

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows: The Senator from Alaska [Mr. STEVENS] proposes an amendment numbered 60.

Mr. STEVENS. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

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

The amendment is as follows:

On line 1, page 37 of the bill, after the colon, strike all through "1997" on line 15 of page 37, and insert the following:

"Provided further, That notwithstanding any other provision of law, such additional authority shall be distributed to ensure that States receive amounts that they would have received had the Highway Trust Fund fiscal year 1994 income statement not been understated prior to the revision on December 24, 1996; and that notwithstanding any other provision of law, an amount of obligational authority in addition to the amount distributed above, shall be made available by this Act and shall be distributed to assure that States receive obligational authority that they would have received had the Highway Trust Fund fiscal year 1995 income statement not been revised on December 24, 1996:

Provided further, That such additional authority shall be distributed to ensure that no State shall receive an amount in fiscal year 1997 that is less than the amount a State received in fiscal year 1996"

Mr. STEVENS. Mr. President, I ask for immediate consideration of the amendment.

Mr. BYRD. Mr. President, this side is in agreement with the distinguished Senator from Alaska with reference to this amendment. We are willing to accept it.

The PRESIDING OFFICER. If there be no further debate, the question is on agreeing to the amendment.

The amendment (No. 60) was agreed to.

Mr. STEVENS. Mr. President, I move to reconsider the vote.

Mr. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. STEVENS. Mr. President, so there is no misunderstanding, I ask unanimous consent that amendment No. 60 that I offered on behalf of the Treasury Department to make a technical correction to the bill be considered original text for the purpose of amendment.

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

Mr. STEVENS. Mr. President, does the Senator from Minnesota wish to proceed now?

Mr. WELLSTONE. Mr. President, I am ready to speak about the bill, the disaster relief bill, and how important it is to Minnesota. I am waiting on the amendment for Senator HOLLINGS.

Mr. STEVENS. Mr. President, if the Senator wishes to address the bill in any way, it is his privilege.

Mr. WELLSTONE. Mr. President, I thank the Chair. I will, just for a minute, suggest the absence of a quorum, and then I will be right back on the floor.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

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

Under the previous order, the Senator from Texas is recognized for 10 minutes as in morning business.

Mr. GRAMM. Mr. President, I thank the distinguished chairman of the Appropriations Committee for giving me this time.

BUDGET DEAL

Mr. GRAMM. Mr. President, obviously, with the budget deal completed over the weekend, Members are trying now to look at the facts. What I would like to do in these 10 minutes is turn and look at the facts.

I know to many people in America, it may seem too good to be true to believe that we could give the President the largest increase in social spending that we have seen in America since the 1960's, in his own words, that we could give Republicans a tax cut and that we could give the American people a balanced budget all at the same time.

If all that seems too good to be true, it is for a simple reason: It is too good to be true. Let me begin by simply running through the budget very quickly.

Because the economy has been growing, this year we had an easier task of balancing the budget than we have had before. In fact, we only needed about \$330 billion of deficit reduction in order to balance the budget. Let me outline how the budget agreement achieves that \$330 billion of deficit reduction.

As many of you know, on Thursday night, at the very point where the budget agreement had reached an impasse, the budgeting arm of Congress, the Congressional Budget Office, miraculously discovered a revenue windfall where they reestimated, again, the rate of growth in the economy and the amount of taxes taken from the economy and, in the process, produced a revenue windfall that lowered the deficit by \$225 billion. That one assumption of stronger economic growth provides 68 percent of the deficit reduction required to balance the budget.

The budget negotiators assumed a lower inflation rate which reduced the deficit by \$15 billion, another 5 percent of the required deficit reduction. They assumed by balancing the budget, the economy will be stronger still, and we will get a balanced budget dividend with stronger economic growth, and they assumed that economic growth would provide \$77 billion of additional deficit reduction, another 23 percent. In the final analysis, the deficit reduction in this budget can be divided in the following way: 96 cents out of every dollar of deficit reduction is simply assumed; 4 cents out of every dollar, \$14 billion out of \$330 billion comes from a change in public policy.

So why is the budget balanced in this budget? It is balanced because the negotiators assumed that it is balanced. Only \$14 billion of the \$330 billion of required deficit reduction comes from policy change.

What is very much real about the budget is discretionary spending. When the Speaker said this budget is the fulfillment of the Contract With America, I think if you go back and look at the 1996 budget that was passed by Congress, which embodied the Contract With America, you will see that over the 5 years of this current budget negotiation it spent \$216 billion less on social spending than the budget deal that has just been completed. The budget we adopted last year spent \$193 billion less on nondefense discretionary spending. The President's budget from last year spent \$79 billion less on nondefense discretionary spending. And finally, if you take the President's budget as scored by CBO, with the across-the-board cuts in the last year, this budget agreement actually gives the President \$5 billion more than he asked for in his own budget with the CBO adjustment and the automatic cut mechanism in the end.

In addition to this massive increase in discretionary spending, the budget entails a whole group of entitlements. It expands Medicaid in two different ways; it overturns welfare reform from last year and reinstitutes welfare benefits for illegal immigrants; it expands food stamps and, together with mandatory and entitlement programs, it spends roughly another \$35 billion.

Then the major savings claimed in the budget is in Medicare, but virtually all these savings come from lowering reimbursement to doctors and hospitals, because what the negotiators did is they not only picked the number of \$115 billion, but they committed to the Clinton policy. The only problem is that on a dozen occasions in the last 30 years, we have assumed a lower reimbursement rate for doctors and hospitals under Medicare, and each and every time this policy has not worked because the doctors and the hospitals have found ways around it. But we take every penny of that \$115 billion of claimed Medicare savings and spend it on new entitlements and on new social programs.

Finally, we come to the tax cut which is funded by odds-and-ends, dogs-and-cats savings and by spectrum auction. This is selling the right to use spectrum. I remind my colleagues that the Appropriations Committee last year assumed \$2.9 billion of spectrum broadcast auction to fund spending. When that auction actually occurred, it raised only \$13.6 million, or, in other words, we got \$1 for every \$200 of spectrum auction we assumed last year.

But let me talk about the tax cut. We, in the budget, have an \$85 billion net tax cut. Any tax cut beyond that we have to raise other taxes to pay for it. About \$5 billion of that is offset by the lower CPI assumed in the budget

and its impact on taxes, and that gets the net real tax cut down to about \$80 billion. We commit in the budget to fund the President's education priorities which takes another \$35 billion, though it is unclear at this point whether this was a 5-year commitment or 10 years. So we are now down to a \$45 billion net tax cut.

I remind my colleagues that the full Republican tax cut cost \$188 billion. In fact, a \$500 tax credit per child cost \$105 billion over 5 years. Capital gains, the way it is scored by the budgeting arm of the Congress, cost \$33 billion. Our death and estate tax relief cost \$18 billion, and our IRA expansion cost \$32 billion. The point is, if you read the newspaper, it is as if we got an agreement to cut capital gains taxes, to reform death taxes and give a \$500 tax credit. The reality is the net tax cut available will not pay for a third of that policy. What we are going to end up with, invariably, is a \$500 tax credit but excluding middle-income Americans from the tax cut. I don't know how you are going to end up fitting the rest of these items into that limited space.

Finally, let me conclude by saying, well, what about the question, Is this deal worse than nothing? Let me give you two reasons why I believe it is and why I am going to oppose it.

No. 1, it assumes a balanced budget and, in the process, convinces America that we have really done something about the deficit when we have not. I am very concerned that that is going to take pressure off Congress to control spending. We are seeing in this budget agreement itself the largest increase in social spending since the 1960's, and I am afraid that by convincing people we have balanced the budget when, in fact, we just assume it is balanced, that that is going to open the floodgates for spending.

No. 2, and of at least equal importance, in Medicare, we reduce reimbursement for doctors and hospitals. We take the fastest-growing part of Medicare, home health care, and transfer it out of the Medicare trust fund, something we Republicans denounced as a fraud only 2 or 3 months ago. By doing these things, we now claim that we have saved Medicare for a decade.

I am concerned that this is going to trample on the emerging bipartisan consensus to do something to save Medicare. I am concerned that we are going to let 2 or 3 years pass where we believe we have done something about Medicare, or at least claim we have, when, in fact, Medicare, when you look at the payment for hospitals and doctors, will be a \$1.6 trillion drain on the Federal budget in the next 10 years. I am afraid that by claiming we have done things we have not done—balance the budget, save Medicare—that we are going to undercut those real efforts. Those are efforts that desperately need to be undertaken.

Obviously, many people will have many different views on this subject. I

am a firm believer in the Jefferson adage that good people with the same facts are going to disagree. But I wanted my colleagues to understand that I am not here this morning speaking with passion about some priority I have that is not contained in the budget. What I am trying to do is to, basically, get people to understand that we assume the budget is balanced, we don't institute any policy to balance it; that we are granting a massive increase in spending for social programs that someday will have to be paid for; we are creating new entitlement benefits; and we are continuing to talk as if we are going to have this massive tax cut when we have only \$45 billion net available to pay for it. Trying to get \$188 billion of tax cuts into a \$45 billion allowable space is going to be very, very difficult and, in the end, a lot of people are going to be disappointed.

Let me, again, thank the distinguished chairman of the Appropriations Committee for giving me an opportunity to speak for 10 minutes as in morning business. I yield the floor.

Mr. STEVENS addressed the Chair.

The PRESIDING OFFICER. The Senator from Alaska.

Mr. STEVENS. Mr. President, Senator DURBIN has asked for time to speak on the budget. I ask unanimous consent that he be permitted to speak for 10 minutes as in morning business.

The PRESIDING OFFICER. Without objection, it is so ordered. The Senator from Illinois is recognized.

Mr. DURBIN. Thank you, Mr. President. I thank Chairman STEVENS for yielding this time in morning business.

AGREEMENT ON BALANCING THE BUDGET

Mr. DURBIN. Mr. President, it has only been a few weeks since this Chamber was the platform and the focus for a debate on amending the Constitution of the United States. Members of this Senate came to the floor, mainly Republican but some Democrats, and argued it was politically impossible for the leaders in this country to reach an agreement on a balanced budget absent an amendment to the Constitution which would require it, which would involve the Federal judiciary, which would have added language to the Constitution, binding language on future Congresses. And yet here we stand today, just a few weeks later, many of us in favor of, some opposed, but speaking to an agreement to balance the budget. Did it take a constitutional amendment? Of course not, it took leadership, leadership from both political parties.

I voted against that balanced budget amendment. I said then, as I say now, you do not need to amend the Constitution to meet your constitutional responsibility, and my responsibility is to make certain that we live within our means while our economy moves forward. And I am happy today that we can stand and discuss this balanced

budget absent a constitutional amendment.

I want to acknowledge on the floor my colleague, Senator BYRD, of West Virginia. If you were to list his accolades, I think the one he would be proudest of is his role as guardian of the Constitution. He carries that Constitution in his pocket every day. He believes in it to his core that it embodies what America is all about. He does not take constitutional amendments very lightly, and he has effectively argued against the balanced budget amendment and others over the years.

Senator BYRD, this balanced budget agreement is a tribute to your tenacity and your commitment to the Constitution. History has proven you right again. A constitutional amendment was unnecessary. It took the will to bring about this agreement. And today we are debating such an agreement without a constitutional amendment.

On behalf of myself and those who really are grateful for the contribution you have made on behalf of the Constitution, I just want to acknowledge that today.

Mr. BYRD. Mr. President, I thank the distinguished Senator from Illinois for his more than gracious, more than charitable comments. I very much appreciate them.

Mr. DURBIN. You are certainly welcome.

How did we come to this day? Make no mistake, if the American economy were struggling, if we faced high unemployment, slow economic growth, few housing starts, businesses failing, trade accounts in the red, we would not be standing here with any kind of an agreement to balance the budget. But that is not the case.

What propels us into this debate is the good condition of the American economy. Yesterday, the Dow Jones index broke a record, I believe. I cannot keep up with it. Up and down, up and down, but it has generally been up. We have seen the lowest unemployment figures in two decades. We have seen jobs created. People are building homes and starting businesses. America is moving forward. We feel good about it.

How did we get here? Is this just a matter of good luck? I think it is more than that. I think it goes back to an action taken by Congress in 1993, and not a popular one, I might add, when the President stood up and said, "I think we can move toward a balanced budget and keep the economy moving forward, and I want the support of Congress to do it." I was a Member of the House at that time. I joined the President, and I might tell you it was a partisan decision—not one single Republican vote in support of the President's plan, and yet we passed it. In the Senate it only passed when Vice President GORE cast the tiebreaking vote to enact the President's budget. We are lucky that he did because with that plan in 1993, we set the stage for this