approved just barely a week ago in a letter from the Secretary of Agriculture, whom as we know, is the supervisor of the Forest Service, expressly wrote to Senator HATFIELD and said that the Senate version was much preferable than the House version.

Yesterday, the result of the conference committee was described by the President of the United States in these words:

> There is another thing which is in this bill which I really object to which would basically direct us to make timber sales to large companies subsidized by the taxpayers, mostly in the Pacific Northwest, and that will essentially throw out all of our environmental laws and the protections that we have that surround such timber sales. It would also put us back into the courts.

Now, Mr. President, the language to which the White House now objects, says is subject to a veto, was first, the language they approved when it passed the Senate in the first place, which was the subject of an explicit letter from the Secretary of Agriculture—a letter of approval, and which was changed only in ways proposed by Members of the President's own party as a result of suggestions from people in the administration themselves.

It does not direct timber sales to large companies in any respect whatever. Most of the large companies in the Pacific Northwest are ineligible to bid on Forest Service timber. It is not subsidized by the taxpayers. The Congressional Budget Office told the Senate it will net the Treasury some $80 million.

It is not mostly in the Pacific Northwest but includes every national forest around the country. It does not throw out the environmental laws at all. It allows the administration to continue to follow every one of them as presumably it has, in connection with its own plans. And it not only does not put them back into the courts, it takes them out.

So every single description of this proposal by the President of the United States is in error. Every single element. This proposal merely allows the President to do what he has told the people of the Pacific Northwest and the country he intends to do anyway, and freeze up the lawsuits over that subject.

I think the summary, Mr. President, is just this: The administration, and regrettably many of the Members on the other side of the aisle, whether it is in this rescissions bill or the budget resolution, favor the status quo. And $200 to $300 million deficits as far as the eye can see are fine. They have no other proposal, no other alternative.

Cutting 1 percent of this year's budget is really too much, too drastic. Has to be vetoed. Allowing the President to keep his own promises to timber communities, too radical a proposal.

Everything is just fine with all the laws and all the spending policies right now. That is the message we get. Just fine. We should not make any chains. We will object to everything that is proposed by the new majority party. We will prevent them from keeping their commitments, but we will not offer any alternatives at all.

Mr. President, that is not a satisfactory way with which to conduct the Nation's business. It is not what the people of this country want. We have promised them change and a respect for our commitments. And we will continue to struggle, I trust, ultimately successfully, to just that end.

I yield the floor. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

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

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

Under the previous order, the Senator from Nevada [Mr. REID] is recognized to speak for up to 10 minutes.

Mr. REID. Mr. President, I ask unanimous consent that that be extended to 15 minutes.

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

THE BUDGET

Mr. REID. Mr. President, the issue before this body that will begin in approximately half an hour is not whether the Republicans are for a balanced budget or the Democrats are for a balanced budget. The question is how should we arrive at that balanced budget? All of us want to pass a resolution getting our financial house in order. The issue is one of priority. How are we going to resolve difficult issues before the American people in an effort to arrive at this balanced budget?

We have heard a great deal of talk these past few months about the need for deficit reduction. Many on the other side of the aisle have talked about a balanced budget, and rightfully so. I say to my friends on the other side of the aisle, and I say to the American public, where were those same people in the fall of 1993 when the Democrats alone without a single Republican vote in the House or the Senate passed the largest deficit reduction package in the history of this country? Where were they? There was not a single Republican vote for the largest deficit reduction package in the history of this country. I say that would have been the time to start the debate regarding a balanced budget.

Mr. President, the deficit reduction package that was passed in 1993 is projected today by the CBO to reduce the deficit by $600 billion. The deficit will be exactly $16 billion less over 5 years because of the deficit reduction plan that was passed in 1993. Because of the Democrat plan, the 1994 deficit as a percentage of gross domestic product is projected to be the lowest among the G–7 countries. This year we are going to again have a declining deficit. For the first time in 50 years we will have had 3 years in a row where we have had declining deficits. Of course, it should be declining more, but the first time in 50 years. That says a lot.

Because of the deficit plan, the unemployment rate is at 5.8 percent, down from 7 percent in 1992. We have had the lowest unemployment and the lowest inflation combined in the last 2 years than it has been in the last 50 years. There are now about 1.5 million fewer people unemployed than at the start of this administration, a 15-percent drop.

So I think it is important to talk about some of the good things that are happening in our economy. Because of that deficit reduction plan, over 6.3 million new jobs have been created. Keep in mind these are not Government jobs because we reduced the Federal work force by hundreds of thousands of people. We have the lowest Federal employment since the Kennedy administration, right now; not in the future but right now. Significantly, the jobs that have been created as a result of the deficit reduction are in the high-wage industries. For example, managerial, professional jobs make up 58 percent of the new jobs created since 1994. These jobs are good jobs.

What about taxes? According to CBO the deficit reduction package resulted in 98-plus percent approaching 99 percent of Americans paying the same or less taxes as a result of that deficit reduction plan. CPI inflation over the past 2 years averaged just 2.8 percent. That is the lowest of any administration since President Kennedy was President.

The existing home sales for 1994 total almost 4 million. This is the largest total since 1978 and the second-largest total ever.

Since our deficit reduction plan was passed, consumer confidence is up by almost 80 percent. Business investment, investment in producers of durable equipment, which is shown to be closely associated with productivity, again has soared to a 18.6 annual growth rate since 1992. This is a postwar high.

Mr. President, let us not talk about the doom and gloom. Let us take a little bit of time to enjoy the goodness that is in the economy. Since passage of that deficit reduction plan the World Economic Forum has declared that the United States has the world's most competitive economy. Some may say, ''So what?'' Well, this is the first time in 9 years that we have been selected for that honor.

Again, I repeat, let us look at what is good. Why do we have to dwell on the doom and gloom? The economy is vibrant. It is strong.

There may be someone in this 100-Member body that would argue against a balanced budget. I do not know who it would be. But there could be someone. I say that we should have a balanced budget. And we are going to have that. A debate ensued here a while

back where some suggested that the only way we can have a balanced budget is we amend the Constitution. It does not appear that is the case.

We are going to have a balanced budget by the year 2002. That is what was stated in the balanced budget amendment that was defeated here; we can do it without a balanced budget. The reason that some pushed for a balanced budget amendment to the Constitution is they wanted to use Social Security. It would have been a lot easier way to balance the budget had we used the huge surpluses that are going to be accumulated; as, for example, this year $80 billion, the year 2002, $111 billion. That would have been the easy way to balance the budget. But I and a number of others said, ''Why don't we do it the right way, the honest but hard way, and balance the budget without depleting the surplus in Social Security, so that by the year 2002, we would not only have had a balanced budget, but we would still have a strong, vibrant Social Security system?'' That is the important thing. I think that is what we are going to wind up doing here.

The proposal that we have by the Budget Committee will certainly define the difference between the two parties. We need to talk about priorities.

Very succinctly stated, is it right to decimate Medicare by cutting it by $256 billion, or is it more important to not give a tax cut as in the budget that we have in the Senate Budget Committee of $170 billion, almost $400 billion in the House proposal? Let us do away with those tax cuts and apply that money to Medicare, to education. And why do we have in the Senate version this enormous tax increase on wage-earning families?

And I say to my friends in the Senate and those within the sound of my voice, $28,000 a year, why would we want to increase the taxes for people who are making about double minimum wage?

In the 1993 reduction package, the reason we gave a tax break to people who are earning less than $28,000 a year was so that there would be an incentive to get off welfare and and go to work. And now we are being told that is the wrong way to go.

If we want to reform welfare, the only way we can do it is through incentives to work. And what this thing we call the earned income tax credit does is reward work. That is what welfare reform is. That is why we have it.

The priorities that we are talking about, Mr. President, are significant. We have, in the proposal we have gotten from the Senate Budget Committee, cut college Federal aid to students over 7 years by $30 billion. Half of all college students, Mr. President, receive some type of financial aid from the Federal Government; 75 percent of all student aid comes from the Federal Government.

Let me say it again. Half of all college students receive financial aid; 75 percent of all student aid comes from the Federal Government.

Mr. INHOFE. Will the Senator yield?

Mr. REID. We are talking about $30 billion.

I do not have time. I will be happy, when my time is up, to respond to questions from the Senator from Oklahoma.

This would affect about 4 million students a year. It would reduce Pell grants, and Pell grants go to the most needy students, it would reduce Pell grants for individual students by 40 percent. That is wrong. We would cut back moneys for the Head Start Program, special education. That is not the right priority. The right priorities are to achieve a balanced budget but let us eliminate tax cuts. That is the first way to go. It makes it very simple. And I would be very interested in doing away with some of the tax loopholes that are still in the Federal Tax Code. We could freeze tax loopholes at their current levels and save $300 billion. If we want to be more specific and maintain some of those, which this Senator would be willing to do, we would maybe only save $250 billion. The point is simply that we would save lots of money by cutting tax loopholes. That is what we need to do.

The Republican balanced budget plan is a plan that is harmful to people who want to work. We are talking about equal sacrifice. This is not equal sacrifice, as was said on National Public Radio yesterday by noted Republican commentator Kevin Phillips. He said that the Republican plan in effect damages and hurts the working people but rewards significantly the rich. There is no equal sacrifice. The rich would benefit from the plan while all the sacrifice would go to the working middle class.

That is not the way we should go. I believe, Mr. President, that we must be careful that we do not ruin Medicare; that we not have tax cuts only for the most affluent of our society; that we have reasonable, noninjurious cuts in Medicare; that we make sure we do not damage the education phase of our system; and most of all that we do not hurt the working people of this country.

I would be happy to respond to a question of my friend from Oklahoma.

Mr. INHOFE. I thank the distinguished Senator from Nevada and would like to ask this. One of the Senator's statements was that the defining difference, the budget that is adopted in the debate that will take place over the proposed budget that we have from the Republican side will be the defining difference between the two parties. And my question is, Is the Senator taking the budget, the President's budget as your budget and then the Domenici Republican budget as the other, as being the defining two budgets?

Mr. REID. I say to my friend Oklahoma—and the Senator was not in the Chamber when I started my statement—I said, No. 1, where were the Republicans when we passed the 1993 deficit reduction plan, the largest deficit reduction in the history of the country? And I laid out in some detail what has happened since we reduced the deficit by $600 billion during this period of time.

I will also say to my friend, during all the Reagan years and all the Bush years, we started out with a document from the President, a budget. But as my friend knows, having had experience in the House, as I have, the budget we get from the President is always changed. That is our function. I heard this statement numerous times when we were in the majority in the House and Senate, that Congress sets the spending. It is not the President. It is the Congress. During the years I have been here, every year President Reagan sent us a budget, President Bush sent us a budget, and President Clinton sent us a budget, we came up with our own working documents. I think that is what we should do this time. What the President sent us will not be what comes out of this Chamber.

I think when it is all said and done, people on this side of the aisle will have the opportunity to vote to determine whether we should have tax increases for the poor, tax decreases for the wealthy, whether we should dramatically cut Medicare and education. We will have votes on that, to determine the differences between the two parties.

Mr. INHOFE. Will the Senator yield further?

Mr. REID. Of course.

Mr. INHOFE. I agree with the Senator. I have read the Constitution and seen what our job is. And, of course, we had a Republican President with a Democrat Congress at the time the Senator is speaking of. Now it is just the reverse; we have a Democrat President and Republican Congress. Obviously, there will be a difference from the beginning budget. The observation that I would make and would like to ask the Senator about is when we talk about the cuts, talk about the deficits—and the Senator was talking about the 1993 bill—in 1994, there was a tax increase that was recommended by the Democratic Party and by the President of the United States, Bill Clinton, that was characterized as the largest single tax increase in the history of public finance in America or anywhere in the world. I would like to ask the Senator two questions. He has been talking about the reduction that we are proposing in our bill in taxes, and I would suggest to the Senator that we are not proposing a reduction in taxes from the Senate even though I would personally like to have us do that. It is the House bill that is offering the reductions in their package.

Mr. REID. I will be happy to respond.

The PRESIDING OFFICER. The Chair will advise the Senator from Nevada that the time has expired.

Mr. REID. I would ask that in morning business this colloquy between the

Senators from Oklahoma and Nevada be allowed to continue.

Mr. INHOFE. Reserving the right to object, I would like to not have that extend beyond the next 2 minutes because I want the use the last 8 minutes.

Mr. REID. If I could have 1 minute to respond.

Mr. INHOFE. No objection.

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

Mr. REID. I would say, first of all, that was wrongly characterized as the largest tax increase in history. And I would further state that the Senate budget we have received also has a tax cut. It is disguised. But what it does, any savings that come as a result of the balanced budget would be referred to the Finance Committee and the Finance Committee only use that money for tax decreases.

So both the Senate version of the budget and the House version of the budget have tax cuts. The House was more apparent in theirs. They have about $385 billion in tax cuts. The Senate proposal is a little more camouflaged but there is still a call for $170 billion in tax cuts because that is all the Finance Committee could use the money for as savings.

The PRESIDING OFFICER. The Senator from Pennsylvania.

Mr. SANTORUM. Mr. President, I would be happy to yield the time I have to the Senator from Oklahoma.

BALANCING THE FEDERAL BUDGET

Mr. INHOFE. Mr. President, first of all, I thank the Senator from Nevada for responding to questions. I would like to make an observation.

I had the occasion to be sitting in the chair for the past hour before the current occupant of the chair, and I listened to the discussion that took place in the Chamber. It occurred to me that maybe some people for the first time realize how truly difficult it is to balance the budget.

I had an occasion last night to see on C-SPAN the Democratic whip in the House of Representatives standing up and talking and stating over and over and over again that they are requesting reductions in taxes for the very wealthy people and that those reductions in taxes will be paid by what has always been referred to as the working people. And I have always found that to be a little offensive. It is kind of implying that other people are not working. I think it is a very clever way to state it because everyone identifies with that.

But we are at a defining moment right now. There was truly a revolution that took place on November 8, 1994, and everyone agrees with this. I know there are others who do not like the way it turned out, but the conservatives did, in fact, win.

And while there is a lot of confusion over this as to how it must be done, the message that came in November 1994 was: ''We demand change. We don't want the status quo.''

Now we are seeing the defenders of the status quo on this floor talking about, ''Well, we can't do this. We can't have a balanced budget amendment to the Constitution. We can't adopt the budget as proposed by the Republicans because it might incur a hardship on some of the people in this country.''

I would suggest, first of all, that we make it abundantly clear that the budget that is going to be proposed in both the other body and in this body does not have a cut in Medicare. As a matter of fact, it adds a bit in growth in Medicare. That growth is somewhere around 7.1 percent.

The President had a report from his trustees on Medicare. There are six of them. He appointed them. We are talking about people like Donna Shalala and people like the other Cabinet members. They reported to the President of the United States that if we do not do something about Medicare, Medicare will start into a deficit in the fiscal year of 1997 and will be broke, bankrupt, in the year 2002.

Now, there are a lot of people watching right now who, like me, will reach the age of 65 by the year 2002, and they have to understand that this is not a Republican suggestion or study that has developed the conclusion that it will go broke by the year 2002. These are the trustees of the Medicare system that were appointed by the President.

Now what has the President done since then? Where is the President? He has not even responded to that. And yet, he is adhering to his budget. Only yesterday, he announced he was going to veto the rescissions bill, which was a reduction in spending of $16.4 billion, the largest single reduction, I believe, in the history of this country. He says he is going to veto this reduction, the spending reductions.

I think it is just inconceivable that someone who ran for office on reducing spending, someone who ran on a balanced budget for this country, would now come up and say, in this fiscal year of 1995, the rescissions bill that has been proposed and that was passed by a majority of votes in the House and the Senate will be vetoed by the President of the United States.

I also think it is necessary for us to reaffirm our commitment to children. I hear over and over again about this program is going to be cut, or that program is going to be cut.

Yes, some programs are going to be cut and there are going to be some hardships if we do successfully balance the budget by the year 2002. But we cannot stand up here on the floor, as the Senator from Nevada did a few moments ago, and talk about the fact that every Senator, every one of the 100 Senators here in the U.S. Senate, wants to have a balanced budget by the year 2002 and not do anything today to bring it about.

You know, this is an exciting time. Right now, this week, we are going to be debating, and next week we probably will have a vote in both bodies on a budget that will eliminate the deficit by the year 2002.

I heard Congressman DELAY talk about the fact that he has been waiting his entire life for this moment to come. And all of those who voted for a major change on November 8, 1994, this is the change. Of all the things that that mandate said to Congress from the American people, it said we want less Government intrusion in our lives. It said that we want to do something about keeping America strong in its defense. But, first and foremost, it said, we want to balance the budget.

I had an experience the other day when we had our National Prayer Breakfast. When I left the House, I was president of the House Prayer Breakfast, so I was kind of in charge, I say to the Senator, of the international visitors.

There was a gentleman who came into our National Prayer Breakfast from Moldavia. He was beaming from ear to ear. He came up to me and he said, ''Senator, we are so proud. We now have a free economy. We have been under communism for all these years, now we have democracy. But I have a question to ask you. In America, how much can you keep?''

And I said, ''I'm sorry, I don't think I understand your question.'' He said, ''In America, how much does the Government take from you?''

Then I understood what he was saying, and so I gave him a figure that I would hate to have to stand here and try to justify.

But he said, very proudly, ''In Moldavia, when we go out and we earn a dollar, we get to keep 20 cents.''

They have some kind of a periodic collection. At the end of every month, they have to give 80 cents out of every dollar they earn to the Government. He was so proud they had reached that point.

I thought how fortunate we are in this country, until I realized and looked at the picture of my two grandchildren. And the CBO, and others in every study, no one has disagreed, said that if we do not do something to change the trend in this country of deficit spending, that anyone who is born today will have to spend 82 percent of his or her lifetime income to support the Government. And that is worse off than they are in Moldavia.

So I would just caution you, Mr. President, and others who may hear the stories of the bleeding hearts talking about all these Government programs that are going to be cut, to stop and realize, in most cases, that is not true at all. It is not the case of Social Security, it is not the case of Medicare, it is not the case of Medicaid.

And if, in fact, we could actually put a growth cap on Government, as I think one amendment by Senator GRAMM is going to attempt to do, of 3.2