

threat posed by our national deficit. He refused to embrace tax cuts, instead insisting that fiscal responsibility and prudent policy were the keys to bringing the Federal budget back into balance.

Because we shared a commitment to deficit reduction, Senator Tsongas came to Wisconsin in 1992 to campaign for me in my Senate race. Deficit reduction was the centerpiece of my campaign effort, and, like Senator Tsongas, I took the position that massive new tax cuts would undermine our efforts to reach a balanced budget. It was heartening to me to have Senator Tsongas' support and encouragement.

His principles of fiscal responsibility and prudent policymaking led Senator Tsongas, after ending his quest for the Presidency, to join with another former Senator, Republican Warren Rudman, to form the Concord Coalition, an organization that has become one of the leading voices for deficit reduction.

While I did not have the opportunity to serve with Senator Tsongas, our philosophies often crossed paths. I have been proud to have had the support of the Concord Coalition on various deficit-reduction efforts, and I have been inspired by Senator Tsongas' vision, energy, courage, and dedication, both on this issue and in the practice of public policymaking generally.

Mr. President, I had only recently begun my own career in public service when Paul Tsongas announced he would not run for re-election in 1984, because he had been diagnosed with non-Hodgkin's lymphoma. He wanted, he said, to spend more time with his family.

He endured bone-marrow transplants, a treatment that was experimental at the time, and he eventually came back, first to chair the Massachusetts Board of Higher Education, then to run for President and then to cofound the Concord Coalition.

Even as he was working in the highest circles of American politics, he always kept close contact with his beloved hometown of Lowell, where he served on the city council in the late 1960's and where he is recognized as one of the community leaders who help revive that former mill town.

Mr. President, in April 1963, Paul Tsongas was serving in the Peace Corps in Ethiopia, and he wrote then-Atty. Gen. Robert Kennedy, asking for help in securing a party worker's job in the upcoming national elections. In that letter, the 22-year-old Tsongas told Kennedy, "I feel confident that I have the raw material to become a successful public servant."

A typical understatement from Paul Tsongas, Mr. President. He will be missed.

Mr. President, I yield the floor, and I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

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

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

Mr. GREGG. Parliamentary inquiry, are we in morning business?

The PRESIDING OFFICER. The Senator is correct. The Senator is permitted to speak up to 10 minutes.

THE BALANCED BUDGET AMENDMENT

Mr. GREGG. Mr. President, I rise today to speak a little bit about the balanced budget amendment which is being brought forward on this floor in the near future. It is obviously one of the most significant items that this Congress will deal with. As we all know, in the last Congress it passed the House and unfortunately failed here in the Senate by one vote.

So it is a matter of substantive policy which we must attend to, and which we as a Congress should pass. There are a lot of reasons for passing the balanced budget amendment. The most important, in my opinion, is that we put in place procedures in this Nation which will not allow one generation to take from another generation its opportunity for hope and for economic prosperity. Unfortunately, every time we go to the well and borrow money here, as a Congress, we are requiring our children to pay that debt. It truly is unfair for one generation, which has benefited so much from the greatness and energy and prosperity of our Nation, to be taking from another generation its ability to also benefit from that greatness, energy, and prosperity. But that is what we do, we run up the debt of the United States and pass it on to the next generation.

In dealing with the balanced budget, there has been a lot of discussion as to how it should be structured, how this constitutional amendment for a balanced budget should be structured. One of the primary arguments that has been made, on the other side of the aisle especially, is that any balanced budget amendment must not include in its calculation the receipts that flow into the Social Security trust fund for the purposes of determining whether or not the Government is in balance. This is what is known as the Social Security argument.

I think it is put forward for a variety of reasons, some of them substantive and, regrettably, some of them political. We all know whenever you raise the issue of Social Security you not only gather the attention of a number of Americans but, in many instances, if you raise it in certain ways you scare a lot of Americans because many Americans' lifestyles, their ability to exist financially and their capacity to make it from day to day, depend on their capacity to receive Social Security and the support of Social Security. It has been an extraordinarily successful program.

But, in the context of the balanced budget amendment, the way it is being presented is, I think, a bit of an obfuscation of what is actually the situation. Because what is being represented, if you want to get down to the simplest statement of it, what is being represented is that today the Social Security funds are essentially being raided to operate the Federal Government. That is the basic argument that is being made on the other side. And the argument therefore follows that we should not do that, we should only use revenues that are available for the purposes of operating the Government in order to operate the Government.

In other words, if we raise \$1 of taxes to pay for defense or to pay for education or to pay for any variety of things that we do at the Federal level, that is where that dollar should go. But if we raise \$1 for purposes of the Social Security trust fund through the withholding tax, if we raise that dollar, it should only be spent on Social Security. And to set up a balanced budget amendment which may in some way use those dollars to operate the general Government is unfair and inappropriate to seniors who deserve that money to support them.

This argument makes sense just stated in that way. But it does not make any sense if you look at the substance of the way Social Security works. Today, in fact, it raises some very serious concerns about what the promoters of this argument really want to do with the Social Security trust fund. Because today the way the Social Security trust fund works is this. You pay \$1 into the Social Security trust fund. That \$1, as a working American—whether working on an assembly line in Detroit or whether you are working as a computer programmer in New Hampshire—you pay \$1 into the Social Security trust fund and that dollar is immediately paid out to support somebody who is on Social Security today. Social Security is a pay-as-you-go system. Today, under the system as it is structured, more people are paying into the fund than are taking out of the fund in total dollars. If you discount interest payments as a technical thing, basically you are paying \$29 billion more into the Social Security fund than is taken out of the Social Security fund, for the purposes of paying seniors their support under Social Security.

So the senior citizen might say, or some from the other side of the aisle seem to be saying, "Well, that \$29 billion should be available to Social Security and only Social Security. Because, after all, it was raised with Social Security taxes." I am willing to accept that as an argument; as an argument. But how does it actually work? How does it actually work?

Under the law, what do the Social Security trustees do with this extra \$29 billion they will receive this year that they are not going to pay out in benefits? Do they invest it in the private

sector or put it in a savings account designated to a senior's name? Do they in some other way hold that asset for the benefit of that senior citizen, for the benefit of a senior citizen or for the benefit of the wage earner who paid into the trust fund? No, they do not. They do not. Why don't they? Because, under the law, the Social Security trustees can only do one thing with that surplus, with that extra \$29 billion they are taking in this year they are not spending for benefits. They can only lend that money to the Federal Government. They cannot lend it to anybody else. They can only lend it to the Federal Government under a special loan document that yields a special interest payment.

So the money goes back to the Federal Government and is spent by the Federal Government as a loan. That means the \$29 billion is not in some special savings account for a senior citizen or for the wage earner who paid it in. It is not in some special stock agreement, stock certificate. It is not invested in IBM or General Motors, or not invested in a mutual fund like the Fidelity fund. It can only be invested in the Federal Government.

Of course, what is the Federal Government going to do with that \$29 billion? Is it going to sit on it? Hold it under a mattress? Of course not. What the Federal Government does with that \$29 billion is it operates the Government of the United States. If the \$29 billion that is being lent to the Federal Government by the Social Security system were not available to the Federal Government, the Federal Government would have to go out, theoretically, and borrow it from somebody else, borrow it in the marketplace by issuing Treasury notes. So, what you have here, essentially, is a pay-as-you-go system. Everything that is paid in is paid out. But to the extent it is not paid out, to the extent there is a surplus, the money has to go to the Federal Government.

What the other side is saying is the Federal Government should not be allowed to use that money for the purposes of accounting for its budget, as to whether or not it is balanced. As a practical effect, what does that mean? What does it really mean, what they are saying? It means one of two things. It means either: First, they want all that surplus invested in something other than Federal-issued debt, they must want it invested in the stock market or maybe they want to invest it in real estate, or maybe they want to invest it in futures funds or maybe they want to buy into the Albanian Ponzi scheme. But they do not want it invested in the Federal Government. That is the first thing it means. That is the first alternative.

I have to say that is a very dangerous idea. Many people have considered that idea and it has been of significant concern. But to just arbitrarily say the Federal Government will not be able to borrow money from the Social Security

fund and therefore somebody else is going to have to borrow the money, they are going to have to lend it to somebody else, is to say you are going to privatize—that is what they are suggesting—they are going to suggest privatizing the surplus of the Social Security fund. Not designated to any individual contributor or taxpayer, which I happen to think makes sense, but, rather, just simply you cannot invest Social Security funds in the Federal Government any longer, you have to invest in some other vehicle. That is, in practice, what they are proposing. They are not saying that because they are using the political cover of this hocus pocus about Social Security.

But in practice, that's exactly what they are presenting as their concept. OK.

If that isn't the alternative, if the alternative is you should have to invest in something other than the Government with the Social Security surplus, then the other alternative is—what they are saying—we're looking at a bookkeeping event, because if the Federal Government is allowed to borrow the money from the Social Security trust fund, if the Federal Government is allowed to borrow the surplus from the Social Security trust fund, then what is the difference from today? There isn't any difference.

Today, the Federal Government, for the purposes of operation, borrows the money from the Social Security trust fund, gives the Social Security trust fund a debt instrument and pays interest on it. What they are suggesting is either, one, that shouldn't occur under their proposal, which means they are calling for the privatization of the surplus, or, two, if it should occur, then there's no difference from today, they're just talking about a bookkeeping event. Instead of the Federal Government accounting for it one way, the Federal Government will account for its borrowing another way. But the fact of the matter is, the Federal Government is still borrowing the money, and there will be absolutely no difference.

So this argument from the other side is highly specious. It cannot be defended on the basis of substance. It can be defended on the basis of politics, I admit to that. This is great politics: Let's trot out the old Social Security again. Let's scare the seniors. But on the basis of substance, it has no legs. All you have to do is look at the fact of the matter and recognize it has no legs, because I don't think these folks over there on the other side of the aisle who are suggesting this are suggesting we privatize the surplus, that we allow the surplus to be willy-nilly invested in the market.

I happen to think there are some strong arguments—this is another whole issue—if we are taking that surplus and rather than taxing it, rather than raising it through taxes, allowing the wage earner to retain that surplus,

give them a tax cut, basically, on their payroll tax and let them put that surplus, that percentage of their payroll tax that represents that surplus, which is about 1 percent, in their own savings account so they can save for themselves for retirement. But that is not the issue here.

The issue here is whether the other side really believes they want to privatize the surplus, and if it is not their position they want to privatize the surplus, essentially what they are saying is they want a bookkeeping event to occur, because they are still going to let the Federal Government borrow the money under one scenario, under a balanced budget, and they borrow it under one set of books. Without the balanced budget, they would balance it under another set of books. But as a practical matter, the effect would be the same. The budget would be balanced.

Is my time expired? I ask unanimous consent for 5 more minutes.

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

Mr. GREGG. Mr. President, what we have here is a great political game. There are a lot of people who don't want a constitutional amendment to balance the budget because they don't want the Federal Government to be put under the restraint of fiscal responsibility, and they ought to step forward and say that. They should not be hiding behind the Social Security argument, because it is fallacious, as I have just mentioned.

Or—here is another point—if they are going to make this point with the Social Security trust fund, that it should be outside the unified budget, that it should not be part of the budgeting process and the surplus should not be accounted for under the process, but that we create a new accounting method, which has the same effect as a practical matter, then why aren't they making the same point with the Medicare trust fund?

Why? Well, I will tell you why. Because if they were to make that point with the Medicare trust fund, you would see that their argument would require them to fill a huge Medicare hole. Medicare is going broke. The trust fund is going broke. It does not have a surplus.

Here is a chart that has just been put up. This chart reflects how much the Medicare trust fund is going broke. This is a bar chart, and we can see the Medicare trust fund began last year, I guess, actually, in the deficit. Then next year, it is a \$48 billion deficit; in 2005, it is a \$91 billion deficit, and it is a geometric progression from there, reflecting the tremendous imbalance in the Medicare trust fund, which we all know exists which, unfortunately, was denied during the election and any proposals to address it. I happen to have a couple that are fairly substantive which have been met with a bit of demagoguery.

The fact is, this exists, and the question becomes, why wouldn't the practical arguments that are being made on

Social Security for taking it off budget be made on the trust fund for Medicare to take it off budget?

The obvious reasons are that the folks on the other side who are making this argument are not making this argument for substantive purposes, they are making it for political purposes. The politics of the situation require that they not talk about the Medicare trust fund problem, but rather that they talk about a nonexistent Social Security issue, as of today—a major Social Security issue down the road, but as of today, a nonexistent Social Security problem.

But if they were to raise the Medicare issue, then they would have to ask about how they are going to address the fund question, because if you use their logic for the Medicare trust fund, they would have to come up with a proposal this year, if the balanced budget amendment were passed with the Social Security language that has been proposed, but if that Social Security language was also applied to Medicare—Medicare being a trust fund as important to seniors as Social Security, I would argue, and, in many instances, even more important because it is a health care insurance—well, then this year they would have to come up with a proposal to bring into balance the Medicare trust fund to the tune of \$48 billion—\$48 billion. And that would create some significant policy questions.

That is exactly what we should do, of course, and exactly what I hope we will do. But the fact is, the reason it is not being discussed in this debate is because it means you have to face up to the hard policy decisions that are involved in balancing the Medicare trust fund.

So if you are going to separate the Social Security trust fund, why not separate the Medicare trust fund? The fact that they are not separated, I think, shows the political nature of this Social Security argument.

So that is just a quick recitation or response, if you will, to those folks who got on the floor today giving us the Social Security sales pitch.

The fact is that the initial proposal to take Social Security out of the balanced budget amendment proposal means one of two things: One, they either want to privatize the surplus and have it invested in places other than the Federal Government or, two, they are just going through a bookkeeping game, because the Federal Government will continue to borrow the money.

The fact that they haven't included the Medicare trust fund only reinforces the superficiality of their position and the fact that their position is political and not substantive.

There is going to be a lot more discussion about the balanced budget amendment before we get to the end of this road, before we get to a vote. We are going to hear a lot about Social Security. But I do hope that people will look beyond the language of the debate

and actually look at the substance, because on the substance, the Social Security argument, as presented—the Social Security position, as presented—does not have any legs. You could present it so it did have legs, but, in this instance, that is not the case.

Mr. President, I yield back the remainder of my time. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

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

RULES OF PROCEDURE OF THE SENATE COMMITTEE ON RULES AND ADMINISTRATION

Mr. WARNER. Mr. President, I would like to remind all committee chairmen that as required by rule XXVI of the Standing Rules of the Senate, "The rules of each committee shall be published in the CONGRESSIONAL RECORD not later than March 1 of the first year of each Congress. * * *

The Committee on Rules and Administration adopted the following rules of procedure for the Committee on Rules and Administration at the committee's organizational meeting today. I ask unanimous consent that they be printed in the RECORD.

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

RULES OF PROCEDURE OF THE SENATE COMMITTEE ON RULES AND ADMINISTRATION TITLE I—MEETINGS OF THE COMMITTEE

1. The regular meeting dates of the committee shall be the second and fourth Wednesdays of each month, at 9:30 a.m., in room SR-301, Russell Senate Office Building. Additional meetings may be called by the chairman as he may deem necessary or pursuant to the provisions of paragraph 3 of rule XXVI of the Standing Rules of the Senate.

2. Meetings of the committee, including meetings to conduct hearings, shall be open to the public, except that a meeting or series of meetings by the committee on the same subject for a period of no more than 14 calendar days may be closed to the public on a motion made and seconded to go into closed session to discuss only whether the matters enumerated in subparagraphs (A) through (F) would require the meeting to be closed followed immediately by a recorded vote in open session by a majority of the members of the committee when it is determined that the matters to be discussed or the testimony to be taken at such meeting or meetings—

(A) will disclose matters necessary to be kept secret in the interests of national defense or the confidential conduct of the foreign relations of the United States;

(B) will relate solely to matters of the committee staff personnel or internal staff management or procedure;

(C) will tend to charge an individual with crime or misconduct, to disgrace or injure the professional standing of an individual, or otherwise to expose an individual to public contempt or obloquy, or will represent a clearly unwarranted invasion of the privacy of an individual;

(D) will disclose the identity of any informer or law enforcement agent or will disclose any information relating to the investigation or prosecution of a criminal offense that is required to be kept secret in the interests of effective law enforcement;

(E) will disclose information relating to the trade secrets or financial or commercial information pertaining specifically to a given person if—

(1) an Act of Congress requires the information to be kept confidential by Government officers and employees; or

(2) the information has been obtained by the Government on a confidential basis, other than through an application by such person for a specific Government financial or other benefit, and is required to be kept secret in order to prevent undue injury to the competitive position of such person; or

(F) may divulge matters required to be kept confidential under the provisions of law or Government regulations. (Paragraph 5(b) of rule XXVI of the Standing Rules.)

3. Written notices of committee meetings will normally be sent by the committee's staff director to all members of the committee at least 3 days in advance. In addition, the committee staff will telephone reminders of committee meetings to all members of the committee or to the appropriate staff assistants in their offices.

4. A copy of the committee's intended agenda enumerating separate items of legislative business and committee business will normally be sent to all members of the committee by the staff director at least 1 day in advance of all meetings. This does not preclude any member of the committee from raising appropriate non-agenda topics.

5. Any witness who is to appear before the committee in any hearing shall file with the clerk of the committee at least 3 business days before the date of his or her appearance, a written statement of his or her proposed testimony and an executive summary thereof, in such form as the chairman may direct, unless the chairman and the ranking minority member waive such requirement for good cause.

TITLE II—QUORUMS

1. Pursuant to paragraph 7(a)(1) of rule XXVI of the Standing Rules, 9 members of the committee shall constitute a quorum for the reporting of legislative measures.

2. Pursuant to paragraph 7(a)(1) of rule XXVI of the Standing Rules, 6 members shall constitute a quorum for the transaction of business, including action on amendments to measures prior to voting to report the measure to the Senate.

3. Pursuant to paragraph 7(a)(1) of rule XXVI of the Standing Rules, 4 members of the committee shall constitute a quorum for the purpose of taking testimony under oath and 2 members of the committee shall constitute a quorum for the purpose of taking testimony not under oath; provided, however, that in either instance, once a quorum is established, any one member can continue to take such testimony.

4. Under no circumstances may proxies be considered for the establishment of a quorum.

TITLE III—VOTING

1. Voting in the committee on any issue will normally be by voice vote.

2. If a third of the members present so demand, a record vote will be taken on any question by rollcall.

3. The results of rollcall votes taken in any meeting upon any measure, or any amendment thereto, shall be stated in the committee report on that measure unless previously announced by the committee, and such report or announcement shall include a tabulation of the votes cast in favor of and the