

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

Mr. VOINOVICH. Mr. President, I ask I be given an opportunity to speak as in morning business.

The PRESIDING OFFICER. The Senator from Ohio is recognized.

BUDGET SURPLUS NUMBERS ARE
NOT GOOD

Mr. VOINOVICH. Mr. President, while the Senate was in recess for the month of August, the Congressional Budget Office released its projections as to the size of the Nation's surplus. As we expected, the numbers were not good.

For fiscal year 2001, the CBO indicates the Federal Government will not only not have an on-budget surplus for the first time since 1999 but that Washington will actually dip into the Social Security surplus to the tune of \$9 billion in order to cover spending.

The Office of Management and Budget says we will have a \$1 billion surplus, but, in my view, that is effectively no surplus. So our financial situation this year is basically somewhere between a negligible surplus at best and a \$9 billion deficit.

Some of my colleagues might look at the CBO midterm budget review and see the problem of on-budget deficits as a short-term phenomena since CBO projects a return to consistent on-budget surpluses after 2004.

This belief is misplaced. I remind my colleagues that CBO's forecast is based on the dubious assumption that spending in the outyears will increase only at the rate of inflation, which is roughly 2½ percent. To say that level of spending is unrealistic is an understatement, and anyone in this Chamber who honestly thinks Congress can keep spending at the level of inflation just does not live in the real world.

I remind my colleagues, around this time last year, Congress increased non-defense discretionary spending 14.3 percent and overall spending was increased by more than 8 percent over fiscal year 2000. Had we not spent money like drunken sailors in the fiscal year 2001 budget, even with the economic turndown and the needed tax cut for the American people, Congress would not have invaded the Social Security this year. The problem is we just spend too much money. If we had increased overall spending in fiscal year 2001 by only 6 percent, we would have saved tens of billions of dollars and we would not be dipping into the Social Security surplus and we would not have a problem in the 2001 budget.

The concern now is, what will happen in fiscal year 2002? As it is, we are on track to increase 2002 discretionary spending by at least 6 percent over last year. The President originally talked about 4 percent, and we came out of the Senate with roughly a 5-percent increase. Based on the current demand for money in Washington and based on our past performance, spending in fis-

cal year 2002 will likely grow faster than that anticipated by CBO. That means next year we will not have an on-budget surplus and we are going to spend Social Security surplus funds to cover the growth in spending. That is where we are.

Alarm bells should be going off all over Capitol Hill because we are getting ready to do something Senators and Representatives from both parties have vowed not to do, and that is spend the Social Security surplus. I often say "there is always some good that blows in an ill wind." In this case, the "ill wind" is Congress's potential use of the Social Security surplus. The "good" is the hope that it will force Congress to control spending, prioritize, and make hard choices—what the Presiding Officer and I had to do when we were Governors of our respective States. We had to prioritize, we had to make those tough choices and live within a budget limit.

We didn't do that in fiscal years 1999 and 2000 here in Washington. We had a combined on-budget surplus of \$88 billion and Congress and the previous administration did not believe they had to make hard choices.

Well, things are different today, and now we must make the hard choices. The first thing we have to do is avoid spending the Social Security surplus. The second thing we have to do is not increase taxes. According to a national poll released by CBS news just yesterday, more than 70 percent of Americans opposed using the Social Security surplus to fund general government spending; 66 percent of Americans oppose using the Social Security surplus even in the event of a recession. Our constituents are making it pretty clear where they stand. They stand against spending the Social Security surplus.

Some of my colleagues and the media say we should spend the Social Security surplus to stimulate the economy. I say to that, "hogwash," and so do the American people. For me, spending the Social Security surplus is black and white. It is simply wrong. The fact of the matter is there is a difference between income taxes and payroll taxes. Just ask the people who count, the hard-working men and women who pay those payroll taxes, if there is a difference. More people pay higher payroll taxes in this country today than they do income taxes. They expect that money will be used for their Social Security benefits and not for general government spending.

As my colleagues know, there are only two things we should legitimately spend the Social Security surplus on: Social Security benefits or paying down the debt. It is that simple. If we are not spending it on Social Security, we have a moral responsibility to use it to pay down the national debt.

One of the primary reasons I wanted to serve as a U.S. Senator was to have an opportunity to bring fiscal responsibility to our Nation and help eliminate the terrific debt we have accumulated.

As my colleagues know, for years successive Congresses and Presidents have spent money on things that, while important, they were unwilling to pay for; or in the alternative, do without. In the process, Washington ran up a staggering debt and mortgaged this country's future, my children's future, and my grandchildren's future.

We have been reaping all the benefits and putting the future of our children and grandchildren in jeopardy. In other words, "we buy now, you pay later."

I cannot convey how wrong I think it is to saddle them with such an excessive financial burden, something this Congress should correct. Using the Social Security surplus to repay the publicly held national debt will make it easier for the Government to meet its obligation to pay Social Security benefits in the future. At this point, the vast majority of projected debt reductions—some 75 percent over the next 10 years—will be out of that Social Security surplus.

In testimony before the Senate Budget Committee last year, Dan Crippen, the CBO Director, stated "most economists agree saving the surpluses and paying down the debt held by the public is probably the best thing we can do relative to the economy."

It was true then and it is true today. If the Government has little or no publicly held debt when the baby boomers begin to retire, it will be more manageable for the Government to borrow money, the money that it will need to meet its obligations if Congress has not reformed Social Security by that time.

The baby boomers will retire. We will either take care of their situation by raising payroll taxes or raising income taxes or having to borrow the money. We ought to at least anticipate that.

Everyone knows that the lockbox we are talking about is nothing more than a slew of IOUs that must be repaid when the baby boomers start to retire. As I mentioned, either higher payroll taxes or higher income taxes or borrowing the money, those bills will be paid, one way or another.

Moreover, by reserving the Social Security surplus to help repay that \$3.1 trillion publicly held debt, money currently invested in U.S. Treasury bonds will be released to be invested more productively in the private sector. More private investment means more capital formation and a more robust economy now and in the future, which is precisely what we need most to meet the demands of our retiring baby boomers. We have to have a growing economy. That is the most important thing we have.

Reserving the Social Security surplus to reduce the publicly held debt has the effect of reducing interest rates by reducing the overall demand for savings. In short, reserving the Social Security surplus to lower the debt sends a positive signal to Wall Street and Main Street that encourages more investment, which in turn fuels productivity and economic growth. It also lessens

our cost of servicing interest on the Federal debt.

Currently, we pay 11 cents out of every dollar—I don't think a lot of people realize this—11 cents out of every dollar is used to pay the interest on our debt. Lower the debt and you lower the interest burdens, and that frees more money for other priorities.

It was not until 1999 that we got to a point where the Social Security surplus was no longer used to offset spending—being used for debt reduction instead—and members of each party in both the Senate and House swore they would not go back to using the Social Security surplus for spending. In addition, many of us who supported the President's tax reduction package did so because the President promised he would limit spending and he would use all of the Social Security surplus to pay down debt.

I refer to that as a three-legged stool: No. 1, it allows meaningful tax reductions; No. 2, it restrains the growth of spending; and No. 3, it reduces debt.

That was the promise and I expect the President to keep his promise. I know many of us who supported the tax reduction will keep our promise to limit spending, and we are not going to spend the Social Security surplus.

So far in the appropriations process we look like we are on track to maintain a semblance of fiscal discipline because we are basically sticking with the budget resolution. Those appearances are deceiving because we are holding off the toughest bills for last, instead of tackling them first. We all know the way things are going, we are likely to increase spending for defense and education far beyond the levels anticipated when the budget resolution was passed. Like my colleagues, I support a strong national defense and funding for true educational responsibilities. However, I think we must offset increases in these programs by making reductions in other areas, understanding the President is not going to get everything he wants and Members of this body are not going to get everything they want.

Unfortunately, that is not what we are doing. I agree with President Bush that the responsible course of action for the Congress is to immediately move up the two biggest appropriations bills, Defense and Labor-HHS: Consider them first. We need to get everything on the table and reallocate resources in order to stay within the budget limits, just as I did when I was Mayor of Cleveland and Governor of the State of Ohio.

If we were in this kind of situation in a county, or in a city or at the State level, we would get everything on the table, we would look at all the things that need to be done, and say we have to reallocate these resources. But not in the U.S. Senate. Not in the U.S. Congress. We do these appropriations bills, No. 1 with blinders on, No. 2 with blinders on, No. 3 with blinders on—we go all the way to the end and just keep

ratcheting it up a little bit until we get to the biggest ones at the end, and then we say: Holy smoke, we don't have the money; and then Katie bar the door. That is what has happened in the last 2 years I have been here.

I urge the President and urge the Senate leadership, let's get real. Let's look at what we are doing and understand we cannot do everything for everyone, and try to figure out how we can live within the limits we have set. We can do that. I think it would be the finest thing we could do for this country. It hasn't been done around here—I don't remember if it has ever been done since I have been watching government, and I have been watching it as a mayor and as a Governor for 20 years. I would like to see that happen.

The other thing I am going to try to do to guarantee we do not end up spending the Social Security surplus is offer two amendments in the near future, with colleagues from both sides of the aisle, that will force the Senate and House to make the necessary hard choices that will bring fiscal discipline to the Government and keep the Social Security surplus from being used.

My first amendment I will introduce will address Congress's perpetual irresponsible spending and budget gimmicks, gimmicks that Congress used in 1999 to avoid the appearance of using Social Security. There are a lot of them out there. We have to make sure we are honest with the public about what we are doing and not try to pull the wool over their eyes.

The second amendment I will be offering is an amendment to guarantee Social Security funds will not be spent and instead will be used to reduce debt. It is my hope, as we proceed through the appropriations process, these amendments will be given favorable consideration by my colleagues and not turned aside on a procedural vote. We ought to have an up-or-down vote on some of these issues that are really going to clarify the process and make what we do in the Senate more transparent. We owe the American people nothing less.

Mr. President, I yield the floor.

The PRESIDING OFFICER. Who seeks recognition?

The Senator from New Mexico.

Mr. BINGAMAN. Mr. President, I ask unanimous consent I be allowed to speak for up to 15 minutes in morning business.

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

ENERGY POLICY

Mr. BINGAMAN. Mr. President, I will take this opportunity to speak for a few minutes on the work that is currently underway in the Energy and Natural Resources Committee on which the Presiding Officer serves with great distinction. We are making an effort in that committee to develop a comprehensive and balanced energy policy. I want to inform my colleagues

about the likely steps we will be following in the near future.

As I see it, Congress has a real opportunity this fall to set an energy policy that will sustain our economic prosperity as we move into this new 21st century. The Senate has a key role to play in seeing this opportunity does not slip through our grasp.

A great deal has changed since 1992, which is the last time Congress enacted major energy legislation. We have seen energy markets become more competitive and more dynamic. But we have also seen some significant bumps along the way.

First of all, consumers are more vulnerable to the vagaries of the energy markets than they ever were before. I think the evidence we have of what happened in California with electricity prices is one example.

Second, gasoline supplies are increasingly subject to local crises and price spikes due to the proliferation of inflexible local fuel specifications.

Third, we rely more heavily each year on natural gas—natural gas to heat our homes and to produce electricity. But our system for producing and transporting that natural gas is showing signs that it is reaching its limits.

Fourth, the need to address the fundamental connection between energy and global warming is something that is becoming a major concern of many of us, and I think rightly so.

So I am pleased most of my colleagues in the Senate recognize these challenges. I believe there is a bipartisan consensus in favor of a sensible energy policy that will smooth out the bumps in the market by increasing energy efficiency, by boosting our energy supplies, by modernizing our energy infrastructure.

Technology and policy innovations will be key to achieving this balanced outcome so Americans can have reliable and affordable energy choices that are sustainable over the long term. Our energy problems cannot be effectively addressed by packaging up a collection of tired old wish lists and passing that through the Senate floor in a day or two. Energy consumers and producers, and several committees here in the Senate, will need to focus on new energy approaches if we are to protect our national economic prosperity and do so through smarter ways to produce and use energy.

For this reason, as the Senate takes up and considers energy legislation this fall, we will be talking about the need for proactive policies, about the need for technology-driven approaches to our energy problems. We have made a good start already in the Committee on Energy and Natural Resources. We began our markup in July, before the August recess—a markup of comprehensive energy legislation.

The first part of the bill that we have substantially completed at this point is a comprehensive revitalization of the