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House of Representatives

The House was not in session today. Its next meeting will be held on Saturday, January 6, 2001, at 11:00 a.m.

Senate

THURSDAY, JANUARY 4, 2001

(Legislative day of Wednesday, January 3, 2001)

The Senate met at 12 noon, on the expiration of the recess, and was called to order by the President pro tempore [Mr. BYRD].

PRAYER

The Chaplain, Dr. Lloyd John Ogilvie, offered the following prayer:

Gracious Lord, thank You for Your hand upon our shoulders assuring us of Your providential, palpable presence and reminding us of Your faithfulness. It is a hand of comfort as You tell us again that You will never leave nor forsake us. It is a hand of conscription calling us to be ''Aye ready!'' servants who receive from You the orders of the day. It is a hand of courage that gives us daring to take action because You have taken hold of us. It is a hand of correction alerting us to what may be less than Your best for us or our Nation. It is a hand of confidence to press forward. Your faithfulness fails not; it meets the problems of today with fresh guidance for each step of the way. So we will be all the bolder; Your hand is upon our shoulders. We will not waver; You are our Lord and Saviour. Amen.

PLEDGE OF ALLEGIANCE

The Honorable HARRY REID, a Senator from the State of Nevada, led the Pledge of Allegiance, as follows:

> I pledge allegiance to the Flag of the United States of America, and to the Republic for which it stands, one nation under God, indivisible, with liberty and justice for all.

RESERVATION OF LEADER TIME

The PRESIDENT pro tempore. Under the previous order, the leadership time is reserved.

RECOGNITION OF THE ACTING MAJORITY LEADER

The PRESIDENT pro tempore. The acting majority leader is recognized.

MORNING BUSINESS

Mr. REID. Mr. President, I ask unanimous consent that there now be a period of morning business with each speaker not to exceed 15 minutes in their presentations.

The PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. REID. Mr. President, I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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 President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDENT pro tempore. Without objection, it is so ordered. The Senator from South Carolina.

THERE IS NO SURPLUS

Mr. HOLLINGS. Mr. President, parroting Patrick Henry: Peace, peace, everywhere man cried peace, but there is no peace. Surplus, surplus, everywhere men cry surplus, but there is no surplus. That is the point of my comments this afternoon. I have to embellish it or flesh it out so you will understand the reality, that ''it is not the economy, stupid,'' rather it is the real economy.

During Christmas week, I picked up USA Today. A headline read ''Surplus soars despite the slump.'' That is dangerous. People think we have a surplus and everybody is running around: Whoopee, cut all the revenues; wait a minute, if you don't cut it, those Democrats are going to spend it. Let's have tax cuts, tax cuts.

This morning, I picked up Roll Call. It had a very interesting article by Stuart Rothenberg, one of the best of the best. Not quoting the entire article, he had a little squib about our new colleague and my friend, Senator TOM CARPER of Delaware. I quote part of the article as of this morning:

> Delaware Senator Tom Carper's record in the House is not easy to pigeonhole. During a six-year period, from 1983 through 1988, his U.S. Chamber of Commerce ratings ranged from 38 to 64, his liberal Americans for Democratic Action ratings ranged from 55 to 80 and his AFL–CIO ratings ranged from 59 to 86.
>
> The Delaware Democrat tended to be more moderate on economic issues, but that generally reflected his aggressive efforts to cut the budget deficit. Since that's no longer a problem, he will face a different set of legislative priorities on the economy, possibly altering his image.

I will repeat that: ''Since that's no longer a problem . . .'' The deficit has been solved, according to this morning's Roll Call. Not at all. We had that

● This ''bullet'' symbol identifies statements or insertions which are not spoken by a Member of the Senate on the floor.

balanced budget agreement in 1997, so you would think that the budget would have been balanced in 1998. To the contrary.

In 1998, according to the Congressional Budget Office, we had a deficit of $109 billion, not a surplus. In 1999, we had a deficit of $127 billion, not a surplus.

For the year 2000, just 3 months ago, fiscal year ending September 30, 2000, I quote from page 20, table 6 of the final monthly Treasury statement by the U.S. Department of the Treasury. It shows that the agency securities issued under special financing authorities at the beginning of fiscal year 2000 was 5 trillion 606 some-odd billion dollars, whereas on September 30, it was 5 trillion 629 some-odd billion dollars. That is a deficit, not a surplus, of $23 billion.

If there is any doubt, the distinguished Presiding Officer and I were here when we worked out the last surplus under President Lyndon Baines Johnson. That was in 1968–1969. That was before we changed the old fiscal year to October 1. It used to begin July 1. In December, early that first week, if I remember correctly, George Mahon, who was then chairman of the Appropriations Committee, and all of us called over to Marvin Watson and said: Ask the chief if we can cut another $5 billion, and we did. We got permission.

Does my colleague know what the budget was for fiscal year 1968–1969 for Social Security, Medicare—go right on down the list—guns and butter, the war in Vietnam? The civil economy was $178 billion. The interest now is $365 billion, $1 billion a day; just the interest carrying charges, not for Government, just for past profligacy.

I have a list of the Presidents from Truman through Clinton and their corresponding budget information; these are Congressional Budget Office figures. I ask unanimous consent this table be printed in the RECORD.

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

HOLLINGS' BUDGET REALITIES

[In billions]

President and year	U.S. budget	Borrowed trust funds	Unified deficit with trust funds	Actual deficit without trust funds	National debt	Annual increases in spending for interest
Truman:						
1946	55.2	-5.0	-15.9	-10.9	271.0	
1947	34.5	-9.9	4.0	+13.9	257.1	
1948	29.8	6.7	11.8	+5.1	252.0	
1949	38.8	1.2	0.6	-0.6	252.6	
1950	42.6	1.2	-3.1	-4.3	256.9	
1951	45.5	4.5	6.1	+1.6	255.3	
1952	67.7	2.3	-1.5	-3.8	259.1	
1953	76.1	0.4	-6.5	-6.9	266.0	
1954	70.9	3.6	-1.2	-4.8	270.8	
Eisenhower:						
1955	68.4	0.6	-3.0	-3.6	274.4	
1956	70.6	2.2	3.9	+1.7	272.7	
1957	76.7	3.0	3.4	+0.4	272.3	
1958	82.4	4.6	-2.8	-7.4	279.7	
1959	92.1	-5.0	-12.8	-7.8	287.5	
1960	92.2	3.3	0.3	-3.0	290.5	
1961	97.7	-1.2	-3.3	-2.1	292.6	
1962	106.8	3.2	-7.1	-10.3	302.9	9.1
Kennedy:						
1963	111.3	2.6	-4.8	-7.4	310.3	9.9
1964	118.5	-0.1	-5.9	-5.8	316.1	10.7
Johnson:						
1965	118.2	4.8	-1.4	-6.2	322.3	11.3
1966	134.5	2.5	-3.7	-6.2	328.5	12.0
1967	157.5	3.3	-8.6	-11.9	340.4	13.4
1968	178.1	3.1	-25.2	-28.3	368.7	14.6
1969	183.6	0.3	3.2	+2.9	365.8	16.6
1970	195.6	12.3	-2.8	-15.1	380.9	19.3
Nixon:						
1971	210.2	4.3	-23.0	-27.3	408.2	21.0
1972	230.7	4.3	-23.4	-27.7	435.9	21.8
1973	245.7	15.5	-14.9	-30.4	466.3	24.2
1974	269.4	11.5	-6.1	-17.6	483.9	29.3
1975	332.3	4.8	-53.2	-58.0	541.9	32.7
Ford:						
1976	371.8	13.4	-73.7	-87.1	629.0	37.1
1977	409.2	23.7	-53.7	-77.4	706.4	41.9
Carter:						
1978	458.7	11.0	-59.2	-70.2	776.6	48.7
1979	504.0	12.2	-40.7	-52.9	829.5	59.9
1980	590.9	5.8	-73.8	-79.6	909.1	74.8
1981	678.2	6.7	-79.0	-85.7	994.8	95.5
Reagan:						
1982	745.8	14.5	-128.0	-142.5	1,137.3	117.2
1983	808.4	26.6	-207.8	-234.4	1,371.7	128.7
1984	851.9	7.6	-185.4	-193.0	1,564.7	153.9
1985	946.4	40.5	-212.3	-252.8	1,817.5	178.9
1986	990.5	81.9	-221.2	-303.1	2,120.6	190.3
1987	1,004.1	75.7	-149.8	-225.5	2,346.1	195.3
1988	1,064.5	100.0	-155.2	-255.2	2,601.3	214.1
1989	1,143.7	114.2	-152.5	-266.7	2,868.3	240.9
Bush:						
1990	1,253.2	117.4	-221.2	-338.6	3,206.6	264.7
1991	1,324.4	122.5	-269.4	-391.9	3,598.5	285.5
1992	1,381.7	113.2	-290.4	-403.6	4,002.1	292.3
1993	1,409.5	94.2	-255.1	-349.3	4,351.4	292.5
Clinton:						
1994	1,461.9	89.0	-203.3	-292.3	4,643.7	296.3
1995	1,515.8	113.3	-164.0	-277.3	4,921.0	332.4
1996	1,560.6	153.4	-107.5	-260.9	5,181.9	344.0
1997	1,601.3	165.8	-22.0	-187.8	5,369.7	355.8
1998	1,652.6	178.2	69.2	-109.0	5,478.7	363.8
1999	1,703.0	251.8	124.4	-127.4	5,606.1	353.5
2000	1,769.0	234.9	176.0	-58.9	5,665.0	362.0
2001	1,839.0	262.0	177.0	-85.0	5,750.0	371.0

*Historical Tables, Budget of the U.S. Government FY 1998; Beginning in 1962 CBO's 2001 Economic and Budget Outlook.

Mr. HOLLINGS. Mr. President, this shows how when President Clinton came to office in January of 1993, in fiscal year 1992, the last year of President George Herbert Walker Bush's term, according to the Congressional Budget Office, there was a deficit of $403,600,000. We were spending $400 billion more than we were taking in that year.

Since Clinton has taken office, we have reduced that deficit from $403 billion to $23 billion. We were headed in the right direction.

I hope Mr. Rothenberg, Roll Call, USA Today, and the free press will finally get the truth to the American people. That is all we want. We have to be talking and singing from the same hymnal. Everybody is running around saying: Yes, I am for a tax cut, but not quite as big; I am for this; I am for that. We don't have any taxes to cut. To put it another way, the best tax cut is to reduce the deficit.

If one reads the Internet site of the U.S. Treasury—publicdebt.treas.gov—the public debt to the penny, as of 11 o'clock—which is when they changed it—is 5 trillion 728 some-odd billion dollars. At the close of fiscal year 2000 on September 30, it was $5.674 trillion, and it has gone up to $5.728-some-odd trillion.

So you can see, not only did we end fiscal year 2000 with a deficit—not a surplus—of $23 billion—but in 3 months of this fiscal year, President Bush is going to be submitting his budget, talking about tax cuts, loss of revenues; and the deficit is already $54 billion. And that is without factoring in the $30 billion we appropriated before we went home for Christmas.

So don't give me all of this talk about fiscal responsibility and everything else. The only responsible thing we had, of course, was President Clinton's and the Democrats' 1993 economic program that cut spending, that increased taxes, and cut the size of Government.

Yes, I stand on the floor and publicly acknowledge I voted for an increase in taxes on Social Security. We were told by my distinguished colleague from Texas, Senator GRAMM, that they would be hunting us down in the street, us Democrats, and shooting us like dogs if we increased the Social Security tax.

We increased the tax on gasoline. We cut, as I say, the size of Government. But they want to keep talking, particularly the media. We politicians do a little liberality, and, well, they call it spin. They even have a program called ''Spin'' now on national TV. But we are entitled to a little spin. We run for public office, and we have to explain a lot of things we do—but not the media; they are supposed to give us the exact truth.

There is a recent book called ''Maestro'' by Bob Woodward about Alan Greenspan. I refer to page 95. I am not going to read the whole thing, obviously, but I quote at the bottom of page 95, about our Chairman of the Federal Reserve Board, Mr. Alan Greenspan. I am quoting from the Woodward book:

> The long-term rates—the 10-year and longer rates—were an unusual 3 to 4 percent higher than the short-term Fed funds rate, at about 7 percent. The gap between the short-term rate and the long-term rate, Greenspan lectured, was an inflation premium being paid for one simple reason. The lenders of long-term money expected the federal deficit to continue to grow and explode. They had good reason, given the double-digit inflation of the late 1970s and the expanding budget deficits under Reagan. They demanded the premium because of the expectation of new inflation. The dollars they had invested would, in the near and distant future, be worth less and less.
>
> Perhaps no single overall economic event could do more to help the economy, businesses and society as a whole than a drop in the long-term interest rates, Greenspan said. The Fed didn't control them. But credible action to reduce the federal deficit would force long-term interest rates to drop, as the markets slowly moved away from the expectation of inevitable inflation. Business borrowing costs, mortgages and consumer credit costs would go down. Clinton was so sincere and attentive, and full of questions and ideas, that Greenspan continued. Establishing credibility about deficit reduction with the markets would lower rates and could trigger a series of payoffs for the economy, he said.
>
> Greenspan outlined a blueprint for economic recovery. Lower long-term rates would galvanize demand for new mortgages, refinancing at more favorable rates and more consumer loans. This would in turn result in increased consumer spending, which would expand the economy.
>
> As inflation expectations and long-term rates dropped, investors would get less return on bonds, driving investors to the stock market. The stock market would climb, an additional payoff.

That is the end of the quote. You can read on.

I am for a tax cut, too, but how do you get it? Not estate taxes. Giving millionaires' heirs millions of dollars, tax free, is not going to recover the economy and have a good effect.

Interestingly, the one thing that really is being spent on Social Security—the payroll tax—nobody wants to cut. That is the crowd that is really getting ripped off. Otherwise, you do not hear anything about the Social Security taxes, that they were going to hunt us down in the street like dogs and shoot us for increasing. They do not say, cut Social Security taxes. But they come with things like the estate tax, marriage penalty, and everything else of that kind. They talk of a $1.3 trillion tax cut that would return us back to where we were in 1993.

Yes, the Federal Reserve, Greenspan, they reduced the Fed rate a half a percent yesterday. That was fine business. That is the short-term rates, but that does not affect the overall economy.

The long-term, we cannot tinker with that except to set generally fiscally sound policy, put the Government on a pay-as-you-go basis.

I have been up here 34 years, and we did it in 1968, 1969. We had a balanced budget. I got the first AAA credit rating for the State of South Carolina from Standard & Poor's and Moody's back in 1959, 1960—40 years ago. But it is a tremendous frustration to this particular Senator to hear everyone crying surplus.

What is the monkeyshine? The monkeyshine is, you can look right at the front page of the same Treasury report. And you ought to read that. As of the final monthly Treasury statement—highlighted—I quote: This issue includes the final budget results and details, a surplus of $237 billion for fiscal year 2000.

And then, as old John Mitchell would say, don't watch what we say, watch what we do. You turn to page 20, table 6, and there is no surplus at all. On the contrary, there is a deficit of $23 billion.

How do they do that saving face? I will tell you how they do it. They do it, No. 1, by taking from the trust funds, Social Security.

Mr. President, I ask unanimous consent to have printed in the RECORD this document entitled ''Trust Funds Looted to Balance Budget.''

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

TRUST FUNDS LOOTED TO BALANCE BUDGET

[By fiscal year, in billions]

	1999	2000	2001
Social Security	855	1,009	1,175
Medicare:			
HI	154	176	198
SMI	27	34	35
Military Retirement	141	149	157
Civilian Retirement	492	522	553
Unemployment	77	85	94
Highway	28	31	34
Airport	12	13	14
Railroad Retirement	24	25	26
Other	59	62	64
Total	1,869	2,106	2,350

Mr. HOLLINGS. Mr. President, at the end of fiscal year 2000—last September—we owed Social Security some $1.009 trillion. We owed military retirement $149 billion, and civilian retirement $522 billion. You can go right on down.

Now, as projected by the Congressional Budget Office, we are going to borrow $244 billion more this fiscal year 2001 from these trust funds. When the day of reckoning comes, who is going to raise the taxes? Who is going to issue the bond and raise the taxes at that particular time to pay for the benefits?

All we need to do to make Social Security fiscally sound is quit spending it. I have a lockbox, a true lockbox written by Ken Apfel of the Social Security Administration. I couldn't get a vote on it all last year or the year before. I will put it up again this year.

If you want to have truth in budgeting, please see my staffer, Mr. Barry Strumpf, and join with me in a bipartisan fashion to get at least truth in budgeting. We are going to offer an amendment calling for a budget freeze because we still play this game here of surplus, surplus. We put in an amendment to the budget resolution year before last in that last session of Congress, and we got 24 votes for the Greenspan stay the course. Alan Greenspan, at that time, said: Stay the course and just take this year's budget for next year. If you did that, you could save some $50 billion.

As a Governor, I had to do that. Many a mayor this year will do just that. He will go before his council and say: We don't want to fire the firemen. We don't want to fire the policemen. We are getting along well. Let's just take this year for next year. If we did that at the Federal level, we would save $50 billion.

The other way in which they play this game of public debt and Government debt is not only to borrow from all these trust funds—like borrowing from yourself, like taking your MasterCard and paying off your Visa card—but they are also projecting no new spending. The CBO will adjust their economic assumptions to accommodate the $1.3 trillion tax cut. You can see what is going on.

I don't think the economy can stand it. I think the best tax cut and the way to get on top of long-term interest rates is to do exactly what was done back in 1993.

I will make one more reference. Two weeks ago, in an issue of Newsweek they had an article on page 58: ''Boy Did We Know Ye,'' comments by members of the Clinton administration, by Stephanopoulos, Leon Panetta, and several others. I will read just this one little paragraph by Bob Rubin.

> The moment that most sticks in my mind was the meeting we had with Clinton on Jan. 7, 1993 in Little Rock.

I read that because this is just about January 7 in the year 2001.

Reading further:

> We met with him for six and a half hours on what the budget strategy ought to be. From the beginning what we [the economic team] recommended was that there ought to be a dramatic change in policy, with the view that deficit reduction should create lower interest rates and spur higher confidence. Before the meeting, George Stephanopoulos told me that was going to be hard, [that Clinton] would have to make that decision over time, but after about a half hour at the meeting, Clinton turned to us in the dining room of the governor's mansion in Little Rock. He said, ''Look, I understand what deficit reduction means [in terms of public criticism for program cuts], but that's the threshold issue if we're going to get the economy back on track. Let's do it.''

And we did it, and that is why we have had the good economy. We are about to go the other direction on this tax cut, returning to the increased deficits of the Reagan years. We had less than a trillion-dollar debt when President Reagan took office in 1981. For 200 years—including all the wars, the Revolution, Spanish American, World War I, II, Korea, Vietnam—we accumulated less than a trillion-dollar debt. We now have a debt without the cost of a war—the Saudis took care of Desert Storm—of 5 trillion 700-some-odd billion. We can't stand that any longer.

I thank the distinguished Chair for indulging me, but the truth has to come out. I hope Members on both sides of the aisle will work with us to reduce the deficit and reduce the debt. Let us get to work on it and quit playing games with the American public.

I yield the floor.

The PRESIDING OFFICER (Mr. REID). The Senator from Nevada.

Mr. REID. Before the Senator from South Carolina leaves the floor, I will reflect with him a minute on some of the struggles we have had the last several years.

Remember, there was an effort by the Republican majority to pass a constitutional amendment to balance the budget. The Senator from South Carolina remembers that battle, where he and this Senator and a number of others started out as a very small group opposing it. We said, if you want a constitutional amendment to balance the budget, you should have one that excludes the surpluses of Social Security. Remember the battle there. We were able to stop them from getting enough votes to pass that.

What would that have done to this country if that foolish constitutional amendment had passed?

Mr. HOLLINGS. It would constitutionalize the profligacy and the waste and the reckless fiscal conduct that we engage in here, and you wouldn't have any control over it because everybody would say: There is the Constitution. And you would read the first page of the Treasury report, how we have a surplus of $237 billion, when the truth of the matter is, if you look in the report, we have a $23 billion deficit. When you constitutionalize, you dignify the blooming thing. That was the ultimate. I couldn't go along with that game.

Mr. REID. Mr. President, I appreciate my friend's courage and leadership on these fiscal issues. He has the ability, because of his experience, to see what is going to happen in the future, to be a little ahead of most everyone around here on these financial issues. I appreciate the Senator recognizing the tough vote we took in 1993 on the Clinton budget deficit reduction act. Members of the House of Representatives lost their elections; they lost their political careers for having voted for that. But they should know that they did the right thing.

Mr. HOLLINGS. They did the right thing. There is no question.

Mr. REID. We have a new Member of the Senate today—she was sworn in yesterday—MARIA CANTWELL from the State of Washington. She was a freshman Member of the House of Representatives, and she, with courage, walked up and voted for that Clinton deficit reduction plan. She lost her election because of that. The people of the State of Washington now know that she did the right thing and now she is a Senator from the State of Washington. Again, I commend and applaud the Senator from South Carolina for his statement today but mostly for his leadership on these fiscal issues during the entire time I have been in the Senate.

Mr. HOLLINGS. I thank the distinguished leader. The truth will out, is what the distinguished Senator from Nevada is saying. I am glad we have Senator CANTWELL here. It was another Representative from Pennsylvania, I remember we had to finally get her vote and she lost. She was a distinguished Member.

Mr. REID. Her name was Marjorie Margolies-Mezvinsky.

Mr. HOLLINGS. That is it. She had the courage to do it. But here we are in January, seeing this binge that we are on and the only argument is how are we going to spend a so-called surplus. How many tax cuts are we going to get to buy the people's vote. That is the best thing, running on TV, saying: I voted for tax cuts, I am for tax cuts. That is the only thing that holds that crowd in office.

Mr. REID. The biggest tax cut this country could get is reducing the $5 trillion debt we have. Will the Senator agree?

Mr. HOLLINGS. Very much so. That is the tax cut I favor. That is the way to give to middle America so they get a lower mortgage rate and lower financing rate on the refrigerator, the stove, et cetera. That is what Greenspan told them, and I hope Greenspan will get back and say the same thing here, some 7, 8 years later, that what we really need to do is hold the line.

I had the privilege of sitting there with Don Evans, the new Secretary of Commerce-designate, the best friend of President-elect Bush. One sentence I got, over all the things he said with respect to trade, competition, trade and technology, there is one sentence: tell the President rather than, by gosh, all these tax cuts, just come in and hold the line, stay the course as Greenspan recommended last year and take this year's budget for next year.

Don't start us pell-mell down the road to loss of revenue and increasing the deficit, increasing the debt, when we are telling the people that this is going to lower the debt and lower the deficit. It is pure folly.

Mr. REID. The people who met yesterday with the President-elect in Texas, these rich people—and I have nothing against rich people; I am happy he is meeting with them—I hope some of them realize the biggest tax cut anyone will ever get in their entire professional career is if we reduce the deficit.

We talk about across-the-board tax cuts; that will give an across-the-board tax cut because everything they do, from buying a new piece of land to paying their mortgages, will be cheaper.

Mr. HOLLINGS. I looked at that list and it looks to me like a bunch of corporate heads who are interested in sales. They are not interested in the economy and the market; they are corporate heads interested in sales. It is like asking children if they want broccoli or spinach, or do you want a dessert. They are in Austin saying whoopee, give me dessert.

I know the advice that crowd will give. Tell them to start talking to the Bob Rubins. This action yesterday by the Federal Reserve and Greenspan will influence the short-term but not the long-term rates.

I thank the distinguished leader, and I thank the Presiding Officer.

APPOINTMENTS

The PRESIDING OFFICER. The Chair appointments the Senator from Connecticut, Mr. DODD, and the Senator from Kentucky, Mr. MCCONNELL,