help prioritize risks, thereby targeting the use of our resources toward those activities and substances that pose the greatest risks. It will see to it that agencies take all pertinent information and all viable options into account before increasing the regulatory burden on the American people.

When combined with the unfunded mandates law, this regulatory reform bill will do much to free the American people from unnecessary regulations. In this way, it will increase consumer options, lower prices, increase productivity and, most important, increase the amount of freedom enjoyed by the American people.

Mr. President, in closing, I want to congratulate the majority leader and Senators HATCH, ROTH, NICKLES, MURKOWSKI, JOHNSTON, and others for their efforts in putting together this compromise measure. I believe there are provisions in this bill that could have been much stronger, such as the decisional criteria, judicial review, and sunset provisions, but I believe we have worked very conscientiously and in good faith on both sides to move us to the point of completing a very important piece of legislation, and I applaud those who have been central to those discussions.

It is my hope that ultimately we will have the kind of strong bill come out of our final deliberations and conference that will create the proper balance between the necessary health and safety and environmental needs of the American people, on the one hand, and the freedom and liberty that we all seek for our country on the other.

Mr. President, I yield the floor.

BUDGET RESOLUTION

Mr. ABRAHAM. Mr. President, I ask unanimous consent that the Senate now begin controlled debate on the budget conference report, and when the Senate receives the conference report, the time consumed be subtracted from the overall statutory time limitation.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. FEINGOLD addressed the Chair.

The PRESIDING OFFICER. The Senator from Wisconsin.

Mr. FEINGOLD. Mr. President, I ask unanimous consent to speak as in morning business, and the time I consume not be charged.

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

Mr. FEINGOLD. I thank the Chair.

(The remarks of Mr. FEINGOLD pertaining to the introduction of S. 983 are located in today's RECORD under ''Statements on Introduced Bills and Joint Resolutions.'')

Mr. DOMENICI addressed the Chair.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. Mr. President, are we on the resolution?

The PRESIDING OFFICER. Yes, we are debating the conference report. The Republicans have 2 hours 18 minutes. The Democrats have 2 hours 42 minutes.

Mr. DOMENICI. Mr. President, I want to speak for a moment to the offices of our Republican Senators. We have 2 hours 18 minutes and, hopefully, we are going to vote on this around 5 o'clock. I would even like to yield back some of our time. I will not do that until we have explored that with our Senators.

Senator COATS is going to speak now. The Senators that have asked me to speak—and I will confirm this now and if they or their administrative assistants would let us know if they will—are Senators NICKLES, STEVENS, MURKOWSKI, SNOWE, HELMS, COVERDELL, HUTCHISON, LOTT, BOND, GORTON, and DEWINE. Are there any others who would like to speak? And of these that I mentioned, could they call and tell us how much time they would like? Senator THOMAS is on the list now, too. I would like each Senator not to take more than 10 minutes. Does the Senator from Indiana need 15 minutes?

Mr. COATS. I do not think I will need more than that.

Mr. DOMENICI. I yield 15 minutes to the Senator from Indiana.

Mr. COATS. Mr. President, first, I want to take this opportunity to congratulate Senator DOMENICI and Congressman KASICH and the budget conferees for producing a historic blueprint that reprioritizes our Federal spending. It is a monumental piece of work, and they deserve a great deal of congratulations for the tireless efforts they put into producing this document.

Finally, Congress, under the leadership of Republicans, has delivered on a solemn promise made to the American people to balance the Federal budget. I am particularly pleased that the conferees recognized that they were able to balance the budget and provide family tax relief and economic growth incentives. These were once described as ''mutually exclusive goals.'' We have demonstrated by the budgets brought forth in each body, and resolved in conference, that they are not mutually exclusive goals. Meeting these objectives will ensure that our economy continues to thrive and our families find real relief, even as Federal spending is restrained.

Mr. President, there is courage in this budget—courage that I do not believe we have seen for decades, courage that makes this a historic moment. But I think if we are honest, we have to admit that it is courage without alternatives. The status quo may be comfortable for the time being, but it is not sustainable. The road that we have been marching down for these last several years has been wide and has been easy and has been politically pleasing; but that road ends with a precipitous drop into an abyss, from which this country may not recover. I think there has been a recognition of that, and that recognition has produced this document which we are debating today.

The figures are familiar, but they have not lost their power to shock. Our national debt currently stands at $4.8 trillion, which translates into $19,000 for every man, woman, and child in this Nation. And that figure as projected, if we do nothing except retain the status quo, will jump to $23,000 for every man, woman, and child by the year 2002. If we ignore this crisis, if we ignore this reality, a child born this year will pay $187,000, or more, over his or her lifetime just in interest on the national debt. That is unacceptable. We have recognized that as unacceptable, and we now bring forth a plan designed to address that very problem.

This argument for immediate change and immediate restraint is simple. It is one of the highest moral ideals and traditions in this Nation for parents to sacrifice for the sake of their children. It is the depth of selfishness to call on children to sacrifice for the sake of their parents. If we continue on the current path, we will violate a trust between generations, and we will earn the contempt of the future, and we will deserve that contempt.

What we are doing is wrong. It has been virtually immoral. It has violated a fundamental tradition and value that, I think, most Members hold to.

Now, there is no doubt that we need cuts in Government to balance the budget. But there is another reason. We need cuts in Government because Government itself is too large—too large in our economy, too large in our lives. Even if the books were balanced today, even if we faced no budget deficit, we would still need to provide a sober reassessment of the Federal Government's role and reach in our businesses, in our daily lives. This is not just a matter of money alone. We require cuts in Government because endless, useless, duplicative programs should not be reinvented, as the administration defines it. They should be eliminated.

We reject the vision of a passive Nation, where an arrogant Government sets the rules. We want to return not only to an affordable Government, but to a limited Government. Those limits will help unleash limited potential of our economy and of our people.

Now, the votes that we will make, or have to make in implementing this budget through the appropriation process and the reconciliation process, will likely be some of the toughest votes that any elected Member of Congress has ever been asked to cast.

If we are honest, again, most of those votes would not be tough calls for the people that we represent. They would not be tough calls for most Americans, though they seem momentous here as we look at it and try to weigh the political consequences.

But that is not what I find as I travel through Indiana. When I talk to the men and women of Indiana, they see what we are doing as a minimal commitment to common sense. A minimal commitment to doing what we should

have done a long time ago. A minimal commitment to doing what we are required to do or should feel we were required to do.

Changes made by this budget are bold, but they are not radical. They are ambitious, but they are not dangerous. It is a careful plan to meet a specific need. Listen to some of the facts: Under the budget resolution, Government spending will rise from its current legal of $1.5 trillion to $1.9 trillion by the year 2002. This is an increase of 30 percent. So all the doomsayers and the political rhetoric that is floating around this town and floating around the country, that we are undermining the very foundation of Government services, is simply not the case. It will be a 30-percent increase in Government spending over the next 7 years.

The difference is that increase is going to be a lot lower than what it would have been if we leave everything the same. We are going to increase spending at a slower rate. That increase at a slower rate is going to produce the savings necessary to bring our budget into balance.

A good example, if we take a family currently making $45,000 a year, if the income grew at the rate we allow Government to grow under this plan, that family would be making $63,000 into the year 2002, 7 years from now. Surely, a family could construct a budget to meet this higher level of spending. The Federal Government is being asked to do the same.

Now, there are honest disagreements about the merits and priorities of many of these reductions. I expect we will continue to have an honest, hard-fought, debate. We must not allow these deliberations to be ruled by half-truths or distortions. We will not allow, we cannot allow, political charges which are simply untrue, to remain unrebutted.

Every American, no matter what their age, has an interest in a strong, viable, Medicare System. But Medicare faces an impending crisis. The President's own commission concluded that Medicare will be bankrupt in 7 years.

The Republican budget ensures that this will not happen, that Medicare will remain a viable program. But we have no choice but to reduce the rate of growth, hopefully through reforms in the system, that can continue to provide a central medical care to our elderly and have a fund available to do that for those that will be approaching retirement age some time in the future.

It is important to note that Medicare will continue to increase at a 6.4-percent annual rate, to ensure the solvency of that program. That is down from its current double-digit growth rate of a little more than 10 percent.

But it is absolutely necessary to do this or we lose the whole system. It is the President's own commission and the President himself, now, who has acknowledged that this is the step that we must take, to ensure the solvency of Medicare and to assure that this program is available in the future.

As promised, Social Security remains untouched. Spending will increase in Social Security from the current annual total of $340 billion to $480 billion in 2002. One of our central goals here has been to protect the integrity of the Social Security System. We have done that. Social Security benefits must be preserved for the retirees who have paid into that system and count on that system. We have done that.

I firmly support this budget. It tackles not only our unsustainable budget deficit but also the needs of our families. America's deficit crisis concerns not only our budget but also a deficit in the resources of families to care for their own.

This deficit has been widened by ever-increasing taxation, and a steady erosion of the personal exemption. Many families are in current recession directly caused by Government policy.

A balanced budget and family-oriented, growth-oriented tax relief are part of the same movement in America, a movement to limit our Government on the one hand, and empower our people on the other. One idea implies and requires the other.

When we reduce public spending, we should increase proportionately the resources of families to meet their own needs. If Government no longer is going to provide and meet those needs or attempt to meet those needs, I should say, because as well-motivated and as well-intended as some of the Government programs are to reach family needs and reach social needs in this country, they have been a dismal failure, eaten up by administrative costs and simply not achieving their goals.

The results are beginning to address the problem. As we downsize the one, we increase the capability of the other. We give families, we give individuals, we empower communities, we empower nonprofit organizations, with the ability to reach out and address those needs in a much more effective way.

That is a good investment. That is a sound investment, because $1 spent by our families is far more useful than $1 spent by Government.

It is time to admit when our families fail, so does our society. Their financial crisis is as urgent and as important as any other priority in this debate. Now, Mr. President, another priority of mine has been to ensure that the Nation is represented to defend its interest and ideals in the world. The administration has pushed us to the razor's edge of readiness, through dangerous defense cuts, while extending our military commitments beyond our national interests. It is a recipe for disaster.

This budget ends that hemorrhaging. Even though it does not restore us to full strength, it stops the hemorrhages and begins to move toward a path of correcting the problems. For that reason, I am grateful as we markup, today, the defense bill for the next fiscal year, we are dealing with many of these difficult issues about what is necessary for our preparedness, what is necessary to provide an adequate, sound, defense.

Nobody can argue that is not a priority of the Federal Government. There is a role for Federal Government and this is, perhaps, its primary role.

Our decisions today in the Armed Services Committee, meeting as I speak—and I will be back there as soon as I am done—is easier today because of the decisions that the Budget Committee made in their conference. They have given the tools to address more readily some of these problems. We are thankful for that, although we did not get all we wanted.

Mr. President, we have come to the beginning of the end of deficit spending in America. Let me repeat that: We have come to the beginning of the end of deficit spending in America.

We have come to this place because there is no alternative for us. The work before us is not a task for the timid, but it is nothing more than what most Americans expect of us. We have come to a time that is unique and historic, an authentic moment of decision. It is a moment to act—worthy of our words—and keep faith with the future.

Again, I thank the Senator from New Mexico for the time and for his diligent efforts in this entire task, and again congratulate him for the magnificent work he has accomplished in this past year.

I yield the floor.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. Mr. President, I thank Senator COATS for his remarks today and for his steadfast support of us getting to a balanced budget and his willingness to take some very, very hard stands with reference to getting there. In particular, I thank him for his kind remarks this morning.

We yield the floor on this side.

The PRESIDING OFFICER. The Senator from Nebraska.

Mr. EXON. Mr. President, I would like to advise all Senators on this side, and I think I probably speak for my colleague on the other side, we are trying to compact time as best we can and yet give everybody at least a chance to make remarks they think are appropriate and very important. There are a lot of Senators who have indicated to me on this side, and I believe to Senator DOMENICI on that side, that they want to talk.

We need you here to talk. We cannot have you talking unless you are here to talk. So I certainly extend the invitation to all the Members on this side of the aisle who wish to talk; this will be a good time to come over here. Or, very likely, we will begin to be yielding back some time, if I can make an arrangement to that effect with my colleague from New Mexico.

With that, I yield 7 minutes to my colleague from Washington.

The PRESIDING OFFICER. The Senator from Washington.

Mrs. MURRAY. Mr. President, this conference report takes a bad budget and makes it worse. No one disputes the fact the deficit must be reduced. For the past 2 years, we worked—with common sense—to slash one-third of the deficit we inherited in 1993. We made tough choices. We eliminated hundreds of programs, and cut hundreds more.

The new majority in this body has built upon our good record of cutting spending. I commend my friends on the other side of the aisle—they have responded to a call for smaller Government, and reduced spending.

But, they have gone too far. They are misunderstanding the needs of average Americans. The revolution has certainly come to Washington, DC, Mr. President, and, let us see who wins and who loses in the battle.

The richest Americans win, Mr. President. This conference report overflows with tax cuts for wealthy Americans. Households who earn $200,000 per year win—they get a nice tax break for their kids. What about families at the lowest end of the income scale? they are not even eligible for this tax break. And, what about the kids of middle-class Americans? They lose in the revolution, Mr. President. Ten billion dollars is slashed from student loans. And, children of low-income families will see their health insurance cut. Despite the fact the Senate voted unanimously for my amendment to protect impact aid from the budget ax, children who rely on this program are put in jeopardy.

And, what happens to the kids of our family farmers? They lose, too. This revolution will drive small family farmers out of business. This budget cuts $13 billion out of commodity programs over the next 7 years. There is no hope for them to inherit their family farms, and rural America will be changed forever by this budget resolution.

And, what happens to my generation—the children of elderly parents? We lose, too. Medicare—the safety net for our Nation's elderly—is pulled away from our parents, by a $270 billion cut. In this revolution, Mr. President, the children of America lose. The elderly lose. Farmers lose. And, veterans lose. Average Americans, trying to raise their kids, go to work, run a business, and care for elderly parents—they all lose.

Our Nation's precious environment is a loser in the revolution. This budget clear-cuts funding for environmental and natural resources initiatives. It proposes the leasing of the Arctic National Wildlife Refuge. It cuts environmental spending by 30 percent by the year 2000.

My friends and neighbors in Washington State know I will fight to maintain funding to clean up the Hanford Nuclear Reservation. With this budget, funding will be difficult to find. But, I refuse to turn my back on Hanford.

Of course, ultimately, our economy loses. This plan will place our economy at risk. Since the new majority has been in place, consumer confidence has been dropping and the economy has been slowing down. Americans feel embattled. Everyday people feel there is no hope. This budget does nothing to restore hope.

Mr. President, I will do all in my power to give hope to average Americans. To maintain the high standard of life we enjoy in this country. That is why I supported amendments in the Budget Committee and here on the floor last month—amendments that would have restored some Medicare and Medicaid cuts without increasing the deficit; amendments to lower the proposed taxes on America's working families. It is plain and simple—by cutting the earned income tax credit, this budget will raise taxes on 224,000 taxpayers in my home State alone.

Unfortunately, Mr. President, these attempts to restore some fairness and common sense to the budget were rejected.

But, this is just one step in the process. We have 13 appropriations bill, and a reconciliation bill, which must come before us—and go across the President's desk—before these cuts become reality. It is going to be a long, hot summer, Mr. President. As a member of the Appropriations Committee, I know the real work is yet to come. And, I will be working to make sure we retain programs that are important to average Americans.

As we see today, the budget that emerged from the House-Senate conference is too radical. It gives Goliath an advantage. I congratulate my friends on the other side of the aisle. This is their day. It is the day for the wealthiest among us to celebrate. But, it is a sorry day for average Americans.

I oppose this conference report, and urge all colleagues to vote against this budget.

The PRESIDING OFFICER. The Senator from Nebraska.

Mr. EXON. Mr. President, I thank my friend and colleague from Washington for a very excellent statement. She is a very valuable member of the Budget Committee and I hope her remarks are taken to heart.

Mr. HOLLINGS addressed the Chair.

The PRESIDING OFFICER. The Senator from South Carolina is recognized.

Mr. HOLLINGS. Mr. President, I thank also the distinguished colleague from Delaware. I will be brief.

Mr. HOLLINGS. Mr. President, Mark Twain stated many years ago that, ''The truth is such a precious thing, it should be used very sparingly.''

Therein, of course, is the approach that we use in our budgetary and fiscal concerns here and problems and responsibilities in the U.S. Government.

I want to talk of the fraud that this particular budget, which we will vote upon, is exacting upon the American people. It is very striking and ironic that we have spent the past week talking about fraud on the investors, defrauding the taxpayers, and everything else. But the greatest fraud to be perpetrated is going to occur right here on the floor of the U.S. Senate later today. It is, once again, the so-called ''balanced budget plan.'' We have been lying about that balanced budget plan for some 15 years.

In that context, I think of my friend Vaclav Havel of Czechoslovakia. The late Senator from Washington, Senator Jackson, and myself had a unique opportunity. We were told in Prague, ''When you go out and see this dissident, you will be trailed.'' We went out in the residential area, and we sat down in a bedroom and waited to make sure that we were not followed. After about a half-hour, they said all was clear. Out of the closet door in the bedroom came Vaclav Havel. He had been in there for the last half-hour while we were waiting.

Trying to impress Mr. Havel with respect to the United States' commitments to getting these dissidents out, Senator Jackson mentioned Jackson-Vanik. Mr. Havel said, ''Jackson-Vanik?'' Jackson said, ''Yes, that is where we bring economic pressure so that we can get you out of Czechoslovakia.'' I will never forget Havel. He said, ''Mr. Senator, Czechoslovakia was raped in 1938, in 1958 and in 1968.'' He said, ''If I and my generation do not see it through here and stay in Czechoslovakia, the world will never know Czechoslovakia as we have known it.'' He said, ''We have no idea of leaving. We are not interested in Jackson-Vanik.''

On the way to the airport, I broke the silence and said, ''Scoop, that fellow is very courageous, but he is not going to see a free Czechoslovakia, and we are not going to see it in our lifetime.'' But of course, Czechoslovakia is now free. I was very interested in Havel's remarks after taking over as the President of Czechoslovakia. He said:

> For 40 years, we have been lied to. For 40 years, we have grown sicker, saying one thing and believing another. I assume you did not elect me to continue this 40 years of lying. We have to deal with our problems, and no one else can solve them but us.

In a parallel situation, Mr. President, that is exactly the way this Senator rises—as a member of the Budget Committee since its institution, as former chairman of that Budget Committee, as a Senator who voted for a balanced budget under Lyndon Johnson, and who, as chairman of that Budget Committee, reduced the deficit back in 1981 under President Carter with the first reconciliation bill, as a Senator who worked with the then majority leader, Howard Baker of Tennessee, on a freeze that we could not enact, and as a Senator who worked on a bipartisan fashion again with Senators GRAMM and Rudman on not only a freeze but cuts in Government spending, then, as the Senator who appeared 5 years ago before the Finance Committee saying,

''Of course we need the freeze, the cuts, and the taxes,'' recommending a value-added tax.

I have been in the vineyards for quite a while and hate to see this fraud perpetrated. The fraud and the lie, Mr. President, is that they have no idea of balancing the budget.

Turn to page 3 of the conference report, and you will see under the word ''Deficits,'' for the year 2002: $108.4 billion. There is no presumption that the budget is going to be balanced.

Let me point out now by turning to page 4, the true deficit. Page 3 shows the amounts that we will owe Social Security, but the figures on page 4 include borrowed monies from the other trust funds that must be repaid. We all know about building airports, building highways; all of the other trust funds are used to obscure the size of the deficit in this fraud. We all participate in it.

There on page 4 where it says ''debt increase,'' we find in fiscal year 2002, the debt will increase by $185.1 billion.

After all the eliminations of the Department of Commerce and other departments, getting rid of public broadcasting—whatever—that is where we end up 7 years from now if we use the most favorable assumptions.

But when those assumptions do not come about, like a house of cards, if one falls, the whole thing will come apart. That is what will happen. I will make the bet. Give me the odds and give me the amount. I bet we will borrow over $185.1 billion. I have made this point ad nauseam since January when we started on this task with a new Congress.

Mr. President, I ask unanimous consent to have printed in the RECORD, the realities on truth in budgeting.

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

HOLLINGS RELEASES REALITIES ON TRUTH IN BUDGETING

Reality No. 1: $1.2 trillion in spending cuts is necessary.

Reality No. 2: There aren't enough savings in entitlements. Have welfare reform, but a jobs program will cost; savings are questionable. Health reform can and should save some, but slowing growth from 10 to 5 percent doesn't offer enough savings. Social Security won't be cut and will be off-budget again.

Reality No. 3: We should hold the line on the budget on Defense; that would be no savings.

Reality No. 4: Savings must come from freezes and cuts in domestic discretionary spending but that's not enough to stop hemorrhaging interest costs.

Reality No. 5: Taxes are necessary to stop hemorrhage in interest costs.

	1996	1997	1998	1999	2000	2001	2002
Deficit CBO Jan. 1995 (using trust funds)	207	224	225	253	284	297	322
Freeze discretionary outlays after 1998	0	0	0	−19	−38	−58	−78
Spending cuts	−37	−74	−111	−128	−146	−163	−180
Interest savings	−1	−5	−11	−20	−32	−46	−64
Total savings ($1.2 trillion)	−38	−79	−122	−167	−216	−267	−322
Remaining deficit using trust funds	169	145	103	86	68	30	0
Remaining deficit excluding trust funds	287	264	222	202	185	149	121
5 percent VAT	96	155	172	184	190	196	200
Net deficit excluding trust funds	187	97	27	(17)	(54)	(111)	(159)
Gross debt	5,142	5,257	5,300	5,305	5,272	5,200	5,091
Average interest rate on debt (percent)	7.0	7.1	6.9	6.8	6.7	6.7	6.7
Interest cost on the debt	367	370	368	368	366	360	354

Note.—Figures are in billions. Figures don't include the billions necessary for a middle-class tax cut.

Here is a list of the kinds of nondefense discretionary spending cuts that would be necessary now as a first step to get $37 billion of savings and put the country on the road to a balanced budget:

Nondefense discretionary spending cuts	1996	1997
Cut space station	2.1	2.1
Eliminate CDBG	2.0	2.0
Eliminate low-income home energy assistance	1.4	1.5
Eliminate arts funding	1.0	1.0
Eliminate funding for campus based aid	1.4	1.4
Eliminate funding for impact aid	1.0	1.0
Reduce law enforcement funding to control drugs	1.5	1.8
Eliminate Federal wastewater grants	0.8	1.6
Eliminate SBA loans	0.21	0.282
Reduce Federal aid for mass transit	0.5	0.1
Eliminate EDA	0.02	0.1
Reduce Federal rent subsidies	0.1	0.2
Reduce overhead for university research	0.2	0.3
Repeal Davis-Bacon	0.2	0.5
Reduce State Dept. funding and end misc. activities	0.1	0.2
End P.L. 480 title I and III sales	0.4	0.6
Eliminate overseas broadcasting	0.458	0.570
Eliminate the Bureau of Mines	0.1	0.2
Eliminate expansion of rural housing assistance	0.1	0.2
Eliminate USTTA	0.012	0.16
Eliminate ATP	0.1	0.2
Eliminate airport grant in aids	0.3	1.0
Eliminate Federal highway demonstration projects	0.1	0.3
Eliminate Amtrak subsidies	0.4	0.4
Eliminate RDA loan guarantees	0.0	0.1
Eliminate Appalachian Regional Commission	0.0	0.1
Eliminate untargeted funds for math and science	0.1	0.2
Cut Federal salaries by 4 percent	4.0	4.0
Charge Federal employees commercial rates for parking	0.1	0.1
Reduce agricultural research extension activities	0.2	0.2
Cancel advanced solid rocket motor	0.3	0.4
Eliminate legal services	0.4	0.4
Reduce Federal travel by 30 percent	0.4	0.4
Reduce energy funding for Energy Technology Develop.	0.2	0.5
Reduce Superfund cleanup costs	0.2	0.4
Reduce REA subsidies	0.1	0.1
Eliminate postal subsidies for nonprofits	0.1	0.1
Reduce NIH funding	0.5	1.1
Eliminate Federal Crop Insurance Program	0.3	0.3
Reduce Justice State-local assistance grants	0.1	0.2
Reduce export-import direct loans	0.1	0.2
Eliminate library programs	0.1	0.1
Modify Service Contract Act	0.2	0.2
Eliminate HUD special purpose grants	0.2	0.3
Reduce housing programs	0.4	1.0
Eliminate Community Investment Program	0.1	0.4
Reduce Strategic Petroleum Program	0.1	0.1
Eliminate Senior Community Service Program	0.1	0.4
Reduce USDA spending for export marketing	0.02	0.02
Reduce maternal and child health grants	0.2	0.4
Close veterans hospitals	0.1	0.2
Reduce number of political employees	0.1	0.1
Reduce management costs for VA health care	0.2	0.4
Reduce PMA subsidy	0.0	1.2
Reduce below cost timber sales	0.0	0.1
Reduce the legislative branch 15 percent	0.3	0.3
Eliminate Small Business Development Centers	0.056	0.074
Eliminate minority assistance score, small business interstate and other technical assistance programs, women's business assistance, international trade assistance, empowerment zones	0.033	0.046
Eliminate new State Department construction projects	0.010	0.023
Eliminate Int'l Boundaries and Water Commission	0.013	0.02
Eliminate Asia Foundation	0.013	0.015
Eliminate International Fisheries Commission	0.015	0.015
Eliminate Arms Control Disarmament Agency	0.041	0.054
Eliminate NED	0.014	0.034
Eliminate Fulbright and other international exchanges	0.119	0.207
Eliminate North-South Center	0.002	0.004
Eliminate U.S. contribution to WHO, OAS, and other international organizations including the United Nations	0.873	0.873
Eliminate participation in U.N. peacekeeping	0.533	0.533
Eliminate Byrne grant	0.112	0.306
Eliminate Community Policing Program	0.286	0.780
Moratorium on new Federal prison construction	0.208	0.140
Reduce Coast Guard 10 percent	0.208	0.260
Eliminate Manufacturing Extension Program	0.03	0.06
Eliminate coastal zone management	0.03	0.06
Eliminate national Marine sanctuaries	0.007	0.012
Eliminate climate and global change research	0.047	0.078
Eliminate national sea grant	0.032	0.054
Eliminate State weather modification grant	0.002	0.003
Cut weather service operations 10 percent	0.031	0.051
Eliminate regional climate centers	0.002	0.003
Eliminate Minority Business Development Agency	0.022	0.044
Eliminate Public Telecommunications Facilities Program grant	0.003	0.016
Eliminate children's educational television	0.0	0.002
Eliminate national information infrastructure grant	0.001	0.032
Cut Pell grants 20 percent	0.250	1.24
Eliminate education research	0.042	0.283
Cut Head Start 50 percent	0.840	1.8
Eliminate meals and services for the elderly	0.335	0.473
Eliminate title II social service block grant	2.7	2.8
Eliminate community services block grant	0.317	0.470
Eliminate rehabilitation services	1.85	2.30
Eliminate vocational education	0.176	1.2
Reduce chapter 1 20 percent	0.173	1.16
Reduce special education 20 percent	0.072	0.480
Eliminate bilingual education	0.029	0.196
Eliminate JTPA	0.250	4.5
Eliminate child welfare services	0.240	0.289
Eliminate CDC Breast Cancer Program	0.048	0.089
Eliminate CDC AIDS Control Program	0.283	0.525
Eliminate Ryan White AIDS Program	0.228	0.468
Eliminate maternal and child health	0.246	0.506
Eliminate Family Planning Program	0.069	0.143
Eliminate CDC Immunization Program	0.168	0.345
Eliminate Tuberculosis Program	0.042	0.087
Eliminate agricultural research service	0.546	0.656
Reduce WIC 50 percent	1.579	1.735
Eliminate TEFAP:		
Administrative	0.024	0.040
Commodities	0.025	0.025
Reduce cooperative State research service 20 percent	0.044	0.070
Reduce animal plant health inspection service 10 percent	0.036	0.044
Reduce food safety inspection service 10 percent	0.047	0.052
Total	36.941	58.402

Note.—Figures are in billions of dollars.

Mr. HOLLINGS. Mr. President I ask unanimous consent to have a list of the gross Federal debt, the real deficit and the gross interest costs printed in the RECORD.

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

Year	Gross Federal debt	Real deficit	Percent change	Gross interest
1945	260.1	—	(—)	
1946	271.0	+10.9	(+4.2)	
1947	257.1	−13.9	(−5.1)	
1948	252.0	−5.1	(−2.0)	
1949	252.6	+0.6	(—)	
1950	256.9	+4.3	(+1.7)	
1951	255.3	−1.6	(−0.6)	
1952	259.1	+3.8	(+1.5)	
1953	266.0	+6.9	(+2.7)	
1954	270.8	+4.8	(+1.9)	
1955	274.4	+3.6	(+1.3)	
1956	272.7	−1.7	(−0.6)	
1957	272.3	−0.4	(−0.1)	
1958	279.7	+7.4	(+2.7)	
1959	287.5	+7.8	(+2.8)	
1960	290.5	+3.0	(+1.0)	
1961	292.6	+2.1	(+0.7)	

Year	Gross Federal debt	Real deficit	Percent change	Gross interest
1962	302.9	+10.3	(+3.5)	9.1
1963	310.3	+7.4	(+2.4)	9.9
1964	316.1	+5.8	(+1.8)	10.7
1965	322.3	+6.2	(+2.0)	11.3
1966	328.5	+6.2	(+1.9)	12.0
1967	340.4	+11.9	(+3.6)	13.4
1968	368.7	+28.3	(+8.3)	14.6
1969	365.8	−2.9	(−0.8)	16.6
1970	380.9	+15.1	(+4.1)	19.3
1971	408.2	+27.3	(+7.2)	21.0
1972	435.9	+27.7	(+6.8)	21.8
1973	466.3	+30.4	(+7.0)	24.2
1974	483.9	+17.6	(+3.8)	29.3
1975	541.9	+58.0	(+12.0)	32.7
1976	629.0	+87.1	(+16.1)	37.1
1977	706.4	+77.4	(+12.3)	41.9
1978	776.6	+70.2	(+9.9)	48.7
1979	829.5	+52.9	(+6.8)	59.9
1980	909.1	+79.6	(+9.6)	74.8
1981	994.8	+85.7	(+9.4)	95.5
1982	1,137.3	+142.5	(+14.3)	117.2
1983	1,371.7	+234.4	(+20.6)	128.7
1984	1,564.7	+193.0	(+14.1)	153.9
1985	1,817.6	+252.9	(+16.2)	178.9
1986	2,120.6	+303.0	(+16.7)	190.3
1987	2,346.1	+225.5	(+10.6)	195.3
1988	2,601.3	+255.2	(+10.9)	214.1
1989	2,868.0	+266.7	(+10.3)	240.9
1990	3,206.6	+338.6	(+11.8)	264.7
1991	3,598.5	+391.9	(+12.2)	285.5
1992	4,002.1	+403.6	(+11.2)	292.3
1993	4,351.4	+349.3	(+8.7)	292.5
1994	4,643.7	+292.3	(+6.7)	296.3
1995 est	4,961.5	+317.8	(+6.8)	340.0

Mr. HOLLINGS. Mr. President, what really happens is that there is a total disconnect in the American people. Over the years, we have led the American public to really believe that all we need to do is eliminate foreign aid, cut welfare, get rid of public broadcasting and a few of the subsidies for the farmers—and that if we can get rid of those things, we will have a balanced budget.

Not at all. No chance whatever. The bigness of Government that we all complain about, and we all say Government is too big, is the interest cost on the national debt. The interest cost on the national debt jumps this year for a total amount of $340 billion. When we balanced that budget, as I referred to, under President Johnson, the interest cost on the entire debt for 200 years of history—the revolutionary world, World War I, World War II, Korea, all the wars—the interest on the national debt was only $4 billion. Today, this fiscal year, it is estimated at $340 billion.

We are like Alice in Wonderland, to stay where you are, you have got to run as fast as you can; to get ahead, you have to run faster. We need freezes, yes; the cuts, yes; the loophole closings, yes; and yes, the taxes. We do not tell the American people the truth, and that is the source of the disconnect.

What we have is this particular budget that has no idea, really, of achieving balance. The scheme adopted by our friends in the House is to appear traumatic and race around and say, ''Get rid of Energy, Education, Housing, the Department of Commerce, do it all, those friends over in the Senate will save us. They will not get rid of all these departments. While we have their attention up here, down here we will give them a tax cut. We will get the White House next year, and get credit for a balanced budget plan. Then we can say that the reason it did not work is those tax and spend liberals who held it up.''

Now, that is the fraud being perpetrated. Mr. President, I ask unanimous consent to have printed in the RECORD the Washington Post editorial lauding this budget as an enormous service, and my response.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

[From the Washington Post, June 25, 1995]

THE REPUBLICAN LONG MARCH

At every step along the way, the prediction has been that the congressional Republicans would falter in their drive toward a balanced budget. So far it hasn't happened. The astonishing spectacle instead has been of a party doing pretty much exactly what it said it would. What a breach of the rules that is.

House and Senate conferees have now agreed on a plan to eliminate the budget deficit in seven years and, once the necessary spending cuts are made, to enact a tax cut as well. The president and other Democrats say the spending cuts would be too deep, in Medicare and Medicaid especially, and carry the risk of recession. But the president himself has proposed a plan that he says would get to balance over 10 years. They're arguing not over whether to shrink the government, but over how much and how fast. That's the Republicans' accomplishment.

The budget resolution that has emerged from the conference committee is an outline only. The hard part of filling in the blanks—making the specific cuts in specific programs that will be required to carry the good intentions out—has yet to come. That's what the president and the Republicans are going to be disputing all summer. What are some of the principles that should guide them?

(1) A balanced budget is a useful political beacon but otherwise an artificial goal. The important thing is not so much achieving balance as getting the deficit down to a manageable level. Interest costs were a tenth of the budget at the start of the Reagan administration. They've become a seventh today. The more that has to be spent to service the debt, the less that remains . . . the kudzu has to be cut back.

(2) A tax cut now remains a bad idea. If the deficit is the problem, why begin by compounding it? Nor should cuts be made in health care and other programs for the poor in order to finance a tax cut, some large part of which will be of principal benefit to the better-off.

(3) The Republicans are trying to balance the budget on too narrow a base. By taking Social Security off the cutting block (together with defense and interest on the debt), they've left themselves less than half the budget with which to work. That's why they've had to propose such deep cuts in the health care programs; the cuts they've set out for Medicaid in particular would do great social harm. The program for the poor and near-poor now covers a seventh of the population. Savings can be had, but nowhere near the savings the budget resolution suggests without adding greatly to the number of uninsured in the society. Surely there's no gain in that. The budget-balancing process ought to extend across the board. We've suggested an indexation holiday—a one-year suspension of indexation of Social Security and other retirement benefits and the indexed features of the tax code—as one method. There are others.

But in writing the resolution that they have, the Republicans have performed an enormous service. If the deficit comes down substantially this year, it will be because they forced it to. You can argue all you want that it was their party that mainly drove it up in the 1980s and that resisted the deficit-reducing steps that Mr. Clinton proposed earlier in his term. That was then; this is now.

SENATOR HOLLINGS' RESPONSE

The Washington Post's muddled praise Sunday of the Republican budget plan proves that, when it comes to budget-balancing, if you are not confused, you are not paying attention. Here are the three budgetary myths to which the Post unfortunately gave credibility:

First, Republicans complain long and loud that big government has produced big deficits. Nonsense. We have had big government with deficits and without deficits. We also have had a country with and without big government. History suggests that big government is a fact of life if we want a high standard of living—superhighways instead of winding State roads, safe landings at big airports instead of private puddle-jumpers, insured bank deposits instead of shocking runs, benefits for veterans instead of a mere thank you, and heart surgery if necessary instead of unknown on the death certificate. Name any other country that has our standard of living and less government—you can't.

The second myth is that the Republican plan is a budget balancing plan. No, it is a tax cut plan for a Republican constituency. Budget conferees had a knockdown fight to provide tax cuts big enough to satisfy certain constituents in next year's elections. Other budget items for the sick elderly and children were then cut to fit the tax cut goals.

The third myth is that this tax cut plan represents government reform. More accurately, it is a phenomenon known in sports as the buddy pass—a player trapped by an on-rushing opponent makes a quick pass to a near-by buddy, who then gets crushed instead. In this case, Congress will invite the 50 Governors and thousands of mayors to cut welfare and Medicaid $282 billion. Also fantastically large Medicare cuts will be suggested by a future Commission and then rejected by a bipartisan Congress. while this interesting charade plays itself out, the Republican Congress will hand out the abovementioned capital gains cut. If this process produces a balanced budget or a reformed government instead of devastation for hospitals and cities, I will eat my hat.

These myths hide the central truth of recent budget history: Skyrocketing costs for interest on the debt are the main cause of apparent big government. Since 1980, we have added an extra $275 billion in creditor payments for government debt service to the taxpayer's bill. In other words, taxpayers have bought an extra Defense Department or Medicare program—take your pick. Without having it delivered. Last year, interest costs rose $44 billion; Medicare rose $16 billion—which one is being attacked? The Republican plan to hand out a certain huge tax cut and unrealistic program cuts will continue to result in a continued Reagonomic interest spiral. By now, the Post should know that this is not an enormous service.

Mr. HOLLINGS. Then why is the budget not real, Mr. President? Simply speaking, it calls for $499 billion in cuts. All along Republicans have been carping that it was entitlements that were the problem. But now to finance a tax cuts, massive reductions must be required in programs like biomedical research and education that will never occur.

Mr. President, I tried for half the level of discretionary cuts back during Gramm-Rudman-Hollings. But when we got to the short rolls in 1990, we bugged out and repealed the fixed deficit targets of Gramm-Rudman-Hollings. I raised the point of order at 12:40, on October 19, 12:41 a.m, and Senator GRAMM and Senator Rudman voted to repeal it. This Senator did not. I raised a point of order. If we could not do it then, how are we going to do it now?

The next thing, of course, Mr. President, is the $270 billion in Medicare. The President tried his first year and we finally compromised without a single Republican vote, cutting $57 billion. That is what we had the compromise down to. Last year the President proposed another $120 billion as part of comprehensive health care reform, and they rebuffed him, ridiculed his wife, and said, ''No way.''

Now they come with a totally unrealistic figure of $270 billion, and because they do not want to endorse any specific cuts, they give it to a commission. What a copout. Talk about ''Where's Bill,'' and all these signs on the floor—where is the Congress' responsibility? Give it to a commission—come on.

Then they cannot find $182 billion in specific cuts for Medicaid. That is not going to happen. So they give that to the States. Also, $100 billion in welfare cuts. They do not want to do it, give that to the States.

Then they come around with the greatest gimmick of all, what they call the interest or fiscal dividend—the interest bonus of $170 billion.

Now, Mr. President, we tried that in 1990. I am going to insert in the RECORD the exact figure. Here it is: The fiscal year 1991 budget, 5 years ago. Under that plan, the deficit in 1991 was supposed to go down to $64 billion, and in 1992 down to $8.9 billion; 1993, we were to have a surplus of $44.8 billion; 1994, $108.5 billion; 1995, this fiscal year, Mr. President, imagine that—here we have a document that said this year we are going to have a surplus of $156.2 billion.

We got that using the fiscal dividend. We had all these bonuses—how the interest costs were going down and everything else, so we have been through this 5 years ago. If you read Time magazine, the cover says, ''First Balanced Budget Presented in Decades.'' False, we presented a surplus just 5 years ago.

Look at these plans. Sober up. Tell the truth to the American people. No chance of that welfare cut, that Medicare cut, that Medicaid cut, and the program cuts. Other Members know it and I know it. So the distinguished chairman of the Budget Committee comes over on the Senate side and says, ''No, no, no, wait a minute. We want the cuts before we get the tax cut.'' See, the $170 billion is used for a tax cut.

I want everyone to turn to page 89, going quickly. ''The conferees agree that the $245 billion net tax cut represents an appropriate balance between accommodating the tax cuts in the House-passed Contract With America and the need to put the deficit on a declining path to a balanced budget in the year 2002.''

What balanced budget? Turn to page 4; it says a $185 billion deficit. But here on page 89, now, the Senate has yielded to the House and they have in here—all you have to do is give your assumptions to CBO and the CBO says yes, with those assumptions that will happen. And with that assumption verified just by giving it to them—not the actual cuts, not the actual votes for it—then you give it to the Finance Committee and they authorize for a $245 billion tax cut.

And therein, again, is the conspiracy, the conniving conspiracy going into that conference, where they did not invite this Senator, I can tell you. We had opening statements when we had the communications bill. When they finally agreed, they came to my staff and said, ''Does Senator HOLLINGS want to sign the conference report?''

He said, ''He hasn't even been to a meeting. You would not even let us come to a meeting. But he could maybe sign it. Let us look at it and see it.''

He said, ''No, we cannot give you the details. You either sign it or do not sign it.''

So we did not sign it. Because they knew good and well I can read, and I have been reading them for 20-some years now. This is an absolute fraud on the American public. What you have now is a tax cut. You are going to have bigger deficits. You are going to have the interest costs going from $300 billion at least, to $500 billion by the year 2002. And we have the same act, the same scene.

In conclusion, let me just read, so we get a historical perspective here, and the historical perspective is what was stated by our friend, David Stockman, who handled all of these budgets in years past. Stockman said 5 years ago:

> The root problem goes back to the July 1981 frenzy of excessive and imprudent tax cutting that shattered the Nation's fiscal stability, a noisy faction of Republicans that willfully denied this giant mistake of fiscal governance and their own culpability in it ever since. Instead, they have incessantly poisoned the political debate with a mindless stream of antitax venom, while pretending that economic growth and spending cuts alone could cure the deficit. It ought to be obvious by now that we cannot grow our way out.

There it is, Mr. President. They do not give this to CBO. They do not give it to the Democratic colleagues. They do not have it scored. They just come in here with a quick, ''We got 5 hours more left. Let's just vote it up or down and, whoopee, we will go home for the Fourth of July; we have a balanced budget.''

We are lying to the American people and it should stop.

Mr. EXON. Mr. President, I see no one on the floor so I suggest the absence of a quorum, with the time being equally charged. Which is another way of saying to anyone who wishes to speak, the longer the quorum call is in effect, the less time you will have to talk.

The PRESIDING OFFICER. The clerk will call the roll.

The bill 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. GREGG). Without objection, it is so ordered.

Mr. THOMAS. Mr. President, I rise again on what I think is a momentous day in which, for the first time in many years, this Congress is going to agree to balance the budget. I think clearly that message has been delivered by the voters in the country; more specifically, in the last election in November. When I say clearly, the people said the Federal Government is too large, it costs too much, that it continues to grow, and it continues to be more predominant.

So, Mr. President, I think this is the delivery on some of the promises that have been made, made by this party, made to some extent by this Congress. But I am very proud of this budget that has been brought forward by the majority party.

So it seems to me that we have delivered on the promise to balance the budget for the first time in over a generation. The Congress will pass a blueprint to bring a balanced budget in the year 2002. It means a dropping of interest rates of up to 2 percent, the creation of 6 million jobs in 10 years, increasing per capita incomes, and over 7 years the Federal Government will spend $12 trillion instead of $13 trillion. Spending will increase at a rate of 3 percent instead of 5 percent.

I think the majority party is, and those who support this budget proposal are, delivering by not using smoke and mirrors. I think it is fair to say that, over the years, there has been an awfully lot of smoke and mirrors on financial matters, saying things that feel good somewhere out in the future. Somehow those future years never come. But this budget resolution relies on the estimates of the Congressional Budget Office which President Clinton in 1993 insisted be used as a yardstick.

So I think we are delivering on the idea of no smoke and mirrors, delivering on the idea that the figures can be counted on. I believe supporters of this

resolution are delivering on their promises to cut taxes. As you will recall, this administration hardly waited to unpack its bags before raising taxes $251 billion in 1993.

One of the steps involved in this proposition, however, is to give American families a tax refund, $245 billion that will relieve the burden on families, that will allow potentially for the per child tax credit for families, capital gains reduction, marriage penalty relief, American dream savings, new IRA's, senior citizens tax relief, and progrowth economic tax incentives. But a very important aspect of it is that, in order for those tax reductions to be made available, there has to be a certification by the Congressional Budget Office that the growth reductions will yield a dividend to do this, that will yield a dividend to allow for tax reductions.

Supporters of this resolution are delivering on their promise to downsize Government. It started right here in the Congress. It started this year—reduce some of the expenditures of the legislative branch. Foreign aid is being reduced, overall discretionary spending is down by $190 billion, and the Commerce Department phased out.

Supporters will be delivering on their promise to strengthen the Nation's defense. The conference report restores more than $33 billion of President Clinton's $150 billion defense cut over the next 7 years, defense being certainly a priority issue, a priority function of the Federal Government.

Supporters of this budget are delivering on their promise to preserve and protect and strengthen Medicare. We have been over this. Clearly, if nothing is done, Medicare is bankrupt; without a reserve fund in 2 years, bankrupt in 7 years. Nobody wants to see that happen. But you have to make some change. We organize the delivery of services and reduce that level of spending from 10 percent a year to 7 percent a year. Spending will increase on a per capita basis from $4,800 a year now at the end of 7 years to $6,400 a year, which includes growth in the numbers.

Supporters of this resolution are delivering on their promise to improve Medicaid. Bureaucracy is eliminated in favor of allowing States to decide. I can tell you that there is a lot of difference in the kind of delivery program that is necessary in Ten Sleep, WY, than in Philadelphia. There needs to be that kind of flexibility to do it. The Federal Medicaid spending will grow, however, from $89 billion this year to $124 billion. We heard all of this talk about cuts. That is the kind of growth.

Supporters of this resolution will keep their promise to protect Social Security. During the debate on the balanced budget amendment, you will recall that the opposition continued to say they were going to balance the budget on the back of Social Security. That is not true. Social Security is not a part of this balanced budget.

Also, the supporters of this resolution keep their promise in reforming welfare. This conference report contemplates a savings of nearly $100 billion in welfare, again by moving these kinds of decisions to the States.

So, Mr. President, I think it is not only a remarkable day in terms of the fact that for the first time in many years we will agree to balance the budget, but I think maybe more importantly in a republic, in a democracy, it is vital that you and I as voters are given information that is valid, are given information that is true, information that we can depend on.

So I think the supporters of this budget conference report have delivered on these promises, and I am very pleased and very proud to be a supporter of this conference report.

Mr. President, I yield the floor.

Mr. EXON. Mr. President, I yield 15 minutes in combination between three Senators who wish to discuss this very important matter, the Senators from Connecticut, Washington, and Wisconsin. I will allow them to divide the 15 minutes among themselves as they see fit.

Mr. DODD. Mr. President, I thank our colleague from Nebraska. I do not yet see our colleague from Wisconsin. I know he may be on his way over here, so we will do the best we can.

First of all, Mr. President, let me commend the chairman of the Budget Committee, my friend and colleague from New Mexico, Senator DOMENICI, for doing a good job. I have strong disagreements with the conference agreement, but I say to my colleagues that the efforts made by our colleagues on the Republican side here are certainly vastly superior to what our Republican colleagues on the House side were proposing. They have managed to pare back the House proposal. But I am still deeply concerned about the direction, the agenda, and the priorities included in this budget.

So I thank them for the work they have done, but, frankly, it was not successful enough, in my view. It asks seniors, students and working Americans to get out and pull the wagon by themselves—while those best able to do the work sit back comfortably and enjoy the ride.

My concern is that with this budget, no matter how you cut this, no matter how you sort it out, at the end of the day, does the following things: It slashes Medicare substantially and, in my view, and unnecessarily. It goes after education in this country. It slashes college opportunities, a critical issue for working families in this Nation. And it goes after wages of working families as well.

I might point out that the tax cuts go far beyond what I think ought to be part of a budget resolution that has as its underlying goal to achieve a balanced budget, and distribute responsibility and sacrifice fairly in this country.

Mr. President, despite the efforts of our friends on the other side of this Chamber, the fact is this budget still is unfair, no matter how you look at it.

Mr. President, let me just point out, if I can, a couple of things. My colleague from Washington is here, and I am going to ask her to join me in this discussion. The fact is the Medicare savings in this budget—despite all of these charts, no matter how they try to engage in the old shell and pea game of moving the numbers around quickly—are going to have a very significant impact on older Americans—35 million today. They are going to have their out-of-pocket Medicare costs go up roughly $3,400 over the life of this budget proposal. Presently, Americans over the age of 65 are paying about $3,000 in out-of-pocket expenses. In my State, it is higher because it is a higher cost State, but roughly $3,000.

Now, I want my colleagues to keep in mind these numbers. Of the 35 million people who are on Medicaid, about 95 percent of them have incomes of $50,000 or less. 8.8 million—of the 35 million have incomes of $10,000 or less. The median income of a Medicare recipient is roughly $17,000 a year.

Today, you have $3,000 in out-of-pocket expenses, and if this budget is adopted, over the life of this budget, those out-of-pocket expenses will increase by $3,400. Now, if you are making $17,000 a year and on Medicaid, and you have those kinds of out-of-pocket expenses, I do not care how you try to sell this, that is a heavy, heavy burden to bear.

So I ask my colleagues—and I see them both here—from Wisconsin and the State of Washington, I do not know exactly what the numbers are in their States, but I ask them whether or not this is going to also hit their elderly population as strongly as it is going to hit those in Connecticut. I ask my colleague from Washington if she would care to comment on this.

Mrs. MURRAY. I thank my colleague from Connecticut. He has hit exactly why I am so saddened and concerned by this budget proposal that obviously has the numbers and will pass this Congress this week.

He has pointed out to us who is going to be hurt in this budget, and it certainly is middle class, average Americans. And they are going to see it everywhere. It is for people like me before I came to this body, who are responsible for raising their kids and taking care of their parents and earning middle-income salaries, who are going to feel the effects. Their kids will not be able to go to college; they will not be able to afford it. Programs in their schools will be gone. Goals 2000, the one hope we have given to kids that we were going to try to improve their education, parents will see that removed for their children.

The young families who are worried about their aging parents on Medicare not only have to worry about the costs to their parents going up by $3,200, as my colleague has pointed out, but those families that are trying to rush

to work and care for their kids and worry about their education are going to receive increased calls from their parents saying: Can you help me out? I cannot get to the doctor today. I just cannot afford it. That burden and that stress is going to come out in every walk of our families' lives.

And who will bear the real brunt of that stress as we go through this will be the children. So much we hear about children on this floor and why they need a balanced budget. Well, the stress that is put on our kids, the loss to them is really going to be felt, and I think it is a sad day.

I think my colleague from Connecticut would agree with me.

Mr. DODD. I ask my colleague from Wisconsin if he would care to comment on this as well.

Mr. FEINGOLD. I thank my colleague. I have had a very nice week here, meeting some of my constituents from Wisconsin, my home State, a lot of kids with farm backgrounds, rural backgrounds, kids from Future Farmers of America and 4–H. These are all groups that have helped produce the backbone of our State throughout our history and it continues today, with the very hard times of farm families.

The interesting thing I noted was that the concern was consistent with regard to the rural kids and the urban kids. Their question was, what is this budget going to do to my opportunity to go to college? What is this going to mean in terms of student loans, in terms of Pell grants?

It is bad enough as it is. Families even before we started looking at the Republican budget were worried sick about paying for college education, even at a State institution such as the University of Wisconsin. When I went to the University of Wisconsin, a 4-year education with all the trimmings, the apartment, everything, the food, the whole thing was only $10,000.

We thought that was quite a bit of money in those days. Now you cannot even get a year at most institutions—maybe just tuition—for that.

So they asked me: What is going to happen in the budget? And I had to tell them that there were three areas that were being completely protected by the Republican budget, a small portion of which would have taken care of all those issues having to do with student loans and a lot of other things that the Senator from Washington has mentioned.

Let me just mention what I like to call three sacred cows, because I come from a State where cows are very important, but these are sacred cows. And the first sacred cow is a $245 billion tax cut that has been sealed in this budget resolution. As the Senator from Connecticut has pointed out, $245 million just dwarfs the amount of money that is needed to restore some of the family issues we are talking about. These cuts are proven to be not necessary in most cases by the very reality that the Republicans feel compelled to deliver a huge tax cut at the same time when this horrible sacrifice is being asked of our young people who are just asking for a decent future and the opportunity to come out of college without being hopefully in debt or maybe not being able to go to college.

Mr. DODD. I put up this chart for the benefit of my colleagues. The Senator talked about the equity of approving this $245 billion tax cut while we are asking seniors and students to sacrifice greatly. Today, if you are 45 years of age and you have a parent who is maybe 65 and you have a child around 10, you are looking at a train wreck in your family as that child reaches the age of 18 and your parent reaches the age of 70 or 75, when their health care problems are going to become more pronounced and your child wants to go get an education. You are looking at an incredible increase in out-of-pocket expenses for tuition and health care.

Then look at who gets the $245 billion tax cut. Now, if you make between zero and $30,000, you can expect a $124 tax cut. That is a great tax cut you get. If you go to the other end here, and you make in excess of $350,000, you get a $20,000 tax cut. Now, I ask my colleagues from Washington and Wisconsin, would they explain the fairness of this to me? Why would we give a tax cut, 51 percent of which goes to the top 10 percent of income earners in this country? Why are you going after Medicare and education? Can anyone explain to me what the logic of that is? Where is the balance in that?

Mr. FEINGOLD. Mr. President, I say to my friend from Connecticut, there is no fairness in it. And the only way they are getting away with it is if the American people do not find out what is being done here. We found out what we have to do on the floor of the Senate. We have to say it over and over again on the floor of the Senate. That is what we are going to do. I have done that since last December, when I found out what the plans were for the crown jewel of the Republican contract: To deliver this tax cut even though the American people are not falling for it and even though it is totally unfair.

Mr. DODD. Are those the Senator's words, ''the crown jewel''?

Mr. FEINGOLD. No, Mr. President, I believe they are the words of the Speaker of the other House. That is the most important provision—not balancing the budget, not regulatory reform, not term limits, not school prayer. The most important thing, the crown jewel, is delivering a tax cut for upper-income people. All the American people should be aware of that.

Mrs. MURRAY. Mr. President, if the Senator will yield, can the Senator from Connecticut tell us how much money you will get back if you earn, say, $30,000, $40,000, $50,000, under this tax cut?

Mr. DODD. I said from zero to $30,000, you get $124. If you make between $30,000 and $75,000, you get $760. You divide that by 10 or 12, you get some idea. You are talking about $70, $80 a month as opposed to those—look at the $200,000 category; $11,000 back. I mean, I am dying for someone to explain what is the justification of that kind of imbalance—why you go after Medicare, go after education, and go after the earned-income tax credit—the tax credit we offered to lower-income working people in this country.

Mrs. MURRAY. Mr. President, I say to my colleague, what really is unfair is those people who are only going to get $760 back are the ones who are going to see all of the impacts to their family. Their kids will not be able to go to college. Their out-of-pocket expenses for health care are going to go up dramatically. They are going to see real-life costs to them. They are not going to see $760. They will have to pay more for doctors visits and more for their kid's education. They are going to see more costs to them. And then they are going to turn around to their neighbors, wealthier neighbors, and see them benefit dramatically from this budget proposal.

Mr. DODD. When the Senator mentions that, I presume $30,000 to $75,000 is thought of as middle-income in this country.

Mrs. MURRAY. Absolutely.

Mr. DODD. They do not qualify for Pell grants. If you are very poor, you get some assistance in that education. If you are very affluent and get that kind of a tax break, you do not need it. God help you if you fall into the middle, where you foot the bill on your own. Here you get about a $75-a-month tax break, while you are watching $3,000 increases for one child over the life of this budget, and God help you if you have a parent you are helping to take care of. That is an additional $3,400 over the life of the budget coming out of your pocket, I presume, given the category of these people. There is $760 for you in a tax break, while those at the upper-income levels—God bless them, I do not fault them. The people of my State who fall into this upper-income category are scratching their heads. They have said to me over and over again: Why are we getting a tax cut? You know, with all due respect, we are doing well. If deficit reduction is the name of the game, why did you not scrap this tax cut idea and get about the business of deficit reduction and minimize the hardship to working families?

I never had one wealthy person yet say they are dying for that tax cut.

Mr. FEINGOLD. This is the same experience I have had in Wisconsin. I like to think the people in Wisconsin have the best common sense of any State in the 50 States. It sounds as if this common sense is everywhere. It does not matter if I go to the Rotary Club or a United Farm Workers hall or to a farm or the city, everybody is saying the same thing: We do not need this tax cut. Business people, the leading CEO's of my State, are against the tax cut. These are the people who have been the

leading advocates many times for tax cuts. But they have the realization, because they have to meet the bottom line in their business, that it is not the right time from any point of view, economic or from the point of view of fairness, to do this.

The analogy I like to use is this is kind of like a family that realized it cannot make the house payment. Things are tight. They sit down together and they figure out what they have to do to balance their home budget. They get it done, and they are happy. This is like going out an hour later and buying $10,000 worth of new furniture. That is, in effect, what this is. That is why these CEO's agree with our blue-collar people. This does not make any sense.

The PRESIDING OFFICER. The time of the Senator from Wisconsin has expired.

Mr. DODD. I would ask that we have 1 additional minute to give the Senator from Wisconsin and the Senator from Washington a chance to respond.

Mr. EXON. I compliment my three colleagues for the excellent presentation. I yield them an additional 5 minutes, and ask them to divide that up. I am only doing this because we are running out of time.

Mr. DODD. I appreciate that. My colleague from Washington—I said about $75 or $80 a month. I notice she has done the math. The Senator from Washington is probably a lot better as a student of math. What does this actually work out to be for the people in that middle-income category?

Mrs. MURRAY. Someone earning between $30,000 and $75,000 will get back $14.62 a week. I have to tell my colleagues that I have had a number of families say to me: I know I have to pay my taxes, but I want something in return. And what I want in return is to know that my kids are going to get a good education, to know that my parents are going to be taken care of when they are sick and elderly and dependent on me. I want a quality of life. For $14.62 back, I will give that back to the Government.

But we are not giving it back to them. We are taking everything away—their education, their care for their parents, and their security.

Mr. DODD. Mr. President, I ask my colleagues as well, because this is not a debate about whether or not we ought to reduce the deficit or whether or not we ought to balance the budget, but what path we should follow and what priorities we should set to represent best the diverse population of our country. We are all committed to achieving a balanced budget. But the question is, how can we achieve this goal over a similar period of time without imposing this kind of burden on the very people who fight the wars and pay the taxes, and raise their families?

Mr. FEINGOLD. Mr. President, if the Senator will yield, I believe that the budget could be balanced earlier than the Republicans say they want to balance it if we do not do this tax cut. I mentioned two other sacred cows. If we do something about the exponential growth in loopholes, tax loopholes, a 24-percent growth. There are hundreds of billions of dollars available there if we simply slow the growth—the same language the Republicans use when they talk about slowing the growth in Medicare and Medicaid. What about slowing the growth in corporate loopholes?

Third, the Republican budget not only does not touch defense, it increases the Defense Department. So that is the question of priorities that the Senator from Connecticut is pointing out, and the Senator from Washington. We have here protecting defense, protecting loopholes, and protecting tax cuts as the three sacred crows that come ahead of kids and seniors and families. And that is what this budget is all about.

Mr. DODD. My colleague from Washington.

Mrs. MURRAY. Mr. President, as I stated many times, we are all in this body working to get to a balanced budget. I spent 2 years on the Budget Committee doing that. It was difficult, but we were moving toward it.

I say to my colleagues, $245 billion in tax cuts, if we took that back, would go a long ways in helping kids get education and caring for our senior citizens.

Mr. DODD. I appreciate my colleagues' comments on all of those points. Again, to sort of reiterate where we are in all of this, Mr. President, we are not making up these numbers. These are the assumptions we are told will be the case.

Seniors' Medicare costs up $3,400 over the life of this budget. That is in addition to what they are presently paying. And they are not in the upper-income categories. The median income is $17,000.

We are going to watch elementary and secondary education cuts hit 65 million children. We are looking at veterans who are going to get serious cuts. My colleague, the ranking member of the Budget Committee, has talked eloquently about what happens to veterans here.

We are going to watch student loans go up $3,000 a year over the life of this budget and, again, that may not seem like much to the people with sharp pencils in this town, but it is a great deal to the millions of middle-income families that struggle every year to make ends meet. Like fingernails on a blackboard, they hear about a $245 billion tax cut, the bulk of which goes to people who, frankly, do not have these kinds of problems, and will be the first to tell you so. These families do not have a Medicare problem. They do not have a student loan problem. They do not have a problem trying to hold down a job. And they are the ones, if they were in this Chamber, who would tell you, ''Senators, scrap your tax cut; get about deficit reduction and make this a shared burden.''

Mr. President, we urge this budget be rethought. The President has put a proposal on the table. He has asked the distinguished majority leader, and others, to consider his offer. Frankly, there has been nothing but silence in response to it, after all the clamoring about how the President suggested we get to balance. He gives a response, and now there is silence on the other side.

We need to come together on these issues and find a commonsense approach that would minimize the burden—not eliminate it. We all know that burdens have to be borne—but they can be minimized if we share the pain equally among those across the spectrum of this country who make this a great and vibrant Nation. Average, working families must wonder sincerely why it is, once again, they are being asked to bear the heaviest part of this burden; why we reward, we absolutely reward, those who are in the least need of relief.

So we urge the rejection of this budget, and we hope that there will be some rethinking of spending priorities as the appropriations and reconciliation process proceeds.

I thank both of my colleagues for their comments.

Mr. FEINGOLD. Mr. President, I want to offer some comments on the conference report of the concurrent budget resolution.

After several months, the blueprint for the 1996 fiscal year budget is before us.

Though the specifics of that budget will take a good portion of the rest of the summer to be revealed, the budget outline before the body does give us a good idea of what the priorities of the Republican leadership are for our country.

Mr. President, I share the goal of a balanced Federal budget.

That has been my highest priority since first coming to the Senate.

But other priorities as provided in this budget are deeply flawed, and even the broadly shared goal of a balanced Federal budget is very much at risk because of the fundamental defects of the resolution.

Others have made eloquent statements about who will be shouldering the burdens imposed by this budget resolution, and the evidence is compelling that working families will bear the brunt of the cuts proposed by this budget.

But perhaps as revealing of this budget's priorities as identifying where the cuts fall is to examine where they do not.

While this budget cuts almost every area of the Federal budget, as it should if we are to achieve a balanced budget, three items—three sacred cows—are off the cutting table, exempted from the shared pain that is necessary to balance the budget.

The first is defense spending. Far from cutting an already bloated defense budget, this resolution actually provides a $58 billion increase.

This lavish level of spending comes despite the end of the cold war, and despite the massive reductions that are being made to the programs that provide health care to the elderly, poor, and disabled—Medicare and Medicaid.

Second, this budget fails to adequately address what may be the fastest growing entitlement program in this resolution—the tax loopholes that often benefit the wealthiest individuals and corporations in this country.

While this budget squeezes savings out of programs for veterans, farmers, students, and the disabled, it seems that the explosive growth in spending done through the Tax Code for the rich and powerful—already $400 billion annually—is to remain virtually unchecked.

Mr. President, the third area—the third sacred cow—is the $245 billion tax cut included in the budget.

With annual budget deficits of $200 billion staring us in the face, the tax cut can only be described as reckless and fiscally irresponsible.

The political calculus that produced this monstrosity could only have taken place in the murkier regions inside the Washington beltway.

Certainly my constituents in Wisconsin do not buy it, and this skepticism is shared across the Nation.

Poll after poll show that the American people strongly feel that reducing the deficit is more important than a tax cut.

The authors of the tax cut seem to have a poor opinion of the American people.

They reason that the Nation needs a bribe in order to accept the severe cuts to Medicare and other provisions of the Republican agenda.

The American people want a budget that cuts fairly, that shares the pain fairly.

They rightfully resent being treated like children who are promised ice cream if they eat their spinach.

Mr. President, more than any other feature of this budget, the $245 billion tax cut jeopardizes our ability to reach a balanced Federal budget.

This Nation has been asked to make great sacrifices in order that we might finally get our fiscal house in order.

And the American people are ready to make those sacrifices.

Mr. President, the American people are willing to accept cuts in even the most popular programs because they recognize the need for shared sacrifice in order to balance the Federal budget.

But when they see a budget resolution that includes a $245 billion tax cut, they will rightly ask if they are being asked to sacrifice to prevent our enormous budget deficits from burdening their children and grandchildren, or to provide politically motivated tax cuts—tax cuts that will almost certainly be distributed disproportionately to the richest in our society.

The great tragedy of this resolution is that it may very well squander the greatest asset we have in the fight to eliminate the deficit, namely, the willingness of the American people to share in the sacrifices needed to balance the budget.

Sometimes I am amazed at the strength of character of our Nation.

After the social upheaval of the 1960's, after the assault made on our Constitution during the Watergate era, after the fiscal self-indulgence of the 1980's, after the gridlock of the early 1990's, and after the failed promise to finally achieve comprehensive health care for everyone that could never be taken away, the American people are still willing to endure significant burdens to achieve a balanced budget.

After all that has happened during the last 30 years to undermine their trust, they are still willing to follow leaders who ask the entire community for sacrifice.

The tax cut and this budget betray that trust.

It is a return to the politics of division, selfishness, and greed—the politics of the past.

I very much hope to support the individual appropriations and reconciliation bills that will come to the floor.

It is through those bills that the real work of deficit reduction is done, and I want to support efforts that move us toward the goal of a balanced budget.

I also recognize that the budget resolution before us is only a broad outline of how we will proceed, that nothing binds the committees to any specific action.

To that end, I especially look forward to working with many of my friends on the other side of the aisle to stop this irresponsible tax cut.

But I must also say that we have missed a great opportunity in this budget resolution to provide the American people with a package of spending cuts that is fair, and that achieves a balanced Federal budget, even before the year 2002 at which the authors of this budget are aiming.

The flaws in this resolution are real, and they may well be insurmountable.

The budget sacrifices are not distributed fairly, and the budget windfalls are given to a privileged few.

The inequities are obvious and will be keenly felt.

Mr. President, it need not have been that way.

Mr. LOTT addressed the Chair.

The PRESIDING OFFICER. The Senator from Mississippi.

Mr. LOTT. Mr. President, I yield myself 15 minutes.

Mr. EXON. Mr. President, will the Senator yield for 30 seconds on my time?

Mr. LOTT. I will be glad to yield for 30 seconds on his time.

Mr. EXON. Mr. President, I would like to compliment my colleagues, Senator DODD from Connecticut, Senator FEINGOLD from Wisconsin, and Senator MURRAY from Washington, for an excellent presentation. I hope that Senators heard their presentation so that they will cast their votes the way I would like to see them cast their votes sometime this afternoon. I thank my friend.

Mr. LOTT. Mr. President, the profligate spending party of the past 40 years is over. What we are talking about today is fiscal responsibility to assure our children's future. This will be a debate today on a critical piece of legislation, the blueprint which will lead this Nation to a balanced budget by the year 2002.

I never really thought I would see the day that I would have the opportunity to vote for such a balanced budget, but here it is today. And that is what really is at stake here. I urge my colleagues in the Senate to take advantage of this unprecedented agreement between the House and the Senate and fulfill this promise to the American people. Democrats and Republicans should vote for this, and I ask you to think about it: Do you want to be on record against the first opportunity in more than a generation to put the Federal Government on a path toward fiscal responsibility and a balanced budget? I hope the answer is that you would want to be for that effort.

Before I get into responding to some of the things that have just been said and making some other comments, I must, once again, commend the distinguished chairman of the Senate Budget Committee, Senator DOMENICI. He showed, once again, his wise New Mexico wisdom. He was patient. He was diligent. He had to make some changes, some concessions he did not always support, but he always did it in a very responsible and honest way. We would not be here today with this resolution, this historic resolution, without the leadership of Senator DOMENICI, and I commend him for it.

Congressman KASICH, the chairman of the Budget Committee in the House, has been a dynamic force, an energetic force. The two of them together have moved this process forward. They have shown real leadership. I think their names will go down in history as the great leaders that turned this country around and headed it toward fiscal responsibility.

It was just stated a moment ago that there had been criticism of the President's original budget. Yes, there had been, because it allowed for $200 billion deficits or more as far as the eye could see, and there were a number of other problems with it.

But then when his second plan came in, it was suggested that there has been silence. As a matter of fact, there has not been silence. Many Republicans pointed out, rightfully so, that this was his second plan of the year; that his numbers were not based on CBO analyses, as he had said in the State of the Union Address a year ago that he would always do, although I understand now he has come around to saying, yes, we will go with CBO; and also the fact of the matter is his 10-year plan, which goes out 3 years farther than this resolution, still would not

get us to a balanced budget. We would still have deficits after 10 years of an estimated $200 billion or more.

But, the noise you heard on this budget, as a matter of fact, did not really come from this side of the aisle; it came from the other side. There was screaming about the fact that the President validated the fact that we should be working together for a balanced budget, No. 1. He validated the fact that we can get a balanced budget while giving the people some tax relief, some needed and justified tax relief, and he also validated the fact that we have to do something to preserve and protect Medicare.

That is what the President did, and we commended him for validating those three very important points. But the screaming has been coming from the same people who are now saying, ''Oh, we don't want this particular budget resolution.''

It is very simple: Do you want to get to a balanced budget or not? Do you want fiscal responsibility or not? If you do, you have to make some tough choices. Surely, we could all go down the list and say, ''Don't cut anything that affects my State. Don't cut anything that would affect me or my mother or maybe even my children.'' You could say, ''Oh, we can't make any changes in education.''

And what about veterans? As a matter of fact, the number that is in this budget resolution is the same number requested by the President of the United States. Same number.

They do not want to make improvements and corrections in the solvency problem for Medicare. They do not want to touch Medicaid. I have a couple of differences with this resolution—one is I would like to maybe soften the blow to agriculture. But I am voting for it. This difference is not stopping me. Opponents of this resolution, though, are trying to find little disagreements to excuse not supporting the resolution.

The bottom line is, they do not want to do anything about controlling spending. They want to continue the same old stuff that we have been dealing with for years in Washington, and that is spending more and more and more of the taxpayers' dollars.

What I heard in the discussion a moment ago is, ''Oh, what we need to be doing is close the tax loopholes.'' In Washington, when the people are allowed to keep their own money, it is called a tax expenditure, and when you want to raise taxes you say, ''Let's close tax loopholes.'' Do not forget that that is what closing a tax loophole is, that is raising somebody's taxes. I would like to ask you, which tax would you propose to increase? Medical deductions? No, you would not want that. Would you want to eliminate the home mortgage interest deduction? ''No, no, we didn't mean that.'' Are you talking about research and development?

There is a long list of good and worthy opportunities for the people to keep their own hard-earned tax dollars that some people call tax loopholes.

My tax cut would maybe be somebody else's tax loophole, and vice versa. We already tried the tax increase side. That was done 2 years ago, over my objections and a lot of others. We have already had a whopping tax increase. Now it is time we face the music and deal responsibly with controlling the rate of growth in spending, and that is what this resolution does.

It has been said on the other side this morning that this balanced budget plan slashes Medicare. The President's own Medicare board of trustees came up here and said if we do not do something, there is going to be a solvency problem, including his own Secretary of HHS. I think three of the trustees were from the President's own Cabinet.

What we are talking about here is preserving and improving and protecting Medicare. We are talking about controlling the rate of growth. We are concerned about the shaky state of Medicare. So what we would do over the period of years is have some reforms, give our senior citizens some greater opportunities for choices on their own, while allowing Medicare to grow up to a gross figure of $345 billion over the next 7 years.

Where I come from, when it grows over 7 years by $345 billion, that is not a cut. But still, the numbers are so big. Let us put it in personal terms. What does it mean for an individual? Our resolution would allow each Medicare beneficiary to have their benefits for Medicare grow from $4,816 in 1995 to $6,334 in the year 2002. That is a 40 percent increase over 7 years.

So we are going to make some changes in Medicare and Medicaid. We are going to try to control the rate of growth in Medicaid. We are going to try to improve those programs. But it is blatantly unfair to say that we are going to slash Medicare. It is not true.

Now, about the statement that was made here a few moments ago that our kids will not be able to go to college because of this balanced-budget plan. The changes in the loan program do not even apply to undergraduate students. It would only be applicable, under the assumptions in this resolution, to graduate, law, and medical students.

Kids will be able to go to college. I worked for 2 years for a university in placement and financial aid. I worked with low-income and poor people, because that is all we have in my State of Mississippi. We are going to have grants available to these students, two or three different kinds of loan programs, such as the direct loan, NDSL, as well as the GSL loan program. There will still be funds for work study and for scholarships. We want to encourage this.

I ask unanimous consent to have printed in the RECORD some information on college costs, how they would be impacted by this resolution along with some charts.

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

COLLEGE COSTS REDUCED UNDER BALANCED BUDGET RESOLUTION

Here are the facts! Under the Conference agreement, students will receive $26.6 billion in loans in 1996. The level of available loans will continue to rise to $33 billion in 2000. Over the next five years $151.4 billion in student loans will be available.

The Conference agreement will not limit access to student loans. According to CBO, availability of loans for students, at much lower costs than what they could receive in the consumer market, will not be limited in any way under this agreement.

In 1995, the federal government will pay in-school interest costs for loans totaling close to $15 billion. Approximately 87 percent of these loans go to undergraduates. Under this budget plan, the federal government will continue to pay these interest costs—no changes.

Under this agreement, there will be no changes from current law regarding caps on student loan interest rates, loan limits, federal guarantee of loans, repayment options, or conditions for deferral of repayment.

For the typical graduate, professional—medical and law students who may have increased costs under this plan, none will see increases greater than $1 dollar a month on average, in their repayment.

Less than 10 percent of the reforms will affect undergraduates while they are in school. For undergraduates, their repayment costs may increase $1 per month, on average, as well.

UNDERGRADUATE STUDENT BORROWS A TOTAL OF $10,000 OVER 4 YEARS IN SUBSIDIZED STUDENT LOANS AND REPAYS ACCORDING TO A STANDARD 10-YEAR PLAN

	Current law	Senate balanced budget resolution	Difference
Original principal amount borrowed	$10,000	$10,000	0
Amount used to pay fees	400	450	+$100
Amount, available to pay education costs over 10 yrs	9,600	9,500	−100
Original principal amount at repayment	10,000	10,000	0
Accrued interest during 6-month grace period	0	330	+330
Total principal amount at repayment	10,000	10,330	+330
Repayment at standard 10-year monthly payment	123	124	+1
Cummulative repayment	14,702	14,844	+142

MEDICAL STUDENT BORROWS A TOTAL OF $30,000 OVER 4 YEARS IN SUBSIDIZED STUDENT LOANS AND REPAYS ACCORDING TO A STANDARD 10-YEAR PLAN OR A 20-YEAR GRADUATED PLAN

	Current law	Senate balanced budget resolution	Difference
Original principal amount borrowed	$30,000	$30,000	0
Total principal amount at repayment	30,000	35,033	+$85,033
Repayment at standard 10-year monthly payment	368	399	+31
Cumulative repayment	44,160	47,824	+3,444
Repayment at 20 year, graduated plan monthly payment	[1] 267	[1] 268	+1
Cumulative repayment	63,829	64,395	+566

[1] Average payment.

Mr. LOTT. There are a couple of points I should make here. Again, one, it would not apply to undergraduate college students. Second, for the typical graduate student, who may have increased costs under this plan, none will increase greater than $1 a month, on average, in their repayment, which does not even begin until they graduate. Now, most law students and

every medical student, when they graduate, could afford to pay back their loans, which they should do, with a little more responsibility with the in-school interest.

Now, if I had my choice, would I have included that? No. But everybody has to be able to ante up and kick in a little bit here. You have to do your part. You cannot say, do it in Nebraska, or do it in New York, or do it somewhere else, do not affect me. You have to make the tough choices. But you get something in return. When you talk about college students and being able to help your children go to school, what is the best thing you can do? Pass this resolution, show fiscal responsibility, give some tax relief, and do you know what will happen? The Fed will lower interest rates. The quickest way to help senior citizens living on a fixed income, or parents that want kids to go to college, is to be able to get the money they need at a lower, affordable interest rate. We are talking about real help in the future by controlling spending and by taking actions that will lead to responsibility in the way our programs are run, and will also lead to lower interest rates.

I think this is a real vision for the future. We are not talking about draconian cuts. We will still have $12 trillion spent over the next 7 years. We are cutting $1 trillion. When I try to explain to the people in Pascagoula, MS, or Hazelhurst, MS, $1 trillion, what is it? How much is it? That is what happens to us around here. We start talking billions and trillions, and it is not even real it is so big. We are talking about controlling that rate of growth. We will spend $894 billion less by controlling wasteful Government spending.

Let us talk about this tax cut item a little bit. First of all, sometimes I wonder who among us speaks for the working, tax paying people in this country—in my State, the shipyard worker, International Paper worker, the farmer, the small businessman and women. Everybody says, ''We do not need to give tax relief.'' When I was growing up, we did not even have any rich people in my home county. One guy had a Cadillac. I am the son of a blue-collar shipyard working, pipe fitting union member. I am worried about that guy, and my mother, by the way. I will not go down the list here. Everybody says, ''We do not want tax cuts.''

Which one of these tax cuts do you not want that is assumed in this bill? How about a spousal IRA? How about letting the working mother in the home be able to have a little opportunity for an individual retirement account when she gets old, or maybe when her husband is deceased? Is anybody against that? No. You will not rise against that. And then how about getting rid of the marriage penalty. Can anybody explain to me why, when you get married, a couple pays more taxes, even though they make the same income? I have been hearing for 10 years in Congress that we are going to get rid of the marriage penalty. It is still in there. Does anybody want to stand up and speak against that fairness change in the Tax Code?

How about a little help for families with children? The $500 per child tax credit. Let the parents choose how they should spend money on clothes, food, or education. How come our maternalistic government in Washington can decide what should be best for you in education, or all these other decisions involving your children. How about letting the parents make that choice? That is one way we can help with education. Let the parents keep their own money for a change, for Heaven's sake.

And there is one other way that we can reduce this deficit. It is called growth, incentives that create jobs, and opportunities. Again, in my State, you cut the capital gains tax rate on timber and watch what happens. Yes, some of the big landowners get some benefit, but you know who will get the first benefit? That guy driving a raggedy old pulpwood truck that has slick tires on it and probably not even a tag because he gets to get the timber out of the woods. It will turn things over in the county. People will buy and sell. Again, it will have a positive impact on interest rates, and it will create the jobs we need.

How about senior citizen relief? All the worrying about trying to improve Medicare—how about if we let people that are 66 years of age that want to keep working be able to do it without a tax penalty, or without a penalty by taking away Social Security benefits?

So go down the list and come over here and tell me you do not like these tax cuts that are fair and will provide growth and development and activity in our economy.

So I think the number we have in terms of tax relief is not as much as I would like to have, but it is enough that we can go up to that $245 billion and provide this relief I have just talked about.

I would like to have more in this budget resolution for defense. I am on the Armed Services Committee. I serve with the distinguished Senator from Nebraska. I do not really like the defense number. I want more. But let me emphasize this. In this budget resolution, over the next 7 years, defense spending continues to go down, and over 7 years will go down $19 billion. But defense also made its contribution. I will conclude, since my time is expiring.

We are talking about balancing the books. This resolution will do it. Let us pass it today.

I yield the floor.

Mr. EXON. Mr. President, I yield 8 minutes of our time to my fine colleague from the State of Illinois.

Ms. MOSELEY-BRAUN. I rise in opposition to this budget resolution.

Mr. President, the conference report on House Concurrent Resolution 67, the budget resolution, proposes close to $1 trillion in deficit reduction over the next 7 years. Substantial deficit reduction is the right objective, in part, because of another large number, $4.8 trillion in national debt.

The Federal Government cannot continue on its current path. Unless we face our budget problems, by 2030 the Federal Government will consume over 37 percent of our total gross domestic product. Unless we change, by that year, budget deficits would amount to 18 percent of our overall economy. And unless we change, by that year, more than $1 out of every $4 the Federal Government spends will go to paying interest on the national debt.

We must face our budget problems, and we must act now. That is the only way to meet our obligation to our children and to the future. We have no right to leave future generations of Americans a legacy of debt. We have no right to send them the bill for what we have already consumed. Most of all, we have no right to leave as our legacy a future of impaired economic growth and diminished opportunities for individual Americans and for our Nation as a whole. I supported the balanced budget amendment for this reason.

There is now bipartisan agreement in the Congress on the need for substantial deficit reduction. There is no dispute between the Congress and the President on the importance of that objective. Despite the consensus on making deficit reduction our top priority objective, however, there is not universal, bipartisan, support for this budget resolution.

The principal reason for that, of course, is the priorities this budget sets are the wrong ones. This resolution trumpets deficit reduction, but, in the details, goes on to hamstring that goal by providing for $245 billion in tax cuts over the next 7 years. A tax cut now, however, is just fiscal foolishness. Tax cuts can not reduce deficits. Tax cuts can not stop the explosion of our national debt that has already driven it from the $1 trillion level to $4.8 trillion in just the last 15 years. And tax cuts do nothing to reverse the fiscal trends that are driving us towards fiscal bankruptcy and eventual economic collapse.

Anybody who is paying attention to our budget situation knows that a tax cut now works against achieving lasting, meaningful deficit reduction. As the Chicago Tribune put it in a recent editorial, ''this is filling the hole by digging it deeper.''

The tax cut, however, is not the only reason to question this resolution's commitment to real deficit reduction. It sets priorities that do real harm to our national interest.

How we bring back fiscal discipline makes a real difference. If we care about our children, if we care about our future, if we care about our Nation and ensuring an opportunity for every American to achieve the American Dream, we cannot abandon our commitment to education, to access to

health care, and to creating economic opportunity.

Deficit reduction that does not reflect these priorities is not real deficit reduction at all. It amounts to accounting gamesmanship. It is hiding the deficit by, in effect, moving it off budget. But the deficit is still there. It may come off the books of the Federal Government, but it has simply been placed on the backs of the American people.

The budget resolution's education proposals illustrate how misplaced its priorities are. Under this resolution:

Four million college students from working American families will have their college costs increased by over $3,000 because they will now have to pay interest on their loans even while they are in school; another one million college students could lose their college aid or have it drastically reduced because of cuts in the Pell Grant Program; 550,000 preschoolers could be dropped from the Head Start Program; and 3,000 American schools will lose funding they need to prepare our students to meet and beat the ever-increasing international competition we are facing.

Think about the impact these cuts will have on American families. Do you think they would prefer a tax cut, or that they would prefer that their children have the opportunity to get the education they need? Do you think they would prefer spending scarce public resources on more B–2 bombers that have no real mission and that the Defense Department has said are not needed, or do you think they might prefer to avoid imposing $3,000 in additional college loan expense on each of their children who attend college? Do you think they will agree that real deficit reduction has been achieved and that we have met our obligation to the future if their children are denied educational opportunity, and are less able to achieve the American Dream?

The answer to all of these questions is obvious. Education, like the rationale for deficit reduction, is all about the future. American families know that education is the key to a better life. They know a college graduate earns almost twice as much annually as a high school graduate, and that students who earn a professional degree have an average income that is six times higher than students who do not finish high school. And those higher incomes do not just benefit the students; they benefit the entire country. Because the fact is that we are all linked together. A better educated work force works smarter and produces more. The economy is therefore more productive, and generates higher economic growth. And the result of that is that the United States competes more effectively in world markets.

Education is clearly an essential investment in our country's future, as well as the future of our children. Laura Tyson, in her hearing before the Banking Committee when she was nominated to be chairman of the Council of Economic Advisors, said that a country's only real, enduring assets are its people. Failing to invest in our people by cutting our investment in education is neither in our national interest nor in the interest of Americans individually. It is simply wrong, and it has no place in this budget proposal.

Medicare and Medicaid are another illustration of the misplaced priorities reflected in this resolution. The proponents of this budget make much of the fact that, even with the cuts of $270 billion in Medicare, and $182 billion in Medicaid, Medicare spending will grow from $178 billion this year to $274 billion in 2002, and Medicaid spending will grow from $90 billion this year to over $124 billion in the year 2002. They argue that they are therefore not cutting Medicare or Medicaid at all; rather, they are simply reducing the growth rate of these two programs.

However, that argument is more than a little disingenuous. There is no question that senior citizens and many other Americans will have to spend substantially more out of their own pockets for health care—or go without care—because of this budget resolution. If the cuts are evenly distributed between health care providers and beneficiaries, American seniors would face an additional $860 in out-of-pocket health care costs in the year 2002, and the typical senior citizen would have to pay $3,345 more over the next 7 years. That certainly sounds like a cut to me.

Medicaid would be turned into a block grant, and turned over to the States. The growth rate in Medicaid spending would be cut from its current 10.5-percent level to around 4 percent. And what that means is that States would likely have to reduce the number of people helped by Medicaid by an average of 7.6 percent. That, too is a real cut.

The truth is that the reductions in Medicare and Medicaid are clearly cuts when you look at them from the viewpoint of individual Americans, instead of a Government balance sheet. Again, deficits are not really eliminated; they are simply moved from the Federal balance sheet to the balance sheet of American families.

Medicare and Medicaid must be reformed, but this budget does not provide that reform. This budget does nothing to cut health care inflation, which would help Americans and save the Federal Government money. It does nothing to preserve access to health care, or to preserve the quality of care. And it does nothing to ensure that people are able to continue choosing their own doctor. What it does do is to give the American people just what the proponents of this resolution said that they opposed last year when they filibustered comprehensive health care reform on the floor—less health care at higher cost, lower quality care and less choice.

Americans know that reducing budget deficits has to affect them. They don't expect it to be cost-free. They do, however, expect it to be fair; they do expect every American to do their part.

Achieving real deficit reduction must be based on shared sacrifice, but that's not what this budget proposes. Instead, Americans earning over $350,000 annually—less than 1 percent of our population—would receive a $20,000 tax break, while Americans earning less than $28,000 would see a tax increase. Instead of a budget that brings us together, Americans see a budget that divides them from one another, a budget that designates some Americans as ''winners'' deserving of tax breaks, and others as ''losers'' who will see their access to health care and nursing home care reduced, their children's access to education reduced, and their out-of-pocket costs increased. Instead of a budget designed to help every American achieve the American Dream—a budget that would help create opportunities for every American to live better than their parents did—this budget's design represents a return to the short-sighted approach of trickle-down economics. That approach failed in the 1980's, and it will fail now.

Instead of helping to create a better life for every American, it will exacerbate the increases in income disparities that have arisen since the 1980's, and that makes the economic future for almost all of us more precarious. We can do better—and we must.

I am strongly for deficit reduction, Mr. President. I cosponsored and voted for the balanced budget constitutional amendment because I know we must reduce budget deficits. I served on the Bipartisan Commission on Entitlement and Tax Reform because I know that the entitlement area—Social Security, Medicare, Medicaid, and other retirement programs—is where the money is, and that there is no way to achieve significant deficit reduction if this area is off limits. Deficit reduction, however, is not just about numbers. If it is to be more than just a shell game, we have to be mindful of our obligation to the future, and to reduce deficits in a way that does not undermine our ability to make the essential investments the future demands.

Moreover, budgets are about people. If we are to meet our obligation to the American people, including Americans who need our help the most, we have to reduce Federal deficits in a way that addresses their needs, and that meets their priorities.

Unfortunately, this budget does not meet those tests. It is not a budget for our future, nor for our present. It does not put the interests of the American people first. It does not invest in the future. It fails the first test of any budget because it does not recognize that we are all in this together, and that we are all better off if every American has the opportunity to participate in our economy and in our society to the fullest extent of their abilities.

We cannot succeed as a country by failing our people. Our future economic well-being is inextricably linked to the kind of society we create. We are all diminished, and our future as a country is diminished, if we fail to make essential investments in all of our people. On the other hand, our future will be brighter if we recognize our obligation to one another, and recognize that our future success ultimately depends on people—on human capital. As we work to reduce budget deficits, therefore, we have to do so in a way that keeps the American people's concerns paramount, and in a way that does not stint on the essential investments in human capital on which our future as a people ultimately depends.

Making these essential investments does not mean sacrificing deficit reduction as an objective. Both objectives must be national priorities, and both can be achieved. We can reduce Federal deficits, while making the necessary investments in our future if we set the right priorities. What is important is to recognize that the fundamental purpose of both is the same—achieving a brighter future for our country, and ensuring that every American has the opportunity to live the American Dream. That fundamental purpose cannot be achieved unless we reduce budget deficits, but it also cannot be achieved unless our society—our people—have the tools they need to meet the challenges the future holds.

But this budget does not help achieve the kind of future prosperity we all want. It does not help enhance the ability of our children to have a better life than their parents did. Our parents ensured we had the chance to do better than they did. We owe our children—and their children—no less.

This budget is supposed to be designed to save money, but it costs us. It costs us opportunity, and competitiveness, and economic growth, and security. It diminishes our future, and endangers our community. I cannot support it. I urge the Senate to reject this conference report.

Mr. EXON. Mr. President, I thank my friend and colleague from Illinois for the excellent statement.

Mrs. HUTCHISON. Mr. President, I yield myself 8 minutes from the majority's time.

Mr. President, this is a watershed day for America. Finally we are at the crossroads. The question is simple: Do we put America on course for a healthy, prosperous future? Or do we once again, as we have done year after year after year in this Congress, mortgage our future, our children's future, and our country's future with more and more debt?

America has prospered because our parents and grandparents saved their money and invested it in businesses and farms to create jobs and to give their children a better life. We can pass the American dream on to our children by saving for tomorrow—not by spending and borrowing for today.

America is finally going to have the promises kept. We promised in 1994 that we would be different, and we are keeping our promise.

The old Congress never proposed a balanced budget. It was always tax, borrow, spend. If that did not work, they taxed some more.

The taxers and spenders think that if they can just squeeze one more dollar out of the taxpayers of this country, that Americans will somehow be better off. It is time for Congress to look to the future for our children and grandchildren.

The deficit will be over $200 billion a year again, unless we change. Under President Clinton's first budget, the debt would grow to $23,000 for every man, woman, and child in America by the year 2002. The Congressional Budget Office said the President's second budget was a little better, but not much, and it continued deficit spending.

We have a chance for change now, with a budget that does some very important things. It saves Medicare from bankruptcy. It keeps a safety net with more money for Medicaid, school lunches, and food stamps.

This budget shrinks big Government. We start that very tough process by cutting overhead and bureaucracy, by cutting Congress' budget, and by freezing Congress' pay. The budget terminates outdated programs. It protects the taxpayers from the excesses of past Congresses and the President.

This plan does not cut overall spending. It does not cut overall spending. Spending rises at the rate of inflation. That is what we try to do in our homes. That is what we try to do in our businesses. If we are lucky enough to get pay raises or more sales, we often spend the increase on inflation just to stay even. And that is what we must do in the Federal Government.

Then, after we have done the first work of cutting the budget, we are going to give the profits to the American people, the taxpayers. We are going to give the tax cuts to the American family, for homemakers to have IRA's, because their work is every bit as important as anyone else's work in this country. It is about time that they were recognized for their efforts with their own opportunity to save for retirement security.

There will be other savings for people, too. Because if we balance this budget, interest rates will go down so your home mortgage interest rate will be lower. Your car loan will be lower. It will help small businesses borrow so they can continue to prosper and create new jobs to keep this economy going.

The people, not the Government, built this country. We must stop spending the people's money and their children's money and their grandchildren's money if we are going to keep the prosperity that our grandparents gave us and our parents gave us.

Thomas Jefferson said it is immoral for one generation to rob the next by spending more than it has today. It was wrong in his time and is wrong today.

We have the chance to be responsible leaders in this country, and that is exactly what the majority party is doing. Look at this budget resolution. Do you agree with everything in it? No. Do I agree with everything in it? No. I would like to have had more spending for defense. There are some important programs that I would like to expand further.

But, just like we do in our families, we have to make priority choices. That is what this budget resolution does. We have taken the first responsible step of leading. We have done something very different from Congresses of the past by keeping our promises. If you do not agree with everything we have done, we understand that, but look at the big picture. Look at the long term.

Think of our parents, who said we are going to do what is right, even sometimes when it is harder for our families to make ends meet. That is what my father always did. That is what he taught me. Even if it was not in the best interest of his small business, he would act for the good of the community because he knew in the end a healthy community would be better for all of us.

I hope my colleagues will put aside their partisan differences, put aside the small differences that we might have on the specifics of this budget resolution. Let us do what is right for America. Let us do what is right to give to our children and grandchildren the same kind of America that we have been able to grow up in and have the benefit of—and that we love. That is our responsibility. That is the crux of the vote we are about to take.

The PRESIDING OFFICER. The Senator from Kentucky.

Mr. FORD. Mr. President, of the minority time, I yield myself 8 minutes.

The PRESIDING OFFICER. The Senator from Kentucky is recognized.

Mr. FORD. Mr. President, it is interesting to sit here and listen to ''we are here for change.'' Change? You know, the more things change, the more they stay the same. This budget is not for people. It is against the elderly, the students, the young people, and for the wealthy. So the Republicans have not changed one iota from the time I started growing up until today. It is the same. Change, only a small difference—small difference. The small difference is, if you are rich, you get a tax break. If you are poor, you get a tax increase. If you are a student trying to go to school, they reduce the amount of your ability to get an education. So the more things change, the more they stay the same.

Years ago, when I grew up I heard someone say that ''Christmas is a time when kids tell Santa what they want and adults pay for it. While deficits are when adults tell the Government what they want—and their kids pay for it.'' Thanks to this Republican budget resolution, we can now add that tax cuts

are when well-off adults tell the Government what they want, and the elderly will have to pay for it.

I have an editorial today from the Kentucky Post. I will read just a little bit from it.

True, the Congressional Budget Office must certify in September that the lawmakers are meeting their spending targets—but those targets are only for fiscal 1996, when the cuts are comparatively mild. (Like most budget plans, this one saves the hardest hits for later years.)

The tax cut up front, the increase in the latter part of the budget cycle. We went through that under President Reagan. We gave the big tax cuts. We never cut spending for Government. And what happened? We kept right on increasing the deficit and increasing the debt.

We have been down this road too often: [this editorial says] Tax cuts now, with the promise of spending cuts later; somehow the spending cuts never come and the nation goes deeper into hock. Moreover, tax cuts in an election year tend to pick up irresistible momentum.

Tax cuts are fun and popular. Enacting the rest of the resolution will be neither.

The congressional Republicans say they're prepared to fight to get spending under control. It would be a shame to see that resolve thrown away on an ill-considered tax cut.

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

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

DO THE HARD WORK FIRST

The House and Senate have reached a compromise on a budget resolution which, if Congress sticks by it, could reasonably be called historic.

The resolution also requires that Congress show restraint on an election-year tax cut—and that would be historic, too.

The plan calls for a balanced budget—and even an embryonic surplus—in 2002. This goal would be achieved by holding the federal budget's annual increase to 3 percent, about the rate of inflation, meaning there would be little ''real'' growth. Still, federal spending, now $1.5 trillion, would be close to $1.9 trillion in 2002.

The GOP-drafted resolution will shortly be passed, over near-unanimous Democratic opposition, and will then become Congress' blueprint for funding the government.

The resolution is realistic, if draconian, but it has one big pitfall; a $245 billion tax cut to begin taking effect next year when Republicans hope to take the White House and tighten their grip on Congress.

True, the Congressional Budget Office must certify in September that the lawmakers are meeting their spending targets—but those targets are only for fiscal 1996, when the cuts are comparatively mild. (Like most budget plans, this one saves the hardest hits for later years.)

We have been down this road too often: Tax cuts now with the promise of spending cuts later; somehow the spending cuts never come and the nation goes deeper into hock. Moreover, tax cuts in an election year tend to pick up irresistible momentum.

Tax cuts are fun and popular; enacting the rest of the resolution will be neither.

The congressional Republicans say they're prepared to fight to get spending under control. It would be a shame to see that resolve thrown away on an ill-considered tax cut.

Mr. FORD. Last fall, Republicans campaigned on the notion that all we had to do was cut wasteful spending and we could both eliminate the deficit and have tax cuts. What they did not tell voters is that by wasteful spending the Republicans meant programs affecting seniors, like Medicare and Medicaid; and that by tax cuts they meant cuts for well-off Americans.

The more things change, the more things stay the same for the Republican Party.

Look at the numbers. Whenever that tax cut for the well-off goes up, so do the cuts to Medicare and Medicaid. Is that just a coincidence? I do not think so. The bigger the tax break, the more they gouge out of Medicare and Medicaid.

A $245 billion tax break, where the majority of the benefits—the majority of the benefits—go to those making over $100,000 a year, and a $452 billion cut from Medicare and Medicaid—that is the Republican's notion of a middle-income tax break and that is the Republican's notion of cutting waste.

Make no mistake, this has nothing to do with the health of the Medicare trust fund. Just like someone has to pay for gifts from Santa, and just like someone has to pay for the deficit, someone has to pay for this tax cut for the well off. That someone turns out to be America's elderly, and America's middle-income families are right behind them.

Because those cuts hit middle-income Americans not once, but twice. The obvious hit comes when families have to pick up the costs that Government no longer provides. That is no small task when you consider that before Medicare was created, at least half of all seniors went without health insurance and nearly 30 percent lived in poverty. Today, less than 1 percent go without health insurance, and 88 percent of our seniors have incomes above the poverty level.

But the second hit comes from the failure to address the causes for high Medicare expenditures. Without critical changes, from cracking down on fraud to lowering costs to market reforms, providers will simply shift costs, raising premiums and making it that much harder for middle-income families to obtain insurance and employers to provide insurance.

Everyone in this Chamber agrees that we cannot keep telling Government what we want, and then simply let our children pay for it. But, by instituting these irresponsible tax cuts for America's most well-off, we are sending our children the bill just as surely as we did with deficit spending.

Of the top 140 institutions of higher learning in the world, 127 of them are located in the United States. Yet, instead of making these institutions more accessible and our children better prepared to compete in the global economy, this budget makes $10 billion in unnecessary cuts to education. For many of the students in my State, that cut could mean the difference between continuing their college education or settling for a minimum wage service job.

There is no question that if they cannot get the education and training they need, they will be paying for that tax cut in lost wages.

So, do not kid yourself about who is paying for that tax cut—America's elderly and America's children.

When we go from converting the numbers in this budget plan to the actual changes in specific programs necessary to achieve these numbers, everybody knows this budget is going nowhere because we all know about vetoes and we can all count votes.

I believe the American people deserve better than this. This budget was put together behind closed doors by one party. The American people clearly want to see a bipartisan effort to craft a budget that calls on all of us to contribute equally to the solution.

Mr. President, I will ask a couple of questions. How does the Republican budget conference report cut more in Medicare and Medicaid than the original Senate-passed budget, yet still produces less deficit reduction?

Think about that for a minute.

The answer: Because it increases tax breaks for wealthy Americans by an even greater amount, from $170 billion to $245 billion.

Ask this question: If the Republican plan produces a true balanced budget, then why on page 3 of the conference report that we have heard about all day today, and no one has given an answer, does it show a deficit in the year 2002 of $108.4 billion?

Answer: Because the Republican plan does not really balance the budget. It produces a fiscal year 2002 deficit of $108 billion.

It is only when you count the projected $114.8 billion off-budget surplus in the Social Security Trust Funds that you can claim a ''balanced budget'' by 2002.

FINANCING FOR THE FAA

Mr. President, the budget proposal before us today does not provide in detail how we will finance one of Government's most important safety agencies—the Federal Aviation Administration.

This budget plan does, however, propose to cut transportation funding for highways, Amtrak, the Coast Guard, and aviation by an additional $10 billion beyond the President's proposal.

That tells me one thing—someone is going to feel the squeeze—and aviation is a prime target. What we are looking at is a budget that could undermine the safest air transportation system in the world. That is wrong.

My colleagues will not be surprised to learn that the demands on the FAA are greater today than ever before and they are expected to grow.

FAA operates the world's largest air traffic control system, handling an average of two flights per second, every minute, every hour, 365 days a year.

Their safety, security, and airport safety professionals conduct nearly 1,000 inspections on an average day.

Their maintenance technicians every day keep 30,000 pieces of complex safety equipment across the Nation operating with an almost perfect reliability record of 99.4 percent.

No other transportation system is as safe as American aviation.

The question is—can it be even better? Absolutely.

Under the current leadership of Administrator Hinson and Deputy Administrator Daschle, the agency has established a new safety goal of ''zero accidents''. The agency is taking aggressive steps to reach this new goal and I wholeheartedly support their efforts.

But the real challenge for the FAA is that they are pursuing their ''zero accident'' objectives at a time they are being asked to absorb ever increasing budget cuts.

For that reason, Mr. President, I am worried that this budget resolution marks a retreat from that important safety objective.

FAA should not be and has not been totally immune from budget cuts. Over the past 2 years, the agency has seen its budget decline by 6 percent-some $600 million—while at the same time experiencing a 6-percent increase in air traffic.

The FAA has been able to do more with less by eliminating programs no longer needed, overhauling others, and by reducing their nonsafety work force by nearly 5,000 employees. That's progress. But we can not, and should not let this budget resolution undermine the FAA's mission.

Those savings were achieved through strong management and thoughtful and tough decisions. I worry that our budget decisions are exactly the opposite. We do not want to make aviation cuts with no rhyme nor reason.

It is my hope that after the bickering and posturing end on this budget, we will return to what I have always valued, a bipartisan consensus on the importance of a safe and efficient aviation system. The administration also must understand that its proposal for a corporation has no support. They can sit and watch as the reform movement goes on, if they so choose, but that is their choice. I will work with my colleagues here on meaningful reform that moves the aviation system forward. We must begin with looking at how to reform the FAA. Senators INHOFE and BURNS have put forward a proposal, and I know the Commerce Committee is seeking a bipartisan approach to FAA reform.

We must also make a real commitment to providing the necessary funds. If we do not, I am afraid they will redo that old country saying—''that dog don't hunt''—to ''that plane don't fly.''

Mr. COHEN addressed the Chair.

The PRESIDING OFFICER (Mr. DEWINE). The Senator from Maine.

Mr. COHEN. Mr. President, I yield myself 8 minutes.

Mr. President, it is interesting listening to the latest statements made by the other side that the American people deserve a better plan than this. If so, where has it been? Where is the plan that has been proposed by the minority? They talk about these Republican cuts in Medicare and Medicaid. Let me say that the President of the United States recently had the fortitude and the courage to measure up to the problem confronting Medicare and Medicaid. These programs are going broke. The trustees of the Medicare trust fund have reported that it will be insolvent in 6½ to 7 years. I suppose we could just put that off until after the next election and not deal with it. But six or seven years from now there will be no payments made to any hospital or to any doctor on behalf of anyone. President Clinton at least has had the courage to face up to the challenge facing us and say that he has a plan—a 10-year plan versus the 7-year plan, but at least he has a plan. I did not hear anybody over there endorse it. If they had an endorsement I suppose it would be forthcoming now.

So I take some challenge or question about the notion that somehow this is a Republican design simply to inflict pain and suffering upon the elderly. I think there is a legitimate issue to be raised about cuts in Medicare and Medicaid. But at least the President of the United States has faced up to it. He deserves a good deal of credit for having done so.

Insurance market reforms, portability, malpractice reforms—all of that has been proposed on a bipartisan basis. Action has yet to be taken. I do not have the time to go into who has held up those kind of reforms in the past. But nonetheless, they are there. And I think they are there for the taking if there is a bipartisan spirit to do so.

This is a blueprint, as has been described by the chairman of the Budget Committee. It is not faultless. It is not flawless. But I believe Senator DOMENICI deserves a great deal of credit at least for trying to come up with something that is not made of smoke and mirrors, that has not been a ''triumph of politics,'' as David Stockman wrote in his book, but something that has some real numbers behind it. It is not a ''free toss,'' as the critics of the balanced budget amendment suggested when we debated that issue before and lost by one vote. The critics said that individuals could vote for a balanced budget amendment but would never measure up when the budget comes through.

I think this conference report is adequate rebuttal. Those who supported a balanced budget amendment also are committed to producing a balanced budget for the consideration of this Congress.

I am one who has questions about the level of taxation included here. I think the tax cut is too high. I have told that to the chairman of the Budget Committee personally and I reiterate it again today. I think it applies or could apply to those who are not in need. I intend to raise such issues when we come to authorization, appropriations, and reconciliation.

So I am not fully committed to each and every detail contained in this particular blueprint. I hope to change it. I know there are a number of colleagues on this side who share my views, that we are not going to support some of the provisions in this particular blueprint. But let me say that this at least comes to grips with the entitlement issue.

Several years ago Senator DOMENICI and Senator NUNN offered an amendment on the floor dealing with entitlements. There were only 28 votes; 28 people who were willing to face up to the fact that we must curb the growth in entitlement programs. Today's blueprint represents a majority, not 28.

So I want to give Senator DOMENICI credit for his persistence in coming to grips with the difficult problem that we all have known about but have been unwilling to face.

There have been, in my opinion, cuts too deep in the field of biomedical research, education, and nutrition. Again, I have made that very clear to my friend from New Mexico, that I intend to support efforts to reverse some of those proposals.

But, Mr. President, I listen again and again to the attacks against this proposal coming from those who say: We have a better idea.

I have not heard it. Not one has come forward with a balanced budget plan. I have listened to speeches this afternoon saying, ''I am for a balanced budget. But not this one.'' It is much like St. Augustine saying, ''Dear Lord, give me chastity, but not yet'' when I hear them saying, ''Give us a balanced budget, not this one, not now, sometime in the future, but not yet.''

So, in spite of my reservations that I have expressed privately to Senator DOMENICI and to others, I believe that it is important for the first time since my service in Congress to go on record in favor of a balanced budget before this Congress, to approve it in spite of the fact that I have reservations about the tax cuts; approve it in spite of questions about the level of funding for research.

My Aging Committee had hearings just this week, which pointed out that we are being penny-wise and pound-foolish; that, if we invest a small amount of money in medical research, we can save as much as $70 billion by delaying for 5 years the onset of Alzheimer's, or a stroke, or Parkinson's. Those are the kind of investments we ought to make, and those are the kind of investments I am going to support when the time comes to vote on the authorization and the appropriations bills.

Mr. President, I want to go on record as saying I do in fact favor a balanced budget. This is a proposal. It is the only one before us. Until I hear a better one, I intend to support the Senator from New Mexico.

Mr. DOMENICI. Mr. President, how much time remains on the conference report?

The PRESIDING OFFICER. The Senator from New Mexico has 1 hour and 20 minutes. The Senator from Nebraska has 1 hour and 53 minutes.

Mr. DOMENICI. Let me once again on my time say to the Republican Senators, I do not want to cut anybody short. We have 1 hour and 20 minutes. I hope those who want to talk essentially agree to a minimum amount of time. I do not think I can give anybody more than 10 minutes and most 7½. Having said that, we are trying to make a list and get people in order.

Mr. President, let me say to my good friend, Senator COHEN, from the State of Maine, first of all, from the very beginning of my efforts in this regard, one of the stalwarts—there is a lot of talk of who is conservative, who is moderate, and who is liberal. From the very outset, Senator BILL COHEN of Maine has been for reining in the Federal Government and he has not been kind of a rainy day guy. He has been there when you try to get at the entitlement programs that are making it so there will not be any money for research in the National Institutes of Health on the dreaded diseases he is so concerned about. He has been there starting 4 years ago when Senator NUNN and I began the first idea of capping entitlements. We did not have anybody around. He surprised many people, BILL COHEN of Maine. The Senator from Maine was there with a tiny few of us.

Now, today, he expresses his enthusiasm again for getting to a balanced budget for the future of our country, if I understand him correctly.

Now, he is entitled to come to the floor of the Senate and say there is no other plan and I am going to vote for this one, and he is right. The President's plan did not come close even after he goes to all the effort of trying again. There is none from the other side. And so he is saying he is going to vote for it because of that.

On the other hand, he is entitled to say he is not going to be 100 percent for each and every assumption here, as it works its way through appropriations. He may argue that he wants less money for transportation, and more for cancer research. He may want to argue that he wants more money in education and less money in the Economic Development Administration or Appalachian Regional Commission. I read him that way.

Am I reading the Senator right?

Mr. COHEN. Right.

Mr. DOMENICI. And he is saying on some of the entitlements, look, there may be a better way than to take the subsidy away from postgraduate students in college. This resolution assumes they will pay a little more of the subsidy Americans are generously giving to them. He does not like it that much, and he may want to change it as a Senator from Maine, this process works.

Mr. COHEN. And I may wish to cut back on the level of tax reduction as such to alleviate cuts in some of the programs we just talked about.

Mr. DOMENICI. In which event everybody understands; budget resolutions and the product thereof are a little different from average legislation. The good Senator knows how onerous and difficult it is to change a reconciliation bill, but he stands before us committed to the good of this country, and for our children and our future he is voting even for some things he is not quite sure that he will support in their final form. And he is at liberty to do that. I thank him and acknowledge that that is, in my opinion, a very forthright and acceptable level of support, and I appreciate it.

Mr. COHEN. I thank the Senator. I simply wanted to indicate to him that there will be times as we go through this process that I will put my colleagues on notice that I do not share the assumptions contained in the resolution and will work to modify them.

Mr. DOMENICI. Mr. President, might I just complete these remarks?

I think everybody should understand that is the case. There may be Senators on that side of the aisle who, as this reconciliation process goes forward, support some of the propositions. I would not think they would be against each and every one. Some on this side are not going to support each. But let me suggest that in the final analysis we will have tax cuts for the American people only when we get a balanced budget. That is the premise of this budget resolution. We will have bills before us ready to be enacted that will get a balance before the tax cuts will be viable. I think the Senator from Maine knows that.

So to the extent we cannot balance the budget, we are putting at risk the tax cuts. And I think for some that will be a very important issue and a very important event. For others, it will not be that important. But it seems that everybody is saying it is important to get a balanced budget. That is how I see it and how I read it.

Mr. COHEN. If the Senator will yield.

Mr. DOMENICI. I will be pleased to yield.

Mr. COHEN. I think it is really important that we try to move away from this debate on class warfare, that once again it is Republicans simply bailing out the rich and it is the Democrats standing up for the elderly and the young and the poor. Senator LOTT is the son of a shipyard worker, a blue-collar worker, a union worker from Mississippi. I am the son of a small-town baker in Bangor, ME. My father does not have very much in the way of material goods. He works really hard—my mother and father both. He is 86 and still works 18 hours a day. And all he has is what he makes, period, each day.

I take offense that supporting this budget is somehow akin to bailing out the rich. I will tell you what I am concerned about. I have two sons, both married, both starting out, and they have a future that is pretty bleak. They have a future that is bleak because of what we have been doing. We have been eating their seed corn, their food and then asking them to pay the bill.

When I look at their futures in terms of what they will have to pay in interest payments on the debt, unless we change our ways, then I have real apprehension for their future. They are not rich. They are not wealthy. One has gone back to graduate school after being out of college for 10 years, and another has decided to go into college after being away. So I have two now, one in graduate school and one in undergraduate school. It is not easy. They are going to have a tough time. But they are going to have a much tougher time unless we change the way we have been dealing with their futures.

So that is the reason I support a balanced budget, not because of any interest in bailing out the rich or passing out benefits for the wealthy. What I want to do is make sure we start curbing our appetites so that we do not simply eat away their future. As Thomas Jefferson stated, ''whenever one generation spends money and then taxes another to pay for it, that first generation is squandering futurity on a massive scale.'' That is what we are doing; we are squandering our children's future on a massive scale. In my judgment, that amounts to fiscal child abuse and we have to stop the beating and stop the bleeding.

Mr. DOMENICI. Mr. President, let me once again thank the Senator for his very articulate, sound statements regarding this effort in the Chamber of the Senate. I am very pleased to lead this effort because of that very set of concerns.

Mr. President, I do not think I want to once again state how I came into this world, but I will share it with you. I am the son of immigrant parents and my father never went to school and never learned how to write English. He was a success, however.

In fact, I say to my friend, if I have a liking for small business, it is because my dad had a little grocery store and when they bought a new truck, it was not just an event in business; it was an event of the family. He brought the truck home to show that his hard work was getting something and there was a new truck to deliver goods, and he could perhaps support us better.

I am not supporting this balanced budget because I feel I wish to vote for a tax cut for the very wealthy in this country. To be truthful, to be truthful, that issue will be decided by the Senate. Anybody who wants to talk about where it is going to be, the Senate is going to vote on that issue. So if the other side wants to continue with the rich and the poor and wants that fight to go on forever while we try to help

everybody with a balanced budget, have at it.

The truth of the matter is there is nothing in this budget resolution that says the Senate is on record, off record, assumptions, nothing that says we know how this tax cut is going to be put through by our Finance Committee and this Senate.

Now, let me make one other point, I say to the Senator. He made it, and let me make it and then yield to him for a moment. He made an excellent point.

Whenever you try to balance the budget, it is very easy for those who do not want to join your team to say, ''We are for it but.'' And then let me suggest if we kept a litany of the ''but,'' or ''however,'' or ''I wouldn't do this,'' if we would have kept that list, we would be back out of balance and we would not be in balance until the year 2020 because everything that is difficult somebody on the other side of the aisle says, ''We would not do that.'' Now, not everyone on that side, but a host of Senators with a litany of, ''I wouldn't do that; it will hurt the seniors; it will hurt the poor.''

Mr. President and fellow Senators, when are we going to balance the budget? You know what we ought to put up here when they put that picture up and Senator LAUTENBERG says, ''Whose side are you on?'' We should have a picture of every main street and every shopping center in America. That is what we should have, I say to Senator COHEN, with thousands of Americans, some of them wearing a cowboy hat, some of them boots, some of them swank clothes, and we ought to say, when he asks that question, ''We are for all of them. All of them.'' The poor, the rich, the old, the less than old, the kids and even the unborn kids. I do not know how we would put them up there, but maybe a space over on the side and say, let your imagination carry you on a little bit. Because a balanced budget is even for the unborn Americans who, if we do not fix this fiscal policy, will be paying our bills and have nothing left over for themselves. That is the issue as I see it.

How much more do we want to ignore our adult responsibility? How many more years? How many more years do we want the excuses? It is easy to make excuses. You can have excuses by the thousands. You can even find an economist, perhaps one that works for the President, who will tell you it is not the right time.

Well, I say one more time, when will it ever be the right time? If it is not the right time when you can do it, then it will never be the right time. If it is early in a business cycle when everything is going good, Oh, do not harm that growth. Right? Do not do it now. Let it grow. You get it in the middle of the business cycle, Oh, you might be a little early. Now like maybe the waning tip of the business cycle, Not right now. That is what is wrong with us—on both sides of this aisle. We wait around for our time. And much of that turns out to be political time. Our time, meaning what is best politically.

Well, I submit we took some real risks here. And we are going to defend it across this land. And we believe that when it all turns out, we are not asking for credit. We are just asking that the people of this country reserve their antagonism toward this or their sense of urgency, or concern, about what we are doing, reserve it for a while, and let us see how much better America will be when we decide to pay our own bills instead of letting our children do it.

Mr. COHEN. If the Senator would yield. You mentioned one of the President's economic advisers. Let me repeat what I said earlier. I think President Clinton deserves a good deal of credit for coming forward with his second budget proposal saying, let us do it in 10 years, not 7.

By the way, he recognized what his trustees in Medicare told him—the system is going bankrupt. Starting next year the payments going out under Medicare will exceed the revenues coming in. Then it goes into a steep decline in the year 2002 and it is broke. President Clinton had the courage to change and recognize his mistake in the first budget and to say now that we have got to fix it.

Now, we may disagree in terms of what level of funding is necessary, but at least he faced up to the responsibility; he did not try to exploit the issue, saying it is Republicans trying to do in the old folks. We have got to save the fund. We have got to save the Medicare fund. He seems willing to do it. We are willing to do it. There ought to be a way to work it out. But I have not heard any suggestion on the other side. I have heard no resolution being offered, or even being contemplated, endorsing President Clinton's second budget. I heard none forthcoming.

If I could have one more comment.

Mr. DOMENICI. Please.

Mr. COHEN. On this class warfare issue, we have been through this year after year after year. When the tax debate took place several years ago, many on the other side said it is time to tax the rich. We have to go after the fat cats. Let us put a luxury tax on furs, on jewelry, on yachts, on cars. And what happened? They aimed at the rich, and whom did they hit? The working men and women. We lost jobs in my State. You know why? Because the rich bought their boats elsewhere. Hinkley Boat Yard, one of the finest shipbuilders in the country——

Mr. DOMENICI. Went broke?

Mr. COHEN. Did not go broke, but it had real serious problems for several years thereafter. Those on the other side said, ''We made a mistake. We tried to get the rich. We got the working men and women.''

We have got to stop the notion that somehow only Democrats preserve the interests of those who are working and we are just protecting the rich. What we are trying to do is generate an economy in which everybody benefits.

So I must say this notion, this dangling conversation that never seems to end, that the Democrats are the only ones concerned about working men and women, it does not correlate to the background that I come from. It is not the background that the Senator from New Mexico comes from.

My folks do not have anything. They do not have any retirement plans, nothing but Social Security and what they are able to produce day in and day out from their hard labor. So the notion that somehow I am out here advocating programs for the rich really strikes me as offensive. And so I want to commend the Senator from New Mexico once again. The conference report to House Concurrent Resolution 67 is not a perfect plan; it is one that I will disagree with in some instances in the future with regard to the details, but I think he has done an outstanding job. And I wanted to rise and advocate my support for it.

Mr. DOMENICI. Mr. President, let me close these remarks by saying, obviously when the Senator from New Mexico alludes to this side of the aisle being Republican and that side of the aisle being Democrat, I want to make it very clear that I do not paint every Republican in one picture. I do not think they all agree on the same things. And what I said about opposition to this budget does not fit every Democrat in the same way. There are many Democrats that, I believe, with two or three changes, would probably support what we are doing in this budget resolution. It may very well be one would put off tax cuts for a while. That is their prerogative. But I submit that there are a number of Democrats who are just as willing to take on the entitlement packages, the entitlement problems of this country, as we are. Anything I said in my remarks about it is never the right time and never the right program, certainly I did not intend that to apply with a brush to everyone on the other side, because it is not so. I yield the floor. I thank Senator COHEN.

Mr. EXON addressed the Chair.

The PRESIDING OFFICER. The Senator from Nebraska.

Mr. EXON. Mr. President, I listened with great interest, and I was wondering if we could agree now when I finish my very brief remarks that I could have two Senators from this side speak, given the fact that the majority side has taken considerable time. I intend to yield 4 minutes to the Senator from Wisconsin, and then, following that, 2 minutes to the Senator from Vermont. Would that be acceptable?

Mr. DOMENICI. Yes.

Mr. EXON. Let me make very brief remarks. There have been a lot of questions asked and charges made talking about class warfare. The question has been asked, when are we going to balance the budget?

Well, in the first place, Mr. President, I do not stand here—I stand here proud of the fact that the people on

this side of the aisle are going to say very loud and they are going to say very clear that we tell the truth about the tax policy that came out of the conference, that is, there are $245 billion of tax cuts in this horrible piece of legislation before us, and if we point out that that the benefits are going to the rich, it is because that is the truth. I do not like class warfare, but the truth never hurt anybody.

When are we going to balance the budget? I think we can get together and balance the budget as soon as the majority gets off the kick that they are on, a $245 billion tax cut that basically helps the rich. That is the time when those of us on this side of the aisle are prepared to march shoulder to shoulder. In the meantime, we will not. We think it is unfair. We think it is wrong. We think it is ill-advised and ill-timed and it could not be worse.

Just let me point out, Mr. President, that under the bill that came out of the conference, as nearly as we can understand it, while I would agree that the final details have to be worked out in the Finance Committee and then with the comparable committees on the other side of the Hill, that basically, under this bill families with incomes of over $200,000—that is about 2.5 percent of all the families in the United States of America—those families would get an average tax break of $11,266 a year, while on the other hand, other Americans not so fortunately situated, those taxpayers with incomes below $30,000 a year, which represents about 40 percent of the taxpayers in the United States of America, they would get an average tax break of $124 a year; $11,266 a year for the 2.5 percent of our citizens that make over $200,000, and $124 for those who make under $30,000.

We are not going to be part and parcel to that type of an arrangement, however much it is clouded, however much we are accused of playing class warfare. We are not going to saddle up to that kind of a plan.

I yield 4 minutes to my colleague from the State of Wisconsin. When he finishes, 2 minutes to my friend from Vermont.

Mr. KOHL. Mr. President, I thank the Senator. I am pleased to be here to say a couple of words about this budget proposal we are voting on today.

I am voting against it. Like Senators COHEN and DOMENICI, I am also the son of immigrant parents and worked most of my life in the private sector. I have been very fortunate. I am among the most wealthy and well off in our society. Mr. President, I would be embarrassed to go back and tell the people I represent in Wisconsin that the balanced budget amendment that I voted for asked nothing from me, zero, and I voted for it. It asks a lot from middle-income people, lower-income people, students, from everybody in our society except the well off.

This balanced budget proposal I voted for asks nothing from the well off, and it is not inadvertent and it is not an accident and it is not something that we should hold out to the American people as something of which we are proud and endorse. We should not say now, ''Well, we'll change it later.''

Why do we not have a consideration for what I just suggested in this balanced budget proposal that we are discussing? We have a situation in this country today in a way which is more skewed than any society in the world. The wealthiest 1 percent controls 40 percent of our assets in this country, and the most well off 20 percent control 80 percent of the assets in this country, and it is going in the wrong direction.

Here we come up with an economic proposal which does not take that into consideration at all. In fact, for those most well off, they will come out of this with an economic benefit—a tax cut. They will be asked not to do one thing to help to balance our budget. If this represents fairness, then everything that I have been taught about what is fair in the years that I have lived on this Earth does not make any sense at all.

There was an opportunity that Senator COHEN and Senator DOMENICI had to vote for a balanced budget proposal that did contain fewer tax cuts, and those tax cuts were aimed at people in the middle-income brackets that needed them the most; that did contain fewer cuts in Medicare and Medicaid and nutrition programs and student loan programs. Senator COHEN and Senator DOMENICI did not vote for those proposals. So they are talking now about a balanced budget proposal, in Senator COHEN's words, that is more fair in the ways he just described which are exactly like some of the proposals we made early on in the process: Senator BRADLEY's proposal, Senator CONRAD's proposal. Senator COHEN did not vote for it.

So now we have just one proposal to consider, and that is this proposal which is, in my judgment, most unfair and it is not a way in which we should go to the American people and ask them to support our concept of a balanced budget proposal. So I have to vote against this balanced budget proposal. I am very regretful, Mr. President, because I am a supporter of the balanced budget amendment.

I recognize having been in business all my life how important it is not to spend money you do not have. I am a supporter of a line-item veto. I am convinced we have to come up with a balanced budget proposal, and I hope before this process is over this year I will be able to vote for a balanced budget proposal.

But, Mr. President, it has to be fair. It has to be something that the American people can look at and say, this represents equity in the quest to balance our budget.

So I must say I cannot support this proposal. I am looking forward to continuing the dialog. I very much hope before October rolls around that we will come up with something that I can support out of fairness. In my judgment, this proposal is not fair. Thank you, Mr. President.

Mr. EXON. Mr. President, I yield myself 1 minute. I want to pose a question to my friend from Wisconsin. I do not wish to embarrass him, but I think it is a good time for me to make the point, once again, that I have been making.

Since I know the Senator from Wisconsin very well, he is a very talented Member of this body, a very humble soul. I think it would be safe to assume, and I would like to ask, if I would not embarrass my friend from Wisconsin, I just guess that the Senator from Wisconsin very likely might be in the category that I referenced earlier, the 2.5 percent of the families in America that would receive an average $11,266 a year in tax cuts. Is that the understanding of the Senator from Wisconsin?

The PRESIDING OFFICER. The Senator's 1 minute has expired.

Mr. EXON. I yield whatever additional time I need.

Mr. KOHL. Yes, that is true, I say to the Senator. As I said in my earlier remarks, I would be flatout embarrassed to go on back to Wisconsin and tell people that I voted for a balanced budget proposal that is going to cost them money out of their pockets, money that they really need, and for myself I voted a tax cut. I mean, this is not fair, and if we do not represent fairness, then what do we represent?

Mr. EXON. Does the Senator from Wisconsin feel that I am practicing class warfare against him by putting out the fact which he agreed to?

Mr. KOHL. I want to point out to the Senator from Nebraska that it is just the opposite. It is the inequitable distribution of wealth that has been occurring the other way year after year for a decade or two. Whenever people get up and talk about trying to distribute more equitably the wealth we have in our society, the other side is saying you are practicing class warfare. It is just the opposite. They are the ones who are doing it with their policies that are more and more concentrating wealth in the hands of fewer and fewer people, and when somebody brings it up, they point a finger and say, ''class warfare.'' It just is not fair.

Mr. EXON. I thank my friend.

Senator LEAHY is next to be recognized.

The PRESIDING OFFICER. The Senator from Vermont.

Mr. LEAHY. Mr. President, I compliment my friends on the other side of the aisle for their strong support of a balanced budget. I just wish they had that same strong support during the eighties. Instead, they strongly supported President Reagan as he tripled our national debt. If they did not give strong support then, we would not have the difficulty getting a balanced budget today.

Mr. President, I fear the Republican congressional leadership and the President are heading for a train wreck on

the budget, a wreck that is going to force the entire Government to abruptly stop this fall.

I think a bipartisan summit of the budget is needed, something building on the spirit of cooperation we saw in New Hampshire with President Clinton and Speaker NEWT GINGRICH on taxes, welfare reform, entitlement reform, spending reductions and the time it is going to take to get a balanced budget. It will be a tough and difficult summit, but it would be worthwhile.

I think both Republicans and Democrats agree we have to consolidate unnecessary Government programs, reform welfare, control Medicare and Medicaid spending. We may disagree on the details, but we know it has to be done.

In 1990, a President and the Congress of a different party failed to reach an agreement, and we had to shut down the Federal Government for almost a week. Social Security recipients, students, farmers, millions of others were hurt by it. Nothing was accomplished. The same thing is going to happen this fall if we do not get together.

I think it is time to put our political differences aside and come together on a budget summit before the crisis. I think once we get the budget on solid footing, then let everybody run for President.

Just a few weeks ago, we saw a brief glimpse of bipartisan cooperation. In New Hampshire, President Clinton and House Speaker GINGRICH actually sat down together to discuss their differences on a wide range of important issues—without 15-second sound bites aimed at scoring cheap political points.

And 2 weeks ago, President Clinton laid out a 10-year blueprint to balance the budget and called for bipartisan cooperation to reach some compromise with Republican congressional leaders.

Unfortunately, the Republican congressional leadership rejected the President's offer to a bipartisan solution to balancing the Federal budget. This budget conference agreement completely ignored all of the President's recommendations.

This deal makes a bad budget even worse. It is not a compromise, but a much more extreme budget than the Senate-approved resolution.

Nearly 60 percent of the total projected savings of this so-called compromise plan come from cuts in Medicare and Medicaid. These Medicare and Medicaid cuts will pay for a tax cut package of $245 billion—$75 billion more than the Senate-approved budget—over the next 7 years.

This tax cut package includes a $500-per-child tax credit for families making up to $200,000 a year. But this credit is not available for poor families that do not make enough money to pay taxes.

This agreement cuts Medicare by $14 billion more than the Senate-approved budget over the next 7 years.

This means Vermont will lose over $350 million in Medicare funding over this time.

Split equally between beneficiaries and providers, the average Vermont senior will pay about $2,000 more out-of-pocket over the next 7 years.

This budget deal also makes deeper cuts in Medicaid, which provides medical care for our most needy citizens. The so-called compromise would cut Vermont Medicaid funding by over $300 million over the next 7 years.

These cuts come at a time when Vermont is working on a plan to cover more uninsured Vermonters through expanded Medicaid coverage. As a Vermonter, I am afraid these cuts could jeopardize Vermont's plan. Vermont is moving in the right direction while this budget deal takes the country in reverse.

I fear that the Republican congressional leadership and the President are heading for a train wreck on the budget—a wreck that will force the entire government to an abrupt halt this fall.

An immediate bipartisan summit on the budget is needed, building on the spirit of cooperation established by President Clinton and Speaker GINGRICH in New Hampshire.

For a summit to succeed, everything must be on the table: Taxes, health care reform, entitlement reform, further spending reductions, and the time it will take to get to a balanced budget.

Such a summit will be a grueling, sometimes acrimonious encounter. But anyone who has studied the various blueprints can see the outlines of an agreement—providing there is the political will.

Both Republicans and Democrats agree that we must consolidate unnecessary Government programs, reform welfare, and control Medicare and Medicaid spending. We may now disagree on some of the details for accomplishing these goals, but that is why we need a bipartisan summit—to hammer out the details of a compromise.

Until now, both sides share the blame for the fix we find ourselves in. This year's budget debate has been just partisan bickering.

Congressional Republicans did not seek cooperation from the Democrats, and Democrats in turn, almost unanimously opposed the budget resolution. Party-line votes, unfortunately, are nothing new in Washington budget debates.

When Democrats controlled the majority, the same thing happened. Democrats did not reach out to Republicans, and not a single Republican in the House or Senate voted for the 1993 budget bill.

In 1990, a President and Congress of different parties failed to reach a bipartisan agreement on the budget.

The result was a shutdown of the Federal Government for almost a week: This hurt Social Security recipients, students who relied on Federal loans, farmers who relied on Federal support programs, and millions of others.

Luckily, the Government shutdown did not last long enough to imperil our air traffic control system or meat inspections.

I foresee the same thing happening this fall—but with the potential for a far longer and more acrimonious stalemate.

Before adopting a more conciliatory tone in New Hampshire, NEWT GINGRICH was issuing partisan ultimatums.

He recently told Business Week, his strategy of forcing President Clinton's hand: ''The appropriations bills—if you don't sign them, there is no government. Which of the two of us do you think would be more worried by that?''

Just yesterday, House Budget Committee Chairman KASICH said that a Government shutdown this fall ''would give the best explainers on Capital Hill'' a chance to make the case for the Republican budget plan.

Shutting down the Government is an attempt to score political points will only bring more scorn of our political system.

It is time to put our political differences aside and come together in a bipartisan budget summit—before the crisis.

I still hope that Democrats and Republicans can work out a more reasonable plan than the budget before us. A budget that would cut out agricultural subsidies for wealthy absentee farmers, cut out wasteful projects like the space station and B–2 bomber, but out tax loopholes, and look at entitlement reform.

Once we get the budget on a solid footing, there will be plenty of time for a Presidential campaign next year.

The PRESIDING OFFICER. The Senator from Nebraska.

Mr. EXON. Mr. President, I thank my friend from Vermont, with whom I have had the pleasure of serving for 17 years, for his help, his support and thoughtfulness. I also would like to take a moment to thank my talented colleague from the State of Wisconsin for his remarks.

Mr. President, I have two more speakers, but it is the turn of the other side.

Mr. DOMENICI. Mr. President, I say to my colleague, Senator Snowe, we have the time to allow her 10 minutes to speak. I yield 10 minutes to the Senator from Maine.

Ms. SNOWE. Mr. President, I want to thank the chairman for yielding me 10 minutes. I want to commend him for the effort that he has undertaken to put this budget proposal together.

Mr. President, to paraphrase Winston Churchill's famous remark, I feel we finally have reached the ''end of the beginning'' of what I hope will eventually be known as the first 7-year budget to reach a balance in over a generation. I say the ''end of the beginning'' because we still have a tremendous amount of work lying ahead of us over the next few months.

While this resolution moves Congress forward light years, rather than leap years, in our quest to achieve a balanced budget by 2002, we still have a

challenging reconciliation process to overcome.

As a member of the Budget Committee, I know that has been a tough target to reach, but it has been a goal well worth fighting for.

I have had concerns about this conference proposal, not necessarily because it has some tax cuts, not necessarily because of some spending cuts, but I believe a careful balance has been tilted in a manner that could put at risk the very goal of this entire process.

This afternoon, I would like to offer some constructive words and views to this very important process—a process for whose goal I have been fighting throughout all of my years in the Congress, including when I served for 16 years in the House of Representatives.

Getting us closer to balancing the budget has not exactly been a ''walk in the park'' for those of us who worked hard and diligently to unlock the fiscal handcuffs that have bound our country.

I speak especially of the distinguished chairman of the Budget Committee, Senator DOMENICI, our distinguished majority leader, Senator DOLE, and all of the Senate members of the conference committee who represented the views of this body and the American people with a firmness of resolve and commitment to our goals.

Those are goals that even the President has finally agreed to—after a considerably long leave of absence—that we should reach by a date certain, the most important of which is the total elimination of the budget deficit.

Let it be known that while we on this side of the aisle had the guts from day one to forge a 7-year fiscal vision about where we wanted to take America, there are those in this institution, on the other side of the aisle, who never had it in their hearts to fight for a balanced budget, and never had the stomach to make it a bipartisan fight.

A balanced budget is not only making the Federal Government accountable to sound fiscal policy, but it is also a commitment to compassion and common sense that must be made in the process.

It is said that ''every rose has its thorn,'' and this historic budget proposal is no different. That ''thorn,'' as it turns out, stemmed from wide-ranging differences between the House and Senate budget numbers, and specifically on the issues of tax cuts. When this budget was reported out of this Chamber on its way to the conference committee, an agreement was reached among Senators regarding the size and scope of proposed tax relief. The House gave a $345 billion tax cut package. From here, it was agreed that a total of $170 billion would be held in reserve to be used if—and only if—two things happened. First, that we had an economic dividend over 7 years, and, second, that the Congressional Budget Office would actually certify that a balanced budget would occur by the year 2002.

Let us be clear right up front about one thing: The entire purpose of this balanced budget process was not to craft and produce tax relief in sum totals that were unrealistic or inconsistent with achieving balance in a fair and rational manner.

The singular goal of our efforts from the outset has been this, and only this: To sensibly and carefully craft a 7-year plan to reach balance by the year 2002, without being sidetracked by other goals and proposals.

In our plan, we identified a potential for a $170 billion dividend that would be held in reserve to be used for tax relief. But in the conference committee, a final figure of $245 billion was reached.

I happen to consider the original Senate plan a fair and reasonable approach: Taxpayers who have been asked to make sacrifices to reach a balanced budget could receive the dividend of reaching balance in the form of a tax cut.

I credit Senator DOMENICI as chairman of the committee for having reached, I think, a very fair and reasonable proposal in addressing some of these issues with respect to a tax cut plan.

The compromise agreement from the budget conference, however, allows for the possibility of an additional $75 billion in tax cuts.

From this point, there are three ways to proceed: Offsets may be chosen from the jurisdiction of the Finance Committee; higher deficits may be called for in the first years of the plan to absorb the high cost of this tax cut proposal; or we can simply reduce the size of the tax cut reported by the Finance Committee. The budget only stipulates that the tax cut not exceed $245 billion; it does not say that it must be $245 billion.

My point is that I do not think we want to hinder the progress of the balanced budget caravan by attaching a larger-than-necessary bulky trailer to its hitch.

To this Senator, it is one issue to return the economic dividend derived from balancing the budget to taxpayers in the form of a tax cut, but it is quite another to ask them to absorb additional cuts in programs to support further tax cuts of larger-than-life proportions.

As we move forward, other issues concerning the budget resolution will also be addressed in reconciliation—issues of tremendous importance to me and to other Senators, such as maintaining adequate levels of funding for education and student loans. When we talk about the goal of the balanced budget for our children, nothing could be as important as investing in the education of our children's future, and we must see to it that this investment is maintained.

We must also fight to ensure that the Medicare system is not only solvent, but a healthy provider of quality service as well. We must fight to protect biomedical research, funding for the National Institutes of Health, and nutrition programs—again, in the sole interests of protecting and providing for America's children.

I believe we can maintain these priorities and maintain the moral imperative of a balanced budget which must come first and foremost.

I know that this is the price and the cost for righting 26 years of wrong in America—26 years of budget deficits, 26 years of allowing Congress to treat the budget like a charge card, 26 years of adding unceremoniously to our national debt.

We are not going to treat the Federal Government like an ATM machine anymore. We are basically going to revoke its credit-card privileges, and it is about time we do so.

In the final analysis, my hope is that we can look upon this document for what it is—a ''binding blueprint.'' Its parameters have been drawn and set, but its contents have yet to be fully shaped. The opportunity for further imprints is, for many of us, one of its shining qualities, and reconciliation will be its end result.

This document gives committees the opportunity to meet these balanced budget targets. And we must accomplish this without harming the most vulnerable in our society.

Mr. President, with these caveats in mind, and with the knowledge that we are merely at the ''end of the beginning,'' I am concluding at this stage of this historic process that the momentum forward toward a balanced budget should not be stopped.

We are, in the end, finally tilting the fiscal scale to balance.

In this proposal for a balanced budget, we reach our goals by cutting Federal spending, by eliminating waste and unnecessary bureaucracy in Government, by saving Medicare from bankruptcy, by not taking a dollar from the Social Security system, by cutting over $900 billion from the deficit over 7 years, and without raising taxes.

In a final note, I want to assure my colleagues that I intend to do everything I can to work diligently and constructively throughout this process, with as much resolve and vigor as I entered into it with, to ensure that we have a balanced budget. I want to work to ensure that we have fairness and reasonableness in this process.

I want to make sure that the working Americans and working families are treated fairly, and that we have middle-class America facing relief in the future from the enormous debt that has been certainly hampering their economic security. And we have to look at single parents who often work two jobs to make both ends meet, as well as those trying to educate their children in this uncertain time. We also have to look at the young Americans whose future and financial security is already at risk.

In this budget we have asked Americans to contribute in some form or another to our bold effort to balance the

budget. Already, we have asked them to make difficult choices. Already, we have joined with them to make our mark on history. So, once again, we ask for their trust and confidence as we take the next step forward.

I hope that although we have not had a strong, bipartisan effort to balance the budget—we have not had a plan from the other side—I think it is important from this point forward that we have set the goals for a balanced budget, that we work in unison and harmony to fashion the most fair and reasonable approach possible, to ensure that we provide the economic security that Americans deserve.

I yield the floor.

Mr. EXON. Mr. President, we will continue as best we can. I would like just a moment to recognize the Senator from Florida, who has been waiting patiently. Following Senator GRAHAM, depending on the flow of what speakers are available—I would like to at this particular time yield to the Senator from Florida 10 minutes; followed by the Senator from Minnesota, 12 minutes; followed by Senator BOXER, the Senator from California, for 10 minutes, in that order.

Mr. DOMENICI. Mr. President, if the Senator will yield so I may respond to Senator SNOWE, then we will proceed with your side.

Mr. EXON. I yield.

Mr. DOMENICI. I just wanted to say to Senator SNOWE, we would not be here with a balanced budget but for her participation in the Budget Committee. When she was selected, I do not think any of us knew we were going to have this kind of job ahead of us, nor that we were going to accomplish this much. Whether we like every single piece or morsel of it is another issue, but the Senator was a very active participant in our budget markups and our floor debate.

I thank her for that. I want to say, I did not know her very well, but she has a lot of what some of us call ''guts.'' ''You are tough.'' From me, that is a great compliment and I hope my colleague takes it that way.

Ms. SNOWE. I certainly do.

Mr. DOMENICI. It has been very exciting to have her on the committee. We had a great committee. They did their job, and the Senator from Maine was one of them.

Ms. SNOWE. I thank the chairman for the work he did on the committee to bring us together to make this day possible. And it is a historic moment, to think this is the first time in 26 years we have established a balanced budget resolution. But it is due to the chairman's credit, his demeanor, and to his approach to the committee to bring this forward, that we cut a trillion dollars from the next 7 years. Without the chairman's efforts and input and his experience as chairman of the Budget Committee, this day would not be possible.

So, I thank my colleague and look forward to working with him in the future.

Mr. DOMENICI. I thank Senator EXON for yielding.

The PRESIDING OFFICER. The Senator from Florida.

Mr. GRAHAM. Mr. President, I, too, wish to join those who have complimented our colleague, Senator DOMENICI, and also the ranking member, Senator EXON, for their outstanding work on behalf of the U.S. Senate and our goal of bringing the U.S. Federal budget into balance. They have taken on a very difficult, challenging task. They have performed their task with great skill.

I want to say that I stand shoulder to shoulder with others in this Chamber who are committed to the goal of balancing the Federal budget and doing so as rapidly and surely as possible. I am proud to wear the label of being a deficit hawk.

I have supported the constitutional amendment to require us to balance the budget. I hope when that amendment returns, we will have the votes to carry it one step further and that is to be prepared to balance the Federal budget without relying on the Social Security surplus as a means of doing so. By adding that additional component, that is denying ourselves the luxury of balancing by using the expanding Social Security surplus, we will have, in fact, achieved our goal of a sustained, permanent balancing of the U.S. Federal budget and a cessation of the constant increases to the national debt.

I also support the line-item veto as a necessary discipline of the executive in the process of national fiscal affairs. I supported the 1993 economic plan of President Clinton which I think history will demonstrate is one of the most important actions that this Congress has taken, in terms of moving beyond rhetoric to actually making the difficult political decisions to balance the Federal budget.

I cosponsored, during the debate on this budget resolution, the Fair Share plan, which went beyond this budget in terms of what it would have done toward balancing the Federal budget by the year 2002 and beyond. While I admire and appreciate the effort that has gone into the budget plan which is before us this afternoon, I do not believe even its most ardent advocates would attempt to say that it is Biblical; that is, that this is the only way, this is the divinely disclosed manner that is necessary in order to achieve the objective of a balanced budget.

Balancing the budget is both a matter of commitment and then a matter of values, of priorities, of choices. This plan represents values, priorities and choices. Frankly, they are not my values, priorities, or choices, because I believe this is not a plan which meets the ultimate test of being fair to all the American people.

When one of our colleagues has the courage to stand up on the floor and describe himself as being one of the most advantaged Americans, and then to say he is embarrassed about the fact that he is being asked to vote for a budget plan that will substantially reduce his taxes while denying services to many other Americans who are substantially less well off—I think that is indicative of the fundamental unfairness which is a fundamental flaw of this budget plan.

I think there are three other flaws in this plan. First, the plan ignores, in too many critical areas, the consequences on real Americans, on real people. If I could use as an example a meeting that I participated in yesterday with the presidents of four, predominantly African-American, colleges and universities in my State. One of those Presidents was Dr. Oswald Bronson who is the president of Bethune-Cookman College in Daytona Beach. Bethune-Cookman College has, as its first name, the name of a great American, Mary McLeod Bethune, whose statue graces Lincoln Park, just a few blocks from where we are this afternoon.

Those presidents told me that if the cuts in student financial aid which are contemplated as a result of this budget plan become reality, it is not a matter of a few students being economically pressed in terms of continuing their education. It is not a matter of a sustainable dropoff in admissions to their institutions. It is a matter of survival of their institutions. So many of their students are dependent upon programs like the PELL grants, that if we make the kinds of cuts that we are contemplating, we place those institutions in jeopardy. That is the impact on real people that this plan will inflict.

Second, I think this plan is flawed in that it is top down. Big numbers were arrived at without any apparent attempt to determine what those big numbers would mean to the programs that were affected and the people who depended upon those programs. I want to particularly talk about that flaw as it relates to the two big Federal health care programs: Medicare, health care for the elderly; and Medicaid, health care for the poor.

Third, I think this plan is unsustainable. We may get some degree of glow of accomplishment, should this plan pass today—and I assume it will. But I predict with a high degree of confidence that when the Members of this body and our colleagues in the House begin to look at the actual consequences of this budget, particularly in areas such as education and health care, that we will see them to be what I think they clearly are, and that is inappropriate, adverse to the interests of average Americans, and therefore unsustainable.

There are some who would suggest, in this health care debate, that we have just opened the scene to an absolutely new stage; that we never saw any of the issues in health care until we came to this budget resolution. The fact is, we have known about the status of American health care for a long

time. It has been a status which has been declining in some very important indicators. It has been declining in terms of the number of persons covered by effective financing for their health care costs. It has been declining in terms of some important indicators of the health of our people, such as the immunization of our youngest children. And it has been declining in terms of its economic status.

It was no secret that the Medicare program has been in financial distress. That was why the President, in his 1993 plan, made what I think was a courageous proposal, to provide a substantial amount of additional funds for Medicare, which has allowed its impending bankruptcy to be deferred for some considerable period of time.

We need, now, to have a reform of our health care plans which is reasonable, which is in the context of comprehensive health care reform, and which will be sustainable.

One of the major debates of 1994 was whether health care could be reformed program by program or whether these programs are so interrelated that it had to be done on a comprehensive basis. Those who argued for the former position won the day; that we did not have to have comprehensive health care reform, that we could do it a different path. It is now going to be their challenge to figure out if that in fact is true.

I personally do not believe it is true. I believe we are going to find that there will be substantial cost shifting as a result of these draconian cuts in Medicare and Medicaid. We will find private insurance rates going up. We will find the cost to local governments increasing. Circumstances such as just occurred in the largest public hospital in Los Angeles—the Los Angeles County Hospital now is on the verge of closure because, in large part, of the impact Federal Government health care policies that have been narrowly focused on that one hospital and have caused or contributed substantially to its collapse.

We also are seeing declining coverage. One of the things that is occurring is that the percentage of Americans covered by private health insurance is declining. The estimate is that by early in the 21st century less than half of working Americans and their dependents will have coverage at the point of their employment. And the result of that is that the rolls of Medicaid, the safety net for many of those people who have lost their coverage in the private sector, has been growing almost in direct proportion. We are going to continue to see that. Yet, with these cuts, $181 billion below what health care economists both in the previous Republican administration and the current Democratic administration had considered as necessary to maintain the same level of coverage and quality, we are going to have $181 billion of cuts below those levels.

Mr. President, while I admire the fact that we are now moving toward the goal of a balanced budget, there has to be a different way to achieve that goal. So I must vote no on this plan with full expectation that before this year is over I will have the opportunity to vote yes for a plan which is fair, which is sustainable and in the interest of all Americans.

Thank you, Mr. President.

Mr. KYL. Mr. President, promises made, promises kept. That's what the fiscal year 1996 budget resolution is all about. We promised the American people that we would find a way to balance the Federal budget, and we did. This resolution puts the budget on a path to balance by the year 2002.

We promised that we would protect Social Security, and we did. This resolution doesn't touch Social Security retirement benefits or cost-of-living adjustments.

We promised to protect Medicare, and we did. This resolution allows Medicare spending to grow at a sustainable pace.

We promised to provide tax relief for American families and businesses, and we did. This resolution will accommodate 245 billion dollars' worth of tax relief over the next 7 years.

We promised that we would begin to shrink the size and scope of Government, and we did. This resolution provides for the elimination of the Commerce Department and numerous other programs, commissions, agencies and functions of Government.

Promises made, promises kept. That's what this resolution is about—keeping the promises we made to the American people, and keeping faith with future generations of Americans.

Now, make no mistake. We'll hear throughout this debate about all of the pain this budget inflicts. Let's put this budget into perspective.

Over the next 7 years, the Federal budget will grow from $1.5 trillion to $1.875 trillion. That represents and annual growth rate of about 3 percent. So, total Federal spending isn't being cut at all. We're just not increasing it as much as some in this Chamber and at the other end of Pennsylvania Avenue would like.

Take a look at Medicare in particular. Spending will grow from $178 billion this year to $274 billion in 2002. That's an annual growth rate of about 6.4 percent. Medicare spending per beneficiary will grow from about $4,350 this year to $6,070 by 2002. Total Medicare spending over the next 7 years will top $1.6 trillion. So, we're not slashing Medicare at all.

We do heed the warning of the Medicare Board of Trustees and limit growth to more sustainable levels to prevent Medicare from going bankrupt in 2002. That is what is necessary to ensure that seniors do not lose their benefits altogether as a result of bankruptcy in 7 years.

Medicaid spending will grow from $89 billion this year to $124 billion by the year 2002. That is an average annual growth rate of just under 5 percent.

So, spending on many important programs is continuing to increase, even as the budget moves toward balance.

What about taxes? We hear a lot of rhetoric about tax cuts for the rich. The fact is, a tax bill has yet to be written, so we don't even know what taxes will be cut or who will benefit. If you look at the bill the House passed back in April, about 75 percent of the benefit of the $500 per child tax credit would go to families earning less than $75,000 per year. Ninety percent of the benefit would go to families with annual incomes of less than $95,000. There is language in the resolution before us that says the tax cuts should go to working families. In other words, most of the benefits will go to families of more modest means.

But even if some of the benefits goes to wealthy individuals, I would ask, what's wrong with that? People don't hide their money away in a mattress. They invest it, and that creates new job opportunities across the country. You don't help job seekers by penalizing job creators.

Capital gains reform is a case in point. When capital gains tax rates are high, people need only to hold on to their assets to avoid the tax indefinitely. No sale, no tax. But that also means less investment, fewer new businesses and new jobs, and far less revenue to the Treasury than if capital gains taxes were reduced.

According to a study by the Institute for Policy Innovation, the 50 percent capital gains exclusions and indexing contemplated in the House bill would help lower the cost of capital by about 5 percent, inducing investors to increase the capital stock by $2.2 trillion by the year 2002.

That larger capital stock, in turn, would create 721,000 new jobs and increase total gross domestic product by almost $1 trillion by the year 2000. And, of course, that will help increase revenues to the Treasury.

Mr. President, this resolution is about promises made, promises kept; about a healthier economy. More important, however, it is about the future. It's about Casey Crandall, a young scout in Herber, AZ, who wrote to me recently to say we shouldn't spend money we don't have; that there is no reason to send this country farther into debt.

It is about young Brandon Loos in Scottsdale who wants his representatives in Congress working hard to balance the budget and get us out of debt.

It is the future of these young people that is on the line. The national debt now amounts to about $4.8 trillion—about $18,500 for every man, woman and child in the country—$18,500 apiece for young Casey and Brandon in Arizona.

If the Federal Government continues to run $200 billion annual deficits, as President Clinton has proposed, Brandon and Casey can expect to pay an additional $5,000 in taxes over their lifetimes. The $1 trillion in new debt that

President Clinton proposed in his 5-year budget plan represents an additional $25,000 in taxes—an additional $25,000—for every young man and woman.

And the burden of the national debt doesn't just show up in people's tax bills. It also adds a surtax to interest rates that people pay on car loans and student loans, credit cards and mortgages. The estimate is that the debt surtax adds about 2 percent to those interest rates. On a $74,000 30-year mortgage, that surtax amounts to over $37,000. By balancing the budget, we can help to eliminate that surtax and make a home purchase more affordable—make it easier for families to send their children to college.

Mr. President, every generation before us has worked hard to ensure that their children and grandchildren has had the chance to lead a better life. Let's not have ours be the first generation to rob the future of its chance for a better life just so we can continue to spend to excess on ourselves. Let's give Casey Crandell, Brandon Loos and all of the other children across the country the chance to work for a better America for themselves and their children, not just the obligation to pay our debts.

Mr. President, this is an historic occasion; the first time in nearly three decades that we have a chance to vote on a balanced Federal budget. Let's pass the balanced budget resolution.

Ms. MIKULSKI. Mr. President, I rise in strong opposition to the conference report to the budget resolution. It will have negative consequences for seniors, children, veterans and the people who serve people—our Federal employees. It will also hamper our ability to make investments in our future for job creation and economic growth.

This conference report violates the most basic contract we have with the American people—to provide for a safe and secure future for our children.

Let me make this perfectly clear—I support the goal of a balanced budget.

However, I believe that in balancing the budget, we must be guided by certain principles that uphold our commitment to our seniors, our children, our veterans and our federal employees.

This budget resolution upholds none of these principles.

This budget resolution could have devastating consequences for Maryland. The Baltimore Sun reports that this seven year budget plan could cost the State of Maryland 100,000 jobs over the next ten years. This means that Maryland could be thrown into an economic depression as a result of this budget resolution.

For all of these reason, I am vehemently opposed to this resolution and I urge my colleagues to vote against it.

Mr. President, this conference report makes unprecedented cuts in Medicare—this is outrageous.

The proposed cuts to Medicare send a clear message to the G.I. Joe generation—the generation that saved western civilization. Thank you for saving humanity, but we are going to cut your health care when you may need it most.

On the 50th anniversary of the end of World War II, we are turning our backs on our veterans. It is shameful.

Is this what they fought for?

To have their Government turn its back on its senior citizens?

Under this budget resolution, our seniors will have to pay more and get less—less choice, less coverage and less security.

Our seniors deserve better than this.

And so do our Federal employees.

This budget resolution is a declaration of war against Federal employees.

To the people who answered John Kennedy's call to service—NASA employees who put us on the moon, NIH employees who are trying to find a cure for cancer and FBI and Secret Service agents who risk their lives trying to make our streets safer—this Congress decides to cut their benefits and reduce their retirement.

This violates our contract with these employees. It is unfair, it is unjust and this Congress should be ashamed for the action it is taking today.

This budget resolution also makes dramatic and potentially crippling cuts to student loans.

How can we turn our backs on middle class families who are hoping to send their children to college?

We are taking away the ladder of opportunity for millions of students and the families who have sacrificed for their children.

This resolution fails in another fundamental way. It fails to make the investments in science and technology. It fails to create high wage jobs. It fails to promote economic growth.

In my own State of Maryland, agencies such as NASA, NIST and NIH are in the forefront of developing new technology. I support this effort. But this budget resolution means less money, less research and less benefits to the economy and the people of this country.

Mr. President, with this budget resolution, I believe we are breaking our promise to our seniors, our Federal employees, our children and our veterans. I find this unconscionable.

This Congress must recognize that balancing the budget must be based on principles that protect our most vulnerable citizens and preserve the ladders of opportunity for the next generation. We must never forget the contributions of our Federal employees and the vital role they play in preserving our prosperity.

Unfortunately, this Congress has rejected these principles. For this reason, I oppose the conference report to the budget resolution and I urge my colleagues to do the same.

Mr. DOMENICI. Mr. President, we have been going back and forth. Sometimes that does not work timewise because somebody speaks 10 minutes on one side and 5 on the other. What we will try to do now is—I ask unanimous consent that Senator KASSEBAUM and Senator MURKOWSKI proceed in that order, with Senator KASSEBAUM having 5 minutes and Senator MURKOWSKI 3½. Then we will proceed back to the Democrat side. What would their pleasure be there?

Mrs. BOXER. We ask that Senator WELLSTONE have 10 minutes, and I understand that Senator NICKLES would like 10 minutes, and then Senator KERREY would like to have 5 minutes at that time.

Mr. DOMENICI. Can we get Senator DEWINE at 5 minutes?

Mr. KERREY. Mr. President, what we would like is 15 minutes to the side under the control of myself, Senator ROBB, and Senator NUNN.

Mrs. BOXER. We would have Senator KERREY for 15 minutes.

Mr. DOMENICI. DEWINE 5, BURNS 5, and COVERDELL for 5.

Mr. WELLSTONE. Mr. President, might I have 10 minutes?

Mrs. BOXER. Yes. The Senator will be going immediately after Senator MURKOWSKI and Senator KASSEBAUM.

I say to my chairman, I am looking to speak for 10 minutes for myself at some point before I have a meeting in the minority leader's office. I am wondering whether it would be all right with the chairman if I went before he had used up 15 minutes.

Mr. DOMENICI. I want to accommodate the occupant of the chair, who has a time schedule also. Let me say it this way: We have Senator KASSEBAUM and Senator MURKOWSKI, then Senator WELLSTONE for 10, and Senator NICKLES for 10.

Mrs. BOXER. Senator KERREY for 15.

Mr. DOMENICI. Senator DEWINE for 5.

Mrs. BOXER. And if Senator BOXER could go in there for 7 or 8.

Mr. DOMENICI. Fine. Then we will come back and see where we are. It looks like Senator BURNS and Senator COVERDELL will follow thereafter for about 5. We will see how those work out.

Mrs. BOXER. Has the Senator formulated the unanimous-consent request?

Mr. DOMENICI. Let me say that is understandable. Let us make that a unanimous consent.

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

Mr. DOMENICI. I thank the Chair.

Mrs. BOXER. I thank my colleague.

Mrs. KASSEBAUM addressed the Chair.

The PRESIDING OFFICER. The Senator from Kansas.

Mrs. KASSEBAUM. Mr. President, first, I would like to recognize the superb leadership on the master plan of this budget, the chairman of the Budget Committee, Senator DOMENICI. I used to serve on the Budget Committee a long time ago. It is not easy putting together a truly substantive budget, but, indeed, this budget is that. It is putting us on a path that is going to be

a sound and a sensible direction for the future. It may not be what we all would like. I am sure there are parts of it that we might not be truly comfortable with in the short term. But it envisions what we can do with the short term, but more importantly, what we will be able to do for the future.

Mr. President, I am struck by some of the debate that we heard back and forth yesterday and today about the sense of finality that some are imposing on this debate. Depending on your perspective, it is as if this resolution, on its own, will either save our economy or wreck it. The fact of the matter is that the vote on this budget will not end the debate on how to restore fiscal responsibility and set priorities. In many ways, the debate—and the work—is just beginning.

This budget resolution, like all budget resolutions, provides a framework for the tasks that will fill the rest of the year, and years ahead, as a matter of fact. It does not and cannot prescribe specific actions. It paints, in broad strokes, the outlines of Federal spending and revenues over the next 7 years. That picture is a good one, because it shows a Federal Government that has slowed the rate of its growth and trimmed away the excess spending that adds to our national debt.

The details of the picture, however, will be painted by the authorizing and appropriating committees with jurisdiction over individual programs and policies. The budget requires only that we stay within the lines of the resolution that is before us. As difficult as it has been to produce this outline, producing the finished picture will be much more challenging.

For example, I will mention one that was mentioned by the Senator from Maine, Senator SNOWE. I am very concerned about the magnitude of cuts this budget would have us make in Federal student loan programs. During the recent debate on the Senate resolution, we rejected the idea of stripping away loan subsidies for college students. Senator SNOWE's amendment gave 67 of us the opportunity to make ourselves very clear on that point. Yet, the budget resolution assumes we will cut $10 billion from the program in 7 years. This was worked out through the compromise with the House and the Senate, and it is now before us.

I think it will be very difficult for the Committee on Labor and Human Resources—and the full Senate, for that matter—to agree to the cuts the budget resolution assumes we will make to meet its instruction.

As chairman of that committee, I can only say that I will do the best I can. And, obviously, it is very important that indeed we achieve that goal.

I also am not convinced that the mechanism this resolution sets up for certifying spending cuts and triggering a $245 billion tax cut will be effective. Nor am I convinced that a tax cut of that size is wise while we are still running deficits. That has been a concern of a number of us. Even if CBO certifies that our planned spending reductions are sufficient to cover the lost revenues, we still could balk when the time comes to follow through with the spending cuts. Seven years is a long time. Before I vote for any tax cut this fall, I will have to be convinced that we have locked in real spending cuts.

And that is, indeed, the responsibility of the authorizing and appropriating committees.

I also have to mention that I do not agree with some of the discretionary spending assumptions this budget makes. A good example, I think, is spending on public health and basic research. I remain concerned about the funding reductions for the National Institutes of Health and other programs in the U.S. Public Health Service. The budget resolution assumes a 1-percent reduction in NIH funding in 1996 and then a 3-percent reduction for each year thereafter. That does not seem like a lot. But I think it takes away from that budget some very important funding that is necessary for us in the future.

And I am worried about the detrimental impact of any NIH budget reduction. I believe that biomedical research advancement and breakthroughs could slow dramatically, and I think this is a concern we all share. We want to make sure we can do it the right way. However, I am pleased that the conference agreement would allow for a 1-year transition period before the full impact of any reduction would occur. This is necessary because the National Institutes of Health will need time to plan for the discontinuation of some ongoing research projects to fund new initiatives. As chairman of the Committee on Labor and Human Resources, I am committed to working with NIH to find ways to achieve these budget reductions without harming basic biomedical research. In fact, we will explore these options when the committee takes up the NIH reauthorization next year.

The PRESIDING OFFICER (Mr. INHOFE). The Senator's time has expired.

Mrs. KASSEBAUM. If I may just have 2 more seconds to finish.

Mr. DOMENICI. Two additional minutes.

Mrs. KASSEBAUM. Just 1 minute will do it.

Mr. DOMENICI. One additional minute to the Senator.

Mrs. KASSEBAUM. Let me just add this, Mr. President, and I realize everybody has time they want to use. Throughout the debate on this budget, much has been made of the idea of shared sacrifice. And this is always tough. But let me just tell you when a student who is worried about a student loan reduction will say to me, ''So what is going to happen to you?'' I think in order to accomplish the goal of balancing the budget and restoring sound fiscal policy, all of us have to be willing to do our part.

That is why I consider it essential that those of us in Congress take action to freeze our own salaries until our budget is in order. Already this year we have made significant cuts in legislative branch spending, and the budget calls for more cuts next year. The conference report does not explicitly say that we will freeze our salaries but that we can. We should enact legislation soon to implement that freeze. I believe, Mr. President, while saving $72 million is not large in the context of our entire budget, it is a step we must take.

I strongly support this budget because I believe that it outlines and points to fiscal responsibility, and I congratulate again the chairman and those who have worked hard to make this possible.

I yield back my time. I thank the Chair.

Mr. MURKOWSKI addressed the Chair.

The PRESIDING OFFICER. The Senator from Alaska.

Mr. MURKOWSKI. Mr. President, I join my colleagues in commending the chairman of the Senate Budget Committee, Senator DOMENICI, for developing a foundation for this truly historic budget resolution conference report. This resolution commits this Government to finally ending the nearly four decades of deficit spending that have brought our Nation's Government to the very verge of bankruptcy.

Starting in 1961 and in every year but one, we have run an unending string of deficits and debt. During the past 34 years, our national debt has grown by 1700 percent, from $298 billion in 1961 to nearly $5 trillion, and we have done nothing—we have done nothing, Mr. President—that is adequate. And if we continue to do nothing, interest on the debt, currently at $235 billion, will approach $300 billion in nearly 4 years and interest costs will exceed Federal spending for national defense in 1997.

Mr. President, in the face of these massive, unending deficits, our President has failed to present anything close to a credible plan to balance the budget. In February, the President submitted his budget. When the Congressional Budget Office [CBO] analyzed his budget, they found that he had cooked the books down at the White House. The President's budget was out of balance by more than $1.2 trillion and his deficit projections were off by 40 percent. Not a single Member of this body supported the President's budget, which was defeated 99 to nothing last month.

Mr. President, 2 weeks ago, the President went on national television to announce that he had finally developed a 10-year plan to balance the budget. If one looks at that plan, all the cuts are in the last 3 years, and even then according to CBO, the budget would be out of balance by more than $200 billion a year.

Let there be no misunderstanding, Mr. President. The only plan that will

bring about a balanced budget is the plan crafted by the House and Senate budget conferees, and there is simply no other choice available. That is why I will support this budget resolution.

Finally, let me address the issue of tax cuts in this resolution, and let me be very clear on the issue. I do not believe we ought to be cutting taxes in 1995 and 1996 while we simultaneously run deficits of more than $170 billion. Although this budget resolution slows the growth in our interest bill, the fact is that all Federal borrowing today and for the foreseeable future is simply to pay interest on the debt. This is the clearest indicator I know of how broke we are in Washington. And when you are broke, it is no time to go out and declare a dividend.

I am a member of the Finance Committee, Mr. President. The committee will consider tax cuts in September. I hope I can convince my colleagues that all savings, or a considerable amount of those savings, should be used to reduce the carrying costs on the interest and thereby reducing the accumulated debt. In other words, we simply ought to be using savings to reduce the debt, not for tax cuts.

I thank the Chair, and I thank my colleagues for the time. I wish them a good day.

Mr. WELLSTONE addressed the Chair.

The PRESIDING OFFICER. The Senator from California controls time.

Mrs. BOXER. I believe under the unanimous consent agreement Senator WELLSTONE has 10 minutes at this time.

The PRESIDING OFFICER. The Senator from Minnesota.

Mr. WELLSTONE. Mr. President, I appreciate the views of my colleagues, but there is no shared sacrifice in this budget proposal. When the conferees came out of conference committee, tax cuts for wealthy people and very large and profitable corporations, tax cuts which go overwhelmingly to very wealthy people, ballooned from about $170 to $245 billion. Under this budget, if you have an income of over $350,000, you get a break of $20,000 a year. If you do not, you are pretty much out of luck. In fact, under this budget, on average, working people will pay a very large price.

Mr. President, at the same time that we are putting into effect these tax cuts which flow disproportionately to the wealthiest citizens in this country, we are calling for draconian cuts in Medicare, Medicaid, child nutrition programs, and student loans.

At the same time that we have a $20,000 a year break per person in tax cuts over the next 7 years, we are asking Medicare recipients to pay about $3,200 per person. By the year 2002—oh, yes, the cuts are backloaded, so it gets steeper—they will pay about $900 additional dollars per year for Medicare.

Mr. President, without system-wide health care reform, reform of the Medicare and Medicaid programs will not work. We have had this discussion in the Chamber before, and I have challenged my colleagues to debate this. With Medicare, we are talking about $270 billion in cuts and Medicaid $182 billion—in my State of Minnesota, about $4.7 billion in Medicare and over $2 billion in Medicaid.

First of all, let us consider the average income profile of people on Medicare. Let us stop assuming that elderly people are greedy geezers, as some critics have said. The median income for male beneficiaries is about $16,000 a year; female, about $8,000 a year. Households with people 65 years of age and over pay about four times more in medical care costs right now than those under 65 years of age.

What we are going to be doing with $270 billion in Medicare cuts is calling on the beneficiaries—and that is what it is, an insurance program for elderly people—to pay more out of pocket in copays and deductibles, and for many people they will not be able to, and will have to go without care. But above and beyond that, make no mistake about it, this will lead to major cost-shifting. We went through this before, I say to my colleagues, when we debated health care policy, and the cost shifting will go on like this just as it has.

In the metropolitan areas, where the providers can shift the cost to the private health insurance, they will do so because Medicare will not cover the reimbursement for the cost of delivering care, and then private health insurance companies raise the rates of those who receive private health insurance, and then employers have more trouble covering people, and then we continue the trend of employers dropping people from coverage. That is precisely what is going to happen. This is a shell game. Someone is going to pay for this.

Second, Mr. President, in rural Minnesota—and I come from a State where rural communities matter and count—many of our care givers will not be able to continue to operate, because 75 and 80 percent of their payment mix right now is Medicare, because of the disproportionate number of elderly people, disabled people, low-income elderly people, that live in our communities.

Finally, Mr. President, I come from a State where with Medicare we go through the HMO's. A Medicare per-person reimbursement over $350 goes to RHMO's, whereas in Kings County, NY, it is $600 per enrollee. I am speaking as a Senator from Minnesota. We have cut the fat. We kept the costs down in Minnesota, and now we have this slash-and-burn approach to health care policy? The effect of this will be severe in my State. And the effects of this will be cruel to Minnesota's elderly.

Mr. President, let us talk for a minute about another major problem with this budget, and that is the $182 billion of cuts in Medicaid. Let us talk about Medicaid. Actually per person, which is the way we ought to do it in terms of the number of people who are beneficiaries, we are going to go from about 7 percent per year increase to about 1.3 percent per person. Seventy percent of Medicaid, I say to my colleagues, is for nursing home expenses. And people are not in nursing homes and receiving Medicaid unless they are, by definition, low income. Who is going to pick up the cost? How are these nursing homes going to make up the difference? Are there going to be fewer staff? Are we going to provide people with even less care? Or is it going to be our county governments and our State governments that pick it up? And who is going to pick up the cost for covering children? Medicaid happens to be an important safety net program that covers many children within this country, children who would otherwise go without care.

Mr. President, this budget also hits farmers disproportionately hard. It instructs the Agriculture Committee to effect $48.4 billion in cuts over 7 years; from the commodity programs we are talking about $12 billion a year. So I am assuming we are talking about $35 billion of cuts in nutrition programs in 7 years, food stamps, school lunch, school breakfast, and the Women, Infant and Children program.

Mr. President, I had an amendment on this floor that said that the Senate will take no action that would increase hunger or homelessness among children. Three times I lost. The fourth time it was passed by unanimous consent. I guess I am going to have to bring this amendment back on the floor.

Why do you think we expanded the Food Stamp Program? It is the most important safety net program in this country. Yes. There are imperfections, and some reform might be necessary, but the fact of the matter is, we expanded the food programs after we saw the hunger and malnutrition in the late 1960's and we saw children with scurvy and rickets and distended bellies. And the Food Stamp Program has been enormously successful in removing that hunger and malnutrition. Are we going back to that again? How generous we are sometimes with other people's suffering. And I am told that this is shared sacrifice? I do not buy it.

Mr. President, I was a college teacher before I ran for the Senate. And I am saddened, and angered, that now some in this body are moving to cut the student financial program. This budget would slash about $10 billion in student loans. Students in Minnesota, I say to my colleague, in Minnesota, some of whom sell plasma at the beginning of the semester to buy textbooks. I meet students who work 35 and 40 hours a week while going to school. That is why it takes them 6 years. Now we want to eliminate part of the exemption on the loans? Mr. President, I do not see the shared sacrifice.

I see huge amounts of tax cuts, $245 billion, in the main, going to those people in our country who already have the economic resources. I do not see any real effort to take on corporate

welfare. We have got a joint tax committee, Mr. President. We have got a joint tax committee that tells us that we have, roughly speaking, over 400 billion in what are called ''tax expenditures,'' some of which are justified, like the mortgage interest and charitable contribution deduction, both of which serve important public purposes, but others of which are loopholes and outright tax giveaways. Is it too much to ask that we might look at some of those giveaways as sources of deficit reduction? Tobacco companies, pharmaceutical companies, insurance companies, oil companies. Are we going to ask any of those large corporations and financial institutions to be a part of this tightening of the belt? I do not see any standard of fairness here.

Mr. President, at the same time that it calls for slashing Medicare, Medicaid, and student loans, this budget calls for increases of about $58 billion over the next 7 years in the Pentagon budget, an increase of $58 billion over the next 7 years, in the post-cold-war period. I was in a debate the other night with a colleague in the House who said we needed to eliminate legal services for the poor, all in the name of deficit reduction. The total cost of legal services for the poor is $400 million. It is not even 40 percent of the cost of one B–2 bomber. Mr. President, I do not see the standard of fairness.

What we have done here is we have massive tax cuts, with almost all the benefits flowing to the most affluent citizens. We have draconian cuts in Medicare and Medicaid which will not work on good health care policy. And, in addition, we cut financial assistance for students for higher education, and we cut into nutrition programs for the most vulnerable citizens. But we do not touch corporate welfare or ask military contractors to be a part of this at all. And when it comes to health care, we do not have any health care reform, any system of wide cost containment.

Mr. President, I will introduce a resolution soon which will then be recrafted as an amendment to the first appropriate legislative vehicle to express the sense of the Senate that by the end of the 104th Congress the Senate should pass health care legislation to provide all Americans with coverage at least as good as what the Senate provides for itself. That sounds familiar because we are back to health care. This does not meet the Minnesota standard of fairness. And I hope before it is all over we get back to some shared sacrifice. This budget I believe is unconscionable. It signals an outrageous and historic abandonment of our commitment to vulnerable Americans, our commitment to farmers, our commitment to the elderly and to children and to college students. It signals a rejection of our commitment to the common good of all, not the special interests of the relatively few in America who are wealthy and powerful , and who will benefit enormously from the tax breaks in this budget. It is an abandonment of our commitment to some modicum of economic and social justice, and it should be roundly rejected by this body. I urge my colleagues to vote against it.

The PRESIDING OFFICER. The Senator's time has expired.

Who yields time?

Mr. NICKLES addressed the Chair.

The PRESIDING OFFICER. The Senator from Oklahoma is recognized.

Mr. NICKLES. First, I wish to join my colleagues in complimenting Senator DOMENICI for his stewardship of this budget because this is truly a historic budget. I have been in the Senate 15 years. We never passed a budget that anyone could really credibly call a balanced budget. This one we can. The Congressional Budget Office says this is a balanced budget. This is truly an historic occasion.

This is the first budget I have voted for that will curtail the growth of entitlements. Every other budget, including those under the Reagan administration, the Bush administration, and the Clinton administration never attempted to reduce the rate of growth of entitlement programs. In this budget we have done just that.

I compliment the chairman of the Budget Committee for his leadership, and also Senator DOLE, as well as our colleagues in the House, because everyone has been a contributing partner in this budget. The House is passing the budget right now. And my hope is that we will pass it in a couple of hours.

Mr. President, I think we are making history. I think we are making the right kind of history. The American people have asked for a balanced budget. And we are finally going to start delivering.

When we debated a couple months ago on the floor of the Senate whether or not to pass a constitutional amendment to balance the budget, many people on both sides of the aisle said we should balance the budget regardless of whether or not we have a constitutional amendment. And I agreed with that statement. However, we have to vote yes today in order to achieve that balanced budget. I hope our colleagues on both sides will support this budget resolution because it is the only resolution that leads towards a balanced budget.

President Clinton, during his campaign talked about balancing the budget. The budget that he proposed in February of this year was not a balanced budget. As a matter of fact, the deficit under this budget increased every single year, from $200 billion to almost $300 billion.

The budget that he introduced very late in the game, just a few weeks ago, would balance the budget over 10 years according to his estimates. But according to CBO he did not balance the budget. CBO says the deficit under the President's new plan would stay in the $200 billion range forever. So it is not a balanced budget. He has suggested basically a perpetual deficit of a couple hundred billion dollars.

The only budget proposal that will get anywhere close to a balanced budget is the one that we have before us. The compromise between the House and the Senate calls for a balanced budget by the year 2002. Some people, said why did you pick the year 2002? That was the date proposed in the constitutional amendment. Sixty-six senators agreed to balance by that date. That is what we have done in this resolution.

Mr. President, I will insert in the RECORD three or four charts that show the facts, because I heard my colleague from Minnesota say that this budget did not do very much, or it cut too much in some areas. I want to give people the facts.

First, I just want to compare this budget agreement to President Clinton's latest budget in June. You will see in this chart that our budget has a steady decline in the deficit. Every single year under our budget we have a steady decline in deficit figures to where we get to a balanced budget by the year 2000. In the President's budget, the deficit stays in the $200 billion range. These are the figures. These are the facts. I will put these numbers in the RECORD. I think people are entitled to their own opinion. I do not think they are entitled to their own facts.

I heard my colleague from Minnesota say we are slashing Medicare, we are slashing Medicaid and slashing student loans and slashing several other programs. Mr. President, I do not consider those comments to represent the facts. When you talk about these programs, you have to consider how much money we are spending this year and how much money we are spending next year. If we are spending more money next year, I do not consider that slashing a program. I will put another table in the RECORD which compares what we are going to be spending under this budget compared to if we actually froze spending. We are going to increase spending in Social Security compared to 1995 levels, $556 billion. Under Medicare we are going to spend $355 billion more than this year.

In other words, every single year we will spend more. I am going to print those facts in the RECORD.

Medicare, for example: Spending in 1996 goes up $13 billion compared to 1995; 1997, $24 billion; 1998, $36 billion; 1999, $48 billion. All increases over the 1995 level—and I could go on —we will spend a total of $355 billion more in Medicare than what we would have spent if we had a straight freeze.

Under Medicaid, we will spend $149 billion more than we would if we froze Medicaid for 7 years.

I heard my colleague from Minnesota say this budget spends billions more on defense. He said the Pentagon. He said we are spending $58 billion more in the Pentagon. Mr. President, that is not a fact, or he is using some weird baseline.

The facts are, in defense we are spending $270 billion this year. In the

year 2002, we are going to spend $271 billion, and spending actually declines in the interim. We are actually going to spend $13 billion less. In other words, if we froze defense at this year's level for 7 years, we would spend $13 billion more than we would under this budget.

So my colleague said we are spending $58 billion more, but not more compared to 1995. Defense would do much better if we froze it at 1995 levels and left it at that level, with no adjustments for inflation. I know I heard my colleague from Minnesota say we are spending $58 billion more for the Pentagon. Not so. We are going to spend $355 billion more in Medicare, $149 billion more in Medicaid, and spend actually $13 billion less in defense.

Mr. President, those are the facts. Again, people certainly are entitled to their opinion. If you use a baseline, you should use a baseline of what we are spending this year, so if you have an increase from this year, it is an increase; if you are spending less than this year, that is a decrease, not some hypothetical baseline that is inflated for all kinds of things.

I will make another comment on Medicare. I hear a lot of colleagues say these are draconian cuts in Medicare. Medicare per capita spending in 1995 is $4,816. In the year 2002, it will be $6,734. That is a significant increase, almost $2,000 more per capita after 7 years in Medicare than we are spending today. That is an increase in every single year.

Some of our colleagues say that is a draconian cut. I do not think so. I might mention, too, Mr. President, if we do not do something in Medicare, we have serious problems. We are walking away from a problem because Medicare, according to the President's own trustees, is going bankrupt; it is going broke.

Actually, in the year 1997, the Medicare trust fund starts spending more money than is coming in, and it begins to drain the so-called trust funds. Frankly, there are no magical trust funds, there is simply an IOU in the account, and we will have to borrow money to redeem that IOU.

By the year 2002, the $125 billion IOU is gone. Medicare cannot borrow from other trust funds. So we have two options, you either reduce the rate of growth of spending in Medicare or you increase payroll taxes. Payroll taxes are already pretty high and most of us do not think that is the right solution.

Most people say keep the funds solvent by reducing the rate of growth of spending in Medicare. Under our proposal, we allow Medicare spending to grow by 6.4 percent annually, which is two or three times the rate of inflation projected for the outyears. So let us be responsible, let us save the Medicare system. It is going broke right now. If we do nothing, as originally proposed under President Clinton's budget in February, the system will go broke. It will not be able to pay hospital and doctor bills, and that is not responsible. That is not an acceptable solution.

I just hope my colleagues will think a little bit about what we are doing today and remember some of the speeches we make back in our home States before the chambers of commerce and the rotary clubs that we believe in a balanced budget; we do not think the Government should spend more than it takes in.

We have a chance today to substantiate that belief. We have a chance today to say, ''Let us live within our means.''

I will say this budget may not be perfect. I heard some other colleagues say, ''I don't agree with each particular part of the budget.'' This budget is just a guideline. The authorizing committees are going to have to make the tough decisions. The authorizing committees are going to have to make decisions about where we are going to cut spending, how we are going to allocate it, how we are going to reduce the rate of growth in some of these entitlement programs. We do not do that here. That process will occur in a reconciliation bill, and the President will have to sign it.

We keep hearing rumors that he will not sign it. I think that would be irresponsible. We have to adopt this budget today, which is a tough vote for some, but the tougher votes will be in the reconciliation package.

I hope my colleagues stand up and say, ''Let's work together.''

I see my colleague from Nebraska, Senator KERREY. He, Senator SIMPSON, and others, have talked about significant entitlement reform, and I compliment them. Many of us talked at various times in the past about working in a bipartisan fashion to see if we can balance the budget. Let us be responsible. Let us not continue to pile up trillions of dollars of debt.

Today is the first step. Today we have to pass the budget resolution, and sometime probably in September we have to pass a reconciliation package to make it happen.

I hope we will show courage today, and I hope we will show courage in September to truly get us on a path to balancing the budget in a responsible way; not by taking taxes from hard-working Americans, but by reducing the rate of growth of spending.

Mr. President, I ask unanimous consent that the charts to which I referred be printed in the RECORD.

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

DEFICIT COMPARISON

	1996	1997	1998	1999	2000	2001	2002	Sum 96–02
Conference	(170)	(152)	(116)	(100)	(81)	(33)	6	(646)
Senate	(157)	(128)	(98)	(86)	(74)	(30)	1	(572)
House	(156)	(176)	(140)	(134)	(108)	(61)	1	(773)
President 1	(211)	(232)	(231)	(256)	(276)	n/a	n/a	n/a
President 2	(196)	(212)	(199)	(213)	(220)	(211)	(210)	(1,461)
Conference compared to:								
Senate	(13)	(24)	(19)	(14)	(7)	(3)	5	(74)
House	(14)	24	24	34	27	28	6	127
President 1	41	80	115	156	195	n/a	n/a	n/a
President 2	26	60	83	113	139	178	216	815

Sources: CBO, SBC majority staff.

GOP BALANCED BUDGET CONFERENCE AGREEMENT

	1995	1996	1997	1998	1999	2000	2001	2002	Sum 96–02
Defense discretionary	270	264	266	265	268	272	271	271	1,877
Domestic discretionary	278	270	258	253	248	249	246	244	1,768
Social Security	334	352	371	391	411	433	456	480	2,894
Medicare	178	191	202	214	226	239	255	274	1,601
Medicaid	89	96	102	106	110	115	119	124	772
Other mandatory	146	156	162	163	177	186	192	200	1,236
Net interest	235	259	266	270	276	282	283	284	1,920
Total outlays	1,530	1,588	1,627	1,661	1,718	1,778	1,822	1,876	12,070
Total revenues	1,355	1,417	1,475	1,546	1,618	1,697	1,789	1,883	11,425
Deficit surplus	(175)	(170)	(152)	(116)	(100)	(81)	(33)	6	(646)

Source: Senate Budget Committee majority staff.

GOP BALANCED BUDGET CONFERENCE AGREEMENT COMPARED TO 1995 LEVELS

	1996	1997	1998	1999	2000	2001	2002	Sum 96–02
Defense discretionary	(6)	(4)	(5)	(2)	2	1	1	(13)
Domestic discretionary	(8)	(20)	(25)	(30)	(29)	(32)	(34)	(178)
Social Security	18	37	57	77	99	122	146	556
Medicare	13	24	36	48	61	77	96	355
Medicaid	7	13	17	21	26	30	35	149
Other mandatory	10	16	17	31	40	46	54	214
Net interest	24	31	35	41	47	48	49	275
Total outlays	58	97	131	188	248	292	346	1,360
Total revenues	62	120	191	263	342	434	528	1,940

Source: Senate Budget Committee majority staff.

Mrs. BOXER. Mr. President, under the unanimous-consent request, Senator KERREY of Nebraska has 15 minutes under his control.

The PRESIDING OFFICER. The Senator from Nebraska.

Mr. KERREY. Mr. President, I yield 5 minutes to the distinguished Senator from Virginia.

The PRESIDING OFFICER. The Senator from Virginia.

Mr. ROBB. Mr. President, I rise reluctantly.

As most of our fellow Senators know, I believe it is critical that this Nation become more fiscally responsible.

Accordingly, I joined Senators SAM NUNN and BOB KERREY in voting for the original Senate budget resolution last month, even though I disagreed with many of the underlying priorities and was fundamentally opposed to any possibility of any tax cut before true balance is actually reached.

I did so because I thought it represented a commitment to serious deficit reduction and deserved bipartisan support.

I wanted very much to be able to vote for the conference report we are now considering for the same reasons. But I cannot vote for the conference report, Mr. President, because the conferees insisted on changes I simply cannot support in good conscience.

I differ with many of our colleagues because I believe it is essential that we make some very difficult but necessary cuts in our projected spending, and I am willing to take the heat with those who have the fortitude to make them. In fact, when President Clinton was kind enough to ask me recently for advice regarding his role in the current budget process, I not only urged him to reenter the debate with his own revised proposal, but I also urged him to stick to the 7-year goal the Congress had already established and to abandon his own more modest and better targeted tax cut, because I thought it was paramount that the progress he had begun on deficit reduction in 1993 be continued. There is no question that his 10-year plan is fairer and more practical than the one we will vote on today, although I wish he had stuck to CBO figures.

Mr. President, if this conference report better reflected the priorities of the chairman of the Senate Budget Committee, I would still be prepared to support it, and I believe my colleagues, Senator NUNN and Senator KERREY, would as well.

Instead, however, as compared with the resolution we passed last month, the conference report we vote on today is less fiscally responsible in every way. Compared to the original Senate resolution, this resolution increases the deficit every single year before the year 2002. It increases the national debt. It postpones most of the politically difficult decisions until we are so far down the road that we will not be credible, and it places the burden primarily on those least able to bear it, all to provide a tax cut that would disproportionately benefit those with incomes well above the national average.

Then, to add insult to injury, it is now structured in such a way that the tax cut can be guaranteed this year to start taking effect immediately, while most of the savings from which it is theoretically derived would not begin to show up until after the turn of the century.

Mr. President, that is not credible and that is not conscionable. I will continue to work with our colleagues on both sides of the aisle to make the tough decisions that lie ahead, and they are going to be far tougher than those willing to vote for this conference report are willing to acknowledge at this point. But I cannot be a party to guaranteeing a tax cut now that will not be paid for until much later, or to endorsing a much less fiscally responsible approach to the serious debt and deficit challenges facing this country.

Mr. President, I voted for the original Senate budget resolution. But regrettably I will have to vote against this conference report, because it is less credible, less responsible, and less fair.

Mr. President, I thank the Chair and yield the floor.

Mr. KERREY addressed the Chair.

The PRESIDING OFFICER. The Senator from Nebraska.

Mr. KERREY. Mr. President, I, too, come reluctantly and with considerable regret to vote ''no'' on this conference report. All of us have come to the floor and talked about the deficit and what it does. There is no question that the deficit reduces savings in America, reduces productivity, the standard of living; and perhaps as significantly as anything, it reduces Americans' confidence and hope and reduces the world's confidence in the United States' capacity to lead.

So I applaud the distinguished chairman of the committee, the courageous Senator from New Mexico, for saying to the United States of America, and to this Congress, that we have to change courses and go in a different direction. That changed course is going to require different kinds of attitudes and different kinds of behavior. It is going to require political courage to do things that will be unpopular. It is going to require hard choices and tough work. It is going to require deferred gratification, and, most important, it is going to require us to say to the American people that we are moving in the direction of becoming an entitlement society and we need to start moving in the direction, once again, of becoming an endowment society, which our country was when my parents' generation was in charge.

I regret voting ''no'' on the straw that broke this small camel's back, which was the desire, as I see it, to do something that is much easier and more popular, that is to cut taxes for some individuals in some businesses. It was done in the name of growth and in the name of the American family. Far better, I must say, in the name of both growth and family security, would have been for us to have taken the proposal of the Senator from New Mexico and the Senator from Georgia, Senators DOMENICI and NUNN, for a U.S.A. tax that would have eliminated the income tax altogether and been a powerful incentive for all American families to acquire wealth. We have missed an opportunity, in my judgment, Mr. President, to produce a truly bipartisan conference report. I was willing to cross and make it bipartisan and to defend against a tax, and will still, in some key and difficult areas.

Mr. President, in addition to deficits growing and debt growing in the United States of America and us moving in the direction of becoming an entitlement society, there are two other trends we must face directly that are bad for free enterprise capitalism and for a liberal democracy, such as the United States of America.

Trend No. 1 is a decline in real wages, salaries, and benefits as a proportion of U.S. output. Trend No. 2 is an increased concentration of wealth. I argue, Mr. President, that in order to be able to constructively reverse both of those trends, we have to do a number of things. One, we have to fix the cost of entitlements in the United States—our Federal entitlement programs—at some percentage that we all decide is an agreeable and appropriate amount,

and then allow the balance of our budget to go for those things that will give us the opportunity of lifting wages, salaries, and benefits.

Mr. President, I heard many people come to the floor and say, ''I am against the cuts in Medicare, cuts in education, but I am for deficit reduction.'' It is going to be impossible for us to do both of those things. One of the biggest flaws of this budget resolution is that we go from 34 percent of our budget, going to domestic programs, to 25 percent. If you extend it out beyond retirement of the baby boom generation, which begins in 2008, we eventually get to a point where 8 percent of our budget is for domestic spending and 92 percent is for entitlements. That will require us to do something that very few want to do, that is to put retirement on the table. It is our biggest spending program. Those who say that the previous generation—the generation that won World War II and the cold war—is unwilling to participate in deficit reduction to provide opportunities for our children, I believe, are misjudging that generation. We are pandering, responding in political fear of what happened in 1985 or 1986.

Mr. President, we have to put retirement on the table, or we cannot fix entitlements as a percent of our budget, and we will never have the money we need to invest in education, transportation, infrastructure, research and technology, and all the things that a majority of Republicans and Democrats acknowledge will, if we get them out there, help Americans lift their standards of living, wages, salaries, and benefits.

Second, on the trend to increase concentration of wealth, again, we have to reform our retirement programs. They are not a savings program, Mr. President. As a consequence, Americans do not enjoy the benefits of that 12.4 percent payroll tax.

Senator SIMPSON and I have a proposal that would create a 2 percent personal investment plan. Not only does our proposal help fix the cost of entitlement programs but, in addition, it generates a trillion dollars of new wealth, Mr. President, new wealth owned by 137 million people in the work force. We do not just have to end the course we are on of deficits and rising debts, but the increasing concentration of wealth and decline of real wages and benefits and salaries of American working people ought to alarm anybody who believes that the United States of America needs to continue to lead with our example of free enterprise capitalism and liberal democracy.

Mr. President, I was going to talk only until Senator NUNN came to the floor.

Mrs. BOXER. If the Senator will yield, Senator NUNN is delayed and will be here later in the debate. So if the Senator wishes to continue for his full 15 minutes that he has under his control, that would be all right.

Mr. KERREY. I thank the Senator from California. I will try to summarize in a brief fashion.

Again, I believe we need to change courses. This is very much about us deciding whether or not we have the capacity in 1995 and the decision to impact our future. Can we change our future? Can we change the way the future looks in America?

There is no question that this budget resolution will change the future in that our deficit will be gone. But, Mr. President, it does not do it in either a fashion that I can comfortably say is fair, because it reduces, in my judgment, taxes unnecessarily and inadvisedly. It does not give us the hope that we are going to have the capacity to reverse another trend, and that is the decline of wages, salaries, and benefits of working Americans, and the trend toward increasing the concentration of wealth.

I am prepared to make difficult decisions. I am prepared to join with the Republicans in changing the course of this country, in saying that we are going to do the difficult and not the easy things. I regret very much that this resolution did not survive as a bipartisan resolution. I understand that there was great enthusiasm to put an even larger tax cut and lock it in.

I regret that the conference yielded to that demand, if not threat, and produced, in the end, a budget resolution that will have no bipartisan support. I think, as a consequence, Mr. President, we will have a much more difficult time persuading Americans that we can change course and that we need to change course as soon as possible.

I yield the floor.

Mrs. BOXER. Parliamentary inquiry, Mr. President. I trust the Senator will yield——

Mr. KERREY. I yield the balance of my time.

Mrs. BOXER. Will he yield it to the manager of the bill rather than give it up, since our time is short?

Mr. KERREY. I yield the remainder of my time to the manager of the bill.

Mrs. BOXER. I thank my friend. I know the Senator from Ohio has been waiting for his 5 minutes.

The PRESIDING OFFICER. The Senator from Ohio is recognized.

Mr. DEWINE. Mr. President, I rise today in strong support of this budget resolution. With this budget, we begin to deliver on the promises that were made to the American people last November. This Congress will do what prior Congresses have not done. It will pass a realistic budget for the U.S. Government.

The current direction of the United States budget policy is simply not sustainable. Congress has already amassed a $4.7 trillion national debt that our children and our grandchildren are going to have to pay off. We are already paying over $235 billion a year just in interest on the national debt. By the year 2002, just 8 years from now, spending on entitlements and interest will exceed 70 percent of our entire budget. Take out defense, that leaves just 15 percent of the budget for all the discretionary spending on domestic needs—that is 15 percent of the whole budget: 15 percent, for education, for job training, for Women, Infants, and Children programs; just 15 percent for all of these domestic needs. That is just if we stay on our present course.

Really, it does not get any better after the year 2003. By the year 2012, just 17 years from today, there will be nothing left in the budget for these social needs—zero. No money for our children. Every last penny in the Federal budget will go for entitlements and interest payments. That is the future, bankruptcy on top of a breathtakingly high mountain of debt.

When my parents graduated from high school in the early 1940's, the debt on each child who graduated that year was $360. By the time my wife Fran and I graduated in the mid-1960's, it was up to $1,600 on each child. When our older children, Patrick and Becky and Jill, graduated in the mid-1980's, that figure stood at $9,000. If we continue to go the way we have been going, by the year 2012—just 1 year after our grandson Albert graduates from high school, and just 1 year after our daughter Anna enters college—by that year, 2012, that figure will be $25,000. That will be $25,000 in debt for each person in this country and no money at all to pay for urgent national needs.

I believe this is much more than a budget question. It is much more than a question of accounting and bookkeeping. It is a fundamental moral question about the kind of people we, as Americans, really are. I believe we do not have the right—I do not think we have the right to leave our children a bankrupt America. They deserve a lot better from us than that.

Another way of looking at it, when my parents were growing up, back in the 1930's, each family in this country had to work until about March 8 to pay for their taxes. By the time I was growing up in the 1960's, a typical family had to work until April 16. Today, 1995, American families have to work up until May 6, to pay their taxes. We have gone from March 8 to April 16 to May 8. That is simply going in the wrong direction.

Last November, the American people decided they were sick and tired of this. They demanded a fundamental change of course, and they are right. I believe today, with what I hope will be the passage of this budget, we begin to bring about the change the people of this country voted for last November. This budget is based on a simple idea. First, we cut Government spending. Then we have a sensible, realistic tax cut. Because two things are necessary if we want to ensure America's prosperity as we move into the 21st century. First, we have to make sure Congress does not spend more than it takes in. Second, we have to give some tax relief to American families. We have to let

families keep more of their own resources so they can save for their own future and invest in America's future.

In conclusion, this conference report I believe is in fact a realistic blueprint for an American future we can be proud to leave our children. I congratulate Chairman DOMENICI and Chairman KASICH for their outstanding work.

I intend to vote ''yes'' on this conference report, and I yield the floor.

The PRESIDING OFFICER. The Senator from California.

Mrs. BOXER. Mr. President, I believe I have 8 minutes. I appreciate the cooperation of all sides here in helping us move this debate forward.

First of all, I am a little disappointed the Senator from New Mexico is not here. I wanted to thank him for one small thing in this budget. I disagree with this budget very much, and I am going to explain why. But there was one small part of it which dealt with the Presidio, which is a national park in San Francisco. There was a move to sell it off and cooler heads prevailed. Republicans and Democrats got together and we have a terrific approach to that park. Now the new conference language is we will not sell the Presidio. We will, in fact, try to maximize the revenues from leasing the various buildings and put that toward running the park.

So I am very grateful to my colleagues on the Budget Committee for that. And I think that about ends my compliments on this budget. I do not think anyone in the Chamber would be that surprised. As a member of the Budget Committee, I really fought for other priorities and I would like to explain why.

First of all, I would like to correct the record. The Senator from Oklahoma, Senator NICKLES, and a couple of others said this was the first time the CBO ever said that there would be a surplus.

That is not the case. I have here an official document, where the CBO shows that in fact there was going to be a surplus. I ask unanimous consent that be printed in the RECORD.

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

HOUSE REPORT 101–820—CONCURRENT RESOLUTION ON THE BUDGET—FISCAL YEAR 1991

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the concurrent resolution (H. Con. Res. 310) setting forth the congressional budget for the United States Government for the fiscal years 1991, 1992, 1993, 1994, and 1995, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate to the text of the resolution and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

That the budget for fiscal year 1991 is established, and the appropriate budgetary levels for fiscal years 1992, 1993, 1994, and 1995 are hereby set forth.

MAXIMUM DEFICIT AMOUNTS

SEC. 2. The following levels and amounts in this section are set forth for purposes of determining, in accordance with section 301(i) of the Congressional Budget and Impoundment Control Act of 1974, as amended by the Balanced Budget and Emergency Deficit Control Act of 1985, whether the maximum deficit amount for a fiscal year has been exceeded, and as set forth in this concurrent resolution, shall be considered to be mathematically consistent with the other amounts and levels set forth in this concurrent resolution:

(1) The recommended levels of Federal revenues are as follows:

JOINT EXPLANATORY STATEMENT OF THE COMMITTEE OF CONFERENCE

The managers on the part of the House and the Senate at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the concurrent resolution (H. Con. Res. 310) setting forth the congressional budget for the United States Government for the fiscal years 1991, 1992, 1993, 1994, and 1995, submit the following joint statement to the House and the Senate in explanation of the effect of the action agreed upon by the managers and recommended in the accompanying conference report:

The Senate amendment to the text of the resolution struck out all of the House resolution after the resolving clause and inserted a substitute text.

The House recedes from its disagreement to the amendment of the Senate with an amendment which is a substitute for the House resolution and the Senate amendment.

EXPLANATION OF CONFERENCE AGREEMENT

The following tables show the functional allocations and budget aggregates included in the conference agreement over five years for the total budget, the on-budget amounts and the off-budget amounts. In addition, a table is included which breaks out the credit amounts by function.

CONFERENCE AGREEMENT TOTAL BUDGET

[In billions of dollars]

	1991	1992	1993	1994	1995
Budget authority	1,485.6	1,562.6	1,582.4	1,593.4	1,668.4
Outlays	1,236.9	1,269.3	1,305.0	1,324.8	1,355.5
Revenues	1,172.9	1,260.8	1,349.8	1,433.3	1,511.7
Deficit (−) / surplus (+)	−64.0	−8.5	44.8	108.5	156.2
050 National Defense:					
Budget authority	288.3	290.9	291.1	351.5	364.9
Outlays	297.0	295.0	292.0	341.7	351.5
150 International Affairs:					
Budget authority	19.2	19.8	20.6	22.4	23.8
Outlays	17.4	18.0	18.5	19.7	20.7
250 General Science, Space and Technology:					
Budget authority	15.2	15.9	16.5	17.1	17.7
Outlays	15.2	15.7	16.1	16.8	17.4
270 Energy:					
Budget authority	6.4	5.6	6.4	6.8	7.2
Outlays	4.0	4.4	5.0	5.3	5.2
300 Natural Resources and Environment:					
Budget authority	18.8	19.9	20.5	21.2	22.0
Outlays	18.9	19.6	20.2	20.6	21.2
350 Agriculture:					
Budget authority	18.0	22.6	20.4	18.2	19.2

Mrs. BOXER. So, this is not the first time the CBO stated we would be in surplus.

Let me say I listened very carefully to the opening debate on the budget, and there were many points made by my colleagues on the other side of the aisle. They feel very good about this budget. I feel happy for them, that they do. But they kept saying this budget is a compromise. This budget they bring before us is a compromise.

I asked myself, compromise with whom? Usually, if you have a compromise, you take different viewpoints and you reconcile them and you call that a compromise. Then I realized, it was the Republicans in the House compromising with the Republicans in the Senate. There was no compromise between different ideas. There was no compromise with the President, who laid out his own ideas. It was a compromise between the Republicans in the House and Republicans in the Senate. And they are congratulating themselves for reaching a compromise.

That is like me saying congratulations for reaching a compromise with Senator PATTY MURRAY, with whom I agree 98 percent of the time. It is like looking at yourself in the mirror saying ''Nice tie,'' and the mirror says ''Nice tie'' back. That is not a compromise. That is a love fest.

Let us face it, the Republicans are proud of their Republican revolution. They stated clearly what it was going to be. They wanted to give tax breaks to the wealthiest among us, and they did. But they did not have to really compromise. Oh, there were some changes around the edges on that. But essentially that is what we have.

I want to take a look at this with my colleagues, the chart that we have that shows the impact of these cuts. If you look at the budget—how did they get

the tax cuts? They talk about deficit reduction, deficit reduction, deficit reduction. I voted for a balanced budget. BILL BRADLEY had one out here. KENT CONRAD had one out here. We did not give tax cuts to the wealthiest. Do you know what that meant? We did not have to hit so hard on Medicare and the elderly. We did not have to hit so hard on kids and education. We did not have to decimate environmental programs. No, we did not. Because we do not think the people in the upper income brackets need a huge tax cut.

Then, when you bring this up, my friends on the other side say, ''Class warfare; there they go again, class warfare.''

Look, the American dream that everyone has in this country is that they will work hard, play by the rules, and become comfortable—wealthy. That is an American dream. And that is fine. We all work toward that—work hard, play by the rules, and be sure we can manage our finances and our families.

But here, what we are saying in this budget, is the middle class will pay to give tax breaks to the rich. The children will pay to give tax breaks for the rich. That is the Republican revolution.

I am on the Budget Committee. I was on it for many years in the House. I look at this budget. It is pretty clear to me.

Oh, they say, we are not cutting Medicare. We are not cutting it. I ask you a question. If the demographics are changing and more people get old and more people need Medicare, of course you have to increase spending. If you do not increase it enough, people will not get the program. If they wanted to talk about reforms first, I would have been right there. We showed you can cut Medicare half as much and save the elderly, as long as you do not give that tax break to the upper incomes.

Look at this chart. If you earn over $200,000, you are in for a treat. You are going to get back $9,000 every year. But if you are middle class, if you look at the cuts here—to the children, to the college students, to the elderly—you are going to take a terrible hit. Those between $75,000 and $100,000, they are going to be hit by $676; and guess what, folks, if you earn less than $30,000, you are going to be hit by $1,183; while those over $200,000 get back $9,000.

This is an abomination. This is the Republican revolution. Hear it loud and clear. Hear ye, hear ye. The rich get richer and everybody else stays the same. The poor get poorer. The middle class gets poorer.

Mr. President, I think the choice is clear for colleagues. They can stand up for the middle class. They can stand up for the working poor. They can stand up for the average American, which is what Democrats do. That is the difference between the parties. This is why I like this budget debate. It is why I wanted to be on the Budget Committee. Or you can stand up for the wealthiest. One of my colleagues says he never got a job from a poor person. Well, I would ask a question. Could the wealthy person have ever made money if there were not working people in this country? Let us be fair. This budget is not fair.

So to summarize, it seems to me very clear. If you want to slash Medicare, vote for this budget. If you want to slash Medicaid, vote for this budget. And by the way, two-thirds of Medicaid goes to old people in nursing homes. Vote for the budget if you want to hurt those people. Vote for the budget. Do you want to hurt the kids? Vote for the budget. It cuts education. It makes it harder to get a student loan.

I ask one question. We worry so much about crime, and we should.

I ask unanimous consent for 1 additional minute.

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

Mrs. BOXER. Mr. President, we worry a lot about crime, and we should. I have not seen a scientific survey on it, though, so if anyone wants to correct me, I will stand corrected. But I do not know too many burglars, too many robbers, too many drug dealers who have a college education. I really do not. I think a lot of our problem stems from the fact that we do not give opportunity. What are we doing here? Cutting student loans.

So, Mr. President, I think we have a chance to stand up for what we believe in. Do I believe in a balanced budget? You bet. I voted for two versions. President Clinton authored one. Some people say it did not go far enough. The bottom line is he made the point. You do not have to decimate this country to balance the budget. Vote no on this Republican budget. Vote no, and do it proudly, because when you vote no, you are standing up for the average American.

I yield the floor.

Mr. BURNS addressed the Chair.

The PRESIDING OFFICER. The Senator from Montana.

Mr. BURNS. Mr. President, I rise today to talk about the concurrent budget resolution. But before I do that, I would like to take this opportunity to recognize the efforts of Senator DOMENICI, Representative KASICH, and the members of the budget resolution conference committee in presenting us with a concurrent budget resolution which balances the Federal budget by fiscal year 2002. I support the overall direction that this budget mandates for the country.

For the first time in over a generation, we are about to pass a budget resolution that will—we are not there yet—bring the Federal budget into balance. I do not think anyone will dispute the overwhelmingly positive impact that balancing the Federal budget will have on America's economy, and consequently, upon the American family standard of living. By every account interest rates will drop. Per capita incomes will rise. Millions of jobs should be created. More money will be available for investment. Thus expanded economic opportunity. Also, once this budget is balanced, we will finally be in a position to begin to make meaningful payment to retire the Federal debt. That would reduce our yearly interest payment on the Federal debt, which will, in turn, free up more money in the Federal budget in future years for other purposes. One thing is certain, though, if we do not take these steps now, we will certainly mortgage our children's future.

I believe that this budget proposal achieves a balance in a responsible way, and that is why I am supporting it. It reduces the size of the Federal Government, streamlines governmental operations, and slows the rate by which Federal spending increases.

I think most folks agree that the Federal Government has gotten too big to operate efficiently. This budget proposal addresses this problem by reducing legislative branch spending by $200 million. I strongly believe that, if we are going to ask other Federal agencies to tighten their belts, Congress has got to be willing to accept our share of the reductions.

This budget resolution also calls for a $1.9 billion reduction over 7 years in spending in natural source management in an effort to streamline Federal land management agencies. As I stated a couple of weeks ago. I support such a reduction in spending, so long as it is targeted toward new land acquisitions, new construction, and new land use planning starts. These reductions in spending should not be made in resource programs that return positive benefits to the land, to the Federal Treasury, and to local economies. Reductions in resource programs, while attractive in the short-run, are bad fiscal policy in the long-run, and I oppose such reductions.

This budget resolution also calls for the continued funding of the interest subsidy for undergraduate study which I firmly support. I believe that such an investment will have long-term benefits that outweigh the short-term costs of such assistance. I am, however, disappointed that the TRIO Program, a program that assists disadvantaged students in acquiring the minimum skills necessary to complete undergraduate coursework, was not specifically provided for in the conference report. I strongly encourage the budget committees in both the House and Senate to influence the authorization and appropriations committees to continue funding for this and like programs.

You know, we have heard a lot over the past 2 days about how this budget resolution slashes Medicare. The numbers just do not tell such a story. You cannot get around the fact that total Medicare spending over the next 7 years will exceed $1.6 trillion, which is nearly double the amount spent on the program during the last 7 years. You can't get around the fact that Federal Medicare spending will grow from $4,350 per beneficiary in 1995 to $6,070

per beneficiary in 2002. This is a $1,720 per beneficiary increase—a 40-percent increase. So when you hear people saying that this budget resolution is cutting Medicare, what you are really being told is that funding for Medicare didn't increase by as much as we had hoped that it would. Calling that a cut makes sense only inside the beltway. We need to get back to defining a cut as a cut, and this budget resolution does that.

While I generally support the goals outlined in this concurrent budget resolution, this is not to say that I do not have some concerns with some of its details.

This budget proposes a reduction of agriculture research by 10 percent, which would reduce total outlays to this program by $1 billion. As I explained a couple of weeks ago. I have concerns with this provision. At a time when wheat yields are dropping, we need to keep a safety net out there. Agriculture research gives our farmers and ranchers the vital tools that they need. Cutting this research now would have a devastating impact on our farm and ranch communities down the road and thus upon the Federal Treasury. I believe that our first priority here should be to protect our farm and ranch families, and I am opposed to any reduction in this funding. Furthermore, agriculture has taken more than its fair share of reductions in Federal spending in the past. I do not oppose all reductions in agriculture spending; I do, however, oppose agriculture suffering disproportionate spending reductions.

This budget resolution also proposes the privatization of PMA's. I likewise have concerns with this provision. PMA's generate substantial revenues for the Treasury. It makes no sense to me to count the revenue received from the sale of the PMA's and ignore the revenue foregone over the long-term due to the loss of the availability of those assets for power sales. Consequently, I believe that the scoring of revenue derived from the sale of PMA's is poor fiscal policy, and I am likewise opposed to the privatization of PMA's.

Finally, I am concerned about the tax cuts proposed in this concurrent budget resolution. While I support the enactment of middle class tax relief and tax incentives to stimulate the economy and enhance wages, I believe that our first priority should be to balance the budget. Consequently, I believe that any tax bill should be contingent upon CBO certification that we are moving toward a balanced budget and should be limited to the $170 billion CBO certified dividend. I believe that any tax cuts which exceed the $170 billion dividend or which are not tied to deficit reduction are irresponsible, and I will oppose them.

In conclusion, I would like to praise Senator DOMENICI, Representative KASICH, and the members of the budget resolution conference committee in presenting a responsible budget resolution, and I pledge to work with them to develop a policy that works for all Americans.

Mr. President, I have heard all of the figures here today. Everybody has had an opportunity to hear them in every speech that I have heard across the aisle. ''I believe in a balanced budget. I believe in getting this deficit under control. But.'' We leave that for the American people to judge. ''But'' what? This is not the right time? I have to say that. We have to recognize that, and stand for one thing. And I think the Senator from California hit the nail right on the head. I am going to stand for the American dream.

If we continue to plunge this Government into debt, the American dream is gone. How would you like to be a young person sitting down here that looks at the prospect, whenever they go into the work force, of 85 percent of their paycheck going just to pay the interest on the national debt? I do not think that is a very good prospect. I do not think it is very responsible. I think we are immoral to do that.

For the first time in this generation, we are about to pass a budget resolution that will bring this budget into balance—not this year or next year or the next—by the year of 2002. And we do it with a minimum of hurt. Yes, there is going to be some hurt. But everybody in America said we will participate. We will help you. If you will help us, we will help you. That is kind of what we are doing in this message. Because if we do not, the balancing of the American budget will have an effect on the American economy and consequently on the American family, which is under strain now, and that family's standard of living. By every account, interest rates will drop. Per capita income will rise. And who benefits from that? The American family. That is who benefits from that.

So we are in a meaningful position right now. Sure, I do not agree with all of it. I signed a letter. I said let us not worry about cutting taxes until we get this spending under control. I still stand with that. They put a message into that which says OK, Finance Committee, you cannot cut any taxes until the Congressional Budget Office tells you that you are in balance, that we can still pay our bills and give some money back to the American taxpayer, the person who is pulling this wagon.

That language is in here. It is in this resolution. Remember, this resolution does not become law. The President does not sign this. This is a blueprint to get us to where we are going. When we pass the reconciliation, that is when we start shooting with real bullets, and we will find out who really wants to balance the budget and who does not. So I am going to support this budget resolution. So for the first time since I have been here, we are on the right track.

I believe it is getting us there in a responsible way. So I am going to stand with all Americans—rich, whatever—all of them because I happen to believe very much in the American dream.

I am probably a product of that American dream. I started out on 160 acres with two rocks and some dirt. I did not have anything. The American dream means something to me. That was back in the days when you worked and you tried to get ahead.

So this resolution calls for a $1.9 billion reduction over the 7-year spending in natural resource management. We are a resource State. But if it is responsible, we can handle that. I will tell you what we have to do. We have to make those natural resources available to the entire American public, and not just lock it up for a chosen few. We have to approach it with a different mindset.

So I urge my colleagues to vote for this resolution. The right language is in there. Yes, there are some cuts that I do not like. They are not in Medicare. They are not in Medicaid. We are not cutting those folks. Those continue to go up. Every year, they go up. Only in this 13 square miles of logic-free environment does an increase mean a cut. I never figured that out.

So basically, we are back at zero-base budgeting to fund those and make us set the priorities of what we should be financing, and what the true role of Government is.

Mr. President, I yield the floor.

Mr. STEVENS addressed the Chair.

The PRESIDING OFFICER (Mr. BURNS). The Senator from Alaska.

Mr. STEVENS. Mr. President, I yield myself 10 minutes.

(The remarks of Mr. STEVENS pertaining to the introduction of S. 1004 are located in today's RECORD under ''Statements on Introduced Bills and Joint Resolutions.'')

Mr. STEVENS. Mr. President, the budget deficit this year stands now at $176 billion. It is projected to remain roughly at $200 billion a year through the end of the century if we support the position presented to us by the President's budget.

Our debt is now growing at an astounding rate of $335,000 a minute— $20 million an hour, $482 million a day. I believe we are mortgaging our children's future. A young couple just getting started in life now will pay $113,200 in interest on that debt if nothing is done about it. I am concerned about this.

Last year, my youngest son, Ben, and his new wife, Elizabeth, blessed me and our family with a new granddaughter. The day baby Suzie was born in Anchorage—it was last year—was a happy one for our Stevens family. But I do not think it was such a happy day for baby Suzie if you think about it. Suzie was born owing the Federal Government $18,500. That is really her share of the total national Federal debt. Under the no-balance budget submitted by the President, Suzie's share of the debt will increase by 25 percent in 5 years to over $23,000. Suzie, I think, would not like it too well when she learns that

she will pay $187,000 in income tax over her life just to pay the interest on the national debt if it stays static, just like it is right now.

The Federal debt and the deficit, unfortunately, will grow right along with Suzie. When she buys her first car or buys her new house, she will pay higher interest rates because of the debt and the deficit.

Recent estimates show that interest rates are 2 percent higher than they would be if the debt and the deficit were under control. Suzie's taxes will be out of sight based on all local, State and Federal taxes. Even President Clinton's budget projects her lifetime net tax rate at 82 percent. Unfortunately, the more taxes my little granddaughter Suzie would pay, the less she will get back. The benefits, the services of the Federal Government just will not be there. Most of her taxes will go to pay the interest on the debt, about $3,500 every year of her life, and by the time she is 17 we calculate that all of the taxes Suzie will pay will be consumed by interest on the debt and the entitlements. And when her parents, my son Ben and his wife Elizabeth, retire, there will not be a Medicare trust fund. Unless they are careful savers, Suzie will probably have to take her mom and pop in and take care of them. That is the way it was when I was a kid, Mr. President. I think people forget that those who have the greatest stake in what we are doing are the parents of young children now, and they do not want to have to go back and live with their children when they get to be of retirement age.

The Medicare board of trustees, including President Clinton's Cabinet Members, warn that the Medicare trust fund will be bankrupt in just 7 years. That is when Suzie will start the first grade.

Now, as her Senator and, even more importantly, as her grandfather, I believe I have a duty to join in the action now to try to ensure a brighter future for her and all American children. And that is why I join today with my friend from New Mexico to support the resolution and the conference report on which he has worked so hard. This resolution will put our country on a glidepath to a balanced budget by the year 2002. We will increase the growth in Federal spending by 3 percent a year instead of 5 percent a year as President Clinton proposed, and, if we did nothing else, we would reach a balanced budget by the time Suzie reaches the second grade.

This deficit reduction plan starts with the Congress. Let me point out again—I am sure others have—this conference report assumes there is a 7-year freeze on congressional pay, judges' pay and the salary of Government's top officials. As one who has been active for many years in that area of post office, civil service, Government service, I regret deeply that it has to be done, but it has to be done, and I am pleased to state, as chairman of the Rules Committee, that we have already carried out the instructions we received to cut committee staff of the Senate by 15 percent and support staff by 12.5 percent.

This budget eliminates over 100 unnecessary Government programs and projects and proposes to do away with at least one major department and, as many know, I am working on a plan to consolidate a series of Federal departments in the interest of savings.

This measure will protect Alaska's sourdoughs, our retired people. It allows Medicare to grow at a rate of 6.4 percent to account for inflation and the growing aged population. The average Alaskan's benefits will actually increase now from $4,350 a year to $6,070 a year under Medicare. And our State will have the ability to decide how best to administer additional funds. Alaskans know what Alaskans need much better than Federal officials thousands of miles away here in Washington, DC.

Medicaid spending for the poor will increase from $89 billion a year this year to $124 billion in 2002. That is a 5 percent increase a year, and I keep hearing that we are cutting Medicaid spending. We are reducing the rate of growth. We are not cutting spending. And not one penny will be cut from Social Security. We will keep our promise to America's seniors, and we will find some way to assure that Social Security will be a solvent safety net for them on into the next century.

This resolution calls for a major downsizing of the Federal bureaucracy. Discretionary spending will be reduced by $190 billion over 7 years. Foreign aid would be cut by another $23 billion. But as chairman of the Defense Appropriations Subcommittee, I am pleased to note that under the Budget Committee's actions, our national defense will remain strong under this proposal. The conference report actually restores $33 billion to the proposed cut in defense over the next 7 years.

Now, we still are facing a substantial reduction in defense spending. That is the one area which will continue to go down, not up, Mr. President. But we believe that the budget as planned is one with which we can live. We can learn to do better with less money. We have targeted the increase that is in this conference report to the strengthening of our readiness, which has declined, and to the improvement of the quality of life for our troops.

The budget resolution also calls for savings of $100 million in Federal welfare programs over the next 7 years. But it does provide that able-bodied Americans will be trained in order that they may work, and a safety net will remain in place for those who are disabled or unemployable, those who truly need and deserve our help.

I am here to say that I am pleased that Alaska and Alaskans will be given the chance to make a significant dent in this budget deficit. This legislation assumes that the tremendous oil and gas potential of the Arctic coastal plain will be explored and developed. The desolate coastal plain will raise over $2 billion in Federal bonus bids and lease payments over the next 5 years, and there will be tens upon tens of billions of dollars in royalties and income taxes paid by those who explore and develop the oil in the North Slope. We have proven that we can develop oil in the North Slope without adversely affecting the environment. Since oil and gas development began in Prudhoe Bay, for instance, the local caribou population there has increased by 600 percent, and I constantly hear that we are going to endanger the wildlife population.

The measure also includes a tax cut. President Clinton socked us with the largest tax increase in the history of this Nation—$251 billion.

In striking contrast, this resolution proposes the biggest tax refund in history—$245 billion.

That includes family friendly tax reductions like the $500 per child tax credit, marriage penalty relief, adoption tax credits, and cuts for senior citizen.

The tax proposals will also stimulate the economy. They include a capital gains reduction and an American dream savings plan, a new kind of IRA.

Even with the tax cuts, overall spending will be reduced by a whopping $1 trillion over 7 years.

And the deficit will be reduced by nearly $900 billion during that same period. In the year 2002, the deficit will be zero.

Alaskans are willing to tighten their belts. They are demanding a smaller government, and we are going to give it to them in this resolution.

Just as we all sacrificed during World War II to achieve a greater good, we are willing to do it now to save our children and our country from certain bankruptcy.

I commend Chairman DOMENICI for the brilliant job he has done in putting this resolution together.

On behalf of Suzie and all Alaskans, I thank him for his leadership and pledge my support of this resolution.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. EXON addressed the Chair.

The PRESIDING OFFICER. The Senator from Nebraska is recognized.

Mr. EXON. Mr. President, we have had two speakers from that side. We now would go to two speakers on this side, if that is acceptable to the Republican manager.

Mr. DOMENICI. Could I use 50 seconds of my time before the Senators proceed?

Mr. EXON. Yes.

Mr. DOMENICI. Mr. President, might I say to Senator STEVENS from Alaska, I listened to his speech here today. I am very pleased that he has done such a good job of analyzing this as it affects his constituents. More than almost any Senator here, this Senator from Alaska watches out for his people, and he has analyzed this budget from

their standpoint. I think that is the way we ought to do it, and I commend him for it. But I also want to thank him for the support. He has been very, very helpful.

Mr. EXON. Mr. President, I am very pleased now to recognize two of my closest friends and associates in the Senate; first, the chairman of the Armed Services Committee, Senator NUNN from Georgia, for 5 minutes; following that, 20 minutes to my friend and colleague from West Virginia, Senator BYRD.

Mr. NUNN. I thank my friend from Nebraska. I thank him for his leadership on this overall issue of budget deficit reduction. I also want to commend my good friend, Senator Pete DOMENICI, chairman of the Budget Committee, and his staff. I know how hard they have worked. I know my friend from New Mexico had to make many difficult decisions to reach a conference agreement on this bill.

Mr. President, I will vote against this conference report reluctantly, because I voted for it in the Senate and I hoped to be able to vote for this overall conference report package. It is very important. The most significant improvement over past attempts to balance the budget is the inclusion of recommendations to restrain significantly the projected growth of Federal mandatory or entitlement spending, which now represents over 50 cents of every dollar the Federal Government spends and will continue to increase even with this resolution.

Mr. President, I thought the Senate bill represented a credible approach to balancing the budget. I did not agree with all of it. But I did support it because I thought it was about as good as could be achieved in this climate this year and certainly an improvement over past years. In many areas this conference agreement is similar to the Senate bill, but in some areas it is significantly different. In one area, defense, it is stronger. And I applaud that. I think that the modest increases for defense in this conference report, as well as the firewalls for the first 3 years, are significant improvements.

However, Mr. President, this conference report shares one similarity with previous attempts to balance the budget. I think it could be a fatal flaw. And that is, its inclusion of very large tax cuts up front. I regret the conference report does not reflect the Senate position on this issue when it rejected, by a vote of 69–31, the mandatory tax cut amendment offered by Senator GRAMM.

I certainly do not say this as a criticism of the floor manager, Senator DOMENICI. The leadership of the House made it abundantly clear there would be no conference agreement without a very large tax cut. So I am under no illusion that there was any real flexibility on this point on the part of the House.

But the objection I have with this tax cut is that it is unsound from a fiscal standpoint and, most importantly, makes the spending cuts required to reach a balanced budget both larger and much less likely to be implemented as time passes. I will elaborate on that very briefly.

A major difference between this bill and the Senate bill was, under the Senate bill, the tax cuts had to come in a separate bill after the deficit reduction was enacted, whereas in the conference agreement before us now, the tax cuts will be included in the same bill with the spending cuts so there will no longer be an opportunity to enact the spending cuts and reject or postpone the tax cuts until the spending cuts are implemented or until we are confident they will be implemented.

Mr. President, the Senate budget resolution which we passed out of here made a tax cut possible. The conference report we vote on today makes a tax cut inevitable. I am not opposed to eating dessert after we have taken the caster oil. I am opposed to serving both on the same platter because I have been here awhile. I know what is likely to happen. The Congress is likely to eat the dessert, while pledging to swallow the caster oil at a later point.

The problem is that most of the spending cuts, or what I call the caster oil, is in the final 2 or 3 years of the 7-year plan under the conference report while the tax cuts are up front, and as soon as they are made, any attempt to change that if spending cuts have to be rolled back will be viewed as a tax increase and will be vehemently opposed. The result of all that is that we are eating the dessert before we are taking the caster oil, and we are pledging to take the caster oil, but we may not be willing to take it when the time comes, which is really, in large measure, several years from now.

This means that the tax cuts will become locked in and the spending cuts, while on the books, are likely to be rolled back in subsequent legislation as the pain begins to be felt. It also means that those of us who believe that tax cuts should be reserved until we make sure that the spending cuts stick, because we may have to modify some of those spending cuts, with this $170 billion now that will go into the tax cuts, we have no way of holding up the tax cuts as a contingency reserve should spending cuts be rolled back or moderated.

I will close with these thoughts. I think most of us agree that such a dividend that we are now claiming for tax cuts, which I believe is $250 billion now, exists if we balance the budget. However, I still believe that the most appropriate use of this dividend would be to apply it to deficit reduction. And that is why I supported the Feingold amendment. If Congress is unwilling to apply this fiscal dividend to the deficit, then I would prefer to use the dividend to ease the most severe impacts of the spending reduction even if we waited for a while, kept it as a contingency fund and determined which are the most severe impacts, because projecting for 7 years and making these impacts before we even know how we are going to modify the health care program is high risk. And we have all been through that before. We went through it on the catastrophic bill and we saw how quickly that one was repealed when people started feeling the impact.

This would make the spending cuts more likely to stick. I fear that Congress may enact the tax cuts and the spending cuts called for in this resolution and then later reverse itself on the spending cuts. Such action by Congress is not difficult to imagine—just recall Congress reversing itself on the Catastrophic health care bill. It was enacted and then terminated 18 months later—before it was even implemented.

Mr. President, I will continue to fight to address these priorities as this process continues and we debate the specific details in the reconciliation legislation that will carry out the specifics of this plan. I also believe that tax expenditures should not be exempt from review. Balancing the budget requires shared sacrifice, and as we cut spending we should also review revenue-losing tax breaks which may not be justified.

The general direction required to balance the budget is clear. If there was an easy way or a painless way to balance the budget without cutting spending on popular programs, we would have done it long ago. But that is simply not possible. To say it is, or to try and candy coat it with upfront tax cuts, only perpetuates such the myth that you can sustain the programs popular with the public, provide tax cuts, and simultaneously balance the budget. These numbers just do not add up.

I recognize that this conference report will pass and I remain hopeful that fiscal responsibility and prudence will come to the forefront as we move on to the reconciliation process. We have no other choice, because we cannot afford to continue with the status quo. Many times when priorities are debated the public is led to believe that only deficit reduction is painful. But the status quo is not painless either, nor is it sustainable. We simply cannot continue to pile $200 to $300 billion in additional debt each year on our children and grandchildren.

Again I commend my friend from Nebraska for his hard work and my friend from New Mexico for his diligent effort on this resolution. I hope I am wrong in my projection of what is likely to happen. But having been here awhile I have seen this caster oil/dessert business in the past and it is certainly a lot easier to eat the dessert than take the caster oil. And I am afraid that is what we are doing here today.

Mr. EXON. Mr. President, for just a brief moment, let me take from our time to thank my friend and colleague from Georgia. That was an excellent statement to get right on the edge of the problem we have with this. I like the caster oil/dessert. We have been

through caster oil and dessert way back in the 1980's. I am sure that is what the Senator is referring to. This is the time to face up to reality. And I hope we will defeat the Republican budget.

I believe the next speaker would be the Senator from West Virginia.

The PRESIDING OFFICER. The Senator from West Virginia is recognized.

Mr. BYRD. Mr. President, I, too, extend my congratulations and my thanks to the two managers, Mr. DOMENICI and Mr. EXON, for their excellent performance, for their skill in dealing with this very difficult matter. And I have something of an understanding of the pressures which they were both under.

Mr. President, when the FY 1996 budget resolution was being debated in the Senate, I spoke at some length in opposition to it. I did so even though I strongly support a continuation of efforts to achieve a balanced Federal budget.

Despite the partisan rhetoric to the contrary, this is not the first budget resolution to come before the Senate promising to balance the Federal budget. Despite the fervent wishes of many of the other side of the aisle to the contrary, there have been four other occasions when budget resolutions came before the Senate promising to balance the budget. The 1980, 1981, 1982, and 1991 budget resolutions also projected a balanced budget at the end of 5 years. In fact, the 1991 budget resolution, which was adopted after the 1990 Bipartisan Budget Summit, projected a budget surplus after 5 years, without using the Social Security surplus. By way of comparison, if one takes away the use of the Social Security surplus in the pending budget resolution conference agreement, there will still be a deficit in excess of $100 billion in 2002, rather than a balanced budget.

The 1990 Budget Summit was the last bipartisan effort to balance the Federal budget. President Bush proposed no further deficit reductions in his last two budgets—for fiscal years 1992 or 1993.

When taking office, President Clinton did propose a deficit reduction package which Congress enacted in October of 1993, without a single Republican vote in either House of the Congress. That reconciliation bill cut the deficit by almost $500 billion over 5 years.

Now, I raise these matters to make the RECORD clear that I, along with many others in both Houses of Congress, and on both sides of the aisle, have struggled with these huge Federal deficits year after year over a long period of time. We made many, many tough choices in the past and in the hopes of balancing the budget.

We have been assured on a number of occasions in the past, in budget resolutions such as this one, that budget balance would be achieved. None of these past efforts have met expectations; none have achieved a balanced budget, despite the expertise and objectivity of the budget estimators at the Office of Management and Budget and the Congressional Budget Office.

So here we are today debating another in a long series of budget resolutions which projects a balanced budget in the year 2002, if we use the Social Security surplus to offset what would otherwise be a deficit. Furthermore, we are told that the calculations contained in this budget resolution do not allow for any recessions over the next seven years. Yet, history tells us that there surely will be one or more recessions between now and the year 2002. I, therefore, greatly doubt that this agreement will result in a balanced budget, even if we adopt it and then enact all of its proposals.

This brings me to the specifics of this agreement. Mr. President, first, let me say that I opposed the Senate-passed budget resolution because I felt that it provided a wrongheaded approach and a misguided blueprint for the Nation's fiscal and social policy over the next seven years. I reached this conclusion reluctantly, knowing how difficult it is to achieve nearly $1 trillion in deficit reduction, as the Senate-passed budget resolution and as this conference agreement would do.

I voted against the Senate budget resolution for a number of reasons. Among them was the fact that the Senate-passed budget resolution called for non-defense discretionary spending cuts totalling $190 billion below a 1995 freeze, while military spending would not be cut at all over the next seven years. I did so, as well, because the Senate-passed budget resolution called for cutting Medicare by $256 billion and Medicaid by $175 billion, mainly for budgetary reasons, without any plan to improve health care or to contain health care costs. And, I did so because the Senate-passed budget resolution called for a tax cut for the wealthiest in our society of $170 billion over the next 7 years.

Mr. President, as bad as the national spending priorities in the Senate-passed budget resolution were, the pending conference agreement is worse in virtually every area. For nondefense discretionary spending, this conference agreement would cut $499 billion, or $2 billion more than the Senate-passed budget resolution, while at the same time military spending would go up $33 billion above CBO's capped baseline over the next 7 years. In other words, while we will be destroying the programs which are investments in our future and that of our children by cutting nondefense discretionary spending—cuts totalling $500 billion—we will be adding $33 billion over the baseline to military spending, even though we have repeatedly seen massive boondoggles and wasteful military spending uncovered in the past, and I am sure that we will again see them in the future.

Mr. President, the budget agreement would increase defense spending by some $6 billion for fiscal year 1996, and the Armed Services Committee is now allocating that money to additional spending. Does the Nation really need to bump up the defense budget by such a large sum at a time when the threat of the Soviet empire has essentially vanished?

The preoccupation with defense spending at the very time when cold war tensions are a memory stands logic on its head. For what will the extra money be going? Are we going to dust off the big ABM projects of the early years of Mr. Reagan, outmoded concepts of strategic defense involving big new systems, expensive new surveillance systems, space-based interceptors and the like? Are we going to junk the ABM Treaty to make way for new, expensive strategic defense gadgetry? Has the Soviet Union been reconstituted? Hardly. It continues to disintegrate. Are there new threats confronting us? Certainly. But those new threats, including terrorism, biological proliferation and warfare, and activities of powerful drug cartels and criminal syndicates and, particularly, brutal economic competition do not cry out for a neo-Reagan Star Wars response. We do not have billions to waste on such systems.

The same kind of inexplicable drive to enhance and protect the defense accounts has led the committee to erect firewalls between domestic and defense spending for 3 fiscal years. Therefore, we cripple our ability to respond to unforeseen needs as the fiscal year evolves, allowing money to be shifted to areas of greatest need, or to respond to emergencies. It is as if we trust our judgment only when we put the budget resolution together, erecting numbers which must be treated as sacred icons, and we do not trust our judgment to make sensible adjustments thereafter. With the limited resources that we are working with for all our needs, this is not either efficient or wise.

For Medicare, the conference agreement calls for cuts of $270 billion, or $14 billion more than the Senate-passed budget resolution. And, for Medicaid, the cuts amount to $182 billion, $7 billion greater than the Senate-passed budget resolution. But, for the wealthiest in our Nation, this conference agreement calls for a tax cut of $245 billion, $75 billion greater than was projected in the Senate-passed budget resolution.

The specifies of this $245 billion tax package have not been decided. However, it will likely contain many of the key elements of the so-called ''Contract With America.''

Who would get the lion's share of the benefits from these tax cuts? According to a Treasury Department analysis, less than 16 percent of the benefits of the bill as passed by the House Ways and Means Committee would go to the 60 percent of all families with incomes below $50,000. The top one percent of families with incomes of $350,000 or more a year would receive 20 percent of

the tax benefits, while more than half of the tax goodies would go to the top 12 percent of families—those with incomes over $100,000 per year.

According to an analysis by the Treasury Department, over half the benefits from the House Ways and Means Committee's capital gains provisions would go the wealthiest three percent of families who have incomes over $200,000, while three-fourths of the benefits would go to the top 12 percent of families who have incomes over $100,000 a year; and the House Ways and Means Committee's reduction in the proportion of Social Security benefits that are subject to taxes would give a tax break to the top 13 percent of Social Security beneficiaries.

Similarly, the changes proposed by the House Ways and Means Committee in rates of depreciation and the repeal of the corporate Alternative Minimum Tax would substantially reduce taxes paid by the Nation's largest corporations.

How are we to be sure, Mr. President, that the $245 billion windfall will actually take place over the next 7 years which will enable the tax cuts called for in this conference agreement to be undertaken without adding to the deficit? Senators will recall that under the Senate-passed budget resolution, no tax cuts would be allowed until after a reconciliation bill had been signed into law. At that time, CBO would advise Congress of the so-called windfall amount, which could be used for a tax cut. What happened to that requirement in the conference on the budget resolution? It simply disappeared.

The conference agreement no longer requires that the reconciliation bill be enacted into law prior to consideration of any tax cut. Instead, the procedure set forth in this conference agreement would have the CBO compute the deficit reduction that would take place under the reconciliation proposal, prior to its enactment, and then the Budget Committees would be able to allocate whatever the CBO-estimated windfall will be to the tax-writing committees of Congress, thus enabling them to report tax cut legislation which will be incorporated into the reconciliation bill.

In other words, if we adopt this conference agreement and enact the reconciliation bill (including these tax cuts) into law, we will be providing massive tax cuts for the wealthiest people and corporations in our society before any deficit reduction actually takes place—before, before any deficit reduction actually takes place; tax cuts for those who clearly do not need them and who clearly should be participating in our efforts to balance the Federal budget, rather than taking more.

At the same time, by adopting this conference agreement, we will be reducing our investments in our physical and human resources which will greatly hamper our ability to compete in the world marketplace and, I fear, set the stage for this Nation to evolve into a second-class power in the next century.

Just one example, this conference agreement proposes termination of the Department of Commerce. If this is intended to save the taxpayer money, or make government more efficient, or help the economy, it is a rash initiative which will cost us dearly if it is carried out. Its effect would be to cripple our ability to promote exports, protect against unfair imports, and create good jobs in the growing export sector.

The Commerce Department's International Trade Administration is one of the bright success stories of our government in decades. It does far more than pay for itself. I am referring here to the International Trade Administration of the Department.

It is not necessary here to convince my colleagues that exports are essential to our national economy, and to jobs. Export-related jobs are growing seven to eight times the growth rate of total employment. Ten years ago, seven million Americans worked in export-related jobs. Today the number is about 12 million, and, if we keep pushing, by the turn of the century, it could be about 16 million. That is, we could create one million jobs per year from now through the turn of the century through vigorous export promotion. That is what this Department has excelled at.

So what is the response in this resolution? Dismantle the Department. We do not want to create more jobs. Let our trade competitors mop us up. Increase our trade deficit.

Mr. President, I could not feel more strongly than I do that the adoption of this budget resolution and the reconciliation and tax measures it calls for could not be more wrongheaded economic and social policies, nor could it be more cruel to the youth of this Nation, nor to the elderly, upon whose shoulders the greatest burdens will fall, while the rich will get richer.

I yield back such time as I did not utilize.

The PRESIDING OFFICER. Who yields time?

Mr. DOMENICI. Mr. President, I yield Senator JEFFORDS 7½ minutes.

The PRESIDING OFFICER. The Senator from Vermont.

Mr. JEFFORDS. Mr. President, I rise today to speak on the budget resolution. Like many of my colleagues I am concerned with some of the choices made during the budget conference, and would like to take a few moments to express some constructive comments about the conference report.

Mr. President, in reaching a balanced budget we must be careful not cut those programs which could be counterproductive to balancing the budget. In other words, cuts in one program can result in increased costs in other programs, thus making it more difficult to balance the budget.

One example of this dilemma is in cuts in health research. We are nearing discoveries and new treatments to the causes of many illnesses and diseases such as Alzheimers and Parkinsons. To reduce spending on this research now could mean a continuation of tens of billions of dollars in health care costs needlessly spent, only to save a few million dollars in the short-term. Internationally we are seeing deadlier viruses emerging, we can not afford to weaken our commitment to investigating, identifying and eventually eradicating these diseases.

Another example is in cutting nutrition programs. For instance, cuts in WIC benefits for pregnant women, studies have shown, would increase health care costs by over $3 for every one dollar cut. Further, our food stamp program provides necessary stability for low-income families at the most essential level—putting food on the table. This Nation's future id dependent upon how well we prepare our children for adulthood. Hungry children can not learn.

In addition, in the area of cutting education. This Nation faces a crisis—a crisis which is costing us hundreds of billions of dollars in lost revenues, decreased economic productivity and increased social costs, such as welfare, crime and health care.

Mr. President, business leaders warn us that unless improvements are made in our educational system, our future will be even bleaker. The rising costs of higher education combined with the lower income levels of middle income families in causing thousands not finish college, and fewer to attend graduate school in critical areas such as math, science and engineering. As chairman of the Education Subcommittee, I am particularly concerned about maintaining funding for education, and will work with my colleagues during the appropriation and reconciliation process to ensure that education programs receive adequate funding.

Mr. President, thus in order to help solve the deficit problem, as importantly, to prevent the unnecessary hardship to individuals I wish to put the leadership on notice, I will find it difficult to support a reconciliation bill or appropriation bills that could produce counterproductive budget results and needless hardship for millions of Americans, as outlined above.

Mr. President, I recognize that the budget resolution is not a law and is advisory in nature. Therefore, I will vote for the budget resolution, since I am committed to balancing the federal budget.

Mr. President, I can not make it any clearer that I remain firm in my commitment to not see the budget process be used to make counterproductive cuts, just to pay for a tax cut. I am committed to balancing this budget, but not on the basks of the poor, the elderly and our children to simply provide a tax cut.

In closing, action needs to be taken now by Congress to balance the budget

for the sake of our children and grandchildren.

Mr. President, I voted for the balanced budget amendment, and I supported the budget agreement that came out of the Senate Budget Committee after it was amended. However, when it traveled over to the House and was conferenced, substantial and unfortunate changes were made, resulting in what I believe to be counterproductive cuts. Therefore, I reluctantly support this budget resolution. I do this, since I believe that it is critical for this Nation to balance the federal budget to give our children a future. But, I will still do all I can to change the cuts that were made in health care, the NIH, nutrition, and in education, in particular. I join speakers today—Senators COHEN, KASSEBAUM and SNOWE—and will join them in their efforts to accomplish that same purpose.

Notwithstanding the huge votes that the NIH and the education amendments had—85–14 for NIH, 67–32 for education—they came back with additional cuts. I understand that during conference negotiations, everyone needs to take some additional cuts to create a compromise. But these changes are counterproductive. I stand today to highlight some of these concerns. When you are in a budget situation, there are programs you can cut that will help reduce the budget, but there are also some programs within the federal budget that by decreasing them it will increase your costs in other programs. That is the potential here.

With respect to NIH research, we are on the verge of many breakthroughs in curing illnesses and diseases, such as Alzheimer's and Parkinsons. By cutting back their research funds by just 1 to 3 percent per year, we hamper that possibility in the near future for finding answers. If these answers can be found in the next few years, the result could be tens of billions of dollars in federal savings.

In addition, I point to education spending, because that is where I have a role to play as chairman of the Senate Education Subcommittee. I point out that, in this particular matter, what we may be cutting over the next 7 years could be counterproductive to our Nation. Reduced education expenditures could lead to reduced incomes, reduced revenues and increased social costs.

As for the $10 billion in mandatory cuts that the Labor Committee is instructed to find, let me quickly talk about some of my concerns.

Mr. President, let us look at education generally. Education is the key to the success of this Nation. It is the key to our growth. It has been the key to our growth over the past 60 years. From 1929 to 1990, 45 percent of the growth was due to improved education—45 percent. The amount of economic income that resulted from this growth is surely in the trillions of dollars. But what are we going to do about it? We must be careful in how we reduce federal education spending over the next 7 years to ensure that we will not make these problems worse. Mr. President, that is my goal as chairman of the Education Subcommittee.

Let me highlight what this chart shows; this indicates what the annual taxes by family were in 1991. As you can see, those who do well in this Nation, who pay our taxes, are those who made it not only through college but through graduate school. High school graduates and those that do not make it through high school do very poorly. If we can increase those educational levels—and we are not doing well with education right now on all these levels, we can increase federal revenues and decrease federal costs on social programs. But let us talk about higher education because that is where my concerns are greatest.

Let us look at the next chart we have. This shows the average annual earnings by profession and educational level, again, indicating the revenues we lose by not allowing our kids to be sufficiently educated. Right now, if you do not finish high school, the yearly earnings are $12,000, and for graduate school graduates, it is up to $74,000.

The key to us continuing increasing our revenue is our education, as well as increasing our national productivity.

This next chart shows the difference between high school dropouts and college graduates. This is what has happened over the last 20 years. The high school dropout has seen a decrease in his or her income of 35 percent—family income. The only ones that have shown a real increase are those that are post-graduates, the ones we are picking on first. College graduates stayed about even. Some others have gone down.

If we do not improve the educational levels of this Nation, we are going to continue to see a drop in our revenues. The next chart is helpful in letting us understand what is happening. This indicates where my state of Vermont is on education. This shows what has happened in our State over the last 8 years, as to what debt a college student has to hold through the 4 years. It has gone from $8,000 in 1990 to $21,000, and it is going up off the chart in the future.

Mr. President, we need to work hard at improving educational costs for students. The other charts that I have here will indicate how serious it is. I will highlight these charts at a later time.

Now let us take a look at this. Now, on top of these figures, consider the proposal to eliminate the in-school interest subsidy for graduate and professional students. I will work my colleagues over the summer to find the best ways to maintain educational spending. We need to work on ways to keep the cost to students that borrow to a minimum. For instance, if a student is using a subsidized Stafford loan, as an undergraduate that student may borrow up to $23,000. Upon graduation, this student decides to earn an advanced degree in math or science and begins to think about the cost. With the interest subsidy in place, he could borrow an additional $8,500 per year through the subsidized Stafford Loan Program. Assuming a 4-year graduate program, now that student would owe $57,000 upon graduation. My job over the next few months is to find appropriate cuts within the Labor Committee's instructions to protect the interest subsidy and keep that same student from owing almost $65,000. Mr. President, as chairman of the Education Subcommittee that is my job. It is not one that I relish, but one that needs to be done.

Mr. President, since I am committed to balancing the Federal budget to ensure the future of our children, I will vote most reluctantly for this budget resolution, but I am committed to working with my distinguished chairman of the Budget Committee to improving on these counterproductive cuts in education, health, and nutrition.

Mr. DOMENICI. Mr. President, I yield myself 30 seconds.

Might I say to the distinguished Senator, Senator JEFFORDS, how much I personally appreciate—and I am sure the people of this country will appreciate—your vote today. Although the Senator has some questions about how it will be implemented, I think when the Senator votes ''aye'' today, the Senator is voting for a very important thing for America's future—as important overall as anything we will do.

And the things the Senator holds dearly, that are part of the plan of our Government to help our people, the Senator holds dearly to, and are important to many.

I am very grateful that the Senator will seek to follow this course in changing things, without making it more difficult for, to get a balanced budget before this Congress, and let them proceed to try to get there.

Mr. JEFFORDS. I thank the chairman for his comments.

Mr. ROCKEFELLER. Mr. President, I ask unanimous consent that I be allowed to speak for 10 minutes.

The PRESIDING OFFICER (Mr. GRAMS). Without objection, it is so ordered.

Mr. ROCKEFELLER. Mr. President, I rise to explain why I strongly believe the Senate should reject the budget plan before us.

The hard-working families and senior citizens of America had better hold onto their wallets. The budget before us is the equivalent of a stick-up. It may as well carry a script that says ''put your hands up, and hand it over.'' This is a budget that robs you of your tax credit if you are a family working, not on welfare, and struggling to make ends meet and raise your children. It will steal your plans to get a student loan if you are a middle-class family or high school student counting on college to get ahead. It raids $270 billion

from the Medicare trust fund and beats up Medicaid. It will slash spending for veterans programs and lead to closings of VA hospitals and clinics.

If you are already having problems paying your Medicare premiums, buying prescription drugs, or getting decent health care, more trouble lies ahead with this budget. If the only way you can get health care for your children or long-term care for your older parents is through Medicaid, sorry, this budget has to take that away from you. If you rely on VA for your health care, watch out, that will soon begin to disappear.

This budget is packaged as the bold, courageous plan to balance the budget. It is bold, alright. It has the audacity to cut education, eliminate student loans, kill off part of the earned income tax credit, and raid the Medicare trust fund—but it bags $245 billion for more tax breaks for Americans who are already well-off.

Mr. President, this is a budget that should be sent to the penitentiary. It is a felony against the people I represent, West Virginia families, senior citizens, students, veterans, and everyone else. It is a direct assault on the basic promise made for years and even decades when it comes to education, student loans, Medicare, veterans benefits, and the tools that create jobs and growth in this country. It is a crime against the basic principles of fairness and shared responsibility that any budget—a family budget or the Federal Government's budget—should be based on.

It is not as though this is the only way to balance the budget. In fact, I voted for a very different way to get to the same bottomline. To eliminate the Federal deficit and the red ink. To crack down on excessive spending, including the tax breaks that are growing faster than inflation. Just about every Senator on this side of the aisle voted for the Conrad or the Bradley alternatives, because they spread the burden of balancing the budget so it does not crush something as basic as student loans or school lunches or a tax credit for the families with the most to lose.

After what we saw happen to this country and my State of West Virginia back in the 1980's, I never thought I would see the day again when the Senate agrees to a budget that steals from the middle-class to give tax breaks to Wall Street and wealthy citizens. Once again, we're told that trickle-down economics will do its magic, and to wait for the jobs to grow and the prosperity to spring up. As Governor of West Virginia, I did that already. I watched the country sit on its hands as our foreign competitors took over industries and took our jobs. I watched the tax breaks feed a mania for mergers and junk bonds, leaving our people high and dry.

My State has been climbing out of that rut of the 1980's when voodoo economics did its terrible damage. West Virginians want to work, no matter how little they have. Our workers and our industries want to be the best, and we are moving into the markets of competitors like Asian countries as this country gets tougher in demanding open markets and fair trade. Our families want good schools and a chance for West Virginia's high school graduates to go to college.

As I have traveled around my State in recent weeks, it is not just senior citizens who have shared their worries about the plan to cut Medicare by $270 billion or Medicaid by $180 billion. The administrators of some of our hospitals talk about being forced to close their doors. Families wonder how a grandparent can stay in the nursing home. Physicians worry about children not coming in for checkups. Veterans worry about the country's willingness to continue to honor its commitments to those who served in time of peril.

This budget is out to disarm us economically. Maybe some of my colleagues have a hard time figuring out what the Departments of Education or Commerce do. For families who think education is what counts, it is not so difficult. For the businesses in West Virginia that count on the Government to enforce our trade laws, help them export, and stay on top of technologies that turn into products, it is not so difficult.

Take a company called Touchstone Research Laboratory, a two-person operation 15 years ago that now hires 40 people with $3 million annual sales. The two-person team, who worked themselves to the bone in the 1980's to get the company going, say that it was when the Federal Government—through the Economic Development Administration—helped our State build a research park near Wheeling, that things finally picked up. With that footing, they could turn to something called the United States and Foreign Commercial Service office in West Virginia, run by the Department of Commerce, for advice on how to do business abroad and sell their terrific, high-tech products. That led to contracts, jobs, and profits that this small business believes never would have happened without a Department of Commerce whose mission is creating jobs and opportunity.

The steel plants in West Virginia, and their workers, might not exist today if there had not been a cop on the trade beat when foreign countries were dumping their steel inside our borders. Again, trade enforcement done out of a Department of Commerce with a very real mission.

Mr. President, I know the proponents of this budget plan before us are very proud of their work and their dedication to balancing the budget. But this is the wrong way to achieve the right goal. And it is not the only way. If West Virginians and our fellow Americans succeed in rebelling against this highway robbery—against hard-working families and seniors, young people with dreams, and even our businesses—we can get to work to balance the budget in the way that it should be done. I fear for my State and for the country if this budget ever becomes reality. At this point, I will vote against it, and do everything I can to replace it with a course that stands up for the values of work, of education, of opportunity, and of fairness.

Mr. CRAIG. Mr. President, I rise in support of the conference report on House Concurrent Resolution 67, the fiscal year 1996 budget resolution.

I congratulate the chairman of the Budget Committee, Senator DOMENICI, as well as the other members of his committee who have worked long and hard to produce this conference agreement. I also commend the other Senators who have contributed to this historic, balanced budget, by pushing for a balanced budget, a responsible downsizing of Government, and pro-family and pro-growth tax relief.

Winston Churchill once said that democracy was the worst possible form of government except for the alternatives.

This budget is like that. You can nitpick it, but you can't produce a better one that does what what needs to be done and passes.

There are 100 perfect budgets in this body. But holding out for the perfect budget means condemning the American people to the economic tyranny of the status quo and an extra trillion dollars of debt over the next 7 or 8 years.

There is honest disagreement over the priorities in this budget. But the important thing is, for the first time in more than a generation, we are passing a budget that sets priorities.

For 34 out of the last 35 years, the Federal Government has had only one priority: Spend more. Tax more. Borrow more.

At long last, this budget adopts the priority of the American people: Balance the budget—let the Government spend no more on programs than the people are willing to pay in taxes.

Under this budget, no one program, State, or segment of the population will pay a disproportionate share in fiscal discipline.

When I visit with Idahoans, they think this is fair. They are patriotic—they are ready to share in the discipline of balancing the budget, as long as everyone does so.

I wish we could have had more defense spending. I wish we could have had more in tax relief. I am concerned about the future of agriculture. In fact, some of the details in the assumptions in this budget resolution will be changed in the appropriations and authorizing committees. As Senator SNOWE said, this is the end of the beginning of the budget process, and it is a good beginning.

The status quo is the least tolerable alternative.

The General Accounting Office's 1992 report said, ''(I)naction is not a sustainable policy. * * * (T)he nation cannot continue on the current path.''

The Bipartisan Entitlement Commission's final report, issued in January of this year, said, ''The present trend is not sustainable.''

DRI/McGraw-Hill, in testimony before the Senate Budget Committee in January, said, ''(T)he current economic strength is not sustainable. * * * A balanced budget would be a major boost to the long-term growth of the U.S. economy.''

This budget gives us a chance to vote for the future, instead of the failed past.

This is the vote that counts. This is our chance to vote for a true balanced budget. The only effective plan to balance the budget is the one that passes.

This compromise budget does the most important thing possible: It provides for a balanced budget by 2002, on a reasonable, gradual glide path.

We've heard a lot about winners and losers in this debate.

Who really wins under this budget?

Our children and grandchildren, because balancing the budget hands them a healthier economy and real opportunity for the future;

Senior citizens, because a Medicare system now on the verge of bankruptcy is going to be reformed and rescued; Medicare is going to be there for those who need it because of this budget;

People who want to work, because balancing the budget means economic growth and more jobs;

People in the greatest need who rely on essential Government programs, because ever-bigger interest payments on an ever-growing debt increasingly crowd out all other spending.

The deficit hurts all Americans. The debt is the threat. With this balanced budget, all American are winners.

This budget does not represent a draconian cut in spending. It simply calls for reducing the rate of growth in Federal spending.

Spending still grows an average of 3 percent a year, down from the current 5.4 percent a year.

Only special interest groups and liberals inside the capital beltway can say a 3 percent raise is really a ''draconian cut''.

Total Federal spending in fiscal year 2002 will be $346 billion more than this year—fiscal 1995.

Only in Washington, DC, does anyone claim that a $346 billion increase is really a $236 billion cut.

What does balancing the budget mean in people terms?

It means restoring the American Dream of economic opportunity, starting now and extending to the next generation.

The cruelest budget cut of all is the cut in every American's living standard that has occurred because of Government's failure or refusal to balance the budget.

The damage done by the borrow-and-spend status quo must be undone.

Living standards are lower today, Social Security checks buy less today, our children face a depressed future, because of a spiraling, crushing debt burden.

According to the National Taxpayers Union Foundation, for every year in which the Federal Government runs a $200 billion deficit, the average child of today will pay $5,000 in additional taxes over his or her lifetime.

President Clinton's fiscal year 1995 budget projected that current trends will force future generations to face a lifetime net tax rate of 82 percent to pay off the current generation's bills, counting taxes at all levels of government.

In contrast, balancing the budget by fiscal year 2002 means a better future.

The econometrics firm DRI/McGraw-Hill said it means: 4 to 5 percent more nonresidential investment, 2.5 million new jobs, a GDP that is 2.5 percent higher, and another $1,000 in the pocket of the average household.

Balancing the budget means a better standard of living for our children.

GAO's 1992 report estimated that balancing the budget would raise our children's standard of living between 7 and 36 percent by the year 2020.

Balancing the budget means more jobs.

The last Federal balanced budget was in 1969. Unemployment from 1970 to 1990 averaged 6.7 percent, compared to 5.7 percent for the entire post-war period. In the first three decades of this century, when balanced budgets were the norm, unemployment averaged 4.5 percent.

This budget reforms and rescues Medicare. Under this budget, Medicare increases an average of 6.4 percent a year, which is more than twice the rate of inflation.

Under this budget, Medicare spending will be $86 billion more—53 percent more—in fiscal year 2002 than in 1995.

Nothing here cuts services or drives up needy patients' costs.

This budget calls for Medicare reform—that more choice and market competition and consumer information will slow down the runaway costs we see now. It says reforms should give priority to identify and eliminate fraud and abuse. It calls for a bipartisan commission that would make recommendations for the solvency of the system.

A vote for this budget is a vote to rescue Medicare. Under the status guo, that system goes broke in fiscal year 2002.

Who says so? The Medicare board of trustees that includes three of President Clinton's Cabinet Secretaries, the Commissioner of Social Security, and two public trustees.

The trustees also said, in their April 3, 1995, report:

> (T)he trust fund does not meet the Trustees' short-range test of financial adequacy. . . . (It) fails to meet the Trustees' test of long-range close actuarial balance . . . by an extremely wide margin. . . . Congress must take timely action to establish long-term financial stability for the program.

The tax relief in this budget is reasonable, modest, and fair.

It is also contingent on reaching a balanced budget by 2002. It is perfectly reasonable to say to America's families, If you help with balancing the budget, you get a small dividend—you get to keep just a little more of what you have earned.

This conference report does not say what kind of tax relief will be provided.

I plan to support, a pro-family proposal like the $500-per-child tax credit in the House-passed Contract With America tax bill and the Coats-Grams-Craig bill in the Senate. This would mark one tiny step in recognizing the way the dependent exemption has been eroded by inflation and tax hikes over the years. That part of a family's income necessary to cover the basic costs of living just should not be taxed.

I also will support pro-growth, pro-jobs tax relief for capital gains, small business, and family-owned farms and businesses passed on through an estate.

These proposals would benefit all Americans, across the income spectrum.

And they are modest. Even when fully phased in by fiscal year 2002, at a level of $50 billion, that tax relief would amount to well under 3 percent of the total revenues collected that year.

Back in January and February, some opponents—and a few supporters—of the balanced budget amendment to the Constitution said they wanted to see a plan for exactly how to balance the budget. Well, here's our plan, and it gets the job done in a fair, equitable way.

Now that those who demanded, ''Where's your plan?'' have been given a plan, I expect that 67th Senator should come forward and finally help us pass the balanced budget amendment to the Constitution.

We still need the balanced budget amendment.

The budget resolution before us today is a 7-year plan. That gives some Members of Congress and the special interest groups 6 years and three elections to try and knock us off track.

Can we balance the budget without the balanced budget amendment? The first Republican Congress in 40 years is proving we can, but can is no guarantee.

We have heard Senator after Senator say, ''This debate isn't about whether to balance the budget.'' Well, let's turn this Congress's promise to balance the budget into an ironclad, constitutional promise that the budget will stay balanced.

Let us now go back and pass the balanced budget amendment.

Mr. BIDEN. Mr. President, I voted for the balanced budget amendment earlier this year, and more recently I cosponsored with Senator BRADLEY a budget resolution that achieved balance by the year 2002.

I want to restore balance to the Federal budget, Mr. President, but not for its own sake. The balance I seek is a means to achieve more concrete, more

human, more important goals than the abstract satisfaction of a tidy balance sheet.

Our country is blessed, Mr. President, in many ways. By many measures our economy is strong.

In the past couple of years we have enjoyed healthy growth in the productivity and output of our economy, by many measures the strongest on the planet.

More Americans have found jobs, and, while you couldn't tell it from the comments of some of my colleagues, Mr. President, the first 3 years of the Clinton administration have seen the first three consecutive reductions in the deficit since the Truman administration.

But there remain fundamental problems, Mr. President, problems that we must not lose sight of as we set our Nation's priorities with the budget resolution vote before us today.

Two fundamental trends have kept the real achievements of our economy from benefiting the majority of Americans.

Those trends are the stagnation, even decline, in the wages and salaries of working Americans, and the increasing inequality in wealth and income that threatens the middle-class stability that has been the ballast of our Nation since its founding.

In many ways, Mr. President, the issues that concern me today are the issues that brought me into public life: How to meet our shared responsibility as public officials.

Our responsibility is to provide for our Nation's future, by nurturing and educating our youth, and by investing in the knowledge and technology on which the economy of the future will be built.

And we must also, Mr. President, honor our commitments to the generations whose achievements in war and peace secured for us our rich inheritance.

The budget resolution before us today sets our Nation's priorities for the next 7 years. How does it measure up to our responsibilities?

I am afraid, Mr. President, that this budget resolution before us today, the compromise struck by Senate Republicans with the House Republicans fails to meet the challenges before us.

I voted against the earlier budget resolution, Mr. President, because it cut too deeply into education and nutrition programs, because it neglected our responsibility to lay the foundations in research and technology on which our future must be built, and because it took too much from our senior citizens and from struggling workers.

Mr. President, this budget resolution is worse than the earlier one.

It cuts $10 billion from student loans. It cuts $270 billion from Medicare, $182 billion from Medicaid. By cutting the earned income tax credit, it raises taxes on working families who are giving their all to stay afloat.

It does all this, Mr. President, at the same time that it envisions tax breaks that would, if they follow the so-called Contract with America, give those among us who are already the most comfortable an even greater share of our national wealth, including the very wealthiest among us.

By slighting investments in our children, by cutting resources for education and research, by increasing the price of college loans, this budget fails to meet our obligation to provide for our Nation's future.

By cutting Medicare and Medicaid, it fails to honor our contract with the generations that went before us.

By increasing taxes on the poorest working families, it reduces the take-home pay of those Americans already struggling to keep body and soul together.

And by saving its generosity for those among us who—deserving as they might be—need it least, this budget drives a wedge of resentment deeper into the cracks already forming in our society.

I will continue to seek ways to restore balance to our Nation's finances, Mr. President. And I will continue to seek ways to restore balance to our Nation's priorities. But I will vote against the budget resolution before us today.

Mrs. FEINSTEIN. Mr. President, we all know the budget cannot be balanced by waiving a magic wand. Reducing a $200 billion budget deficit will impose real pain on American families. The painful cuts would be worth it, however, if through shared sacrifice, we brought our fiscal house in order.

I am disappointed I cannot endorse the budget resolution. While I support balancing the budget, I cannot support the priorities the majority imposes to try to get us there in 7 years. The Republican plan will impose too much pain on too many families. Those who will suffer the most under this Republican budget resolution will be middle class families across America. From preschool education to nursing home care for the elderly, middle-class families will bear the biggest burden in overcoming our Nation's budget deficit.

This budget, though not signed into law, will set the stage for the appropriations and budget reconciliation battles later this year. This resolution sets the Federal Government on course to cut vital services for American families across the country. This is a course I cannot accept. This is how families will be hurt:

Medicare: The $270 billion cut over the next 7 years is the largest Medicare cut in history. Yet middle-income families will carry the burden—97 percent of all Medicare spending go to families with annual incomes of $50,000 or less.

Education: The resolution will cut $40 billion over the next 7 years, cutting back on Pell grants, student loans, and Head Start. Nearly one half of all Pell grant recipients have annual incomes of less than $10,000. The elimination of the forbearance of in-school interest will force students to carry higher debt just as they enter the work force. This will hurt the young as they struggle to get on their feet.

Medicaid: The resolution's $182 billion cut could force 8 million to lose Medicaid coverage by 2002, more than an 18-percent reduction over the next 7 years.

Earned Income Tax Credit: The resolution reverses the EITC coverage for childless workers adopted in 1993. This provision only partially compensates these workers for the five payroll tax increases they have been forced to accept during the 1980's. The cut will force low-income workers with incomes below the poverty level to pay a higher tax burden next April.

We have heard a great deal that the budget resolution represents a glide path toward a balanced budget. However, I am afraid this budget resolution is more of a crash landing than a glide path.

By contrast, the administration has challenged the path of the majority in Congress, offering a slower path to balance in exchange for a reduction in the cuts for important Federal programs. When the President announced his proposal, he was criticized by Republicans for its economic assumptions. However, the Republican plan assumes an unprecedented 11 consecutive years of economic growth to justify its harsh cuts in Medicare, Medicaid, and other programs.

As we start down the path the majority lays out today, we will need to continue to review both the plan and the timeline the resolution adopts to balance the budget. The value of balancing the budget in 7 years will be measured by the economy the cuts will help to create in each of those 7 years and every year afterward. The Federal budget must address our national economic needs and not weaken an already fragile economy.

STATE ECONOMY CANNOT TAKE THE CUTS

Mr. President, the California economy is beginning the painful process of emerging from its longest recession since the Great Depression. While the rest of the country suffered as well, California's recession was both longer and more severe than the rest of the Nation.

California's unemployment rate is nearly 3 percent higher than the national average.

More than 1.28 million Californians are out of work. In fact, California has 17 percent of all the unemployed workers in America.

To these burdens, the Republican budget resolution will impose more than $50 billion in additional budget cuts for California for Medicare, Medicaid, and the earned income tax credit alone, during the next 7 years. I cannot support these additional burdens for California families on our already strained economy.

MEDICARE AND MEDICAID CUTS

Mr. President, this budget resolution imposes its biggest cuts on health care programs for the elderly and those

most in need of Federal assistance. The $450 billion in cuts from Medicare and Medicaid go too far, too fast, without any assurances that our health care system and the economy will not be significantly undercut. Health care spending represents more than one-seventh of the Nation's total economy. We cannot make the sweeping changes proposed without imposing significant burdens on families, medical providers, hospitals, and State and local governments.

We all know that Medicare and Medicaid spending cuts are necessary. The real questions are how much to cut, how to make sure the cuts are distributed fairly, and how to make sure the cuts can work?

The proposed resolution cuts over $450 billion out of Medicare and Medicaid over the next 7 years—more than 60 percent of the $1.3 trillion in cuts represent Medicare, Medicaid, food stamps, or other entitlements. The impact of these cuts would affect California enormously—more than almost every other State.

The Health Care Finance Administration suggests the $270 billion in Medicare cuts may cause over $35 billion in total cuts to California hospitals and patients over the next 7 years.

Despite having only 9.5 percent of the Nation's Medicare population, California would pay for over 13 percent of the Medicare cuts.

The alarming trend is repeated when we turn to Medicaid. The Kaiser Commission on the Future of Medicaid issued a new Urban Institute report that projects that California and just five other States would bear over 40 percent of the total Medicaid budget cuts, and cost-saving measures would cut at least 5 million additional people off of Medicaid nationwide.

Total California Medicaid funding are expected to be reduced by nearly $20 billion over 7 years.

The Medicaid cuts will force States to spend more, undercut the efforts of our safety net hospitals, increase the numbers of uninsured persons, and shift even more costs to the private employer-based health care system.

EDUCATION AND INVESTMENT

Mr. President, U.C.L.A.'s Center for the Continuing Study of the California Economy reports the principal threat to job and income growth in California is the lack of a strategy to establish priorities and fund critical public investments. The center reconfirmed previous studies, calling for investment in education and infrastructure to strengthen the economy. I agree—only by investing in the next generation through education, we can provide for a stronger future.

Yet the Republican budget resolution cuts discretionary and mandatory programs for education by $40 billion, the largest education cut in U.S. history. The resolution will cut support for education at all levels, including elementary, secondary, and higher education. This budget resolution will lead to cuts in student loans for 4 million students, making it more difficult for families to send children to school and adding to the debt students will carry for years.

We cannot move forward unless we invest in our most important resource—our children. Only by carefully investing, can we build a stronger, more capable and competitive nation. These cuts will leave us less able to prepare for the future.

CONCLUSION

Mr. President, the priorities we spend our scarce dollars on are just as critical as how much we spend. I am very concerned these budget cuts could damage an already strained economy and fail to prepare our next generation for the competitive world of the future, weakening our long-term economic goals.

Congress needs to carefully consider cuts in spending because the value of balancing the budget in 7 years will be measured by the economy the cuts will help to create. Regaining our full economic strength in California will take years. We cannot take economic recovery for granted and we must work to maintain economic vitality in an increasingly competitive global economy. I will work to ensure Congress takes the right action to strengthen the economy and create jobs, without igniting another round of economic strains for California businesses and families.

I am concerned this budget resolution will not protect families or provide opportunity and could worsen our current fragile economic state. I cannot support deficit reduction which imposes such a heavy cost on those least able afford it.

Mr. HATFIELD. Mr. President, I rise to speak briefly on the impacts of this budget resolution on the appropriations process for the fiscal year 1996.

TRANSPORTATION FUNDING

Mr. President, I would first like to address the impacts of this budget resolution on our Nation's transportation systems. I have the privilege of chairing not just the full Appropriations Committee, but also the Transportation Subcommittee. I took that post because I understand the critical role that transportation plays in our economy and our way of life. In Oregon, we take great pride in our balanced transportation system, and in the planning process that we use to make investments in the most effective, efficient, and environmentally sensitive manner. The State of Oregon is, I believe, a model for the country to follow. The concerns that I want to raise today are not just for the future of Federal involvement in Oregon's transportation network, but for the role that the Federal Government will play in meeting the entire Nation's transportation needs.

Whether we are talking about investment in our Nation's highways and transit systems, the critical operations of the Coast Guard, or the direction of air travel through the FAA's air traffic control system, adequate funding for transportation is vital for this country to maintain and enhance its economic position.

In setting our economic agenda, deficit reduction clearly is our top priority. And, transportation must play a role in achieving savings. But, my concern is that this not just become a budget-cutting exercise. Simply lowering the Federal contribution to transportation without rethinking and adjusting the Federal role is a big step in the wrong direction, and could have disastrous impacts.

While the conferees agreed on transportation cuts less severe than those that passed the Senate, I continue to have serious concerns about how we achieve those cuts. I was pleased to note that Chairman DOMENICI raised many of these issues in the Senate Budget Committee's report, which discussed the need to restructure transportation programs and reconsider what role the Federal Government plays versus State and local governments and the private sector. The committee report assumed that savings in transportation would be achieved not just through reducing spending, but through steps such as consolidation of the Department of Transportation's agencies and programs, and by privatizing the air traffic control system. The conference report repeats those assumptions, calling for program downsizing, streamlining, and consolidation of DOT, and for ATC privatization. While these changes may be controversial, the consequences of moving forward with business as usual and just cutting funding would be destructive. It is critical that we now look at how we maintain our commitment to sound transportation at the same time that we carry through with our commitment to deficit reduction. That is going to mean doing things differently.

My concern is that the changes assumed in the budget resolution are just that—assumptions. What are real are the spending cuts. I tell my colleagues that the Appropriations Committee will comply with the targets laid out by the resolution. But to do so without having the benefit of the authorizing changes assumed in the resolution will be devastating because, in the end, we will still be bound by the outlay reductions. In order to achieve those reductions, we will be forced to make severe and devastating cuts in fast-spending programs, such as: Coast Guard operations, which includes search and rescue and drug interdiction activities; FAA operations, which will have direct impacts on the viability of the air traffic control system; transit operating assistance, which will harm many of our cities; and Amtrak. Or, we will be forced to impose even more drastic cuts in capital programs, such as the highway program, transit new starts and modernization, badly needed new equipment for Amtrak, and the FAA's modernization program, which is already behind schedule and over budget.

It is in this respect that I would like to engage the distinguished chairman of the Budget Committee, Senator DOMENIC, in a discussion. Let me first ask my colleague, who is also a valued member of the Transportation Appropriations Subcommittee, if it is correct that the assumptions in the resolution are not binding.

Mr. DOMENICI. The distinguished chairman of the Appropriations Committee is correct. For transportation, the conferees set outlays at $244.8 billion over 7 years, as compared to $227.5 billion in the Senate resolution, and $252.3 billion in the House. As the Senator noted, with our committee reductions, we also assumed that much of it would be achieved through fundamental restructuring of the Department of Transportation and through privatization of the air traffic control system. The conferees retained those assumptions. We want savings to come out of administrative and bureaucratic costs before programs are hit. The conferees included the assumption of ATC privatization. I believe this can and should be done. Frankly, I believe that the private sector can better provide these services, that safety and efficiency will be enhanced, and that the American taxpayer and traveler will be better off.

Mr. HATFIELD. Let me then ask my distinguished colleague how he envisions us moving from the budget resolution to the appropriations process. My intention is to work with the authorizing committees toward enactment of the changes that the resolution assumes?

Mr. DOMENICI. Mr. President, there is clearly a need to move forward with changes. As noted in our assumptions, the funding levels provided under the resolution do not support the transportation programs as they currently exist. There were no reconciliation instructions because the resolution assumes discretionary, not mandatory, savings. However, there is no reason why legislation to restructure the DOT and its programs and to privatize the ATC system should not be moved separately. It is my intention to work with the authorizing committees to see such change enacted.

Mr. HATFIELD. I welcome the Senator's involvement, and suggest his continued engagement in this process will be critical to achieving the dual goals of deficit reduction and sound transportation. I appreciate the time and efforts of the chairman of the Budget Committee, and look forward to working with him. Mr. President, I would next like to comment on the impacts of the budget resolution on programs falling under the jurisdiction of the Commerce, Justice, State Appropriations Subcommittee.

Mr. President, President Clinton and Members of Congress on both sides of the aisle support funding increases for law enforcement. The President's budget requests a 21-percent funding increase for justice and a 15-percent increase in funding for the judiciary. That translates into a 20-percent increase in funding for the Federal criminal justice system—and grants to States—for almost 60 percent of the fiscal year 1995 Commerce, Justice, State appropriations bill. Even though the budget resolution conference report assumes drastic changes across the Government in order to balance the budget, the conferees agreed to make funding for law enforcement a top priority. The conferees' actions are consistent with the Republican crime bills in both Houses of Congress which would change priorities among violent crime reduction trust fund accounts, providing a net increase in authorized trust fund spending for law enforcement and prison construction.

The budget resolution conference agreement assumes a major reorganization in the executive branch—including an overhaul of State Department elimination of the Commerce Department. It is my hope that the various authorizing committees with jurisdiction over portions of these proposals will make quick action on these reorganization proposals a top priority.

A full debate on these issues would be extremely helpful to the Appropriations Committee as we attempt to find the savings assumed in the budget conference report. As chairman of the Appropriations Committee, I hope to avoid situations where major legislative changes are attached to appropriations bills that must be enacted before the end of the fiscal year.

Last, Mr. President, I would like to speak to the budget resolution's impacts on the Labor, HHS, and Education Appropriations Subcommittee.

The conference agreement reduces funding for discretionary health programs in fiscal year 1996 by approximately 8 percent. For Public Health Service Act programs under the jurisdiction of the Labor, HHS and Education Subcommittee this would mean an aggregate cut of $1.5 billion. Purportedly, these reductions are to be achieved through a 1-percent cut in funding for medical research supported by the National Institutes of Health, the consolidation of numerous categorical programs into State administered block grants, a 50-percent cut in funding for the National Health Service Corps, the Maternal and Child Health Block Grant and the Preventive Health Services Block Grant, and the elimination of a number of agencies and subagencies of the Public Health Service, such as the Agency for Health Care and Policy and Research. To date, however, no legislation to streamline Public Health Service agencies or consolidate its programs has been considered in the Senate. The end result for fiscal year 1996 is that the savings will be achieved by cuts in research, services and training, and not achieved through greater administrative efficiencies.

Some of the steepest reductions in funding are reserved for education, training, employment, and social services programs. Hardest hit are the job training programs of the Department of Labor. The budget resolution conference agreement assumes a 20-percent cut in funding for job training programs as a result of consolidating over 100 Federal job training programs into block grants. Legislation reported by the Labor and Human Resources Committee, however, would not implement these changes until July 1, 1998. Thus, for fiscal year 1996, the Appropriations Committee will be confronted with substantial cuts without the benefit of a reformed job training system. Particularly vulnerable will be funding for the 1996 Summer Youth Jobs Program which had historically received advanced funding.

Funds also are jeopardized for readjustment assistance and services for dislocated workers. Presently, the only funding for retraining is through Dislocated Worker Program authorized by title III of the Job Training Partnership Act. In the wake of the recent recommendations of the Base Realignment and Closure Commission and job layoffs in timber dependent communities in the Pacific Northwest, increased demand will be placed upon these services. Estimates are that an additional 34,000 workers on military bases and installations will be dislocated during the next 2 years. Absorbing increased demand for these services likely will necessitate cuts exceeding 20 percent in other training programs, such as Job Corps, School to Work, and the employment service.

Nearly $10 billion currently is spent to process mandatory claims for unemployment compensation, Social Security old age and survivors benefits, disability, and Medicare claims, and yet the processing costs are part of the Appropriations Committee's discretionary outlays. As a result of increases in workload, outlays for these activities are projected to increase significantly, about $850 million in fiscal year 1996 alone. Adding to these costs is legislation reported by the Finance Committee which requires the Social Security Administration to conduct more disability reviews. The Congressional Budget Office estimates the increased requirements will cost the committee an additional $300 million in fiscal year 1996. Yet the conference report assumes a freeze in discretionary funds for both the Medicare and Social Security Programs.

Mr. KEMPTHORNE. Mr. President, I rise today in support of the conference report on the concurrent resolution on the budget for fiscal year 1996. This budget achieves what the people of America and Idaho want: A balanced budget.

The last time this Nation had a balanced budget, I was a junior in high school. My daughter will be a junior in high school next year. It has been a generation since our country's books have been balanced. When I was in high school the last thing I thought about was a balanced budget. But now, $5 trillion later, I wish the adults of that

era had. I am the father of two great kids, Heather and Jeff, who will both be in high school next year. They, like every other American today, owe $19,000 on the national debt. That is their share of the national debt but did nothing to run up this bill. That is what they will inherit from this generation. That is a national disgrace.

This budget conference report is a present to my son and daughter, to the children of every American family, because in 7 years we will attain a goal which has not been accomplished in nearly 30 years.

If we do nothing, at the present rate of spending the deficit would grow to almost $200 billion next year. But, under this budget the deficit will be reduced to $170 billion next year, continue to decrease each year thereafter, and ultimately yield a budget surplus of $7 billion by the year 2002. Total deficit reduction achieved by the Republican budget over 7 years will be nearly $900 billion.

More importantly, the Republican plan will balance the budget entirely through spending cuts; not tax increases. In fact, after the Congressional Budget Office certifies that the spending cuts have yielded a dividend, this Republican budget will provide Americans with the biggest tax cut in history; $245 billion of reductions, including a $500 per child tax credit, capital gains tax reduction, a new type of individual retirement account—the ''American Dream Savings Account'', senior citizen tax relief, and pro-growth economic tax incentives. The Republican budget accomplishes this deficit reduction, budget balancing, and tax relief without cutting a single dollar from Social Security.

Idahoans are worried about the deficit and the cost of the interest on that debt. They are concerned about where spending cuts will be made, how deep those cuts will be, and if the cuts will be fairly distributed. The budget before us accomplishes a balanced budget through many significant reforms that are important to both the Nation and to Idaho. This budget preserves, protects, and enhances important programs such as Medicare and Medicaid. Both of those programs need substantial reform simply to remain solvent. The impending bankruptcy of Medicare is a threat to every hard-working American who has faithfully paid into the system. Imagine if you are 55 years old and have contributed to Medicare for every year of your working adult life. You expect your government will do its part and make good on its promise to you. You expect Medicare to be there when you need it. Yet the Medicare trustees say the program will go broke in 7 years unless changes are made. This budget does that. It slows the growth of spending on benefits to 6.4 percent annually. That will save $270 billion. However, and this is important: Total Medicare spending will increase from $4,350 per beneficiary in 1995 to $6,070 in 2002—an increase of 40 percent.

Some are calling this a cut. Well that is just the way Washington does it's math. Because let me tell you that in Idaho, when you say something will increase at a slower rate, we do not call that a cut.

Medicaid will become a block grant program to the States and calls for slowing the rate of growth from the present 10 percent to 4 percent over 7 years—resulting in savings of $181 billion. And it should improve service. Who would an Idahoan rather call if there is a question about Medicaid—someone in Boise or someone in Washington, DC? I guarantee you it will be a whole lot easier to find the right person to talk with and solve the problem in Boise. That is improving service for taxpayers.

The Republican budget downsizes the Federal bureaucracy by:

First, reducing discretionary spending by $190 billion over 7 years.

Second, eliminating the Commerce Department and other commissions, agencies, and functions that are duplicative or obsolete.

Third, reducing foreign aid by $23 billion over the next 7 years.

The budget also:

Fourth, makes good on the promise for welfare reform by achieving mandatory savings of $100 billion by combining AFDC, SSI, Food Stamps, child care and child nutrition programs into a single block grant to the States and by modifying the earned income tax credit by eliminating benefits for undocumented workers and persons with no dependent children.

While certainly there are program cuts that I would prefer not be made, I feel that we must apply the sacrifice evenly to all areas of the budget if we are to be successful. The most troublesome reductions for me are the cuts in agricultural production program outlays of $13 billion, a 28 percent reduction in community development block grant moneys to cities, and changes in the student loan program.

Idahoans tell me they are perfectly willing to do their share if they know the impacts of this budget are spread evenly across the country. If everyone has to bite the bullet, then it is something that must be done. This country cannot afford to spend beyond it's means. Congress must demonstrate the will to tear up its credit card and get the Nation's fiscal house in order.

I believe that the interest we are paying on the debt is destroying our present well-being while it is denying future opportunities to our children and grandchildren. The opportunity to balance the budget, reduce the deficit, and offer tax relief to hard working families is too important to ignore.

After all, we are talking about the American taxpayer's money—it is not the government's money—and it is time that we start leaving more of it in the taxpayer's pocket.

Mr. SMITH. Mr. President, this is truly a historic debate. At no point in recent times have the differences between the two major political parties been more apparent. The choice is clear and defining. You either: support $200 plus billion deficits through the next century, or you do not; support balancing the Federal budget by the year 2002, or you do not; want to pass along a greater debt to your children and grandchildren, or you do not; want to let working Americans keep more of what they earn, or you do not.

Mr. President, this country is $4.8 trillion in debt. There were some interesting budget facts in the Wall Street Journal a few months back. Shaquille O'Neal—the basketball star who plays for the Orlando Magic—earns about $30 million each year in salary and endorsements. Shaquille O'Neal would have to play 158,400 seasons to earn $4.8 trillion, our current national debt.

The O.J. Simpson trial has captivated many in this Nation. Again, according to the Wall Street Journal, Mr. Simpson is paying about $55,000 a day in legal fees. The trial would need to last 78 million days before Mr. Simpson paid $4.8 trillion.

Mr. President, this is not a laughing matter, far from it. It is of the most grave concern to all Americans. If we do not balance the budget soon, we won't have a country to pass along to our children. That's what this debate is all about.

I have three children. Like most Americans, I would like to pass along to them my assets, my wealth, when I leave this world. They should not inherit a mountain of debt. We must stop thinking about the next election, and start thinking about the next generation.

Mr. President, if the Senate does not pass this balanced budget plan, there is no coming back. If we do nothing: the national debt will exceed $6 trillion in 2002; Interest payments on that debt will be $331 billion in 2002; The federal deficit will exceed $200 billion, with no end in sight.

That should be unacceptable to every American.

This budget conference report is bold, and it is fair. It would balance the Federal budget in the year 2002. It would provide incentives for Americans to save and invest, and help the economy to grow. It would allow for penalty free withdrawals from IRA's for first time home buyers, education, and medical expenses. It would cut the capital gains tax rate, and index it for inflation. It would provide tax relief for families in the form of a $500 tax credit per child. Most important, Mr. President, the tax cuts are paid for with additional spending cuts.

Cutting taxes is not a sin. It is not wrong or irresponsible to let Americans keep more of their hard-earned dollars. After all, it's not the Government's money. History shows that tax cuts create jobs, a goal we all share. But history also shows that unless we cut spending, no amount of growth will

balance the budget. I believe this budget proves that we can, and should, do both.

In 1993, every Republican Senator and House member voted against President Clinton's $250 billion tax increase. The tax cuts included in this package total $245 billion. We don't even get as far cutting taxes as the President went in raising taxes. This is clearly an issue that unites Republicans.

I would like to praise the hard work of Senator DOMENICI, and others on the budget committee, for a job well done. Many of us have waited a long time for this day. I have been talking about balanced budgets for 11 years. Now we have a rare chance to act. I urge my colleagues to support the conference report.

Mr. LEVIN. Mr. President. I cannot support the conference report to accompany House Concurrent Resolution 67, the congressional budget resolution which has been presented to the Senate by the Republican majority virtually without the participation of the Democratic members of the conference committee.

That budget proposal has been described by our Republican colleagues as achieving balance by the year 2002 although it will not. It relies heavily on surpluses in the Social Security trust funds to achieve balance. In fact, in 2002, there will remain, under the terms of the budget before, a more than $108 billion deficit, masked by the use of the Social Security trust funds.

This is one crucial reason that I supported the Conrad substitute when the budget resolution was before the Senate last month. That substitute would have reduced the deficit even farther than the Republican budget by 2002 and would have provided for a truly balanced budget, without the use of Social Security funds, by the year 2004.

The Republican proposed budget resolution before us is unbalanced in another important way. The budget blue print penalizes middle-income working families, reduces our investment in education, and penalizes our senior citizens, in order to provide for a tax reduction which will benefit mostly the wealthiest of Americans. The budget before us has its priorities wrong. It is simply a question of fairness.

The Republican budget hits our senior citizens very hard. Medicare would be cut by $270 billion, $14 billion more than the Senate-passed resolution which already went too far. This is by far the largest Medicare cut in history. It is the most vulnerable who are hit hardest. Nearly 83 percent of Medicare benefits go to beneficiaries with incomes less than $25,000. Two-thirds are below $15,000. Only 3 percent go to individuals or couples with income in excess of $50,000. Over the 7-year period, these cuts could cost the average individual beneficiary $3,345 more.

Another $182 billion, under the Republican budget, is cut from Medicaid. Many people don't realize that 70 percent of Medicaid costs are long-term care for the elderly and the disabled. Many middle-income elderly wind up relying upon Medicaid for nursing home and other care after their resources are expended.

Another way in which the Republican priorities are wrong is that in order to pay for a tax cut for the most well-off among us, they have cut funding for college loans and educational improvement. This is perhaps the most short-sighted aspect of their budget proposal. Investment in the education of our children is investment in America's future. There are few ways to better and more efficiently spend our dollars than educating America's future generations.

The budget contains a large $245 billion tax cut. While the specifics of the tax proposal are not apparent in the conference report before us, the intentions are clear. The House tax cut provides more than half of its benefit to the wealthiest 12 percent of Americans. And, the Republicans cut the Boxer amendment from the bill. Senator Boxer's amendment was sense-of-the-Senate language which called for 90 percent of the benefit from any tax cut to go working families with income less than $100,000 per year—90 percent of the taxpayers. Our Republican colleagues praised this language during the Senate consideration of the Budget Resolution, as a way of deflecting criticism of the tax cut. But, the conferees dropped the language.

This tax cut amounts to borrowing from our children. This budget creates a large tax cut long before the budget is balanced. How can we contemplate spending $245 billion largely for the benefit of better-off Americans, when the deficits remain, when massive cuts in Medicare and Medicaid are being proposed, and when cut-backs in education funding are being put forward?

The minority claims that $170 billion, a so-called economic dividend is locked in to pay for the tax cut. Well, obviously, that $170 billion, if it materializes, will not pay for a $245 billion tax cut. Moreover, the dividend itself is far from certain. It is based on a set of economic assumptions by the Congressional Budget Office. The CBO, itself, in making the projections states:

> The estimates—are subject to two kinds of uncertainty. The first—is the substantial uncertainty about the effects of balancing the budget, assuming that other outcomes match CBO's January expectations. The second kind of uncertainty arises because many things will happen—not just in the area of fiscal policy but in the rest of the economy—that CBO could not anticipate in its January forecast.
>
> Such events beyond the domain of fiscal policy could easily obscure the impacts on growth and interest rates that balancing the budget would set in motion. For example, if the weakness of the dollar continues, the Federal Reserve might be unwilling to lower interest rates as quickly as the budget-balancing scenario assumes. The estimates—should therefore be viewed with appropriate caution: a few years down the road, it may be impossible to disentangle the effects of balancing the budget from other forces operating at the same time in the U.S. economy.

Well, when we look closely at such projections, we find that, according to the OMB, if the CBO has overestimated the gross domestic product by the average amount that they have overestimated that measure of the economy over the past 12 years, the effect would be a loss of more than $166 billion in only 5 years. In other words, the economic dividend which is being put forward as insurance for the costs of the tax cut for wealthier Americans would disappear, leaving our children to pay the bill.

Mr. President, the issue before us is not whether the federal budget should be balanced in the years ahead. The issue is how we do that. What are the priorities and who bears the burden. I believe that the priorities in the budget which our Republican colleagues have proposed are wrong. They place too much of the burden on the backs of the elderly, students in school, and working families, while cutting taxes for the most well-off. That budget is simply not fair.

And, Mr. President, it fails to get the job done. It continues the use of the Social Security trust funds to hide the real deficit.

I supported many amendments aimed at improving the budget resolution, making it more fair, without affecting the deficit reduction. Virtually all were rejected by the Republican majority along nearly straight party lines. Now, it will be possible for the Republican majority to ram through the budget resolution which it wants. However, as we go forward in the weeks ahead in the appropriations process and in reconciliation, I am hopeful that the Republican leadership will be more willing to work with the President, and with the minority in the Congress. If we are truly to make progress in balancing the Federal budget, and if we are to adopt a set of priorities which are wise and fair, we must do so in a bipartisan way. Unfortunately, the set of priorities reflected in this Republican budget resolution, in my judgment, are neither wise nor fair.

Mr. AKAKA. Mr. President, last week, House and Senate Republican conferees reached an agreement on the fiscal year 1996 budget resolution, which in my mind, is more damaging then the original 7-year budget resolution that the Senate adopted last month.

The compromise budget resolution still promises tax cuts for wealthy Americans financed by a $270 billion cut in Medicare. Medicaid also lost out on the Republican proposal and will be cut an additional $7 billion, for a new total of $182 billion. Stricken from the resolution is the Boxer amendment that expressed the sense of Congress that 90 percent of the benefits of potential tax cuts go to the middle class.

I also note that my Republican colleagues call the cuts to entitlement programs such a Medicare and Medicaid a way of restricting growth. Well, Mr. President, I don't know how my

colleagues define the word restricting, but I know a budget cut when I see one.

The Senate Budget Committee resolution assumed a $256 billion cut in Medicare spending over 7 years, by far the largest Medicare cut in history. Well, Mr. President, it appears that the Republican budget conferees want to go even further and the adverse impact on beneficiaries and providers is clear.

If Medicare cuts of this magnitude are approved, the Department of Health and Human Services estimates that senior citizens' out-of-pocket medical expenses will increase by $860 a year or a total of $3,345 over the 7 years. As 83 percent of Medicare benefits go to beneficiaries with incomes of $25,000 or less, it is obvious who will be hurt by these cuts.

In addition, cuts to providers would have serious ramifications on overall health care costs as cuts in provider reimbursement are often passed on directly to other payers. Provider cuts could also have a potentially devastating impact on urban safety-net hospitals which already bear a disproportionate share of the Nation's growing burden of uncompensated care.

Not all the pain will be felt in urban areas, however. The reductions in Medicare payments could also endanger access to care in rural areas. Nearly 10 million Medicare beneficiaries—25 percent of the total—live in rural areas. Often there is only a single hospital in their county. Significant cuts in Medicare have the potential of causing rural hospitals to close or increase the number of providers that refuse to treat Medicare beneficiaries.

Under the conference agreement, Medicaid would be turned into a block grant and cut by $182 billion. As I mentioned, this cut is $7 billion more than the Senate-passed version and $5 billion less than the House. States would likely have to reduce the number of people served by an average of 7.6 percent, affecting nearly 3.5 million people.

While I fully recognize the critical need to ensure long-term stability in the Medicare Program and support efforts to balance our budget, I am opposed to using arbitrary cuts in the Medicare Program to finance a tax break for wealthy Americans.

Just as health care benefits are being cut for our senior citizens dependent on Medicare, the new GOP budget would also pay for tax breaks for the rich by making unprecedented cuts in education. During last months's debate on the Senate budget resolution, a bipartisan amendment passed which reduced cuts to the student loan program by closing tax loopholes for the rich. The conferees chose to ignore this bipartisan action and cut education even more.

Under the new GOP resolution, millions of children and college students nationwide will be affected. Five hundred fifty thousand pre-schoolers could be dropped from the Head Start Program; 3,000 schools across the Nation will lose funds to implement reform efforts to better prepare students for the challenges of the 21st century; and 4 million college students from middle-class families will have their college costs increase by over $3,000 since the GOP budget eliminates the in-school interest exemption on student loans.

Mr. President, the impact will be tremendous. The Republicans would eliminate 33 percent of the Federal investment in education by year 2002, according to the Congressional Budget Office. A good example of the devastating impact can be seen in the $30 billion cut in Federal aid to college students over the next 7 years. Given the fact that half of all college students receive Federal financial aid, and that 75 percent of all student aid comes from the Federal Government, it is obvious how this cut will affect our students' futures.

Mr. President, the Republican cut in Medicare, Medicaid, education, and other social programs are simply, in my eyes and in my heart, unacceptable. You cannot single out health care for one segment of the population without serious consequences. Nor should we broker the future of our country's youth in order to satisfy the Republicans' Contract With America. The senior citizens of today and the leaders of tomorrow should not shoulder balancing the budget alone. I therefore urge my colleagues to reject the conference report on the budget resolution.

FAA/ATC REFORM

Mr. McCAIN. Mr. President, I want to both thank and congratulate the Senate and House Budget Committees for successfully completing a very difficult task. For the first time in far too many years, the American people can look forward to having a balanced Federal budget. Fiscal responsibility has long been missing from the Federal budget process—until now. The Budget Committees deserve great credit for this remarkable achievement.

As chairman of the Senate Aviation Subcommittee of the Committee on Commerce, Science, and Transportation, I noted with particular interest, the proposal in the budget regarding privatization of the Nation's Air Traffic Control [ATC] System. The safety and efficiency of the system that manages the airways is of great importance to both the traveling public and the Nation's economy. Unfortunately, the FAA has been slow, inflexible, and wasteful in its effort to modernize the ATC System.

The motivation behind the Budget Committee proposal to change the system is quite understandable. Although our airways remain the safest in the world, potential problems loom on the horizon. As the National Commission To Ensure a Strong Competitive Airline Industry pointed out in its report to the President, the airline industry is the only major commercial industry the operating efficiency of which is dictated by the efficiency of the Federal Government. That is certainly reason enough for concern. The inefficiencies and inadequacies of the current system must not be allowed to jeopardize safety or constrain the struggling air carrier industry.

Although there is a consensus that the FAA needs significant change, disagreements exist over how the agency should be reformed. The Aviation Subcommittee will hold hearings in July to carefully look at the current reform proposals, including the Budget Committee's idea of full privatization. The administration has a proposal introduced in the House that would convert the ATC System into a wholly owned government corporation. Under this plan, the corporation would be free from the personnel, procurement, and budgetary constraints that presently burden it as a government bureaucracy.

Two other reform bills would remove the FAA from the Department of Transportation and make it an independent agency, freeing it from certain Federal bureaucratic restraints. A final approach may simply be to retain the current structure but to revise the laws and regulations that are said to hold back the FAA in its efforts to modernize the ATC System.

Although these approaches have significant differences, they all stem from a common belief that the FAA is in need of meaningful reform. The FAA must become more responsive and more proactive in nature. As the Aviation Subcommittee examines all the options, we will keep this goal in mind. In that regard, I would like to thank the distinguished chairman of the Budget Committee for his contribution to this important debate, as well as for his outstanding work on the budget.

We will seek a solution that will bring greater efficiency to the FAA and promote its mission of safety in the conduct of air transportation.

Mr. HATCH. Mr. President, I stand here today to do something that I was beginning to think I would never be able to do—rise in support of a balanced budget resolution. I have stood before the Senate several times over the last 18 years arguing about the need to balance the budget. In fact, I spent several weeks on this very floor earlier this year fighting for a constitutional amendment to balance the Federal budget. I believe that a balanced budget is important enough to this country to warrant a constitutional amendment requiring it.

During that debate, many of my colleagues from the other side of the aisle argued that we did not need a constitutional amendment, that we could—and should—balance the budget without an amendment. American taxpayers were told that their elected Members of Congress should have the fortitude to make the tough decisions.

Well, Mr. President, the new majority has, in fact, done just that. We have made the difficult decisions required to balance the budget in 7 years. Not

every Senator or House Member who voted for this conference report likes every single provision in it. Each of us, were we king or queen of America, would no doubt have done this resolution differently in one way or another.

But, for the first time in a generation, the absolute necessity of attaining a balanced Federal budget was put ahead of individual preferences and ahead of short-term political considerations. For the first time in 26 years, we thought about the long-term economic future of our country and about the dismal prospects for our children and grandchildren who will inherit it.

I regret that my colleagues on the other side could not bring themselves to make these tough decisions. And, fortunately, the worst decision they make is failing to take a long-term view. Instead of embracing a plan that will balance the budget, lower net interest payments on our staggering national debt, and lower taxes on hard-working Americans, my colleagues on the other side are moaning that the cuts are too deep and too fast.

Unlike my Republican colleagues whose commitment to fiscal responsibility transcended their own particular preferences, my Democratic colleagues are waiting for a perfect balanced budget. In fact, they seem to be waiting for a budget resolution that does not require them to make any hard decisions at all.

Mr. President, I may not agree with every spending cut assumed in this conference report. However, I do believe that the most important thing that this Congress can do for the future of this country is balance the budget.

Why is this so important to the citizens of this country? A balanced budget will mean interest rates that are as much as 2 percent lower. It means the creation of over 6 million jobs in the next 10 years. And, this budget resolution could mean an increase in per capita incomes by over 16 percent. Mr. President, these changes are not just for a few, they benefit everyone.

Of course, I am aware that one of the most contentious issues in this balanced budget proposal is the question of tax cuts. Some of our colleagues would be pleased to see a resolution that contained little or no room for tax cuts. They make an interesting point, one that we should consider. After all, if the goal is to bring the budget into balance as quickly as possible, isn't it easier and smarter to do so without reducing the tax inflow of cash to the Treasury?

At first glance, the answer to this question seems obvious. However, this assumes that our tax system is perfectly efficient and that it is delivering revenue to the Treasury in the most beneficial way possible.

I believe the answer to this question is yes; there are policies we can and should enact. Generally, we need to ensure that the Tax Code is providing proper incentives for individuals to save and invest, for companies to expand and create jobs and to compete in the global marketplace. Unfortunately, the Internal Revenue Code is striking out on all of these goals.

As Americans, we save too little and consume too much. Our colleague from Oregon, Senator PACKWOOD, has been holding hearings in the Finance Committee that reinforce this point. We've heard panel after panel of experts testify that our savings rate is dangerously low. A lot of the fault lies with the Tax Code, which rewards the wrong kind of behavior. We have very little incentive to save and invest because our tax system, in effect, taxes twice the gains from such saving and investing, and at a discouragingly high rate for most people.

The most effective way to reduce this double taxation is to change the way this country taxes capital gains. I can think of nothing that would get our economy moving and growing like a significant cut in the capital gains rate. Simply stated, lower capital gains taxes will lead to more jobs. Jobs don't create themselves: businesspeople create them when capital is used to start or expand a business.

And, as America's entrepreneurs can tell us, capital is too scarce and costs too much. Fortunately, it appears that a capital gains tax cut, like the one included in the Hatch-Lieberman Capital Formation Act, would go a long way toward reducing the cost of capital. A drop in the after-tax costs of equipment, land, buildings, and investments would provide the incentive for billions of dollars of new, productive investment.

We also need to make changes in the Tax Code in order to enhance our Nation's international competitiveness. Many elements of our Tax Code were designed at a time when the United States had little, if any, competition from foreign manufacturers. Today, we ignore the reality of global competition at our peril.

One area of the Tax Code that stands in need of change is the research and experimentation tax credit. Since 1981, the credit has been extended six times and modified four times. Twice it was extended only retroactively. Firms making long-term plans cannot rely on this kind of a track record. American industries spend over $75 billion each year on research and development. Unlike a few years ago, these companies don't have to perform that research within U.S. borders.

Should the U.S. continue with its intermittent support for R&D, or worse, allow the credit to expire altogether, much of this spending, and the jobs that go with it, may well be transferred overseas. Congress needs to demonstrate its commitment to America's future by enacting policies such as the permanent extension of this credit. A bill I am sponsoring, S. 351, would do just that.

Similarly, the semiconductor industry is laboring under outmoded laws that could drive their facilities overseas. Currently, under Japanese law, a company can depreciate up to 88 percent of its semiconductor equipment cost in the first year, while U.S. law permits a mere 20 percent first-year depreciation. When multinational semiconductor firms are deciding where to spend their investment dollars, a depreciation gap this large can be decisive.

Repairing flaws such as these in our Tax Code will strengthen American companies, create jobs, and restore business confidence.

Mr. President, tax cuts are a vital component of this budget resolution. I am pleased that the conferees from both the Senate and the House were able to keep a reasonable allocation for making some of these important adjustments to the Internal Revenue Code, once we have certified that our budget will be balanced. And, I look forward to working with my colleagues on the Finance Committee to formulate a package of tax cuts that will maximize the ability of our economy to produce jobs and for our companies to compete internationally.

Mr. President, another of the more controversial issues in this budget resolution is funding for Medicare and Medicaid.

Two other provisions of the conference agreement have a bearing on Medicare.

First, the resolution expresses the sense of the Senate that a Commission should be established to make immediate recommendations on the most appropriate way to ensure Medicare's solvency. Under section 307, that Commission will report its recommendations to Congress by February 1 of next year.

While I generally am skeptical about Commissions which can often just delay action on an issue, in the case of Medicare, it is obvious to me that Congress needs all the help it can get. This program is too vital for us to act precipitously and make changes that will not work. An expert Commission can give us valuable input.

Second, the budget conference report contains language expressing the sense of the Congress that the relevant Committees should give high priority to proposals which will ferret out waste, fraud, and abuse in Medicare, and that any funds resulting from those efforts will be used to enhance the solvency of Medicare.

I think those efforts are absolutely crucial; and I am very supportive of this language. As my colleagues are aware, I did have concerns about the Senate version in that it would have advocated using health care fraud and related fines to finance investigations. Historically, Congress has frowned on financing law enforcement activities through criminal and civil fines and penalties.

Mr. President, the bottom line is that there are myriad financial problems with both Medicare and Medicaid. Everyone knows it. It is no secret.

The question remains this: How do we improve the programs? That will be

a responsibility that falls to the Finance Committee. As a member of the Finance Committee, I take this responsibility very seriously.

I want to make sure that both Medicare and Medicaid beneficiaries have the services they need, that the services are of the highest quality possible, and that they are cost-efficient.

I want to make sure that the services are available in rural as well as urban areas. I want to make sure that we have a system which provides incentives for providers to deliver cost-efficient, high-quality care.

I will be working with my colleagues on Finance to meet those goals. Good solutions be hard to achieve, but we cannot simply sweep the problems away because they are too hard. It is necessary that we tackle these issues. We cannot evade this duty because it is unpleasant and may involve difficult choices.

I want to turn for a moment to two crucial components of this budget compromise: the targets we have set for Medicare and Medicaid funding.

I am not insensitive to all the concerns which have been expressed about the possibility of reductions in the rate of increase of these two programs. As many of my colleagues have pointed out here today, the targets we are setting with this bill are ambitious and unprecedented.

But they are also very necessary.

The reason I support this budget resolution, is very simple.

This country is going bankrupt. And so is Medicare.

And if it weren't a jointly administered, State/Federal program, appropriated annually from general revenues, Medicaid would be going bankrupt also.

And, let's not forget one more thing: Without a fiscally solvent country, our country cannot have fiscally solvent programs.

Let me turn for a minute to the specifics.

The budget compromise provides $773.1 billion in budget authority and outlays for Medicaid over 7 years. As the conference noted, that level will allow Medicaid to grow 7.2 percent in 1996, 6.8 percent in 1997, and 4 percent thereafter. Or, the resolution holds out the possibility that the rate of increase could be higher, if the so-called disproportionate share hospital payments are frozen.

The resolution is flexible in that it allows the Committee on Finance to decide how the program should be restructured, that is, to consider the myriad issues which have been raised about Medicaid, such as whether there should be changes to its eligibility, benefits, payment rates, financing, distribution formula, and entitlement status.

For Medicare, the budget conference report provides $1.457 trillion in budget authority and $1.443 trillion in outlays for Medicare over the 7-year period. Again, the budget resolution is flexible in how we meet that target.

It is important to note that the conference agreement predicated its Medicare spending levels on funding necessary to preserve and protect Medicare, which every knowledgeable expert predicts is headed rapidly for bankruptcy, and to start the structural reforms which are necessary to make Medicare solvent in the long-term.

As with the Medicaid targets, the resolution allows the Finance Committee the flexibility to design Medicare program reforms.

Mr. President, this budget resolution is the right thing to do for this country. The Republicans have stepped up to the plate and made the difficult decisions necessary to balance the budget. It was not easy and I don't necessarily agree with every single one of the choices assumed in this resolution. There were difficult decisions regarding specific programs, overall priorities, and general reforms.

Mr. President, this budget resolution contains no actual changes in the law, but it does assume some important changes in the way the Federal Government operates and a significant shift in its role in the lives of the American people. In the budget resolution, the Republicans downsize government. We strengthen the national defense system. We reform Medicare to preserve and protect it. We improve Medicaid and protect Social Security. And, we reform a destructive welfare system that drags our families down into a cycle of dependency.

Most importantly, this Budget resolution balances the budget by 2002. Instead of balancing the budget on the backs of the taxpayers with tax increases, this budget resolution will provide tax relief. This budget resolution gives the American people back some of their hard-earned money and includes provisions to expand economic growth and create new jobs.

We have set the stage for important reforms in the way the Federal Government operates. We have set out to make government smaller, more responsive, and more effective.

Mr. President, this resolution is the best thing we can do for the American people. We must get them out from under the heavy burden of deficit spending and the ever increasing public debt.

The PRESIDING OFFICER. The time of the Senator has expired. Who yields time?

The Senator from Nebraska.

Mr. EXON. Mr. President, I yield myself 8 minutes.

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

Mr. EXON. Mr. President, I want to make a few final observations on this Republican budget.

The distinguished chairman of the Budget Committee has the votes, and I congratulate him for steering the Republican budget to a successful conclusion which I suspect will be basically on a party line vote.

However, as we head home to our families, loved ones, and neighbors, I hope that my colleagues on the other side of the aisle will take a little time to think about their budget outside of the confines of Washington. Because back home is the best place to put this budget in its proper setting and context. Back home is the place to see the havoc and suffering this budget will wreak upon our fellow Americans.

My colleagues know how proud I am of Nebraska and its people. They are tough and spirited. They are hard working and patriotic. They are everything one could want in a neighbor.

Mr. President, when a family is facing difficult times, its members pull together. They work and they sacrifice. That is how we should approach our Nation's fiscal crisis. We should get our priorities in order. We should call for fair and reasonable sacrifice for the greater good.

But that did not occur in this Republican budget agreement. We did not get a balanced budget for the American family.

We got a budget that asks the most of those who have the least.

We got a far-right wing budget with twisted priorities and convoluted thinking.

We got a budget so far out of step with the American people that it is laughable when my Republican friends call it ''mainstream.''

I would say that the $245 billion tax cut for the wealthy is the heart and soul of this budget. But this Republican budget lacks all heart, and it has no soul.

In a family, you look out for each other. You do not unfairly rip away medical care from the elderly, our poor, our disabled and our children. You do not mortgage your family's future by cutting education and job training. You do not kick a man when he is down, like this budget does to rural America.

And, make no mistake, this budget will devastate our rural economy. Our Nation's farmers are having the rug pulled out from under them. Medicare cuts of this magnitude will close rural hospitals and eliminate jobs. To complete this devastation, we are reducing rural economic development efforts and slashing rural housing. This budget does not offer a helping hand, it gives rural America the back of its hand.

You should not do all of this merely to finance a $245 billion tax cut for the wealthiest. You do not do this to satisfy some ideological itch. You do not do this to score points in a political poll.

Mr. President, you do not do this to your family. And Mr. President, I could not inflict this misguided budget upon the families of Nebraska.

In the seeks that lie ahead, I hope that cooler heads will prevail and that my colleagues on the other side will come out from behind their closed doors. They have no choice now but to face the music.

Yesterday, both President Clinton and OMB Director Alice Rivlin weighed

in against this budget. In his letter to the Republican leaders, President Clinton said:

I hope we can work together and avoid the situation in which I have no choice but to use my veto authority.

Director Rivlin echoed the President's sentiments on the misguided priorities in the Republican budget. She states:

If reconciliation and appropriations legislation implementing these policies were presented to the President, I would strongly recommend that he use his veto authority.

These are strong words but I believe they are right on target.

So I say one more time, that if my Republican colleagues want a balanced budget that is fair and reasonable, they will find in this Senator a fair and reasonable man who is willing to listen and willing to help. I say to my friends on the other side of the aisle, ''The choice is yours.''

I will be there to help when and if I can.

I reserve the remainder of my time and I yield the floor.

Mr. DOMENICI. I yield 2 minutes to Senator BOND, the Senator from Missouri.

Mr. BOND. Mr. President, many very significant things have happened in this body during the 8½ years I have been here. Some have changed people's lives in America for the better and some have laid the groundwork for a better America in the future.

Notwithstanding, I believe that this budget resolution is the most important thing we have done for America since I have been a Member of the Senate, and probably the most important since the Vietnam war.

Why? Because we have committed ourselves to completing something the American people have wanted us to do for decades, but the Congress lacked the courage to go forward with it—that is making the very tough decisions to get our annual budget in balance and begin to lift the enormous burden of debt we have left for the next generation of Americans to carry.

Mr. President, this had to happen and we have to see it through.

Now we have the blueprint, but the tough part is just beginning. In the next 2 months, the authorizing committees and appropriations committees must do the heavy lifting of specifying in detail and in law, how we are going to squeeze down Federal spending to meet this ambitious plan. Make no mistake, this will not be easy. We are going to hear from every imaginable interest group and everyone of our friends. All will share the goal of balancing the budget, but all will also want us to protect their individual interest.

Here is where the American people want us to show some courage. For the good of the whole, we must resist the pressures that will come from those only interested in the few. These will be tough and important decisions, but I believe we will see them through.

When I became Governor of Missouri in 1981, I was faced with a similar situation. The State's budget was seriously out of balance. Most believed that the tough things we had to do would so anger the powerful special interests that I could not survive taking them on. Well, from that experience I learned something. People are willing to stick with you, even though a vocal minority make it their mission to bring you down, if you make the cuts fairly, and everyone contributes to solving the problem.

I believe this budget resolution meets that test.

This budget resolution allows Federal spending to grow, just at a slower rate. It does not rely on smoke and mirror accounting to achieve balance in 2002. And, it courageously confronts the entitlements, which we all know must be confronted if we are going to get the job done.

Also, I am pleased that the tax relief for families and economic growth are conditioned upon actually realizing the revenue dividend that will come from balancing the budget. This is a responsible way to make sure deficit reduction is a condition precedent to tax cuts and I'm glad the Senate's position prevailed on this issue in conference.

I hope that as the authorizing and appropriations committees begin their work, that we all will think of our children and the children of future generations. When the special interest cries begin, let's not forget what has already been done to future generations and ask ourselves, ''Can we put this off any longer?'' I believe the answer is no. Let's commit ourselves to seeing through this national priority and allow the good of the whole to override the good of the few. The American people will reward us for our commitment.

CONCURRENT RESOLUTION ON THE BUDGET FOR FISCAL YEAR 1996—CONFERENCE REPORT

Mr. DOMENICI. Mr. President, I submit a report of the committee of conference on House Concurrent Resolution 67 and ask for its immediate consideration.

The PRESIDING OFFICER. The report will be stated.

The legislative clerk read as follows:

The committee on conference on the disagreeing votes of the two Houses on the amendment of the Senate to the concurrent resolution (H. Con. Res. 67) setting forth the congressional budget for the United States Government for fiscal years, 1996, 1997, 1998, 1999, 2000, 2001, and 2002, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses this report, signed by a majority of the conferees.

The PRESIDING OFFICER. Without objection, the Senate will proceed to the consideration of the conference report.

(The conference report is printed in the House proceedings of the RECORD of June 26, 1995.)

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. Mr. President, that means that this is before us officially and formally at this point; is that correct?

The PRESIDING OFFICER. The Senator is correct.

Mr. DOMENICI. I think the Chair.

Mr. President, as now printed, the Statement of Managers in the conference report on the concurrent resolution on the budget for fiscal year 1996 (H. Rept. 104–159) contains several technical and typographical errors. Under the rules of the Senate, the conference report is not amendable so I submit the following list for the information of Senators and other interested parties only.

On page 40, in the table showing the aggregate and functional levels in the House resolution, the outlays in fiscal year 2000 for Function 350: Agriculture should be 9.0.

On page 48, the ''Conference Agreement—Discretionary Totals'' tables should end after the outlay line for ''Nondefense''. Following that line, the header ''CONFERENCE AGREEMENT—Mandatory Totals'' should be inserted.

On Page 49, at the top of page, the header should be ''CONFERENCE AGREEMENT—MANDATORY TOTALS.''.

On Page 51, in the second sentence of the first paragraph, the word ''separated'' should read ''separate''.

On Page 56, in the table ''Allocation of Spending Responsibility to House Committees'', the Discretionary action outlay subtotal for the House Transportation and Infrastructure Committee should be ''-63''.

On Page 94, at the end of the second sentence in the third full paragraph, ''in the Senate'' should be inserted.

On Page 94, in the third sentence of the third full paragraph, ''Senate Budget Committee is'' should be substituted for ''Budget Committees are''.

On Page 94, in the first and second sentences of the fifth full paragraph, the phrase ''tax writing committees are'' should be ''Senate Finance Committee is''.

On Page 95, in the first and second full paragraph, references to ''205(e)'' should be to ''205(c)''.

On Page 95, in the second full paragraph, references to ''204(a)'' should be to ''205(a)''.

On Page 98, in the last sentence of the explanation on the IRS Allowance the phrase ''to this Congress'' should read ''in this Congress''.

Mr. HELMS. Mr. President, I commend the distinguished Senator from New Mexico for the mammoth task he is about to complete—to pass a resolution putting the United States on track to balance the Federal budget by 2002. The Foreign Relations Committee is committed to do its part to put the international affairs budget function on a trajectory for meeting the targets specified in the budget blueprint that