

eliminate defense and you would still have a deficit.

Domestic discretionary spending is the President, Congress, courts, Department of the Interior, Justice, go right around, Commerce, general government. That is \$273 billion. You could eliminate it, not just cut it, and you still have a deficit.

We are in a position like the character in "Alice in Wonderland." In order to stay where you are, you have to run as fast as you can; in order to get ahead, you have to run even faster.

No one wants to talk about it. We have fiscal cancer. Once again, we are prepared to lie to the American people. Therein, the Hollings amendment. It is very clear-cut. Do not give us any of this Social Security embezzlement budget. It is not the balanced budget. Read the language. Section 301 of the continuing resolution says the President, the Congress, must enact legislation to achieve a unified balanced budget. That is the trick.

We voted on Monday just exactly not to do that by a vote of 97 to 2. At that particular time, the distinguished chairman of the Budget Committee said the first portion of this instruction "we have never violated, so we can be instructed on it." False. We continually—as he argues, every President, every Congress has given budgets that way and it has been in violation. He knows it.

The second section "we have never violated, so we can be instructed not to." False. We continue to violate it. You come around and you raise a point when he is on the floor, he will say, "Senator, that is what President Clinton does." Do not give me that. I am serious. I expect to be here after President Clinton. Come on. I have been here after all of these Presidents that are running up these deficits.

We are conscientious about it. We do not want to see this charade continue. The only way to make sure that everybody knows when they vote—I will vote for your resolution, Senator, on 7 years; I will vote for CBO figures. Nothing wrong with that. But do not give me the trick, the smoke, the mirror, of unified. That is raiding the trust funds—\$636 billion, specifically, of Social Security, \$200 billion from the airport and airways trust fund, the highway trust fund, the Medicare trust fund, the Civil Service retirement, your military retirees.

The distinguished Senator from Alaska has that responsibility. You can see the trickery as they do.

Treasury Secretary Robert E. Rubin announced plans yesterday to pull \$61.3 billion from two retirement accounts.

He authorized withdrawal of the entire \$21.5 billion—in the G-fund, and as much as \$39.8 billion of the \$350 billion held in the Civil Services retirement fund. In effect, both funds would be given—IOWA that would obligate Treasury to make complete repayment with interest after a permanent increase in the debt limit is finally approved.

(Mr. BURNS assumed the chair.)

Mr. STEVENS. Will the Senator yield?

Mr. HOLLINGS. I yield.

Mr. STEVENS. I must say that I am saddened here when the Senator from South Carolina made that statement, because as he knows I am the author of that bill that created those funds just mentioned. It is a defect in the legislation.

We intended that to be available to the administration in the event of a national emergency. We meant a true national emergency.

Mr. HOLLINGS. Not a political war.

Mr. STEVENS. I think this is a political war and an aberration. No administration has done that before.

It is very sad because we saved the taxpayers billions of dollars by creating a separate fund in which employees contribute and the employer matches a portion of that. And, a portion of that is invested in Government securities.

What they have now done is they have reached into funds that employees have put into Government securities, pulled it out, and said, "We can run the Government on it."

This is the worst thing I have seen in the history of the Government's relationship to its employees—to invade the trust funds, and at a loss now, the employees will lose interest.

They will give the employees a chit to pay interest. What will be the interest? The interest paid on the national debt?

That is why we took it out of there, because the national debt is so fluctuating—it, too, is political in a sense.

I think it is unfortunate we have reached a point where that action was taken by the President.

I am enjoying the Senator's comments and my question is this: I heard the Senator from South Carolina say he could support this amendment—this continuing resolution—but did he say with an amendment?

Mr. HOLLINGS. The amendment that is now under the consideration of the body. Namely, it says that the 7-year balanced budget passed by the Congress to the President shall not include Social Security trust fund to reflect a balance.

Very simple. I have copies of it. I will be glad to try to change it around and make it clearer, but I do not know—I wanted to make you an offer you could not refuse. You just voted for it on Monday. Here it is Thursday. That was my intent.

If I do it now, then we will correct this situation and we will all be pulling forward together and finally getting out of Senator GRAMM's wagon of spending \$200 billion a year and raiding trust funds, and talking about how intent we are in doing heavy lifting and how Mark Twain, and whether we are patriots and whether we are popular—that is children's talk.

We should do the job. In order to do the job, quit moving deficits. Do not move the deficit from the general fund

over to the Social Security. Our idea is to lessen or eliminate deficits, not move them around.

Mr. STEVENS. Mr. President, I think the Senator has a germ of an idea. I am not sure I concur entirely in what he is saying. I do not believe we should have a situation where the balancing of the budget comes about because of a failure to use the Social Security trust fund the way it was intended. Is that the position of the Senator?

Mr. HOLLINGS. My position is it not be used. The budget—so far we had in the Budget Committee, the document by Chairman KASICH of the conference itself on the budget reflects a usage of Social Security trust fund—\$636 billion over the 7 years.

Mr. STEVENS. Is that not a restriction? It leaves the money in the trust fund. It does not put it in the Treasury. But we are not transferring to the Treasury.

Mr. HOLLINGS. You are. The law itself says that it cannot be used in that fashion, if I could put my finger on it. That is exactly the law you voted for and I voted for in 1990, that it not be employed in that fashion, to obscure the size of the twist.

We are spending more than we are taking in. That is what we are doing. It is not a technicality about being in the Treasury. Certainly it is in the Treasury, and it should, under our intent of increasing the taxes back in 1983, be embellishing a surplus. Nothing wrong with that.

The fact is with the surplus there, your children and my children can count on their retirement. As it is now, Senator THURMOND and I are holding free on that score but the kids are not. They are caught up because we are using all the money.

We owe \$481 billion. If we spend another \$636 billion under this budget, thereupon, at 2002 we will all be owing Social Security over \$1 trillion, and then they will be coming around on the floor of the Congress saying, "Social Security is busted and we have to save it."

How will you find \$1 trillion to save it?

Mr. STEVENS. I have another question. Would the Senator yield for a moment to make a unanimous-consent request on behalf of the leader?

Mr. HOLLINGS. I yield.

UNANIMOUS-CONSENT AGREE-
MENT—CONFERENCE REPORT ON
H.R. 2126

Mr. STEVENS. I ask unanimous consent when the Senate considers the Department of Defense appropriations conference report, it be considered under the following time agreement: One hour under the control of the Senator from Hawaii, Mr. INOUE, with 10 minutes of that time under the control of Senator BINGAMAN, and 20 minutes of that time under control of Senator DORGAN, 1 hour under my control, and 30 minutes under the control of Senator MCCAIN; following a conclusion or

yielding back of the time, the Senate proceed to vote on adoption of the conference report.

This has been cleared on both sides, Mr. President.

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

FUTHER CONTINUING APPROPRIATIONS FOR THE FISCAL YEAR 1996

The Senate continued with the consideration of the joint resolution.

Mr. STEVENS. Mr. President, I have the question, if I might ask my friend?

Mr. HOLLINGS. Yes, sir.

Mr. STEVENS. Because he is a good friend, as a matter of fact.

If we were to vote for your amendment, do you have any indication the President would support it as amendment?

Mr. HOLLINGS. It makes no difference to me. I would hate to see a President want to veto that and say I want to raid the Social Security trust fund. He does know politics. I do not think he would hesitate signing that part of it. I can tell you that.

Mr. STEVENS. My question, respectfully, to my friend, is, has he discussed this amendment with the White House.

Mr. HOLLINGS. No. This gentleman is working on his own. This is no White House amendment. I can tell you here and now, if I wait on that crowd over there, we would not get it done.

Mr. President, there is one more thing to be recognized and that is the exception that makes the rule. That is, as I am critical of the media for just going fast asleep on this one, and battling the Greenspan unified nonsense, the one exception is USA Today just about a week ago—10 days ago, November 6, Monday.

I ask unanimous consent this editorial and an October 20 column by Lars-Erik Nelson be printed in the RECORD.

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

[From USA Today, Nov. 6, 1995]

THE BALANCED-BUDGET MYTH

OUR VIEW: BOTH PARTIES USE SOCIAL SECURITY TO HIDE THE TRUTH ABOUT THE BUDGET; AND IN TIME, THE PUBLIC WILL PAY.

Each day, the debate over balancing the budget produces another dire warning. The cuts are too deep! say the Democrats. Taxes must fall! say the Republicans.

But after they compromise and begin arguing over who won a few weeks from now, one truth will remain: Both sides will be lying, because neither is talking about a truly balanced budget at all.

The non-partisan Congressional Budget Office underscored that point recently. It pointed out that come 2002, when the budget will be "balanced" under Republican plans, the government will still be borrowing more than \$100 billion a year. This is done by writing IOUs from the Treasury to Social Security and other trust funds that Congress declares "off-budget."

The bill for this little game won't come due in the political life of President Clinton or much of today's Congress. But the public will pay it soon enough.

To understand, look ahead to 2005. That's just 10 years away, about the time it takes for an 11-year-old child to go from grade school through college.

That year a critical balance tips. Increased costs for Social Security will begin to deplete Congress' cushion. Because the Social Security trust fund is a fiction filled with nothing but government promises to pay, Congress will gradually lose its fudge factor.

By 2013, when the trust fund peaks, taxpayers will feel a hard bit. They'll have to start doing what the trust fund was supposed to do—pay for the retirement of 75 million baby boomers. The budget will plummet into a sea of red ink, with \$760 billion a year deficits by 2030. By then the government will have had to double the current 12.4% employer-employee payroll tax to cover Social Security obligations.

That's unaffordable. Yet, neither President Clinton nor leaders of either party in Congress acknowledge reform is needed to avert economic catastrophe. To do so would require Republicans to get off their tax-cut bandwagon and Democrats to accept deeper spending cuts. Both prefer the myths that a budget borrowing from Social Security is balanced and a trust fund filled with IOUs to be paid by today's 11-year-olds has value.

Those are frauds only fundamental reform can fix.

The leaders of Clinton's commission on entitlements—Sen. Robert Kerrey, D-Neb., and former Sen. John Danforth, R-Mo.—last year recommended raising the retirement age to 70 and converting a portion of the current payroll tax into a mandated personal retirement account. The Concord Coalition, a deficit watchdog, has called for cutting benefits to upper-income retirees. Other proposals include taxing all income for Social Security and subjecting all benefits to normal income taxation.

Which measures are best? Only a thorough debate of the various measures can decide. But first political leaders must give up their convenient budget myths and face the fact—a Social Security train wreck is coming, and sooner than they think.

[From the New York Daily News, Oct. 20, 1995]

BORROWING FROM SOC SEC TO AID THE RICH (By Lars-Erik Nelson)

Washington—See that Social Security deduction on your paycheck? It's the key to the Republican plan to "balance" the federal budget while giving tax cuts to the wealthy.

In 2002, the year Republicans have been promising a balanced budget, they will in fact come up \$108 billion short, according to the House Budget Committee's report. The Republican plan makes up the difference by "borrowing"—the late Sen. John Heinz (R-Pa.) called it "embezzling"—from the Social Security trust fund.

By law, Social Security deductions are supposed to be earmarked to pay benefits for future retirees. But for the past dozen years the Social Security surplus has been used to mask the real size of the federal deficit.

The Republican plan continues the embezzlement. In pure accounting terms, the Republicans are right: If the amount of money the government collects in a given year equals the amount that it pays out, the budget is in balance. But borrowing from the trust fund to cover current operating costs means raising taxes on the next generation—our children—to pay back the debt to the trust fund.

In addition, using Social Security deductions to balance the budget means that working people, who cannot escape that FICA deduction on their paychecks, make up the shortfall caused by tax breaks for the wealthy and for business.

"It's the largest transfer of wealth from labor to capital in our history," Sen. Daniel Moynihan (D-N.Y.) said yesterday. "We are using a 15% payroll tax [the combined burden on employer and employee] to pay the interest on Treasury bonds, which are generally not owned by blue-collar workers."

"These guys [the Republicans] don't have any intention of balancing the budget," agreed Sen. Ernest Hollings (D-S.C.). "All they want to do is to get credit for it, make room for a big tax cut and destroy the government."

Republican budget plans are still something of a moving target, with many details being worked out behind closed doors, often in consultation with business lobbyists. "You're really not supposed to understand this until it's too late," one of the lobbyists confessed with a grin yesterday.

But the general outline is clear. The budget plans call for increasing taxes on the lowest-income Americans—those earning under \$30,000 a year—primarily by curtailing the Earned Income Tax Credit for working people.

The way the tax cuts are skewed, the wealthiest 12% of Americans share \$53 billion in tax breaks; the remaining 88% of taxpayers share \$49 billion. Federal spending cuts also hit the low-earners harder than they do upper-income families.

More bad news: En route to their supposedly "balanced budget," the Republicans run annual deficits that will add another \$1 trillion to the national debt. That means that in 2002, interest costs—now running at nearly \$1 billion a day—will eat up even more of the federal budget, leaving less money for spending on everything else.

Moynihan tried yesterday to strike \$245 billion in GOP tax cuts and use the money to reduce the deficit, preserve the EITC and spare some of the proposed cuts in Medicare. he was defeated.

"This is simply the wrong time to cut taxes," Moynihan argued. Republicans did not listen.

As Ronald Reagan's conscience-stricken budget director, David Stockman, observed in identical circumstances just over a dozen years ago, "Now the hogs are really feeding."

Mr. HOLLINGS. Talking about the budget, the editorial says:

The nonpartisan Congressional Budget Office underscored that point recently. It pointed out that come 2002, when the budget will be "balanced" under the Republican plans, the Government will still be borrowing more than \$100 billion a year.

The truth is, it is over \$348. But then:

But after they compromise and begin arguing over who won a few weeks from now, one truth will remain: Both sides will be lying, because neither is talking about a truly balanced budget at all.

That is what I want to do, is repair the lying with this particular amendment. So both sides can be telling the truth and we are not any longer embezzling Social Security.

The title of this one is "A Balanced Budget Myth." There is one particular entity, now, that has the truth and they are after us. I hope all the media will wake up and get after us. Let us start talking sense, rather than who is on top and who is lost and who is popular and what the polls show.

I absolutely, since I have the time here, have learned one thing in 40 years of public service. That is, this political polling is a cancer. Yes, you have to