percent, we end up balancing the budget without cutting one Federal program and without reducing one Federal program by merely putting caps on.

So I think we have to ask ourselves a question, Mr. President, not should we do this this week or next week, but what happens if we do not. Are we going to have another opportunity in the U.S. Senate or the other body to actually come up with a balanced budget? And we have to ask the question: Where will our children be if we do not vote properly?

I know there are well-meaning people on the other side of this. They say we want a balanced budget, they want to do something by the year 2002. I would like to do it sooner. Most of us would. But talking is one thing and doing is another thing.

It is not going to be easy, but I suggest to you, Mr. President—I know that my time is up and morning business up—I suggest to you, if we do not do it this time, we will probably not be able to do it in our lifetimes.

I yield back the remainder of my time.

CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. Morning business is closed.

CONCURRENT RESOLUTION ON THE BUDGET

The PRESIDING OFFICER. Under the previous order, the Senate will now proceed to the consideration of Senate Concurrent Resolution 13, which the clerk will report.

The legislative clerk read as follows:

A concurrent resolution (S. Con. Res. 13) setting forth the congressional budget for the United States Government for the fiscal years 1996, 1997, 1998, 1999, 2000, 2001 and 2002.

The Senate proceeded to consider the concurrent resolution.

Mr. SANTORUM. Mr. President, I have been authorized by the chairman to speak, and the time to come off the resolution.

The PRESIDING OFFICER (Mr. CAMPBELL). The Senator from Pennsylvania.

Mr. SANTORUM. Thank you, Mr. President.

I feel somewhat privileged to be the first person to speak on this historic resolution that has just been laid down by the U.S. Senate. It is, in fact, a historic moment for this Chamber that we are going to finally come to grips and face and look straight in the eye the future of our country and the children of our country and say we are now prepared to act on your behalf. We are now prepared to take the tough stands and to weather the beatings that we will be getting from the press and from the other side to stand up for the future generations of Americans so we can, like my grandfather who came here as an immigrant and my father who came here as a immigrant, try to leave the country better off and with more opportunities than their generation had.

We have stopped doing that in America, and this is a chance to start over, to start anew, to give us the opportunity right here on this Senate floor to move forward, to move this country forward into a new millennium with sound fiscal policy and with opportunity available to every American. That is what this is all about.

This is not about the minutiae that you are going to hear on the floor of the Senate about, ''Oh, well, we're going to cut this program and as a result of the program''—listen, a Government program, a Government program which most people know, most Government programs, big administrative costs, do not necessarily target the way they are supposed to, but we are going to cut a Government program and there will be hundreds of them discussed in the next 50 hours.

We are going to take a Government program and that program itself will jeopardize our future so greatly that it is more important to preserve this little bit more funding for this program than it is to balance the Federal budget and to preserve the long-term future of this country. That argument in itself just fails; it is ridiculous. There is nothing we do in Washington, DC—nothing—no individual program that stands above providing future generations the opportunity to succeed in America. Nothing.

So when you look and you hear all the debate about all the minutiae that you are going to discuss, all the little programs that somebody likes to scare people with that we are going to abolish or cut or whatever, remember the big picture. The big picture is: We balance the budget in 7 years, we provide fiscal sanity for future generations and, frankly, for this generation with several programs, and that is what we have to focus on. That is what the issue is.

You are going to hear a lot about, as I was hearing a few minutes ago, tax cuts for the rich paid for by cutting working middle-class programs, so we are going to take money away from working Americans, working American families for tax cuts for the rich. I do not know about you, but as far as I understand the Tax Code, you get taxed if you work, you get taxed if you make money. So if you are cutting taxes for people who work, I do not know how that is hurting working American families, particularly since the biggest item in the tax cut proposal that is being proposed is a tax cut of $500 for families, a credit of $500 per family.

Now, how is that hurting families? The only families that could conceivably hurt are those that do not have children and those who do not make enough money to pay taxes. But to say that you are cutting programs for taxpaying families, yeah, OK, but then we are giving it back to them where they can spend the money where they want to spend it. They get all of it, not siphoned off from Washington with the administrative costs and the overhead and the direction of what we think is best to spend money, but they get the whole pot.

I see the majority leader is here, so I will cease my comments because I know he is really the proper one to lead this off. But I am telling you, this is going to be a great day in the U.S. Senate. It is a day that we should be very, very proud, as all Members of the Senate, that we are having this discussion. It is unfortunate that the President of the United States has chosen not to participate in this discussion, that he has chosen to sit on the sidelines and throw either confetti or darts from the stands and not participate and get involved in solving the No. 1 problem of this Nation by presenting a budget that is balanced.

Mr. President, I yield the floor.

Mr. DOLE addressed the Chair.

The PRESIDING OFFICER. The majority leader, Senator DOLE, is recognized.

Mr. DOLE. Mr. President, I thank my colleague from Pennsylvania. I commend him for his forthright statement. This is going to be a very important debate, in effect, for everybody in America, I believe for the better if we can keep it on that plane. I certainly look forward to Senator DOMENICI's opening statement, and I will follow with my budget statement after Senator DOMENICI.

Mr. DOMENICI. Mr. President, I assume we will follow the typical process and procedure that we have in the past. As the majority leader of the bill, I will have some opening remarks and I, obviously, will quickly yield to the Senator from Nebraska who will have his opening remarks. I would like the Senate to know that as we read the budget law, there is up to 4 hours for discussion of economics and the macro effect of the budget and the like. Some Senators on our side would like to speak during that period to what they consider to be a historic event, a redefining event for America. So we are going to let as many of them as possible do that without in any way violating our comity with the other side. As soon as we can, we will get into a rotation on amendments.

The Senator from New Mexico will try sometime this evening to offer the first amendment. It should come as a shock to no one. It will be the President's budget. The President's press secretary suggested yesterday that it would be a much better starting point to start with the President. So we will accommodate and put that budget before the Senate and see what they think about it. Then we will go to the Democrat side for their amendment and we will move back and forth.

I am permitted by the majority leader pursuant to his instructions to talk about the fact that we are going to be in next week late. If the full 50 hours is going to be used, obviously we are

going to have to take a couple days and work very long hours. The majority leader has indicated we are going to do that. We would like to finish Wednesday, as I understand it. And I am going to do my best to be accommodating. Everybody knows that there is a limitation on how long you can speak on amendments and how much you can speak on amendments to amendments, all of which is by law, not by recall. That is the way the budget law was written. We are going to work closely under that. With that, I will have a couple of procedural unanimous-consent requests, Mr. President.

First, as I understand it, you have already read the budget resolution by title, is that correct?

The PRESIDING OFFICER. The Senator is correct.

PRIVILEGE OF THE FLOOR

Mr. DOMENICI. I ask unanimous consent that the following staff of the Senate Budget Committee be permitted to remain on the Senate floor during the consideration of Senate Concurrent Resolution 13.

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

The list of staff is as follows:

MAJORITY STAFF

Bilton, Karen.
Cieplak, Lisa.
Hearn, Jim.
Hennessey, Keith.
Hoagland, William.
McQuire, Carol.
Miller, Anne.
Phillips, Roy.
Ramonas, Denise G.
Reidy, Cheri.
Rel, Ricardo.
Riley, J. Brian.
Ruffner, Mike.
Selfridge, Barbara.
Smith, Jennifer.
Smythe, Austin.
Stevenson, Bob.
Taylor, Peter.
Vuksich, Greg.

MINORITY STAFF

Abraham, Amy.
Blocker, Annanias.
Dauster, Bill.
Dimock, Kelly.
Dresden, Tony.
Duncan, Meg.
Grant, Jodi.
Greenwald, Matt.
Huffer, Joan.
Klumpner, Jim.
Mays, Daniela.
Nelson, Sue.
Slominski, Jerry.
Strumpf, Barry.
Williams, Dave.

PRIVILEGE OF THE FLOOR

Mr. EXON. Mr. President, I ask unanimous consent that Susan Ross, a Presidential management intern, and Nancy Harris, a J.J. Pickle Fellow, be granted floor privileges and be permitted to remain on the Senate floor during consideration of the budget resolution.

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

AUTHORITY TO USE CALCULATORS ON SENATE FLOOR

Mr. DOMENICI. I ask unanimous consent that the presence and use of small electronic calculators be permitted on the floor of the Senate during the consideration of the 1996 fiscal budget.

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

Mr. DOMENICI. Mr. President, I yield myself as much time as I need for some opening observations, and then I will yield to Senator EXON. And then I understand the Republican leader wants to speak immediately following that. I will be yielding as quickly as I can to him.

Mr. President, today, we begin a discussion of great significance. As I see it, we are discussing today the future of the United States of America. Over the next few days, we will have the debate that so many of us have said we want—a debate to balance the budget of the United States. Earlier this year, we had another debate. That debate had to do with a constitutional amendment to balance the budget. At that time, many of my colleagues declared that we did not need a constitutional amendment, Mr. President. ''We do not need a constitutional amendment,'' many said, ''to balance the budget.'' All we needed was the courage to do it ourselves.

While I wanted a balanced budget amendment because I wanted it there for the long-term future, I voted for it.

Today, I am responding to all of the Senators from both sides of the aisle, which is an overwhelming number who have said the United States of America should balance the budget.

Many Senators on the other side who did not vote for that balanced budget amendment—and I am not here arguing with them today—many of them stood up on the floor of the Senate and said, ''We do not need the balanced budget amendment. Just let us exercise courage, and we will get a balanced budget. We will do it ourselves.''

This is a do-it-ourselves balanced budget. We have an opportunity to test that proposition of courage. Do we have the courage to do what is necessary to achieve a balanced budget?

Just 55 session days ago, I say to our majority leader who was present at that time, on February 10, this same Chamber overwhelmingly, 87–10, voted in favor of an amendment directing the Senate Budget Committee to report back to the Senate at the earliest possible date, how do we achieve a balanced budget without increasing or reducing the disbursements under the Social Security fund.

In other words, the instructions were—87–10—bring the Senate a balanced budget, and the only thing that shall not be touched is Social Security.

Today, Mr. President, fellow Senators, the Senate Budget Committee has reported back to the U.S. Senate. Senate Concurrent Resolution 13 now before the Senate achieves that mandate and that directive from the U.S. Senate, 87–10. That is the number that said, ''Do it.''

We will now have an opportunity to openly and fairly debate our vision of a brighter fiscal future, a better America for our children and our grandchildren, a brighter America where we pay our bills instead of asking our children to pay our bills.

Today, my colleagues on both sides of the aisle, to all of them, this will be a very important debate. It will be heated from time to time. However, it is an essential debate. America's future, for the young and the old alike, will be shaped right here on the Senate floor during the next 5 to 6 days.

Let Senators, throughout this debate, try to remain focused on what our ultimate goal is —a country unsaddled with debt on our children.

Because the numbers do not lie, our deficit is out of control, and our current state of Federal expenditures versus receipts is unacceptable.

In the 1960's, deficits were averaging $16 billion a year; in the 1970's, they averaged $38 billion a year; in the 1980's they averaged $156 billion a year; and so far, Mr. President, in the 1990's they have averaged $259 billion a year.

This year we will borrow 11 cents of every Federal dollar spent. Our budget deficit this year stands at $175 billion, and is growing relentlessly at the rate of $335,000 a minute, $20 million an hour, $482 million a day.

All of this debt is, plain and simple, mortgaging our children's future. Experts estimate that a child born today will have to pay an additional $100,000 in added taxes to pay just the interest on the debt which will accumulate during the next 18 years.

The burden is not just on future generations. Our gross Federal debt is so large—$4.9 trillion—that it is seriously harming our standard of living. Every American now owes $18,500. Every single, living, breathing American, from the smallest child to the most senior American, owes the staggering amount of $18,500.

And by 1999, Mr. President, the President's proposed budget will change that number dramatically. I wish I could say it would come down. Each American will owe $23,700 as their share of our profligacy, of our inability as adult leaders to say we ought to pay for what we give to people by way of government.

The New York Federal Reserve Bank estimates that the deficit spending between the years 1978 and 1990 reduced the gross domestic product by 5 percent. That means that the sum total of all our acts in terms of growth and wealth is 5 percent less during that decade because of the deficit we have accumulated.

The bipartisan Concord Coalition reveals that our debt and the deficit spending have lowered the income of

American families by $15,000 a year. As we see, it does matter how much we borrow, how much we owe, and how much interest we must pay to those who have lent and loaned and committed money to our Government to pay our bills.

Yet, if this proposed budget is any barometer, the President is doing little to avert a fiscal train wreck for this country. If we pass his proposed budget, the problem will just get worse, because the President's proposed budget abandons deficit reduction and succumbs to the status quo, adding another $1.12 trillion to our national debt by the year 2000, bringing the growth deficit to $6.7 trillion.

President Clinton's budget promises $200 to $300 billion deficits as far as the eye can see, a Medicare system that will go broke in 7 years, and a crushing tax burden on America's young people just starting out in life. That is the promise of the President's budget. Even the Washington Post editorial on Tuesday labeled President Clinton's budget as ''weak and directionless.''

The budget reported by the Senate Budget Committee—and I am very proud of the 12 members who voted to report this budget resolution last Thursday evening—that budget may be called many things, but one thing opponents cannot accuse it of is lacking direction. The Senate Budget Committee's resolution direction is straightforward. It is toward a balance.

Frankly, I must comment that my good friend, former chairman of the House Budget Committee and currently Chief of Staff of the President, said we should let policy direct our budget, not our budget direct our policy.

I disagree. I disagree. The policy that should direct our spending is a balanced budget. That, too, is a policy I say to the White House and to those who advocate the President's budget. Indeed, a balanced budget is a policy, and it is a policy with a future. It is a policy for the future.

The budget reported by the Senate Budget Committee clearly has direction, has a purpose, and has a tremendously effective and much needed public policy of balance for the first time in almost three decades.

Now, there is a chart up behind me here that I think ought to be the focus of the early, early hours of our debate. It is very, very simple.

It is very, very simple. The President would have us believe that his budget is an attack on deficits, that he has even made enough of an attack on deficits that he can cut taxes. The Congressional Budget Office is, according to our President, the really official, honest disseminator of budget facts. This yellow line is the President's budget for the next 5 years according to the Congressional Budget Office. You see the bragging occurs here, at somewhere between 150 and 200—176, that is where it is. But that is the lowest it ever gets. And look at the line and look at it climb.

Now in just 5 years it is perilously close to $300 billion. I am positive, although we have not done the numbers, that one could now put the line like this, and by 2002 it would probably be up here. But the Senate Budget Committee changed the course of economic history for America and their budget line is this. It is more than symbolic that it is in black, because for the first time, in 2002 the Federal Government is in the black.

Look at the difference. This is the difference. The President's budget goes on up, getting close to $300 billion when the Senate budget is less than $100 billion and then to zero while the President's skyrockets and goes on up to three-and-a-quarter, $350 billion. That is not complicated by any ideas about percentage of gross domestic product and the like. It is just plain dollar numbers.

So the budget resolution before the Senate today has a vision. It has a vision of solvency of this country, and a American dollar that gets out of the doldrums and has a real chance of remaining the currency for the world.

I know people do not quite understand, sometimes, what this low, low, low American dollar might mean. I will not even put the numbers down because the fact frightens me. But if the American dollar would become weak enough—what might happen to America if the Saudi Arabians decided they do not want to be paid in American dollars anymore? Has anybody thought of that? I say to Senator DOLE, if the Saudis said we do not want American dollars, we want to be paid in yen, you would see the most significant, gigantic leap in inflation in the United States, exceeding even the 18, 19 and 20 percent inflation of the Carter days. Because oil prices would of necessity go up two or three times just because of the value of the currency that we would have to buy up and then pay out.

So we have before us, not a blueprint as some have said, but an enforceable blueprint, for it tells the Congress of the future what they can and cannot do about spending for the next 7 years. It does not ignore the problem that everyone agrees exists. It recognizes a simple notion, that our Government simply cannot go on spending our children's money and that by balancing the budget we can ensure a brighter future for our country and our children.

The budget resolution before the Senate today wants to change the way our Government works, to make it efficient, responsive, and less expensive. Like a family gathered around the kitchen table, the committee members who voted to report this resolution Thursday past have made difficult choices. But those are choices we needed to make to protect and strengthen the future. We have been thorough and we have been fair. This budget resolution is designed to return our Nation to reality in terms of the spending of the tax dollars of the American people. It is directed at preserving this country as a land of opportunity, for this and future generations, because opportunity comes when a society gives a citizen a real chance to accumulate wealth and earn good pay. The more we go in debt, the less the chance for opportunity.

In short, it is a reflection of our commitment to responsibility, to generating economic growth, creating family-wage jobs, and protecting the American dream for our citizens, whether they are young or whether they are old. This is not just rhetoric. It is based on many studies and I will cite just an a couple.

The economic forecasting firm of DRI/McGraw-Hill, that firm estimates that if we balance this budget America's yearly output will increase by an extra 2.5 percent over the next 10 years. Minimum, they say, 2.4 million new jobs. So, in the debate that follows when we talk about less Government and what it might do, less debt and what it might do for those who would like to continue to borrow money, we have to also put into that calculation that we might get 2.5 million new jobs. Which has to be set up against some of the things that people will say have to be restrained, reformed and cut in the budget.

Further, a recent GAO study suggests that the average family income will increase by as much as $11,200 over the next 30 years as a result of balancing the Federal budget. Interest rates will decline, say they, by as much as 1.7 percentage points by the time we are in balance. These are not my estimates. They are not hopes. They are not dreams. They are what the best people in America are estimating the positive effect of balance to be. There is a reward for balancing the budget. The reward is a better America, more jobs, more opportunity, lower interest rates, less debt for our children. Add them all up and every adult leader in America should be willing to stand up and say that is was we really ought to do.

This resolution restores equilibrium, fiscal equilibrium. The blueprint, the enforceable blueprint in this resolution will for the first time in 3 decades result in a balanced Federal budget. I believe this because I truly believe it will be enforceable and it makes the very tough decision to address the fastest growing areas of Federal spending and the Federal Government's commitments. It is a budget which reflects the unequivocal goals expressed by the American people and a majority of the Members of Congress. It will balance the budget by 2002. It will not touch Social Security. And it will do so by ratcheting down the deficit by slowing the growth of Government.

Let me emphasize, Government spending will continue to grow over the next 7 years; but rather than having Government growing faster than wages and salaries, as has been the case for the last three decades, wages and salaries will grow faster than Government spending—something very important

for the working people of our country and those who will come along in the future to join that work force.

This resolution before us envisions Federal Government growth at 3 percent a year over the next 7 years. Wages and salaries are estimated to grow by 5 percent—marvelous. If we can keep that going, keep that going for two or three decades our standard of living would be back where it ought to be. It is as budget which will reverse the tide of 50 years of power flowing from the rest of the country to Washington. We want to provide more freedom and opportunity to people at the local level so they might have more control over their own destinies, and their own decisions on programs that affect their lives, their communities and their children. Key changes are proposed to shrink the Federal bureaucracy. We assume the termination of over 100 programs, commissions, boards, including the gradual and orderly phaseout of the Department of Commerce. And we recommend the elimination of program duplications, consolidation of Federal programs to improve efficiency and prioritize the limited resources we have.

This resolution begins deficit reduction right here in our own backyard. It establishes a freeze on congressional salaries and pay, as a suggestion to the appropriators, a $200 million cut in the legislative branch this year with more to come. It assumes a 12.5-percent reduction in the Senate support staff, and a 15-percent reduction in committee staff, 25-percent reduction in the Government operations, GAO, and termination of the Office of Technology Assessment. We may do more. But Americans should know we want to start right here. Since we are asking for less government, we ought to have less money to spend on these institutions also.

However, the budget recognizes that Government does provide needed services to our citizens, and we have been painstakingly careful to preserve a safety net for those in true need. Moreover, we support programs aimed at keeping the American people safe, safe in their homes, in their schools by funding needed crime programs fully.

While this budget assumes a series of reforms of our welfare system that saves nearly $80 billion over the next 7 years, let no one say that we have ignored those basic human needs. It provides $192 billion for food stamp programs; AFDC, and child welfare programs, we funded over $130 billion; SSI will be funded over $230 billion. The earned-income tax credit, which we will hear a lot about, will continue to grow, and will expend $155 billion.

This resolution does not in its current form recommend school lunches be changed. The WIC Program would not decrease. It could go up. Section 8 housing would continue, and expiring contracts could very well be funded.

So the committee reported a resolution that does not cut funding for major education programs targeted at the disadvantaged, such as Head Start, chapter 1, special education, Pell grants, community service block grants. Check it. That is the way we put it down. That is the way we recommend it. It will all be up to the committees. But they will all be bound by a dollar number.

On Medicare, first and foremost, we have taken heat for the April 3 Medicare trustees report. Here it is. ''Status of Social Security and Medicare Programs,'' April 3. This was issued by six people, four of whom are appointed by the President, or work for him, and two private citizens. They state that this fund is in near collapse. The hospital fund for seniors in terms of money available to pay the bills will be bankrupt in 7 years. It will be unable to pay any bills. We cannot allow this to happen. And we have taken steps in this budget to ensure that it does not.

Our budget will slow the growth of Medicare generating savings needed to put Medicare on a financially sound footing for the next 7 years while Congress and, hopefully, the President work together to develop a long-term solution to a serious crisis of the solvency gap for Medicare over time.

Saving Medicare from insolvency is an issue of immediate importance. It will require all of us, Republicans and Democrats alike, to work toward a solution. Therefore, our budget calls upon our congressional leadership without delay to establish a bipartisan commission to develop recommendations on how to maintain the solvency of the Medicare system. This commission will be required to report back to Congress by July 10 so that these short-term recommendations can be considered by our appropriate committees before final passage of the laws changing the direction of our country.

So let us also be clear about taxes in this budget. The budget resolution does not raise taxes. Later on, Mr. President, as we are told we should not balance the budget this way, that there ought to be another way—although I do not think we will see another way—but we will suggest that maybe there are some who would like to balance the budget by raising taxes. So we will give everybody an estimate of how many billions of dollars in taxes would have to be imposed on the American people to balance the budget by raising taxes. In fact, we will tell you for your Coloradans, Mr. President, how many billions they would have to pay in new taxes if we do not want to restrain growth and cut programs. If we do not want to do that, restrain growth in some of entitlements and change the way we spend money, if we do not want to do that, then we will tell you how much taxes the State will have to pay to the Federal Government to come into balance. Because I take those at their word who said they want a balanced budget. They may not want it our way. So we are trying to explore which way.

Let me in closing say that it is my sincere hope that, as we move through this process, we can start working together. I wish that Republicans and Democrats could respond to the wishes of the American people in harmony and in unison and end this crisis of deficit spending. I understand full well, however, that this may not be possible. In the end, however, we must pass a budget and direct our policies toward balance.

Last week the committee began its deliberation on the budget. We observed a great hallmark in American history, the 50th anniversary of V–E Day, or Victory in Europe Day. As I told the committee as we began that debate on V–E Day, it was a day we all proudly recall. We recall how Americans rallied together, persevered, and eventually conquered an extraordinary threat to the future. But 50 years later our Nation faces another threat. That threat is severe enough that we should declare war on it and defeat it. One crisis that is less obvious but is just as sinister—one of the great leaders from that great struggle 50 years ago, Winston Churchill, said and I quote:

> The price of greatness is responsibility.

We in Government shoulder that responsibility, Mr. President. We actively seek it by running for public office. I believe the time has come to stop shrinking but to shoulder our responsibility and enact an honest Federal budget and stop squandering our economic future. As we begin this historic debate, I would ask that we all, especially those of us who are elected to lead, consider our service to this Nation. Let us not lose sight of the big picture, but let us focus on these policies that will carry this country into the next century strong and hopeful with an economic future for everyone.

How will future generations view our efforts on behalf of America? Did we work to protect it, strengthen it, improve it, or did we consume its vitality and leave our children with fewer opportunities and a lower standard of living than their parents? I know what I want to do. I am very hopeful that a compelling majority of the Senate wants to do the same thing.

So let us begin the debate. It is one that should be in full in the open to the American people, and we are very grateful that we live in a society that will permit both sides to be heard. I understand and respect those who may disagree as to particulars in this budget. But I am sure that whatever the outcome of this debate Members from both sides of the aisle must conclude that our country's future cannot be strong if we fail to control spiraling debt and continue into the next century with it unchecked. It will not work unless we make some fundamental changes today and early next week.

So I think the time is now. The opportunity is before us today. Let us show the courage and do what is in the best interest of our country.

I thank the Senate. I thank the Presiding Officer.

I yield the floor at this time.

Mr. EXON addressed the Chair.

The PRESIDING OFFICER (Mr. KYL). The Senator from Nebraska [Mr. EXON] is recognized for his opening statement.

Mr. EXON. Mr. President, to begin with, I first want to salute once again, as I have in the past, the distinguished chairman of the Budget Committee for all of the work that went into the production of this Republican budget. I commend him, too, for making the type of hard choices that are necessary if we are to balance the unified budget by the year 2002.

Most of us on this side of the aisle share the goal of a balanced budget. It is an article of faith, I suggest, for this Senator. I have a long history of fighting for responsible budgets. Our dedication to fiscal responsibility, therefore, cuts across party lines. We are willing to work with the Republican majority to shape a budget that will reach balance on a unified basis by 2002. I hope we can come together to fashion out of the Domenici initiative a true bipartisan compromise. I will outline today, and during the budget debate to follow, some fundamental concerns that I feel must be addressed.

Of course, none of this will be easy. To a Senator, we know the enormous challenges that lie ahead. All of us must recognize that we have to make some tough choices, and this Senate has demonstrated in the past I am willing to do that. But no person or party has all of the answers. We should seek to build a consensus on balancing the budget. Brute force is not the answer.

We cannot be dictated to or ignored. Minority rights and views must be recognized and weighed. House Budget Committee Chairman KASICH recently said, and I quote, ''Democrats have no standing to say anything about what we are doing in the House and the Senate.'' This brash rhetoric does not serve the process well. Whatever they do in the House certainly has no place in the Senate.

Earlier this year, I held out the hope for a bipartisan budget. However, we parted ways on key issues, such as tax cuts and the distribution of spending cuts. Soon after, the trench warfare really began. The Republican majority in the Budget Committee took a combative crouch during our markup. Their budget was carved in stone and we in the minority could not remove one period or comma. Not a single number could be changed, even in the smallest amount. That is not the approach to take if we truly desire to work together to produce a unified balanced budget.

On numerous occasions, I have offered a hand of friendship and an invitation to reason on the budget. My purpose is not to thwart the Republican budget, but rather to recast some of its priorities to better reflect our Nation's needs. My purpose is to make recommendations and offer amendments which I believe will make the cuts fairer and evenly distributed. My purpose is to put some balance in this budget.

During the next 50 hours, we will hear a lot about this budget. This budget, once shrouded in secrecy, has been in full view for a little more than a week. As it was unveiled, the budget was attended by the usual fanfare: the grand statements of vision, the quotes from Thomas Jefferson.

That day, we heard a lot of promises, too. As we sat down to mark up the budget, those promises kept cropping up again and again and again. As we started to peel away layer after layer of the budget, many of the promises did not jibe with the numbers I saw.

The Republicans promised to make dogged choices over and over again, but tax cuts are the tail that wags this budget. The Republicans promised to protect the elderly but asked for a king's ransom in Medicare cuts to foot the tax cuts. The Republicans promised a brighter future for our Nation but cast a bleak shadow upon rural America and our children.

Although there have been protests to the contrary, there is a tax cut tucked away in this Republican budget. No one should be fooled by the mirrors that are used to hide this fact. It has been thinly disguised as a $170 billion contingent fund, but it is a tax cut nevertheless. In fact, this could be the mother lode of tax cuts for the wealthy. And what the Republicans do not tell the American people is that the $170 billion tax cut could balloon to $356 billion over 10 years.

The budget before us does not dictate what tax cuts are forthcoming, but we know what is being discussed by the other side of the aisle. The news is not comforting. For example, more than half of the tax breaks in the House-passed Contract With America tax bill benefit those families with incomes of over $100,000. That is the top 12 percent of the income distribution, and even if we disregard Republican plans to increase taxes for those eligible to receive the earned income tax credit, families with incomes below $10,000 would get an average tax cut of $20. Compare that, if you will, with families with incomes over $200,000 stand to receive a $11,266 tax cut bonanza. That is wrong.

True enough, the Senate Budget Committee adopted a nonbinding sense-of-the Congress amendment sponsored by Senator BOXER that states that 90 percent of any tax cut should go to the middle class.

But no one should be fooled into believing that the plans of the majority have changed. Senate proponents of tax cuts have publicly stated their support of the House-passed tax provisions in the Contract With America. If ever there was a Contract on America, this is it. One Senator has vowed that he will offer a tax cut amendment on the Senate floor, and it will not be limited to the middle class.

The tax cut centerpiece of the Republican budget is fueled by cuts in Medicare. The Medicare reductions in the Republican mark total $256 billion over the next 7 years. That is the largest Medicare cut in history. This is the single most important part of the Republican plan. This is the key to the entire deal. This is the cornerstone of the Republican budget, and we intend to change it.

Yet, it comes without a single specific proposal beyond the formation of a commission. On this point, there is no plan. On the largest, most significant part of the Republican budget, there is not plan—period.

Although we have no details, it is clear that at least half the cuts will fall on beneficiaries. The only Medicare cut publicly supported by Chairman DOMENICI would increase the part B premium to 31.5 percent of program costs, adding nearly $500 a year to out-of-pocket payments by the year 2002.

By the year 2002, the average beneficiary will pay $900 more a year in out-of-pocket health care expenses. These cuts will have a devastating impact on the most vulnerable citizens: our frail, our sick, our poor, our seniors.

Republicans promised, too, that their budget would protect Social Security. But the GOP Medicare cuts will require the elderly on fixed incomes to use most, if not all, of their Social Security COLA to pay for health care. For the one-in-four who rely on Social Security for their entire income, this is an enormous hardship.

Cuts in providers are often passed along to other payers, as we know from the past and as we know from the debate that we had last year in an attempt to revise the whole health care system.

I would point out that if only one-third of these cuts were shifted to other payers, businesses, and families would be forced to pay a hidden tax of $40 to $50 billion between now and 2002.

Provider cuts would have a particularly devastating impact on rural areas. Nearly one-quarter of all Medicare beneficiaries live in rural America where there may be a single hospital serving an entire country or more. Significant cuts in Medicare could increase the number of hospitals in rural areas that will be forced to close. Since rural hospitals are often the largest employer in their communities, pulling the plug on these hospitals will result in job loss and, most important and devastating, physicians leaving these communities.

Cuts in Medicaid would also cause the elderly to suffer severe and needless pain. Nearly 67 percent of Medicaid spending is for the elderly and disabled. The Republicans cut Medicaid by $175 billion over 7 years, or 30 percent by the seventh year.

More than 800,000 elderly and disabled people are likely to lose coverage under this proposal. Between 5 and 7 million children could tumble through the safety net. And half of the children

served by Medicaid come from working families. Medicaid is also the only major Federal source of funding for long-term care, serving 1.6 million people in nursing homes in 1993, while 1.1 million people receive home health care.

While the cuts in Medicare and Medicaid are onerous, I am also extremely troubled by the new 20-percent cut in mandatory agriculture spending contained in the Republican budget. It is a harvest of shame for rural America.

Agriculture has become a scapegoat for our inability to balance the budget. You have heard all the fictions. Agriculture programs drive the deficit. Agriculture gets a free ride. Agriculture makes no contribution to balancing the budget. The truth is in shorter supply.

The real deficit problem does not lie in agriculture. We should give credit where credit is due A hard look at the projected growth of entitlement spending from 1993 to 1999 demonstrates that agriculture spending shrinks while most of the other programs show substantial growth.

In fact, after a peak in 1986, agriculture spending has declined substantially. The Congressional Budget Office projects that total costs for farm price support programs run by the Commodity Credit Corporation will decline from the $26 billion high-water mark in 1986 to less than $8 billion by the year 2000. This is due primarily to program reforms, including those enacted as part of the 1993 deficit reduction package.

Over the next 5 years, agriculture commodity program spending is projected to decline from $10.3 billion in 1996 to $7.8 billion in the year 2000. As a percentage of total Federal outlays, Commodity Credit Corporation outlays have declined from a peak 2.4 percent in the late 1950's to a projected four-tenths of 1 percent by the late 1990's.

In spite of this downward trend, this budget contains an additional 20-percent hit on agriculture. Let me repeat that. In spite of this downward trend, this budget contains an additional 20 percent hit on agriculture. The effect of that cut is startling in its magnitude. It pulls the rug out from under rural America. To reach such a number, the Agriculture Committee will need to take draconian action, such as increasing unpaid base acreage from 15 percent to approximately 35 percent.

If that happens, I suggest that we are going to see a flight of our farmers in the United States of America.

Moreover, these cuts will strangle our ability to craft a rational farm bill this year. When added to the deep Medicare cuts that will close rural hospitals, I am deeply concerned that this budget will sound the death knell for any semblance of quality existence for rural America. To partially address this, I offered an amendment to reduce by $8 billion the scheduled $12 billion cut in government agriculture programs during the budget markup. My amendment was defeated on straight-line, never-swerving, solid-Republican volley of noes—no to agriculture and no to rural America.

The cuts in the Republican budget go deep and far afield to finance the tax cut. Funding for income security programs is cut $118 billion over 7 years. Food stamps and other nutrition programs are cut by $30 billion over 7 years. Some 17 percent of households receiving food stamps have elderly members.

The Republicans also take a chainsaw to the earned income tax credit. The earned income tax credit helps keep working families off of welfare and assists middle-class families who have sudden losses of income. If the chairman's mark, however, is enacted into law, the earned income tax credit will be cut by $21 billion over 7 years.

The Republicans say they will shield the Veterans Administration's medical system from cuts. This is not a shield I would want to stand behind. The Republican budget increases the veterans' contribution for GI bill education benefits. It increases the copayment for prescription drugs for higher income individuals. Let us be clear. By funding the VA's medical system at the 1995 level for the next 7 years, the Republicans are dramatically cutting access to health care services for veterans all over this country.

During markup, Democratic Senators on the committee made numerous attempts to soften the blow upon Medicare and other programs critical to working American families. We stated that any fiscal bonus that may accrue from balancing the budget should not be spent on tax cuts. Rather, this money could go a long way to alleviate some of the hardship that would be imposed by the cuts in the Republican budget, or to further reduce the deficit.

Democratic Senator after Democratic Senator offered amendments to get our priorities straight and put this budget back on track. Let me stress—let me stress, Mr. President—that not a single Democratic amendment would have resulted in an unbalanced budget in 2002.

I will go through the entire list of Democratic amendments. But let me give my colleagues a flavor of what the Republicans found so hard to swallow. We tried to get an agreement to use the tax cut bonus to ease the cuts on Medicare, Medicaid, education, agriculture, and the earned income tax credit. We tried to eliminate the millionaire expatriate tax loophole. That is the one that allows those who have benefited most from our country to avoid millions in taxes by renouncing their American citizenship. We would have used those revenues to hire more officers for community policing and to offset the cuts in veterans programs and the earned income tax credit. We stood up for impact aid educational programs. We tried to prevent children eligible for Medicaid from losing their coverage. Not a one of these amendments passed.

It is a sad commentary on our times that during the markup of the Republican budget, we did not have a bipartisan approach toward a common goal. We recognize that doing so will take painful, but necessary cuts and we are willing to call for the sacrifices that will be necessary. They will hurt and they will be painful.

It is not the goal, but the distribution of the cuts in this resolution that is so troubling to this Senator and those on this side of the aisle. At a time when so many Americans are being asked to sacrifice to balance the Federal budget, I cannot and will not condone a budget that contains a tax cut that is a sop to the wealthiest among us.

I cannot support a budget that makes misguided cuts in Medicare and other programs that improve the lives of millions of American families merely to underwrite this extravagance.

I cannot support a budget that would lay waste to rural America and its fragile economy.

In closing, let me say that it is my hope that during the upcoming debate on the Senate floor, my Republican colleagues will give serious and due consideration to the amendments that will be offered to alleviate the unfair distribution of those cuts, and to reverse the course on the tax cut.

Then, and only then, will we have a budget that can be supported, not only by Democrats and Republicans, but all of us here working together on the common problem that has been so well enunciated by the chairman of the Budget Committee: the ever-increasing deficit and the ever-increasing national debt.

We want the American people to know and understand that we want to cooperate and will cooperate in a means to the end, but it must be done in a different fashion than has been detailed in the Republican budget.

If we can do that, then we will have a budget that is whole. We will have a budget that could lead to an eventual reconciliation bill that I could support and authorize an appropriations bill that would follow, that I could recommend to the President that he sign and not veto.

Yes, Mr. President, the Republican majority should realize that they may have the 51 votes to pass their bills, but they do not have, nor will they ever muster, in my opinion, the 67 votes to override a veto. I respectfully suggest that this is the time to start on the road to compromise and the road to reason so that we can come out of this debate on a course of bipartisanship on the budget that we are going to pass.

I yield the floor.

Mr. DOLE addressed the Chair.

The PRESIDING OFFICER. The majority leader.

Mr. DOLE. Mr. President, in the past few years, this Chamber has been the

scene of historic debates on major issues of our time. In January 1991, we spoke of war and peace as we gave our approval to the use of military force against Saddam Hussein.

Last summer, over the course of several weeks, we conducted a nationwide seminar on health care as we discussed President Clinton's proposal to turn our health care system over to the Federal Government.

In my view, both of these debates brought out the best in the Senate and both captured the attention of the country. It is my hope today that America is watching and listening very carefully because I believe that no debate is more important to our Nation's future than the one that began today in the Senate and the one that began yesterday in the House of Representatives.

I believe that no votes we cast will make more of a difference to our children and our grandchildren than the ones coming and the ones we will make in the next few days.

The Senate and our country is fortunate this debate will be led by the Senator from New Mexico. No Senator has spoken with more courage and more conviction on budgetary issues than Senator DOMENICI. All Senators can probably find something in the Senate Budget Committee's proposal that we would change. For example, I will say right up front I believe that while we balance the budget, we can also provide America's families with tax relief and our business communities with incentives to invest and create more jobs.

But no Senator can disagree with the historic nature of the Budget Committee's proposal or with the fact that Senator DOMENICI's leadership has truly transformed this debate. To some, it may seem the debate is all about numbers. And some very big, almost unimaginable numbers will be thrown around in the week ahead. We will hear talk of $200 billion yearly deficits as far as the eye can see, which is what is contained in President Clinton's budget proposal. And we will hear the number $4 trillion again and again and again which is, of course, our national debt—$4 trillion. But I believe the most important number is the one everyone can understand and the one that Senator DOMENICI mentioned. That number is $18,500. The fact is that every American now owes $18,500 as their share of the national debt.

How will Americans pay this bill? It will be paid through fewer jobs and lower wages. It will be paid through higher interest rates when they take out a loan to buy a car or buy a home, and it will be paid through higher taxes. In fact, the Joint Economic Committee estimates all children born this year will pay $187,000 each—every child born this year will pay $187,000 each—in taxes over their lifetime just to pay their share of interest on the debt—just to pay their share of interest on the debt. This is the future that faces our children and grandchildren, and it is a future that is within our power to change.

In the final analysis, however, this debate is much, much more than a debate about numbers. It is a debate about people, people we know in our hometowns and our home States, people we know all across America. It is a debate about what kind of people live in America today, and it is a debate about what kind of America we will pass on to the people who live here tomorrow—again, our children and our grandchildren and their children and their grandchildren.

In the coming days, America will hear two very distinct and dramatically different viewpoints on these questions. One viewpoint is that of President Clinton and the Clinton administration. Candidate Clinton pledged to balance the budget within 5 years, and President Clinton, in his inaugural address, spoke of ''cutting our massive debt.'' And he also spoke about ''sacrifice.'' In fact, within hours of the President's inauguration, I said, ''I was pleased to hear the President use the word 'sacrifice,' a word that strikes fear in the hearts of many in this Chamber. But President Clinton is absolutely right. If we are to put our economic house in order, if we are going to do right by our children and grandchildren, then we must deal with our national debt.''

That is what I said shortly after his inauguration. That was January 20, 1993. But, unfortunately, the President's actions have not matched his words of that day. The President is making no attempt to balance the budget. As we know, his proposed budget would give us $200 billion deficits, and more, as I said earlier, for as far as the eye could see.

The President is making no effort to cut our debt. As we know, under his own proposed budget another trillion dollars will have been added to our Nation's debt by 1997, not a balanced budget but another trillion dollars in debt. The President is making no effort to preserve and protect Medicare for our children and grandchildren. He washed his hands of the report of the Medicare board of trustees, which included three members of his Cabinet. This was not Senator DOMENICI's, or Senator KYL'S, or Senator GRASSLEY's report. This was the board of trustees' and the President's own Cabinet members' report. ''Medicare will be broke within 7 years,'' they said. If that happens, you cannot pay anybody's doctor or hospital bills. I believe we ought to fix it.

Senator DOMENICI will recall that in 1983 we had the same problem with Social Security. That was 12 years ago. Then Ronald Reagan, the Republican President, Speaker O'Neill, a Democrat, and Howard Baker, the majority leader in the Senate, put together a commission. I was honored to be on that commission along with Senator MOYNIHAN, Senator Heinz, and other Members of this body, Members of the House, members in the private sector, and members of organized labor. After weeks and weeks, we put together a rescue package for Social Security. That was in 1983. It was bipartisan. It passed by big margins. So Social Security, as far as I know, according to the trustees, will be in good shape until 2017. That was a 34-year fix. Not bad. We want to do the same in Medicare. That is what is proposed by the Senator from New Mexico.

The President called it a gimmick. Well, Speaker O'Neill did not call it a gimmick, Ronald Reagan did not call it a gimmick, and we got the job done. We rescued Social Security from bankruptcy in 1983 in a bipartisan effort in this body and in the other body and in the White House, because the trustees said at the time that it was going to be broke in a very short time. They are saying the same thing today about Medicare. I do not recall then Ronald Reagan or any Democrat, as far as I know, getting up and railing about, ''We are going to destroy Social Security,'' as the Democrats are doing now about Medicare, saying we are going after seniors, because everybody understood what the trustees had told us. If we did not fix it, it was going to go broke. The same is true here.

If we do not fix Medicare, it is going to go broke. That is all the Senator from New Mexico and that is all this budget proposes, to fix it. We are not using any Medicare savings for tax cuts for the rich, as I hear all my Democratic friends state. Some of them are rich, come to think of it. Now, the President's administration has apparently concluded Americans are nothing more than a series of special interests who focus on only living for today, uncaring of what will happen tomorrow. But the Senate Budget Committee resolution has a different view of what kind of people Americans are. I have a different view of what kind of people Americans are. Maybe it is because of what I have seen in my lifetime. I have seen Americans risk and lose their lives to protect freedom. I have seen them sacrifice and sacrifice and sacrifice to win the cold war. The words of Winston Churchill to the British people during the dark days of World War II can also be used to describe Americans:

> We have not journeyed all the way across the centuries, across the oceans, across the mountains, across the prairies because we are made of sugar candy.

I do not believe the American people have come all this way only to allow their country to drown in a sea of red ink. That is what America is all about. That is what the American people are all about. Nobody wants to give up anything, unless we understand how critical it is. So the Budget Committee resolution offers America a liferaft. We offer the American people, regardless of party, regardless of background, wherever they are from, whatever State, a liferaft. It sets a course for a balanced budget by the year 2002. It reverses the tide of half a century of

power flowing from our citizens and States to Washington, DC. In effect, it dusts over the 10th amendment, which I carry in my pocket. It is only 28 words in length. It says that the power which is vested in the Federal Government ought to go to the States and to the people. That is what this budget does. That was a radical theory 200 years ago. That is how old the 10th amendment is. It is part of the Bill of Rights and is 28 words in length. You ought to read it.

For the last 50 years, the power has been shifting to Washington, and we think it is time to shift it back. We trust our Governors—Democrats and Republicans—in any State of America. We trust our State legislatures. We believe that many times they can make better decisions, because they are closer to the people, than we can here. We do not suggest by that that the Government does not do a lot of good things. The Federal Government does a lot of good things and we understand that. We are going to preserve that.

If the past few days are any indication, the President is going to do his level best in the coming weeks to scare the American people, particularly seniors who only have Medicare or Medicaid and Social Security. That may be all the income they have and all of the protection they have. The President is going to try to frighten these people. He is going to try to frighten people with children. He will accuse us of being heartless. He will say we are out to get Social Security and Medicare. But it is off the table here. He will say we are slashing programs that help seniors, the children, and the poor. The liberal media will, of course, report these accusations, and many Americans will be led to believe it. But in the end, I believe there is a weapon stronger than scare tactics, and that weapon is the truth.

One thing about the Senator from New Mexico: You can expect the truth from PETE DOMENICI. He will tell it like it is, even when it hurts. The truth is that this budget does not slash Government spending. It simply slows its rate of growth. It does not slash Government spending. It simply slows the rate of growth.

As Senator DOMENICI said, rather than having Government growing faster than wages and salaries, which has been the case for the last three decades, wages and salaries will now grow faster than Government spending.

The truth is that this budget does not touch Social Security. It does not touch Social Security. But that does not mean the President will not say it does not touch Social Security. It does not mean it is not going to be reported that it does, but it does not touch Social Security. I assume the Senator from New Mexico would give a reward if one could find anything that touches Social Security in the budget.

Mr. DOMENICI. We ought to put a new incentive in. That will be something we ought to give to people.

Mr. DOLE. Right. If you find something about Social Security, there may be a reward for you.

Mr. DOMENICI. With reference to Medicare, we even suggest that in any reform measure, people at the low end of Social Security are held harmless. That is figured into savings. They do not suffer a loss in their Social Security check. That is even built in, in addition to Social Security being off the table.

Mr. DOLE. It is not a benefit or advantage to seniors.

The truth is—and this should all be about the truth, not about what is reported—that this budget will shrink the Federal bureaucracy, beginning right here in Congress, with a 7-year freeze on congressional salaries and a $200 million cut in the legislative branch budget. This reaches out to Americans in need. For example, we will spend $534 billion on Medicaid over the next 5 years, reflecting a 20-percent increase over that period.

The truth is that this budget begins the process needed to preserve, improve, and protect Medicare. This budget acknowledges that we must take action to save Medicare by slowing its annual growth rate.

But let there be no mistaking about what we are proposing. Let the Senate be very clear about it. Over the next 5 years, we will spend over $1 trillion on Medicare. That is an increase of $178 billion. Let me repeat: We will spend over $1 trillion on Medicare, an increase of $178 billion over what we would have spent if we froze Medicare expenditures at today's level.

Despite the overheated rhetoric coming out of the White House, we are not talking about cutting Medicare. Later in the debate I think the Senator from New Mexico will have a very interesting chart that ought to make Senators' eyes pop out. The statement made by President Clinton not long ago.

We are not even talking about freezing Medicare. We are simply suggesting we must find ways to slow the rate of growth. Slow the rate of growth. It is not about paying for tax cuts, it is about saving Medicare. This is a fact and that is the truth.

I do not care how many people stand on the floor on the other side, and there will be a storm of rhetoric on the other side about cutting Medicare for taxes for the rich. Not true. It is not true. We are trying to save Medicare, just as we saved Social Security in 1983. We will do it.

If they want to stand on the sidelines, and the President wants to be a.w.o.l., absent without leadership as he is almost every day, that is all right with us. The American people will remember who was carrying the heavy water up here. As my friend, Senator GRAMM says, ''Who was pulling the wagon?'' They are not going to pull any wagons on the other side. We will have to pull the wagon. It will be uphill. It will not be easy.

I might add here that the President's rhetoric about Medicare rings especially hollow given the fact that his own health care plan included a $180 billion reduction in Medicare and Medicaid spending. We do not hear much about that on the other side. We do not hear much about that in the White House.

In last year's health care bill, it was there—$180 billion in Medicare and Medicaid spending reductions. Now, the President said at the time, that is not a reduction. Again, I will leave that up to the Senator from New Mexico to explain at a later time.

The fact that Mrs. Clinton said in testimony before the Senate Finance Committee, ''We feel confident * * *. We can reduce the rate of increase in Medicare without undermining quality for Medicare recipients.'' That was not anybody speaking but Mrs. Clinton, who was in charge of the Government-run health care plan advocated by President Clinton. Fortunately, it failed. In her own testimony before the Finance Committee, ''we can reduce the rate of increase in Medicare without undermining quality for Medicare recipients.''

Now, what has happened in a year? Nothing has happened. So if they were right then, and we are right now, I guess we are both right. And the President ought to go back and read his own statements and read statements others in the administration have made.

I would take the President's budget rhetoric a little more seriously if he would offer the American people an alternative, besides his status quo proposal that Senator DOMENICI said even the Washington Post called ''weak and directionless.'' Believe me, that was in the Washington Post, and they do not often criticize Democrats for anything in this town. That was in the Washington Post, believe it or not.

Mr. President, we can and must do much more than simply maintain the status quo as the President has proposed. We can and must set the course to a balanced budget. And we can and must reduce the tax burden on America's families.

Mr. President, I believe that long after we are gone, future historians will look back at this moment, the rest of this week and part of next week, look back at this debate and say, ''Here's where the course was set. Here's where the dye was cast.''

It is up to Congress to determine what their conclusion will be. Will they conclude that here were the people who blew the last chance to change the status quo? Is that what they will write in 30, 40, 50 years? Or here were the people who ensured that the America of the 21st century would be one of low wages, high taxes, and fewer opportunities? Is that what they will write? Will they look back to 1995 and say, ''Here's where the American dream died, right here, right in this Chamber. Right in this Chamber, because we did not have the courage to do what the American people want us to do, or have the courage to do what we know we should do.''

Are they going to say all those things? Are they going to look back in 10, 20, 30, 40 years and say, ''Here were the men and women of courage. Here were the people who made tough decisions and ensured that America's best days are yet to come. Here were the people who ensured nothing less than the survival of the American dream.'' The choice is ours, and the time is now.

Mr. DOMENICI. I understand the distinguished Senator from Tennessee, Senator FRIST, would like to speak.

Senator DOLE, I might say I greatly appreciate the remarks, and I think the American people would know what the majority leader said here today is very, very important, and part of our efforts to get this budget resolution passed. I am very appreciative of this help.

The leader commented on the Senator from New Mexico, and he has been very supportive, as clearly indicated. We have a job to do and we want to get it done. I am most appreciative.

Let me just say a couple of things very, very quickly. The budget resolution before the U.S. Senate does not have any tax cuts in it until the budget of the United States is balanced, and until it is certified to be balanced by the Congressional Budget Office.

So, whatever the talk about cutting taxes versus how we balance the budget, the truth of the matter is we balance this budget and we do not cut taxes in doing that. We change programs. We alter and reform programs. We get to balance. Then there is a dividend, an economic dividend, that in this budget resolution is directed to be used by the appropriate committee for tax cuts, and tax cuts only.

Then it is interesting, people are talking about tax cuts for the rich. Frankly, we passed overwhelmingly—but for one vote, everybody else voted aye—a Boxer-BROWN resolution in that committee that said 90 percent of any cuts that were forthcoming after we are in balance would go to people with $100,000 or less.

We will hear a lot about other things, but the truth does not lie. The budget resolution is there to be looked at, and that is the way it is.

I yield Senator FRIST 15 minutes.

Mr. FRIST. Mr. President, I have been in this body for a little over 5 months now. It is very clear to me where the problem lies. As P.J. O'Rourke has said, ''Giving power and money to Congress is like giving the car keys and whiskey to teenage boys.''

The problem is that this Federal debt, the cost of increased Federal spending, year after year, has grown out of control. The debt is approximately $4.9 to $5 trillion by the end of 1995, and it will grow to $6.8 trillion in the year 2000. If we do nothing, $8 trillion in the year 2010.

They are big numbers. In individual terms, what do they mean? They are even more frightening. A family of four currently pays $440 per month just to pay the interest on the national debt. A child born this year will pay over $187,000 in interest alone on the national debt over his or her lifetime. By the year 2000, the debt will reach $6.8 trillion, nearly $100,000 for a family of four.

The reason for the problem is this excessive, wasteful spending. In Washington, unlike the private sector from whence I came just 6 months ago, people use this word ''cut,'' and when we reduce spending in the Federal Government from 5 percent to about 3 percent, people say this is a huge cut. The American people do not look at that as a cut. They know that it is slowing the increase in spending.

It is almost as if a person went in and asked the boss for a raise of $500 per month, and he said I will only give $450, and then the employee would call that a cut in salary. The American people are too smart for that.

Mr. President, while we must listen to the American people in working through the best way to structure arriving at a balanced budget and looking at this Nation's spending priorities, we must, over the next 5 days, maintain our resolve to put the long-term interest of this country over the short-term special interests that will likely become prominent in this debate.

I intend to vote for this budget because it and it alone will achieve balance by the year 2002. And what is the cost of doing nothing? The President of the United States has put forward a budget which we will be discussing which does nothing, which continues $200 billion deficits next year, the year after that, the year after that, the year after that, adding each of these years up to a huge additional $1 trillion to this debt. These are ballooning deficits. We cannot continue these endless mountains of debt again and again. It is not common sense. It is not what Tennesseans told me again and again as I traveled to the 95 counties of Tennessee this past year.

If you need further proof, look at the outside independent analysts. Look at the GAO, the CBO, the Bipartisan Commission on Entitlement and Tax Reform. Again and again they state the obvious, that present trends are clearly unsustainable. The General Accounting Office in ''The Deficit and the Economy,'' in April 1995 says, ''Continuing current spending and taxation policies unimpeded over the long term would have major consequences for economic growth.''

And the Bipartisan Commission on Entitlement and Tax Reform says:

> Absent policy changes, entitlement spending and interest on the national debt will consume almost all Federal revenues in 2010. In 2030, Federal revenues will not even cover entitlement spending.

Yes, in just 15 years, spending on Medicare, Medicaid and Social Security, on Federal pensions and on interest on the Federal debt, will make no money available for Government, for roads, for education, for defense. Now is the time to balance the budget.

The Congressional Budget Office says:

> Current fiscal policies literally cannot remain unchanged indefinitely: At some time, action will have to be taken to bring Government borrowing under control or servicing the Federal debt will require unsustainable tax rates in future years. Prompt action would limit the damage that occurs when Federal debt crowds out capital investment, putting upward pressures on interest rates. It would also limit the size of the needed changes in fiscal policy.

Let us talk a minute about what all these statistics mean to the average American in this country. Americans are currently paying almost 2 percent more in interest rates than they would if we had a balanced budget. What does that mean to the typical American? It is as extra $1,248 per year on a $75,000 mortgage at an interest rate of 8.75 percent. It means an extra $900 per year on a car loan of $15,000 at an interest rate of 9.75 percent. Again, with my background as a physician, coming to the U.S. Senate from the private sector, what amazes me most is that Medicare will be bankrupt in the year 2002 unless we act; bankrupt—part A, hospital expenditures for our senior citizens and individuals with disabilities. We will talk a lot about Medicare over the next several days but the bottom line is that in just 7 years, unless we act, seniors will not have hospital insurance in the United States.

We are going to continue to lose the war on poverty unless we act, and this budget does act. The Federal Government currently runs over 75 interrelated and overlapping means-tested welfare programs. Between 1964 and 1994, welfare cost the taxpayers $5 trillion in 1993 dollars. Yet the official poverty rate is 15 percent, nearly 4 percent higher than the all-time low experienced in 1973, a low of 11.1 percent.

If we do nothing, we will continue to have a Government that is too big, and the American people want a smaller, less intrusive Government. Our Government is too intrusive in our daily lives. It is a Government that strangles economic growth and innovation. If we look at spending on regulatory agencies, Federal regulatory agencies, it totaled $14.4 billion in 1993. Increased spending on the Federal bureaucracy in recent years has allowed the Federal Government to regulate nearly every aspect of our daily lives.

There are numerous other examples. The Food and Drug Administration has grown from 4,400 employees in 1970 to over 9,000 employees, yet we still hear again and again that pharmaceutical agents and drugs that are finally approved in this country had been approved on the average about 6 years earlier in other countries.

The President himself, in speaking to the AARP last week, said, ''I cannot support the status quo and neither can you.'' And that is what this balanced budget is all about. Yet that is what he has done, support the status quo. He has offered no budget to speak of. And I look forward on this floor to hearing

the debate on the proposed budget, the budget as proposed by the President. He has made no effort to balance the budget, yet the American people call every day for a balanced budget. The American people recognize that only by a balanced budget can we restore the American dream.

You can see if the Democrats, the other side, cannot see fit to cut spending sufficiently, the only answer will be a tax increase.

So what is our solution? It is the budget laid before you today, the Republican budget. And Republicans will tell the truth. Yes, there will be some restructuring and there will be adjustments associated with this budget. But they are nowhere near—nowhere near—the distortions that others are spewing forth. Let us examine some of the claims and then tell what the facts are.

Bureaucracy. Some say the Government bureaucrats will lose jobs and the economy as a whole will suffer because of reduced Government spending. People say we cannot go that fast.

The budget proposal today put forward shrinks the Federal bureaucracy, eliminates more than 100 Federal departments, agencies and programs. The budget put forward today abolishes unnecessary bureaucracy, eradicates, gets rid of, Government waste, terminates duplication, and consolidates Federal programs to improve efficiency and priorities. And that is what the American people want. They recognize we need to pull back. But they want us to prioritize appropriately.

Not only will this be good for the Federal budget but it will be good for the recipients of Federal benefits today, who are out there trying to do their best to make sense of the maze of regulations before them. There is no doubt this budget will result in greater economic growth.

On Medicare, some people say Medicare cuts are going to devastate our seniors and our entire health care spending. It is not true. As pointed out by the majority leader, we will be spending over $100 billion more in Medicare in the year 2002 than we do today.

And with regard to the social safety net, Social Security is put on the side. It is outside of this budget. We do nothing to attack Social Security. But then some people come forward and say we will leave children homeless and starving in the streets. In truth, our budget provides a safety net for those truly in need. It provides transforming new programs to empower the underserved, the poor, the indigent. This budget moves power and money out of Washington back to people, and that is what the American people are calling for. It does it by working toward block grants for Medicaid, block grants for welfare, child care, and other social services. The bottom line is that we empower communities, empower citizens to make decisions over their lives. The cruelest thing we can do to the poor, to the underserved, is to continue to fund certain assistance programs today without serious reform. Over half of the AFDC families today remain on welfare for 10 years or more.

One in three children today in the United States is born out of wedlock. In some low-income neighborhoods it is 8 out of 10 children, and those children are three times more likely to end up on welfare.

In 1960, nearly two-thirds of households in the lowest income group were headed by people who worked. By 1991 that figure had plummeted from two-thirds to only about one-third, and only 11 percent of welfare household heads were working full time year round.

Yes. The collapse of work and family has spawned crime, drug use, violence in schools, and other social ills. The people who suffer the most today are our children.

So we all know that the rhetoric we will hear over the next several days will be about hurting children. In truth that is just a smokescreen, a smokescreen to hide the fact that our big Government solutions have failed. I am confident by turning over our welfare assistance programs in large part to the States will result in innovation, creation of new ideas which can be adopted similar to those of Governor Thompson of Wisconsin, Governor Engler of Michigan, and Governor Weld. No longer will welfare be a way of life with regard to dependence on others.

In closing, the Republican budget has its benefits. We will hear about those again over the next several hours.

Lower interest rates: Lower interest rates which will affect nearly every American, allowing him or her to participate in the purchase of a new home or a new car for less money. Lower interest rates to make it easier to start a business, to keep a family farm in business, or for existing businesses to make new investments. And new investments result in more workers, and more workers mean more jobs.

Yes. We will see greater economic growth, greater economic growth that will result from a greater amount of capital available for borrowing. Right now, the Government is using our Nation's capital, capital that businesses and individuals could be using to invest in new ventures. New ventures mean more jobs with higher incomes.

And in closing, a balanced budget by the year 2002 will result in a stronger America today, and a stronger America tomorrow means that all Americans will benefit.

Thank you, Mr. President.

Mr. GRASSLEY addressed the Chair.

The PRESIDING OFFICER. The Senator from Iowa.

Mr. DOMENICI addressed the Chair.

The PRESIDING OFFICER. Who yields time?

Mr. DOMENICI. Mr. President, before I yield, let me thank Senator FRIST for his marvelous remarks.

Let me suggest that the Senate is very, very well served in the decision that this eminent surgeon made to get into politics. From my standpoint, I kind of wondered why because he does heart transplants for little children, an expert in the field. It made him very renowned. But I am very pleased he made the decision. He adds a lot of credibility, sincerity, and knowledge to our debate on health care. And we look forward to using him in the debate when Medicare comes up with some additional time. I am very appreciative of his remarks.

We understand Senator GRASSLEY was going next because there were no Democrats here. If they would let us do that, then we will yield to two Senators on that side for two consecutive ones.

How much time does Senator GRASSLEY desire?

Mr. GRASSLEY. Twenty-five minutes.

Mr. DOMENICI. I yield 30 minutes to Senator GRASSLEY.

The PRESIDING OFFICER. The Senator from Iowa is recognized.

Mr. GRASSLEY. Mr. President, I want to first commend the distinguished chairman of the Budget Committee for his leadership in putting this budget together. But in addition to saying those few words, I want to say to the American people that a lot of times an individual wonders whether one person can make a difference. As far as this budget debate is concerned, the person of Senator DOMENICI and his leadership as chairman, and the responsibility that goes with that, demonstrates clearly what we all know in America. If an individual puts their mind to it, that one person can make a difference.

So I thank the distinguished chairman.

Mr. DOMENICI. Might I, without interrupting after this, just say I thank Senator GRASSLEY very much. I very much appreciate that.

Mr. GRASSLEY. I thank the chairman for his leadership again.

Because their budget represents a vision, it also represents a plan on how to get there to carry out that vision. This budget is conspicuous in that it is the only plan before this body that will have a real vision, and will have credibility in the process. The hallmark of this budget is that it balances present-day needs with long-term needs. That is quite a balancing act. But it does it well because it does it for children, it does it for senior citizens, it does it for the needy, and it does it for the forgotten taxpayers of America. This does not forget the taxpayers. It is not just a bottom line in the year 2002 that we are talking about, because that is balanced. But it also is balanced between our long- and our short-term needs of society.

I do not think that any Republican who voted for this in committee, including the chairman himself, however, thinks that or makes a claim that this is a perfect document. There are elements in here that each one of us dislike. I will mention a couple for myself

because I am not going to speak on the negative aspects of this. But I do think that we ought to make it clear that there might be some things we would rather have differently.

For me, representing an agriculture State, I suppose I could say I am not satisfied with the agriculture numbers. However, I had a chance to address this in committee, and I did it with a sense-of-the-Senate amendment to limit the savings from commodity programs. We farmers know agriculture must contribute toward deficit reduction because we know that people in agriculture, including the family farmers, will benefit greatly from the lower interest rates that result when you have a balanced budget.

I also do not like Medicare numbers. But the issue there is to take important steps to keep this bankrupt program solvent, and of course viable both in the short term as well as the long term. The point, Mr. President, is balance, and this budget has balance.

It also contains some very important national goals, and I want to begin my remarks by pointing out some of them. It provides a vision. That vision is to preserve opportunity and the American dream for future generations. We intend with this budget to stop the practice of allowing their generation to live high on the hog and have the next generation pay for it. That, Mr. President, is a moral issue.

Next, this budget is balanced. This is a goal shared, as you may know, by more than 80 percent of the American people. Yet, however, there is only one party that has delivered a plan to balance the budget; that is, this side, the Republican side, of the aisle. It is very clear that the Democrats cannot put one together because that party it seems happens to be the party of the status quo. It is the party of business as usual. I have no doubts in my mind that they do not propose a balanced budget because they are the party that was roundly rejected by the voters in the November election last. Those voters, those very same voters by an 80 percent majority, want our budget to be balanced and the sooner the better.

Next, our budget confronts in a very responsible way the Medicare crisis. The other side of the aisle is running away from the challenge of shoring up the Medicare program, running away from the fact that the Medicare program is bankrupt. They happen to be doing it on Medicare just like they are running away from the challenge of the deficit. Instead of being responsible, and instead of offering constructive solutions to ensure the viability of Medicare, not only for this generation but for future generations, they are engaging in a campaign to scare the senior citizens of America and to scare the wits out of them.

It is somehow like a campaign staff has taken over the policy staff. This is a completely irresponsible posture on their part.

I just stated the broad goals of our budget, Mr. President. But there are others that are reflected in this plan. I want to state them but more briefly. It moves money and power out of Washington and back to the States, the citizens, and our communities. It substantially reduces corporate welfare spending. It provides for maximum crime control to keep Americans safe by protecting funding for the Drug Enforcement Administration and the FBI. It provides a safety net for the truly needy with emphasis upon children.

It protects Social Security. It protects our national security. It protects the school lunch and school breakfast programs. And it adds $2 billion for supplemental food programs for WIC. It eliminates over 140 agencies, programs, and commissions in the downsizing of government, including the Cabinet-level Department of Commerce. It eliminates bureaucracy, waste, duplication, and overhead, and it consolidates many Government functions, privatizes many others, and improves Government efficiency.

Now, Mr. President, it does all this while allowing spending to grow by 3 percent per year instead of the projected 5 percent. Government spending will still grow by 3 percent.

Now, there are a lot of people listening who are going to be irritated because Government spending is going to grow by 3 percent. I run into this when I meet with Iowans in town meetings because I overhear concerns that 3 percent growth is irresponsible when you have a $4.7 trillion deficit. These responsible constituents are greatly concerned about the future of their children and grandchildren because—do not forget—the most important thing that we can do for today's children, the most important thing we can do for today's children is to not leave them trillions and trillions of dollars of debt to pay off.

If you are really concerned about children, we must denounce policies that are based upon a philosophy of materialism today and to heck with tomorrow. We cannot go on borrowing money today at the expense of tomorrow's needs. We must find a balance, and that is what this budget does—a balance between today's needs and our responsibilities for tomorrow.

Mr. President, that is the good news about this budget. But all of these positive elements seem to get lost in the rhetorical barbs launched by the other party and in the news coverage of this budget reported to the American people. I think I know why. That is because, as we have been reading recently, the media have a penchant for delivering the most negative of news. And the other party, quite frankly, knows this and plays to it. And it makes very great TV. But how responsible is it?

There is one other important aspect of this budget that has not been talked about much, and it should be. And that is this. There is no pay raise in this budget for Members of Congress. There is no pay raise for Members of Congress for the next 7 years until this budget is balanced, until we have earned a pay raise.

There are also changes in the Members' retirement system to bring it more in line with private sector retirement systems. This pay freeze is important for two reasons. First, it ties Members' pay to our performance in attacking the deficit. It says, ''Don't even think about a pay raise until you get the budget balanced.''

The second reason is even more important, and I wish to commend again our distinguished chairman for the implicit leadership in what this pay freeze states. It says, in effect, we are leading by example. We are leading the way toward a balanced budget by denying ourselves any more pay over the next 7 years. And as a result we are not asking Americans then to do what we are not willing to do for ourselves. When people come into my office and ask why we are slowing the growth of their benefits, I can look them in the eye and say we are denying ourselves any growth as well. As a result, this Republican budget, in my view, earns the moral authority to ask everyone, to ask everyone to pitch in and to help balance the Federal budget.

So, Mr. President, the Republican balanced budget contains a positive vision for present-day America but also for future generations of young Americans. We balance present-day needs with the need to preserve future opportunity. Meanwhile, there is no alternative vision proposed by the other side. All they seem to offer is business as usual.

By definition, the absence of a bold vision is the continuation of business as usual. If Americans ever wondered which party is a party of the status quo, let there be no doubt now.

I wish to describe this symptom, the symptoms of defenders of business as usual. They use half their ingenuity to get us into debt and the other half they use to avoid pain—paying it off. Their philosophy is live within your income even if you have to borrow to do it. They simply refuse to reconcile their gross habits with their net income.

What does a budget look like that subscribes to this philosophy? I think, Mr. President, that we have a very good example of this budget. If you look at this budget, you see the President's numbers here. You see a budget that is never balanced into the future—not only not balanced but the deficits go up and up and up.

Now, Mr. President, you look at the Senate budget that we are debating right now and you see it gradually going down and by the year 2002 it is in balance. This zero here represents no more accumulation of debt. But if you look at the difference between this budget and this budget, the space in between, you see the accumulation of $1.5 trillion of debt. That is on top of the $4.9 trillion debt we have this very day.

This chart shows it very simply. It shows two directions into the future. That top line is business as usual, and it spells disaster for our children. The bottom line, the Domenici budget, the one that is balanced, that is the only alternative. It presents only vision for the future. That happens to be our plan, the Republican plan, the plan that was approved last week by the Senate Budget Committee.

You see from the chart the President abdicated his leadership this year in the budget process. My Democrat colleagues in this body now have to decide a simple question. Do they follow their leader in abdication and risk being the party of abdication or do they offer the country their vision in the form of an alternative? That is the question. It is easy to say what you are against, but what are you for? The American people want to know. The American people have a right to know.

During deliberations in the committee, I read a number of quotes from the CONGRESSIONAL RECORD that were uttered by Democrats on the Budget Committee. They spoke those words on the Senate floor during debate on the constitutional amendment to balance the budget.

I am not going to read those quotes today because I do not intend to embarrass anybody, but I have those quotes right here if anybody wants to know what they are. In sum, they said this during February: ''We don't need a constitutional amendment to balance the budget. We should do it in the Budget Committee.''

So, they implied, let us just roll up our sleeves and get to work on a balanced budget by the year 2002. But when it came to the Democrats voting on a motion by the chairman expressing the desire for a balanced budget by the year 2002, all but one brave soul from the other side of the aisle retreated, sounded retreat and voted against it.

Again, Mr. President, that begs a very important question: What is their plan? What is their vision?

This is then an issue of credibility. You cannot talk the talk until you walk the walk. And all we hear is sniping and wailing about what they are against. It is real easy to pick out a program in isolation and attack the whole Republican plan for a balanced budget. But until you put it in the context of your own balanced budget alternative, your concerns ring hollow and there is no credibility. If you want to snipe about the Republican budget and if you want to have credibility in doing so, you have to have an alternative balanced budget plan.

You might ask: Why do they have to have a balanced budget? Well, it is simple. The public is demanding one, and because it is our duty and obligation to this country's future and, of course, to the future generations of Americans. And not the least reason of which is that the other side said during the February debate that they wanted a balanced budget. They said that during the debate on the constitutional amendment.

Or, of course, they can choose the President's path, and they can put business as usual on automatic pilot.

So I say to them: Show us your vision. Show us how you get us there. Show us how you get there in 7 years, just like you said on the floor in February. If you do not do that, you will be all talk and no action. You will be following your leader in the White House in abdication of responsibility and then you risk becoming the party of abdication.

Now, I think I can claim for myself, this Senator from Iowa, that I have worked closely with the other side over the years for more deficit reduction than the leadership of their party or even our party maybe wanted.

Last year was just one of the latest examples. I happened to join my good friend, Senator Exon from Nebraska, the Democratic leader of the Budget Committee, in sponsoring the Exon-Grassley amendment. That saved the taxpayers $13 billion. I am the only Republican on the Budget Committee who can claim to have voted for a Democratic budget resolution in getting a budget to the floor.

I joined the other side those times because they were responsible, fair, and tough on the deficit. I did so even when it meant criticizing the President of my own party.

My colleagues on this side know full well that I have been willing to criticize past Republican Presidents. And I now make this same charge against this President for the budget that he submitted this year. It had no credibility regarding deficit reduction. He punted to the Congress. He took a vacation on reducing the deficit.

What I am saying now is—and I believe I have sufficient credibility to say it—if you do not offer a credible balanced budget alternative to Chairman DOMENICI's mark, you Democrats risk becoming the party of abdication as far as the public's desire for a balanced budget is concerned.

You might even come up with a plan that I could support, as I have done in the past. That is, if it were balanced. I want it balanced in the year 2002 if you want me to vote with you Democrats. But until you walk the walk, the credibility will not be there.

Mr. President, these are new times. These are times that require a vision. These are times that require a plan to get where you are viewing. You have to find a way to balance your present day priorities with long-term needs to preserve the future for coming generations.

Mr. President, we—not just the Members of the Senate—we—not just people inside the beltway—we—you, all the people of America, this generation—cannot live just for today. We have to live for today and we have to live for tomorrow.

We on this side of the aisle have presented a vision and we have presented a plan to get there. The question now, Mr. President, is: ''Where's theirs?'' I want to repeat: ''Where's theirs?''

I yield back the remainder of my time and reserve it for the Republicans.

Mr. EXON addressed the chair.

The PRESIDING OFFICER (Mr. ABRAHAM). The Senator from Nebraska.

Mr. EXON. Mr. President, in answer to my good friend and colleague from the State of Iowa, ''Where's theirs? Where's theirs?''—I assume we are going to be hearing that over and over again—''Where's theirs?'' was enunciated by this Senator in the remarks I made in opening this debate.

What we are trying to do, I advise my friend and colleague and oftentimes associate, is to simply say that we are offering a series of amendments to the Republican budget that has been offered, frankly, in a spirit of cooperation.

We will be doing here essentially the same thing that we did in the budget markup. And that is simply to reach out the hand of friendship and understanding and hopefully reach some kind of a bipartisan compromise by not rejecting the budget offered by the chairman of the Budget Committee. But, as I said in my opening remarks, I salute the hard work that had been done.

''Where's theirs,'' it should be understood very clearly by the Senator from Iowa and everyone else, that ''Where's theirs?'' is simply the situation that we are trying to recognize that in some instances you have done a good job. And ''Where's theirs?'' is that in good faith we are trying to get you on that side of the aisle to quit knocking down and rejecting every suggestion that we have made.

And I think that anyone who looked at the amendments that we offered would have had to say that at least they were in good faith and debatable. Basically what we did, time after time on a whole series of amendments, was to say, we believe that there are some good, overall parameters offered by Senator DOMENICI, the chairman of the Budget Committee, in his mark. But we happen to feel that some of the cuts on veterans programs, on Medicare, on Medicaid, and others that we have announced and enumerated—and I talked about most of them in my opening remarks—simply take money out of the money that is reserved for the tax cut that is clearly indicated in the budget in the House of Representatives and the $170 billion that is in the Domenici mark and reserved only for tax cuts.

What we are saying is, why can we not reason together? Why can you not give up on the tax cut, that you want to help out and cut down to some extent, a considerable extent, the hit that we think is being unfairly taken by Medicare, Medicaid, by farm programs, by taking away earned-income tax credit, by the cuts in education and others?

We just say, give us a little bit. Maybe we can go along.

I yield 15 minutes to the Senator from California.

The PRESIDING OFFICER. The Senator from California.

Mrs. BOXER. Mr. President, I thank the good Senator from Nebraska for yielding. I want to, before I begin my formal remarks, identify myself with his statements to the Senator from Iowa. The Senator from Iowa made a very strong speech. ''Where's theirs?'' Well, that is a lovely slogan. The fact of the matter is you are going to have a chance to see what we have in mind, just as you did in the Budget Committee, where I proudly serve with my friend from Iowa.

The fact of the matter is, we are going to be offering a series of amendments that take that Republican budget that we think, frankly, is a retreat from the American dream and try to fix it and try to fix it the way we think the vast majority of Americans would fix it.

So my friend from Iowa will have a chance to find out what the Democrats think is important. He is going to find out, and if he acts true to course, he will vote against everything because those Republicans do not want to touch the $170 billion they have reserved to give tax cuts to the wealthiest. Those over $350,000 will get $20,000 back each and every year, while the drastic cuts in programs that my friend from Iowa says, ''We're doing it for the children,'' cause nothing but pain for the children.

As we offer up our amendments, they will not change the date in which this budget is in balance. It will be kept at 2002. That will not change by one 1 minute or 1 day. But what will change—what will change—are the priorities of this Nation, and that is why I so relish this debate on the budget and why I was so honored to go on the Budget Committee of the U.S. Senate. I served on the House Budget Committee as well, because what could be more important than what we spend taxpayers' money on? What could be more important than that? When you read the preamble of the Constitution—and I recommend that you do it as often as possible—you will find out that we do have to establish a system of justice, that we do have to provide for the common defense, that we do have to promote the general welfare and make sure that the blessings of this great country are endowed on future generations. That is the function of the U.S. Government.

Now, we can argue around the edges, but it is our responsibility to fulfill that very solemn pledge we take when we raise our right hand and we swear to God that we will, in fact, uphold this Constitution from enemies both foreign and domestic. I take that oath very seriously. I think that the budget of the United States of America is where we lay out for the American people how we hope to do that.

Mr. President, I believe this budget resolution, this Republican budget resolution is a cruel retreat from the American dream because it, among other things, will take money out of the pockets of working people, college students, senior citizens and place it in the pockets of the wealthy. It is Robin Hood in reverse. It is just what we should not be doing.

When I listen to some of the debate and I hear my colleague, Senator GRAMM from Texas, and I have heard him say it many times, he says, ''What I want to do as a Republican is take the money out of the pockets of the Government and put it in the pockets of the people.'' Well, if he believes that, he will not support this Republican budget, because this Republican budget takes money out of the pockets of the seniors, out of the pockets of the students, out of the pockets of those who work so hard and earn $28,000 a year or less, and what does it do? It puts it in the pockets of the wealthy. That is wrong. That is wrong, and that is what has been hidden in this debate and that is why I relish this debate.

When I say that this budget is a cruel retreat from the American dream, I know what I am talking about because I am a product of the American dream. I am a first generation American. My mother never graduated from high school. Both sides of the family escaped from oppression, and it was America that gave us the dream. If there is anything that I am going to do—anything that I am going to do in the Senate—it is to make sure future generations of Americans have the same chance that I had as a little girl growing up in a tiny little apartment.

In this great Nation, my father could get an education, the first child in a family of nine to go to college, and he went at night and worked hard, and he worked by day. Then later, when he had a couple of children, he worked hard and he went to law school at night and became a professional. He did it because of America. They were able to save and send their children to college. One is a professor and another is a U.S. Senator. That is the American dream, and this budget is a cruel retreat from the American dream.

What really riles me is that Republican after Republican will get up and say, ''We're doing this for our children. This is a gift to our children.''

I will tell you what kind of gift it is. Imagine you are a little kid and you get a big box for your birthday and it is wrapped in a beautiful ribbon and you open it up and nothing is in it. There is nothing in this budget for children—nothing.

Children are attacked in this budget. Education is slashed in this budget, and I am looking forward to working with my colleague from Illinois, who you will hear from soon, and with Senator KENNEDY, and with Senator HARKIN to restore those cuts in education and, yes, I say to my friend from Iowa, we will make that amendment revenue neutral. It will not change your balanced budget one bit. But you will have to walk the line and send a message to the children. Do you really care about their education? Do you care about the fact that in your budget there will be 550,000 fewer children in Head Start; that the average college student will have to pay nearly $5,000 more for a loan, and if they are a graduate student, between $3,000 and $6,000 more for a loan.

We are going to fix that in the context of your budget. If you want to vote against it, that is fine, but do not tell us that we are not acting responsibly, because we are going to give you amendment after amendment. We are going to give you one on Medicare. We are going to soften the hit.

In California, we have over 3 million people on Medicare. Let me give you a portrait. The average woman of Medicare age today has an income of $8,500 a year. Think about that. In the Republican budget, that elderly woman, that grandma or great-grandma will have to pay $900 more a year out of her pocket for medical care, and the care will be worse and her choices will be taken away. So do not tell her that she is getting a gift in this budget. She is getting hit.

When I was growing up, my mother and father taught me to respect the elderly. That is not respecting the elderly, to take that money out of her pocket and put it in the pocket of someone who earns $350,000 a year. Forget it from this Senator. I will fight that as long as I have life in me. That is disrespect. And we talk about V–E Day. I heard the chairman of the Budget Committee talk about V–E Day. I want to talk about V–E Day, because I had uncles who went to war, World War II. And I have friends who fought in Vietnam and in Korea. What is the gift to them in this budget? We cut out veterans benefits, and for those men who fought, we cut their Medicare. Oh, that is a great gift for our elders to celebrate V-E Day. This is a cruel budget, and it does not have to be. As my friend from Nebraska said, you just take that money that you squirreled away in your little lock box there very cleverly—but it is there—and you back off that, and let us talk business. Let us ease the burden on our veterans. Let us ease the burden on our children. Let us ease the burden on our seniors, and we can do it in a fiscally responsible way.

I want to talk a little bit about some of the investments that we are walking away from in this budget. And before I do, I want to make one more point about how this budget hurts those making $28,000 a year or less—families making $28,000 a year or less, working.

Under Ronald Reagan we started the earned income tax credit. He said it was the best antipoverty program he had ever seen. What does it do? It says to those hard-working Americans who earn under $28,000 a year, we are going to ease the burden of your payroll taxes and we are going to allow you to

pay fewer taxes. What does this Republican budget do? It pulls back on that program, and it will mean $1,600 more over seven years to those hard-working families—$1,600 more in taxes for those people. I cannot understand it. We are raising the taxes of people who earn under $28,000 a year, who work mightily hard for that money, and we are lowering the taxes of those who make over $350,000 a year.

There must be some symmetry here. I told you before how we are hurting those students who have student loans. It is going to cost them much more over their lifetime. Do you know what it costs to go to a private college today? It is $15,000 to $20,000 a year. After the Republicans get through with this budget, only the wealthy will be able to go. They are getting $20,000 a year back. So if they have a student in their family, Uncle Sam just paid the way. But if you are middle class, look out, it is going to cost you almost $5,000 more a year, middle-class students for undergraduate, and between $3,000 and $6,000 more for graduate school, at a time when we know we must be the best educated in order to compete in the world. This Republican budget is an embarrassment to the values of America.

I want to talk about another shortsighted area. National Institutes of Health. These are the scientists that get grants, who do the science to find the cures to diseases. You think about the disease in your family that you have seen, or among your friends, be it heart disease, high blood pressure, AIDS, cancer, or be it Alzheimer's, Parkinson's, cystic fibrosis, you can name them. Everyone has been touched by something in their lives. The NIH, National Institutes of Health, gives out grants to scientists, and we have created Nobel Prize winners and they are finding the cures for disease. I had a meeting with Dr. Varmus who heads NIH in my office yesterday, and this budget is even worse than I thought.

Under current funding, for every four grants that are approved—in other words, if scientists come forward with a good possibility of finding a cure for a disease, one in four of those applications is approved. I wish we could approve and fund all four. We can fund one in four. Under this Republican budget, we will be lucky to fund 1 in 100 new applications—1 in 100. Now, you do not have to be too smart to know that this is shortsighted. We are one plane ride away from disaster. You have read about this ebola virus. We are one plane ride away from disaster, and we are unilaterally disarming our scientists in this country.

Now, I have to say this. I believe if I went up to one of my constituents who earned $350,000 a year and I said, ''What would you rather have, a tax break, or you could take that money and you could bring home a cure for cancer?'' I honest-to-God believe they would say, ''My goodness, Senator, if you could promise me that, certainly I would give that tax break up.''

So what are we doing in this budget? We are retreating from the American dream, we are walking away from science, we are giving up in the face of international global competition. And what for? My friends will say that it is all worth it. It is all worth it—hurting the seniors—although they will say to you, ''We are not cutting Medicare, we are just lessening the increase.''

Let me tell you about that myth. When more people turn 65 and older, it is going to take more money to cover those people. And, guess what, we are living longer and do we not like to have our grandmas and grandpas around? With better technology, it costs more for the Medicare Program. I do not think we want to deny our grandmas and grandpas the best technology. I know I do not.

So they are going to tell you that the Democrats are exaggerating the pain of this budget. We are not exaggerating the pain of this budget; we are telling you the truth, and we are telling you the only reason you are being asked to take this pain—the children, seniors, veterans, the scientists, education, and the rest—is to give big tax breaks to the wealthiest among us. I say this budget should be defeated. We should argue the facts. We should bring the facts to the American people, and I hope they wake up and participate in this debate and engage in this debate and let their leaders know this budget is not a blueprint for the future, it is a blueprint for disaster.

I yield the floor.

The PRESIDING OFFICER. Who yields time?

Mr. EXON. I yield 15 minutes to the Senator from Illinois.

The PRESIDING OFFICER. The Senator from Illinois is recognized.

Mr. SIMON. Mr. President, I thank my colleague for yielding and I thank him for his leadership. It is not easy leading a group of Democrats who wander all over the place on these issues. Senator EXON has done an admirable job. I also commend Senator DOMENICI for moving toward a balanced budget here. I think he has shown courage and the kind of leadership that is needed. I heard Senator GRASSLEY say, ''What can one person do?'' I think Senator DOMENICI has contributed.

I am concerned. I wish this were backed up with a balanced budget amendment for two reasons. One is that the reality from all of the econometric studies is that interest rates would really come down if we had this backed up with a balanced budget amendment. The financial markets do not know whether this is going to stick even if it stopped it. And I think there is good reason to believe it may not stick.

Our history—and I see the Senator from Washington on the floor, who was here when we voted for Gramm-Rudman—is that we keep legislative solutions for a balanced budget about 2 years, and then they become too politically awkward and we give them up. If we had a constitutional amendment, we would have, at a minimum, another $170 billion that could be available for education and Medicare and other things.

One of the ironies is that the AARP, which understandably is concerned with what is happening in Medicare, was opposed to the balanced budget amendment which could, today, make more money available for Medicare.

I am also concerned, and I mentioned this in the Budget Committee, that our atmosphere has become more partisan than it should be. We really ought to be working together on these things.

I am not blaming either party. This thing has just kind of grown over the years. I do not think it is helpful to either party or to the Nation.

I voted for Senator DOMENICI's resolution to have a balanced budget by the year 2002. I voted against the final package because I believe the priorities are wrong. I think they are wrong for the reasons I will spell out here.

First of all, they assume that there will be a tax cut if we have some interest savings. This is not the time we should have a tax cut. I face a choice of giving myself a little bit of a bonus—I do not like paying taxes any more than the Senator from Michigan or the Senator from Nebraska or anyplace else—giving myself a little bit of a bonus, or giving my three grandchildren a bonus and making life better for them.

I do not think Americans have any hesitancy in saying, ''Let's get that deficit down. Let's not give ourselves a tax cut.'' The tax-cut premise is wrong. I know Senator DOMENICI had to fashion a compromise here. Our colleague from Texas is going to offer an amendment to specify more clearly a tax cut. I hope his amendment is resoundingly defeated.

Second, I am concerned what is happening to education. My friend, Senator GRASSLEY, mentioned this is a choice between their budget and the status quo. Well, in the field of education, status quo would be appreciably better than cuts in the field of education.

Every study—I do not care whether it is by a conservative think tank or a liberal think tank—every study that questions how we build a better America says we will have to invest more in education. Yet this budget goes in the opposite direction.

Title I, which helps poor kids, and has done some real solid things, the reality is that if this is adopted, young people in Chicago, East St. Louis, Detroit, Omaha, Seattle, and other places represented in this body, will see some cuts. Head Start is going to be cut back. The student loan—part of this bill is that there will be rescissions that the Labor and Human Resources Committee has to make. The Presiding Officer sits on that committee. That committee will have to make $14.7 billion worth of savings on student loans.

Now, the document talks about cutting back on graduate education. If we totally eliminate assistance for graduate education, we save $2 billion. That in itself, I think, is wrong. But that leaves $12.7 billion that we still have to get. That means, clearly, we will have to charge interest while students are in college. That will make it tougher for them when they get out of school, and I also think will discourage some from going to school.

I think it moves the country in the wrong direction. This is the kind of issue where, frankly, instead of devising a partisan document, I have enough confidence in the Senator from New Mexico, the Senator from Washington, and the Senator from Michigan, that if we could have been able to sit down in a bull session and say what really are the national priorities and forget whether the Democratic or the Republican Party can benefit from it, I do not think we would have been cutting back on education.

I heard Senator BOXER talk about cutting back on NIH, the National Institutes of Health, in the research area. I remember Senator HARKIN speaking on this floor, mentioning that we have spent as much in the last 7 years on military research as we have spent on health care research since the beginning of the century. I have never checked out that figure, but it was a startling figure. It is probably close to accurate, if it is not completely accurate.

I saw my father die of leukemia. So I have been interested in what has happened in leukemia research. I have seen great progress. My father died in 1969. Today he would have a real chance of living. I see the progress that is being made, and I want to continue that progress so that humanity can benefit. I think that is what people want.

Just today in the town meeting every Thursday that Senator CAROL MOSELEY-BRAUN and I have for our Illinois constituents, the multiple sclerosis Father of the Year was there with three fine young boys and his wife. Just a marvelous family. He is a lawyer by background, struggling just to walk. How I would love to see some kind of a breakthrough that could help him and his family. But it will take dollars to do it. When we cut back on dollars for research, we are preventing breakthroughs that we need.

Now Medicare and Medicaid. I do not suggest that they do not have to take some hit. The growth is clearly excessive. But the kind of hit we are talking about is going to hurt a lot of people. While we have talked primarily about Medicare, I am concerned on Medicaid, too. Half the people on Medicaid are children—poor children. I do not think the American people want to cut back on health care for poor children. Yet that is what happens.

Then I heard Senator GRASSLEY say in the Budget Committee, accurately, he said there is only one sacred cow in this—I am not talking about agriculture here, Senator EXON—there is only one sacred cow in this budget. That is defense.

I do not think there is any question that that is accurate. Yes, we have cut back defense spending some. But relative to what other nations have done, we have not done it much. We are spending more than the next eight nations combined are spending on defense.

We are continuing to spend money on B–2 bombers. What is the purpose of a B–2 bomber? To penetrate Soviet radar. There are only two problems. There is not any Soviet Union and there is not any Soviet radar. They are useless. We could not use them in Desert Storm. We do not use them in Haiti. We do not use them in the practical problems that we face. We are spending money for yesterday's war. We can cut back and do better.

There are a number of other things that I think are wrong in this budget, including one small one. I was pleased to have Senator BOND from your side of the Budget Committee vote with me to restore this. This is the antifraud compliance group that will save $5 for every $1 we put into it. The estimate is if we have this antifraud compliance group in, the IRS, we will save $9.2 billion over a 5-year-period, I believe the estimate was. And we are talking about a 7-year budget. So it would be significantly more than that.

I understand when people say we should not have any tax increases, though frankly I think we should be more candid with the American public that, of the 224 industrial nations, we are 224th in the percentage of our income that goes for taxation. We have the lowest taxes on gasoline, for example, of any country outside of Saudi Arabia. You go through a whole series of things like that.

But for people who say we do not want any tax increases, I understand. I do not understand why, when so many of us pay taxes and comply with the law, we do not want to go after those who are cheating. That is what that amendment does. Senator GLENN and I will have an amendment on the floor to deal with that.

Finally, I would like to deal with Senator GRASSLEY's question, What are we for? First of all, you will see in a series of amendments that we will be proposing what we are for in terms of shifts. Senator EXON will have at least one amendment. Senator KENNEDY will have an amendment. Others will have amendments. But there will also be an amendment that some of us will offer, a more comprehensive amendment. I do not know how many votes we are going to get. I hope there will be people on the other side of the aisle who will look at this carefully. I think the priorities are wrong here.

That we should move toward a balanced budget, absolutely. PETE DOMENICI is to be commended for moving us in that direction. But that we should have priorities that hurt the most vulnerable in our society, I do not think that makes sense. I do not think that is what the American people are for.

Mr. President, I yield the remainder of my time back to Senator EXON.

Mr. EXON. Mr. President, I thank my colleague from Illinois and my colleague from California, who spoke before him, for their excellent presentations and the direct way that they tell what we are trying to do to be constructive on this side of the aisle. I very much appreciated the dedicated work of both of them on the Budget Committee. They have been extremely helpful, very helpful in the markup process. I thank them for their excellent remarks to set the record straight about the constructive posture we are trying to take on this side of the aisle.

I yield 15 minutes to the Senator from the great State of Wisconsin.

Mr. FEINGOLD. Mr. President, I thank the ranking member. As the Senate begins its debate on the concurrent budget resolution, I would like to offer a few comments also on the work of the Budget Committee, and especially on a subject about which I have had a particular concern, and that is the subject of the tax cut; whether it makes sense to have tax cuts at this time part of the budget resolution.

The first thing I want to do is praise the Senator from Nebraska, not only for his work on the Budget Committee but for the fact that he was one of the very first Members of this body to point out—and to join me in my efforts to say—we really cannot consistently say we are trying to reduce the deficit and have tax cuts. So I appreciate his leadership on that. He has done that consistently throughout the Budget Committee process.

I also want to commend the whole Budget Committee and its chairman, the Senator from New Mexico, for the work that was done on the concurrent budget resolution. As the debate unfolds on the concurrent resolution, there will be a lot of opportunities to criticize the particulars of the document and proposed changes to it. I expect to do both of those things. That is the nature of the legislative body and the consequence of the diverse priorities that are represented here. Before that debate, though, Chairman DOMENICI should be lauded for his effort. I was especially pleased with his ability to keep the budget deliberations in committee clearly focused on the issue of reducing the deficit.

We have different approaches to how we get there, but there has to be a unified, bipartisan commitment that at the end of this budget resolution we will have a resolution that calls for a date certain—and I think it should be the year 2002 or earlier—for a balanced budget to be achieved.

Those who are serious about deficit reduction have to make tough choices about where and how much to cut, and I think we have to make those choices right now. When I ran for the Senate, I

proposed a specific plan that would have provided for a balanced budget by the year 1998. I still think that would work. But at this point, given the realities, if we can get this done by the year 2002, I think it would be a very significant achievement.

But as chairman of the Budget Committee, the Senator from New Mexico, faced not only the same tough choices the rest of us had to face, his choices had to achieve a consensus out of the committee so he could get a majority. I will add that the ability of the Budget Committee to craft a document that at least the majority party argues achieves a balanced budget by the year 2002 does underscore my belief that we do not need, and did not need, a constitutional amendment to balance the budget.

How can this process even be unfolding if we need a balanced budget amendment? The line was they simply will never get down to business if we do not change the Constitution. But the product of the Senate Budget Committee proves that we did not have to mess around with the Constitution, we just had to get together in committee and on the floor and do the job now.

I think that is very important because people lose sight of the fact that we devoted a month out here to discussing the balanced budget amendment. I think we did the right thing when we defeated it.

But now we have the opportunity to show not only that it was not necessary, but that we did not have to wait for the States to ratify it and sort of get started on the project late in this decade, but that we can do it right now. We can do it this very year through the budget process. I know it is tough. I know some Budget Committee members are on record supporting significant tax cuts. Obviously every Member of the Senate would love to be able to vote for tax cuts.

But the chairman of the Budget Committee rightly decided that the first priority of the committee is not tax cuts but deficit reduction. The Senator from New Mexico is absolutely right and, given the political pressures he faced in this regard, I think he deserves credit for his efforts. He tried. He tried very hard. He came up short, but he improved the House version, the version of the other body, which provides for even more enormous tax cuts.

So that was progress. I wish I could say, though, that those efforts spelled the end of the push for tax cuts. I regret that even the Senate budget resolution itself leaves the door wide open for tax cuts. Do not let anyone tell you the Senate budget resolution does not contemplate tax cuts within this 7-year period. It does and they would be very large; to the tune of, apparently, at least $170 billion.

That document creates a special budget surplus allowance dedicated solely for tax cuts. Although I certainly think an excellent job was done in many respects, that special fund is an invitation for trouble if we are going to reduce the Federal deficit and eliminate it. The $170 billion tax cut fund is a cookie jar. It is a special fund put away that could be used for deficit reduction, or to restore the Medicare cuts and the student loan cuts and the agriculture cuts that are a part of this document.

I have to reiterate, we could get more deficit reduction or we could still have a completely balanced budget by the year 2002 and not do those very harsh cuts to the tune of $256 billion to Medicare. We need to eliminate this kitty, this cookie jar for the tax cut. Not only is it $170 billion but the special fund will almost certainly lure proposals to enact even more significant tax cuts. I do not think that is the chairman's intent. In fact, I think it is just the opposite. But I think that is what will happen. And once the focus of our work is shifted from deficit reduction to tax cuts, I think it will be a very short route to another tax-cut bidding war.

If we have that war it will undo the progress we made in the 103d Congress and the further progress I think the Budget Committee is trying to make with regard to reducing the deficit. In fact, it was just that kind of tax-cut bidding war in the 1980's that got us into this terrible mess in the first place.

A major tax cut is not only fiscally imprudent; it may undermine the public confidence we have to have to pursue the painful cuts necessary to balance the Federal budget. The tax cut may be the crown jewel of the Republican contract, but it is really a lump of coal for the children and grandchildren of our future who get stuck with the debt and paying interest on the debt because we did not have the guts to eliminate the tax cut today.

If the American people believe we are playing it straight with them, that the cuts we enact are fair and honest, then they will support the work product and make the sacrifices needed for a balanced budget willingly. If, however, they believe that this process is nothing more than politics as usual, that we are enacting a fiscally irresponsible tax cut for the sake of a political agenda, then they will rightly question the sincerity and fairness and prudence of the cuts in the budget package, and any hope for progress on this will be dashed.

Inclusion of any type of a major tax-cut measure in this year's budget resolution sends us in the wrong direction. Deficit reduction has to be our highest priority, not tax cuts. Enacting tax cuts at a time when we are still fighting the deficit could well hurt those families whom the tax cut is supposed to help.

It is the middle class who will bear the brunt of the higher interest rates that could be triggered by a tax cut, and their children who will bear much of the burden of the continually escalating national debt.

Mr. President, this should not be, and I do not think this really is a partisan issue.

For my own part, I have opposed the tax cut proposals that Members of both parties have offered.

Last November, I opposed the tax cuts included in the Contract With America. But I also opposed my own President's tax cut plan on the day he announced it.

Since then, some of both parties have advanced tax cut proposals. But I am happy to say that Members of both parties have joined me in challenging the wisdom of these proposals. The momentum in this body is against a tax cut. The momentum was begun by the good work of the Budget Committee which at least relegated the tax cuts to this cookie jar. That was the first step. The whole Senate should finish it off. Let us get it off the table, and make this budget about one thing and one thing only; and, that is, getting rid of the Federal deficit once and for all so the people in this country can get rid of that sick feeling in their stomachs that the people out here in Washington are not responsible with their tax dollars, so that kind of bipartisanship is encouraging, not only the issue of tax cuts, but also on the issue of deficit reduction in general.

The growing bipartisan opposition to the tax cut stems from a belief that deficit reduction is the higher priority, that the savings generated by these very, very tough spending cuts have to be used for deficit reduction and not tax cuts. In that common belief we ought to be able to find the common ground that can be the basis of a truly bipartisan budget resolution.

Mr. President, as I said, before, I stand ready to participate in such an effort, and I am sure that many of the people on our side of the aisle share that view.

Because the actual work of reducing the deficit requires hard choices, it is so very easy to stray away from that chore.

It becomes even more tempting to avoid that responsibility when something as highly charged and politically appealing as cutting taxes competes for our attention.

For this reason, the chairman of the Budget Committee again should be commended for keeping the primary focus of his work and his committee's work on deficit reduction instead of reckless tax cuts.

So, though I have a number of significant differences with the chairman's proposal, and especially a tax-cut cookie jar, I did want to take this opportunity to thank him for his work.

At the end of the day let me conclude by saying that you cannot have it both ways. You cannot say we absolutely must make big cuts in Medicare and farm programs, student loan programs, you cannot say that you have to get this done by the year 2002, or we will have a terrible fiscal mess, and then turn right around and say we have

plenty of money for $170 billion or $300 billion of tax cuts. You cannot have it both ways. As we say back home, you cannot have your cake and eat it too. Mr. President, I would suggest you cannot have your deficit reduction and eat it, too.

I yield the floor.

Mr. DOMENICI addressed the Chair.

The PRESIDING OFFICER (Mr. THOMPSON). The Senator from New Mexico.

Mr. DOMENICI. Mr. President, I am going to yield to Senator GORTON as much time as he desires. I wonder before he speaks if he would yield me 1 minute.

Mr. President, I want to make it clear once and for all. The budget that we put before the Senate is a deficit reduction budget. It is a zero deficit in the year 2002, no games, no smoke, no mirrors. The first actions of the U.S. Senate when they implement this will be to get to a balanced budget. For anyone talking about tax cuts prior to balancing the budget, just get hold of the budget resolution and read it. If there is anywhere in there that you can find that, then obviously I will not only come here and apologize but clearly, clearly it will be a budget that I did not produce. So somebody put words in that I do not understand, that I did not know were there. That is point No. 1.

Point No. 2: The way this budget is structured, you will get to balance. You will have all the laws changed that get you to balance. That is frequently called a reconciliation bill, a big bill that will change the entitlements permanently.

You will then ask the Congressional Budget Office. Is it balanced? When they say yes, and only then is the 170, perhaps 170. It might be a different number, depending upon the Congressional Budget Office evaluation of our path. There will be an economic bonus.

The American people are entitled to an economic bonus, and we say give it to them in tax cuts. But only then, and we also pass the resolution that the tax cuts, 90 percent of them, have to be for people earning $100,000 and less. All of the rest of the talk about tax cuts, I would hope everyone understands you are talking about something that is not before the Senate. And I am not suggesting you cannot talk about it or you should not. But I hope everybody knows that is not the case in this budget. Balancing the budget is the primary responsibility.

For anyone who wants to balance the budget, and then turn around and say now that you have it balanced, start spending again, it is balanced, you have it in balance, there is an economic dividend, start spending it again—have at it.

I just do not believe the American people believe that, for they will say that is just the same old thing. That is spending again. We say when you get to balance give the American people a break.

I now yield to Senator GORTON, and he will manage the floor for a while.

Mr. LAUTENBERG. Will the Senator yield for one unanimous-consent request?

Mr. GORTON. Certainly.

PRIVILEGE OF THE FLOOR

Mr. LAUTENBERG. Mr. President, I ask unanimous consent that staff people, two fellows, Danielle Rose and Lauren Ewers be granted privileges of the floor during the debate on the budget resolution.

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

Mr. LAUTENBERG. I thank the Senator.

Mr. GORTON addressed the Chair.

The PRESIDING OFFICER. The Senator from Washington.

Mr. GORTON. Would the President notify me when I use 15 minutes?

Mr. President, I must start by saying that perhaps some of the criticisms of the position of the Democratic Party that have been levied in the last few days, and even here this afternoon, may be a little bit overstated. It has been our position that the opposition to this budget resolution are totally defenders of the status quo, that they do not wish to make any changes whatsoever, that they do not care about a balanced budget. But several of them have already told us that is not true, that everything they propose will continue the balance and the resolution produced by my distinguished friend and colleague from New Mexico. Mr. President, if that is the case, the Domenici budget is already a landmark of progress for this country. And I fervently hope that those statements do turn out to be true, though I may be a skeptic until I see it proven.

Under those circumstances, the accusation of the defenders of the status quo will be appropriately directed only at the White House and at the administration.

My friend from Iowa earlier this afternoon pointed out that this yellow line describes the budget deficit for the next 5 years under figures provided by our Congressional Budget Office if we are to pass the President's proposed budget. This is what happens under the President's budget, and the proposal that was presented by Members on the other side when they offered us a huge tax increase 2 years ago to lower the budget deficit. Well, in all 5 of those years we will have that huge tax increase in place. But the budget deficit will go up each and every year.

That, Mr. President, is the status quo. That was what the administration proposed to us. That is what was defended for at least a couple of months by Members on the other side of the aisle while we strove mightily to come up with something that would put this country on this line, a line ending in a balanced budget in 7 years, exactly as promised in the constitutional amendment defeated by only a single vote.

So perhaps we have made a huge degree of progress. We have the other party repudiating this line and accepting this line.

My colleague from New Mexico has invited any Member of the other party during the course of the day to propose the President's budget, so that we all may vote on it and determine whether or not there is anyone in this body who wants to do this. And I hope and I believe that if no one from the other side of the aisle makes such a proposition, we will put it out here for debate and for a vote ourselves because its repudiation will show that great progress has been made in agreeing at least on the desirability of balancing the budget.

But, Mr. President, my skepticism remains because at the same time we are told that all of the amendments will do nothing but redistribute various functions but will continue this line, we are told, no, no, we do not have an alternative budget—not here. Now, that political party in the House of Represenatives has an alternative budget to what is proposed in the House. Do you know what it is, Mr. President? It is essentially the Domenici budget. It looks good over on the other side of the Capitol but not here. No, they say, what we will do is propose individual amendments, each of which will maintain this balance.

Now, what, Mr. President, is the difference between going at it that way and making an overall budget proposal which continues us on this line? Well, it is very simple. You can use the same money over and over and over again. Each time an amendment is defeated that would cut the defense budget in order more generously to fund one of their favorite programs or would go into the reserve fund to fund one of their favorite programs, each time such an amendment is lost, you can do it over again. You can use the same money for a different spending program.

Between the first two Senators who spoke on that side, there were eloquent demands for more money for education, for veterans, for health care, for the National Institutes of Health, less of a slowdown in the outrageous growth in the earned income tax credit, and more money for agriculture.

Now, Mr. President, there is no possibility that they could produce a budget that did all of those things in half the amounts outlined by the Senator from California without a huge tax increase. But if they do it one amendment at a time and lose one amendment at a time, they can use the same money over and over again. And perhaps, Mr. President, my skepticism is fed a little bit by the fact that that is exactly what they did in the Budget Committee. I kept notes as a member of that committee, and 14 amendments from that side proposed increased spending; 6 of them proposed actual tax increases over the present level; 5 used the reserve fund, there for the possibility of tax cuts if we do our job right; 2 others

reduced those proposed tax cuts, and 3 reduced expenditures for defense below the President's proposals which themselves already call for reductions, real reductions in every year covered by his budget.

That is what we will get here, Mr. President. The one uniting factor over there is a total anathema with respect to the remote possibility that someone's taxes somewhere in the United States might be reduced.

Now, as the Senator from New Mexico said, we do not propose a tax cut directly in this budget. We propose to get to this zero figure on the deficit, and we are told that if we do so, not just in a budget resolution but by passing actual binding laws which change spending policy so that we can get to this point, the economy will react. Interest rates will be lower. We will find 170 billion more dollars because of a better economy over the course of the next 5 years.

And incidentally, Mr. President, those reductions in interest rates will knock into a cocked hat all the statements about student loans made by the Senator from California. They are based on what interest rates are going to be if you adopt the President's budget. That is the set of circumstances under which interest rates like that will be charged someone, young people or others.

So we say that if we go through this exercise, if we balance the budget, if we improve the economy, if we lower interest rates, perhaps the American people ought to get a dividend.

Now, why is it difficult to come to a compromise in cases like this? Because of the way that it is characterized. The Senator from California and others, when they talk about tax cuts, say a tax cut is taking money out of the pockets of the poor and putting it in the hands of the rich. That stems from an attitude that all the money in the United States of America belongs to the Government, and if we are good little children, maybe it will give us back something that we earned ourselves.

Our position is that the American people, when we have done our job, ought to be allowed to keep and determine the spending habits of a little bit more of the money they have earned and have less of it taken away from them and handed to someone else, and that is a very, very profound difference.

Mr. GREGG. Mr. President, will the Senator from Washington yield for a question?

Mr. GORTON. I certainly will.

Mr. GREGG. To the Senator from Washington, is it not my understanding that this budget resolution brought forward by the Republican Senate Members on the Budget Committee, for which no Democrats voted, has in it language which says that to the extent there is this tax cut as a result of the bonus that would occur to the American people by getting to a balanced budget, the dividend occurs as a result of interest rates coming down, this $170 billion tax cut—and as the Senator points out the actual bonus to the American people would be lower interest rates on everything, and it would represent billions and billions of dollars in savings to the American people. But if that happens, does this resolution state that 90 percent of this tax cut, to the extent it is instituted, should go to people with incomes under $100,000? And is that the new definition of wealthy from the other side of the aisle, people with incomes over $100,000?

Mr. GORTON. The Senator from New Hampshire is 100 percent correct. It is interesting that in its initial form that proposal was made by one of the Senators on the other side who already this afternoon in the Chamber has talked about these huge tax cuts for the wealthy. Yet, it was that Senator who, with our help, earmarked any reduction that we do get for middle-class working Americans. We felt that was a good amendment, and we felt that those middle-class, hard-working Americans ought to be allowed to keep a little bit more of what they earn and determine how to spend it themselves.

The Senator from New Hampshire's comments lead me to another point. When we speak about $170 billion in this period in savings in interest on the national debt, which we then can return to the people in the form of lower taxes, but which the other side wants to spend before we have even earned it—they are spending this dividend, and in every one of the amendments we get they will be spending this dividend before it is ever earned.

But that is only the savings on the interest on the national debt, on the Government's debt. There are hundreds of billions of dollars more that will be in the pockets of individuals because they will have paid lower interest rates on their mortgages, on their installment credit, on the money they use to begin new small businesses and the like. That is the purpose of the budget which we seek.

And I want to return to my first comments. I think we have already had a tremendous triumph. I suspect we are not going to get anyone on the other side coming in and giving us an amendment to pass this budget, and I suspect when they vote on it, they are going to end up voting against that budget. But we have already triumphed. We have already come to an agreement that we ought to be on this road here, the road to a balanced budget.

The differences will be that, with all of these huge amounts of spending, trillions of dollars in this period of time, we hope that 1 or 1.5 percent of it, if we do do our job, might be left in the pockets of middle-class working American citizens at the end of this entire debate. We think they can do a better job of spending it than can the Government of the United States.

Mr. President, I yield the floor.

Mr. LAUTENBERG addressed the Chair.

The PRESIDING OFFICER. The Senator from New Jersey.

Mr. LAUTENBERG. Mr. President, I yield myself such time as I need to make my presentation. I ask unanimous consent that I be permitted to do that.

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

Mr. LAUTENBERG. Mr. President, with this resolution, we begin a new phase in the debate over the Federal budget.

I am sorry that the distinguished Senator from New Mexico, the chairman of the Budget Committee, is not on the floor, because I want the RECORD to reflect not only my admiration but my respect for that leadership that he has provided in the Budget Committee and, in fact, though we may disagree with several parts of the budget resolution that was produced, it was the intention of the Budget Committee chairman to do as efficient a job as he could, and I commend him for it.

The debate about whether we should move toward a balanced budget is over. There is a consensus that we should do just that. It crosses the aisle that divides us. We Democrats are committed to a deficit-reduced balanced budget in the interest of the financial stability of our country. And we have no less credentials to do that than our friends on the other side of the aisle. I hope that, during my comments, we will be able to make a clear distinction about how we get to that point.

There are differences about whether we balance the operating budget or whether we include Social Security in the budget calculation, which, astoundingly, on the Republican side it has been part of a structure to include the balances from Social Security, the surplus—and I talk to senior citizens across this country—to use their trust funds, sacrosanct, committed, reserved for the time they need it. No, we are going to do some funny accounting to get to the point that we want to.

I come from the corporate side of the business world, as do many of my colleagues. I know one thing: If I were to project sales and earnings for my company over the next 5 to 7 years and I said, ''We are going to make lots of money and here is how much we are going to make, we are doing this in revenues and here is how much we are going to do,'' and I failed to tell the public that I am going to include the employees' pension fund that my company does not own—it is the employees'—in the figures—and I said this in the Budget Committee—you would be led out with a raincoat over your head and hands tied behind your back, escorted by U.S. marshals.

So, first of all, we get to a balanced budget using some smoke, some mirrors, and some significant gimmicks. We try to remove the Social Security balance and say, let us fight for a balanced budget without that. Oh, no,

that could not happen. So there are some differences.

Americans, however, want to reduce wasteful spending in both parties, Democrat and Republican, have got the message.

So, as we work on this resolution, the budget issue has changed. Now the issue is not whether we reduce spending and move toward a balanced budget. The issue is: How do we do it? Whose benefits will be cut? Who will win? Who will lose? Because this is somewhat of a seesaw. As long as we stay within the parameters of balance, when one side goes down, the other side goes up. And, most fundamentally—and I put this board up—the question is: Whose side are we on? Whose side is the Government on?

This is the issue that, unfortunately, continues to divide our two parties. We Democrats believe that Government must stand on the side of ordinary, middle-class families, on the side of senior citizens who worked to build this country, who presented us with perhaps the best half century or four decades that this country has ever seen, not by just their participation in World War II, Korea, the other wars that have come by, but at the same time building this country's fundamental structure.

The other part is children. Two sides: One is to take care of the future, invest with and in our children, but at the same time not forgetting our obligations to the senior citizens; and on the side of those who really must struggle to survive.

But the new majority has a very different philosophy, and a different constituency. The Contract With America, as it is commonly called, is a contract with the most powerful, wealthy members of our society. It would provide huge benefits to millionaires and special interests, and it would force the ordinary American to foot the bill.

Perhaps nothing illustrates the differences between our two parties more than the Republican proposal for massive Medicare reductions to pay for tax cuts for the rich. I think it is outrageous. And I intend to fight it as hard as I can, just as I did during the Budget Committee's deliberations.

Mr. President, the average Medicare beneficiary has a rather modest income and, conversely, at that stage in life, typically, they have very high medical expenses. Seventy-five percent of those folks have incomes under $25,000—75 percent, incomes under $25,000. Not much to live on, especially if you live in higher cost areas. Thirty-five percent have incomes under $10,000.

These folks cannot afford massive cost increases. And they should not be forced to give up their own doctor or to sacrifice the quality of their care.

Over the past 2 weeks, Republican leaders have tried desperately to justify huge Medicare cuts by pointing to projected shortfalls in the HI trust fund. But the argument is bogus. If we need to shore up the trust fund, that does not mean that we need to take a whack at Medicare recipients.

There are other places in the budget to find savings. It is only a question of priorities.

These are my priorities. Before we burden more of our struggling seniors, we ought to go after special interest tax breaks, we ought to eliminate funding for the space station, we ought to terminate unnecessary weapons systems, we ought to abolish special subsidies for the timber industry, the oil industry and the gas industry and the ranching interests, and we ought to eliminate an array of other wasteful or low-priority spending.

Of course, Mr. President, there can be debate about the specifics, but there should be no disagreement about this priority, this principle. I enunciate, we should not be cutting Medicare just to fund tax cuts for the rich.

In the Budget Committee, I offered an amendment to shift funds from tax cuts for the wealthy to restore funding for Medicare and Medicaid. My amendment was defeated when every Republican opposed it, without exception. We just heard from our distinguished colleague from Washington who said that there was not a Democrat that joined the Republican majority when the Budget Committee denied amendments and passed this budget resolution. But I ask, if the same speech that is made on the floor of this Senate would be made in a town meeting back home in whatever the town and whatever the State, and look in the faces of the senior citizens and say, ''Listen, we're going to make it easy for you by adding more expense to your already burdened budgets in hopes that if we give a tax cut to the rich, if we give a guy earning $350,000 a year a $20,000 tax reduction that he is going to invest it in some way that will stimulate our economy.'' We just have to hope he does not put it in some dormant tax-exempt bonds, or something like that, because that is not going to help.

To justify their opposition to some of these things, the Republicans, once again, said, ''Oh, no, not us, that's not what we want to do.''

So I pointed out that the Republican leadership in both the House and the Senate did support such cuts and did support the House bill that essentially was in the works. This was no secret. The House had passed the bill giving a $20,000 tax break to those earning $350,000 in a year.

I went a step further. I said, ''OK, if you're really not going to cut Medicare to pay for tax cuts for the rich, let's put it in writing and make it enforceable.'' So I offered an amendment that would have made it out of order to consider any bill that cut Medicare or Medicaid to pay for tax cuts for the rich.

Under the amendment, I suggested it would have taken a supermajority, 60 votes, to take up that kind of a proposal. Simple enough to say that if you wanted to offer tax cuts and decided to cut Medicare or Medicaid, that it would take this supermajority 60 votes to do so. What do you think? Every Republican on the committee voted against that, too. Why? I do not know. Obviously, they think tax cuts for the rich are more important than other priorities, the thing we were discussing on the floor here.

Mr. President, it should be obvious to everyone that the Republican Party really does plan to cut Medicare, to cut Medicaid to pay for tax cuts for the rich. But they go out of their way to obscure what is really going on. So we have developed a nomenclature for the reserve that CBO is likely to put up once this budget is believed to be balanced. It is called an economic dividend. It is called a fiscal dividend. They do not say that it is for tax cuts. Just a wink of the eye. Everybody knows it.

We have heard some of our colleagues from the Republican side who have declared their intention to run for President demand that tax cuts be included. One suggested that a filibuster would be in order on the floor of the Senate to make sure that tax cuts are in place. Our distinguished majority leader did say in a speech that he made that tax cuts are in order in terms of a budget resolution. So we ought to call it like it is. Make no mistake, the fiscal dividend is really disguised, but down deep it is simply a tax cut for the rich.

There should be little confusion about this. We know that CBO will score the indirect benefits to the Government of reconciliation. We know that these benefits can only be used under this resolution for a tax cut, and we know that the House already has passed a bill giving a $20,000 tax break for wealthy individuals in a year.

This is what it looks like. The Republican budget. The winners: The rich—$20,000 tax break, corporate subsidies protected and tax loopholes saved. The fix is in. There is a tax cut for the rich in this resolution. It is a huge tax cut financed by drastic reductions in Medicare, or increases in Medicare costs and Medicaid subsidies. Do not let anybody fool us.

Mr. President, I go back now to the larger question posed by this budget resolution. This debate, like few others, is about to force each of us to make a very fundamental decision, a decision about what we stand for, a decision about whose side we are on.

I want to take a look for a minute at who wins and who loses under the Republican proposed budget. The winners: The rich—$20,000 tax break, corporate subsidies are protected, tax loopholes are saved. The winners are clear: Rich, corporate interests and their lobbyists.

Meanwhile, let us see who loses under this resolution. First, there are the Medicare cuts. It will cost an average couple over the 7 years proposed to get us to a balanced budget $6,400, and in the last year of the 7-year cycle, we are looking at an $1,800 cost for that couple. These, by the way, are people who

already pay a substantial out-of-pocket sum for health care. It is estimated that it runs about 21 percent. So if the average beneficiary is getting $16,000 a year, it costs them $3,000 more for medical care, for health care.

On top of that, there are education cuts proposed. On top of that, there are tax increases scheduled for hard-working American families. That is a substantial one, too. By eliminating the earned income tax credit, the Republicans not only will increase taxes on working Americans, but they will reduce needed incentives for people to move from welfare to work. It does not make sense. It really makes one wonder, Mr. President, how can the Republicans cut taxes for the rich, on one hand, and with the other hand turn around and increase taxes for working Americans, people making $28,000 or less?

That may be the Republicans' perspective of fairness, but it is not mine. It is just plain wrong.

But one thing is becoming quite clear, and that is the sharp difference between the two parties' perspectives. The Republican Party is willing to lay down for high-income special interests, while we stand up for the working people in this country.

So, yes, Mr. President, we are going to do a lot of fighting about this budget resolution. In most of these fights, we Democrats are going to be joined together in the fight, because while we disagree with each other about a lot of things, there is one thing that unites us; that is, our commitment to serving ordinary people, middle-class families who work hard, who struggle to keep their homes together, who struggle to keep opportunity available for their children, who struggle to take care of the elderly and the disabled—the people without lobbyists, the people without the big bank accounts and without the connections.

Most of us came to the Democratic Party because we believe that Government should stand with these people. I point out, Mr. President, immodestly perhaps, that I came out of the business sector and helped create an industry as well as a company. I am one of the people who was fortunate to be perhaps in some of the higher income brackets. But I believe that my security as a citizen, that my family's security, my daughters', my son's, my grandchildren's, that my security depends on the stability of our country, not on how much more money I give or leave my children. It depends on whether or not we have a society that believes we are all together and does not feel like the largest part is left out of the loop. So I would rather invest in our people, invest in the children who are going to lead this country tomorrow, provide the skilled work force that we need to have in order to complete; that is why I came to the U.S. Senate.

Perhaps our party has lost its way in recent years, and we can admit that up front. We were reminded about that very sharply last November. But now the chips are down. We know where the public stands. We know what people are concerned about. We know they are worried. The battle is now beginning in earnest. And there is no question—I said it earlier—about whose side we are on. That is what this debate is really about. I wish it were not so. But when you get right down to it, this budget is designed to decide who is going to be on the side of the working people and who is going to take care of those who already have a lot. It is a direct assault on ordinary Americans and a sop to the most wealthy and powerful interests in our Nation.

That is not what I stand for, it is not what the Democratic Party stands for, and it is not what America needs now.

In conclusion, we Democrats may not have the votes to win in this battle. We probably do not. But we are going to try and we are going to insist that the votes that take place here will reflect how each one of our friends on the other side, as well as on our side, feels about whose side they are on, and whether it is the veterans, or the disabled, or the women concerned about breast cancer, about research for Alzheimer's, or AIDS, we are going to be deciding now whether or not those funds that are freed up as a result of the schedule to balance the budget go to tax cuts for the rich, or whether we continue to serve the interests of the ordinary people. At least since the debate will be conducted here, the American people will have a chance to see us discuss it, to look at the RECORD after the votes are cast, to be able to say to their Senators and their Congress people when they go back home, ''What did you vote for?'' ''Why did you do it?'' and ''Whose side were you on?''

I yield the floor.

Mr. EXON. Mr. President, I think we have been moving along quite well in total cooperation. I believe Senator ABRAHAM would be next under the usual ruling. I have several Senators on this side who have been waiting and are not asking for any other consideration other than some time.

I ask unanimous consent that we would now go to Senator ABRAHAM, and following him, we would go to Senator ROCKEFELLER, who wants 12 minutes, followed by Senator KENNEDY, who wants 15 minutes. Is that agreeable so that we could have everybody know the flow?

Mr. ABRAHAM. Mr. President, we would agree to that if we can then have Senator HATFIELD, who would like 15 minutes, and Senator GRAMM who would like 10 minutes.

Mr. EXON. That would be satisfactory.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

Mr. ABRAHAM. Mr. President, I yield myself such time as I may need.

Earlier this year, the Senate failed by one vote to support a constitutional amendment requiring a balanced budget. At the time, opponents told the Senate that balancing the budget did not require amending the Constitution. All we needed, we were told, was to make the tough choices and cast the hard votes.

Mr. President, the hard choices are here. The budget resolution before us makes those choices and balances the budget by the year 2002—without raising taxes and without gutting national security. It accomplishes this task by slowing the growth of Federal spending from 5 percent per year to a more reasonable 3 percent per year. In dollars, that means Federal spending, under this budget, will increase from $1.6 trillion next year to $1.9 trillion in the year 2002.

Let me repeat that. Federal spending will increase from $1.6 trillion to $1.9 trillion over 7 years.

Only in Washington would a $300 billion increase in spending be called a cut. Clearly, while the budget presents us with tough choices, allowing spending to increase 19 percent is not an impossible or even unreasonable goal. Nevertheless, some do not agree with this objective. As Labor Secretary Robert Reich said on Meet the Press earlier this year, balancing the budget is not a priority of the Clinton administration. The subsequent budget proposal only serves to reinforce that admission. According to CBO, deficits will rise under Clinton's budget from $177 billion to $276 billion in the year 2000. Under the Clinton budget the national debt will grow by $1.2 trillion over the next 5 years.

Mr. President, what does this neglect mean to future generations? Consider the consequences of adopting President Clinton's budget for fiscal year 1996. Under that budget, by the year 1999, the total debt will hit $6.4 trillion, or $27,700 of debt for every man, woman, and child in America.

In the year 2000, interest payments on the debt will be $305 billion—more than we spend on defense, more than we spend on all other discretionary programs combined, and more than we will spend on Medicare.

In the year 2010, entitlements plus interest will consume all Federal tax revenues, which means we must either slash spending, print more money, borrow more money, or enact draconian tax increases. In my judgment, they are all bad options.

In the year 2030, spending for entitlements will consume the entire Federal budget. That means nothing will be left for defense or any other discretionary program, including those targeted at children and the poor, and it means we would not even be able to finance the interest payments on the debt.

On the other hand, balancing the budget is not just an exercise in good government. Eliminating the deficit will pay big dividends to Americans in the form of lower taxes, lower interest rates, higher economic growth, and the bottom line, a higher standard of living. Here are some of the projections:

Most economists agree that balancing the budget will result in significantly lower interest rates, thereby saving the average homeowner up to $500 per month on their mortgage payments.

According to the CBO, these lower interest rates will result in a so-called fiscal dividend to the Treasury of around $170 billion between now and 2002. I believe that this dividend should be returned to the American people in the form of tax cuts. I will support efforts on the floor to do so.

Finally, according to the GAO, if we balance the budget by 2002, the average American will enjoy a real growth in their incomes of 36 percent by the year 2020.

Given the costs of doing nothing and the benefits of taking action, I believe it is obvious that balancing the budget is in everyone's interest. That leaves the question of how we get there. The budget before us shows the way.

At the beginning of the budget process, I set out five priorities that I hoped would be embraced by the Senate budget resolution:

First, privatize; second, eliminate waste and duplication; third, return the operation of various Government functions to the States with block grants; fourth, eliminate outdated programs; finally, fifth, reduce Government bureaucratic overhead. I am pleased to say this resolution includes all five.

First, it assumes we will privatize those areas of Government that are better left to the private sector, including the naval petroleum reserve, the Uranium Enrichment Corporation, and the Alaska Power Marketing Administration.

The naval petroleum reserve is a good example of why we need to privatize. The reserve was created to ensure that we had sufficient supplies of oil in the event of a crisis. As President Clinton recently acknowledged, however, that is no longer the case. As the President stated, the reserve's function of producing and selling this oil is a commercial, not a governmental, activity.

Mr. President, there are many other naval petroleum reserves out there. This budget identifies them and moves them out of the Federal Government.

Second, the budget consolidates Federal departments and agencies that are duplicative and wasteful. The GAO reports that the Department of Commerce alone shares its mission with at least 71 other Federal departments, agencies, and offices. In other functions, the Federal Government operates 163 separate job training programs and has at least 10 agencies devoted to promoting international trade.

Obviously, there are savings to be made by ending this wasteful duplication and focusing these efforts. This budget takes advantage of those savings.

Third, we need to return government to the States. We need to revive the 10th amendment which says ''the powers not delegated to the United States by the Constitution, nor prohibited by it to the States are reserved to the States respectively, or to the people.''

In my own State of Michigan, Governor Engler is out in front on important issues like welfare, Medicaid, and education reform. I know Governors from other States are equally as innovative.

This budget takes advantage of the tremendous talents outside the beltway by utilizing block grants, to replace the hundreds of Federal welfare, housing, and education programs.

These block grants will provide Governors with the resources and the freedom they need to carry out these reforms. Returning these programs to the States is both an exercise in good government and a means of reducing costs and increasing efficiency.

Fourth, this budget eliminates outdated programs. Programs like the Interstate Commerce Commission, the honey program, even the Department of Commerce are targeted. All told, 59 programs, 25 statutory boards and commissions, and 63 agencies are soon to be terminated under this budget.

Let me just cite some more of the program terminations assumed in this budget: The Small Business Administration tree planting program; the Swine Health Advisory Committee; the Board of Tea Experts; the Technical Panel on Magnetic Fusion; the Dance Advisory Panel; the honey program; the Fastener Advisory Committee.

Mr. President, some of these programs might be useful, but we simply cannot afford them, given our exploding national debt.

Finally, we have reduced overhead. The President stated that over 100,000 Federal jobs have been eliminated toward the goal of trimming the Federal bureaucracy by 250,000 positions. A vast majority of the personnel reductions come out of the Department of Defense. Other areas of the Federal bureaucracy have barely been touched. This budget addresses this imbalance by reducing Federal overhead accounts by 15 percent, eliminating hundreds of political patronage jobs, and expanding the ability of Federal departments to work with less expensive private contractors.

Having focused on what this budget does, it is just as important to focus on what it does not. First, this budget does not abandon Medicare. In their 1995 annual report, the Medicare trustees announced that the Medicare trust fund will be insolvent 7 years from now. The trustees conclude that the ''HI program is severely out of financial balance and that the trustees believe that the Congress must take timely action to establish long-term financial stability for the program.''

This budget embraces the call of the trustees to action by addressing both the short- and the long-term insolvency of the Medicare program. First, it allows Medicare to continue to grow at a 7-percent rate per year. This reform enables Medicare to pass the trustees' short-term solvency test while still growing at twice the rate of inflation.

Second, the resolution includes a call for a special commission to address the long-term stability questions facing Medicare and to advise Congress on how to keep Medicare's promise for future generations.

Another group this amendment does not abandon is the American taxpayers. As I previously mentioned, balancing the budget by 2002 will, according to the CBO, provide $170 billion ''fiscal dividend'' from lower interest costs.

Senator DOMENICI has stated that this dividend will be used to pay for tax cuts. I believe that we should enact tax relief for the middle-class working families of this country and tax incentives for savings and investment. We can and should balance the budget and provide American families with real tax relief.

Mr. President, if we look at Federal outlays of the span of this budget, the Federal Government will spend in excess of $12 billion between now and 2002. A significant portion of that amount constitutes a redistribution of dollars from those who work and pay the taxes, to those who are elderly, sick, homeless, and have low incomes. Federal programs targeted at the poor and the needy are the result of a truly compassionate society, and we should continue to support them.

I resent the implication that is often made here on the floor, and made occasionally during our committee hearings, that somehow we are not a compassionate Nation. This budget will spend $12 trillion largely for the purpose of helping people who are less fortunate in our society. That is 2½ times the average GDP of America. I think that is an important investment, and hardly one to be described as lacking in compassion.

Now, based on that, it is my opinion that if, after we go through this process of bringing the budget into balance, and if, after we go through the process of spending $12 trillion over 7 years on so many important programs, that any fiscal surplus created by this budget should go to those who have made the surplus and our compassionate programs possible—the hard-working taxpayers.

Moreover, the surplus or dividend only constitutes 1½ percent of the $12 trillion we will spend over the next 7 years. To me, it only seems fair to allow those who pay the taxes to keep this tiny surplus or dividend so that they can invest it in their families and in our Nation's economic future.

Finally, this budget also avoids the ever-present temptation to gut defense. Real defense spending has declined by

37 percent since 1985, and while I believe there are many money-saving reforms possible within the DOD, I believe the savings should stay within defense to provide for our substantial security. No other responsibility of Government is as important.

This budget recognizes the importance of our national security by maintaining the current level of spending and establishing protections against using defense cuts for other spending proposals.

In conclusion, Mr. President, I should point out that without the assistance of the minority, Republicans have stepped forward and proposed the changes necessary to cap out-of-control Federal spending. In successfully reporting this budget resolution, the Senate Budget Committee has taken a historic step toward reducing the deficit and balancing the budget.

Before the Senate today is a resolution that makes the tough choices, slows Federal spending and brings the Federal budget into balance by the year 2002.

Many people doubted it could be done, and it is a credit to Senator DOMENICI that he set this goal and stuck with it. If we are successful in moving this budget through the entire budget process, I believe there is no better present we can give the future generations than a debt-free Government.

The benefits of balancing the budget far outweigh temporary effects caused by reducing the growth of Federal spending. This is truly a long-term approach to fiscal sanity, and I thank Chairman DOMENICI for giving me the opportunity to make my first budget a balanced one.

Mr. President, we will hear much talk during this debate and the hours remaining over the winners and the losers and so on when we debate this budget resolution. But it is my strong belief, and as I have traveled through my State during both the campaign last year and in the days since the content of our revolution has become a matter of public debate, I find that people from one end of my State to the other believe strongly that what we have to do here in the Senate is finally step up to the plate and accept responsibility and handle this budget deficit now.

They understand that if we continue to wait, if we continue to say that every program must continue to grow at the speed and the pace that has America $4.5 trillion into debt, we are not just saddling our children with even more debt and indebtedness, we are setting the country on a course that absolutely will lead to a crisis we cannot reverse in just a few years—15 years to be specific, according to the Entitlements Commission.

For that, only, I look forward to working, certainly, with Senator DOMENICI and with anyone else who is committed to the notion that we should bring the spending giant in Washington under control. I believe it is the most important thing I can do for my small children, for the children of Michigan and the children of this country.

I yield the floor.

The PRESIDING OFFICER (Mr. GORTON). Under the previous order, the Senator from West Virginia is recognized for 10 minutes. Is that the amount for which the Senator from West Virginia asked?

Mr. ROCKEFELLER. Mr. President, under the order I believe it was 12 minutes. I was trying hoping to slip it up to 15 minutes.

The PRESIDING OFFICER. The Senator is recognized for 12 minutes, and if he is in control of the floor he can yield himself additional time.

Mr. ROCKEFELLER. Mr. President, I cannot help but note for the Presiding Officer in the chair, in the last week even, the bipartisanship which has reigned on this floor. The Presiding Officer, the distinguished Senator from Washington, and this Senator and other Senators from both sides of the aisle worked together to craft a product liability tort reform bill which was slim, disciplined, and effective. People said it could not be done. It was done.

Last night the Senator from Massachusetts, Senator KENNEDY, this Senator, Senator CHAFEE from Rhode Island, Senator DOLE, and Senator PACKWOOD—there was quite a flap about a very important but not necessarily attention-grabbing subject called Medicare Select; whether it was to be expanded from the present 14 States to 50, for how long, and who would decide and all of this. And this Senator objected to its being taken further, so there was a climate of momentary controversy. But then both sides came together and worked out a bipartisan compromise which was passed. And that was very heartening. It was important; heartening.

Now we are at a very different stage and it is saddening to me, but it is terribly real because I do think it has come to where we define what these two different parties that sit in this Chamber stand for.

Mr. President, I will be offering tomorrow, an amendment on Medicare and long-term care to the Republican-sponsored Senate budget resolution. The amendment will take $100 billion in funds reserved for tax cuts for the wealthy and put that money back into vital health care programs.

The Senate Republicans have proposed the single largest Medicare cut in the history of the program, $256 billion over 7 years. The House Republicans have proposed an even larger cut, $288 billion over 7 years. House Republicans need to cut Medicare more because they have an even larger tax break for the wealthy that they have to pay for. The House tax cut totals $345 billion. Money reserved for the Senate tax break totals $170 billion.

These Medicare cuts would not be necessary—would not be necessary—if Republicans did not need to pay for their tax cuts. The Contract With America tax cut would provide a $20,000 tax break to the wealthiest 1 percent of the population.

The amendment I will offer tomorrow, along with my colleague from New Jersey, who will join me in that, and the Senator from Massachusetts, Senator KENNEDY, will take $100 billion out of the $170 billion the Republicans have reserved for tax cuts for upper-income Americans and shift it to Medicare and Medicaid—very simple. It is a simple amendment. What is it about? It is about setting priorities. It says we are not going to balance the budget by whacking health benefits that seniors depend upon. It says we are not going to increase what seniors have to pay out of their own pockets ad nauseam for health care so we can put more money into the pockets of the rich. It is simple—clear. The difference between the two parties.

The Republicans have argued—will argue that the $170 billion they have reserved for tax cuts is their special dividend, their own pot of gold. I find that a particularly offensive statement. It is not their money to spend. It is the money of the taxpayers. They want to spend taxpayer money on more breaks for the rich.

Democrats, through this amendment and other Democratic amendments that will be offered later on in the process, say let us keep our priorities straight. We have already committed those dollars to the Medicare Program.

Instead of worrying about the effects of such tremendous Medicare cuts on seniors, I was significantly struck by what Bill Kristol, who speaks for the Republican Party, had to say earlier this week. And what he basically said was that since—not what he ''basically said,'' what he said—that since the elderly tend to vote for Democrats, it just was not a constituency that the Republicans needed to worry about.

Again, straightforward and simple. And, again, the difference between the two parties. Frankly, I find that statement cynical and dangerous but not surprising from the same person who advised the Republicans last year to oppose, sight unseen, any health care proposal that came from this side of the aisle.

We have heard a lot of talk over the past few months from the Republicans about the solvency of the Medicare trust fund. Republicans are desperately, in this Senator's judgment, trying to disguise their huge Medicare cuts as a way to save the Medicare Program from bankruptcy. We have heard a lot about that. They plan to cut $256 billion, by hiking Medicare premiums and beneficiary cost sharing and cutting reimbursement rates to hospitals and doctors.

It is a very interesting phenomenon. I just got off two radio talk shows this morning where people were phoning in questions to me. I had five hospital administrators from two States call me. I only represent one State. They were all

scared to death about what was being proposed here because they said the only way to do that would be to shut down services. In some cases they talked about increasing prices, which of course would exclude some, laying off people and the rest. All of them talked about closing the emergency room.

The Republicans say they are going to improve trust fund solvency. Yet there is nothing in this Senate budget resolution that would guarantee even one more additional year of solvency.

Over the past 2 weeks we have heard health experts, health economists, physicians, and hospital representatives testify before the Finance Committee about the consequences of putting the Medicare Program in a budget straitjacket.

Dr. June O'Neill, the new Republican-appointed head of the Congressional Budget Office—why do I say that? Traditionally it has been a bipartisan appointment. This year it was not a bipartisan appointment, it was a Republican appointment. I resent that. I think it is dangerous for the country, not because she is a Republican but because it is not bipartisan. Anyway, Dr. June O'Neill, the new Republican-appointed head of the Congressional Budget Office said that quality will suffer. That is what Bob Reischauer also said before her: Quality will suffer.

She said seniors will have to pay more to maintain the current quality of their health care.

Dr. Reischauer disputed Republican promises headlined in the New York Times a few weeks ago that, cuts in Medicare ''will be huge but painless.'' He testified that cutting Medicare in the short run is not painless and improvements in quality will be slowed down.

The president of the American Hospital Association testified that ''Americans believe deeply that Medicare is Social Security. That sentiment cuts across all age, income, geographic and gender boundaries.'' He is right. Medicare is part of the Social Security law.

Those proposed spending reductions may in fact be reductions in the rate of growth and not cuts in the spending, but let us be very clear. To people who rely on Medicare for their care and for people who provide their care, the spending proposals being considered are very likely to translate into cuts, cuts in services, cuts in personnel, cuts in quality. To the people to whom we provide care, these slowdowns in the rate of spending translates into real cuts.

Over the past year, during debate on the balanced budget amendment, and now on the Senate budget resolution, I have tried to get my colleagues to focus on the consequences of budget cuts. I really do believe in that. I think budget cuts simply are not done for numerical reasons. They are done for the condition of the country as a whole, and within that condition of the country of the whole are many factors to consider, and some of those are the effects on people. I come from the State of West Virginia, and I cannot do anything—nor will I ever do anything—without considering the effects on the people that I represent.

To think about the people that will be directly and immediately affected by these budget actions, we need to move beyond the strictly mathematical. But for those people who like math, I have a simple addition problem for them.

Millie Wolfe lives in Preston County, WV. She is 83 years old, and she lives alone. She still drives a car. She lives on her monthly Social Security check of $593 a month. She spends $175 a month on rent, $93 on her medigap policy, $8.30 cents on her heart medicine. That leaves her with a little over $300 a month to pay her phone bill, her heating bill, her electric bill, gas and maintenance for her car, to buy groceries, and any and all other living expenses.

She is worried she may no longer be able to drive herself to the grocery store and to the doctor's office and might soon need help with transportation. And at 83 she has a right to begin to worry about that. But she is very, very worried and very upset about having to pay $700 to $900 more per year in Medicare costs as she would under the proposal that lies before us. She is already, Mr. President, paying $1,200 a year out of pocket for her medigap coverage and her heart medicine, not counting the $46 that is automatically deducted each month from her Social Security check for her Medicare part B premium.

People who live on fixed incomes like Millie Wolfe will have to subtract what they can spend on other essential living expenses in order to pay for the increased costs of health care that will be required under this budget resolution.

Millie Wolfe lives alone, but she is not alone in West Virginia. She is not alone in this country. There are 9 million seniors who live alone in this country. A lot of seniors in West Virginia live on fixed incomes. Rarely does one run into a senior in West Virginia, as the Senator from Massachusetts would know, with an income that might be more than $10,000, $12,000, $13,000 or $14,000 a year.

Asking those folks to pay more than they already are paying for health care in order to save the Medicare trust fund is, frankly, offensive to me. Why? Because it directly hurts them. When you say everybody should pay more, I take you back to Millie.

Mr. President, over half of the seniors in West Virginia live in rural areas. That makes them even more vulnerable to the severe consequences of the Republican budget that is before us. Rural seniors will not only have to pay more under the budget resolution, but they may wind up losing their access to health care altogether. Medicare cuts of this magnitude will severely threaten the solvency of many rural hospitals, as I have indicated, forcing many of them to close their emergency rooms, if they have them, cut back on other services, and, yes, as has happened before in West Virginia, some will shut their doors.

We will hear protests by the Republicans that if we do not act right away, there will not be a Medicare Program. Mr. President, I can guarantee you that if they implement their budget plan, there really will not be a Medicare program. Benefits will disappear, quality will deteriorate, and access will be hard to obtain, or will become nonexistent for people in my State, who I will fight for.

One word about Medicaid and I am finished. They are going to cut $160 billion to $190 billion out of Medicaid. You see, people do not care as much about Medicaid because they say that is for the poor, and, therefore, it does not get the attention. Well, it gets the attention from this Senator. The likely impact of the budget resolution cuts on Medicaid, will mean that 5 to 7 million kids will lose health coverage, 800,000 to 1 million elderly and disabled beneficiaries will lose coverage, and tens of millions will lose benefits. For example, all preventive and diagnostic screening services for children, home health care, and hospice services would be eliminated as well as dental care if the $190 billion were cut.

There is a difference between the two parties. There was not last night. There was not within the past week as we worked out our differences. On this one, our differences are going to be very hard to work out because there are fundamental priorities and principles at stake here.

I do not intend to be shy in defense of the people I represent from the State of West Virginia. They work hard. They have had few breaks, and they need help where help is justified.

I, along, I suspect, with many colleagues from this side of the aisle, and I expect none from the other side of the aisle, are going to do everything we can to help them. I regard this as a moral issue.

I thank the Chair, and I yield the floor.

Mr. KENNEDY addressed the Chair.

The PRESIDING OFFICER. Under the previous order, the Senator from Massachusetts is recognized for 15 minutes.

Mr. DOMENICI. Mr. President, I ask before the Senator starts his comments if I could make one observation. It will take me 1 minute.

Mr. KENNEDY. I withhold, Mr. President.

Mr. DOMENICI. I thank the Senator.

I note that about 4 years ago, for insurance policies for Americans working for various companies the premiums were going up 14 percent a year. Then they went to 11. And, lo and behold, today they are down to something like 3.5 percent. I would just ask, for all the people whose premiums have gone down because there is competition and modernized delivery system, I wonder

if they are all out in the streets without health care. I wonder if the hospitals which treat them are closing up because there is no money to treat them. I think quite to the contrary. They are getting the same kind of services they got before. It is just costing people less for the same kind of services.

I do not know that is impossible for seniors in America. I hope it is possible. For otherwise we cannot afford the insurance, and we cannot afford to cover them in the future. I just lay that on the record.

We will have a lot more to say about Medicare. We choose now to let everybody speak, and we are delighted there are so many on our side. There are more. We have three listed. If there are more Senators, start giving us your names.

I thank the Senator from Massachusetts for yielding.

The PRESIDING OFFICER. The Senator from Massachusetts.

Mr. KENNEDY. Mr. President, my response to my friend from New Mexico is the premiums are going down, but what he is not saying is what is happening in terms of the copayments and the deductibles, because the copayments and the deductibles are going up, and the Senator has not commented about the coverage, about whether there has been a reduction in coverage.

These are the kinds of issues that we ought to be talking about, not just these massive figures, about how many billions of dollars more we are going to spend on people. That is the question, that premiums can go down if your copayments and deductibles go up, if you are reducing the kinds of coverage and the range of services.

So if we are going into full debate about what is going to happen in terms of real health care costs, we would welcome that debate and how we are going to get a handle on it. I would agree with my good friends from West Virginia and Minnesota, and others that the only way we are ever going to get a handle on health care costs is within the totality of the health care system rather than just a quarter of the health care system.

I wish to commend the Senator from West Virginia and also the Senator from New Jersey on an excellent presentation on the importance of trying to preserve the Medicare system in our country. It is a part of Social Security, make no mistake about it.

We will have more chances to talk about it. The direct payments under part B of Medicare are right under the Social Security system. When you see a reduction in terms of the Consumer Price Index, reduced as in the formula of the budget, you are going to see further reductions in terms of the recipients of Social Security. We will come to that at another time.

I commend the Senator from West Virginia, talking about Medicaid affecting children. Eighteen million children in this country are covered under Medicaid. Medicaid is primarily for seniors, long-term care, and people with disabilities, but there are also 18 million children covered under Medicaid. And as the Senator points out, 5 to 7 million of those will lose under the proposal of the budget resolution. The fact is, of the 18 million, half are children of working families. We have heard all about trying to have a system that is going to be fair and equitable. But here you are, saying to the sons and daughters, the children, we are going to be cutting back on that program—there is no protection for them in this program.

The Senator was quite correct in stating the terms of what is happening. Never mind the millions of other children, the 14 or 15 million other children who do not have health insurance. And the increase, as a Carnegie report has shown, in the last 15 months of an additional million poor children not covered by health insurance. Those numbers are going up. They are increasing dramatically.

I wish to ask my friend, just taking a few minutes here this afternoon, because there are many others waiting, as we are talking about the whole issue of Medicare, to review with me exactly where we are as an institution and where are our senior citizens. I have a chart here. We hear the question of fairness. I am talking now about the health care for Members of Congress versus the health care for senior citizens.

The Senator from West Virginia has pointed out that over the next 7 years, Medicare couples will pay out $6,400 more, and then that will go up at $900 a year.

Let us look at where we are as a base as Members of Congress, as the Senator pointed out. The average senior citizen is making $17,700. The average Member of Congress, $133,000. The monthly Medicare part B premium per individual: here it is $46.10; Member of Congress: $44.05. So senior citizens are paying more under Medicare on the part B. The deductibles: Members of Congress, $350. That includes the doctors and hospitalization, $350. Theirs is $816—more than double. These are the people who are making $17,000 a year. Their deductible is more than double ours. Hospital care: Member of Congress, unlimited. Theirs, the senior citizens, is limited. Prescription drugs: We are covered, small deductible, about $50. They are not covered. The program does not even apply to prescription drugs. Any Member of Congress who goes into any senior citizen home and asks: How many of you are paying $50 a month or more for prescription drugs? Sixty percent of the hands will go in the air. You ask them how many of you are paying $25 a month for prescription drugs. They all laugh. They are amazed. They wonder why you do not know that 85 or 90 percent of them are paying more than $25 for prescription drugs.

We are covered, Members of Congress are covered. But they are not covered.

On the dental care, effectively, we are covered; they are not covered.

On the preventive services, screenings for cervical and prostate cancer, some benefits are covered.

And look, out-of-pocket limits: $3,700 for Members of Congress, none for senior citizens.

Does the Senator from West Virginia and the Senator from Minnesota remember all those wonderful speeches we heard at the start of this Congress: We are going to have equity, fairness; the laws that apply to the country are going to apply to Members of Congress. We all lined up and we all said yes. That was something that was initiated by the Democrats in the previous Congress, blocked by the Republicans in the other Congress. We all supported it. We heard speeches about that.

What we did not hear from our Republican colleagues, all our newer Members that came to the Senate, ''We are getting a good benefit package for health care and we want to make that available to the American people.'' We have not heard that.

We ought to be debating that issue, but, no, we are talking about making what our senior citizens pay more equitable, make them more equitable with the Members of Congress. We are undermining and making their benefits cost more, $6,400 for a couple—more. And $900 a year annually after that—more.

What is the answer that we will hear for that? Well, Senators, we will hear it in the course of debate, I expect. Do you know what we are doing? We are capping the Members of Congress now, to go up at the Consumer Price Index rate. I remember when we were talking about a cap last year. That was price fixing. That was the heavy hand of Government fixing prices and costs.

The Senators from West Virginia, Minnesota, and Washington remember: We will never tolerate that; we will not go along with that.

Nonetheless, that is going to be the answer. And they are fixing it to benefit us, to protect us. We are basically putting billions and billions of dollars, in additional out-of-pocket expenses on our elderly. For what? For the tax cut. For the tax cut.

It was going to be difficult enough to try to bring about some changes in the Medicare system, to try to encourage preventive health care, to try to provide prescription services for our senior citizens, to try to provide home care, to try to provide community care for our seniors, and to try to strengthen the quality of health care. We proposed some changes and adjustments in the Medicare system last year. And after the seniors had a chance to review it, they basically supported it with its expanded choices.

Not under this program. Not under this program. And the Members of Congress ought to be ashamed of themselves, to come out here and say we are

saving the Medicare program by all of these cuts and at the same time providing and utilizing those savings, or $170 billion of those, in order to provide tax cuts for other individuals. At the same time they are not even addressing the kind of inequity and unfairness that exists. All of these statements are being made here by Members of Congress who have their benefit package all set; we have ours. And we are back in a regrettable situation where we are going to administer to people who are not in this body, the senior citizens of this country. That is basically wrong and unfair and unjust.

Mr. President, I would like to be notified when I have 3 minutes left of my 15, if I could, please.

Mr. ROCKEFELLER. One of the things, I would say to my good friend from the State of Massachusetts, we heard this constantly during the health care debate was, ''You can lose your right to pick out your own doctor.'' But now what is it that the budget resolution and the whole course of events is doing for senior citizens in Medicare? We are talking about managed care, more and more managed care for Medicare.

And so all of the sudden my colleagues on the other side of the aisle are saying, this terrible fee-for-service system which we have for Medicare, and it is only for Medicare, only they have a fee-for-service system, so we have to move to managed care. And what happens then, of course, is they do not have the chance to choose their own doctor. But if they want to choose their own doctor, then let them pay more.

Mr. KENNEDY. The Senator is exactly correct. They will say we are enhancing choices but effectively, given the financial burden, there will be none and seniors will be forced into managed care. The cost for the fee for service will be so expensive it will be out of reach. It will not even be there as a possible choice.

And yet, I am sure, in the course of the debate, we are going to hear, ''Oh, well, we are providing these range of services.'' It is going to be very important for the American people to listen and listen carefully about this.

So, Mr. President, it is important, as we are going to hear all of these speeches about how we are really doing our senior citizens a favor, people ought to be asking—I hope our senior citizens are going to ask—''Well, just do for us what you have done for yourself. Don't do us any other favors.'' That is a pretty good question.

It always troubles me, when we try to do that, that our colleagues vote it down and then take advantage of their existing coverage. And this coverage, which is for Members of Congress, and available to 10 million of our Federal employees, but is not available to the senior citizens, our Medicare recipients. And they are the ones that are going to get shortchanged.

Mr. President, just this final thought. As we are addressing this budget, I think it is appropriate for American people to understand that working families are paying for the GOP tax cuts for the wealthy. What we are going to see, as I mentioned, under this budget, is some $6,400 more that they are going to pay over the period of the next 7 years. That is, effectively, as has been pointed out, a tax. The working families, will pay some $1,400. That is the increase with elimination of the earned income tax credit. Out there, for men and women who are playing by the rules every day, going to work, trying to provide for their families, they will get an increase in their tax. That is included in this budget. They get a tax.

And then there are the students of America. Those are the sons and daughters of working families that are going to our schools and colleges. They are the hope of our future. The way that program has been reported out of the Budget Committee will mean anywhere from a 28- to 45-percent increase in the amount of the interest that they pay. That is the equivalent of about $3,000 for those who are going to college. It will be more if they go to graduate school. They are going be paying.

And that does not even get into the costs of the reductions in Head Start, the title I programs, or the cutback in the help and the assistance to local schools in the area of technology, as we are going to an information age. It does not even include those kinds of programs which are going to be further attacked.

Mr. President, the first amendment that will be offered is an amendment by Senator LAUTENBERG from New Jersey and Senator ROCKEFELLER dealing with Medicare that just cries out for support.

We hope that the American people will pay attention to this debate and to this discussion, and let us know how they feel. I believe we are on their side. We need to hear from them and I hope they will let us know what their good judgment is on this issue.

Mr. President, how much time do I have remaining?

The PRESIDING OFFICER. Twenty-four seconds.

Mr. KENNEDY. Mr. President, I see my friend from Minnesota. I yield him whatever time I have left.

Mr. WELLSTONE. Mr. President, might I inquire—I am not trying to get the floor—are we rotating, I ask my friend from New Mexico?

Mr. DOMENICI. We are rotating, but not one on one. Your side has had a number of speakers in succession and the unanimous consent was—Mr. President, maybe you can say it—I think it was Senators HATFIELD and BOND on our side and then back to you.

The PRESIDING OFFICER. Under the previous informal order, the next person who would be recognized who is now on the floor is the Senator from Missouri.

Mr. WELLSTONE. I thank the Chair.

Mr. DOMENICI. Do we have only two Republicans, or three in a row?

The PRESIDING OFFICER. There was no order for how many.

Mr. WELLSTONE. Might I inquire, do you have any other names listed on that unanimous consent?

The PRESIDING OFFICER. There are no other names listed at this point.

Does the Senator from New Mexico yield to the Senator from Missouri?

Mr. DOMENICI. How much time would the Senator desire?

Mr. BOND. Twenty minutes.

Mr. President, I am happy to yield to Senator HATFIELD.

Mr. DOMENICI. Mr. President, as I understand it, our informal agreement was actually that Senator HATFIELD would proceed if he were on the floor and then Senator BOND and then back to the Democrats.

The PRESIDING OFFICER. Does the Senator from New Mexico yield to the Senator from Oregon?

Mr. DOMENICI. I yield 15 minutes to the Senator HATFIELD.

The PRESIDING OFFICER. The Senator from Oregon is recognized.

Mr. HATFIELD. Mr. President, I thank the chairman of the Senate Budget Committee for yielding for a few moments of presentation.

I would like to begin today by reiterating some of the remarks that I made during the debate on the balanced budget amendment. I think the American people elected the Republican Congress with the expectation that we would show leadership and a willingness to make difficult decisions. In my view, the public shares the point of view that Government has grown bloated, ponderous, and too expensive. The programs of the New Deal and the Great Society put safety nets in place for those who are in the greatest need, but those nets now strangle the Federal Government by tying up precious funding in a knot of regulations and poor management.

I believe that a balanced budget can come only through leadership and compromise. This compromise must come from each one of us. More importantly, it must come from those we represent. In the end, there is no easy answer. If there is a political will to create a balanced budget, we will create one, and if there is will to avoid one, we will avoid it.

Senator DOMENICI, the chairman, and the Senate Budget Committee members have proven that this Congress is willing to make difficult decisions and that there is a political will to balance our Federal budget. It was an enormous task to construct this budget resolution and I congratulate the Senator from New Mexico and the committee for its work, and the work of the extraordinarily competent staff that they have assisting them.

Like others, I think that the budget resolution cuts in the wrong places, targeting programs which are an investment in our future, such as medical research and educational assistance

to our college students. When we look at the data related to the National Institutes of Health, particularly, we have convincing evidence that every Federal dollar invested in biomedical research yields $13 in cost savings and productivity to society. Few other Federal programs can claim a similar track record.

Mr. President, at the same time that we see substantial cuts in investment programs, we continue to see other portions of the budget continue to grow at alarming rates. In comparing spending in 1995 with the proposed spending in 2002, we see that nondefense discretionary spending will decrease almost 11 percent, defense spending will remain flat—and I will believe that when it happens—and entitlement spending will grow 45 percent. These numbers show that Congress must continue to review the entitlement programs of this country to ensure the long-term solvency of the Federal Government.

Let me spend just a moment on the issue of our national investments. This budget presents us with a tragedy in the making regarding our ability to provide a high quality of life to all Americans. The Senate budget resolution represents the worst of three terrible options for the future of the National Institutes of Health.

Option No. 1—the President's budget request calls for reduction in the NIH funding by 10 percent, beginning in the year 2000. I call this death by water torture.

Option No. 2— the House budget resolution calls for an immediate 5 percent reduction from 1995 levels for the NIH for the next year and then level funding for the next 5 years. This is death by the hangman's noose.

Finally, option No. 3—the Senate budget resolution calls for a 10 percent reduction in 1995 levels for NIH for the next 7 years, a total reduction of nearly $8 billion, $1 billion in 1996 to begin with.

In addition, the Senate resolution protects certain agencies from budget cuts. In other words, they have seen to it to exempt within NIH certain programs, the Centers for Disease Control, the Indian Health Service, the Substance Abuse and Mental Health Service Administration, and all AIDS-related programs.

These exemptions mean the actual cuts to all other NIH programs will be around 16 to 20 percent, not 10 percent. This is death by the firing squad, and it means the end of our growing medical research enterprise as we know it.

Let me give you a couple of examples. We are now halfway through on the decade of the brain. Mr. President, we have in the first 5 years of that commitment spent a proportion of that time necessary to bring together over 130 great and tested scientists in this common, integrated, and united effort. It did not happen overnight. And as a consequence, if you start taking a 15- to 16- or 20-percent reduction in that kind of neurological and brain-related disease, you are not only reducing the funding levels, you are destroying the infrastructure. Let me analyze that.

The Presiding Officer at this moment is my colleague from the State of Washington. We both have a very major timber economy in our States. You take a small sawmill, or any sawmill, and if there is an interim of no supply of timber resource, that sawmill closes. You lose the chief sawer, you lose the greenchain people, you lose all these technological people necessary to make a sawmill function, and then you get a supply a month later. It will take an inordinate amount of time to reconfigure that team of technology that is required to operate a sawmill.

Now look at what it means in terms of high technology, the high specialization of a brain strategy to conquer the diseases of the brain. You lose that team, you lose that kind of an infrastructure and you do not rebuild it 6 months later or the next budget period.

Bear in mind, I believe that every dollar we have appropriated for AIDS is fundamentally required, but we cannot afford to get into this business of playing one disease against another disease and which one has the greatest political clout gets the most money. And that is what we are embarked upon.

Why exempt AIDS? What about cancer? What about heart disease? What about Alzheimer's? What about all the other diseases that we are concerned about in our overall strategy of war on disease? It is a dangerous precedent to make that exemption and start playing these advocate groups one against the other.

I think as we move to balance the budget, we should not randomly cut programs in our midst. We must cut judiciously, but at the same time safeguard our long-term investment programs. Through the promise of medical research we will find the treatments and cures we need to eradicate disease and disability.

Let me take another example. I think it is very interesting that Substance Abuse and Mental Health Services Administration has been exempt. These are the services coming out of the mental health programs and commitments. Mr. President, at the same time that we are going to continue these services at presently $2.1 billion, we are cutting $630 million of fiscal year 1995 out of mental research. Now how can you sustain a service program delivering the best quality of mental health services if you have cut off the research part of it or you have crippled it or you have brought it to such a place where they lose their personnel, and so forth?

I think we know that only through the promise of medical research will we find the treatments and cures to eradicate disease and disability and reduce our health care costs. Medical research is a central mechanism for controlling the costs of health care in this country. That is, a cure and better treatment. After all, a cure is the ultimate in cost control.

We found that fluoridation saves the country approximately $4.5 billion each year in preventing dental cavities; psychoactive drugs which actively reduce hospitalization for mental illness saves us $7 billion a year and allows patients to return to productive lives; a $20 million investment in influenza B vaccine resulted in a savings of over $400 million a year by preventing cases of childhood meningitis.

In other words, Mr. President, all of these things concern me so much that I intend to offer an amendment during the course of debate on the budget resolution to restore the cuts, at least in major part, for the National Institutes of Health.

I expect to be joined by a bipartisan group of colleagues, all of whom believe that severe cuts in this area are shortsighted at best. We are not alone in this task. Public opinion polls have shown massive public support for making health research the No. 1 Federal science priority.

At the same time, I think it is interesting that we have frozen at current levels the research in the energy budget, and that has a major focus on nuclear matters of research.

Mr. President, this gets us down to a priorities problem again, and a value problem. I believe it is more important to protect people from disease by finding the solutions and the preventive actions to take rather than to protect our bombs. That may not be the value system that others hold but, in my view, I would hate to go home and explain to my constituents how we are going to cripple the research for spinal meningitis or for Parkinson's disease or for many of the other diseases that everybody, agewise, will face one way or the other and say, ''Oh, but we have sustained our commitment to the research requirements to protect our bombs.''

I want to make sure that I add this point: That any type of restoration of $1 to this budget resolution has to be offset, and we are working on a bipartisan level now, working with the chairman of the authorization committee, the chairman of the Subcommittee on the Labor-HHS of the Appropriations Committee, we are working with our Democratic colleagues to try to come up with the offsets to deal with the restoration that we seek for the NIH budget.

I wanted to also say, I know of no person in this body who has a greater commitment to medical and health problems that we face in this country than Senator DOMENICI, the chairman of the Budget Committee. I imagine that he has probably lost more sleep than any of us at this point in crafting this budget resolution. So lest anybody attempt to make a personal matter out of this disagreement, I want to certainly disabuse them of that. We want to work with Senator DOMENICI's staff,

we want to work with the Budget Committee in proposing this amendment, but I have to say, we are determined—we are determined—to save the future of this Nation's medical research and its infrastructure that is required to find the solutions to these diseases.

As we continue with this debate, it is important that we remember that long-term fiscal responsibility should not only depend upon cuts in spending. It demands a radical transformation in the way we do business as a government. I know as an appropriator I will focus on how the American people can get more out of fewer federal dollars. That is the goal of the private sector of our society, and it should be the same of the Federal Government as well. I hope that the authorizers will also look to the innovators at the State and local level to see how they are making limited resources go further. I think each one of us can look to the local governments and advocates to glean ideas of how to make success government's goal, as opposed to an obsession with paperwork and feeding the bureaucracy. I hope this Congress takes the fact of fewer Federal dollars and turns it into an impetus to allow the innovators to rise to the top as shining examples of Government at its finest.

I would also like to take this opportunity to ask my colleagues from the other side of the aisle to join in this effort in eliminating the budget deficit. We have all come to the floor time after time to discuss the impact that continuing budget deficits have on the economy and the allocation of Federal revenue. In 1995, 15 percent of all Federal revenue will go to paying the interest on the debt, and that amount will continue to grow if this problem is not addressed. I think many Americans will be surprised that even if we balance the budget in the year 2002, the Federal Government will still spend $279 billion in that year to pay interest on the debt. Imagine what that amount will be if we do not make those tough decisions now.

As a Member of the Senate that believes that the Federal Government can still play a vital role in addressing societies' needs, I can think of a number of ways to allocate that $279 billion in the year 2002, rather than simply paying interest on the national debt. Our Federal budget deficit is a national problem which deserves bipartisan attention. Bipartisan negotiation, leadership and compromise have been the cornerstones upon which we have built all effective decisions on tough issues since the formation of our government. I hope the Congress does not miss this opportunity to address the real issue of balancing the budget, and that is the issue which is before us in this Budget Resolution.

I yield the floor.

Mr. WELLSTONE addressed the Chair.

The PRESIDING OFFICER. Who yields time?

Mr. DOMENICI. Mr. President, the Senator asked if he might propound a unanimous-consent request. I will be pleased to listen to it.

The PRESIDING OFFICER. The Senator from Minnesota.

Mr. WELLSTONE. Mr. President, I ask my colleague from New Mexico, might I first congratulate, if you will, sing praise of my colleague from Oregon. First of all, I very much appreciate his remarks and want to be a part of this effort.

I know last night my colleague from Oregon was given recognition that he richly deserves from the Parkinson's community for his work in introducing the Morris Udall legislation, and as the son of two parents who had Parkinson's disease, I would like to thank my colleague from Oregon for his work and also for, I think, a very eloquent statement. We want to make sure one group of people struggling with a disease is not pitted against another group.

Mr. President, I ask unanimous consent that after my colleague from Missouri is finished with his remarks, that I then be able to speak for 15 minutes, followed by my colleague from South Carolina, Senator HOLLINGS, for 15 minutes as well, and then I understand we will rotate back.

The PRESIDING OFFICER. Is there objection?

Mr. DOMENICI. How much is the Senator going to use?

Mr. BOND. I will need 20 minutes.

Mr. DOMENICI. So that will be 20 minutes, to be followed by 15 and 15.

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

The Senator from Missouri is recognized for 20 minutes.

Mr. BOND. Mr. President, I thank my colleague from New Mexico who has presided over a very difficult, but a very, very important effort in the Senate Budget Committee. I think the tremendous effort he made deserves a great deal of praise and thanks not only by us, but by future generations and a lot of people who may not really understand the full impact of what Senator DOMENICI has led us to achieve for the health of our economy and for future generations.

In the next few days, we are going to have the historic opportunity to move through Congress a budget plan which will actually get this Government's books to balance. How many times have we talked about it? Everybody decided that it was the ''holy grail,'' that we could never get there. Well, through Senator DOMENICI's leadership, we have come up with a plan. Nobody said it would be easy. With his leadership and the willingness of Members to stand up and vote for action instead of just talking a good game, this Senate can take that first step.

Make no mistake, the step is a big one. For the first time in 25 years, the Congress has an opportunity to pass a budget which will get us into a surplus rather than keep adding to our debt. The budget is tough. It sets priorities and recognizes that Government cannot do it all. It makes a statement that the time has come for leaders of today to start paying attention to the economic devastation that is being created for tomorrow's generations because we cannot live within our means. We have heard many speeches about the need to cut spending, reduce the deficit, and get our Nation's books into balance. Everyone who looks at our nearly $5 trillion debt recognizes the need to do something so that we do not keep piling on that debt for our children and grandchildren.

Over the next few days, the American people will have a rare opportunity to see exactly what the political leadership's visions for our country's future are. I have a chart, and you have seen it before in different colors, with the same message. The vision of this Domenici budget shown here in blue is that by taking us from $176 billion on a glidepath to 2002, we can reach a surplus by 2002. It is a bold plan. It scrutinizes every program in the Federal budget from agriculture to welfare, and already the dollar has strengthened because we did something.

The Washington Times reported last Friday that on Thursday, May 11, the dollar jumped in its biggest 1-day advance in 4 years. That was the same day that the House and Senate Budget Committees approved our plans for reducing the deficit to zero by 2002. It is no coincidence that the dollar strengthened the same day we made an effort to restore fiscal sanity to the Federal books.

Earlier this year, by contrast, when the Senate failed, by one vote, to pass the balanced budget amendment, we showed that some were willing to sacrifice U.S. global competitiveness for short-term political gain. The message was heard loud and clear in the global markets, and the dollar fell to record lows against the Japanese yen and the German mark.

Why is that important? Well, Mr. President, it is important because the international monetary markets can tell a country when it is sick. They told Mexico it was sick because the peso started declining and nothing was done. Mexico got in big trouble. The international markets were taking a look at our fiscal policy, our inability to control our spending and saying that the United States is sick. And when we failed to pass the balanced budget amendment, they recorded their votes in the way that is most effective. They placed their convictions with money behind their views. They said we are in danger of going downhill.

The dollar devaluation does not just impact big banks and big industry. It has an affect on each and every American. The dollar's low value means that U.S. assets are less valuable, imports are more expensive, and that the threat of foreign competition and lost jobs is greater than ever.

Passage of this budget resolution, which would get us to balance by 2002,

is critical to the health of the dollar and to the American economy. Bold changes are in store. We have proposed dramatically to restructure several Cabinet agencies and the programs under their jurisdiction. We propose the elimination of programs, new and old, which will outlive their purpose or are too expensive for the supposed good they do.

We have heard very passionate speeches, sincere speeches, on this floor, about how we need to be spending more in all of these areas. That is precisely how we got into this fix. We did not get into this fix spending too much money because we were spending it on things that were low priorities. We wanted to spend more on everything. That is what has led us to the fix that we are in today.

What we are seeing, in essence, in this budget is that we cannot spend more on everything. We have to make some choices and we have to slow the growth. We have told agencies they have to buy smarter, travel more cheaply, and squeeze out the last nickel in their operating budgets.

Let me deal with one particular charge, or one particular allegation, that I am afraid was based on misinformation. One of my colleagues, earlier today, was told by NIH that if funding was cut by 16 percent, the researchers would not get any new grants. There was talk of the success rate. Currently, the success rate for health research is one in four. That means one out of four new applications for research gets granted. The NIH apparently told my colleague that under this plan only 1 out of 100 new grant applications would get NIH funds. Our staff looked into it and we found out that that was totally unsupportable.

First, NIH got the numbers wrong. The budget resolution assumes a 10 percent cut in NIH; NIH assumed a 16 percent cut. They came up with some figures that were not the figures we used and took totally different assumptions. So, No. 1, their overall figure was wrong.

No. 2, NIH decided, in that classic of all Washington moves, to ''close the Washington Monument.'' They were going to hit the thing with all of the cuts that are most important, and that is the research dollars. The ''Washington Monument syndrome'' is when any agency's budget is cut, they shut down the most visible thing that they do. They said, ''That cheap Congress would not give us the money to keep it operating.'' So NIH said that 70 percent of the cut would come from research grants. If I were a researcher out looking for grants, I would ask the folks at NIH: How come you do not want to cut money out of the overhead, the bureaucracy, the buildings, the Washington, DC, efforts? I think that is a pretty good question. In any event, they gave us that assumption.

Finally, NIH assumed they would take all the money from new grants. NIH gets 34,000 requests for new grants each year, and they assume they would cut all the money designated for new grants. In fact, this resolution would cut NIH funding by $1.1 billion. The Senate Budget Committee staff asked the NIH if they distributed that 10 percent cut equally among the bureaucrats, Washington researchers, new grants and existing grants, what would they get? First of all, NIH had two responses. They said they would do it differently. That is cause for us to worry. They said, ''If the cuts were distributed equally, one in six researchers would get new grant money''—in other words, one out of six instead of the current one out of four. Not one out of 100. This, I think, is important to set the record straight. This budget plan is not going to gut NIH.

In addition, this budget is going to say that we are going to save Medicare. Medicare is broke; it must be fixed. The public trustees are right. The people who were appointed as public representatives and the President's Cabinet members said that Medicare, part A, is on the verge of collapse. It will go into the red in 1997 and start spending more money than it takes in and, by 2002, the trust fund will be broke.

If the trust fund is broke, then under the terms of the law, no more money can be paid. In other words, the system shuts down. I do not think it is responsible to walk away from that.

The President has decided to sit back and make a political game out of Medicare. Worse, he is talking out of both sides of his mouth and saying, ''You cannot claim to protect Medicare when it is cut.'' But he has no plan for saving it.

The fact that Medicare part A is on the death spiral was revealed by the President's own Cabinet members. The President knew back in February when he said there would not be one penny cut out of Medicare, that Medicare was on the path to first insolvency and then bankruptcy. He set up a status quo budget with no changes, no plans for saving Medicare.

We stepped to the plate to fix the crisis, and he says that we are trying to kill Medicare.

Second, the President conveniently forgets that he proposed similar cuts in Medicare himself. When the President, in 1993, needed to finance his Government-controlled, top-down health care plan, he proposed spending reductions in Medicare and Medicaid to pay for them.

He said Medicare and Medicaid are going up three times the rate of inflation, and all we propose to do is let it go up two times the rate of inflation, and he said that is not a cut. When he said specifically that is not a cut, how come it gets to be a cut now when we propose to save Medicare by doing about what he proposed to do in 1993?

Mrs. Clinton, the First Lady, has said that she is confident we can reduce the rate of increase in Medicare spending without undermining the quality of Medicare recipients. We know we can get savings. That is what she said. Perhaps the best evidence of the political game that is being played here comes from the architect of the Clinton health care plan, Mr. Magaziner, who said, ''Slowing the rate of growth actually benefits beneficiaries considerably because it slows the rate of growth of the premiums they have to pay.''

It seems to me that those great arguments of a couple years ago cannot be ignored when they come out and try to attack our efforts to save Medicare now.

Under the Senate budget resolution, Medicare will still be the fastest growing part of the Federal budget. Solvency would be guaranteed for 10 years. Medicare spending will continue to grow at more than twice the rate of inflation well into the next century. That is just the first step.

Let me move now, Mr. President, to one other example of the kinds of reforms that this budget tackles. That is, reforming the Department of Housing and Urban Development. I happen to be the chairman of the subcommittee that handles the HUD appropriations. We are responsible for trying to stop the train wreck.

This year, we began holding hearings to get at the funding crisis at HUD. This is a crisis that not only threatens the programs which millions of people depend on for the very roof over their head, but threatens to squeeze out needed dollars for other important programs.

We have found in our hearings and in our investigations that HUD is a dysfunctional agency that requires a complete reevaluation of its mission and a major reform of its program and program operations.

The Department has grown from an agency responsible for about 50 programs in 1980 to well over 200 programs now. It has neither the capacity nor the political will to administer all these programs.

Frankly, we have got to make some serious changes. It is this crisis that led me to advocate and propose a dramatic restructuring of HUD, which is to be incorporated in this budget plan. That is why I argued so strongly for the passage of the rescission package which begins the major surgery HUD so desperately needs.

In particular, the budget anticipates the creation of block grants for public housing. It assumes that the actual projected costs of section 8 contract renewals, that some of this assistance should be given in block grants to the States. The States would get broad latitude to redesign their programs so that they could use State housing finance agencies to manage their program to contract out the responsibilities and to get that program under control.

Unfortunately, when the President indicated he would veto the disaster relief supplemental bill with the rescissions in it, he not only took the money away from the California earthquake

and the victims of the Oklahoma City bombing, it also took over $6 billion in cuts for future year spending from HUD.

Let me make this point again. The bill that we passed out of the conference committee the President said he would veto provides vitally needed funding for disaster relief. The House and the Senate also passed and we passed by an overwhelming majority in this body, a measure to cut spending in HUD so that we will face not quite as serious a problem next year.

We still have a funding problem for HUD that is unbelievable. The President's budget asks for $20 billion in budget authority and $14 billion in outlay increases for HUD over the next 5 years. Even those first are suspect. We have to have the rescission bill to cut off the authority now or we will add more commitments to HUD that they will have even greater trouble funding in the future.

Now, to me, that effort for fiscal responsibility is one of the first and most important steps we can take. The President has come out with some kind of gobbledygook, saying that this bill that we pass contains pork.

Does he want more cuts or does he want less cuts? Items that he objected to in the rescissions bill were items that had been passed by Congress and signed by the President in past years. Now he objects because we have not cut the right things? What does he want Congress to cut?

We stepped up to the plate and gave him some cuts that were carefully worked out in this body and in conference with the House. He wants to veto that rescission bill.

Two things happen if that veto goes through and it is upheld: No. 1, we do not have the money for the emergencies; No. 2, the money that is not rescinded, the budget authority that is not rescinded, will go into effect. We will be on an even steeper incline in our rate of spending, and it will be more difficult.

The President told us back in 1993 he wanted to see us end the deficit. What happened? Did he forget what he said in 1993? He raised taxes to start what he said was the process. He said the second step is cutting spending. Where has he gone?

Frankly, after the President raised taxes and cut defense, he has decided that that was enough. So what if the deficit goes up every year on his budget reaching $276 billion by the year 2000. So what if another $1.2 trillion are added to the debt?

Well, I think there are some serious consequences. No. 1, it will hurt our economy right now. It is going to be a real problem for those who are making a living in our economy today. We are going to see the potential of inflation coming back much more strongly. That is what happens when the value of our dollar falls. We are going to see our costs of goods go up. Most of all, we are going to see debt added to the credit cards of our children and our grandchildren.

Can we afford to say that we are for our children, we are concerned about children, when we want to walk away from fiscal responsibility and add another $1.2 trillion to the $5 trillion we have already put on their backs? Mr. President, I do not think so.

Mr. President, we have heard a lot of fancy speeches and we will hear a lot of fancy speeches, but when it comes right down to it, this is what we say back in Missouri: ''Show me'' time.

Are we for cutting spending? Do we want to balance the budget? Or do we want to leave that spending machine going full throttle? I think we will get a fairly clear indication, because when the votes start, we will find out who really is serious about the financial stability of our economy today and the total economic security of our future generations.

Do we have the political will? Are we willing to stand up to face the music and to vote for a tough budget? I believe we will. I will urge my colleagues to support the effort to get the budget deficit to zero and move it into surplus in the year 2002, because it is essential for our economy now. It is essential for the well-being of future generations.

Mr. President, I yield the floor.

The PRESIDING OFFICER (Mr. GRAMS). Under the previous order, the Senator from Minnesota is recognized.

Mr. DOMENICI. I wonder if the Senator will yield for 1 minute to the Senator from New Mexico?

Mr. WELLSTONE. I would be pleased to.

Mr. DOMENICI. Mr. President and fellow Senators, I do not want anyone to think that we already have ruled out a vote for tonight. Senators asked, are we going to vote tonight?

Frankly, we have to use 10 hours of this budget resolution up tonight. We started at 12 clock and we are working to see if we cannot accomplish that, but clearly we would like to enter into an arrangement where we would vote tomorrow, at least on a Domenici amendment and on a Democrat amendment. But I have no agreement, nor does the majority leader, that we are not to move one of those up to tonight unless we can arrange somehow to get 10 hours out of today's work. Because we still have 30, and that would be 30 for the days of Monday, Tuesday, and Wednesday, and our leader has said we are going to be finished on Wednesday, which will mean very long hours next week.

I want to compliment Senator BOND, not only for his remarks today, which I think were right on point, but actually you cannot get a budget resolution out on the floor without a lot of Senators helping you and a lot of Senators voting for it.

The Senator has been a staunch supporter and formidable proponent of the balanced budget. I want to thank him here in front of all the Senate.

I yield the floor and thank the Senator for yielding.

The PRESIDING OFFICER. The Senator from Minnesota.

Mr. WELLSTONE. Mr. President, when I come to the floor sometimes I just like to respond to what my colleagues have said. Sometimes that ends up being debate. And then sometimes we come back to it later on.

My colleague from Missouri is a friend. I think I enjoy working on the Small Business Committee about as much as I enjoy working on any committee. But when my colleague said the attitude in Missouri is, ''Show me,'' and he talked about children, I would remind him and I would remind my good friend from New Mexico that we have not had a lot of discussion about children yet. I am going to have several amendments on the floor eventually. But in talking about the health care cuts, there has been more of a focus on Medicare and less of a focus on Medicaid.

My understanding—and maybe these numbers are a little bit off—but my understanding is that with the proposed Medicaid cuts, we would be capping the per capita growth rate for expenditures under that program at about 1.4 percent. That is compared to a growth rate of about 7 percent projected for private expenditures? Am I wrong about these figures?

Mr. DOMENICI. I do not know what the 1.7 is. I do not know what that is.

Mr. WELLSTONE. The per capita growth rate for Medicaid expenditures—after the proposed cuts—would be about 1.4 percent.

Mr. DOMENICI. For Medicaid? I would not know that. I have not figured it that way.

Mr. WELLSTONE. OK. I ask my colleague, at some point in time during the debate it would be helpful to get those numbers.

Mr. DOMENICI. Fine.

Mr. WELLSTONE. The reason I mention that is that there are, I think, today in our country about 11 million children who have no health care coverage whatsoever, I say to both of my colleagues. And, every year since 1987, employment-based health insurance coverage has been dropping.

Do you know what has filled the gap? Medicaid. That is what has filled the gap. I think in Minnesota—I say to my other colleague who is presiding—there are about 200,000 children or thereabouts who are covered by Medicaid. I have to say, as long as we are talking about children, when I see these kinds of dramatic, I think draconian, reductions in reimbursement I have to wonder what the effect will be on those children. That is my first point.

My second point, and we can come back to it in debate, but I think it is a point well worth making because these statistics all mean something. My colleagues know this. I am not intending to be self-righteous. I am just saying we need to understand the faces behind the statistics.

The second point about Medicaid is that I have heard some discussion

about the power of the senior citizen lobby. The majority of Medicaid expenditures in Minnesota, and I am sure other States as well, go toward nursing homes, covering nursing home expenses for elderly people who by definition are in nursing homes because they are frail. Many of them are struggling with diseases and illness. They are hardly powerful. I would say to my colleagues, I do not quite know what we intend to do with the dramatic, draconian cuts in reimbursement, Medicaid-wise.

I met with a good number of people from southeast Minnesota last Saturday and there was one man who runs a hospital nursing home in one of our smaller towns in southeast Minnesota. He almost had tears in his eyes. Maybe this is melodramatic. His question was, ''What is going to happen to these people? Will the State pick up the costs? What is going to happen to them?'' That is just a question that I raise.

As long as my colleague from Missouri was talking about children, let me make another point, and I would like to commend Senator MOYNIHAN from New York for his powerful voice dealing with the issues of race, poverty, gender, and children in America. As I understand it, in this budget proposal we are talking about something like $20 billion in reduction for food stamps. I would not want any of my colleagues to believe, if they do believe so, that by going after fraud—and there are some, I am sure, abuses that take place—that is how you get a $20 billion reduction.

I ask my colleagues, Democrats and Republicans alike, not to be ahistorical and to understand that we had a lot of exposes, a lot of studies on these issues. There was a Field Foundation study. There was a CBS ''Hunger USA'' documentary. And what did those studies point out? What did we see on television? What we saw was that in the United States of America there were children who were suffering from scurvy and rickets, distended bellies, malnutrition, and hunger. As a matter of fact, the expansion of the Food Stamp Program, which is one of the really true safety net programs, led to a dramatic reduction in that malnutrition and hunger among children in America. Are we now going to turn the clock back? I would like to know where the evidence is that says that we can have those kinds of cuts in a major food assistance program without having a serious effect on children, the poorest of the poor in America.

So many of my colleagues keep talking about, ''for the sake of children in the future.'' How about the children now? Every 30 seconds a child is born into poverty in America. One out of every four children—poor; one out of every two children of color—poor. What about those children now?

I just mentioned two programs with dramatic reductions, draconian reductions. I know we will have time for debate. I have not seen anybody stand up yet. I know that we will have this debate and it should be substantive debate. We respect one another. Tell me how we are going to do that without harmful consequences to those citizens; in this particular case I am talking about children.

We ought not to be doing deficit reduction based upon the path of least political resistance, that is to say targeting those with the least amount of political clout.

Second, and maybe last point, because I only have 15 minutes today. When I heard my colleague from Missouri—and I am sorry he is not here now for purposes of debate—talk about some of the comments that the First Lady made and Ira Magaziner made about how we could reduce Medicare costs, that is true. But that was in the context of overall health care reform and cost containment systemwide.

I say to my colleagues, there are not only consequences to the words that we utter, the words that we speak, there are also consequences to the proposals that we lay out here on the floor of the Senate.

I can explain very briefly why in fact the Medicare Program, which is a benefits program passed in 1965, which has made the United States of America a better country, and not just for the senior citizens but for all of their children and their grandchildren, has had increasing costs. I can explain why.

We have to invest a significant amount of resources into financing Medicare because a larger and larger percentage of our population are over 65, and a larger and larger percentage of the over-65 population are in their eighties. With that comes more illness and higher health care costs. That's why it is important to look at per capita numbers when we are talking about cuts. We finance it as a nation because it says a lot about who we are.

That is what Senator Humphrey from Minnesota meant when he said the test of our country and our society and our Government is how we treat people in the dawn of their lives, the children; the twilight of their lives, the elderly; and those in the shadow of their lives, disabled people struggling with illness, and of course the poor people. I do not think this budget meets that standard laid out by the late, great Senator from Minnesota, Hubert Humphrey.

Mr. President, I heard some reference to comments of the President and others about health care reform. But the first thing I would say to my colleagues is this will not work. If you single out one sector, one group of people, you can talk to any of your providers and they will tell you out front and up front that they will shift the cost. They have to. It is a shell game.

We should have learned this in the debate on health care last time. And by the way, I say to my colleague who is now presiding, that in Kings County, NY, Medicare pays $646 per month per enrollee to an HMO, whereas in Hennepin County, MN, HMO's get $362 per month per enrollee.

What will happen is, if our reimbursement is already rock bottom low, especially for those States that have done a good job of keeping the costs down, then the providers have no other choice but to shift the cost. They then shift the cost to the employers and the private insurance companies that then raise the costs, and then it gets shifted back to the employees, and more people are forced to drop their coverage because it's unaffordable.

Mr. President, it will not work if we just shift costs. Talk to people in rural America, not just senior citizens. Talk to the care providers, talk to the nurses, talk to the doctors, talk to the public health people. It will not work.

Mr. President, the essential problem with some of these proposals is, A, they do not meet the standard of fairness; B, I do not believe that they are fair just in terms of where the most vulnerable citizens fit in or do not fit in to this equation, and on the Medicare front and the Medicaid front, as public policy, they do not work. Welcome to health care reform.

Tomorrow, when we have our amendment out on Medicare, we will have an opportunity to really debate this at great length.

Finally, Mr. President, as a former teacher, I really do believe it is extremely shortsighted to make a lot of these cuts. As a matter of fact, I think what I might do in the course of the debate is bring out the Kasich budget which was passed by the House of Representatives so we could have a vote on that on the floor of the Senate since I think it does an even more draconian job when it comes to cutting higher education. But I would just argue today that it is myopic, it is shortsighted not to invest in young people and not to invest in their education.

I could boil it down to the following kind of analysis in less than 2 minutes, I hope. If you want to have real welfare reform: A good education, a good job, and decent health care. If you want to reduce poverty: A good education, a good job, and decent health care. If you want to reduce violence: A good education, a good job, and decent health care. If you want to have a stable middle class: A good education, a good job, and decent health care. If you want to compete in the international economic arena: A good education, a good job, and decent health care. And if you want to have a representative democracy with men and women who can think on their own two feet and understand the world, the country, and the community that they live in, what they can do to make it a better world and a better country and a better community, keep your focus on a good education, a good job, and decent health care.

This budget moves us precisely in the opposite direction. It is profoundly mistaken for our Nation.

I yield the floor.

Mr. HOLLINGS addressed the Chair.

Mr. DOMENICI. I wonder if the Senator will yield for 30 seconds.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. Thank you very much. Could I ask unanimous consent that following Senator HOLLINGS, Senator BENNETT be in order for 15 minutes?

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

Mr. EXON. I certainly agree to that. I ask after Senator BENNETT, could we have Senator MURRAY recognized for 15 minutes?

Mr. DOMENICI. Could we have Senator SANTORUM immediately following Senator MURRAY? That would give us five.

Mr. President, I so request.

The PRESIDING OFFICER. Senator BENNETT, 15 minutes; Senator MURRAY for 15 minutes; and Senator SANTORUM for 15 minutes, following the Senator from South Carolina.

Without objection, it is so ordered.

The Senator from South Carolina.

Mr. HOLLINGS. I thank the distinguished chairman.

Mr. President, in the brief moment that I have, I would like to voice a note of sobriety with respect to this debate, and to agree for starters about the bigness of Government.

I have played this budget game for 35 years. As Governor 35 years ago, I balanced the budget in the State of South Carolina, and earned a triple-A credit rating. Some 27 years ago, in 1968, I worked with George Mahon, then chairman of the Appropriations Committee, and we balanced the budget.

Mr. President, when we hear the hue and cry to get rid of big Government, we ought to focus on what it is about government that is really big. In 1968 when President Lyndon Johnson balanced the budget, he faced gross interest costs on the national debt of $14.6 billion. That is after almost 200 years of history. Through 36 Presidents, Republican and Democrat, the Revolutionary War of 1812, the Civil War, the Spanish-American War, Mexican, all the wars, World Wars I and II, and Korea, a good part of the war in Vietnam, the mandatory spending of interest costs was only $14.6 billion.

If my colleagues listen to nothing else, let them listen to this fact. According to the Congressional Budget Office in February of this year, the mandatory spending of gross interest costs is estimated at $340 billion.

Oh, boy, has the size of Government increased. How did it grow? Let me go right to the heart of the matter and quote none other than the chairman of President Reagan's Office of Management and Budget, David Stockman. I quote:

> 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 have willfully denied the giant mistake of fiscal governance, and their 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 contain the deficit.

Mr. President, we are watching history repeat itself as Republicans today make the same mistake of insisting that the deficit can be conquered through spending cuts alone.

Lord knows, I have tried. I have worked in a bipartisan way for a balanced budget. As chairman of the Budget Committee 15 years ago, I worked closely with Henry Bellmon, then the ranking Republican.

In 1980, contrary to what some of the weekly magazines would have you believe, Senator Bellmon and I presented a balanced budget. In 1985, Senator GRAMM, Senator Rudman, and Senator HOLLINGS presented a balanced budget, planned over 5 years rather than 7 years. We were supposed to have balanced the budget by 1990, but then Congress pushed back the goalposts and eventually repealed the fixed deficit targets.

I worked with Republican Senators Boschwitz and Danforth on a value-added tax, 5 years ago. In the Budget Committee, some eight members voted for a value-added tax. Why? Because we needed it. But unfortunately today, the charade continues.

The truth of the matter is that cutting taxes as they say by some $350 billion over 10 years, actually increases the interest costs or taxes on the gross debt. It has been said that there are two things in life that you cannot avoid, death and taxes. Actually, there are three things, death, taxes, and interest taxes on the national debt.

So when they talk in a blasphemous fashion about cutting taxes, it comes time for the sober truth. They can try to get away with this charade, but the fact is that they are increasing taxes.

Now, there are two-ways, Mr. President, to approach this problem. One is a balanced plan of freezing spending, cutting spending, closing tax loopholes, and increasing revenues.

But the other way, of course, is the Vietnam approach—destroy the Government in order to save it. It gives you the image, it gives you the headline, it gives you what they are talking about, a balanced budget.

But I ask the Members to turn to page 7 of the Senate budget resolution. There it plainly says that in the year 2002 we will have a deficit of $113.5 billion. That is just the real deficit. If we turn to page 9 where the annual increases in the public debt are listed, in fiscal year 2002 the debt increases $177.7 billion. The distinguished occupant of the chair on the other side is a very successful businessman. He knows. Look at page 9. Fiscal year 2002, the debt increases $177.7 billion.

So, yes, President Clinton has a budget where the deficits go up as far as the eye can see. The Republican budget now that we have before us, unfortunately, has deficits of $177.7 billion as far as the eye can see. That is the truth. Those are the facts.

We hear a lot of talk about reducing the deficit, but if we want to fathom the true depths of their sincerity, we ought to turn to page 74 of the resolution.

I am reminded of the story about the days when we had the literacy test. Poor black men would come to the polls to vote and would be given the Chinese newspaper. They would be told, ''Boy, read that.'' The black man would take the paper, look at it one way then turn the paper around and around. When he would finally be asked what it said, the man would reply, ''It says ain't no black gonna vote in South Carolina today.''

Now, I read this one on page 74, five little words: ''For legislation that reduces revenues.'' Do you know what that means? It means we are going to allow for a $350 billion tax cut, just like they are doing over on the House side.

You have to know the tricks of the trade. The real problem is that those tax cuts are going to be written in stone. The spending cuts will never occur. Part of them will occur. But the bottom line will be we will be up, up and away with deficits and increased spending for interest costs.

We need to cut out this total fraud that you can do it with spending cuts alone. We have to get serious. You could eliminate all of the nondefense discretionary programs—all $275 billion of them—and we would still be in the red because of the $340 billion that we have to spend on interest costs. It is Alice in Wonderland: To stay where you are, you have to run as fast as you can. To get ahead, you have to run even faster.

The ox is in the ditch. We have to get to work seriously here and cut out the monkeyshines with Social Security, as they did during debate on the constitutional amendment, and as they do now. The provision that John Heinz and I put in the law, section 13301 of the Budget Enforcement Act, says: '' Thou shalt not use Social Security trust funds for the deficit.'' We asked them to obey it in the Budget Committee and, to my shock, 12 Republican Senators voted against that law in the Budget Committee.

Now, if I had Hollings Enterprises as a business and I went to file my annual statement to the Securities and Exchange section, and I was using my pension fund to mask the size of my deficit, I would be in jail. They would haul me off to the hoosegow.

We need to stop, look, and listen and get away from this gamesmanship. Republicans talk now as if they are the only ones interested in the deficit. Perhaps they have forgotten that President Clinton came to town and cut it $500 billion through a balanced approach of spending cuts and tax increases. He followed that up with an effort to reform Medicare and Medicaid that fell upon deaf ears as Republicans claimed that there was no health care crisis. Now, all of a sudden they are sounding the alarm and citing the need for decisive action to save the HI trust fund from bankruptcy. How ironic that

the Contract With America calls for taking $25 billion out of the Medicare trust fund.

Mr. President, they are playing games with you. They talk as if they are so interested in this year's report from the Medicare trustees showing that the fund would be in the red by 2002, but last year the very same report showed that Medicare would be bankrupt by 2001.

And now they say, ''We never knew this. We have to go to work.'' Last year, they said there was not any trouble with health care; Medicare was fine.

Can you imagine, $256 billion out of Medicare? We cut $56 billion the year before last. The President offered another $125 billion last year which you called fantasy. And now you come along with $256 billion and say you need a commission to find it? That is what I call passing the buck. That is punting.

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

Mr. BENNETT addressed the Chair.

The PRESIDING OFFICER. Senator BENNETT, under a previous order, is recognized for 15 minutes.

The Senator from Utah.

Mr. BENNETT. Mr. President, I am interested in the various references that are made from time to time on this floor about business practices; comments such as, ''Why, if we did this in a business the way we are doing it in Government, we would go to jail. We can't do that on a filing for the SEC.''

Mr. President, as you may know, I have run a business, run several. I have filled out forms for the SEC. I have signed 10 Q's, I have signed 10 K's. I understand the requirements of honest accounting. And I assure the Chair and this Senate that what I am about to say is honest accounting. I am not trying to mislead anybody as to what we are facing as a Nation. I am not trying to make rhetorical points on fine shavings of definitions within committee language. I am trying to be as direct and straightforward as I know how.

I will start out with a chart that we have seen before and we will no doubt see again but which we need to keep in front of us throughout this whole debate.

The information, Mr. President, on this chart comes from the Entitlements Commission which shows that if we listen to all of the rhetoric that says, ''Why, you can't do this. This will hurt this group. You can't do that. It will hurt this group,'' which ends up being ''You can't do anything,'' the present trends are simply not sustainable.

I remind the Chair and the Chamber, once again, that if we do nothing, we let things go as they are going, within 10 years, by the year 2006, we will be in a circumstance where the cash outlays and the cash revenues of the Government comes to the condition that everything we spend as a Government will have to be borrowed.

That which we do not have control over in the budget, which is in the red bar—entitlement spending and interest—we have no control over that. We are contractually obligated to that. The entitlements, by law, have to go out. The interest, by law, has to be paid. That means everything else—which includes the Defense Department, includes building highways, includes everything else the Government does—will have to be borrowed. This is the reality with which we live. It is real.

I see the distinguished chairman of the Entitlements Commission on the floor. I thank him for his work and his courage.

This is the situation in which we find ourselves. Let us not kid ourselves by saying, ''Oh, this particular phrase of the budget document does not apply here and we will look at this.'' This is cash outlays.

I have managed a business. I will tell you the most important way to manage a business is on cash flow. You may have a balance sheet that says you have a whole lot of money, but if that money is all tied in inventory and receivables and you do not have the cash with which to pay your bills, you are in trouble. And you can go to the SEC all you want and say, ''Oh, this is the way I keep my books.'' You pay taxes, you pay wages, in cash. And this is the cash picture of what happens if we do not do anything.

Now, we are told, ''Oh, we can't hurt this group. We can't hurt that group. Look at these terrible cuts.''

I give you the second chart prepared by the Budget Committee on the terrible cuts that we are talking about in this budget.

What are the terrible cuts we are going to inflict on Medicare? Well, actually, you know, Medicare is going to go up by $105 billion.

I am a businessman. In my vocabulary a $105 billion increase is not a cut. I had to come to Washington to learn the definition of ''cut.'' It means you spend more this year than you spent last year, but you just spend less than somebody else promised you would in some previous year. That is the Washington definition of ''cut.''

All this reference to business; I am a businessman. This, to me, is an increase. Put it on a per capita basis right now, Mr. President, and we are spending per Medicare recipient per year just under $5,000. That is today's figure, 4,900 and-some-odd dollars.

Under the budget proposed by the Budget Committee, by the time we get to 2002, that number will be $6,450. So we are going to punish the Medicare population by raising their per capita expenditures from $4,900 to $6,400. That is how we are going to punish them. To me, that is not a cut.

Now, we talk about trends. ''Oh, but the Medicare population is growing. The Medicare population is so big we have to spend more than that. That will not work.''

As I say, that is a per capita number, Mr. President, from $4,900 to $6,400 per capita.

But what is the overall number?

Here is the chart I used in a previous statement I made on this subject. Medical expenditures, where the distinguished minority leader had said, ''You know, our problem is that public funds are growing at the same rate as private funds,'' and I said, ''No, that is not true.''

I got the information from the Congressional Reference Service of the Library of Congress. Here are the trends. The dark figures are the percentage of increase in public expenditures for medical activity. This is combined Medicare and Medicaid. The light figures are for the private rate of increase.

Here we are, the worst year, 1990, public expenditures in health care went up 13.2 percent that year. The private rate of increase was 10.6. Still unsustainable. In the private sector, they went to work on that, brought it down, cut it in half the next year, in 1991. Public expenditures came down from 13.2 to 12.6.

The following year, they could not hold it down on the private side. It came up to 9.9, then 7.2, and then last year, 1994, brought it down to 5.3. The public expenditures came down from 12.6 to 10.8 to 8.5, and last year, 7.8.

That is the level, Mr. President, at which this budget calls for it to stay—a 7-percent annual rate of increase in Medicare is what this budget is talking about. We have done it in 1994. Can we not do it for the next 5, 7 years?

I will say, this combines both Medicare and Medicaid and, therefore, that overall figure is misleading and it is not proper for me—I said I am going to be honest in my accounting—it is not proper for me to say that applies directly to Medicare because Medicare at the moment is closer to 10 percent and Medicaid is the lower figure, and that is why the average is there.

But that is the target we have to have, that is the target we do have in this budget and that is the target I believe we can meet.

The Senator from Wisconsin says, you cannot do it to our older population, you cannot balance this by attacking one segment of the population, you cannot single out one sector. And then he talks about education, you cannot single out education. And pretty soon, if you follow that logic, you end up with no sector at all that can be cut.

I go back to the other chart. I referenced this before strictly on the Medicare side pointing out that we are talking about a $105 billion increase in Medicare. We are also talking about $146 billion increase in Social Security, a $36 billion increase in Medicaid, a $51 billion increase in other mandatory programs. The only thing that gets cut is domestic discretionary spending. Defense remains the same in this budget. Interest has to go up because the debt is coming up.

But what is the total? Nearly $1.9 trillion. I am reminded of the cartoon that appeared in the paper where the Republican was writing on the board the budget for 2002, $1.9 trillion, and the other person said: ''Is that all?''

Mr. President, I have been involved personally in the challenge of downsizing a company. I grant immediately this challenge is vastly greater, but the principles are the same. Time and again, I would say, ''We have to take something out of the overhead of this company.''

People would come in to me and say, ''I agree, we have to take something out of the overhead, but don't cut my department'' for this reason or that reason and how vital it was.

Finally, I had to get their attention, and I said: All right, I won't cut your department, I won't cut anybody's department. I'll let everybody walk out of here feeling comfortable, happy and wonderful right up to the point where you file for unemployment, because the company is going broke.

Oh. Well, now, you explained it to me. Maybe I can find something in my department to cut.

That was the company equivalent, Mr. President, of this chart. This is the chart I began with, this is the chart I come back to. This is the situation we are facing. Do we have the courage to recognize this is the situation we are facing and do what has to be done?

Mr. President, we celebrated this year a number of anniversaries relating to the Second World War. I am one who is old enough to remember the Second World War. I did not fight in it. I was just a little kid. My brother went over in the Second World War. He was in Okinawa when President Truman decided to drop the bomb.

Mr. President, may I inquire, how much time do I have remaining?

The PRESIDING OFFICER. The Senator has 7 minutes 30 seconds remaining.

Mr. BENNETT. Thank you. The President of the United States came to the American people and said, ''This is the situation we are facing. If we do not do something about it, we are in serious trouble,'' and he demanded sacrifices from the American people. He was up front with them. He made no bones about the difficulties that we face.

How disrupting was that experience in the lives of Americans? Hundreds of thousands of them lost their lives. Millions had their lives disrupted. They did it because they recognized that there was a purpose for doing it and that their Government was being honest with them.

For far too long in this Chamber, our Government has not been honest with our people and, therefore, of course, they do not want to sacrifice, of course, they do not want to have their lives disrupted. I do not want to have my life disrupted. I want everything to go on as good as it has been going, but the time has come to recognize that we are facing a long-term crisis as severe as any we have faced, and we have to be as honest as we have ever been.

So I say, all right, you do not want to do this by restraining the growth of Medicare, even though the rate of growth of Medicare is not sustainable either in this circumstance or, frankly, by comparison to what is going on in health care in the private sector with this circumstance. All right, you do not want to do it with that one? What do you want to do it with?

This budget says we do it with everybody. This budget says we do not single out a single sector to balance the budget on the backs of any particular group. We say to everybody, the time has come to recognize the crisis with which we are dealing and deal with it evenhandedly.

I would say to those who are complaining about this budget, then give us your alternative that is equally evenhanded that deals with all political groups with the same courage with which this deals with political groups and let us get forward. But do not tell us we cannot adopt this budget because it disturbs this or that or the other sector in terms of their status quo because that kind of circumstance, Mr. President, is simply not being honest with the American people, and the time for honesty is here.

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

Mr. DOMENICI. I was here and listened to all of the remarks. I want to congratulate Senator BENNETT. I believe he made an eloquent statement. I am sorry that he did not have more time tonight to talk about the realities of what we can afford as a people versus the wishful thinking and exaggerated promises that we have been used to making to the public of America, to our people.

I compliment him for it and thank him for his excellence, both in understanding and hard work and knowledge of matters such as this.

Mrs. MURRAY addressed the Chair.

The PRESIDING OFFICER. Under a previous unanimous consent order, Senator MURRAY is recognized to speak for 15 minutes, followed by Senator SANTORUM, of Pennsylvania, for 15 minutes.

The Senator from Washington.

Mrs. MURRAY. Mr. President, when I first came here, the Federal budget deficit stood at nearly $300 billion, and for 3 years in a row, we worked with common sense and clear purpose to reduce that deficit. I was not here when this deficit was run up, but I was not elected to bring home the bacon, and I know that politics as usual will not sell anymore. We must reduce the deficit. But I say to my friends, there is a right way to cut spending, to streamline Government and to reduce the deficit. I think the correct path was the one we started down in 1993.

On the other hand, there are radical approaches which might be effective at slashing spending and cutting programs, but we have to ask the question, at what cost?

The American people deserve a sound budget. They deserve proposals that meet their urgent needs and reflect their spending priorities. They deserve investments in our future. They deserve security for themselves and for their families, and I firmly believe that taxpayers deserve to get something back from the system that they are paying into.

I look carefully and critically at this Nation's budget to make sure that it adequately deals with investments in our basic American quality of life. Our children must be prepared for tomorrow. The health of our citizens must be secure and our neighborhoods and towns must be safe.

That is how I begin this process every year, Mr. President. I start from the premise that as Americans we have special rights and responsibilities, and this body must acknowledge them both. I believe in personal responsibility. I believe we must take charge of our own lives and live up to the obligations that citizenship in this country brings with it. But some Americans, some members of our society cannot make it on their own. There is a great deal of insecurity and a bitter loss of self-confidence out there. I saw it in the faces of my friends and neighbors when I was home in the State of Washington. I would hear it around my kitchen table every night: The middle class, average Americans feel that they are not in control of their own destiny. Machinists at the Boeing Co. tell me they feel their jobs are not secure in these days of corporate downsizing, and they feel there is nothing they can do about it.

Parents tell me they are worried about their kids' safety and violence in the streets, and they feel powerless. My own two teenagers and their friends, the so-called generation X, our future leaders, talk with me about poor job prospects, about never receiving Social Security, not being able to afford to go to college, and the sad and unyielding spread of AIDS. They feel they cannot make the future brighter.

Today, information flows through our society at such a rapid pace, technological innovations seem to be outpacing daily life. Average Americans feel overtaken by it. Bankers and economists warn me that in our interdependent world the dollar falls to record lows and derivative investments threaten our financial security and soundness. They feel the economic solution is beyond their control. Doctors and nurses and administrators in hospitals and community-based clinics tell me that entitlement programs do need reform. But so does the entire health care system.

If the severe Medicare and Medicaid cuts are kept in this budget, they will not be able to deal with the growing caseload of those who need help and have no means to pay for their own medical care.

Mr. President, imagine the hopelessness of a young family with a newborn baby diagnosed with cystic fibrosis. First, one parent has to quit their job to care for that child and their income drops dramatically; insurance runs out, and the young family is forced to spend down in order to get health care—Medicaid—for their child. That is the family I speak for in this budget process. That is the family I think of when I remember the simple truth our parents taught us: ''There, but for the grace of God, go I.''

That family could easily be mine or yours, Mr. President. I am raising two kids at home. I have elderly parents who are not always in the best of health. Like so many Americans, I am squeezed between my kids and my own parents. That is why I share with many Americans the grave concern about the Medicare cuts. How will the program be reformed? Many people have come to me recently and have told me they are afraid that these cuts will result in higher out-of-pocket payments for seniors who are already struggling. They believe cuts will result in limiting choices for seniors.

My parents have had the same doctor for years in Washington State; they do not want to lose their doctor because of a budget plan imposed on them from Washington, DC. From the rural eastern part of my State, I hear the rumbling of concern. Many Medicare beneficiaries live in these communities which often share a single hospital.

These cuts to the Medicare program have the potential to cause some of the hospitals to close—or to shift—a great amount of their costs to local taxpayers.

Mr. President, this brings me to a major concern. By simply cutting funds to Medicare, we are passing on the cost of care for our seniors—our parents—to the hospitals around the country, and those hospitals will pass on the costs to working families across this Nation.

I refuse to stand here on the floor of the U.S. Senate and talk about the budget as if it is just a bunch of numbers. There is a senior citizen and a child and an American family behind every number in this budget. I am afraid that in this time of great uncertainty, in this time of anxiety, we will be telling average American families, ''You are on your own.''

We in the Senate have a choice. We can build self-confidence, we can inspire hope, and we can restore trust in our Government and its ability to work for average Americans. And we can do this at the same time we reduce the deficit, if we do it with common sense. That is the right way.

(Ms. SNOWE assumed the chair.)

Mrs. MURRAY. Or, Madam President, we can feed into the Social Darwinist thinking of survival of the fittest. Serving the special interests who are up here writing legislation. Giving Goliath an advantage. And that is the wrong way.

I am hopeful that we will be able to work on a budget over the coming days, which keeps us on the right path.

I look across the aisle to Members of your party, and I see true champions of certain causes, and I have been pleased to support many of them in their efforts.

The distinguished chairman of the Budget Committee, the Senator from New Mexico, has always been a forceful advocate for funding mental health programs, and he has always looked out for Federal workers.

Madam President, I am proud to serve on his committee with Senators who have provided real leadership and hope to the American people on many issues.

I know that my friend from Maine, who is presiding over the Senate at this moment, has been stalwart on women's health issues. Senator GRASSLEY from Iowa has spent years defending the family farmer. My friend from Missouri, Senator BOND, has displayed real leadership by keeping programs like HOPWA from the rescissions axe. These are my Republican colleagues on the Budget Committee, and I am proud to serve with them. I have supported all of these efforts in the past, and I will continue to do so in this Congress.

So I hope that some of our colleagues on your side of the aisle, Madam President, will look with favor on programs that are important to me, especially the education of our children, both in their early years and in gaining access to college and vocational programs.

For my State, there are other important budget issues before us: The cleanup of Hanford Nuclear Reservation and the funding of the Eximbank; impact aid for educating the children of our men and women in uniform; help for fishers and timber workers who have been dislocated, and all programs that ease anxiety and restore hope.

Madam President, I know firsthand how much hope is needed out there. I know firsthand how much harm this budget will do to average Americans.

I am one of the millions of ordinary Americans who is worried about her elderly parents. I am one of the millions of average people who wants her children to be able to go to college. I am one of the people out there driving to work every day and just trying to juggle the pressures of everyday life for myself and my family.

But, Madam President, this budget adds to the pressure. It does so much harm to working people—I find it incredible that it cuts the earned income tax credit so severely. I find it incredible that this budget raises the taxes on our working families. Let average Americans make no mistake about it—Republicans are increasing taxes on working families.

In Washington State alone, this budget means an average tax increase of $1,400 over 7 years on nearly 180,000 working families.

I am a product of the Western United States. I was born in Washington State. I grew up there. I am one of seven children who learned from our parents that we should always pull ourselves up by our own bootstraps. But this budget steals our shoelaces.

So I plan to offer amendments on the floor, Madam President, that move this budget in restoring some common sense.

I will offer one amendment on impact aid, and I will offer another one to protect children from drastic cuts in Medicaid.

And, Madam President, let me make this clear, these are not frivolous amendments. They have been drafted carefully and I hope that they do pass. It is not my intention to embarrass anybody. My amendments are sincere attempts to improve this budget, and they reflect my highest priorities, for I believe we have the chance today to outline clearly our priorities for this Nation.

Each of us was sent to the Senate to serve the country and to articulate the specific concerns of our friends and neighbors at home.

So let me conclude here with just a few words of caution. No one doubts the need to put our fiscal house in order. But what I fear the most is that it will be done with an eye only toward today, without considering the consequences for tomorrow.

Deficit reduction is not an economic policy in and of itself. And under today's cut, cut, cut mantra, I cannot allow us to forget the word ''compassion.''

I worry that slash and burn politics will override common sense and fairness, especially for our children.

We are looking here today at the Wizard of Oz budget: No heart, no brain, no courage, and no home. And there is too much at stake.

At a fast and furious pace these days, polls tell us what Americans believe about an issue before they have even had time to really make up their minds about it.

I caution my friends—before you impose draconian Medicare and Medicaid cuts on the most vulnerable members of our society—do not be too hasty to legislate based on the shifting sands of current political popularity.

Let us keep things in perspective, Madam President, and let us remember the little guy.

Let us talk about priorities and plans, not just cuts and contracts. Let us use this budget process to restore hope, to ease anxiety, and to make the future brighter for average Americans. I look forward to this debate.

Thank you, Madam President.

Mr. EXON. Madam President, I would like to take a moment on my time to congratulate my friend and colleague from the State of Washington. Here is a teacher, a mother, someone that is really dedicated to the cause that we are trying to espouse on this side of the aisle. I thank her for her excellent remarks.

I yield the floor.