

MORNING BUSINESS

The PRESIDING OFFICER. Under the previous order, there will now be a period for the transaction of morning business not to extend beyond the hour of 10:30 a.m., with Senators permitted to speak therein for up to 5 minutes each. Also under the previous order, the time until 10 a.m. shall be under the control of the Senator from Illinois.

The Senator from Illinois is recognized.

THE PRESIDENT'S BUDGET MESSAGE

Mr. DURBIN. Mr. President, yesterday, the President of the United States announced his budget message, which is also the last budget message of the Clinton administration. When you consider the history of this administration, beginning with deep deficits, and we are now at a point in our history where we have had the longest economic expansion in the history of the United States, it is an entirely different budget message.

I still recall when only a few years ago one of our colleagues, the chairman of the Senate Judiciary Committee, ORRIN HATCH, came to the floor to say to the assembled Senators that we had reached such a desperate point in American history that we had to amend the Constitution of the United States to put in place what was known as the balanced budget amendment, so that Federal courts would have the authority to stop Congress from spending. It was a desperate move, supported by Democrats and Republicans alike. We had so many years of red ink and so many deficits that many people thought there was no way it was going to get better, short of creating a new constitutional force—the force of the Federal judiciary—to stop the Congress from spending and to require the kind of fiscal discipline for which American families were asking.

What a difference 3 years later. We have debated, over the last year or so, what we are going to do with the surplus, not with the deficit. We are no longer walking around in sack cloth and ashes through the Halls of Congress saying another torrent of red ink is about to hit us. We are talking about an economy that continues to grow, with employment growing—unemployment, I think, last year was the lowest in 30 years in our Nation. People are buying businesses, building homes, and inflation is being held in check. It is a great period in our history for most families across the Nation. The President's budget message now says to us, since we have turned that corner, since we are no longer talking about deep deficits but, rather, a different era in Government spending, as well as our economy, let us look at it in a more positive fashion.

I want to submit for the RECORD the following:

In 1992, the deficit was a record \$290 billion. The Congressional Budget Office projected that it would grow to \$455 billion by this year. Instead of a \$455 billion deficit, we have a projected \$167 billion surplus—the third surplus in a row. Almost from the moment we started our debate on the balanced budget amendment, we started generating surpluses in this Government. Those who said we had to amend the Constitution clearly—if they look back—now understand that it wasn't necessary. This represents \$622 billion less savings, drained by the Government in 1 year alone. So rather than having a deficit of \$455 billion, borrowing from the American people, as well as foreign sources, to pay it off, we have the surplus.

We also have something that I don't think anyone would have ever imagined. We have had the largest paydown of debt in the history of the United States—\$297 billion. In 1998 and 1999, the debt held by the public was reduced by \$140 billion. It is projected that the Government will pay down an additional \$157 billion in debt held by the public this year.

What does that mean? In taxes, each day we collect \$1 billion from individuals, families, and businesses. That billion dollars is collected not to provide for any new educational opportunities or health care but to pay interest on the debt of the Government. About half of that is the publicly owned debt. Think of it—\$1 billion in taxes is collected every day to pay interest on old debt. So as we pay down this debt, which we are currently doing, we are reducing the need for this money to be collected from families and businesses to pay down interest. This will bring the total debt paydown to \$297 billion. It is the largest 3-year debt paydown in American history.

In contrast, under the two previous Presidents, the debt held by the public quadrupled—400 percent and more. Under this President, we are seeing the debt coming down. And we are seeing the smallest Government in over three decades. Government spending has declined from 22.2 percent of the economy in 1992 to 18.7 percent of the economy in 1999—the lowest share in 33 years.

If you take any rational measurement and look at the size of our economy and the percentage we spend on the Government, it has come down dramatically under the Clinton administration. To a great extent, that accounts for the savings about which we are talking. At the same time, the Government has made important investments, including nearly doubling investments in education and training.

Mr. SCHUMER. Will the Senator yield?

Mr. DURBIN. Yes.

Mr. SCHUMER. Before the Senator moves on to the investment part, I think the points the Senator from Illinois is making are astounding. To me, particularly our friends in the business community, and all of the American

people, ought to look at what the Senator from Illinois has said—deficits, biggest paydown ever—the usual criteria that conservatives use for how big and encroaching Government is, smaller than it has been in three decades, smaller under Bill Clinton than under Ronald Reagan.

To reiterate, because the facts are astounding, Government spending as a share of the economy went from 21.6 percent in 1980 to 22.2 percent in 1992. Under President Clinton, it has gone from 22.2 percent to 18.7 percent, which is lower than it has been under any year in 30 years and under Ronald Reagan. Taxes and the number of jobs in the Federal Government are lower than anytime since 1966.

If you went to the business leaders and asked them what the Senator from Illinois is talking about, they would say no. The message sent to the business community in the budget of this last year of the Clinton Presidency is that the fiscally responsible party is the Democrats; we believe in investment. I know what the Senator is talking about. But we also believe in tightening the belt of Government. No one has done a better job of that than the President between 1993 and the present.

I thank the Senator for yielding. I just wanted to underscore that point.

Mr. DURBIN. I thank the Senator from New York.

Of course, we have our images—the Republican image and the Democratic image. We try to paint each other's image. In this situation, though, the Senator from New York makes the point: Just look at the facts. Don't look at the rhetoric or listen to the rhetoric. Don't look at all the things that are said in political campaigns but look at the facts. The facts show we are bringing down the debt at a faster rate than at anytime in our history.

I think more Americans—and particularly business people—are interested in seeing the debt of this Nation reduced than some grandiose plan for a tax cut that benefits the wealthiest people in this country. They would rather see us take the fiscally responsible, disciplined approach of bringing down their debt because they know that reduces the burden on our children.

Let me speak for a second about the tax burden for typical families in America. That is another thing that is often said. Of course, taxes are out of hand. But listen to this. At the same time all of these good things are happening to our fiscal house, the typical American family will shoulder the lowest Federal tax burden since 1978. It is amazing to them that their tax revenues are increasing because, frankly, people are making more money. You see it all the time for the middle-income and lower-income families—the lowest tax burden in over 20 years. That is something that is important to maintain.

I think it is responsible for the President to come forward and say: if we are

going to have tax cuts, let us target them to these middle- and lower-income families. Let's look at things such as a long-term care tax credit because the largest growing segment of our population in America is those over the age of 85. Roughly half of them will need some specialized medical assistance for problems they are going to face. Their children and grandchildren need help in paying for that. The President's long-term care tax credit is a step in that direction.

I would like to ask my colleague from New York if he would yield. He has a proposal embodied in the President's budget that tries to help families pay for college education expenses, another one of the President's targeted tax cuts.

Would the Senator from New York be willing to explain that?

Mr. SCHUMER. I thank the Senator for asking me. Yes.

What we are trying to do overall, as the Senator from Illinois has stated in his proposal the President is trying to do and we are supporting, is not a huge across-the-board tax cut, which generally benefits the wealthiest people, the people who need it the least, but, rather, targeted tax cuts for the middle class.

The Senator has correctly pointed out, for instance, long-term care. My parents are 76 and 71 years of age. Thank God—knock on wood—they are in decent health. But they were debating the other week whether to pay a massive amount of money down now, which is hard for them to afford, so they will get long-term care if, God forbid, they become ill in later life.

The proposal I have been championing—I am delighted and grateful that the President has put it in his proposal—another burden that middle-class families have is waking up at 2 a.m. in the morning worrying about young families who have kids who are about to go to a clinic.

We all know that college is a necessity these days if you want your children and grandchildren to have a better life. Yet it is so expensive. Tuition has gone up more than any other portion of the family budget—over 250 percent since 1980. Even for a family that is making \$50,000 or \$60,000 a year, people are often neglected by the Government, and neglected by the kind of grandiose tax plans we have seen from the other side. College tuition bills bring shivers down their spine.

What we are saying, at the very least, is that Uncle Sam ought not take his cut. If you are going to pay for tuition, which is good for your children but also good for America—you ought to be allowed to deduct that, or take a tax cut, whichever you prefer. This for the first time brings relief to middle-class families who really do not need the Government day to day but who are worried about the big financial nugget such as long-term care and such as paying for college tuition. Our proposal would benefit them in ways they have never seen.

This is again a theme of the budget—not a broad, across-the-board tax cut that will benefit the top 5 percent, at most, and give a few crumbs to the struggling middle class but, rather, target that part of the middle class. There is no better target than college tuition.

I thank the Senator for asking me to extrapolate on that point.

Mr. DURBIN. I thank the Senator from New York, because I think when we talk about tax cuts, most Americans will, of course, applaud the idea of tax cuts, but they want to have responsible, targeted tax cuts to address specific problems, as the Senator from New York addressed with his suggestion about deducting college education expenses and the long-term care concerns of virtually every family across America.

We are also talking about increasing the earned-income tax credit under the President's budget. What is that all about? If you are a working person in a low-income situation with a family, we want to give you a helping hand. We want to reward work. We want to strengthen families. That is what the earned-income tax credit is about.

Let me mention two or three other points, and then I will yield the floor to my colleague from Washington, who is also here to speak on the President's budget.

The benefits of fiscal discipline for our economy have been enormous. This budget continues the idea of fiscal discipline leading to a stronger economy with targeted investments and the things Americans hold dear—targeted tax cuts to help families in difficult circumstances.

Interest rates are lower than they would have been otherwise because we have reduced the debt of this Nation, helping to fuel 7 consecutive years of double-digit investment growth for the first time in our Nation's history.

When I first came to Congress under President Reagan in 1982 and 1983, virtually every problem in America was blamed on Jimmy Carter. It was said that the Carter administration had left such a terrible legacy that America was just deep in the mire and would never be able to get out. I thought that was a reasonable thing to say for a while. But the Republicans continued to say it year after year. Pretty soon we were 5 or 6 years into the Reagan administration, and they were still blaming Jimmy Carter. I wonder what the Republican Party will say now about the record under the Clinton administration.

This President can't take credit, nor does he try, for all of the economic goodness in this country. But certainly his leadership has provided a role, with the Congress, with the Federal Reserve, and brought us to this position in our history.

We have seen this dramatic increase in our Nation's economic growth of a 4.7 annual growth rate from 1981 to 1992, and now a 12.1 percent real annual

increase in investment in business equipment and software since 1993. Unemployment is the lowest in a generation—4.0 percent. We are also seeing the longest economic expansion in our Nation's history.

The bottom line is this. We believe the President's budget—the one he comes forward with now, this positive message of continued economic growth—says keep the fiscal discipline for a strong economy and make strategic investments, not in big government but smart government.

Take a look at the President's budget over a 10-year period of time. You will find that he is slightly below the funding for current services. That means, if you apply the rate of inflation for every single year to last year's budget, just keeping up with inflation at the end of 10 years, the President's proposal for defense and nondefense spending is less than the increase for the rate of inflation. He is asking for not big government but smart government investments in education, health care—things families hold dear—and attractive, targeted tax cuts that American families applaud from Illinois and across the Nation.

Mr. DASCHLE. Mr. President, will the Senator yield?

Mr. DURBIN. I am happy to yield to the minority leader.

Mr. DASCHLE. I didn't have the opportunity to hear the initial comments of the Senator, but I appreciate very much his calling attention to many of these issues. What an appropriate time to do it as we consider the budget. The budget was just released yesterday.

Did the Senator from Illinois make comment that we actually have a lower percentage of Government spending as a percentage of GDP than at any time in the Reagan administration or, for that matter, any time in modern days? Did the Senator state that?

Mr. DURBIN. That is exactly right. The Senator from South Dakota, the minority leader, has made the point. I think it is one that bears repeating. Those who argue that we are "growing" the Government at the expense of family needs across America just don't have the facts straight.

Our gross domestic product, the sum total of goods and services in this country, continues to show a decline in the percentage spent on Government.

Mr. DASCHLE. Did the Senator from Illinois also make the point earlier that we actually don't go into the non-Social Security surplus with this budget, that we keep approximate current services, but we dedicate many of these new investments to areas that directly affect working families? Did the Senator make that comment?

Mr. DURBIN. The Senate minority leader is correct. I think it is a sharp contrast to some of the rhetoric we hear on the Presidential campaign trail from the Republican candidates. Some have suggested again this theory of massive tax cuts that go way beyond our ability to pay without raiding the

Social Security trust fund. I think that has become an accepted premise for all budgets on Capitol Hill, Republican and Democrat alike: We are going to say the Social Security trust fund is not going to be raided; we will set it aside. We hear candidates on the campaign trail calling for tax cuts that require raiding the Social Security trust fund.

The President does not. He says we will hold to that basic principle. I think in so doing, he is standing for principles Americans believe in: Protect Social Security and make certain we bring down the debt incurred by Social Security as a way of forcing fiscal discipline in the process.

Mr. DASCHLE. I appreciate the answer from the Senator from Illinois.

The debt, under this budget, would be completely retired by the year 2013; Medicare solvency would be extended to the year 2025; Social Security solvency would be extended through the year 2050; we broaden health care coverage; all of these plus maintain the kind of commitment we have begun to make in areas such as investments in education and in increased law enforcement activity that have made a real difference in this country.

Did the Senator from Illinois talk about those things as well?

Mr. DURBIN. The Senator from South Dakota has been on Capitol Hill a few years longer than I have. I cannot recall a budget such as this budget, one that is so positive, that looks to the future with such optimism, a budget based on reality and on fiscal discipline.

Many politicians on Capitol Hill throw charges around about irresponsible people, favoring increased taxes, big government spending and new programs. This budget says to America, we can continue this economic expansion if we are careful, if we make sure we bring down this debt and do it in a responsible way, with a targeted investment, so America can grow, so our families are healthy, so our children are educated.

I believe the Senator from South Dakota has made that point again. I hope during the course of this debate on the budget our friends across the aisle will be as honest with this side as we will be with their side. We should accept the premise that we are not going to raid Social Security, that we are going to reduce the publicly held debt of this Nation to zero by 2015 while making sure Social Security and Medicare are strong for years to come.

Often our friends on the Republican side of the aisle do not want to mention the word "Medicare." Yet for tens of millions of Americans, Medicare is crucial. We need to make it part of this debate as well.

Mr. DASCHLE. I appreciate very much the leadership of the Senator from Illinois in bringing Members to the floor for a colloquy of this import as we consider the extraordinary implications of this budget.

I was disappointed this morning to read in one of the newspapers some of our Republican colleagues have already pronounced this budget dead on arrival. What is there not to like about this budget? This is a budget that protects the Social Security surplus, a budget that ensures we protect the non-Social Security surplus for other commitments we may want to make in tax cuts or in dedicated investments, a budget that ensures the solvency of the Social Security trust fund through the year 2050 and Medicare through 2025, a budget that understands, as the Senator from Illinois said, there is a prudent middle-center approach that recognizes the importance of ensuring the tremendous strides we have made in reining in Government and doing what we must to make the efficiency of the Government our task. All this is in this budget, and we are told it is dead on arrival.

I am somewhat stunned and disappointed that some of our colleagues, who I am sure have not thought through the implications of their statement, would comment without a more careful consideration of the extraordinary impact that this budget could have if we pursued it this year.

I thank the Senator from Illinois.

Mr. DURBIN. I close by saying the old cliché, "If it ain't broke, don't fix it," applies to this situation. Our economy isn't broken; it is strong. This budget will continue our economic growth as a nation. In this budget I can say to my children and grandchildren: We are doing the right thing. We are reducing the debt of the Nation so that your burden is reduced as well. We are providing for Social Security so that this Senator and many others, when it comes time for retirement, will have Social Security to turn to. A strong Medicare will be there as well. We are going to invest in our future in terms of education, health care, the things Americans value, and provide tax cuts targeted for middle- and low-income families to deal with long-term care expenses as well as college education expenses and the other burdens they face.

I challenge my friends on the other side of the aisle, in the true spirit of this deliberative body, to come forward with a better budget. Let's debate it on the floor. I am prepared to say at this moment that the principles behind the President's budget are principles I endorse. They are principles I think most of the American families endorse.

I yield the floor.

The PRESIDING OFFICER. The Senator from New York.

Mr. SCHUMER. Mr. President, I ask the Senator from South Dakota a question. In his questions to the Senator from Illinois, he has pointed out the core of this budget is balance. It is a balanced budget in the traditional sense that we are not spending more than we bring in. In fact, we are doing the opposite, by paying down the debt. However, it is also balanced in terms of the needs of the American people.

The No. 1 priority we have is to save Social Security by buying down the debt; second, target tax cuts for middle-class people who need help. They don't need help day to day. People are doing fine making \$40,000, \$50,000, or \$60,000 a year, but they do need help with the big financial notes such as college tuition costs and long-term care.

Finally, spend in a careful way in areas where we have to, such as education, where everyone knows we have to do better. I know the Senator from Washington, Mrs. MURRAY, has been a leader on this issue. I am sure we will hear from her.

I ask the Senator from South Dakota, our minority leader, in his years of experience, has he seen a budget as balanced as this, that cares for the American people in a thoughtful, rational way, that is built on a platform of prudent Government responsibility?

Mr. DASCHLE. In answer to the Senator from New York, I have to say no. What a contrast from the 1980s when we made the huge cuts in taxes and then ran up the huge trillions of dollars in a deficit we are still trying to pay off today. What a remarkable contrast this is. This recognizes the importance of fiscal responsibility. First and foremost, it says we have made some tremendous strides in our budgetary and fiscal policy in the last 7 years. This will build on it.

It is no accident today that we are seeing the economic achievement in this country with the fiscal and monetary policy. This says we want to build on that, we want to continue in this coming decade what we have pursued in the last decade: We have the lowest number of Federal employees since 1962, with the lowest percentage of spending for GDP since 1967. We recognize we can do a lot more with a lot less. We recognize we can still target tax cuts to the middle class. We recognize the importance of education by providing the largest single Head Start expansion in history in this budget.

How remarkable it is in this budget we are able to keep our current services at below the cost of inflation in the coming year and still provide the largest Head Start expansion in history or deal with child care by providing low-income families with more affordable child care than they ever had in any other budget.

You can look all the way down the list of opportunities this budget presents: Helping working families with greater EITC, helping working families with greater opportunities for college through deductibility, helping working families by providing safer communities. This is a budget of which we can be proud. It builds on what we have already done. Are there going to be naysayers? Of course. There always are. We have overcome them for 7 years. We will have to do it again.

But it is here. I ask my colleagues to look at it. My colleague from New York asked exactly the right question:

Is this a balanced budget? By any definition of that word, this is a balanced budget.

Mr. SCHUMER. I thank the Senator from South Dakota and yield the floor.

The PRESIDING OFFICER. The Senator from California.

Mrs. BOXER. I wonder if my leader, Senator DASCHLE, will engage in just a bit more of a colloquy at this point?

Mr. DASCHLE. I will be happy to.

Mrs. BOXER. I have been on budget committees for years, 6 years in the House and now, since I came to the Senate, it is a total of 13 years. This is a remarkable moment in history, as my friend has pointed out. I wanted to talk to him about why we are where we are.

It has been very difficult for quite a while, back to the days of the burgeoning deficits that started under President Reagan and escalated under President Bush and only were brought under control with the Clinton-Gore team. Finally, we now can do something for the American people, do something they need. Now we can do something they need in education. We talked about Senator MURRAY's push to reduce class size. We see in this budget the ability to do that. We see in this budget \$1 billion for afterschool care, for which we have struggled mightily, which means millions of kids are going to have that. We see the targeted tax breaks.

So my question to my friend is, we are at this point and we are at this point for a reason. It was hard to get here. Fiscal responsibility does bring rewards. We tell that to our children: Save for the time you need to spend; be careful with your resources. We have done that. I wonder if my friend can recall the key vote, back in 1993, when, without one Republican vote, we were able to get through a budget which has led to these kinds of surpluses and the surpluses, in turn, are giving us the ability to pay down the debt, save Social Security, save Medicare, and make these targeted tax cuts and investments? Could he recall for us what it was like to get that through?

The PRESIDING OFFICER. The Chair will advise the Senator from California, under the previous order she has a minute and a half remaining.

Mr. DASCHLE. Mr. President, I ask the colloquy be taken off my leader time, if I could.

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

Mrs. BOXER. I am done with my remarks. I want to get my friend to evoke for us how hard it was to get to this particular point in which we find ourselves.

Mr. DASCHLE. It was so hard that there are some colleagues who are no longer here because they paid the price. Before we could see the results, of course, there were some across the country who made a judgment about the prudence of their very difficult decisions in 1993 and chose not to send them back to Washington. They paid

the ultimate political price so we could enjoy the fiscal glory we are enjoying today.

I can recall so vividly talking to some of my colleagues who, up until the very last moment, weighed whether this was the right thing to do. Only in the last few moments they made the decision to take the chance. But this was in the face of tremendous opposition, vocal opposition from the other side, projecting recessions and unemployment and extraordinary fiscal repercussions that we would feel for perhaps the rest of our professional lives. There were warnings, extraordinary in their scope and depth and visceral disgust, for what we were attempting to do.

It was an overpowering moment, to see the Vice President cast that tie-breaking vote to give us the opportunity to put this budget on the fiscal path, a moment that we now look back on with great pride. What remarkable opportunities it presented. Twenty million new jobs—how do you put a value on that? We have an economy that has taken the stock market to heights we never dreamed. We have more homeowners than at any time in our history; two out of every three people have their own homes today, in large measure because of our fiscal responsibility and the incredible success we have enjoyed. I would say these did not come easy.

Maybe the fight this year will not be in any way near the proportions or depth of feeling as when it was fought out on the floor of the Senate back in 1993. But it has the same repercussions. How fragile this all is. How easy it would be to go back and cast our votes for a huge tax cut that would destroy all of this in one fell swoop. It could happen again. If we don't understand the repercussions of a tax cut by now, it could happen again.

I urge my colleagues to read this budget, to think carefully about what it is we have been able to do and how we have been able to do it, and make absolutely certain, before we depart from a blueprint that I think demonstrates remarkable balance, that we think long and hard about alternatives.

Mr. President, I appreciate the question proposed by the Senator from California.

The PRESIDING OFFICER. Under the previous order, the time until 10:30 a.m. shall be in the control of the Senator from Wyoming.

The Senator from Wyoming.

THE PRESIDENT'S BUDGET

Mr. THOMAS. Mr. President, I appreciate the opportunity to comment a little. I suppose I might have a different view than what we heard in the last 35 minutes, about what a wonderful budget we have and that we can now return to the era of big government. Not everyone is happy about that, as we might have heard over the last few minutes.

As we look realistically at these things, we have to look at a time that has been prosperous. It started in 1991, in fact. We moved forward. We have a surplus projected, largely because of the strong economy, of course. Also, it is a result, frankly, of a majority in this Congress that, since 1994, has held down spending. That is a little difficult for my friends to accept, of course, but we have now an opportunity to take a look at a relatively prosperous time. Certainly, we want to continue that. We want to take a look at the things that ought to be done for the people of the United States, using their tax money. We ought to take a look at how we strengthen education and return the opportunities to make the decisions about education to the local level rather than doing what the President wants to do, and that is to decide in Washington what each school district ought to have.

We have quite a different philosophy on how we approach this, and that is reasonable. That is why we are here, to represent different views. The things we heard this morning would all represent the idea of more Government, more Government spending, more decisions made in Washington. That is a legitimate point of view. It is a point of view of many in the minority. It is not the point of view of most of us in the majority. So that is what we will be up to, over the next several months and, indeed, this year: deciding as best we can how to come together on these decisions.

It was not long ago, you will recall, when President Clinton suggested in his State of the Union Address that the era of big government was over. That seems now not to be the issue at all. In fact, apparently the era of big government has returned. If this budget is put into place, that is exactly what we will see. Many think that is the greatest way to go. I think that is legitimate. So that is what the debates will be about.

We have before us suggestions of substantial amounts of surplus. This is the first time in 25 years the budget has been balanced. That is largely because of some controls on spending. We have been increasing spending over the last couple of years, I think amply, but still in the level of about 3 percent. Prior to that time, in the early 1980s and the early 1990s, we were expanding as high as 12 percent. That has been reduced some, and that is part of it. Certainly the President's tax increase, back in 1994-1995, had some effect.

Also, the tax reduction brought on by the Republicans helped stimulate the economy. We will have a lot of basic things about which to talk.

This is a huge budget, \$1.8 trillion. What is that, 1,800 billion dollars? We will have to talk about each of the areas in which that spending will take place.

Basically, there are some philosophical things. If we think about