or regulatory policies. Mistakes are usually made when the Government intervenes too much in the private sector. The amendment has a built in method that allows the Federal Government to quickly react to these types of glitches.

The economist John Keynes knew that Government should attempt to create a surplus in the good times and that Government must borrow during bad times. The problem with our situation is that Congress is borrowing during the bad and good, wartime and peacetime, national emergency or no emergency. Look at where we are now. We are supposed to be having the best economy in years—with a focus on re-inventing and downsizing government, a huge reduction in military expenses, and a Congress and President that want to balance the budget. We lack the will and discipline, however, to ultimately balance the budget before the end of the 20th century.

We have had commission after commission study this issue to sheer boredom. We all know that revenue is up right now for Social Security. We are also well aware that the program will start running a deficit in 2013. Let's not make political hay out of Social Security. Let's start dealing with reality.

Opponents of the amendment want Social Security exempted or taken off budget. It is catchy wording that some senior citizens have bought hook, line and sinker. It has absolutely no consistent meaning to anyone and it provides a false sense of security. There is a vague feeling that "off budget" means that we don't want to cheat on Social Security and damage the ability to support our seniors.

I say right now that nobody wants to damage Social Security. Nobody wants that to happen. Everyone, including me, wants to protect senior citizens. It is absurd to say otherwise.

Right now Social Security is a partial pay-as-you-go system. The people paying Social Security taxes are paying for the people who are retired today. It is not a fully funded system. It doesn't build up a trust fund. It's a bunch of IOU's. There is no secret vault

stacked full of Social Security funds. The revenue from Social Security is invested into Government-backed securities like Treasury bills. To disregard Social Security plays games with the budget. It would require an additional \$80 billion match up front. Later, when baby boomers reach retirement, the fund will go broke without an enormous infusion of funds from our children and grandchildren. An amendment is not just for the next 8 years.

It is for that time when there is an extra burden on Social Security.

As the only accountant in the U.S. Senate, I believe that in order to ensure stability and longevity of Social Security, we need to go to a modified accrual system of accounting for each of the trust funds.

We need to talk also about Medicare and the other trust funds, not just Social Security. It happens to be the only one that fits with the argument of the opponents.

This accrued system would assure that the moneys coming in match up—at some point in the critical near future—to the time that the money has to go out. A modified accrual method would show that any surplus revenue for this year's budget is already committed further down the line.

I believe we should pass a balanced budget amendment even though the growth rate of the deficit is falling without the amendment. The budget deficit is expected to rise from \$107 billion in fiscal year 1996, to \$124 billion in fiscal year 1997. This is not a reduction in the size of the deficit. Some are praising the progress in reducing the deficit. We aren't reducing the deficit or the national debt. I don't know where their numbers are coming from. They sure aren't coming from the Congressional Budget Office. But if we move toward a balanced budget by fiscal year 2002, a fiscal dividend of about \$34 billion is in sight.

The Clinton administration and a number of Members of this body have already begun a reign of terror on the American people regarding the balanced budget amendment. Members of the administration have criticized the amendment by claiming it is unenforceable. These attacks are not only unfounded, they represent a sad critique on the administration's view of fulfilling its constitutional obligations.

On January 7, I swore a solemn oath to preserve, protect, and defend the Constitution of the United States. All of my colleagues in the Senate and the House have taken this same pledge. President Clinton took the same oath on January 20. This is one of the most serious pledges a person can take in his or her lifetime. It binds all Members of the Congress and the President to follow all the provisions in the Constitution. If the balanced budget amendment was added to the Constitution, we would be bound by our most solemn oath to pass a balanced budget in each and every fiscal year.

For the administration to criticize this amendment as unenforceable is a

very serious charge indeed. Does the President intend not to fulfill his constitutional duty to preserve, protect, and defend the Constitution by delivering a balanced budget proposal to Congress before each fiscal year? Is the administration insinuating that Members of the Senate and the House of Representatives are willing to blatantly violate the clear language of our Constitution which they took an oath to uphold and defend?

I do not share the Clinton administration's cynical view that our constitutional officers will openly and flagrantly flout their solemn duties. If we pass the balanced budget constitutional amendment, I have every confidence that Members of this noble Chamber as well as our friends in the House will take their oath to defend the Constitution very seriously. We will balance the budget because we have sworn to uphold the Constitution. We will balance the budget because we desire to leave our children and grandchildren a legacy of hope and prosperity instead of the horror of a \$5.3 trillion debt.

I want to stress that the enforcement of the balanced budget amendment will rest first and foremost with this Congress. Under section 6 of the balanced budget constitutional amendment, Congress must pass implementing legislation to enforce this amendment. This provision indicates that it will be primarily Congress—neither the President nor the Federal courts—which will provide the means of enforcement. Claims that this amendment will result in new powers of Presidential impoundment or judicial involvement in the budgetary process are unfounded. These are nothing more than further attempts by the amendment's detractors to sidestep the serious obligation we all have of safeguarding the financial future of our Nation, and our kids and grandkids.

I urge my fellow Senators to join me in voting for Senate Joint Resolution 1, the balanced budget constitutional amendment. This will be a giant step in restoring responsibility to our Government, and it will demonstrate to future generations that we were willing to act responsibly in the most serious of our tasks. And if we do not balance the budget, we become the longest running game show with the lowest ratings in history.

Mr. President, I yield the floor.

Mr. HATCH addressed the Chair.

The PRESIDING OFFICER. The Senator from Utah.

Mr. HATCH. Mr. President, I thank the distinguished Senator from Wyoming for the excellent remarks he has made here on the floor today. I have really been appreciative of the new Senators coming and talking about this because each and every one of them is a prime cosponsor of this amendment. What a change that is from two Congresses ago when we lost this by three votes, one Congress ago by one vote.

I am very grateful to have had the good people we have listened to all day today. It makes a lot of difference to me.

I am happy to yield the floor.

Ms. COLLINS addressed the Chair.

The PRESIDING OFFICER. The Senator from Maine is recognized.

Ms. COLLINS. Mr. President, I rise to add my voice to those of my distinguished colleagues who have spoken in favor of a balanced budget amendment to the U.S. Constitution.

It is not surprising that with a national debt which is \$5.3 trillion and still growing this debate is awash in statistics, each more staggering than the last. As someone who ran for office to fight for more opportunities and better jobs, I find the costs in those areas of our chronic failure to balance the budget to be particularly troubling.

In light of the President's call for a crusade for education, one of the more telling statistics is that last year the Federal Government spent about \$240 billion to service our national debt, an amount that is almost eight times greater than the amount we spent on education. Think about that. If we had been operating the Government without debt, we could have spent nine times more on educating our children. Now, that is what I call a crusade.

Whatever the long-term benefits to the public sector from balancing the budget, they pale in comparison to the benefits to our families. The Concord Coalition has estimated that had we not run deficits for the past two decades, the average family's annual income would be \$15,500 higher. Looked at prospectively, the General Accounting Office has said that we will increase per capita income by 26 percent over the next two decades if we balance our budget.

These are not partisan statistics, just as this is not a partisan issue. The numbers I have cited to demonstrate the enormous costs of our past fiscal failures can be found in a recent letter to the editor from former Democratic Senator Paul Simon, a leader in the battle for a constitutional amendment, whose 22 years of congressional service ended before the goal to which he was so deeply committed could become a reality.

The economic evidence that favors a balanced budget is overwhelming. But one legitimately may ask how I make the jump from the need for a balanced budget to the need for a constitutional amendment mandating a balanced budget. That is a political not an economic issue but the evidence is equally as overwhelming.

The simple fact is that the road to our huge national debt has been paved with good intentions. We have had the Deficit Reduction Act, the Gramm-Rudman Act, the Budget Enforcement Act, and yet we still have deficits. The old saying that "We have met the enemy and it is us" has never been more applicable.

As a freshman Senator, I do not sit in judgment on my predecessors and say

that I would have done it differently. I know the pressures on Washington to spend money, even borrowed money. By and large, each Congress sets out to be fiscally responsible, but our national debt still grows. The truth is experience has taught us that even in good times we need the discipline of a constitutional amendment.

To those who say that this issue does not rise to the level of constitutional protection, I respectfully disagree. It is the unique genius of the U.S. Constitution that serves to protect our people and their property from the excesses of their Government. It is difficult to imagine a greater excess, at least in the realm of property, than a debt burden of more than \$5 trillion. The legacy we are leaving our children and our grandchildren, many of them not yet born, is taxation without representation in its most egregious form.

As I said earlier, this is a debate in which there has been no shortage of statistics and no shortage of speeches, but buried somewhere beneath that pile of numbers and mounds of rhetoric is a very simple principle. That is that all of us, including the Congress of the United States, must be personally responsible for our actions. In the context of the budget, personal responsibility means not spending what is not ours to spend.

The 104th Congress struck a strong blow for personal responsibility in its welfare legislation. It told able-bodied welfare recipients that they could not live off the efforts of others; that they would have to earn their own way. For those who grew up in a culture of dependency, this was a harsh message. But it was the right message because responsibility for one's own actions is the core of the American effort.

I think it important that the Congress and the President not hold themselves to any less of a standard of personal responsibility. During the past quarter century, a culture of dependency has developed right here in the U.S. Congress, and it is reflected in our dependency on the money of future generations. In each of the past 27 years, we have borrowed from our children and our grandchildren to buy things for ourselves, building up an immense debt with no end in sight.

The legacy we are leaving, however, is not just financial. It is a legacy of excess, of taking advantage of those who cannot protect their own interests, of practicing not deferred gratification but, rather, deferred responsibility.

I recognize that deficits are sometimes unavoidable and that, indeed, they are sometimes critical to finance wars or to get the economy moving out of a recession. The balanced budget amendment would still permit deficit spending in the event of war, recession, or other emergency, but deficit spending today is no longer a tool carefully used by Congress and the President to respond to emergencies. Rather, it has become a permanent feature of our fiscal landscape.

Just how permanent deficit spending has become is reflected in the staggering fact that if every man, woman, and child in this Nation brought all of their currency to Washington, DC, it would not be enough to pay off our national debt. Those who argue that we do not need a constitutional amendment to solve this problem are simply ignoring our fiscal history.

I yield the floor.

Mr. HATCH addressed the Chair.

The PRESIDING OFFICER. The Senator from Utah.

Mr. HATCH. Mr. President, I believe I will be the last to comment today, and I deliberately waited to the end to allow some other speakers to have a turn, but we do have an amendment which has been filed by the distinguished Senator from Illinois [Mr. DURBIN], and I do believe I need to make a few remarks about that. But I do not intend to take too much time here.

Senator DURBIN has offered an amendment to the balanced budget amendment that would allow for suspension of the balanced budget rule in times of "economic recession or serious economic emergency." I wonder what those words mean. Some words, when placed into the Constitution, can have almost any meaning.

The very purpose of this provision of the distinguished Senator from Illinois is to make the balanced budget amendment easier to waive. Instead of trying to find ways to avoid fiscal responsibility, we ought to be working toward passing a strong balanced budget amendment that will help us to keep out of recessions in the first place.

As an initial matter, any definition of "downturn" is malleable and could be abused by any future Congress bent on deficit spending. This amendment is no different. Trying to deal with a concept as loose as an economic downturn without even an attempt at defining terms can make this a loophole you could drive a truck through. It will not be long until a convoy starts rolling through. Furthermore, there is a loophole within the loophole, because the amendment does not limit the waiver in any way, such as to amounts related to the emergency.

Under this provision, even during times of significant national growth, certain regions may experience an economic downturn which might give Congress a reason to trigger this waiver, whether we actually need to borrow to respond or not. Or there could be a general feeling of "economic anxiety," or a perceived sense of anxiety felt in Washington about the economy. We can create anxieties about anything around here. For instance, I am very anxious about these 28 years of unbalanced budgets that are represented by this stack of budget submissions right here. We have had people worrying all day that these volumes might fall off and crush somebody. I just hope it is not us. But the debt burden they represent are crushing the American people.

Year after year of unbalanced budgets and all we get from the other side is, "All we need is the will to do it, to balance the budget." This President says we are going to do it by the year 2002, but he's going to do 75 percent of the balancing in the last 2 years according to the budget filed today. Give me a break. It is just more of the same. That is why we are here.

I don't think it takes any brains to figure this one out. It is a no-brainer to know that these people who file these amendments do not want any balanced budget amendment, they do not want any constraints; they want to keep spending just like they always have. We have plenty of unbalanced budgets around here. We have done it for 28 years straight, and actually for the most of the last 60 years. We just put 28 budget submission volumes up here because we thought to stack up our budgetary failures any higher would be truly dangerous. In fact, I am not sure this little table will hold this throughout the whole debate.

Let me say this. Even during times of significant national growth, under this proposal of the distinguished Senator from Illinois, we could have a waiver of the balanced budget amendment during times of economic boom, just when we should be balancing the budget or running a surplus.

I believe the general three-fifths waiver already provided for in the balanced budget amendment strikes the right balance. It will allow Congress to waive the balanced budget rule during times of real need, but it will prevent those who are simply trying to find an easy way out of a budget crunch from strapping even more debt onto the backs of our children and future generations. The general three-fifths waiver provision will give Congress an incentive to plan ahead, rather than to borrow and spend in good times and bad, just like we have up to now, and then when things get tough, just go borrow some more. That is what we do. This is a recipe for instability.

You will find the people who bring these amendments by and large are people who were never, never going to vote for a balanced budget amendment. But they will do anything to stop it, anything to stop us from having to live within budgetary constraints.

Mr. President, this amendment is based in part on the largely rejected notion that increased borrowing will help us out of a recession. Fred Bergsten, a noted economist who had testified in support of the balanced budget amendment in past years, suggested the better way to go is to shoot for a yearly surplus, and let that take care of any truly automatic fluctuations and any truly pressing needs at that time, if there are any.

Further, financial market experts have stated that increased borrowing and spending is not a cure for recessions. The better way is to get Federal spending and borrowing under control, which will make for a stronger, more

stable economy, which will help us avoid economic problems in the first place.

We should learn from other countries in the world that are trying to "spend their way out of recession." Several European countries and Japan have been trying to do this lately. The result has been continued recession and even larger debt. On the other hand, a number of the world's up and coming countries are enjoying booming economies while keeping their national budgets in balance or even surplus. Perhaps we should be more concerned that we do not spend ourselves out of prosperity. I think we ought to think about that. Are we spending ourselves out of prosperity?

One commentator has wryly stated that the theory of borrowing and spending out of a recession "is the game plan that propelled Argentina and Bolivia into economic superpower status in the 1970s." That is pretty sarcastic, but I think a pretty good comment.

The balanced budget amendment in no way prevents us from running a reasonable surplus which could be used to offset the effects of an economic downturn. This surplus would allow us to use fiscal policy within the balanced budget rule better than we can now without it.

Even if we were to drop below balance using the intended rainy day surplus, the balanced budget amendment has anticipated this sort of need. A three-fifths vote in Congress will allow the balanced budget amendment rule to be suspended for a year. That way we have the flexibility to run reasonable deficits if we need to. The three-fifths requirement makes sure we do not waive the amendment unless it is a true need and not just an attempt for us to avoid making tough choices, which is something that goes on here all the time.

So, we do not need any exceptions or loopholes. What we need is a strong balanced budget amendment as a mechanism in the Constitution to help us to get to a balanced budget. We should be less concerned about when we can spend more and more concerned about when we must spend less.

Some say we are spending less. We have been hearing a lot in just the last 2 days about what a wonderful job we have done in reducing the deficit. Of course, we do not hear much about the fact that so long as we still have a deficit, our debt is increasing. In fact, we are not spending less. You would think a \$107 billion deficit was a wonderful nirvana-like state. Only in Washington do we celebrate a reduction in the increase in the debt as an achievement, only here in this surrealistic place where we have these surrealistic budgets, all of which were unbalanced for 28 straight years, some of which were proposed to be balanced budgets but were not. None of these since 1969 have been balanced.

Another fact we do not hear much about is even though the economy is

doing fairly well, we are still in a deficit. Opponents of the balanced budget amendment keep talking about how the deficits are related to the economy. It seems to me, that given the current health of the economy, the budget should be balanced right now. But of course it is not. And of course the blame must be Mr. Reagan's or Mr. Bush's.

Give me a break. The Reagan tax cuts actually produced 40 percent greater increase in revenues. What really cost us were two things, part of which was President Reagan's fault. One was the increase of strength to our military. But, on the other hand, I think most commentators now will give President Reagan credit for having brought down the iron curtain and having ended the cold war. But the other side of that equation was, during all of Reagan's 8 years, and all of Bush's 4 years, the House of Representatives where all money bills originate was controlled by liberals. In particular, during the Reagan years it was Tip O'Neill who led the liberal onslaught against the budget. Even though Reagan cut taxes and reduced marginal tax rates, and revenues actually went up—not as high as we would have liked, but they went up some 40 percent—even though that happened, the liberals in Congress were spending us into bankruptcy. That, coupled with the increase in the military, of course, did get us to the point where we are.

(Ms. COLLINS assumed the chair.)

Mr. HATCH. It is an old expression that the time to save money is when you have it. If this economy is so good, as some of our colleagues are saying, Madam President, why do we not have a balanced budget. Why? Because it is easy to spend other people's money in good times and bad. That is why we need to correct Congress' spending bias with a constitutional amendment.

This country has enjoyed some remarkable economic progress in the latter half of this century, and yet the United States has borrowed ever more money, despite the fact that most of those years were both peaceful and prosperous. So when people hear the opponents of the balanced budget amendment talk about needing to spend more in recessions, they should consider whether we have spent less in prosperous times. Of course, we have not. The debt has simply gone up higher and higher. It now stands at over \$5.3 trillion.

Let me just take a moment to illustrate just how big that is. This chart shows, if you were to lay the debt of \$5.3 trillion in \$1 bills end to end on a road, they would stretch 514,283,460 miles. Were you to drive to the end of that road traveling an average of 500 miles per day at 65 miles per hour, it would take you 2,818 years. You would have to drive along the road paved with dollar bills for 500 miles a day at 65 miles an hour for 2,818 years.

That gives us a little understanding of how big the debt is. Two thousand

eight hundred and eighteen years is somewhat difficult to comprehend, so let me put it in more descriptive terms.

Had the legendary founder of Rome, Romulus, gotten on his horse in 753 B.C. and started down that road of dollar bills at a rate of 500 miles per day, he would still be some six decades away from reaching the end of that road. In the course of his travels, he would have circled the globe more than 20,000 times.

That is our debt. It is no longer cyclical. It has become a permanent structure in Washington. It even has its own Government office, the Bureau of Public Debt. I am not kidding; that office really does exist. Our deficits have not been countercyclical, they have been counterproductive.

What we need is to change the way Congress thinks. Only a requirement with the strength and staying power of a constitutional amendment can make that change. Only the balanced budget amendment can get our fiscal house in order and keep it there.

Before we are done with this debate, we will likely see amendments to exempt certain programs, exempt certain groups, and waive the balanced budget amendment whenever the times get tough. But this is precisely the type of thinking that has brought us 30 straight years of deficits and a \$5.3 trillion national debt.

The way to avoid the hardships of recession is to pass a strong balanced budget amendment and get our runaway deficit spending under control. That will take some guts. Because it is tough, you will see all of these amendments to try and protect one constituency after another. The fact is, we have to keep all the budget together and approach it in an intelligent and thoughtful way. And those programs, like Social Security, that are so justifiable are better than capable of competing, and they will compete well. Some of the programs that are not quite as good—all of them have some merit—but some that are not quite as good may have to have some changes. All of our budget has to have some changes if we are ever going to get the budget and economy of this country under control and save the future for our children and grandchildren.

Madam President, I ask unanimous consent to have printed in the RECORD an excellent editorial by the Investors Business Daily of today's date entitled "Perspective: Balanced-Budget Blather," as well as an excellent editorial by Bruce Bartlett entitled "Dangers that Don't Hang in the Balance."

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

BALANCED-BUDGET BLATHER

Without deficits, recessions would be longer, deeper and harder to pull out of, the common wisdom says. Treasury Secretary Robert Rubin echoes that in opposing a balanced-budget amendment. But it's not true.

The idea that deficit spending could smooth out the rough spots in a business

cycle comes from John Maynard Keynes. Recessions, he believed, started when all the buyers in the economy suddenly stopped spending.

Sellers usually respond to such a decline in demand by cutting output and jobs, rather than cutting prices, the Keynesian view went. That threw more people out of work, and further reduced aggregate demand.

Only government could turn this cycle around, by pumping money into the economy. It did so by hiring people for public works programs, for example.

But because the government collects less in taxes during recessions, those public programs had to be paid for with debt, Keynes argued.

The evidence shows that public works programs have done nothing to solve recessions, a 1993 article by economist Bruce Bartlett in *The Public Interest* magazine pointed out.

Spending packages aimed at fighting recession have never been enacted before a recession ended on its own, as the chart shows.

In fact, Congress often enacts these packages the very month the recession is over. They are usually nothing more than pork-barrel spending dressed up as compassion.

Recessions are usually defined as two straight quarters of falling GDP. So no one actually knows a recession is happening until six months after it starts. No one knows it's over until three months later.

Even then, it takes Congress time to pass a law for extra spending. And it takes still more time for that money to make its way through the economy.

So even if Congress could tell when a recession was starting—unlikely, given the records of most economic forecasters—it still wouldn't have more than a small effect.

And Keynes was wrong not just in practice, but in theory as well.

He based his whole theory on the notion that government experts acted rationally, while the average person did not. Central planners could know enough and act quickly enough to save people from the consequences of their own bad decisions—clearly not the case.

There are programs, such as unemployment insurance, that kick in automatically when recession hits, without having to wait for Congress to act. The amount those programs actually increase during recession could be easily handled within a balanced budget, however.

Between 1980 and 1984—which includes years of deep recession—real spending on jobless benefits rose \$47.4 billion above its level in 1979, an economic peak. That increase was just 1% of government spending over those four years.

Recession have been less severe in the postwar period, many economists argue, largely because of the greater role government has played in easing recessions. But it is not certain that they are less severe, and it is even less certain that this is due to government.

On the surface it seems true. From 1920 to 1938, recessions averaged 20 months, with a 14.2% decline in real GNP. Since 1948, they averaged 11 months, with 2.4% drop in real GNP. Unfortunately, it's hard to compare the two periods, because the prewar data are quite crude.

National Bureau of Economic Research economist Christina Romer, in an key 1986 *American Economic Review* article, tried to compare apples with apples. She adjusted the more recent data so that it was calculated much like those of the prewar period.

And she found the evidence of a change in the length, frequency and severity of business cycles was weak.

Even if recessions are less severe, it may have little to do with government. The growing importance of the service sector, where

employment tends to be stable, could be one reason. And technology has helped ease the sharp boom-bust cycle of the farm and factory sectors.

Legitimate gripes about a balanced-budget amendment are easy to come by. But Rubin's is not one of them.

TOO LATE

End of recessions	Date of anti-recession legislation
Apr. '58	Apr.—July '58.
Feb. '61	May '61—Sept. '62.
Nov. '70	Aug. '71.
Mar. '75	Mar. '75.—July '76, May '77.
Nov. '82	Jan.—Mar. '83.
Nov. '91	Nov. '91.—Apr. '93.

Source: The Public Interest.

DANGERS THAT DON'T HANG IN THE BALANCE (By Bruce Bartlett)

Treasury Secretary Robert Rubin strongly opposes the Balanced Budget Amendment to the Constitution. His main concern is that it will hamper the government's ability to respond to an economic downturn. While this is a valid concern, it is overstated. Congress can always abandon the balanced budget requirement by a super-majority vote, which it certainly would do in the event of an economic crisis. More importantly, however, there is no evidence that deficit spending has been necessary to recover from past rescissions.

It is undeniably true that Congress always passes some sort of anti-recession legislation every time there is an economic slowdown. But the history of such legislation is that it always comes too late to do any good. In fact, the date that anti-recession legislation becomes law often corresponds to the very date that the recession ends. More frequently, the legislation comes well after the recession's trough. And since the actual spending does not come into effect immediately, it has always been the case that anti-recession spending did not impact on the economy until long after the recession's end—sometimes many years afterward.

The table illustrates this point, looking at every major postwar recession as defined by the National Bureau of Economic Research. As one can see, there is not a single case in which anti-recession legislation was enacted in a timely fashion, so as to mitigate the economic downturn. In fact, one can argue that such legislation may have made matters worse. By overstimulating the economy during upturns, it may have sown the seeds of future recessions.

The problem is that for anti-recession spending to work, forecasters would have to see a recession coming. Legislation would have to be enacted into law well in advance, and programs implemented so as to coincide with the beginning of the downturn. These are virtually impossible requirements to meet. Forecasters seldom, if ever, accurately predict turning points in the economy. And if they could, it is doubtful that they would be persuasive enough to convince Congress and the administration to act in time. And even if they did, it usually takes a year or more to get programs implemented and money flowing.

Thus it is absurd to argue that the Balanced Budget Amendment should be defeated because it will hamstring the government's ability to respond to economic downturns. All recessions really do is give politicians an excuse to enact pork-barrel public works programs in the name of mitigating the recession. If the amendment prevents such wasteful spending it will serve a useful purpose.

DATES OF RECESSIONS AND ANTI-RECESSION LEGISLATION

Beginning	End	Legislation
Nov. 48	Oct. 49	Oct. 49.

DATES OF RECESSIONS AND ANTI-RECESSION LEGISLATION—Continued

Beginning	End	Legislation
Aug. 57	April 58	April-July 58.
April 60	Feb. 61	May 61, Sept. 62.
Dec. 69	Nov. 70	Aug. 71.
Nov. 73	Mar. 75	Mar. 75, July 76, May 77.
July 81	Nov. 82	Jan.-Mar. 83.
July 90	Nov. 91	Nov. 91, April 93.

Source: The Public Interest (summer 1993).

Mr. HATCH. Madam President, there will never be a time when we have a true economic need and a true economic emergency that we will not get a three-fifths vote. As a general matter, whenever we needed it for unemployment compensation, whenever we needed it for emergencies, there has always been more than three-fifths. That requirement of consensus to borrow, which allows for flexibility but not complete laxity, is the value of this amendment and the strength of this amendment.

So we can't just do what our friend from Illinois would like to do, and that is to just have a nebulous set of terms that would allow this Congress to do whatever it wants to about spending in the future. What we are trying to do is establish some restraints and get this place under control.

This constitutional amendment's approach is a bipartisan approach. It is not a Republican approach; it is not a Democrat approach. It has taken a lot of us working together year after year—in my case, over 20 years now—to get this bipartisan amendment, the only one having a chance of going through, and everybody knows that. So hoping for a version more to one's liking is no excuse not to vote for this. Everybody knows this is the amendment. We are hopeful this amendment will pass intact and be sent to the House, and if it receives the required votes in the House, it will be a great day for America.

I yield the floor.

Ms. MOSELEY-BRAUN addressed the Chair.

The PRESIDING OFFICER. The Senator from Illinois.

Ms. MOSELEY-BRAUN. Thank you, Madam President. I rise to speak on the balanced budget amendment to the Constitution.

Madam President, I am a liberal. I also support a balanced budget amendment to the U.S. Constitution. To some, this might appear a contradiction in terms. To others, including my predecessor in office, Senator Paul Simon, it is as logically consistent as the classical definition of "liberalism," and I quote: "Belonging to the people; giving freely; generous; tolerant of views differing from one's own; broad-minded; favoring reform or progress as in education; favoring political reforms tending toward democracy and personal freedom for the individual; progressive."

Those are all definitions to be found in Webster's New World Dictionary of a "liberal."

It is precisely because I believe in this definition of liberalism that I be-

lieve the balanced budget amendment is necessary. Chronic budget deficits and cumulative national debt currently threaten to undermine our ability to act in the public interest.

Budget deficits make it much harder for our country to focus on what is really important: the objectives we want to achieve. Only by balancing the budget will we be able to reclaim our country's ability to decide to make important investments in our communities, such as fixing crumbling schools, investing in mass transit, providing pension security, ensuring that our airways are safe, or caring for the poor.

Unless we take a long-term view of budgetary problems and require permanent fiscal prudence, the Federal Government will be forced to spend its resources on paying interest to bondholders, rather than on addressing the priorities of the American people.

In the name of intergenerational fairness—fairness to these young people who are here as pages and their generation—in the interest of intergenerational fairness, we need to keep in mind the needs of the next generation, not just current short-term issues.

While we want to be able to respond to the next emergency and to the next one, not telling the truth about the budget and not making the tough choices required forces us to continue to try to finance our future with debt. That accumulation of debt, however, will make America less competitive and less able to respond effectively to future emergencies and future priorities.

Because of persistent deficits and a huge national debt, the value of what Government is doing is being lost. Social Security, Medicare and Medicaid, for example, have reduced poverty among the elderly to the lowest levels since statistics first started being kept. Social Security has administrative costs of less than 1 percent of benefits paid, and Medicare has administrative costs of less than 3 percent of benefits paid, both far better in terms of administrative costs than their private counterparts.

These programs account for almost 50 percent of all noninterest Federal spending, and they have made it possible for literally tens of millions of Americans to enjoy a secure, healthy retirement, and they have helped increase longevity.

The Federal Government has also built the Interstate Highway System, set aside national parks and created a space program that put men on the Moon, and will soon begin a space station.

We financed an American military that won the cold war, and we went to the Persian Gulf and achieved victory at the lowest possible cost in American lives.

In short, Madam President, Government can work. But Government successes are being swallowed up in interest costs that were only 40 years ago

about a penny out of every dollar and now today are 15 cents out of every dollar, and growing. Is there any wonder that Americans felt more prosperous in the 1950's and in the 1960's than they do today?

The balanced budget amendment will not undermine the value of what the Federal Government does. The balanced budget amendment will help clear out that undergrowth of debt, making room for more investment in the values that we hold dear.

According to the Congressional Budget Office, the Federal Government is right now spending \$684 million every day for interest payments on the national debt. That is \$684 million that could otherwise be used for Head Start, for housing programs, for our battle against crimes or drugs or to repair our crumbling school infrastructure. And \$684 million a day is a resource hemorrhage that we, as a nation, can ill afford.

In fiscal year 1996, we spent \$241 billion to service our national debt. The national debt, as you no doubt have heard, is now \$5.2 trillion, and it is growing. We cannot allow these trends to continue unchecked. If we do not act now, if we wait until the country is on the brink of financial ruin, we will have totally failed our obligation to the American people and to our country and our children, and the next generation will pay the price for that failure.

Madam President, I served on the Bipartisan Commission on Entitlement and Tax Reform. One of the conclusions that was made clear there was that unless we get the deficit under control, by the year 2003 mandatory spending, which is entitlements plus interest on the national debt, by that year they will account for fully 73 percent of the total Federal budget. These few programs already consume almost two-thirds of Federal resources. So domestic discretionary spending, that is to say, the kinds of things we appropriate here, will be frozen out altogether if we do not get a handle on the continuing deficits.

Even though, Madam President, the current economic news is generally good and the economy continues to expand, we know that markets go up but then markets also go down again. So the trend, given the changes in our country and the demographic changes, is not likely to continue.

A recently released Congressional Budget Office report entitled, "The Economic and Budget Outlook: Fiscal Years 1998-2007," points out:

Despite the improved outlook through 2007... the budget situation will start to deteriorate rapidly only a few years later with the retirement of the first baby boomers and the continued growth of per-person health care costs.

Madam President, the demographics of our time are something that we have to come to grips with. I like to tell people that this year alone a baby boomer will turn 50 every 9 seconds. So we are

aging as a population. That is impacting on our budget situation and the decisions that we here in the Congress have to make.

By the year 2012 the Social Security trust fund will begin spending more money than it takes in. By the year 2029 the trust fund will have exhausted all its resources. After 2012, when there are no more surpluses, Federal deficits will really begin to explode, an explosion that will be fueled by the looming retirement of the baby-boom generation.

It is true that for the next 15 years Social Security will be running a surplus. It will be taking in more than it spends. I agree that the existence of these annual surpluses does make the consolidated budget deficit look smaller in the relative short run. But that surplus is a temporary phenomenon. After 2012 Social Security will begin consuming that accumulated surplus.

Madam President, the temporary or the permanent nature of the surpluses perhaps would not be important if it were actually possible to decouple Social Security completely from the rest of the Federal Government. Social Security, however, is intimately related to the rest of the Government as long as the Social Security system invests in Treasury bonds.

Right now the Treasury Department is selling U.S. Government bonds to the public, both here and abroad, and to the Social Security system. What that means is that whether Social Security is part of the budget or not, the Treasury Department will be selling exactly the same amount of bonds to the public, including those sold to the trust fund. And it is the amount of bond sales to the public that is the real measure of the Federal deficits in any given year.

The unbreakable connection of an even theoretically off-budget Social Security system to the rest of the Federal budget will become even more clear by the year 2012 when the Social Security trust fund ceases to take in more money than it pays out. After that year, Social Security will begin cashing in its Treasury bonds. So whether Social Security is on budget or not is irrelevant, frankly, to the fact that the Treasury Department will have to find the cash to pay off those Treasury bonds.

There are only three basic ways that that can be done: issuing new bonds to the public, thereby increasing the Federal deficits in those years; raising taxes by the amount necessary, which is another option; or cutting spending on other programs by the amounts needed. I hope we never have to get to making those Draconian cuts. I believe that passing the balanced budget amendment will keep us from having to make those choices under that gun.

Madam President, taking Social Security out of the budget, therefore, does nothing to make our long-term budget problems either better or worse. It does nothing to protect Social Security

from the rest of the budget because, again, Treasury bond purchases and sales continue to bind Social Security tightly to the rest of the budget. Perhaps most important, it does nothing to protect the long-term future of Social Security. The only way to protect the long-term future of Social Security and to keep the important Social Security contract with the American people is through reform of that system.

Madam President, the balanced budget constitutional amendment will not solve these problems overnight. What it will do, however, is force the Congress, the President, and the American people, to face the truth about the budget, all of it, both on the revenue and on the expenditure side of the equation.

Unless we get the deficit under control, we will be leaving to our children and to our children's children a legacy of debt that will make it impossible for them to achieve the American dream. We owe it to our children and their children to get our fiscal house in order now. If we fail to do so, our legacy to future generations will be one of greater problems and diminished opportunities.

Madam President, I come from a working-class family. The availability of public education made it possible for me to get advanced degrees. I have no doubt that without the commitment of my parents' generation to create a national community which would nurture my talents, I would not be here today speaking to you as a U.S. Senator. It saddens me that it is harder for a child to get a quality education or for a teenager to pay for college or for a young couple to have a single wage earner outside the home today than it was a generation ago.

The recent dismantling of our national commitment to support poor children is just the beginning of the chilling effect that these chronic budget deficits will have. We are faced with making hard choices by which this generation will define our national community. That is again why I support this amendment.

But, Madam President, whether we look to the future or look to the past, the arguments in favor of passage of the balanced budget amendment are compelling.

As one of our Founding Fathers, Thomas Jefferson, stated:

We should consider ourselves unauthorized to saddle posterity with our debts, and morally bound to pay them ourselves.

This proposition is as true today as it was when he stated it centuries ago.

Madam President, our country's debt did not emerge from a national emergency nor from some massive Federal initiative to build roads or educate children or to create jobs for poor people. It came in peacetime and, frankly, largely while no one noticed. When a national consensus against chronic deficits did emerge, it came after the debt had reached historic proportions.

Madam President, we should have known better. George Washington, in his farewell address warned the Nation:

As a very important source of strength and security, cherish public credit. One method of preserving it is to use it as sparingly as possible, avoiding occasions of expense by cultivating peace, but remembering, also, that timely disbursements, to prepare for danger, frequently prevent much greater disbursements to repel it; avoiding likewise the accumulation of debt, not only by shunning occasion of expense, but by exertions in times of peace, to discharge the debts which unavoidable wars may have occasioned, not ungenerously throwing upon posterity the burdens which we ourselves ought to bear.

Again, Madam President, sage advice from the Founding Fathers did not, could not, overcome the pressures of the political and demographic realities of our times. Legislators are often judged by constituents on their ability to—you may not have this expression in your State. But we do in Illinois—"bring home the bacon" whether in terms of actual pork barrel project specific spending or in terms of across the board program funding. Each and every constituency wants its share. Each has legitimate rationale for its demands.

However, these constituency demands must be seen in the long term and overarching context of our responsibility to the public interest. The demographic changes the future holds will mean more demand, not less, for health care and retirement security, at precisely the time that changes in technology and the global economy requires more, not less, investment in education, transportation, and infrastructure. The confluences of these trends which government does not control make more important than ever that we make decisions about those things we do control. Passage of the balanced budget amendment will force a discipline in our decisionmaking which may well be the only force great enough to counter the institutional force in favor of secret spending.

I am not keen about tinkering with the Constitution. Happily, the Founding Fathers envisaged the periodic popularity of constitutional amendments, and required absolute consensus in the process. I hope the balanced budget amendment is one of the few to make it through the Congress and ratification by the States.

There have been amendments to the Constitution proposed for just about everything in recent years. I hope, however, that this one which had been suggested at the time of the Constitutional Convention, that this one finally makes it through.

Now, Madam President, critics of the amendment have argued or warned us that a balanced budget amendment could worsen economic recessions or downturns. The amendment, however, contains a safety valve for just this sort of situation. The safety valve would allow Congress to provide for a specific deficit by passing a law with a three-fifths vote in each House; the same vote, I point out, that is required

to waive the Budget Act. I believe in the event of an emergency or a recession, Congress would be able, would be anxious to obtain a three-fifths majority to enact a countercyclical package of tax cuts or investment spending to counter the economic downturn. The requirement of the three-fifths majority, however, will ensure that the creation of a specific deficit is done with deliberation and care, and is not a casual occurrence.

This safety valve also applies to fears about risks of default. Should outlays exceed receipts and if our country were faced with a situation where we were in danger of not being able to pay interest on our debt, Congress could respond with a three-fifths vote to increase the debt. However, this dilemma could be avoided if Congress and the President followed the tenets of the amendment and actually balance the budget, or, better yet, establish a rainy day emergency fund.

Madam President, an economist friend of mine who I had dinner with argued passionately that we should not be concerned about the debt because after all it is money that we owe ourselves. After all, the interest is paid on Treasury bonds, so reduced to its essentials, it is money that is recirculated in other ways. I do not dispute that point. However, it seems to me that recycling large and growing amounts of taxpayer money to bondholders represents a real problem that we ought to face up to, as well. We are putting off the books and out of Congress' control, scarce resources which are then no longer available for our national priorities.

My friend also argues, further, that the balanced budget amendment does not allow for capital investment. Again, while most States that have a balanced budget amendment do provide for a separate capital budget, the balanced budget amendment that we are considering here today does not preclude Congress from enacting capital budgeting at the Federal level.

Another criticism is that should a three-fifths vote be necessary, it would be difficult for Congress to obtain the votes to address emergencies. Again, the need to achieve a three-fifths vote majority is not a foreign concept to this Congress. In the Senate, 60 votes are required to invoke cloture on a bill. Sixty votes are also necessary to waive the enforcement provisions of the Budget Act. In each case, the 60-vote mark is achieved or negotiations and compromise to develop an alternative way of proceeding.

One might point out now the way we obtain the majority necessary to raise the debt is for both parties to get the votes from their Members. Taking out partisanship is no less necessary under a 60-vote margin. On the important issue of approving more debt, three-fifths is large enough to assure the decision is made with due deliberation but not so large that a minority in either House can deadlock the Government.

Critics also claim that a balanced budget amendment poses enforcement problems, and I will for a moment address that. For instance, there are fears that disputes would go to the courts. I believe that elevating the balanced budget amendment requirement to constitutional status will, in and of itself, be enough to guarantee that it will be upheld. Every Member of this Congress has taken an oath to uphold the Constitution of the United States. The American people expect, as they have every right to, that the officials to whom they entrust the Constitution will not betray that public trust.

Nor, however, do I believe that the amendment will unduly involve the Federal judiciary in matters of fiscal policy. Senate Joint Resolution 1 provides "the Congress shall enforce and implement this article by appropriate legislation * * *" In other words, Congress is directed to enact legislation to make the amendment work. That can include, if necessary, actions to limit the remedies a court could grant in a case brought under the balanced budget amendment.

In addition, the courts have already developed a number of doctrines which will limit the type and the number of lawsuits which may be brought under the act. First and foremost, all litigants must have standing in order to bring a claim. This generally requires the potential plaintiffs to show they have suffered an injury, in fact, that was caused by the alleged unlawful conduct and which is redressable by the courts. Courts have been extremely reluctant to confer standing to litigants based on their status as taxpayers. Furthermore, courts have a longstanding practice of avoiding controversies that involve a political question. So, I believe, again, that there are adequate safeguards to make certain that the courts do not take over the constitutional function of this legislature under a balanced budget amendment.

Madam President, the opponents of Senate Joint Resolution 1 have a great many arguments to support their view that a balanced budget amendment is unnecessary and unwise. I do not doubt the sincerity of their opposition, for their ranks include a number of Senators with whom I usually find myself in agreement. On balance, however, I believe that the only way we will be able to turn the current budget trends around is to face reality with the help of the balanced budget amendment. We must honestly address the budgetary, fiscal, and social issues of our time without resorting to the pocketbook resources of future generations.

As I stated at the outset, I am a liberal. My support of the balanced budget amendment is logically consistent with that definition of liberalism that I previously outlined, for several reasons. The balanced budget amendment

will save our ability to invest in people. It will protect our capacity for humane government. And the balanced budget will help expand people's opportunities. It is good policy and it is an idea whose time has come.

Madam President, every generation of Americans has been able to address and resolve challenges unique to their time. That is what makes this country great. Our current fiscal challenges are daunting, but I am convinced that passage of this amendment will preserve our Government's ability to act to face our underlying budget problems—honestly and directly—and save our ability to invest in people.

Passing a balanced budget amendment will not prevent the Government from acting to help address problems, and working to create expanded opportunities for Americans. It will mean that we will not abandon our responsibility to help educate our children, to assist the poor in moving into the economic mainstream, to protect our environment, or to exercise leadership in any number of areas of important public policy. Balancing the budget may be the critical element in our efforts to preserve the American dream of a better tomorrow.

I have no doubt but that this generation of Americans is as compassionate and creative and patriotic as previous generations were. We will be forced to make artificially draconian choices if we continue to spend what we do not have, and delude ourselves that debt passed on to future generations is not debt. The balanced budget amendment will force a fiscal discipline which will be the first step toward ensuring our generation will adequately and honestly address its needs so that future generations will at least have the same opportunity.

Madam President, I yield to the Senator from Utah.

Mr. HATCH. Madam President, I thank my distinguished colleague from Illinois. She may call herself a liberal, and that is fine with me. But she has stood up on this amendment as one of our principal cosponsors on the Democratic side of the floor, and that is one of the reasons this amendment is as good as it is and why it is a bipartisan amendment. I'm personally grateful to her for her courage in standing up for this. I think the generations will, as we pass this amendment, thank the distinguished Senator from Illinois for standing up and being willing to articulate why this is so important. So, again, I want to personally express my fondness for her and my feelings of what a great job she does on this issue and how I personally appreciate it. I have enjoyed her remarks. They have been right on point. I think she covered the issues very well and, frankly, I hope everybody in this country is listening to it.

As we close, I wanted to offer just a few final remarks on today's debate.

First, I would once again like to thank all those who have participated so far in the debate. I especially wish

to congratulate those new Members who have made their first addresses on this important issue. I appreciate their participation.

Second, I would like to add just a few additional thoughts on the notion of the so-called automatic stabilizers and the moderation of the business cycle.

Madam President, I believe the importance of automatic stabilizers has been overstated.

In her testimony before the Senate Budget Committee just last month, CBO Director June O'Neill responded to a question about the effectiveness of automatic stabilizers by citing better monetary policy and the Nation's move away from an agricultural based economy, with the inherent ups and downs that go along with agriculture, as factors at least as important as automatic stabilizers in minimizing recessions. Additionally, the move to a service economy and better inventory management practices has reduced the fluctuations associated with inventory overstocks and the factory economy.

The global economy and greater business information and efficiency have also contributed to a more stable economy.

Finally, there has been much discussion of who can take credit for the recent reductions in the deficit.

I believe that, like the increases in the deficit, the credit is to be shared. A recent article by Jim Miller, a former OMB Director shows various ways credit might be shared, and I ask unanimous consent that that article be printed in the RECORD following my remarks.

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

(See exhibit 1.)

Mr. HATCH. Madam President, the fight to adopt a balanced budget amendment is a bipartisan one.

I congratulate my Democrat colleagues who have argued for the balanced budget amendment. Their support shows that this constitutional amendment is a nonpartisan solution to a nonpartisan problem.

EXHIBIT 1

[From the Washington Times, January 15, 1997]

(By James Miller)

GIVING CREDIT WHERE DUE FOR LOWER DEFICIT

A week before the election, President Clinton announced the scorecard for fiscal 1996 (which ended Sept. 31): the deficit was \$107 billion—lower than any time since 1981. As someone who would easily take credit for a brilliant sunrise or a starry night, Mr. Clinton wasted no time in claiming the deficit record was the product of his "economic plan."

Credits aside, the deficit record is very good news indeed. More U.S. saving is available for private investment, and the Federal Reserve is less likely to act in such a way as to restrain the economy. Tragically, had Congress adopted the budget discipline President Reagan recommended in his 1988 budget, the deficit would have been \$108 billion and "going South" eight years ago. Think of what spending restraint to balance the budget (by 1991) would have meant for economic growth in the meantime!

But who should get the credit for the latest deficit figure? Bill Clinton likes to say his tax increase did the trick, although in a moment of weakness he admits he raised taxes too much. He also emphasizes his "cuts" in spending, although in the package ultimately enacted most of the claimed slowdown in spending growth takes place after 1996. Is the Clinton economic plan of 1993 responsible for the decline in the deficit?

It's especially helpful to focus on the outcomes in two fiscal years, two years apart, reflecting two Congresses: 1994 and 1996, the first being the product of a Democratic Congress, and the latter of a Republican Congress.

In April 1993, soon after taking office, Mr. Clinton proposed a budget for 1994 that forecast a 9.2 percent increase in receipts—from an estimated \$1,146 billion for 1993 to \$1,251 billion. The latter figure included \$36 billion in additional taxes from his economic plan ("A Vision of Change for America") announced two months earlier. Actual receipts in 1994 were \$1,258 billion—\$7 billion more than the initial forecast, and an increment due to the economic boost attributable to further spending restraint (see below). In the budget, Mr. Clinton proposed a 3.2 percent increase in outlays—from an estimated \$1,468 billion to \$1,515 billion, the latter figure reflecting his plan's \$5 billion net reduction from the spending baseline. Actual outlays in 1994 were \$1,461 billion—\$54 billion less than Mr. Clinton asked for. Clearly, the deficit reduction in 1994—from \$255 billion (actual) to \$203 billion (actual) was due more to spending restraint by Congress (\$54 billion) than to Mr. Clinton's economic plan (\$41 billion).

In 1995, receipts were \$13 billion higher than forecast, such forecast reflecting \$47 billion in new taxes from President Clinton's economic plan. Outlays were within \$1 billion of Mr. Clinton's request, which reflected an \$18 billion reduction from the baseline due to his economic plan. The actual deficit fell from \$203 billion to \$164 billion, and in this instance one can argue that Mr. Clinton's economic plan is the major factor.

In February 1995, President Clinton submitted his budget for 1996. In it, he forecast a 5.2 percent increase in receipts—from \$1,346 billion to \$1,416 billion, the latter figure reflecting a \$54 billion increase due to his economic plan. Actual receipts, announced a week before the election, were \$1,453 billion—\$37 billion more than forecast, arguably attributable to Congress' additional budget restraint (see below). In that same budget, Mr. Clinton proposed a 4.7 percent increase in outlays—from \$1,539 billion to \$1,612 billion, the latter figure reflecting a \$34 billion reduction from the spending baseline due to passage of his economic plan. Actual outlays were \$1,560 billion—\$52 billion less than Mr. Clinton asked for. Thus, the sizable reduction in the actual deficit in 1996—from \$614 billion to \$107 billion—was due to additional spending restraint by Congress (\$52 billion) as well as the combined effects of the spending restraint and the new taxes in President Clinton's original economic plan (\$88 billion).

Thus, if you give President Clinton all the credit for the forecast changes due to his economic plan, he accounts for \$194 billion of reduction from the baseline deficit over the three fiscal years, whereas Congress deserves credit for at least \$107 billion because of further spending restraint. If you give Congress credit for the \$57 billion revenue boost in 1996 (see below), Congress can claim credit for \$164 billion in deficit reduction. If you give Mr. Clinton credit only for the tax portion of the plan (his negotiations with Congress focused on its demand for spending restraints vs. his demand for tax increase), Mr.

Clinton's contribution is only \$137 billion; Congress accounts for the rest—\$221 billion.

Of further interest here is that, contrary to the rhetoric over alleged excesses of the (104th) Republican Congress in paring programs indiscriminately, its record on spending in its first year was almost precisely the same as that of the first year of the last (103rd) Democratic Congress—both gave the president some \$50 billion less than he asked.

Receipts in 1994 (and 1993) were close to forecast. But what explains the substantially larger-than-forecast receipts in 1996? If the stock and bond markets are any guide, the determination expressed by the new Republican majorities in the House and Senate to balance the budget by restraining spending improved the economic outlook and was responsible for the better-than-expected economic performance during the last fiscal year (3 percent real growth vs. 2.5 percent forecast) which in turn led to higher federal receipts.

EFFECTS ON DEFICIT: CLINTON VS. CONGRESS
(In billions of dollars)

	Fiscal years—			Cumulative
	1994	1995	1996	
Clinton tax increase	-36	-47	-54	-137
Clinton spending restraint	-5	-18	-34	-57
Congressional revenue increase	-7	-13	-37	-57
Congressional spending restraint	-54	-1	-52	-107

UNANIMOUS-CONSENT AGREEMENT—AMENDMENT NO. 2

Mr. HATCH. Madam President, I ask unanimous consent that at 3:30 p.m. on Monday, February 10, the Senate resume consideration of Senator DURBIN's amendment regarding economic hardship. I further ask that there be 2 hours for debate, equally divided in the usual form, and at the hour of 5:30 p.m. on Monday the Senate proceed to vote on or in relation to the Durbin amendment, and no amendments be in order to the Durbin amendment prior to the 5:30 p.m. vote.

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

MORNING BUSINESS

Mr. HATCH. Madam President, I ask unanimous consent that there now be a period for the transaction of morning business, with Senators permitted to speak therein for up to 5 minutes each.

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

MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Mr. Williams, one of his secretaries.

EXECUTIVE MESSAGES REFERRED

As in executive session the Presiding Officer laid before the Senate messages from the President of the United States submitting one nomination which was referred to the Committee on Banking, Housing, and Urban Affairs.

(The nomination received today is printed at the end of the Senate proceedings.)

REPORT CONCERNING THE BUDGET OF THE UNITED STATES— MESSAGE FROM THE PRESIDENT—PM 10

The PRESIDING OFFICER laid before the Senate the following message from the President of the United States, together with an accompanying report; which was referred jointly, pursuant to the order of January 30, 1975; to the Committee on Appropriations and the Committee on the Budget.

To the Congress of the United States:

The 1998 Budget, which I am transmitting to you with this message, builds upon our successful economic program of the last four years by balancing the budget while investing in the future.

My budget reaches balance in 2002 the right way—cutting unnecessary and lower-priority spending while protecting our values. It strengthens Medicare and Medicaid, improves last year's welfare reform law, and provides tax relief to help Americans raise their children, send them to college, and save for the future. It invests in education and training, the environment, science and technology, and law enforcement to raise living standards and the quality of life for average Americans.

Over the last four years, my Administration and Congress have already done much of the hard work of reaching balance in 2002. We have reversed the trend of higher deficits that we inherited, and we have gone almost two-thirds of the way to reaching balance. Now, I want to work with Congress to achieve the final increment of deficit cutting and bring the budget into balance for the first time since 1969.

BUILDING A BRIDGE TO THE 21ST CENTURY

For four years, my Administration has worked to prepare America for the future, to create a Government and a set of policies that will help give Americans the tools they need to compete in an increasingly competitive, global economy.

We have worked to create opportunity for all Americans, to demand responsibility from all Americans, and to strengthen the American community. We have worked to bring the Nation together because, as Americans have shown time and again over the years, together we can overcome whatever hurdles stand before us.

Working with Congress and the American people, we have put America on the right path. Today, the United States is safer, stronger, and more prosperous. Our budget deficit is much smaller, our Government much leaner, and our policies much wiser.

The economic plan that we put in place in 1993 has exceeded all expectations. Already, it has helped to reduce the deficit by 63 percent—from the record \$290 billion of 1992 to just \$107 billion in 1996—and it has spurred a record of strong growth, low interest rates, low inflation, millions of new jobs, and record exports for four years.

While cutting the deficit, we also have cut the Federal work force by over 250,000 positions, bringing it to its smallest size in 30 years and, as a share of the civilian work force, its smallest since the 1930s. We have eliminated Federal regulations that we don't need and improved the ones we do. And we have done all this while improving the service that Federal agencies are providing to the American people.

We have cut wisely. We have, in fact, cut enough in unnecessary and lower-priority spending to find the resources to invest in the future. That's why we were able to cut taxes for 15 million working families, to make college more affordable for 10 million students, to put tens of thousands of young people to work through national service, to invest more in basic and biomedical research, and to help reduce crime by putting more police on the street.

My plan to reach balance in 2002 provides the resources to continue these important investments. We must not only provide tax relief for average Americans, but also increase access to education and training; expand health insurance to the unemployed and children who lack it; better protect the environment; enhance our investments in biomedical and other research; beef up our law enforcement efforts; and provide the needed funds for a thriving global policy and a strong defense.

PUTTING THE BUILDING BLOCKS IN PLACE

When my Administration took office in 1993, we inherited an economy that had barely grown over the previous four years while creating few jobs. The budget deficit had hit record levels, and experts in and out of Government expected it to go higher. Savings and investment were down, interest rates were up, and incomes remained stagnant, making it harder for families to pay their bills.

We put in place a comprehensive set of policies that are bearing fruit. By cutting the deficit from \$290 billion to \$107 billion last year, my economic program (and the strong economy it helped create) has brought the deficit to its lowest level since 1981. As a share of Gross Domestic Product (GDP), we have our smallest deficit since 1974 and the smallest of any major industrialized nation.

Other parts of my economic policy also are helping to create jobs and raise living standards. With regard to trade, for instance, my Administration not only completed the Uruguay Round of the General Agreement on Tariffs and Trade and the North American Free Trade Agreement, but also more than 200 separate trade agreements, helping to raise exports to record levels. By opening overseas markets to American goods—by encouraging free and fair trade—we are creating high-wage jobs at home.

Taken together, our budget and trade policies have helped to create over 11 million new jobs in the last four years. After two decades of troubling stagnation, incomes have begun to rise again