

American people would be the first start, a big tax cut to give them back some more of their hard-earned money. And there may be priorities, there may be roads that need to be repaired or built, there may be education expenditures that are appropriate, there may be natural resource and environmental concerns that ought to be addressed, there may be agricultural items that ought to be funded, and a whole raft of other appropriate spending efforts. Yet those are squeezed ever more, as more and more of our budget goes to pay interest.

Beyond this, there is a moral cost of continued debt, a price paid in the character of our Nation. I have quoted Thomas Jefferson in this debate before, but let me quote him once more. It is an injunction that this Congress has ignored time after time:

The question of whether one generation has the right to bind another by the deficit it imposes is a question of such consequence as to place it among the fundamental principles of government. We should consider ourselves unauthorized to saddle posterity with our debts and be morally bound to pay for them by ourselves.

Those were words of a great American a long time ago. I wonder what he would say today, looking at over \$5.4 trillion of national debt and continuing budget deficits year after year after year after year. "We should consider ourselves unauthorized to saddle posterity with our debts and be morally bound to pay them ourselves," said Thomas Jefferson, one of the most fundamental principles of government.

In this debate we are accustomed to thinking in terms of dollars and cents. We should also be thinking in terms of right and wrong. It is simply wrong to accumulate power in the present by placing burdens on the future. And that is exactly what we are doing. We are accumulating power in the present, the power of spending, and the way we are doing it is placing burdens on the future. It is an important part of our moral tradition, to sacrifice for posterity. It is rank selfishness to demand that posterity sacrifice for us. And there is only one way to ensure that this strong and constant temptation is defeated, by making a balanced budget a fundamental institutional commitment of our Government.

After 25 years of budget deficits, the call to voluntary restraint is hollow. Too many promises have been made and broken. Congress has spent the full measure of public trust. Meaningful budget restraint, if we find it, will come from above, not from within. This fundamental principle of government should be, and hopefully someday will be, and I predict it will be, in America's fundamental law. That day cannot come too soon. We should be ashamed if that process does not begin tomorrow.

Tomorrow we will vote once again. Two years ago I sat in my seat, one row down, listening to the final debate on the balanced budget amendment, lis-

tening to the call of the roll. As every Senator sat at his or her desk, each stood to record his or her vote, and as we went through the roll we tallied the numbers and we stopped at 66. We came one vote short. One vote short, not of adopting a constitutional amendment to balance the budget, one vote short of exercising the right in a democracy of the people to determine that matter for themselves. It appears that we will stop one vote short again. I hope that is not the case. I pray that is not the case.

We desperately need to arrest the power of the purse that has so corrupted our ability to represent the will of the people. I hope tomorrow we will demonstrate the courage to finally say: Power to the people. Let them decide the fiscal course for this Nation.

I yield the floor.

The PRESIDING OFFICER. The Senator from New Jersey.

SAY "NO" TO A BALANCED BUDGET AMENDMENT

Mr. LAUTENBERG. Mr. President, I would like to take some time to talk about the vote that is pending tomorrow and the subject of the balanced budget amendment. We are coming to the close of yet another marathon debate on this subject, and I hope that I can crystallize the perspective and detail some of the major concerns of those of us who oppose this amendment.

Mr. President, it is tempting, as the debate goes on, to accept right being on our side; the other side claims right and the moral imperative that says we should pass this balanced budget amendment, put it into the Constitution, open it up, have the courage to step forward.

The courage is to be in the minority and say, "No," though the most popular view is to amend the Constitution because the folks we represent, each of us in our States, really have not been made aware of what the penalty is if we lock ourselves into an amendment to the Constitution.

We will be saying to people that in the future, programs that you relied on to sustain your family, to take care of your health care, to take care of your child's education, to take care of your unemployment insurance, may not be available, and if this country starts to slide into a recession, we may go the whole route.

So, as we listen to the debate, it is very hard not to get to feeling rather sanctimonious about the side that we are on. I simply point out, as we talk about bipartisanship, and note that the Democrats are all of the votes in opposition, the 34 contemplated votes in opposition to the balanced budget amendment. Not the majority. The majority says, "We can't manage our own behavior; we have to be controlled by other strictures, we have to be told that we are not allowed to do these things," not that we were sent here, elected to

this honorific body, one of 100 out of 260 million people, who say we have the guts to stand up and make the decisions or pay the consequences.

We talk about courage. The courage is to say, "No; we will accept the voters' decision in the future when we run for election if we insist on maintaining the posture as it is." Good news brought us to this point, to where the budget deficit has been reduced by over 60 percent in the last 4 years, where job growth is up to 11 million new jobs, as major company after major company shrinks down, closes its doors, sends its jobs overseas. The good news is inflation is under control, that our percentage of deficit to GDP is the smallest among the advanced nations of the world and the envy of all the other countries.

So, Mr. President, I would like to discuss four points that go to the heart of the debate and hope that we will stay the course as it is and say no to a balanced budget amendment and say yes to the American people, that we have the backbone to stand up to this debate and we are obliged to carry on your wishes.

First, the evidence is mounting and the public tide is turning against this amendment. Economist after economist, newspaper after newspaper, academic after academic believes this amendment is bad for the Nation, and for good reasons.

Two, we will balance the budget without a balanced budget amendment.

Third, the balanced budget amendment could wreak havoc with the economy and the economic security of millions of Americans.

And four, it would be almost impossible to undo the damage of a balanced budget amendment once the harm is done.

On the first point, the mounting opposition to the balanced budget amendment is not confined to one group of Senators or Members of the House. It is also not limited, when we consider both bodies, to a particular party or segment of the political spectrum.

Federal Reserve Chairman Alan Greenspan, former CBO Director Rudy Penner, former Solicitors General Robert Bork and Charles Freid, not to mention our former and esteemed colleague, Senator Mark Hatfield, have all weighed in against the balanced budget amendment. Even last year's Vice Presidential candidate, Jack Kemp, appearing on "Meet the Press" called the amendment "a recipe for future disaster in this country."

In the November 25, 1996, edition of Newsweek, conservative columnist George Will wrote:

The Constitution should not be amended, unless there is a compelling reason to do so.

He goes on to say:

Current conditions do not constitute a compelling reason.

In its November 15, 1996, lead editorial entitled "An Amendment is Poor Substitute for Backbone," USA Today said:

Drafting a balanced budget amendment is a waste of parchment. The history of balanced-budget measures show that.

The Wall Street Journal, not exactly a bastion of liberal thought, labeled the amendment a "constitutional boondoggle," calling the amendment a "flake-out." The Journal went on to say:

The notion of amending the Constitution to outlaw budget deficits is silly on any number of counts.

The Washington Post, too, had a scathing review of the balanced budget amendment. In its January 30, 1997, editorial, "No to a Bad Amendment," the Post concluded:

This is a fake show of strength and abuse of the Constitution whose effect would be to harm the system of government it purports to help.

The New York Times called it "an idea that looked good in the abstract but is dangerous in the reality."

And one of my home State newspapers in New Jersey, the Bergen Record, tagged the balanced budget amendment as "a misguided measure" and a "bad idea."

On the economic policy front, Federal Reserve Chairman Dr. Alan Greenspan, who is known for choosing his words carefully, recently expressed his reservations about the balanced budget amendment. At a January 21 Budget Committee hearing, in response to a question that I asked on the balanced budget amendment, Dr. Greenspan said:

I have not been sympathetic to the specific details of most balanced budget amendments largely because I think they are very difficult to enforce, and I am terribly much concerned about the issue of employing detailed economic policy within the Constitution itself.

Mr. President, on January 30, along with some of my colleagues, I joined with a message from over 1,000—it was printed in the paper—leading economists, including 11 Nobel Prize winners in economics, in speaking out against this amendment. At the press conference releasing this statement, one of the participants asked a very good question. He said: "Where are all of the conservative economists in favor of the balanced budget amendment?"

The answer is that most of them are keeping a safe distance from it, and with good reason. The balanced budget amendment is fatally flawed economic policy.

Mr. President, my second point is that we do not need this amendment.

During the 1980's and the early 1990's, those who supported the amendment could point to historic increases in our annual deficits and the persistent unbalanced budgets submitted by both Republican and Democratic Presidents. Their concerns were understandable. In 1979, the deficit was \$41 billion. In 1979—almost 20 years ago—it was \$41 billion or 1.7 percent of GDP. When President Clinton took office, the deficit was \$292 billion and was expected to crest at \$347 billion in 1997. The deficit

as a percentage of gross domestic product stood at a whopping 4.9 percent.

This staggering rise in the deficit led many to conclude that only a constitutional amendment could force the Federal Government to be fiscally responsible. The proponents pointed to the tide of red ink flooding the Nation and argued for this stop-me-before-I-spend-any-more amendment.

But that sense of hopelessness has been now proven wrong.

Since President Clinton took office, the deficit has gone down consistently and dramatically. Last year, it fell to \$107 billion and 1.4 percent of GDP. It is now the lowest deficit, as a percentage of GDP, of any major industrialized country. President Clinton has a plan to make it balance in the year 2002, and it will be a real balanced budget, not this raincheck of an amendment that may be—and it is a big "may be"—redeemed at a later date.

We have proven that the Congress and the President can be fiscally responsible. I want to state in the strongest possible terms that we do not need an outdated and dangerous constitutional gimmick to do the job. We can do the job on our own, and we will.

Mr. President, my third point is that the balanced budget amendment is a catastrophe waiting to happen. Perhaps most importantly, it would substantially aggravate economic downturn and it could turn a slowdown into a recession and a recession into a great depression. For example, during the Bush recession, real GDP fell 2 percent. If the balanced budget amendment had been in place, real GDP might have declined by 4 percent or more.

Last year, the Treasury Department issued a very interesting report on how a balanced budget amendment would have worsened the Bush recession. I want to quote from it. They said:

A balanced budget amendment would force the government to raise taxes and cut spending in recessions—at just the moment that raising taxes and cutting spending will do the most harm to the economy and aggravate the recession.

That is what the Treasury Department said.

During a recession, we need every tool at our disposal to deal with the economic downturn. The Government must be nimble and responsive, but the balanced budget amendment autopilot could send the economy into a tailspin. One President tried to balance the budget during a recession. His name was Herbert Hoover, and the recession quickly became the Great Depression.

I am also very concerned that the balanced budget amendment could eliminate many of the automatic stabilizers, like unemployment insurance that protects people during a downturn and cushions some of the pain. Under current law, if unemployment goes up, so do unemployment insurance payments. That not only helps the workers and their families, but it moderates the impact of a recession on industry.

Secretary Rubin estimates that without our automatic fiscal stabilizers,

unemployment in 1992 may have crested at 9 percent, instead of 7.7 percent, which would have meant more than a million additional jobs could have been lost.

It is possible that eventually we could have found the three-fifths supermajority needed to waive the provisions to the amendment. But Congress moved slowly even without a supermajority requirement, and most likely by the time we had reacted to the unfolding slowdown, the damage would have been done.

Another major problem with this balanced budget amendment is that it increases the likelihood that the Government will default on its debt. The amendment includes language that requires a three-fifths majority vote in both Houses in order to raise the debt limit. This little-known provision is extremely dangerous, as one can imagine, to have a small minority denying the ability to raise the debt limit when it could very well be essential.

Mr. President, the Nation was taken to the brink of default in 1995. Fortunately, cooler heads prevailed in that feverish atmosphere, and we were able to raise the debt ceiling by a simple majority vote. But what would have happened in 1995 if the supermajority rule had been in place? A minority, as I said, in Congress could have caused a default on our financial obligations.

A default would have disastrous consequences. The Treasury would be prevented, at least temporarily, from issuing checks for Social Security, Medicare, and veterans benefits. Our creditworthiness would be shot. The Nation would suffer a profound and long-lasting increase in interest rates, harming all those who borrow. Homeowners making payments on adjustable rate mortgages would be especially hard hit. And these higher interest rates would make it even harder to balance the budget thereafter as the Nation would have to devote an even larger share of the budget to interest on the national debt.

Mr. President, my fourth and last point is that there is no fail-safe, sunset or automatic review built into this amendment. Congress has passed far lesser measures that contain at the very least a sunset, a time when this automatically stops for review. A case in point is the line-item veto that was enacted into law last year and contains a 9-year sunset.

But this balanced budget amendment, that is by far one of the most sweeping and dangerous pieces of legislation ever to come before the Congress, has none. This is most troubling to this Senator, as it should be to all Americans.

What would happen if the balanced budget amendment caused the type of problems that I just outlined? Remember, this is not a simple piece of legislation. This is a constitutional amendment. Imagine our Nation, wracked by recession or, even worse, depression. Millions are out of work. Factories are

shuttered. Bankruptcy and foreclosures are rampant. Because a constitutional amendment is in force, Congress could not take the quick and responsive action that may be necessary, as we did during the Bush recession. The only legal course of action left to us would be yet another constitutional amendment to repeal this bad one and undo the damage.

But hang on a minute. The last time that happened was in 1933, over 60 years ago, when the 21st amendment was ratified repealing the 18th amendment to the Constitution. The 18th amendment was prohibition. It, too, was supposed to save us from ourselves and legislate backbone. It took 14 years to repeal it.

During a depression we could not wait that long. The American people, who depend on our sound judgment and rely on our fiscal stewardship, certainly cannot wait that long. And neither should we. We should vote against this amendment.

Mr. President, let me again emphasize that I agree with the need to be fiscally responsible, and I am committed to working toward a balanced budget. The President of the United States proposed a budget that balances in the year 2002. We have a challenge. Let us examine it. As the ranking Democratic Member of the Budget Committee, I believe we can reach a balanced budget agreement this year. But we can do it without this flawed constitutional amendment.

The former majority leader of the Senate, Mike Mansfield, said that he owed the people of his State more than an echo; he owed them his judgment. It is my best judgment, Mr. President, that this amendment is bad for the people of New Jersey, as it is bad for the people all across our Nation. I urge my colleagues to do the right thing and oppose this amendment.

I yield the floor and see my colleague, who is the right stuff, from Ohio about to take the floor. We will listen with interest.

Mr. GLENN addressed the Chair.

The PRESIDING OFFICER. The Senator from Ohio.

BALANCED BUDGET AMENDMENT TO THE CONSTITUTION

Mr. GLENN. Mr. President, I rise today to add my comments to the many others who have voiced their opposition to Senate Joint Resolution 1, the balanced budget constitutional amendment.

Mr. President, like the others before me, let me preface my comments by stating clearly that I support balancing the Federal budget. I have for a long time. I wanted to balance the Federal budget clear back when it was only \$1 trillion way back in the days when Jimmy Carter was still President. I note that the total Federal debt at that time was still under \$1 trillion, totaled up for every President between George Washington and the end of the Carter years.

So I do not come lately to this idea of balancing the Federal budget. I wholeheartedly agree we need to exercise discipline to both balance the budget and eliminate the deficit. But, Mr. President, I do not believe that changing our Constitution to require a balanced budget is in this country's best interests. For reasons I will outline, I believe that a constitutional amendment requiring a balanced budget is far more likely to cause more trouble, more harm, than good.

The amendment before the Senate would dramatically change the way our political process has worked for over 200 years. While there have been times when partisan fighting may have caused what many term gridlock, I do not believe it is necessary or desirable to turn the fundamental concept of our system of Government on its head.

Moreover, this amendment would ensure that gridlock is the rule rather than the exception. By requiring supermajorities in order to conduct the routine business of the Congress, this amendment overthrows the concept of majority rule and empowers minority factions to hold the Congress and the country hostage. I submit that this type of minority control of our Government is the exact evil the framers sought to eliminate in the drafting of our Constitution. For this reason alone I oppose the balanced budget constitutional amendment.

It is not hyperbole when I say it is dangerous to our form of Government. Compounding the problem, Mr. President, is the fact that the proponents of this amendment would topple one of the basic tenets of our Government, as I see it, for no reason at all.

First, from a historical perspective, the constitutional amendment is not needed. The only time in this country's history outside of times of war, the Great Depression, or recession that we have run up a significant deficit, one viewed as unmanageable, is in the preceding two decades through our time right now on the floor. We had the experiments in supply-side economics back during the last 12 years before President Clinton came in, which ran our debt from \$1 trillion up to nearly \$5 trillion.

But we are no longer debating how we got into this situation we find ourselves in, pointing fingers, or placing blame for a deficit so staggering that it is beyond our comprehension or imagination. Instead, a more productive political consensus does now exist to bring the budget into balance and eliminate our deficit. So I do not think we need a constitutional requirement to balance the budget. Congress and the President, working together, have the ability, and now, I believe, the will to bring our budget into balance.

Now, everybody describes this as being a political climate that is overly divisive. I agree. Congress in both Houses, on both sides of the aisle, and the President, all profess to want a balanced budget, and I do not doubt that.

I think everyone does, and they want to eliminate the huge deficit that is the legacy of the 1980s. Now we have different ways we are looking at this thing, but we have made substantial strides in at least getting unanimous consent or unanimous opinion that this is something that we do have to deal with and do have to deal with now. But there are still some very basic disagreements on how to achieve the balance and how to reduce the deficit.

The Democrats and Republicans alike have proposed balancing the budget by the year 2002, and the deficit has been reduced from 5.1 percent of our gross domestic product in fiscal year 1986 to only 1.4 percent in fiscal year 1996. Mr. President, 5.1 of GDP in 1986 down to 1.4 percent just 10 years later in 1996. Right here and right now we are working toward achieving the very goal of the balanced budget constitutional amendment without sacrificing our democratic form of Government to get there.

I might put those figures in a different term. When President Clinton came in, our national budget deficit was running at \$290 billion a year. We passed on this very floor one of the toughest votes that many of us have made since being in the Senate. We passed during the Reconciliation Act in August of 1993 the President's program, without having one single Republican vote—not a one in either the Senate or the House of Representatives; not a one—and there were all sorts of predictions about what horrible things were going to happen to the economy and the millions of unemployed that would be added to the rolls. What happened? Well, that did not happen and we have gone on with a very, very, strong economy, and we have gone from a budget deficit of \$290 billion down to \$107 billion for the latest estimate for what 1996 will turn out to be.

We are in the middle of doing something right here. We are doing it right now with action that we have taken in this Congress. This is not something we are waiting for and hoping for some magic wand like a balanced budget amendment. This is something that we are doing right now and we are headed toward a balanced budget. I grant anyone that wants to discuss this, we, in fact, are looking forward to some times out here where it will be tougher to do that, tougher to balance the budget. We know that. But that will require some equally tough votes on this floor.

I hope when we make those tough votes on this floor we have support from the other side of the aisle that we did not have when we made that vote the summer of 1993. Now, in Treasury Secretary Rubin's words, a balanced budget constitutional amendment "could turn slowdowns into recessions, and average recessions into more severe ones," and he added, "it would seriously increase the risk of default on our national debt."

Those are quotes taken from Secretary Rubin's February 2, op-ed in the