is in a better position to make a family's spending decisions and set their financial priorities—Washington, or the family itself?

Clearly, that responsibility belongs with the family.

We have the opportunity to take that first step in the next few weeks, by passing a $245 billion tax cut which includes the $500 per child tax credit I authored and have fought for over the last 3 years.

I welcome President Clinton's support for tax relief, and urge him to join our efforts. By letting taxpayers keep what is rightfully theirs. we send a strong message that our efforts to balance the budget will always make taxpayers the first priority—not the last.

The second area we must address when discussing reform of the Tax Code is simplification—and simplification must be at the heart of any plan Congress considers.

There is nothing simple about our tax system anymore.

The IRS manages a library of 437 separate tax forms and mails out 8 billion pages of tax instructions every year.

The distinguished House majority leader, Representative ARMEY of Texas, points out that American workers and businesses spent 5.4 billion hours in 1990 just preparing their taxes—more time than it takes to build every car, truck and van manufactured in the United States each year.

This Congress has made shrinkage and simplification its primary goals, and there is nothing that needs it more than our current tax system.

Today's Tax Code may be good business for tax lawyers and accountants, but it is not good policy for the average American taxpayer.

Tax reform must include tax simplification.

The final consideration in building a better Tax Code is making it fairer and more equitable for the taxpayers. Far too often, the current system is not.

The Government continually manipulates the Tax Code—not just to fund Government objectives, but to micromanage the economy and the activities of the taxpayers.

If the Government wants to encourage a particular behavior, it offers a tax benefit.

If it wants to discourage a particular behavior, it sets a tax penalty.

The social engineers have had a field day with the Tax Code. Fairness seems to have been left by the wayside, and families are paying the price.

Look how they have been manipulated through the tax system.

Families, who in 1947 paid just 22 percent of their personal income in the form of taxes, today send nearly 50 cents of every dollar they earn to Federal, State, or local government.

As someone who ran for Congress because of high taxes and what they are doing to this Nation, I am incensed that middle-class American families are being asked to bear the brunt of our enormous tax burden, and then listen to some Senators say that we have to increase taxes more.

In fact, families with children are now the lowest income group in America—below elderly households, below single persons, below couples without children.

In 1950, the average American family sent $1 out of every $50 it earned to Washington—today, the average family sends $1 out of every $4 to feed the Federal Government.

The marriage penalty targets families by taxing them at a higher rate than it does single filers.

And if the dependent exemption had kept up with inflation, it would be more than $8,000 today instead of just over $2,000.

The message we're sending through our tax policy is that families are just not as important today as they were in 1950.

That message must change.

We have the opportunity and responsibility in this Congress to repair the fractured relationship between the Government and its owners—the taxpayers.

It is time we started to talk seriously about cutting taxes, simplifying the system, and making it more equitable.

A recent Forbes magazine cover story called tax reform a ''broad political movement, gaining in popularity the way a hurricane gathers force as it heads for land.''

The questions we should be asking ourselves are not will we ever break form the past and will we ever have a Tax Code that treats all Americans equitably, but rather when.

Mr. President, the answer to that question is now, and the Senate Finance Committee has taken an enormous step toward reaching that goal with its $245 billion tax cut package.

By cutting taxes for families and job-providers, simplifying the way those taxes are collected, and ensuring a process that's fair, reforming the tax system will go a long way toward making government more accountable to the people.

Washington needs to be reminded that the money it collects is not theirs by right—it is collected for use at the will of the taxpayers. And Congress needs to be reminded daily that it represents the taxpayers.

The success of our efforts to reform the tax system won't be measured solely by how much of their own dollars Congress allows families and job providers to keep. It will also be measured by how equitable the system is, and how the taxpayers fare under it.

If we can successfully accomplish all of that, then we will have heard the message of last November and delivered on the solemn promises we made to the American people.

Mr. President, it is time that we get behind this effort. It is time that we balance the budget and stop passing our deficits on to our children and grandchildren.

Thank you very much. I yield the floor.

Mr. KYL addressed the Chair.

The PRESIDING OFFICER. The Senator from Arizona.

BUDGET FANTASY VERSUS REALITY

Mr. KYL. Mr. President, I would like to continue discussing the same subject that the Senator from Wyoming and the Senator from Minnesota have been discussing, and to do so by, first of all, focusing on some of the myths that have been created by the President and by some of his supporters here in the Senate. I am talking about the difference between the budget fantasy and the reality that faces us here today. It is almost an ''Alice in Wonderland'' exercise where words take on meanings that are only in the eye of the beholder and have no relationship to actual reality.

Frankly, they are the last desperate attempts by proponents of big Government to cling to the status quo, which means more spending, higher taxes, and greater regulation. That is really what this exercise in opposition to a balanced budget and tax cuts is all about.

Many of the Democrats cannot believe, let alone accept, that the American people overwhelmingly rejected their approach to governing in that way in last fall's election. Rather than attempting to fulfill the mandate which the American people gave us, they are now cynically pandering to the mandates while doing everything they can to undermine it.

In this topsy-turvy ''Alice in Wonderland'' change, the meaning-of-words situation they have created, spending cuts are increases; spending increases are cuts. For example, claiming that a Medicare spending increase of $2,000 per person over the next 7 years is actually a cut when, in fact, it is a $2,000 increase.

Tax cuts, they say, are spending increases. Tax relief for families become tax cuts for the rich. A volunteer in AmeriCorps is actually paid by the taxpayers $20,000, $30,000, or $40,000 a year. Tax payments, the President says, are contributions. Preserving Medicare is slashing Medicare. And, of course, bankrupting Medicare is saving it.

President Clinton is even now so bold as to blame Republicans, not a single one of whom supported his budget in 1993, for forcing him to raise taxes. It is like ''the old devil made me do it'' skit that we used to see on TV. He says he wishes he had not increased the taxes. I, too, wish he had not increased taxes. But at least our attempt to reduce taxes by $245 billion is a beginning, a partial rollback of this tax increase which he now wishes he had not imposed upon the American people.

Here are some examples of increases that the Democrats claim are cuts.

The Republican Party has said all year that we would not balance the budget at the expense of Social Security. The budget reconciliation bill will

not touch Social Security retirement benefits or cost-of-living adjustments, COLA's. Social Security will increase 43 percent, from $336 billion this year to $482 billion 7 years from now.

Medicare—we are going to increase Medicare spending, not cut it. Medicare will grow from $178 billion in 1995 to $274 billion in 2002, a 54-percent increase. Spending per beneficiary will rise from an average of $4,800 today to more than $6,700 in the year 2002, almost a $2,000 increase, as I said before.

Student loans—we have heard a lot about that. Student loan volume will grow from $24 billion in 1995 to $36 billion in the year 2002, a 50-percent increase. The maximum Pell grant will be raised to $2,440 next year, the highest level it has ever been.

By the way, we could send a whole lot more needy kids to school with Pell grants, eight or nine for every single AmeriCorps volunteer that we pay a salary to.

Here are some examples of cuts that the Democrats claim are actually increases.

Defense spending declines from $270 billion in 1995 to $264 billion in 1996. That is $6 billion less. Defense spending is not going up. It is going down.

Here is an example of spending increases that many of the Democrats not only call cuts but claim are tax increases as well. Only in Washington can such distorted logic have any semblance of credibility.

Talking first about the earned income tax credit, we will spend more on the EITC program every year between now and the year 2002. Spending will rise from $19.8 billion in 1995 to $22.8 billion in the year 2002. The maximum credit for families with one child will rise from $2,094 in 1995 to $2,615 in the year 2002. For families with two children, it rises from $3,100 next year to $3,888 in the near 2002, and the examples go on.

The Democrats not only call that a cut, but a tax increase on low-income families. If you are eligible, you get a check from the Government to offset any income tax liability you might have under that program, plus any excess to which you are entitled. Eighty-four percent of the program costs are cash grants. The program is run through the Tax Code because it is more efficient. It requires less bureaucracy. But it is just not possible that you can be hit by a tax increase if you get back all of your tax payments plus more. It cannot be a tax increase.

Here are some examples of tax cuts that they claim are spending increases. They claim that allowing individuals and businesses to keep more of what they earn is a subsidy that is equivalent to direct spending. But as Llewellyn Rockwell, Jr., pointed out in a column in the Washington Times on September 18 of this year, I am quoting:

> A subsidy means the Government is giving money to you that originally belonged to somebody else. Dairy farmers, for example, are subsidized. That means they get money that the tax man extracted from the taxpayers.
>
> ''Next word: deduction. That's when you were allowed to count some of your income as off limits to the tax man. You can take a deduction for mortgage interest. A portion of your own money stays in the bank.''

Democrats claim the tax relief for families is a tax cut for the rich. The fact is over 70 percent of the tax cuts included in the Finance Committee bill go to families with incomes of less than $75,000 a year.

Let us talk about the AmeriCorps for a moment. The GAO estimated that the program cost nearly $27,000 for each ''volunteer,'' and I put quotation marks around that word ''volunteer'' since they are paid that salary. In fact, that salary is more than the average American earns in a year. Paying people makes them employees, in my view, not volunteers.

For the average of $20,000 to $30,000 cost per year for each student in AmeriCorps, as I said, eight needy students could get Pell grants at $2,400 apiece. The fact is Americans aged 18 and up volunteer 19.5 billion hours of their time, which is a 50-percent increase in the number of hours since 1981. We do not need to pay people to be volunteers under AmeriCorps.

Another one of these Alice in Wonderland meaning changes is calling taxes contributions. Referring to tax increases he would be proposing, President Clinton, in an address to the public from the Oval Office on February 15, 1993, said:

> We just have to face the fact that to make the changes our country needs more Americans must contribute today so that all Americans can do better tomorrow.

I have an idea, Mr. President. Let us just call these contributions voluntary and we will see how much in the way of contributions are received. There is nothing voluntary about the income tax.

On Medicare, President Clinton says, ''The Republican plan would dismantle Medicare as we know it''—the Washington Post, September 16, 1995—despite the fact that six Medicare Board of Trustees, five of whom are Clinton administration appointees, issued a report in April, with which we are all familiar, which stated that ''The Medicare Program is clearly unsustainable in its present form and will become insolvent within the next 6 to 11 years.''

Mr. President, the reality is clear. Medicare benefits will be cut off completely unless we act now. If Medicare goes bankrupt, which could happen as early as the year 2002, according to the trustees, by law no payments could be made to Medicare beneficiaries for hospital care, doctor services, or any other covered benefit.

Even the Washington Post has condemned the duplicity of those who would oppose solving this Medicare problem. In a lead editorial on September 25, 1995, the Post wrote:

> The Democrats have fabricated the Medicare tax connection because it's useful politically. It allows them to attack and duck responsibility, both at the same time. We think it's wrong.

The editorial, by the way, was entitled, ''Medagogues, Cont'd.''

It is no wonder, Mr. President, that the American people are frustrated and angry. We need to keep the promise we made to the American people to balance the budget by the year 2002.

The Congressional Budget Office has certified that our budget will do just that. We have abided by the Congressional Budget Office, the agency that the President praised for its accuracy in budget forecasting in 1993. But while we have abided by the CBO's scorekeeping, the same entity the President praised 2 years ago, the President himself has changed the numbers to make his alternative budget balance by the year 2005. He has used the numbers from his own office rather than the Congressional Budget Office. As former CBO Director Robert Reischauer put it, ''He lowered the bar and then gracefully jumped over it.''

Let me close by saying that it is unfortunate that the President would change the numbers in order to get his budget balanced rather than face the tough realities we have had to face in putting together a budget which we know will balance by the year 2002. I think we owe it to our children and grandchildren to do that, not to hand them the debt that we have accumulated over the years we have been here.

We have a historic opportunity this year. Not since 1969 has Congress had a chance to vote on a balanced budget. And I do not think we can miss this opportunity. It is not just because of the politics of it. It is because of the children and grandchildren who are going to follow us and who do not deserve to have to pay off the debts that we have accumulated.

So I am very hopeful that we can support the budget that will be presented, the reconciliation bill that will be before us next week. I think if we do that the American people will say thank you for keeping the commitment that you made to us in 1994.

Mr. COCHRAN addressed the Chair.

The PRESIDING OFFICER. The Senator from Mississippi.

COMMENDATION OF SENATORS

Mr. COCHRAN. Mr. President, let me commend the distinguished Senator from Arizona for his excellent statement and the other Senators who have spoken on our side of the aisle tonight on the subject of the balanced budget process, the reconciliation bill which will be coming before the Senate next week, and the effort that has been made to put together a plan to achieve a balanced budget by the year 2002. This is a plan that is workable. It is defensible in every respect. It shows a new awareness and sense of responsibility for managing the fiscal policy of