

Thompson is the right person to work on this issue. I believe he will use his experience as an innovator to make it easier for States such as Wisconsin to pursue their own reforms, such as making Federal long-term waivers more flexible and making it easier for States to apply for those waivers.

So after 18 years, I can talk about a lot of other very positive reasons we are lucky to have Tommy Thompson as our new Secretary of Health and Human Services. But let me say, all of us in Wisconsin are very proud, and it will take some getting used to having a different Governor just because it seems as though Tommy Thompson has been our Governor forever. Of course, he has been very popular in that regard. But I think it will be a good opportunity for the country to see firsthand what it is like to have a person who has a “can-do” attitude, a person who really enjoys simply solving problems rather than trying to divide people. I think that has been a hallmark of his role as our Governor. I think it will be a hallmark of his role as the Secretary of Health and Human Services.

I thank the ranking member and thank the Chair.

Mr. President, I yield the remainder of my time.

The PRESIDING OFFICER. Who yields time?

Mr. BAUCUS. Mr. President, I do not know of any others on our side who wish to speak on this nomination. It is my understanding that there are no other Senators on the other side of the aisle who wish to speak on this nomination as well. I do not see other Senators who have special orders to speak.

The PRESIDING OFFICER. The Chair would advise the Senator from Montana, both Senator KENNEDY and Senator REID also asked to speak for 10 minutes pursuant to the agreement.

Mr. BAUCUS. Right.

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 President, I ask unanimous consent that the order for the quorum call be rescinded.

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

The Senator from Wyoming is recognized.

Mr. ENZI. I thank the Chair.

(The remarks of Mr. ENZI pertaining to the introduction of S. 149 are located in today's RECORD under "Statements on Introduced Bills and Joint Resolutions.")

Mr. ENZI. 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. HOLLINGS. 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. HOLLINGS. I ask to speak as in morning business for 8 minutes.

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

THE BUDGET

Mr. HOLLINGS. Mr. President, I am worried. I expressed this concern before the inauguration, and I hoped that cooler heads would prevail after the inauguration. Specifically, as I said at that time, surplus, surplus, everywhere a man cries surplus, and there is no surplus.

Right to the point, I have been looking for a surplus since we had one in 1968 and 1969, almost 32 years ago. I worked with George Mahon, then chairman of the Appropriations Committee. We called over to the Capitol, and we asked Marvin Watson to check with President Johnson to see if we could cut another \$5 billion from the budget. I think it was around December of 1968, and, at that particular time, there was no Budget Committee. The fiscal year used to run from July to the end of June the following year. We were given permission. We cut the budget. The entire budget amounted to some \$178 billion. Now remember, that was guns and butter, the war in Vietnam, and domestic needs.

Now, here we are, facing \$362 billion just in interest costs—almost \$1 billion a day. The government is spending more in interest costs than it spent for the entire budget in 1968 and 69—far more, more than double the amount, for nothing. Then I look at the record, and I follow it very closely because back in 1997, when we passed the so-called Balanced Budget Act, I was on the floor with my distinguished colleague from New Mexico, the chairman of the Budget Committee. I said if that Balanced Budget Act works, I will jump off the Capitol dome.

Mr. President, around the fall of last year, I was looking up the price of a parachute because we were getting pretty close to a surplus. When President George Bush left town, the deficit was \$403.6 billion. In other words, we were spending over \$400 billion more than we were taking in. Of course, we have done that for 30 years. There has been no surplus in the entire 30-year period since our last surplus. We ended fiscal year 2000 with a deficit of \$23 billion. As of September 30th, the year 2000, almost 4 months ago, it was \$23 billion.

I carry around, in a similar fashion as my distinguished friend from West Virginia—he carries around the Constitution, and I carry around a little sheet, as much as I can keep it up to date, called "The Public Debt To The Penny."

Mr. President, I ask unanimous consent to have this sheet printed in the RECORD.

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

THE PUBLIC DEBT TO THE PENNY

	Amount
Current: January 22, 2001	\$5,728,195,796,181.57
Current month:	
January 19, 2001	5,727,776,738,304.64
January 19, 2001	5,725,695,165,478.90
January 17, 2001	5,718,517,343,351.92
January 16, 2001	5,711,790,291,567.40
January 12, 2001	5,735,197,779,458.19
January 11, 2001	5,734,110,648,665.41
January 10, 2001	5,724,315,917,828.49
January 9, 2001	5,725,066,298,944.04
January 8, 2001	5,719,910,230,364.19
January 5, 2001	5,722,338,254,319.31
January 4, 2001	5,719,452,925,490.54
January 3, 2001	5,723,237,439,563.59
January 2, 2001	5,728,739,508,558.96
Prior months:	
December 29, 2000	5,662,216,013,697.37
November 30, 2000	5,709,669,281,427.00
October 31, 2000	5,657,327,531,667.14
Prior fiscal years:	
September 29, 2000	5,674,178,209,886.86
September 30, 1999	5,656,270,901,615.43
September 30, 1998	5,526,193,008,897.62
September 30, 1997	5,413,146,011,397.34
September 30, 1996	5,224,810,939,135.73
September 29, 1995	4,973,982,900,709.39
September 30, 1994	4,692,749,910,013.32
September 30, 1993	4,411,488,883,139.38
September 30, 1992	4,064,620,655,521.66
September 30, 1991	3,665,303,351,697.03
September 28, 1990	3,233,313,451,777.25
September 29, 1989	2,857,430,960,187.32
September 30, 1988	2,602,337,712,041.16
September 30, 1987	2,350,276,890,953.00

Source: Bureau of the Public Debt.

Mr. HOLLINGS. Mr. President, everyone in this land and those out in China and anywhere else can look up the public debt to the penny on the Internet.

Yes, if the deficit or debt went up some \$23 billion in fiscal year 2000, and they are claiming a surplus, let's see where it was cut in the last 3½ months. I look and, instead, to my dismay but not to my surprise, the debt ended up at some \$5.674 trillion in the last fiscal year. I look today, and, as of 1/22/2001, the public debt was \$5.728 trillion. So you can subtract these two figures, and you can see that the debt has gone up some \$54 billion.

While we are heading toward enlarging deficits and debts, everywhere man cries "Surplus!"—even those with the best of credibility. I worked with the distinguished Senator from Texas, Mr. GRAMM, on Gramm-Rudman-Hollings. Incidentally, if you want to have political anonymity, cosponsor a bill with my distinguished friend from Texas. They've called it Gramm-Rudman from then on—which suits me.

Today, I picked up the morning paper. And right down on page A2, it says, "right now our surplus has never been greater." He thinks the surplus has never been greater, yet we still have rising debt.

Instead, I wish everybody would turn to the "Tax-Cut Mania" article on page A17 of today's Washington Post.

I ask unanimous consent this article be printed in the RECORD.

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

TAX-CUT MANIA (By Steven Rattner)

With the economy visibly weakening, the prelection debate over the Bush tax cut has nearly turned into a post-election stampede. But even if the economy tips modestly into recession, that still shouldn't panic us into full-sized tax cuts.

Haven't we learned anything about economic policy in the past eight years? Nothing has contributed more to our current

prosperity than having gotten our fiscal house in order.

Bringing down the deficit allowed the Federal Reserve to lower interest rates, and lower interest rates played a key role in creating the greatest investment boom in history. Even after adjusting for inflation, investment has risen from \$630 billion in 1992 to nearly \$1.5 trillion last year, and that investment has, in turn, been a critical part of the productivity surge associated with the New Economy (which remains very much with us, recession or no recession).

Meanwhile, consumers have stopped saving. Without those savings available as investment capital for business, the size of the federal deficit or surplus becomes even more important. Whatever the federal government doesn't borrow to finance deficits (or produces as surplus) becomes available for business investment.

Tax cuts also bring international repercussions. The lack of savings has contributed meaningfully to our massively negative current account position as we ingest foreign capital to finance the investment boom. A tax cut compounds this problem.

While we've made progress with the federal budget, voting a sizable tax cut today would mean committing to spend money we may not have, a significant step backward in the march toward fiscal order. In truth, we're only just balancing the budget. Don't forget that the current year's projected surplus of \$256 billion consists mostly of surpluses in the Social Security and Medicare trust funds, surpluses that both presidential candidates agreed should go into a lockbox.

And even the \$71 billion of true surplus must be viewed in the proper framework: the understandable desire of the Bush administration to propose new spending initiatives for education, defense and other pressing needs, the propensity of Congress to spend on its own agenda (and pork), the eventual adverse impact of slower growth on tax revenues, and the fact that even with the lockbox we haven't truly saved Social Security and Medicare, which will both still run out of money sometime before mid-century.

Kept within our means, tax cuts are an important part of holding the size of government to sensible proportions and of redressing inequities, such as the marriage penalty. To paraphrase President Bush's original justification for the tax cut: Genuine surpluses should be returned to the people. So, less tax relief now but perhaps more later as significant surpluses begin to kick in.

In the meantime, we need to develop a plan that we can afford and also one less oriented toward helping the wealthy through rate cuts and an end to the estate tax, probably the most progressive tax in our system.

But what about the "recession"? At least until there's evidence of a truly dramatic slowdown, leave that to the Federal Reserve, which has already signaled that still lower rates may be forthcoming. Interest rate cuts can be the quickest and most effective form of fax reduction, particularly when much of the ailment is weak capital markets. Indeed, the Fed's half-point reduction three weeks ago has already succeeded in stabilizing nervous financial markets.

Apart from a more quiescent Nasdaq, important indicators such as the interest rate difference between corporate and government borrowings have begun to turn down—a positive signal—after relentlessly rising through the fall. Some, particularly in the Bush camp, have chosen to read the Fed's dramatic action on Jan. 3 as another vote for a quick and large tax cut. Just the opposite. If the Fed is prepared to move quickly and aggressively to combat slowdown, that's all the more reason why we shouldn't abandon our fiscal discipline.

Under more extreme circumstances, a tax cut to fight recession can make economic sense, but the slowdown we're experiencing is hardly of Great Depression scale. Even Morgan Stanley Dean Witter, whose early January recession call set off a particularly loud alarm bell, projects the mildest of recessions, and positive economic growth for this year as a whole. The recession may be over while Congress is still chewing over the tax cut.

Part of today's tax-cut mania is politics—a new administration eager to paint its economic inheritance in negative terms and to justify an ill-advised campaign platform—and part is the fact that after a decade of unbroken prosperity, we've become too easily traumatized by the occasional bump in the economic road. In fact, recessions are not only inevitable but necessary to cleanse the economy of imbalances that have built up.

That's particularly true with today's stresses, particularly in the financial markets. We've seen this movie before. In late stages of an economic expansion, lenders relax their guard and investors fall in love with all manner of the next new thing. Before we wheel out too much anti-recession artillery, bear in mind that no tax cut can help the fact that at 5000, the Nasdaq was wildly overvalued and that we have many companies—not just dot-coms but companies in telecom and other sectors—with truly bad business plans that need to be allowed to disappear quietly into the night.

Nor can a tax cut help the fact that one cause of this slowdown and cleansing is a reversal of the "wealth effect," the propensity of consumers to spend and business to invest when markets are robust. An injection of reality into irrational and unrequited optimism about corporate profits brought down the stock market; what should we do—pump the Nasdaq back up to 5000?

When the Clinton administration arrived in 1993, it too proposed a short-term stimulus package. Happily for the economy, cooler heads prevailed. The stimulus was abandoned, deficit reduction was passed, and we've had the longest economic boom in American history. Sounds like a pretty good plan.

Mr. HOLLINGS. I'd like you to read Steven Rattner, and if you read the *Financial Times*, the article by John Plender—I ask unanimous consent that his article, "A Sharp Adjustment" be printed in the RECORD.

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

A SHARP ADJUSTMENT

(By John Plender)

*Bond markets have rallied since the Federal Reserve's surprise interest rate cut. But there are plenty of other directions a financial shock could come from * * **

For several months, the tightness of credit in global markets has suggested that the current economic cycle could end in financial crisis. A financial stress index devised by the Montreal-based Bank Credit Analyst Research Group—based on factors such as the degree of leverage in financial markets, bank share prices and the shape of yield curves—has dropped into dangerous territory.

Yet the Federal Reserve's half-point cut in interest rates on January 3 has put a dramatically different complexion on events. The question is whether this surprise move will take the financial sting out of the slowdown in the US and the world economy.

Confidence has returned triumphantly to the US bond market. In spite of warnings from rating agencies of a big rise in defaults,

junk bonds have been selling like hot cakes since the start of the year. January has also seen an exceptionally high volume of investment-grade bond issues.

In Europe the successful sale last week of nearly £10bn (\$9.5bn) of bonds by British Telecommunications was reckoned by some analysts to be a turning point for telecom debt. Credit conditions generally have eased. And financial flashpoints in emerging market economies such as Argentina and Turkey have been successfully addressed by the International Monetary Fund. To those who responded to the rate cut by asking "what does Alan Greenspan, the Fed chairman, know that we don't?" the bond markets are saying "who cares?"

Yet it is possible, that the doubters were looking for the wrong kind of financial crisis. The last economic cycle came to an end with a banking debacle followed by recession. In the U.S., Japan and much of Europe, commercial banks had over-extended themselves in property. In the present cycle bankerly exuberance threatened to unleash a downturn when the over-borrowed Long-Term Capital Management hedge fund came close to collapse in 1998.

The Fed's efforts to head off a systemic disaster by cutting interest rates had the effect of prolonging the economic cycle. It also provided a friendly environment for a high-technology bubble. The result is that the cycle is ending untypically, although in a way that would have looked familiar to a 19th-century businessman. Over-investment prompted by an artificially low cost of capital, together with increased global competition, have prevented businesses from passing on rising labour and energy costs in higher prices.

There is thus a shock to the real economy that is reflected in an autonomous slowdown and a profits squeeze instead of a full-scale financial shock. The high-tech bubble was, after all, substantially financed by equity, not debt. And in place of the overheating in junk bonds that characterised the end of the 1980s, we have seen manic investment in venture capital.

The banking system has a number of discrete problems—the Californian energy crisis, bad debts in telecoms, financial fragility in emerging market economies and the rest. So far they remain non-contagious. But there must be a risk that the cumulative impact could start to pose systemic problems.

This, says a central banker, could be difficult to manage. When a crisis has a single focus as with property or Latin American debt, he points out, "you can put someone in charge of the hospital ship and then focus on strategy to get out of the mess. If the problems are spread across the whole loan portfolio, it's harder to do this."

U.S. commercial banks have greatly enlarged their capital since the last seizure in 1990. So while asset quality has deteriorated and charge-offs have risen Alan Greenspan felt able to argue last month that the problems "remain historically modest relative to assets and capital".

Yet the economy does remain vulnerable to financial shocks, of which the most worrying concerns the link between the stock market and the U.S. private sector's balance sheet. One consequence of the Fed's interest rate cuts after the LTCM crisis was that it gave the private sector an opportunity to spend and accumulate more debt. Since the start of the bull market, U.S. household debt has gone from less than 65 per cent to more than 95 per cent of personal disposable income, while the savings ratio has fallen to zero.

When households are already so heavily indebted they may respond less readily to the Fed's interest-rate invitation to go on another spending binge. But the debt also needs

to be seen in the context of the overall household balance sheet, in which the asset side carries an unprecedented amount of stock market investments. About 45 per cent of the population is reckoned to have exposure to equities either directly or via defined contribution pension plans.

Stock market capitalization has fallen from about 180 percent of gross domestic product at its peak last March to 164 percent last week. There has been no collapse in residential property. But if that sounds reassuring, note that the stock market's earlier peaks in August 1929 and December 1972 were well below these levels, at 81 percent and 78 percent of GDP.

The scope for an adverse valuation adjustment on the basis of changing expectations is far from negligible. The Bank Credit Analyst argues that the era of super-normal equity returns is over. Between 1982 and 1999, it points out, the Standard & Poor's 500 index generated average annual total returns after inflation of 16 percent, or twice the average during the previous half-century. The average returns in future, it argues, are likely to be no more than 8 percent before inflation.

If that is right and if private individuals have yet to downgrade their expectations fully, there would be room for a very sharp balance sheet adjustment as disillusioned households rebuilt their depleted savings by investing in non-equity assets.

Also relevant is the distribution of household debt. A lesson of the late 1980s boom in the US and the UK was that only a small proportion of the borrowing population has to be in difficulty to put big downward pressure on asset prices and create a bust.

Nor would the impact of a stock market shock be restricted to negative wealth effects, as people responded to falling asset values by spending less. It could exacerbate problems in banking.

If overstretched telecoms operators find that sliding equity and bond markets are no longer willing to offer them fresh funds, the banks may be asked to increase their exposure to their least creditworthy customers, causing a decline in asset quality.

And any weaknesses among the investment banks, which have enormous leverage on and off the balance sheet, both through borrowing and exposure to derivatives, would be ruthlessly exposed.

There are other possible shocks. In the bond market, investors' perceptions may become more cautious, with fallout for equities. The risk, says David Hale of Zurich Financial Services, is that the new Bush administration may forge consensus by embracing more of the Democrats' spending proposals. If the economy is weak, he adds, Republicans will feel even less inhibited as they worry about the mid-term elections in 2002.

The dollar is another source of vulnerability, given the financing challenge of a

current account deficit of 4 percent of GDP. Weakness against the euro would be helpful in rebalancing global economic growth. But a collapse would be another matter given the inflationary consequences.

Whether these vulnerabilities turn into shocks is inherently unpredictable. But as Barton Biggs, Morgan Stanley Dean Witter's investment guru, told Barron's magazine last week, "it still boggles my imagination that everybody thinks we can come through the biggest bubble in the history of the world and certainly the longest boom the US has ever had, and get out of it with a very, very mild recession".

His is not the only imagination that remains boggled.

Mr. HOLLINGS. That is Tuesday, January 23—today. You will understand my grave misgivings about all of these tax cuts. Everybody loves a tax cut. But we have to act responsibly and look at whether or not, in essence, instead of cutting taxes, we are increasing taxes, namely, increasing interest costs on the national debt.

One of my colleagues, in cosponsoring President Bush's tax cut package, said, "You have to starve the beast." We heard about starving the beast from President Ronald Reagan. It was first Kemp-Roth; and Senator Dole, then the head of our Finance Committee, had his comments about that. Better than all of them was former President Bush. He called it voodoo economics. President Reagan turned Kemp-Roth into Reaganomics, and we are supposed to starve the beast, to cut all the taxes.

What did we do? We increased the biggest waste in the history of Government; namely, the interest cost that is gone, where it was at the time we balanced the budget at \$16 billion, it has now increased to \$362 billion—\$362 billion for absolutely nothing, just for past profligacy, just for "starving the beast."

Come on, there is no education in the second kick of a mule. Don't come around here saying, "We are going to starve the beast and reduce the taxes of the people. You know those Washington folks, they are going to spend it. Get it out of the hands of the politicians." That is big political nonsense.

You talk about campaign finance, the biggest campaign finance abuse is not soft money. Oh no, the biggest abuse is how the politicians—namely we Senators and Congressmen—use the

Federal budget to get ourselves re-elected. If we can run around and give tax cuts, then, as President Reagan said, "The government is not the solution to the problem, the government is the problem."

We have had 20 years of that nonsense. We have to sober up, and we have to start paying our bills. I am going to be coming from time to time to explain that we do not have a surplus—I wish we did—and I am going to caution the Members that when they start giving tax cuts, they are only increasing the interest costs of the debt. We know President Bush is going to increase defense. He has already said we ought to have an increase in military pay. We gave a pay raise last year, but we are going to give another increase, he says.

We know, according to Secretary Colin Powell, we are going to increase funding for the State Department.

We know we are going to increase funding for the Department of Agriculture. If he doesn't increase agriculture funding, Bush will be the first President who has not.

We know we are going to increase energy funding. Look at the situation out on the west coast.

We know we are going to increase education funding. President Bush has a proposal in right now. If you are going to test everybody, you are going to have accountability. I hear it costs \$10 just at the elementary level and \$50 at the higher levels for testing. This is going to cost into the millions, perhaps billions.

So everybody is talking about increasing spending or increasing the debt and cutting out the revenues, increasing the debt. Somewhere, somehow, somebody will stand in front of this stampede and talk sense to the American people. Hopefully, the message will come through.

How is this even called a surplus with any face whatever? There is another little sheet that is put out that says, "Who Holds The Public Debt?"

I ask unanimous consent that it be printed in the RECORD.

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

WHO HOLDS THE PUBLIC DEBT?

	Held by the Government	Owed to the Public	Total
January 22, 2001	2,360,076,279,493.13	3,368,119,516,688.44	5,728,195,796,181
Current month:			
January 19, 2001	2,357,882,242,116.78	3,369,894,496,187.86	5,727,776,738,304
January 18, 2001	2,355,790,659,744.32	3,369,904,506,731.58	5,725,695,166,475
January 17, 2001	2,353,911,893,744.32	3,364,605,449,607.60	5,718,517,343,351
January 16, 2001	2,347,016,197,744.32	3,364,774,093,823.08	5,711,790,291,567
January 12, 2001	2,345,618,832,394.32	3,389,578,947,063.87	5,735,197,779,458
January 11, 2001	2,344,827,431,394.32	3,389,283,217,271.09	5,734,110,648,665
January 10, 2001	2,339,375,524,394.32	3,384,940,393,434.17	5,724,315,917,828
January 9, 2001	2,340,337,733,394.32	3,384,728,565,549.72	5,725,066,298,944
January 8, 2001	2,335,546,095,679.32	3,384,364,134,684.87	5,719,910,230,364
January 5, 2001	2,338,430,371,679.32	3,383,907,876,639.99	5,722,338,254,319
January 4, 2001	2,335,477,560,394.32	3,383,975,365,096.22	5,719,452,925,490
January 3, 2001	2,334,486,285,394.32	3,388,751,154,169.27	5,723,237,439,563
January 2, 2001	2,339,900,249,630.66	3,388,839,258,928.30	5,728,739,508,558
Prior months:			
December 29, 2000	2,281,817,734,158.99	3,380,398,279,538.38	5,662,216,013,697
November 30, 2000	2,292,297,737,420.18	3,417,401,544,006.82	5,709,699,281,427
October 31, 2000	2,282,350,804,469.35	3,374,976,271,197.79	5,657,327,531,667
September 29, 2000	2,268,874,719,665.66	3,405,303,490,221.20	5,674,178,209,886
September 30, 1999	2,020,166,307,131.62	3,636,104,594,501.81	5,656,270,901,633

WHO HOLDS THE PUBLIC DEBT?—Continued

	Held by the Government	Owed to the Public	Total
September 30, 1998	1,792,328,536,734.09	3,733,864,472,163.53	5,526,193,008,897
September 30, 1997	1,623,478,464,547.74	3,789,667,546,849.60	5,413,146,011,397

Mr. HOLLINGS. Mr. President, that sheet breaks down the deficit and debt as debt held by the Government and debt owed to the public. You can see the debt owed to the public has been reduced \$37 billion. But then the debt held by the Government has gone up \$91 billion. So what happens? Yes, we have now an increase in the debt of \$54 billion.

This accounting is like using your Visa card to pay off your MasterCard. You still owe the same amount of money under the Visa card; the debt is on the Visa rather than on the MasterCard. It is tomfoolery. It is outrageous nonsense. We only have one Government, and it is public. That is why they call it the public debt. So let's not get that "owe the public." We are the custodians of the public. And we are spending Social Security, Medicare, Civil Service retirement, military retirement, unemployment compensation, all of these other funds, and saying we are balancing the budget.

Now they are into a mumbo-jumbo, saving Social Security mode. All you have to do to save Social Security is not spend it. They continue to spend it.

If you did not spend the Social Security moneys, you would have between \$2.4 and \$2.7 trillion in the next 10 years. How about putting \$2.7 trillion back into the Social Security kitty rather than taking it out, whereby we owe \$1.9 trillion to Social Security alone this minute.

The same case applies with Medicare. We have been using those moneys. We talk and say we are not going to do it. In fact, we passed a law, section 13-301 of the Budget Act: Thou shalt not, you Congress, or you President—calculate Social Security moneys in your budget. But they do. They do. And they separate it out, and then they spend it later on. If they have a lockbox and somebody says they put in a bill on the lockbox—I am going to put in a true lockbox. Ken Apfel, the Administrator of Social Security, helped me draft it, whereby each month we remit the amount of T-bills we purchase or give to the public. So we will keep that in the fund and have a true lockbox and not a section 201 as the Social Security Act requires, just put it in Treasury bills.

There it is. We have this sheet. That is the game being played. Yes, campaign finance, McCain-Feingold. I voted for that bill five times already; I will vote for it again. That bill deals with soft money. Aspects of this bill are constitutionally questionable, and I have, in the past, introduced a constitutional amendment that says the Congress is hereby allowed to regulate or control spending in Federal elections. My bill received a majority vote in the Senate but never did get the 67

votes needed to send it to the States. They would ratify it in a snap. I can tell my colleagues that right now.

We play games with the American public, and the people who keep us honest play the games along with us; namely, the free press of America. They are the only ones who can stop this game. I cannot do it. No one Senator or Congressman or group of them can do it. We have tried.

I will put a budget freeze in the budget again this year: Just take this year's budget for next year. That is the kind of economic situation described by Rattner and Plender in their articles. We not only have a fiscal deficit, but we have a current account deficit in the balance of trade of some \$366 billion.

As those dollars continue to go overseas and decrease in value, we are going to have to raise interest rates in order to attract foreign investment. And if we raise that interest rate to get that foreign investment, we are going in the opposite direction of Chairman Greenspan's recommendations.

Chairman Greenspan needs to come forth the day after tomorrow, as he is scheduled to testify before the Budget Committee, and say categorically—without being political about it—but say that what we did in 1993 needs to be done: Proceed very cautiously; do not rely on these ten-year projected surpluses.

The ten-year budget projection has been the evil in trying to balance the budget. When we had just the Appropriations Committee and not the Budget Committee, we had a one year budget. Then we got three year budget projections. Then with Gramm-Rudman-Hollings, we got 5-year budget projections. Recently, we played the game of 10-year budget projections until President Clinton said we could do away with the public debt in twelve years. He neglected to say, however, that in those 12 years we could transfer the public debt all back into the Government account and still owe the same amount of money. In fact, we can do that tomorrow morning. Just put in a little bill and say that the public debt shall be paid, and we will transfer it all over to the Government debt and all go home and get reelected. That nonsense has to stop.

If anybody can find a surplus in the Government account, namely, in the national debt owed by the United States of America, please tell me, and I will be glad to jump off that dome. But unless and until that happens, Mr. President, old HOLLINGS is going to stand here and berate them and nag them and fuss at them.

This whole charade is just totally irresponsible. Senator THURMOND and I are going to get on; we are not going to

have to pay for this, but our children and grandchildren are going to have to pay for it. Some of these esteemed Senators who are voting so boldly and introducing bills to "starve the beast" are going to learn the hard way that they are going to be spending nothing but interest costs. They are really going to be increasing the worst kind of tax on the American people—interest costs for which they get absolutely nothing.

We are spending that amount of money. When President Clinton gave his State of the Union Address last January, it was said by one distinguished Senator that that gentleman is costing us \$1 billion a minute. President Clinton then talked for 90 minutes, an hour and a half. President Bush now wants to give a \$90 billion-a-year tax cut. Those two equal \$180 billion. If we really had been paying the bill and had a true surplus, we could give both President Bush and President Clinton their programs of either spending increases or tax cuts and still have \$182 billion. The truth is, instead of spending \$362 billion, \$1 billion a day, on carrying charges, we would have another \$182 billion from the \$180 billion with which we could easily increase research at the National Institutes of Health, pay for the military, State Department—all of these other budgets.

We would be tickled to death to increase all of them. We are spending the money but not getting anything for it. Somewhere, sometime we all have to start talking out of the same book, and that is the book put out by the U.S. Treasury itself. Every day they put out the public debt to the penny. When we pay down the public debt, rather than increasing it by some \$54 billion, then let's all get together and talk about tax cuts.

I yield the floor and 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. THOMAS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. SMITH of Oregon). Without objection, it is so ordered.

GERARD LOUGEE MEMORIAL

Mr. LOTT. Mr. President, earlier this month the U.S. Senate lost another member of its family. Gerard Lougee passed away on January 6th at the Washington Hospital Center. Gerard worked in the Senate post office as a mail carrier for the past eighteen years. He was a graduate of Cardoza High School and attended the National Presbyterian Church in Washington