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Senate

The Senate met at 9 a.m. and was called to order by the President pro tempore [Mr. THURMOND].

PRAYER

The Chaplain, Dr. Lloyd John Ogilvie, offered the following prayer:

Almighty God, You have told us that to whom much is given, much shall be required. Today we thank You that You also have shown us that from whom much is required, much will be given. You never ask us to do more than You will provide the strength to accomplish. That's really good news, Father. Today is filled with problems to be solved and issues to be resolved. It is awesome to realize that You seek to do Your work through us. Help us to remember that this is Your Nation, and that we are here to serve You. Grant the Senators a special measure of Your wisdom for the challenges of this day. May they experience Your presence and receive Your guidance. Invade their minds with reignited conviction that they are chosen and called by You and fill their hearts with renewed courage to lead with vision and boldness. This is Your day Lord; show the way. Amen.

BALANCED BUDGET AMENDMENT TO THE CONSTITUTION

The PRESIDENT pro tempore. The clerk will report the unfinished business.

The assistant legislative clerk read as follows:

A joint resolution (S. J. Res. 1) proposing an amendment to the Constitution of the United States to require a balanced budget.

The Senate resumed consideration of the joint resolution.

Pending:

Reid amendment No. 8, to require that the outlay and receipt totals of the Federal Old-Age and Survivors Insurance and the Federal Disability Insurance Trust Funds not be included as a part of the budget totals.

Mr. HATCH addressed the Chair.

RECOGNITION OF THE ACTING MAJORITY LEADER

The PRESIDENT pro tempore. The able chairman of the Judiciary Committee is recognized.

SCHEDULE

Mr. HATCH. Mr. President, on behalf of the majority leader, I announce today that the Senate will resume consideration of Senator REID's amendment to Senate Joint Resolution 1, the balanced budget amendment. Debate is expected throughout the day on this amendment, with the vote occurring on or in relation to the Reid amendment at 6 p.m. today.

By previous agreement, at 2:10 p.m. today, the Senate will begin 5 minutes of closing remarks, followed by a roll-call vote on adoption of House Joint Resolution 36, the resolution regarding U.N. population control.

On Wednesday, the 26th, the Senate will debate Senator FEINSTEIN's amendment from 9 a.m. to 11 a.m. Following the vote at 11 a.m. on or in relation to the Feinstein amendment, Senator TORRICELLI will be recognized to offer an amendment relating to capital budgeting. Senator TORRICELLI's amendment is limited to 3 hours of debate.

I also remind Senators that on Thursday, February 27, at 10 a.m., there will be a joint meeting of Congress for an address by His Excellency Eduardo Frei, President of Chile. Members are asked to meet in the Senate Chamber at 9:40 a.m. to proceed as a group to the joint meeting.

I thank my colleagues for their attention.

AMENDMENT NO. 8

The PRESIDING OFFICER (Mr. HUTCHINSON). The pending question is amendment No. 8, offered by the Senator from Nevada [Mr. REID]. The time between now and 12:30 is equally divided and controlled in the usual form.

Who yields time?

Mr. REID. Mr. President, unless my friend from Utah feels differently, I ask unanimous consent that we initiate a quorum call and the time be charged equally against the two managers.

The PRESIDING OFFICER. Without objection, it is so ordered. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

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

Mr. THOMAS. I ask unanimous consent I be allowed to speak for a few minutes.

The PRESIDING OFFICER. The Senator is recognized.

Mr. REID. If I could interrupt my friend from Wyoming, I ask that the time of my friend from Wyoming be charged against the manager of the underlying amendment.

The PRESIDING OFFICER. That is the regular order.

The Senator is recognized.

Mr. THOMAS. I shall be brief.

Continuing with this important discussion on the balanced budget amendment, I specifically, as was the case with most of us, spent last week in our home districts. I spent last week in Wyoming at town meetings in places like Sheridan, Buffalo, and Casper, to talk about what people think about what is happening here.

Of course, the balanced budget was one of the prime issues there, and continues to be. I think people are increasingly concerned about our lack of financial fiscal responsibility, of having 28 years without balancing the budget, of continuing to have a government that grows in size, continuing to spend more than we take in. I was persuaded, certainly from those who came to my town meetings, from those I talked to who say, ''Look, you need to get this job done.'' They say, ''You all collectively in Washington have been saying every year, yes, we will balance the budget, I want to balance the budget.

● This "bullet" symbol identifies statements or insertions which are not spoken by a Member of the Senate on the floor.

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You have not done it. You have not done it.'' Now they continue to say, ''Well, we do not need a constitutional amendment. We just need to balance the budget.'' We have not done it. Even those who have been here for a very long time and have gone through this whole thing have not balanced the budget.

The idea you do not need to do something rings a bit hollow to people at home. The Wyoming Legislature is currently meeting. Wyoming has a constitutional requirement that the legislature not spend more than it takes in. It works very well. We will have, I think, certainly a series of amendments, all of which are designed to simply detract from what we are seeking to do, all of which are designed to give an option and an opportunity to not vote for a constitutional amendment, to say, ''Well, I am for it, but—'' We have been through that before. We will see that again today. ''I am for it, but . . .'' ''. . . but we do not want Social Security included.''

Now, we like the President's budget, we are moving toward it. Is Social Security in there? You bet it is. You bet it is. And it would not balance without. It does not balance as it is. So we are moving toward continuing to have an unbalanced budget in this President's proposal.

I feel even renewed, Mr. President, in my quest for a balanced budget amendment, having been home, having talked to people who say, ''We do not want more and more spending. We do not want more and more of a central government.'' Really, when it comes down to it, that is the decision. That is really what it is. Those who want to see Government continue to grow larger, obviously are not for a balanced budget amendment. Those of us who think that the real message over the last number of years from home has been, look, we want less central Government, we want less spending, we want less taxes, those kinds of activities that can, should be moved to the States, and that is really the core issue. That is really what it is all about.

I am hopeful we will continue this debate this week and have a chance to finally vote, have a chance to pass a constitutional amendment, have a chance to have the discipline that is required to do the things that everybody says they want to do and have it done.

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

The PRESIDING OFFICER. The clerk will call the roll.

Mr. REID. Would my friend withhold his call for a quorum?

Mr. THOMAS. Sure.

The PRESIDING OFFICER. The Senator from Nevada.

Mr. REID. Mr. President, the record is quite clear. The issue on the balanced budget amendment is quite narrow. The issue is whether or not we should balance the budget using the Social Security surplus.

The arguments always are, ''Well, we have been doing it in the past.'' That is my whole premise. Why should we continue to do it in the future and enshrine it in the Constitution? I say no. I say if we are going to balance the budget, we should do it the right way, the hard way, the honest way, and not include in the calculations to arrive at a balanced budget the Social Security surpluses.

We have a number of amendments, and just speaking for this Senator, I have not supported any of the other amendments to the underlying amendment. I want my focus to be very clear. Even though I think when statements are made, as was made by my friend from Wyoming, that my State balances its budget, the fact is they really do not. The fact is that States have their capital expenditures off budget, through their bonding process. The State of Nevada does this, as do the vast majority of the other States. That is how they balance their budget. They simply exclude the costs of building construction and other long-term capital expenditures. Even though there will be an attempt to amend the underlying matter now before this body with a capital expenditure budget, even though I think that makes some sense, I will not support that. My emphasis, my concerns are about the permanent misuse of the Social Security trust fund if my amendment is defeated. I have made that very clear.

As I spoke yesterday, Social Security is a program we have had for 60-plus years. It was a program for dealing with old age, principally. It was not a giveaway. It was not a handout. It is a program that is given to people when they reach age 62 or 65, whatever eligibility might be for that particular person. It is done without any means testing. Why? Because people have paid into a Social Security trust fund for purposes of having those moneys set aside when they get old. An employer pays in, an employee pays in. It is now about 13 percent of every dollar they earn that is paid into the trust fund for their future years.

As I indicated, trust funds, whether handled by an insurance fiduciary or a lawyer, must be treated very carefully. There are definitions in any dictionary about what a trust fund is. It is ''assured reliance on the character, ability, strength or truth of someone or something; one in which confidence is placed; reliance on future payment for property held by one for the benefit of another; something committed or entrusted for one to be used or cared for in the interest of another.'' This is how Webster defines it. That being the case, Mr. President, it seems to me it is unfair that we use Social Security trust fund moneys for purposes other than for which they were collected.

It is a trust. It is an agreement between the Federal Government of the United States and its workers. We hold these moneys in trust in the interest of the American people. They should not be used for some other purpose. They should not be used for foreign aid. They should not be used for any other purpose. They should be used only for the old-age recipients. I believe Social Security is a binding contract between the U.S. Government and the American people. We should not violate that.

The fact that we have been using those moneys in the past for other purposes does not mean we should continue to do it. I think we should balance the budget, but we should do it in the right way, the fair way, the honest way, by excluding the Social Security trust fund moneys.

In 1983, a commission headed by Alan Greenspan advised raising payroll taxes, with the end of achieving long-term actuarial balance, and hence to ensure that we are prepared for the retirement of the baby boomers. Congress voted to raise the payroll contribution made by workers because these funds are not ordinary taxes but are rather unique moneys contributed to the trust fund that deserve our special consideration and protection.

In 1990, the Senate, understanding the need to protect these Social Security funds, voted 98–2 to pull it out of the unified budget, showing our interest in protecting Social Security trust funds from misuse. The present chairman of the Budget Committee, the senior Senator from New Mexico, said at that time that he reluctantly voted for this amendment, and his reluctance was that it wasn't strong enough. He felt that these moneys should be set aside and not used to offset the deficit.

I appeal to everyone to review the statement made by a person that I believe understands money about as well as anybody in this body. The underlying balanced budget amendment would effectively overturn the 1990 decision to place Social Security off budget and would undermine what then the senior Senator from New Mexico said.

Last year, this body went on record again with a huge vote, pledging we would not raise or cut Social Security in order to balance the budget. Did that vote mean anything? It didn't mean much, because we are in the process now of using surpluses this year to again balance the budget. These votes, the one in 1990 and the one last year, demonstrate the unique position Social Security holds, as well as our commitment to the American people to protect this trust fund that we have set up. It is our obligation to do everything in our power to protect the Social Security trust fund.

It is no different than when any attorney in the United States takes a client's money and puts it into a fund. They cannot use that money for any purpose other than for the client. We can't pay personal expenses. To do so would cause the attorney to lose his or her license. The balanced budget amendment, without an express exemption, places Social Security in serious danger.

So, Mr. President, I believe that we need to step back and understand what

a simple message this is. My amendment would simply disallow Social Security trust fund moneys from being used to offset the deficit. That seems fair. If we want to balance the budget, let's do it the right way. The easy way is to use the Social Security moneys. People are running around pounding their chests about what strong people they are for taking Social Security money to balance the budget. That is the easy way. If you really want to balance the budget in 2002, have a real, honest balanced budget, do it the hard way, not the easy way, and take—this year, $80 billion—that money to mask the deficit. People ask, what would we do? We would have to either cut expenses or raise taxes. That is the only way it can be done—not to circumvent what I think is the clear intent of the Social Security law, that we should not use Social Security surpluses to balance the budget.

So, in short, Mr. President, I think we should pass a balanced budget that isn't a gimmick. It should be a straight on, tough, hard procedure. We should balance the budget without using these huge surpluses in Social Security. We have the President of the United States, among others, including the Congressional Research Service and the Center for Budget and Policy Review, who say that if this underlying amendment passes, the courts will be deciding what should be cut and whether Social Security gets paid.

So the constitutionally permitted raiding of the trust fund would be devastating to current and future beneficiaries and would undermine confidence in this Nation's most successful Government program. I believe Social Security must be viewed as one leg of a three-legged stool, Mr. President. You should have, in addition to Social Security, private pensions and savings. However, 50 percent of all Americans do not have pension protection. Hence, they rely on Social Security checks as the mainstay of their income in their later years. Letters come in to me daily from seniors in Nevada saying that, without Social Security checks, they would be destitute. They plead with me—and I am sure with others—to protect Social Security. Current polls have shown that young people are concerned about Social Security, and well they should be when people are trying to use their moneys to mask the deficit.

A nationwide poll showed that almost 75 percent of the American public do not want a balanced budget if Social Security surpluses are used to balance the budget. Misuse of Social Security trust funds moneys must stop. If we are going to balance the budget, let's do it the right way. Let's protect Social Security trust funds, as well as the trust of the American worker. In the language of the honorable senior Senator from New Mexico on June 10, 1990, ''We need a firewall around those trust funds to make sure that the reserves are there to pay Social Security benefits in the next century.''

It could not be said better, because this amendment I have offered does provide that firewall that my friend, the senior Senator from New Mexico, the present chairman of the Budget Committee, said was necessary.

Mr. THOMAS addressed the Chair.

The PRESIDING OFFICER. The Senator from Wyoming [Mr. THOMAS] is recognized.

Mr. THOMAS. Mr. President, I think it is useful for us to talk a little bit about the relatively little debate that goes on here. I think it is appropriate to talk a little about that. I know my friend from Nevada, whom I respect greatly, is sincere in his view. But I don't agree with what he has had to say. That is what this is all about. So I think we ought to talk about a combined budget, and talk a little bit about off-budget kinds of things. Again, my experience comes from Wyoming. The Wyoming Legislature has control over about 30 percent of the budget. All the rest of it is earmarked off to other things. I don't think that is a good idea or a good way to legislate.

Let me, first of all, say that, naturally, if you want to sell a point, you try and get some kind of an emotional thing to say like ''save Social Security.'' There is not a soul in this place that doesn't want to protect Social Security. We are not talking about protecting Social Security. We are talking about the best way to protect Social Security. Two years from now, when the Social Security revenues have changed substantially, you are going to have it more protected by having it as part of the budget than you will by having it sit off by itself.

Let me talk about this idea of spending it somewhere else. I presume my friend from Nevada would want to invest those surplus dollars so they would have some return to the Social Security fund. They are invested. They are invested in Government securities. They are invested where the law requires they be invested. It is not a matter of spending Social Security funds for other things. The fact is, when we have a deficit in the operating fund of the Government, we have to sell securities. They can sell them to Social Security, to Japan, to me, or to you. Nevertheless, we are using borrowed money. It is borrowed from the Social Security fund. This idea that you are spending it on something else is absolutely false. They are invested. They are protected.

Now, he wants to balance the budget without it. All that takes is $700 billion of new money. Impossible. You can't do that. You just can't do that. We ought to have a combined budget, and will we be responsible for Social Security? Of course. Those funds get paid in for that purpose. They will be repaid. They have to be repaid to somebody.

So this is a difference of view, and I understand that. But the idea that we take this off budget and set it aside and pass the balanced budget amendment is, of course, just not the case. The courts will decide. Again, we have lots and lots of States that have a balanced budget amendment. Do the courts decide? No, of course not. If the courts are going to come into play, they say to the legislative body, ''You have overspent, and you have to find a way to reduce it.'' And there is nothing particularly wrong with that.

So, Mr. President, I just want to say again this sort of scare tactic that somehow if you are included in there, you are going to forget having it, not think it is important to have Social Security protected, is a fallacy, simply a fallacy. And I just think that we ought to challenge those kinds of comments. It is a little like what happened last year in the election, that the Republicans were going to do away with Medicare. Well, that is not true. The fact is if you do not make some changes in these programs, they will not exist. Just to say leave your hands off of it, leave it alone, is sure death for these kinds of programs.

So we have a dilemma, and we solve it. We have talked about it for a very long time. It is time we move forward and make some decisions that will put us in a financially strong position, that will make us financially responsible and will include in a combined budget all those things that are there.

I guess we ought to take the highway trust fund off; we ought to take the airport trust fund off; we ought to take off everything that has a designation.

No, we are not going to do that. We are going to use the emotional issue of Social Security to seek to kill an amendment to the Constitution which says the Congress ought to exercise the kind of responsibility that it ought to exercise anyway and has not.

Mr. President, I yield the floor.

Mr. REID addressed the Chair.

The PRESIDING OFFICER. The Senator from Nevada.

Mr. REID. My only statement to my friend from Wyoming—I am happy to see my western representative friend in the Chamber—is if we have a unified budget, why did we vote on more than one occasion to take it off budget? Social Security is not part of the unified budget. And because we have violated that, what we have done here on the Senate floor and in the House does not make it right. I believe the highway trust fund should be taken off budget. I have offered legislation on this floor—it is pending right now—saying we ought to spend money in the highway trust fund.

The reason we are talking about the Social Security trust fund is just like Willie Sutton; when he was asked why he robbed banks, he said, ''That's where the money is.'' Social Security is where the bucks are. There is very little money in the highway trust fund on a comparable basis to Social Security. So that is why we are protecting Social Security.

Emotional? Yes, it is emotional. It is emotional because people like my friend, Helen Collins, from Nevada said:

I have been a widow since age 21. I never considered applying for any kind of welfare assistance. I worked and raised and educated my son. He got a master's degree. Sad to say, at age 71 I am totally on my own on quite a limited budget. By being very careful, I get by. However, I do worry about getting more seriously ill and losing Social Security. For many of us, these are not the golden years. But I, for one, thank God that good people like you are helping us maintain our dignity and independence.

The underlined word, Mr. President, is ''independence.''

So there are people who do consider Social Security an emotional issue because it is emotional.

I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

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

Mr. REID. I yield such time as may be consumed to my friend, the Senator from North Dakota.

Mr. DORGAN. Mr. President, I would like to begin by inquiring of the Senator from Nevada, Mr. REID, about his perfecting amendment. My understanding of the perfecting amendment as opposed to a substitute here—this is a perfecting amendment—is that he would amend the constitutional amendment to balance the budget in a way that prevents the counting of Social Security receipts and expenditures in that constitutional amendment to balance the budget. Is that correct?

Mr. REID. That is absolutely true. It is this Senator's feeling, as well as the sponsors, of which my friend from North Dakota is one, that it is unfair to balance the budget the easy way, and that is to use these huge Social Security surpluses that we have had in the past and that we will have in the near future to offset the deficit. It is not fair.

Mr. DORGAN. I ask the Senator from Nevada one additional question. Why Social Security? I suppose some would say, well, there other areas that ought to be excluded. The Social Security area is one of the largest areas of public spending and has had accrued surpluses now available, needed to be available for meeting the time when the baby boom generation will retire. So are there other programs like it? Or is this the major issue that will have a distorted impact if this constitutional amendment as currently worded would be enacted by Congress?

Mr. REID. While my friend was coming to the floor, I made an analogy. Willie Sutton, probably the most famous bank robber of all time, after he was apprehended and in jail, was interviewed, and they said—I do not know if they called him ''Willie'' or ''Mr. Sutton,'' but they said, ''Why did you rob banks?'' He was very succinct and to the point. ''Because that's where the money was.''

And that is why they are doing what they are doing here, I say to my friend. They are going after Social Security because that is where the money is. There are huge surpluses in the Social Security trust fund. There are other trust funds but they are dribbles and drabs compared with the $80 billion this year alone. So they are going after this money because that is where it is.

Mr. DORGAN. Mr. President, I appreciate the answer the Senator from Nevada has provided. He and I have worked on this issue for some long while, and I want to try to frame this a little differently.

This debate is not about whether the budget is balanced. This debate is about whether the Constitution is altered. This is a question of shall we change the Constitution of the United States? I am prepared to change the Constitution of the United States under certain conditions.

We have had a lot of goofy proposals over time in this country to change the Constitution. We have had proposals in which there would be a President from the North followed by a President from the South. That was one proposal. Let us make sure that the Presidency goes from the northern part of the country to the southern part of the country on a rotating basis. That is one. Sound a little strange today? Yes, I think so. There have been thousands of proposals to amend the Constitution.

We have a bunch of folks around here who think that somehow they are better than Madison, Mason, Franklin, George Washington, and, yes, even Thomas Jefferson, although Jefferson was not in Philadelphia at the writing of the Constitution. He was in Europe at the time but contributed mightily to the Bill of Rights, and especially the first amendment. But we have folks who think the Constitution is a rough draft and that they ought to get a pencil and eraser and every day make little changes in the Constitution.

In the last session of Congress in 1 month we had three proposals which came driving through here to change the Constitution of the United States by in some cases or in most cases people who call themselves conservatives. It is strange to me that those who call themselves conservatives would be so quick to alter the Constitution of the United States but nonetheless there are plenty of proposals to do so. This is one.

Is there merit in altering the Constitution to require a balanced budget? I think so. I think the demonstration of the lack of fiscal discipline is sufficient over the last especially decade and a half that there is merit in doing so. If there is merit in doing so, why should we not support any proposals that come to the floor of the Senate to change the Constitution? The answer is because if we are going to alter the Constitution let's do it in the right way. Let's solve problems—not create problems.

This constitutional amendment to balance the budget is enormously flawed especially in one area as described by the Senator from Nevada, and that is the area of Social Security. One of the largest programs in the Federal Government is Social Security. It is not contributing one penny to the Federal deficit. In fact, this year it will have $70 to $80 billion more collected in the program than is necessary to be spent. Why? Because one of the few sober things which was done in Washington in the 1980's, in my judgment, was the creation of a Social Security commission which created recommendations which the Congress enacted which resulted in the accrual of substantial savings year by year to be used when the baby boomers retire after the turn of the century.

If this constitutional amendment is enacted by Congress and ratified by the States, what will the impact be of that on the Social Security savings that we now have that are necessary to meet the needs of the baby boomers after the turn of the century? The impact will be that they will be used as offsets against other revenues, and you will not have the savings. And in any event, the Congressional Research Service says that after the turn of the century if you have the savings you couldn't use them unless you raised other taxes, or cut other spending in a commensurate amount.

The noise on the floor of the Senate is interesting. We have folks who rush to the floor to hold up this piece of paper, or that piece of paper. On the floor of the Senate, because we have a doctrine of free speech and unlimited speech, and recognition here that when someone is recognized, even the newest Member, they can be recognized and stand and hold the floor until they are mentally and physically exhausted. No one can take it from them. The Senate has worked that way since its inception for a couple of hundred years. It is a wonderful institution but allows anybody to come and say anything—anything on the floor of the Senate. You can hold up this piece of paper and say, ''I have in my hand a purple piece of paper. Notice this green piece of paper. Notice this 8,000-page document.'' It doesn't matter. You can say whatever you like. And that is part of the problem that we face with a stack of books sitting on a desk over here being used to demonstrate budgets that have been out of balance.

People say, ''Well, everyone else has to balance their budgets. So should the Government.'' The Government should balance its budget. But it is not true that everybody else balances their budgets. We have $21 trillion in debt in this country. We have nearly as much corporate debt as we have Federal Government debt. We have a substantial amount of consumer debt. We have a substantial amount, and it is growing at an alarming rate with credit card debt. We have debt all around this country. And it is a problem. It is a problem with the Federal Government, and it is a problem for the entire country.

We ought to have, in my judgment, a different kind of budget in our country. We certainly ought to have a capital budget. But I have not hinged my vote on a constitutional amendment to balance the budget on that point. But it is interesting. Most of the State Governors who come here pull out their suspenders and trumpet to anyone who will listen within a reasonable distance that they have to balance their constitutional budgets. They have a constitutional amendment to balance their budgets, and their States have a constitutional amendment requiring that they balance their budget. Those States are worried about their credit ratings. Why? Because they are borrowing more? Why, if they are balancing their budgets? Because they have capital budgets. And they amortize over a longer period of time the amount of money they are spending on roads and other things instead of as in the Federal Government expensing it in the very year in which you do anything. If you build an aircraft carrier that is going to last 30 years, expense it all in 1 year. Roads, the same way.

So we ought to have a capital budget. But I have not leveraged my support for a constitutional amendment on that basis.

The question, however, today is: Shall we put in the Constitution this proposal, or shall we put in the Constitution a proposal that is modified in this case by the suggestion of the Senator from Nevada, which I support? And, if a constitutional amendment is modified with that provision, I intend to vote for and support the constitutional amendment. If it is not, I will not vote for it, and will not support it. I will offer a substitute following this vote, if this vote is defeated. I will offer a substitute constitutional amendment to balance the budget that is identical to the one on the floor that includes the provision offered by the Senator from Nevada as a substitute constitutional amendment to balance the budget. I will vote for that. If that passes—and I would say to those on the other side of the aisle that support that, they would have sufficient votes on this side of the aisle to perhaps pass it with 75 votes—then we would be done with this question. Are we going to alter the Constitution of the United States? Then we would be on to something that is important. I am not suggesting altering the Constitution isn't important. I am saying that the issue here is balancing the budget. And you could alter the Constitution at 10 minutes to 10 in the morning. Two minutes from now you can alter the Constitution to require a balanced budget, and at 10 o'clock—2 minutes from now—you will not have made 1 penny of difference in balancing the budget. The only way we will balance the budget is if men and women in the Senate on a budget document that describes the specific spending and taxing issues are willing to cast hard votes to do that.

I found it interesting that the people who stand the highest and seem to speak the loudest on this issue about altering the Constitution were not around on the floor of the Senate in 1993 except to predict that if we pass the Deficit Reduction Act of 1993—something I voted for—if we pass that we would throw the country into a recession; that, if we pass that, there would be cataclysmic results in impacts on the country, and the country will be going down the wrong road.

So a group of us by one vote in 1993 passed a bill called the Deficit Reduction Act, and the deficit has been reduced by 60 percent; 60 percent. Was it a smart thing to do to vote for that? No, not at all. Was it a smart political thing to do? No, not at all. The smart and the easy political thing to do was to go out that door and say to anybody who would listen about how they are doing dumb things in there. But they are actually casting tough votes to reduce the budget deficit. If enough of us did that, it would pass by one vote.

That is dealing with the budget deficit. This is altering the Constitution. And after you alter the Constitution, someone here still has to decide how we are going to spend the money, where we are going to cut spending, how are we going to raise the revenue, and how we balance the budget. And that is the tough part. The easy part is braying, trumpeting, shouting, and doing all the things that make a lot of noise that doesn't do anything about reducing the budget deficit. The tough thing is the quiet negotiations and the quiet agreements that are necessary to agree on budget cuts, spending cuts, and revenue needs to balance the Federal budget.

We have had a number of people here on the floor of the Senate who say that the Social Security issue that has been raised is specious; it is an irrelevant issue. Those who ought to be concerned about the Social Security trust fund and the Social Security fund itself would be better off supporting a balanced budget because the only way to really guarantee Social Security benefits will be to balance the budget. Let me respond to that for just a moment.

If we pass this constitutional amendment to balance the budget as it is currently written the savings that are now accrued in the Social Security trust fund to be available after the turn of the century will not be able to be used unless somebody comes along and raises taxes, or cuts other spending in order to use them. And I do not understand when folks say, ''Well, the best way to assure the long-term health of the Social Security system is to pass this amendment.'' I do not understand that in passing this amendment we are creating a circumstance where it will prevent the very use of the Social Security funds we are now collecting to be used after the turn of the century when it is needed. I mean, that just stands logic on its head. I guess, again, in a debate forum like this, when you are able to say whatever you want to say at any time about anything, you can say that. But I am wondering how many people are willing to believe that. If you tell taxpayers we are going to take money out of your paychecks, we are going to put it in a trust fund, and we promise you we will save it and use it for Social Security, but then use it for something else—I wonder how many people out there in the country think that is an honest way to behave.

I would like—and I am still waiting, incidentally—I would like one Member of the U.S. Senate, just one, to stand up, and maybe this week we can find one who will, stand up and say this: ''I support telling those who are going to work and working every day that we want to take your money from your paycheck, we want to have a little box there on your paycheck that says we have taken $1,000 out of your paycheck and we have called it taxing for Social Security, and we promise you we are going to put it in a trust fund, and then we are going to take the trust fund and move it over here and use that as other revenue so we can now say we have balanced the budget.'' I want one Member of the Senate to stand up and tell me that is a proposal he or she makes to their constituents. There is not one Member of the Senate, I think, that would vote for that, yet that is exactly what we have. It is exactly what we have in this country in our fiscal policy.

And this proposal wants to enshrine it in the Constitution of the United States. This proposal wants to enshrine it forever in the Constitution of the United States, and it makes no sense at all. As an affirmative proposition to misuse these trust funds makes no sense at all. I do not know of anybody who will say, ''That is my position. Let me go ahead and push this. That is what I believe in.'' Yet, that is exactly what will be written in the Constitution of the United States.

This is the Constitution of the United States, in the rules and the manual of the U.S. Senate. That has the Constitution in it. The Constitution is actually not a very lengthy document, as most folks know. The 18th amendment to the Constitution was passed:

> After one year from the ratification of this article the manufacture, sale or transportation of intoxicating liquors within, the importation thereof into, or the exportation thereof from the United States and all territories subject to the jurisdiction thereof for beverage purposes is hereby prohibited.

That is prohibition. The 18th amendment to the Constitution, prohibition. Just to demonstrate that in this country we have a right to make a mistake, the 21st amendment, three amendments later, says the following:

> The 18th article of amendment to the Constitution of the United States is hereby repealed.

It is a wonderful thing about democracy, we have a right to be wrong. We have a right to make mistakes. We can even do it in the Constitution. But we ought to be enormously careful about

what we do with the Constitution because it is very hard to correct. We corrected the 18th by passing the 21st amendment to the Constitution. Let us not create a circumstance where we amend the Constitution and are required to correct it again. That is not, in my judgment, the sort of thing we ought to do with the Constitution of the United States.

Let me emphasize this one more time. The Senator from South Carolina has now come to the floor, Senator HOLLINGS, who has been involved in this discussion for some while on Social Security. Those who come to this floor to say this is a specious argument were not in the room in 1983 when we passed the Social Security Reform Act. I was part of the originating committee that did it, the Ways and Means Committee of the U.S. House of Representatives. I was part of those, that group of people who originally debated this in the Ways and Means Committee in the House of Representatives. And the day it was marked up, I was the one person in the committee who offered the amendment. That is 14 years ago. I offered an amendment, on the very day this was considered, to say if you do not take this money, this Social Security money that we are going to accrue to be used after the turn of the century, and set it aside so it is not part of a budget that somebody else can use, if you do not do it, it is going to be misused. I was defeated that day with the amendment I offered.

So, when people write to the Washington Post, as someone did last week, or people come to the floor of the Senate and pop up here and talk about what they know and what they do not know, I was part of the group in 1983 that decided to create a surplus in Social Security to be used when the baby boomers retire and they need it. This constitutional amendment will enshrine in the Constitution the practice of misusing that Social Security trust fund, and there is no question about it.

As I said, people can come and protest and hold up purple sheets or green sheets all day long and it will not alter the facts. If we are going to amend this Constitution, and I am willing to do that, if we are deciding to say there is merit in requiring a balanced budget, and I think there is, then we ought to do it right, not do it wrong. We ought to do it even if it is hard to do. We ought to do it the right way, rather than to do it the easy way and misuse $1 trillion in 10 years of Social Security trust funds. That is what this debate is about. That is what the perfecting amendment by the Senator from Nevada is about.

I would say to the majority side, if you accept this perfecting amendment, you will pass this with 75 votes. You want a balanced budget amendment to the Constitution? You will get it. Accept this perfecting amendment and you will have it. If you do not get it, it is your fault because you have decided that you want to do something that, in my judgment, would not be allowed anywhere in the private sector. But you want to get away with it in the public sector.

The Senator from North Dakota, Senator CONRAD, has said before—and I will say it before he says it again this morning—if you tried this in the private sector as an employer, and say to the folks in your business, ''You know I have been losing money, so what I decided to do, even though I have been losing money in my business, I will take your pension funds and bring them into the business, claim I have not lost money, and use your pension funds to do it,'' you would be on your way to 2 years in a minimum security prison somewhere in this country, because it is against the law to do that. You cannot do that.

That is exactly the budget practice of the Government of the United States. It is wrong, and it ought to be stopped. The last thing that ought to happen is that we enshrine it in the Constitution of the United States.

If you accept this proposal, this perfecting amendment by the Senator from Nevada, then you will pass this amendment; don't, and you may not. But if you don't, the failure of passing the constitutional amendment is on the shoulders of those who failed to perfect the amendment in a way that means something to the American people.

One final point, and I will take 30 seconds. The demonstration of the naked truth of the bankruptcy of this proposed use of the Social Security trust funds is this. When the majority party has claimed to have balanced its budget, the Federal debt will have to be increased by $130 billion the very year in which they have claimed to balance the budget. Ask anybody—a fifth grader, seventh grader, high school sophomore—why, if you balanced the budget, would you have to increase the Federal defendant limit? The answer: Because it is a scam. The budget is not balanced. Plain and simple. That is the naked truth, and that is what exposes this balanced budget amendment for what it is.

Amend it with the perfecting amendment offered by the Senator from Nevada, and you will have my vote. It is not a bluff. You will have my vote. Do not amend it with that and you will not have my vote, because it is the wrong way to alter the Constitution.

I yield the floor.

The PRESIDING OFFICER. The Senator from Vermont.

Mr. LEAHY. Mr. President, I wish to commend the Senator from North Dakota, and I see the other Senator from North Dakota here about to speak. I will yield immediately to him.

You know what this debate has shown? The two Senators from North Dakota have been in the forefront in discussing this, as was the senior Senator from West Virginia, in describing his own amendment yesterday, and will be in his discussion in the week coming up. It describes what would seem to be a very simple concept: have a constitutional amendment to balance the budget. If you do a poll on this, ''Are you in favor of a balanced budget,'' everybody says, ''Sure, of course we are.''

Then comes the question: Do we amend the Constitution? It has only been amended 17 times since the Bill of Rights—only 17 times. Now, we have another issue. If we are going to do that, do we do it for something that looks good on a bumper sticker for a slogan, or do we do it thinking about what we are doing?

Just remember, this Senate has only been involved in successful amending of the Constitution 17 times since the Bill of Rights. That means a lot of our predecessors had to think long and hard about thousands of proposals to amend the Constitution, about what would they do. The Senators from North Dakota, the Senator from West Virginia, the Senator from Nevada, and others who have spoken do us service by saying, ''Just what is it we are buying with this? Is it a balanced budget?'' No, it is a very, very dangerous monkey wrench in the Constitution that will cost our children and our children's children a great deal. It will cost our Social Security recipients, and it will not do what the President said in the State of the Union Message what can be done: Do you want to balance the budget? All we have to do is vote to do that, and he signs it. It is as simple as that. We don't need to amend the Constitution.

I am delighted to yield to my good friend and colleague, the senior Senator from North Dakota.

The PRESIDING OFFICER. The Senator from North Dakota is recognized.

Mr. CONRAD. Mr. President, I thank the Senator from Vermont, and I thank him for his devotion on this issue, spending hours and hours on the floor to try to make certain people have heard both sides of the story before a vote is cast in this Chamber.

Mr. President, I come at this issue with a deficiency, and that deficiency is I have a financial background. My education is in finance and business. My career was as a tax administrator, somebody who dealt with finances and budgets on a routine basis. And I must say, when I hear talk about the need to balance the budget, nobody could agree more than I do with that concept. I am absolutely in support of balancing the budget of the United States.

It is imperative that we do that, because we are in a special circumstance. We are on the eve of the baby-boom generation starting to retire, and that will put enormous stress on the budget of the United States if we fail to get our fiscal house in order.

In fact, I think I can say, without fear of contradiction, no Senator has offered more specific plans to balance the budget than I have. So I don't take a back seat to anyone with respect to a desire and a commitment to balance

the budget. But when I see the balanced budget amendment to the Constitution that is before us now, I have to say what I believe to be the absolute truth. This is a giant hoax. To call this a balanced budget wouldn't pass the laugh test in any corporation in America.

If anybody told a corporate board of directors that they were going to balance the budget by taking the retirement funds of the employees and throwing those into the pot, they would be in violation of Federal law, because that is fraudulent. It is fraudulent to take retirement funds of employees and use those to balance the operating budget of a corporation. That is not permitted under Federal law. And yet that is precisely what this so-called balanced budget amendment to the Constitution contemplates. They are going to take every penny of the Social Security trust fund surplus and throw those into the pot to claim that they have balanced the budget.

(Ms. SNOWE assumed the chair.)

Mr. CONRAD. Madam President, they don't just take every penny of the Social Security trust fund, they take every penny of every trust fund and throw it into the pot and say they have balanced the budget.

It is like the story of the emperor who has no clothes and everybody is afraid to stand up and say it. But that is precisely what is going on here. When our colleagues come home and say to you, ''We are for a balanced budget amendment to the Constitution,'' I urge you to ask them this simple question: What budget is being balanced?

Boy, that sounds awfully elementary, doesn't it? You would think this is a question that could be easily answered. Unfortunately, when you examine what is going on here, what you find out is that it is at great variance from the claims that are being made. Those who beat their chest and say they are for balancing the budget and that this balanced budget amendment to the Constitution will do that are engaged in an enormous hoax.

Let's look at the language. It comes from section 7, and it says:

> Total receipts shall include all of the receipts of the United States Government except those derived from borrowing. Total outlays shall include all outlays of the United States Government except for those for repayment of debt principal.

Very simple concepts. What they are saying is they are going to put all of the revenue of the Federal Government in the pot, and they are going to look at all of the expenditures of the Federal Government, and that will be a balanced budget. What is wrong with that concept is that they are including all of the receipts from the trust funds and using those, every penny of them, to claim that they have balanced the budget.

Let me just show it in a different way. When I was growing up in our State, people would keep money in a pot. A farm wife would keep cash in a pot. I have this teapot to kind of show what is going on here, because into the teapot goes all of the taxes, all of the corporate taxes, all of the other taxes, but in this balanced budget amendment, they are also including all of the Social Security taxes—all of them, every penny goes into the pot. And then they are going to balance with what is being spent. All of the items that the money goes for in the Federal budget: Social Security is about 22 percent of the money; interest on the debt, 16 percent; defense, 16 percent; Medicare, 14 percent; Medicaid, 7 percent; all other Federal spending, 25 percent.

Can you imagine that they are trying to claim that this is a balanced budget, and what they are doing is they are taking trust fund income, trust funds that are in surplus now, designed to be built up to be used when the baby boomers retire, and they are using the trust fund surpluses to claim they have balanced the operating budget. What a hoax; what a fraud. That is not a balanced budget.

A balanced budget would be if you were saving your trust fund surpluses for the purposes intended and you are balancing your operating budget. That would be a balanced budget. This is not a balanced budget.

Let me demonstrate how massive this hoax is, because it is really quite stunning in its breathtaking willingness to loot every trust fund of the United States of every penny. That is what is going on here, make no mistake, because if this thing is passed and is implemented, we are going to wake up and find there is no money in any trust fund; every surplus nickel has been taken.

Look at what is happening. Some will say, ''Senator, that is what is going on now, that is precisely what is being done.'' That is true, that is what is happening, and it ought to be stopped, and it ought to be stopped now, because we are entering the period when those surpluses explode—they explode—because the baby boomers are getting closer to retirement, and so the surpluses are being built up for the purpose of being ready for them when they retire.

Look at how massive these surpluses are. In 1998, $81 billion in that year alone. By 1999, in just those 2 years, it is up to $169 billion, and between now and the year 2002, when they are going to claim they have balanced the budget, they will have used $465 billion of Social Security trust fund surpluses and claim they have balanced the budget. Again, if any private company tried to do this, tried to take the retirement funds of their employees to balance the operating budget of the company, they would be in violation of Federal law. They would be headed for a Federal facility, and it would not be Congress. They would be headed for a prison.

Yet this is what we are talking about putting in the Constitution of the United States. We are going to put in the organic law of our country the definition of a balanced budget, that if a private company were doing it, would be a violation of Federal law. I do not think so. Not with this Senator's vote. I would not vote, ever, to put that in the Constitution of the United States, the basic law of our country that has made this the greatest Nation in human history, the definition of a balanced budget that is so fraudulent that if any private company tried to do it, it would be a violation of Federal law.

Now, that is a fact of the balanced budget amendment that is before the Senate. When I say that is breathtaking, breathtaking in what they are trying to put in the Constitution of the United States, I meant just that. The Social Security surpluses I indicated are increasing dramatically. Indeed, they are. From 1998 to 2013, we will have surpluses in Social Security, surpluses over and above what the expenditures are during that period, of $1.8 trillion. The folks who are advocating this balanced budget—I call it a so-called balanced budget amendment because this is not a balanced budget, no way. There is no serious definition of balance that would include this so-called balanced budget amendment because the fact is if you passed it, you implement it, the debt would continue to increase. They claim they have balanced the budget. What a fraud. They are going to take $1.8 trillion of Social Security surpluses, throw those into the pot, and claim they have balanced the budget.

It is very interesting if you look at this in another way and try to determine who is telling it straight here, who is telling it straight, just looking at the growth of the Federal debt of the United States. If they are being straight with the American people and they are really balancing the budget, would that not tell you that in the year 2002, the year in which we will have claimed balance because that will be an amendment to the Constitution of the United States, that the debt would stop increasing? Would that not be a logical conclusion? If we are going to balance the budget in the year 2002, would you not expect, then, that the debt of the United States would no longer increase? You would no longer be running deficits because you would have balanced the budget.

Well, testing that proposition, this chart shows the gross Federal debt of the United States. It shows what would happen if this so-called balanced budget amendment to the Constitution were passed and became effective by 2002. You can see this is the year 2002, the year in which it claims balance; this line shows what happens to the Federal debt. It keeps right on going up. The Federal debt keeps right on increasing. If we look at it another way, we can see just what a fraud and a hoax this really is. They call it a balanced budget amendment to the Constitution. They put this definition into the Constitution of the United States and let's

see what would happen in the year 2002. They are claiming the deficit would be zero. But look what happens to the budget deficit in that year. When you look at Social Security and the postal service funds, the so-called on-budget deficit, what you see is not a zero. The budget is not balanced. The deficit is increasing $103 billion. If you look at the broadest measure of debt and deficit, you include all of the trust funds. What you find is that the debt and the deficit will increase in that year by $110 billion.

Yet they are calling it a balanced budget, and they are putting it in the Constitution of the United States that this is a balanced budget. Who are they kidding? There is nobody that has had fifth grade arithmetic that cannot figure this out. There is nobody. My daughter, when she was 7 years old, and she was very good at math, I admit that, she would have been able to figure this out. Just because you are calling something a balanced budget does not make it one. That is like the old story in North Dakota, you call the pig a cow, it does not make it a cow. This is a balanced budget, they claim it is a balanced budget, but it is not one. The deficit keeps going up, debt keeps going up, they have looted every penny of every trust fund in sight and claimed they balanced the budget and put that definition in the Constitution of the United States. It does not belong there.

If we want to do this as an amendment to the Constitution we ought to do it right. This amendment does not pass the laugh test. This amendment is not a balanced budget, No. 1. No. 2, it is fatally flawed in other ways, as well, because it does not provide enough protection in the case of a national economic emergency. In addition to that, it would put us in a circumstance in which the courts could write the budget of the United States. That was never contemplated by our forefathers, to have the Members of the Supreme Court—and I can look through the doors there and almost see the Supreme Court of the United States—I tell you, our Founding Fathers did not have in mind that the Justices of the Supreme Court would sit around a table and write the budget for the United States. That is what would happen under the amendment that is before the Senate.

Let me just say the amendment by the Senator from Nevada, Senator REID, addresses the first problem with the balanced budget amendment that is before the Senate. He would not permit the looting of $450 billion of Social Security surplus between now and the year 2002, to claim they balanced the budget. He would not permit the raiding of $1.8 trillion of Social Security surpluses between now and about the year 2019 and take all those moneys and throw them in the pot and claim they have balanced the budget. It is a substantial improvement over the so-called balanced budget amendment that is before the Senate now. On that basis, Senator REID's amendment deserves support, because it would begin to address the fatal flaws in this amendment.

I just end where I began. I really wonder what our forefathers who wrote the Constitution would be thinking about a Congress meeting in 1997 that has so little regard for the organic law of our country that they would put an amendment into that document that defines a balanced budget in a way that raids every trust fund surplus in the Federal budget, to claim that they had balanced the budget. America is a better country than that. We are a greater country than that, to put in our Constitution a definition of a balanced budget that is totally without merit, it is fraudulent, it is fake, it is false, it is not honest.

We should not be putting that in the Constitution of the United States. When I took the oath of office, I swore to uphold and defend the Constitution of the United States. I took that pledge very seriously. I think it is the most serious thing we do as a Member of this body—swear to uphold and defend the Constitution of the United States. Well, I believe one responsibility in meeting that affirmative pledge is to protect the Constitution from amendments that are unworthy of that great document.

I will ask any of my colleagues to read the amendment before us in the context of the Constitution. Get out your Constitution and then put this amendment down and read the two together and see how it fits, see how it reads, see if it makes any sense to you to have this constitutional amendment that is before us grafted onto the Constitution of the United States. It doesn't fit. It sticks out like a sore thumb. And it is, at its base, utterly fraudulent. It is wrong to put that amendment into our Constitution.

I thank the Chair and yield the floor.

Mr. HATCH addressed the Chair.

The PRESIDING OFFICER. The Senator from Utah is recognized.

Mr. HATCH. Madam President, this is an important amendment, but it is not as important as the proponents think. The fact of the matter is that Social Security is much better protected within the purview of the unified budget than it will be out there standing all by itself where they can add anything to it, or take anything away from it that they want to, and where it will become a spending loophole device that I think will be to the detriment of the senior citizens.

To say that the trust funds are raided is the biggest charade I have heard in all my time in the Senate. First of all, when the FICA funds come in, they are immediately invested into U.S. Government bonds, the best securities anywhere in the world. Those bonds are kept. There is no great big trust fund or a big place where they keep all this money. They are bonds due and owing by the American people some time in the future. The only way we are going to be able to pay back those bonds is if we get spending under control and get our economy under control. The only way we are going to do that, after looking at 28 straight years of unbalanced budgets—those 28 straight years of unbalanced budgets are represented by these actual unbalanced budgets, since 1969—the only way we are going to do that is to pass a balanced budget constitutional amendment.

Some say, well, we want another type of an amendment. The fact is that this is a bipartisan amendment that has been put together over 21 years. I know because I have participated in every word of it with my bipartisan colleagues in the House and Senate, on the Democratic side as well as the Republican side. This is the only amendment that has a chance of passage, the only thing that actually will give a real sense of protection and actual protection to those people who are on Social Security now.

For people to come on this floor and say, They are raiding the trust funds, because literally they are exchanging bonds for the funds and helping to balance the budget with whatever surplus exists now, is not only a charade; it is absolutely false. I get a little tired of people saying they are raiding the trust funds, not treating the trust funds right. The fact is, if you take Social Security out of the purview of the balanced budget amendment—if this amendment passed and we take it outside the purview of the balanced budget amendment, first of all, this amendment won't do what they say it will do. It is very poorly drafted. Even if it does do what they say it would do—and I will, just for the sake of discussion this morning, argue within that context, that it will do what they say it will—and you take Social Security out of the budget, the surpluses that will occur between now and 2008 will be invested in Federal Government bonds, which is exactly what they are doing now. The only difference is that the moneys they have then may be used for social spending programs other than Social Security, and that means another ability to spend more without making the reforms that have to be made in programs like Medicaid, Medicare, and so many others in our society, which are running out of control today. And the people who are going to be hurt the most are going to be those people who are counting on the Social Security funds being there some day, because we will not get Federal spending under control without this balanced budget amendment. We will continue to have these tremendous stacks of unbalanced budgets that will go all the way to the ceiling.

When people come to the floor and say, ''Let's just have the will to do it''—and I have heard it from opponents of the balanced budget amendment now for 21 years of unbalanced budgets—they ought to look at this stack and realize it is going up every

year, and there is no will to do it. It is too easy to spend, too easy to spend the taxpayers' money. It is too easy to just act irresponsibly. Putting Social Security outside of the purview of the unified budget and outside the purview of this balanced budget amendment would be one of the most reckless things we could do. It would be the most risky gimmick you could have. I think it is not only a risky gimmick, it would be a riverboat gamble, where you are almost guaranteed to lose. Social Security would become a football to be kicked back and forth by those who want to play games with the budget, because there would be no fiscal discipline involved in that particular issue. They want to take the largest item in the budget out of the unified budget.

Now, to show how ridiculous it is to take that riverboat gamble, put it out there where it is all by itself, where it could be attacked by anybody, instead of keeping it within the budget, I ask this one thing. Why do that when Social Security is the one item in the whole budget that everybody, every person sitting in the Congress today, be they Republican or Democrat, would support, would help, would keep viable? It is the largest item in the budget. I have to tell you that it can compete better than any other single budgetary issue. So where is the issue? Where is the meat here?

The fact is that those who are bringing these amendments to the floor, by and large—and I am not talking about the distinguished Senator from Nevada; he is very sincere in this amendment, and he believes this. I don't know why he believes this, if you look at the facts of the 28 years, and at what all of us have done throughout the years. But most of the others who are bringing this to the floor and arguing for this are people who would not want a balanced budget constitutional amendment in the Constitution for any reason, or for a variety of reasons, some very sincere and some because they want to spend and tax more with ease, and they want to do it with voice votes so they don't have to come here and stand up and let people know how they voted. I have to tell you, they want to defeat the balanced budget amendment. Now, that might be all right to have this out there if it were a better system, but it would not be. You would be exposing Social Security to direct attack and to direct manipulation over and over.

Madam President, I will have more to say in a few minutes on this. I notice the distinguished Senator from Michigan is here. He came to speak.

I yield such time as he needs.

The PRESIDING OFFICER. Senator from Michigan is recognized.

Mr. ABRAHAM. Madam President, I expect to speak more than once on this issue today. I would like to begin, however, by reiterating some of the points I made in previous speeches on the amendment, because I think as we immerse ourselves in the debates on these various subtopics, we often lose sight of why we are here.

The reason we are here is because of what that pile of unbalanced budgets reflects—that this country has gone a full generation without once balancing the budget. It has not balanced it using Social Security or excluding it. It has not been balanced at all. Therefore, we have been piling up more and more debt and responsibility, not just on ourselves but, more importantly, on our children.

Last week, I was looking at what we call the national debt clock. Some people have questioned the rate at which the clock grows. They ask, ''Whose calculation are you using?'' It doesn't matter. Even the slowest calculation of that debt clock suggests that the deficit is going up to the tune of about $6,374 per second. That is an awful lot of spending beyond our means. What it has done is—and I think most Americans understand, even if not most of us in Washington—it has placed enormous burdens on families of this country, enormous burdens on enterprise in this country, and, most importantly, enormous burdens on the children and future children of America.

In terms of its effect on families, this ever rising deficit and the need of a Federal Government to borrow money to meet its payments has forced interest rates up dramatically in this country. Interest rates are estimated to be 2 percent higher because of the deficit. That means the average price of a new home is $37,000 more because we can't balance the budget. A student loan is estimated to be some $2,000 more expensive because we can't balance the budget. A new car, an average-priced new car, is estimated to be $1,000 more expensive because we can't balance the budget. For all of the talk that this could be done if we only had the will and if the White House and the Congress would only get together, the fact is for 28 years we have not reached the finish line.

But it is not just families who are paying more. People are paying more in other ways as well. To the extent the Federal Government borrows money, it means there is less capital available to create new businesses, to expand existing businesses, to pay better wages. So our workers are hurt. Our free enterprise system is hurt. Our chronic budget deficits mean lower economic growth, fewer jobs, and lower wages.

Finally, at the top of the list of victims of our budget deficits are the children of this country. My family was blessed 5 months ago with a new child. When our son was born, at the very moment that he was born, he automatically inherited responsibility to support the debt previous generations have imposed upon him. Over his lifetime, he will be forced to pay $187,000 in tax payments just to cover the interest on this debt. If we do not try to bring this under control and do it soon rather than later, this burden will only get worse for future generations.

So that is why we are here. We should not lose sight of why we are here. Our goal is to come to the finish line on an amendment that has the opportunity and the ability to bring this kind of deficit spending under control.

At the moment we are discussing a proposal with respect to Social Security. The distinguished Senator from Utah has referred to this proposal as a risky gimmick, because it has many consequences that have not, to my knowledge, been fleshed out in any debate either in the Judiciary Committee when it was first brought up here or here on the floor. Most importantly, in terms of the risk involved, is the fact that as I read this proposal, the Reid amendment, and I have read it several times, I do not see that additional protection for the benefits of Social Security are provided. After all, that is really what this comes down to. Are the beneficiaries going to be protected. The Reid amendment, in my judgment, doesn't do that at all. It does something else, though, which I think every Member of this Chamber should be aware of and have a responsibility to address. That is, it requires a substantially increased amount of Federal spending to be either reduced or Federal revenues to be generated in order to meet the terms of this amendment.

According to calculations of the Congressional Budget Office, during the years 2002 to 2007, if the Reid amendment were adopted and ratified, we would have to come up with an additional $706 billion in either new taxes or spending cuts over and above everything else we will have to do to keep the budget in balance during those years.

In addition, the Senate Budget Committee has estimated that we will have to come up with $181 billion more on top of the first $706 billion in order to reach balance in the year 2002. Those $181 billion would have to be found during the years between now and 2002. That is a total of $887 billion beyond all of the other things that we are trying to do to bring spending under control that would have to be saved if this amendment went into effect. I think it is important for people who are advocating this amendment to come to this floor and explain where those dollars are going to come from, because $800 billion on top of all of the other things required here, to me at least, does not seem plausible.

Let me put it in perspective. We would be talking about in addition to all of the other reductions in spending, in addition to all of the other taxes the Federal Government currently collects, coming up with a sum of $800 billion. This sum is more than the 1993 tax hike, the largest tax hike in history, plus the reductions in Medicare proposed in last year's budget that was passed by the Congress, plus the reduction in discretionary spending that was in last year's budget passed by the Congress.

When the tax increase in 1993 was passed, many of us on the Republican side said that was too much of a tax burden to place on the American people. We argued that it was far too great. It was the largest in history. When Republicans brought to the floor a budget with a discretionary spending cuts and reforms in Medicare last year, we were told by the other side that those were reductions that were too great, that that those savings were unacceptable, and that is why the President refused to go along and sign the various bills that would have effectuated that budget. Now we are talking about doing all of the things required to bring the budget into balance in 2002, and then on top of that, if this amendment went into effect, replicating the process one more time—in fact, more than what we have done—in order to meet the terms of this amendment.

I do not believe there is anybody in the Senate who is capable of, or prepared to produce any sort of plan that would even remotely accomplish those objectives. For that reason, Madam President, I cannot support this amendment. I have no idea how it could be effectuated, and I have not heard one Member on either side come forward and explain that to me.

Moreover, even if we went through an exercise to accomplish it, why we would be doing it? The terms of the amendment would not in any way protect the benefits of Social Security even if we did raise taxes $800 billion more dollars, or cut spending on programs like education, law enforcement, or infrastructure by $800 billion more.

In short, the amendment doesn't accomplish the goals for which it is being proposed, but the pain complying with its requirements would be enormous.

So, for those reasons, Madam President, I cannot support this amendment. I would be happy, and will watch the debate today, to see if someone comes to the floor with a proposal of how to bring about these reductions that could give some assurance that they could be accomplished. I hope someone will. But during the debate in committee and in the discussions since —and certainly this has been something discussed very publicly in the last few weeks—no one has offered a plan, or even anything close to a plan, that could accomplish this. While I think and I am confident that advocates of the amendment are sincere in their advocacy, I just do not believe this is an amendment that could ever been effectuated by this Congress, or any future Congress. I do not believe it would be feasible to do it because I do not think, as I say, anyone has brought forth any solution or plan or proposal that would live up to the terms of the amendment.

For those reasons, I certainly have no intention of supporting it. But maybe before the end of the day we will hear a response that explains where the spending cuts are going to come from or how the taxes are going to be increased or provide some insight into how this really would protect Social Security benefits later on when the trust fund begins to run a deficit, because as I read the terms of this, it in no way does that, either.

So, Madam President, at this time, I yield the floor. I expect later, as the day goes on, that I will be back to speak a little bit more on this. But I thank the Presiding Officer and yield the floor.

Mr. HATCH. I suggest the absence of a quorum, with the time equally charged.

The PRESIDING OFFICER. Without objection, it is so ordered. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

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

Mr. LEAHY. Madam President, I know the distinguished Senator from South Carolina [Mr. HOLLINGS] will be here soon, as will the distinguished Senator from Nevada [Mr. REID]. They are involved in another discussion of the issue that is pending in the Chamber.

Again, I will say, as I said over and over again, we have to separate the difference between a balanced budget amendment to the Constitution and a balanced budget. There is nothing to stop us today, this moment, right now, from bringing about a balanced budget. It could be done. It could be done very easily. We could vote for it. The President could sign it.

A balanced budget amendment to the Constitution means that we amend the Constitution for only 18 times since the Bill of Rights. Now, thousands of amendments have been proposed to the Constitution during that time. The Senate and the House and the States have been wise enough to reject them. Otherwise, had they not, we would have a Constitution about 5 or 6 or 7 or 8 times bigger than it is today. We would not have the bulwark of the most powerful nation known in history. But we also would not have just reflected the passing fancy of the moment, and that is what this is. Not a balanced budget. We can do that. All we need is the courage for it.

After watching the Reagan administration and the Bush administration and the nearly quadrupling of our national debt as they spoke of having a balanced budget, two administrations that took all the debt of this Nation for 200 years and tripled, quadrupled it in a matter of 12 years, all the time talking about the need for a balanced budget, that was the easy way. Talk about it and increase the deficit.

What has happened under President Clinton for the first time in my lifetime is that the deficit has come down 4 years in a row. It has meant some very tough votes. Members of the House and Senate have lost their seats in these bodies because of these tough votes. But what they did was the right thing. They left a legacy for their children and their children's children.

Let us stop the sloganeering. Let us talk about the tough votes. As I recall, in the first two efforts, first two successful efforts to bring down the deficit, most of the people now talking about the need for a balanced budget amendment did not even cast a vote to bring it down. Let us go for reality, not rhetoric.

I see the distinguished Senator from Nevada and the distinguished Senator from South Carolina in the Chamber, and I will yield the floor, Madam President.

The PRESIDING OFFICER. The Senator from Nevada.

Mr. REID. Madam President, I yield whatever time the Senator from South Carolina consumes.

The PRESIDING OFFICER. The Senator from South Carolina.

Mr. HOLLINGS. Madam President, this crowd on the other side of the aisle has no shame. Let me make it absolutely clear. They come here and use the floor of the Senate for these demonstrations. What that pile of books over there on the other side of the aisle says is any time that you can flash on C–SPAN, that side of the aisle is for cutting spending, reducing deficits, and balancing the budget, and this side of the aisle is for spending—you know, tax and spend, liberal Democrats.

Let us find out what the record is. I believe it is too much, but let us just say my pile of books is about one-tenth of that pile over there. If you take the average real deficit—and I put a table on everyone's desk so you can verify the CBO figures, Madam President—in the 36 years from Harry Truman up until President Reagan—ah, those were a tough 36 years; we had to pay for World War II; we had to pay for Korea; we had to pay for Vietnam; and we had to pay for the Great Society that Lyndon Johnson started. During that 36 years, the actual average of real deficits is $20.41 billion.

Now, in the last 16 years, from 1982 to 1997, without the cost of a single war or the Great Society, the average deficit is $277.58 billion. We have gone from $20 billion deficits with the cost of all the wars to the Republican initiative of growth, growth, growth. My friend, Steve Forbes, is running around again saying, ''Hope, growth and opportunity.''

What a charade. What a farce. They ought to be ashamed of themselves—the unmitigated gall to put those books up there and try to demonstrate that they are for cutting spending, that those are the deficits that we piled up casually. The truth is we balanced the budget under President Lyndon Baines Johnson, and the reason this growth started was that silly Reaganomics, which Howard Baker, who sat in that chair as the Republican leader, called a riverboat gamble, and which then Vice President George Herbert Walker Bush

called voodoo. But there is no historical memory under these youngsters who come here to the Senate floor and try to demonstrate, with a pictorial thing here, with a pile of books: Now, we are concerned about these deficits, and the other side does not have any regard for them. They are the ones who caused it.

That is the Reagan-Bush memorial deficit pile right there. That is what it is. In fact, Madam President, you can go back to 1776 and take 38 Presidents, 205 years of history, the cost of the Revolution and all the other wars, and we never got to a $1 trillion debt. When President Reagan took over, it was $909 billion, still not a $1 trillion debt. Now, under Reagan-Bush, President Reagan and President Bush, they have gone to $5.3 trillion. And do not blame President Clinton. Gosh knows, he did not know how to take credit. He went down there to Texas. I guess we all make mistakes running for office, but I think he overspoke. He said he raised taxes too much. But that did not take away from my vote.

In 1993, we had a budget plan, and the budget plan was to reduce the deficit by $500 billion. It was to raise taxes on gasoline, and, yes, Social Security. And over on that side they said, pointing at us, you raise taxes on Social Security, they will be hunting you down like dogs in the street and shooting you. They said, ''We are going to have a recession.'' Ah, not even a recession, but a depression. Instead, the stock market is going through the roof. Inflation is down, jobs are up, and now they want to manufacture a problem.

I say that is their problem. We did not get a single Republican vote in the Senate, we did not get a single Republican vote in the House of Representatives to do anything. We passed it by ourselves. And President William Jefferson Clinton is the only President since Lyndon Johnson to reduce the deficit. He spent 10 years as Governor down in Arkansas, each with a balanced budget. Then he comes to Washington and he changes the direction of increased deficits. You can see the real deficit under the last year of President Bush exceeded $400 billion. Madam President, $400 billion. The exact CBO figure for 1992 was $403.6 billion. That is where the spending comes from. And they get up here and put on these silly shows of piling up books and everything else to appear on C–SPAN and make the most extravagant statements you have ever heard, really totally out of whole cloth.

Where is the spending? Interestingly, Madam President—and I wish someone would give my table of spending in real and unified deficits to our distinguished Presiding Officer so this can be followed. Madam President, I ask unanimous consent that this table be printed in the RECORD at this point.

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

BUDGET REALITIES

[In trillions of dollars]

President and year	U.S. Budget	Unified deficit	Trust funds	Real deficit	Gross Federal debt	Gross interest
Truman:						
1945	92.7	−47.6	5.4		260.1	
1946	55.2	−15.9	−5.0	−10.9	271.0	
1947	34.5	4.0	−9.9	+13.9	257.1	
1948	29.8	11.8	6.7	+5.1	252.0	
1949	38.8	0.6	1.2	−0.6	252.6	
1950	42.6	−3.1	1.2	−4.3	256.9	
1951	45.5	6.1	4.5	+1.6	255.3	
1952	67.7	−1.5	2.3	−3.8	259.1	
1953	76.1	−6.5	0.4	−6.9	266.0	
Eisenhower:						
1954	70.9	−1.2	3.6	−4.8	270.8	
1955	68.4	−3.0	0.6	−3.6	274.4	
1956	70.6	3.9	2.2	+1.7	272.7	
1957	76.6	3.4	3.0	+0.4	272.3	
1958	82.4	−2.8	4.6	−7.4	279.7	
1959	92.1	−12.8	−5.0	−7.8	287.5	
1960	92.2	0.3	3.3	−3.0	290.5	
1961	97.7	−3.3	−1.2	−2.1	292.6	
Kennedy:						
1962	106.8	−7.1	3.2	−10.3	302.9	9.1
1963	111.3	−4.8	2.6	−7.4	310.3	9.9
Johnson:						
1964	118.5	−5.9	−0.1	−5.8	316.1	10.7
1965	118.2	−1.4	4.8	−6.2	322.3	11.3
1966	134.5	−3.7	2.5	−6.2	328.5	12.0
1967	157.5	−8.6	3.3	−11.9	340.4	13.4
1968	178.1	−25.2	3.1	−28.3	368.7	14.6
1969	183.6	3.2	0.3	+2.9	365.8	16.6
Nixon:						
1970	195.6	−2.8	12.3	−15.1	380.9	19.3
1971	210.2	−23.0	4.3	−27.3	408.2	21.0
1972	230.7	−23.4	4.3	−27.7	435.9	21.8
1973	245.7	−14.9	15.5	−30.4	466.3	24.2
Ford:						
1974	269.4	−6.1	11.5	−17.6	483.9	29.3
1975	332.3	−53.2	4.8	−58.0	541.9	32.7
1976	371.8	−73.7	13.4	−87.1	629.0	37.1
Carter:						
1977	409.2	−53.7	23.7	−77.4	706.4	41.9
1978	458.7	−59.2	11.0	−70.2	776.6	48.7
1979	503.5	−40.7	12.2	−52.9	829.5	59.9
1980	590.9	−73.8	5.8	−79.6	909.1	74.8
Reagan:						
1981	678.2	−79.0	6.7	−85.7	994.8	95.5
1982	745.8	−128.0	14.5	−142.5	1,137.3	117.2
1983	808.4	−207.8	26.6	−234.4	1,371.7	128.7
1984	851.8	−185.4	7.6	−193.0	1,564.7	153.9
1985	946.4	−212.3	40.5	−252.8	1,817.5	178.9
1986	990.3	−221.2	81.9	−303.1	2,120.6	190.3
1987	1,003.9	−149.8	75.7	−225.5	2,346.1	195.3
1988	1,064.1	−155.2	100.0	−255.2	2,601.3	214.1
Bush:						
1989	1,143.2	−152.5	114.2	−266.7	2,868.0	240.9
1990	1,252.7	−221.2	117.4	−338.6	3,206.6	264.7
1991	1,323.8	−269.4	122.5	−391.9	3,598.5	285.5
1992	1,380.9	−290.4	113.2	−403.6	4,002.1	292.3
Clinton:						
1993	1.408.2	−255.0	94.3	−349.3	4,351.4	292.5
1994	1,460.6	−203.1	89.2	−292.3	4,643.7	296.3
1995	1,514.4	−163.9	113.4	−277.3	4,921.0	332.4
1996	1,560.0	−107.0	154.0	−261.0	5,182.0	344.0
1997	1,632.0	−124.0	130.0	−254.0	5,436.0	360.0

Source: Historical tables, ''Budget of the U.S. Government, FY 1998;'' Beginning in 1962 CBO's ''1997 Economic and Budget Outlook.''

Mr. HOLLINGS. Madam President, if you look back to 1968–69, back when we used to have budgets from July 1 around the clock to June 30. We have changed now the fiscal year, so October 1 is the beginning of the fiscal year.

But under that last year of President Johnson, let us credit him, you can see going right straight across the board we had a surplus of $2.9 billion. Trust funds were only $300 million—but dispel from your mind that President Johnson used trust funds because even using trust funds he would have had a surplus. So, here comes President Lyndon Baines Johnson with a surplus that year, and all he had to spend was $16.6 billion on interest costs.

Now, Madam President, do you see today's interest costs of $360 billion at the bottom of the page—$360 billion? This is how we have increased spending. The Grace Commission, upon which I served, came to town to do away with waste, fraud, and abuse. The biggest waste is spending money for nothing, just for extravagance. The biggest waste is the past profligacy of not paying the bills and actually increasing spending on interest payments by some $344 billion during that period of time for absolutely nothing.

President Clinton is working on it. He has slowed it down. But they are the ones who increased it with Reaganomics, ''hope, growth and opportunity,'' and television buzz words they can buy up. But let us get to the truth. That is why I put this table here, so we can look at the unified deficit, the real deficit, and gross interest, Madam President, which is forced spending, just like taxes.

It is an insidious way to raise taxes. We have $360 billion to be expended this year on interest costs. Because these interest costs continue to grow, the debt goes up, up and away. This year, it is estimated that the debt will go from $5.182 trillion to $5.436 trillion, an increase of $254 billion. So, while we are increasing the debt, we are spending $1 billion a day in interest. In essence, we are increasing taxes $1 billion a day. Because, like taxes, it has to be paid. It has to be paid. So the crowd against taxes is insidiously increasing taxes $1 billion a day. That is where the spending is.

Let me get back up here where my file is, Madam President, and get to the proposition and join issue, if you please, with the statements made by the distinguished chairman of the Budget Committee, the Senator from New Mexico, Senator DOMENICI. Again yesterday, and he continues this wherever he goes, he referred to the Concord Coalition report as evidence that the matter of Social Security, again, was a gimmick, that is was just all nonsense.

I had hoped we could really avoid that, because I have tried my best to counsel the Concord Coalition. To justify the sincerity of my remarks, let me go back and show that I am not just saying so today. I will read into the RECORD part of my letter of August 16, 1996 to the Concord Coalition.

(Mr. SMITH of Oregon assumed the Chair.)

Mr. HOLLINGS. Mr. President, this is addressed to the Honorable Warren B. Rudman and the Honorable late Paul Tsongas. We lost Paul. I have the greatest respect for these gentlemen. They are the best of the best. I say here in this letter:

DEAR WARREN AND PAUL: You two friends should be ashamed of yourselves. I have just received the Concord Coalition Social Security mailout, and in four pages and in a 13-item questionnaire, there is no mention of the willful bankrupting of the Social Security trust fund in violation of section 13301 of the Budget Act. Mind you me, I support such coalition initiatives as the age increase for retirement to help strengthen the trust fund, and I have voted three times, now, for the Danforth-Kerrey recommendations. But back in 1983, the Greenspan commission recommended that Social Security be put off budget so that we could take care of the baby boomers through the fiscal year 2056. President Bush signed this provision, making it illegal to borrow from the fund or use Social Security moneys to obscure the size of the deficit. Now we know both the President and the Congress violated this. We know both parties violated this. But if we cannot get the truth out of esteemed colleagues like you two, instead of being fiscally in balance until the year 2029 we will be fiscally bankrupt by the year 2002.

Mr. President, I ask that my letter be printed in the RECORD.

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

U.S. SENATE,
WASHINGTON, DC,
August 2, 1996.

Hon. WARREN B. RUDMAN,
Hon. PAUL TSONGAS,
The Concord Coalition, Washington, DC.

DEAR WARREN AND PAUL: You two friends should be ashamed of yourselves. I have just received The Concord Coalition Social Security mail-out and in four pages and a 13-item questionnaire, there is no mention of the willful bankrupting of the Social Security trust fund in violation of Section 13301 of the Budget Act. Mind you me, I support such Coalition initiatives as the age increase for retirement to help strengthen the trust fund and I have voted three times now for the Danforth-Kerry recommendations. But back in 1983, the Greenspan Commission recommended that Social Security be put off-budget so that we could take care of the baby boomers through FY 2056. Responding in interim steps, the Congress did this in 1990 when President Bush signed the provision making it illegal to borrow from the fund or use Social Security monies to obscure the size of the deficit. Now we know both the President and the Congress violated this, we know both parties violated this but if we can't get the truth out of esteemed colleagues like you two, instead of being fiscally in balance until the year 2029, we will have it fiscally bankrupt by the year 2002.

At the moment, Social Security is paid for and has a surplus of $531 billion. What is not paid for, what is causing the deficit and debt are the general functions of government such as defense, housing, law enforcement, education, etc. Working against the deficit and debt, the coalition would better gain the public's attention and support on this immediate problem rather than worrying about the next century. In ''Breaking the News,'' James Fallows outlines how the people in a democracy will do the right thing if properly engaged. The reason this cancerous nonsense continues in Washington is that the responsible Rudmans and Tsongases are afraid to tell the people the truth.

Sincerely,

ERNEST F. HOLLINGS.

Mr. HOLLINGS. I have the greatest respect for our friends there in the Concord Coalition, the former Secretary of Commerce, Secretary Pete Peterson—I worked with him way back under the initial days of President Reagan when I opposed Reaganomics. We got Senator Mathias, the distinguished Republican Senator from Maryland, to go along with us. But there were only 11 of us here that were fighting at that particular time against this. What you do is you cut all your revenues and the money because, ''The people back home will know better than the politicians in Washington and they will have so much money, there will be so much spending, there will be so much income tax and sales tax that, my heavens, we will have growth and we will grow out of this.''

Go ask the mayor of a city to cut his revenues 25 percent. Go ask a Governor to cut his revenues some 25 percent. They work with common sense because they cannot print money like us up here in Washington. They have to have a credit rating. They have to be able to keep interest rates down and get the investments in their communities and in their States. But we come to Washington and lose all common sense. We engage in a tremendous charade up here about piling up books, and how sincere we are, when we disregard the Greenspan commission and we disregard the law.

I have here the report of the National Commission on Social Security Reform dated January 1983. From that report I read, ''A majority of the members of the national commission recommends that the operation of these''—these are fancy words, but ''Social Security trust funds''—they use the word ''trust funds,''—this is a study commission—''should be removed from the unified budget.''

They go right on down, ''The national commission believes the changes in the Social Security Program should be made only for programmatic reasons and not for the purposes of balancing the budget.''

So, pursuant to taking it out of the unified budget and building up the surplus funds, that is how we got the votes. If we had said at that particular time, ''Look, we are going to use this money for foreign aid, we are going to use this money for welfare, food stamps, anything else of that kind,'' you could not have gotten the votes.

We had a horrendous tax increase in 1983, in a conscientious fashion, to build up surpluses to the year 2056. I can show you that right here in the 75-year period. But don't depend on just what the Senator from South Carolina says. Let's get back to the vote and the actions at that time of my distinguished colleague, the now chairman of the Budget Committee.

At that particular time, the Senator from New Mexico—and I refer now to the committee report, Calendar No. 781, Committee on the Budget, U.S. Senate, dated July 10, 1990, on page 29.

I ask unanimous consent to have printed in the RECORD the additional views of Mr. DOMENICI.

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

ADDITIONAL VIEWS OF MR. DOMENICI

It is somewhat ironic that the first legislative mark-up in the 16 year history of the Senate Budget Committee produced a bill that does not do what its authors suggest and, more importantly, weakens the fiscal discipline inherent in the Gramm-Rudman-Hollings budget law.

I voted for Senator Hollings' proposal because I support the concept of taking Social Security out of the budget deficit calculation. But I cast this vote with reservations.

The best way to protect Social Security is to reduce the Federal budget deficit. We need to balance our non-Social Security budget so that the Social Security trust fund surpluses can be invested (by lowering our national debt) instead of used to pay for other Federal operating costs. We could move toward this goal without changing the unified budget, a concept which has served us well for over twenty years now.

Changes in our accounting rules without real deficit reduction will not make Social Security more sound. In fact, we could make matters worse by opening up the trust funds to unrestrained spending. Under current law, the trust funds are protected by the budget process. Congress cannot spend the trust fund reserves without new spending cuts or revenue increases in the rest of the budget to meet Gramm-Rudman-Hollings deficit reduction requirements. If we take Social Security out of GRH without any new protection for the trust funds. Congress could spend the reserves without facing new spending cuts or revenue increases in other programs. And if we spend the trust fund reserves today, we will threaten the solvency of the Social Security program, putting at risk the benefits we have promised to today's workers.

Of course, I also understand that we might be able to restore some public trust by taking Social Security out of the deficit calculation. Trust that we in Congress are not ''masking the budget deficit'' with Social Security. That is why I believe we should take Social Security out of the deficit, but only if we provide strong protection against spending the trust fund reserves. We need a ''firewall'' around those trust funds to make sure the reserves are there to pay Social Security benefits in the next century. Without a ''firewall'' or the discipline of budget constraints, the trust funds would be unprotected and could be spent on any number of costly programs.

Unfortunately, the Hollings bill does not protect Social Security, which is why Senator Nickles and I offered our ''firewall'' amendment, defeated by a vote of 8 to 13. The amendment, drafted over the last six months by myself and Senators Heinz, Rudman, Gramm, and DeConcini, included: a 60 vote point of order against legislation which would reduce the 75 year actuarial balance of the Social Security trust funds; additional Gramm-Rudman-Hollings deficit reduction requirements in all years in which legislation lowered the Social Security surpluses; and notification to Social Security taxpayer on the Personal Earnings and Benefit Estimate Statements (PEBES) each time Congress lowered the reserves available to pay benefits to future retirees.

With just one exception, the other side of the aisle voted against this protection for Social Security beneficiaries.

Furthermore, the Hollings bill says nothing about how or when we will achieve balance in the non-Social Security budget. The bill simply takes Social Security out of the deficit calculation. If enacted, the Hollings bill would require $173 billion in deficit reduction in 1991 to meet the statutory GRH target (see attached table). Obviously, that is not going to happen.

I believe we need to extend Gramm-Rudman-Hollings to ensure we have the discipline to achieve balance in the non-Social Security portion of the budget. The Budget Summit negotiators are discussing a goal of $450 to $500 billion in deficit reduction over the next five years. Once we reach an agreement, that plan should be the framework for extending the GRH law.

I offered a Sense of the Congress amendment during the mark-up expressing this view. I offered this to put the Hollings bill in some context.

But the Democratic members of the Committee refused to consider even an amendment acknowledging the facts about our budget situation, rejecting my proposal by another 8 to 13 vote. In fact, the Chairman indicated that there was some concern on his side of the aisle about extending the Gramm-Rudman-Hollings discipline. One might infer that, for some, this mark-up was really an effort to kill Gramm-Rudman-Hollings.

I am not sure what we accomplished in reporting out a bill with no protection for Social Security and with no suggestion of what we think should happen regarding the deficit targets. I, for one, do not want to do anything which could endanger Social Security or Gramm-Rudman-Hollings budget discipline. At a minimum, I will offer the ''firewall'' amendment to protect Social Security should the reported bill be considered by the full Senate.

PETE V. DOMENICI.

Mr. HOLLINGS. Mr. President, I moved at that particular time that we comply with the Greenspan commission and we put Social Security off budget, out of the unified deficit, so we could build up these surpluses so that the baby boomers and the next generation could be sure of receiving their money. We have lost trust in Government with the present activity. But here is what the distinguished chairman of the Budget Committee, Senator DOMENICI, stated at that time:

I voted for Senator Hollings' proposal because I support the concept of taking Social Security out of the budget deficit calculation.

I am going to read that again. Here is what the gentleman calls gimmick, here is what the gentleman called nonsense when referring to the Concord coalition's report yesterday.

Senator DOMENICI:

I voted for Senator Hollings' proposal because I support the concept of taking Social Security out of the budget deficit calculation.

Then reading further:

But I cast this vote with reservations.

He says about my particular amendment:

Unfortunately, the Hollings bill does not protect Social Security sufficiently.

He says further:

That's why Senator Nickles and I offered our firewall amendment. This amendment, drafted over the last 6 months by myself, Senator Heinz, Senator Rudman, Senator Gramm and Senator DeConcini, included a 60-vote point of order against legislation which would reduce the 75-year actuarial balance of the Social Security trust fund.

There is the Concord coalition, the president, the former Senator Warren Rudman, the best of the best, saying, ''Fine, I'm voting for the Hollings amendment to put Social Security off budget, make it a trust fund, build up the surpluses so that the younger generation, who is working and paying their taxes, knows the money is not being frittered away by an irresponsible Congress.'' And we are going to go even further. We are going to say you have to get a 60-vote majority in order to reduce the 75-year actuarial balance.

Now, they knew at that particular time it was going to be for 75 years, and here is the committee vote on July 10, 20 to 1. The one Senator voting against it at that time was our distinguished colleague from Texas, Senator GRAMM.

I ask unanimous consent to have printed in the RECORD the vote record.

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

HOLLINGS MOTION TO REPORT THE SOCIAL SECURITY PRESERVATION ACT

The Committee agreed to the Hollings motion to report the Social Security Preservation Act by a vote of 20 yeas to 1 nay.

Yeas: Mr. Sasser, Mr. Hollings, Mr. Johnston, Mr. Riegle, Mr. Exon, Mr. Lautenberg, Mr. Simon, Mr. Sanford, Mr. Wirth, Mr. Fowler, Mr. Conrad, Mr. Dodd, Mr. Robb, Mr. Domenici, Mr. Boschwitz, Mr. Symms, Mr. Grassley, Mr. Kasten, Mr. Nickles, Mr. Bond.

Nays: Mr. Gramm.

Mr. HOLLINGS. Mr. President, that was before the Budget Committee. Again, on the Hollings-Heinz amendment, I got together with my good friend, the late Senator John Heinz, and we worked in a bipartisan fashion, and we got an overwhelming bipartisan vote—98 Senators out of the 100. We missed two of them, Senator Armstrong and Senator Wallop. But we got 98 Senators, and any Senator, Republican or Democrat, who was a Member of this body back in 1990 who votes for the proposed Senate Joint Resolution 1 that would eviscerate the Social Security trust fund, that would turn the trust fund into a slush fund, constitutionally, is breaching the trust that he voted for on October 18, 1990 at 4:41.

I ask unanimous consent to have printed in the RECORD that vote record.

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

HOLLINGS—HEINZ, ET AL., AMENDMENT WHICH EXCLUDES THE SOCIAL SECURITY TRUST FUNDS FROM THE BUDGET DEFICIT CALCULATION, BEGINNING IN FISCAL YEAR 1991.

YEAS (98)

Democrats: Adams, Akaka, Baucus, Bentsen, Biden, Bingaman, Boren, Bradley, Breaux, Bryan, Bumpers, Burdick, Byrd, Conrad, Cranston, Daschle, DeConcini, Dixon, Dodd, Exon, Ford, Fowler, Glenn, Gore, Graham, Harkin, Heflin, Hollings, Inouye, Johnston, Kennedy, Kerrey, Kerry, Kohl, Lautenberg, Leahy, Levin, Lieberman, Metzenbaum, Mikulski, Mitchell, Moynihan, Nunn, Pell, Pryor, Reid, Riegle, Robb, Rockefeller, Sanford, Sarbanes, Sasser, Shelby, Simon, Wirth.

Republicans: Bond, Boschwitz, Burns, Chafee, Coats, Cochran, Cohen, D'Amato, Danforth, Dole, Domenici, Durenberger, Garn, Gorton, Gramm, Grassley, Hatch, Hatfield, Heinz, Helms, Humphrey, Jeffords, Kassebaum, Kasten, Lott, Lugar, Mack, McCain, McClure, McConnell, Murkowski, Nickles, Packwood, Pressler, Roth, Rudman, Simpson, Specter, Stevens, Symms, Thurmond, Warner, Wilson.

NAYS (2)

Democrats: None.

Republicans: Armstrong, Wallop.

Mr. HOLLINGS. Mr. President, here is the former law, section 13301, off-budget status of the Social Security trust fund. I ask unanimous consent to have that statute printed in the RECORD.

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

SUBTITLE C—SOCIAL SECURITY

SEC. 13301. OFF-BUDGET STATUS OF OASDI TRUST FUNDS.

(a) EXCLUSION OF SOCIAL SECURITY FROM ALL BUDGETS.—Notwithstanding any other provision of law, the receipts and disbursements of the Federal Old-Age and Survivors Insurance Trust Fund and the Federal Disability Insurance Trust Fund shall not be counted as new budget authority, outlays, receipts, or deficit or surplus for purposes of—

(1) the budget of the United States Government as submitted by the President,

(2) the congressional budget, or

(3) the Balanced Budget and Emergency Deficit Control Act of 1985.

(b) EXCLUSION OF SOCIAL SECURITY FROM CONGRESSIONAL BUDGET.—Section 301(a) of the Congressional Budget Act of 1974 is amended by adding at the end the following: ''The concurrent resolution shall not include the outlays and revenue totals of the old age, survivors, and disability insurance program established under title II of the Social Security Act or the related provisions of the Internal Revenue Code of 1986 in the surplus or deficit totals required by this subsection or in any other surplus or deficit totals required by this title.''.

Mr. HOLLINGS. Mr. President, now we have a complete picture. They are running around here with demonstrations, with piles of books and their pile of books is the quintupling of the national debt under their particular leadership and trust, the 12 years really of Reagan-Bush, because we have reduced the deficit since then under President Clinton. Here is one-tenth that amount for the 205 years of our history, and they have the unmitigated gall to come here and continue with that demonstration. It is the Reagan-Bush memorial deficit pile. They are the ones who ran up the national debt. They are the ones who quintupled the national debt, and we are fighting in order to protect the Social Security trust fund.

I could go into other reports, but I have received a note from my distinguished leader, HARRY REID, of Searchlight, NV. What we are going to do is have a vote for the balanced budget amendment. I have cosponsored one. I have been working in the vineyards for years. I balanced the budget back in the fifties in the State of South Carolina and got for the first time in its history a triple A credit rating. I was the first State from Texas up to Maryland to ever receive that from Moody's and Standard & Poor's.

I voted for a balanced budget. I worked with George Mahon in 1968. I worked in a bipartisan fashion with Senators GRAMM and Rudman in the mideighties to cut deficits, and I am willing to work with them anytime anywhere. This is not a partisan fight. This is a bipartisan fight to keep the trust. The distinguished Senator from Nevada will have a balanced budget amendment to the Constitution that we can support that will protect Social Security, and I intend to vote for it. But I am not voting, Mr. President, to breach the trust to vote against my own bill that I worked so hard for that we got President Bush to sign into law.

Mr. President, here is what really happens. Here is the President's budget, and on page 2—literally on page 2—you will find that in the year 2002, we have a surplus of $17 billion. But if you turn—this is the gamesmanship on both sides, both in the White House and the Congress—but if you turn to page 331, you find a deficit in 2002 of $167.3 billion. Why do we have to borrow $167.3 billion? That is because we increase the debt that amount, and we are going to have to go out and borrow to pay the interest costs. That is the real deficit. It is not a $17 billion surplus.

If you don't protect Social Security, then I come as a budgeteer and say, ''Now, wait a minute, the other side is going to have $543 billion,'' which is how much they will have borrowed from Social Security under this particular budget that we are discussing. If they are going to use $543 billion, some will want to use it on defense, some will want to use it on education, and some will want to use it on highways. If they are going to use and spend the money, I might as well get my projects in there. That is wherein the discipline breaks. If you are going to use Social Security and turn it from a trust fund into a slush fund, you do not have the discipline.

Again, Mr. President, I thank my distinguished colleague for yielding the floor.

Mr. ABRAHAM. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

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

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

Mr. ABRAHAM. Mr. President, could I inquire as to how much time is left?

The PRESIDING OFFICER. The Senator from Michigan has 65 minutes, and the Senator from Nevada has 8 minutes and 34 seconds.

Mr. ABRAHAM. It is my understanding, Mr. President, the Senator from Nevada has one additional speaker who will not be coming for a bit. I think what we will do is the following: I will speak briefly in response to the last comments that were made, and I believe the Senator from Maine wishes to speak, and then we have some additional speakers who will be here, I am told, around 11:30. We will proceed and try to reduce the discrepancies in time between the two sides.

I want to focus this discussion on the amendment before the Senate, but I cannot ignore some of the comments that were made by the previous speaker, the Senator from South Carolina, who was pointing to these budgets and somehow reaching a conclusion based on his experience, that these budgets that are not in balance somehow are primarily the responsibility of Republican Presidents.

Mr. President, I was not here during all these Congresses. In fact, the last budget is the only one where I was present. The Senator from South Carolina was here during all these Congresses when these deficits were accumulated, and I think he knows, as we all know, that the Congress of the United States, specifically the House of Representatives, during this period of time was controlled by the Democratic Party. And, as we all know, all spending bills are required, by the Constitution, to originate in the House.

This is not a case of trying to blame each side. We are here today trying to solve a problem. Indeed, it may be that a lot of the spending that took place was during the 1980's, but the problems were created during the 1960's. The spending kept escalating because the programs were established in a way so that there was no choice but to see the spending programs increased. I do not believe there were a lot of calls for pulling in that spending from either side, but particularly from the Democratic side.

The other thing I wish to comment on is the issue of what took place in the 1980's, and the implication has been frequently made here on the floor that somehow the deficits were created because tax revenues to the Federal Government were starved because we let more people keep more of what they earned during the 1980's. It is true, Mr. President, that tax rates were reduced in the early 1980's. It is also true that after those tax cuts, the economy soared in ways that we could only hope to see continue into the future. It is also the case, Mr. President, that revenues to the Federal Government from the income taxes and other taxes increased dramatically during the 1980's, as well, increased substantially beyond what had been the case in the beginning of that decade.

What increased faster than tax revenues to Washington and what resulted in the deficits that we saw was Federal spending. Federal spending increased, I believe, something in the vicinity of 69 percent. It was not one party's fault. It was not one part of the Government. It was across the board. Whether it was

defense spending, discretionary domestic spending, or spending on mandatory entitlement programs, spending went up faster than tax revenues to Washington went up.

So the problem in the 1980's wasn't that we let people keep more of what they earned and somehow punished Washington; it is that we could not tighten the belt at the Federal level, reduce the growth of Federal spending in order to keep the deficits under control. We all are suffering today, as I said in my initial comments. The people suffering the most are families who are paying higher interest rates because of this deficit—2 percent higher rates—which produces higher prices, higher costs to finance the purchase of a new home or a new car, to finance student loans. Wage earners and those who create jobs suffer because of the higher interest rates and crowding out of markets. The Federal Government needs to borrow more. The children suffer because, to the extent that this debt falls on the responsibility of children in America and will continue to fall on them, much more of their working lives will be committed to paying taxes to finance just the interest on this deficit.

So, Mr. President, we have to address the problem now. We can't, today, get into exclusively a question of who is in charge of the Congress and who was the President during all these deficits. The visual we have today for the American people to see is the fact that, without a constitutional amendment, for nearly 30 years we have not been able to balance the budget. In fact, you can go all the way back to 1960 before you find a budget that was balanced without using the Social Security surplus. That is what we ought to address, and that is what I hope to see us accomplish today.

So, as I said earlier, there are a lot of issues involved in the amendment before us. I have raised questions as to how it could possibly be financed because, as I said, without, to my knowledge, any specific additional protections of the benefits of Social Security from the amendment, we will add a burden of some $706 billion between 2002 and 2007, a burden of either additional taxes or reductions in spending on programs like education and law enforcement, which will have to be met to effectuate this amendment. I have not heard from any side a proposal to deal with that $706 billion. I don't believe it is going to be feasible because I don't think we are going to see an alternative proposal today. And because of the absence of that alternative, I cannot support this amendment. I know other Senators here wish to speak. So, at this time, I yield to the Senator from Maine such time as she may need.

The PRESIDING OFFICER. The Senator from Maine [Ms. SNOWE], is recognized.

Ms. SNOWE. Mr. President, I think that it is interesting to hear the debate that has been underway this morning with respect to the constitutional amendment to balance the budget. Frankly, this is probably—and is in many instances—the same debate we have had over and over and over again on this issue. I served 16 years in the House of Representatives, and we debated this issue. We debated this issue 2 years ago here in the U.S. Senate and lost by one vote, regrettably. But we hear the same arguments over and over again. I have been in Congress now for a total of 19 years, in both the House and Senate. We have debated this issue approximately eight times. What we have heard time and time again is, if we only had the will, or the courage, we would not need a constitutional amendment to balance the budget, that we should, as an institution, collectively be able to balance the budget without a constitutional requirement. Even the President stated that fact in his State of the Union Address to the Congress on February 4. He said, ''Rewriting the Constitution isn't necessary to balance the budget. All we need is your vote and my signature.''

Well, the fact of the matter is, he got our vote in the bill, which was a balanced budget submitted to the President, but we didn't get the President's signature. That's the problem. We don't have a constitutional requirement because there will always be a reason or an excuse as to why we can't balance the budget. Governors can't evade that constitutional requirement. Most Governors in this country today are required by their own constitutions, and they don't avoid that responsibility. The problem here is, there is a significant amount of avoidance because there is not an institutional will, or discipline, to balance the budget because it's difficult to make choices.

So no one is willing to set any priorities. If we don't have a constitutional amendment, we are not required to establish these priorities and we are not willing to exhibit leadership on our own initiative. So Congress has had decades and decades of good intentions. History is replete with good intentions on imposing fiscal discipline. But we have failed in achieving a balanced budget.

Now, we have heard a lot of discussion today about the past. We heard about the last 15 years. They talked about the Reagan Presidency and the Bush Presidency. But what was omitted from that discussion was the fact that we also had a Congress, and it happened to be a Democratic Congress. Now, does anyone happen to believe that these budgets that are down here, which are unbalanced, didn't have the support of the Democratic Congress? I think we all know the answer to that question. Congress played a very significant role in the adoption of the budget. There is blame to go around on both sides. I think we all recognize that. But to sit here and say that blame for the last 15 years of budget deficits can be placed on the Reagan and Bush Presidencies clearly is ignoring reality, because that is not what happened.

In fact, I can recall back in the early eighties—in fact, I think it was 1983—there was an agreement between President Reagan and the Congress that for every dollar increase in taxes, there would be a $3 reduction in spending. Guess what? We got the dollar increase in taxes, but we didn't get the $3 reduction in spending.

I should also say that there was a budget agreement in 1990 that certainly contributed to the declining deficits that we are experiencing right now, and everybody is referring to the Clinton administration and declining deficits. But what's ironic about those declining deficits—and we know there are serious problems beyond the turn of the century, but for now the deficits are declining compared to previous years—in talking about those declining deficits, the other side fails to mention that they also include the Social Security trust fund surpluses. So they want to sort of have it both ways. Look, the deficits are coming down. Yet, they do include the Social Security trust fund. If we are going to talk about honesty in budgeting, they ought to exclude them to show what the real deficit is.

Every President has used the Social Security trust fund surpluses. There is no question that we have a serious problem beyond the turn of the century when we have the beginning of the baby boomers retiring. We have had an obligation, as we have always shown, since the inception of the Social Security trust funds, to pay those benefits to beneficiaries. That has been and will always be a sacred trust between the Government and the American people.

We want to preserve and protect the Social Security trust fund. What is the best way to do it? It is to balance the budget so that we can rein in spending, so that we will be in a position to pay out the baby boomers' retirement. And that is the issue that is confronting us. If we rein in the debt, we have a better ability to preserve and protect the Social Security trust fund.

I find it interesting that the debate today has centered around the constitutional amendment to balance the budget, not passing the straight face test, because it includes the trust funds of Social Security. What I find interesting about the amendment that has been offered by the Senator from Nevada is that it doesn't take off budget all the other trust funds—the highway trust fund, the aviation trust fund, and the numerous other trust funds that represent billions of dollars. If we are going to talk about honesty in budgeting, they don't include that. In fact, here we have an enormous list of trust funds. If we are talking about truth in budgeting, then we are talking about many other trust funds as well.

The point is that the best way to preserve the Social Security trust fund is to balance the budget. The best way to protect the Social Security beneficiary

payment checks is to keep it on budget, because that is the system that we have known. We have known how that system has worked. We have paid the benefits, and when there has been a problem with Social Security, we have addressed it, as was the case in 1983 with the bipartisan commission. But no one has told us on the other side exactly how this trust fund off budget is going to work. We have had no indication of what exactly is going to happen with those surpluses. Will they continue to be invested in Government bonds as they are today to pay off the debt and to write off the deficit, or are they going to be invested in private securities? Because that is also an issue.

It raises a concern for me because I am now asking the question: If you place the Social Security trust fund off budget, what exactly is going to happen to those surpluses? In what way are they going to be used? Are they going to be privatized? I think that is an issue and a consequence that should be addressed, because that does raise some significant concerns. Will they be placed in noninterest-bearing accounts because we cannot buy Government bonds? If the other side says, ''Yes, we are going to buy Government bonds with it,'' that is exactly what we are doing right now. That is precisely the point.

So, then, the amendment really isn't changing what we are doing right now. So essentially the amendment places us full circle in terms of what we are doing with the Social Security trust fund surplus. Because I have not heard how the surpluses are going to be used off budget. How are they going to be invested? That is a significant question.

Two years ago when we had this debate on the constitutional amendment, there was a right-to-know amendment that was offered by the Democratic leader that would have required that Congress provide a detailed budget plan with binding reconciliation instructions before the amendment could even be sent to the States for ratification. And the intent of that amendment was essentially to say that Congress has a right to know how the budget is going to be balanced if this constitutional amendment were to pass and were to be ratified by the States. I think it is an interesting concept.

We did present a balanced budget to the President, as I mentioned earlier. But it was vetoed. The fact is, we have a right to know, as was mentioned earlier by the Senator from Michigan, about exactly how we would accommodate the $295 billion in cuts that would be required in addition to the cuts that would be required in the balanced budget amendment. But $295 billion would have to be cut if we didn't take into account the surpluses in the Social Security trust fund just between now and the year 2002. But no one on the other side has identified exactly how we achieve that goal. That is double the amount of cuts that President Clinton submitted in his plan to the Congress that he declared to be balanced. So there would be $295 billion in cuts over and above the cuts that will be required as well to balance the budget if we could not use the surpluses.

Then the period between the year 2002 and 2007 would require the Congress to come up with an additional $706 billion. And, again, we have not heard from the other side exactly how that would be achieved because that would be over and above what we would be required to do in order to balance the budget without the surpluses.

So we are talking close to $1 trillion—more than $1 trillion—in additional cuts that will be required by Congress over and above what we have presented. These are difficult choices and difficult times. So we have to account for $1 trillion more. And we have yet to hear how that will be accomplished. We have not seen a detailed plan, and we have a right to know, as the other side declared 2 years ago in suggesting that they had the right to know what would be the detailed balanced budget plan to balance the budget if we were to pass a constitutional amendment. They demanded a right to know. We demand a right to know because many have said on the other side that if we pass the Reid amendment, we can vote for the constitutional amendment to balance the budget. But we need to know. What is their plan for coming up with $1 trillion in additional cuts? One trillion dollars is a significant amount over and above what we have already proposed to do. But we have yet to hear the details.

I think, frankly, since they insisted 2 years ago that we apply the standard of right to know, that we should apply the same standard to the Reid amendment today that we have a right to know, because to do otherwise, I think, is failing to meet their responsibility in meeting the standard of honesty in budgeting. The American people have a right to know exactly how that will be accommodated.

We have known that when the Social Security trust fund has been on budget that we have met our obligations, and we will continue to meet our obligations. We also know that by balancing the budget, it will constantly make us aware of our obligation to the Social Security trust fund in what we can anticipate beyond the turn of the century in more people beginning to retire and with the onset of the baby-boomer retirements. We think that it is important to stay with the system that has worked since the inception of the Social Security system. But with the Reid amendment, we are being asked to act in blind faith.

The Social Security trust fund, as we know it, has had proven success. But they have failed to answer the question of what occurs when this trust fund is off budget. What happens to the trust fund? What happens to the surpluses? We have not heard those questions answered. And how will those trust funds be used?

So I think that these are some serious questions that need to be addressed and have certainly broad implications because we certainly should worry that these questions remain unanswered. We understand the trust fund within the context of the budget that we know. We have always met our obligations under the trust fund, and we will continue to meet our obligations under the trust fund. But we need to hear from the proponents of the Reid amendment exactly what is going to happen with this trust fund off budget. Will the surpluses be diverted for other purposes? That is a possibility. The amendment is poorly drafted. Will the surpluses be invested in private securities? It is a major problem. It may have major consequences. That has yet to be thoroughly explored. Will they be invested in Government bonds? That is exactly what is happening here today.

So then I think one could conclude that really this is not necessarily changing what we do today but just making a political point because, unfortunately, there are those who are not committed to a constitutional amendment and do not want to see the reality of such an amendment because of what it would require of this Congress and a President to make certain decisions in reaching a balanced budget.

So I hope that in the course of this debate we will hear some of the answers to these questions because I certainly am troubled by the prospects of some of the issues that this amendment raises.

I am a strong supporter of the Social Security system. I want a strong system. We have known how it has worked on budget, but we have not heard the questions answered about how it is going to work off budget, and I repeat that because that in the final analysis I think underscores the issues before us today. I think it unfortunate that the Social Security issue has been used so many times in the past as a political issue. And from this debate at times we would know there are strong supporters of the Social Security trust fund on this side. I have been a very strong supporter over the years, and I just want to assure senior citizens in America that we will continue to preserve and protect them, and the best way to do it is to contain Federal spending and reduce the interest rates in America so that we can prepare ourselves for the commitments we must make in the 21st century to the younger generations as well as to retirees.

Mr. President, I yield the floor.

Mr. REID addressed the Chair.

The PRESIDING OFFICER. The Senator from Nevada is recognized.

Mr. REID. I would like to yield 15 minutes to my friend from California, but I do not have 15 minutes. I am wondering if my friend, the manager of the bill, could spare me 7 minutes out of their time?

Mr. ABRAHAM. Mr. President, let me, if I could, consult in terms of other speakers coming down here.

Mr. REID. In the meantime, I will have her go ahead.

Mr. ABRAHAM. Yes. I have been told we have some other people who have indicated they are coming, and I would like to find out if that is true before I relinquish any other time.

Mr. REID. Mr. President, I yield such time as I have remaining to the Senator from California.

Mrs. FEINSTEIN. I thank the distinguished Senator from Nevada.

The PRESIDING OFFICER. The Senator from California is recognized.

Mrs. FEINSTEIN. I thank the Chair.

Mr. President, I rise in support of the Reid amendment to the majority resolution to provide a balanced budget constitutional amendment.

As everyone in this body knows, the Reid amendment would exclude Social Security trust funds from the balancing requirement of the proposed constitutional amendment. This exclusion is the only matter in which the Reid amendment differs from the majority's balanced budget amendment. I think the amendment addresses a fundamental question to all of us who are in this body: Will we accept the responsibility to bring the Federal budget in balance without placing at risk the funds our constituents depend on for their retirement?

It must be remembered that every American worker pays 6.2 percent of their paycheck, matched by 6.2 percent from the employer, for a total 12.4 percent, which is paid into Social Security for their retirement.

What has happened is that the Social Security trust fund has been incorporated as part of the unified budget. Therefore, those moneys actually go into balancing the budget, and the majority amendment would freeze this practice into the Constitution for all time—for all time—so that forever Social Security trust funds are used to pay the salary of a clerk or a lawyer or build a highway or buy a battleship or do any number of the myriad of things the Federal Government does through its operating budget. I believe that this is the soft underbelly of this constitutional amendment. This is the Achilles heel. Even if this amendment passes both of these bodies, I do not for a minute believe that three-quarters of the people of each legislature in our 50 States will ratify this amendment.

This morning we had signatures from 890,000 Social Security recipients, urging our opposition to any balanced budget amendment which does not protect Social Security. Those signatures represent just the current recipients today. People like my daughter, who is in her midthirties, is working and providing that money said to me, ''Mother, you know that isn't going to be there when I retire. Why don't you just let me have the money now. There are better things I can do with it. I could use it right now.''

Social Security is a sacred trust with the public.

If I may, let me make the picture for not enshrining it into the Constitution with this chart.

What this chart does is show the amount of Social Security surplus—that is all of this—that goes into balancing the budget. Up to 2002 it is in the vicinity of $500 billion.

By 2013, it is $2 trillion that is utilized cumulatively to balance the budget. From 2002 to 2019, the amount that Senate Joint Resolution 1 takes from the trust fund to balance the budget is $1.8 trillion.

Now, what happens after the year around 2019 when the surplus begins to fall? When Social Security revenue drops below Social Security outlays to beneficiaries, according to the Congressional Research Service report, that is when this body will have to raise taxes or cut Social Security payments or cut some other Federal programs and find some way to balance the budget.

Under the majority's proposed constitutional amendment, outlays must match revenue in the fiscal year. If Social Security revenue falls, the revenue needs to be made up through higher taxes or we have to cut spending through reduced Social Security payments or spending reductions elsewhere in the budget.

The majority's amendment is unfair because it enshrines in the Constitution, the principle that Social Security receipts and Social Security payments to beneficiaries are at risk. Because, at some point along the way, push is going to come to shove, expenditures are going to exceed outlays, and then there is going to be a problem.

There are some in this body who will say, ''Well, that forces us to reform Social Security.'' That may be and it may not be, I don't know. But it is not the right thing to do.

In 1990, adopting the Hollings amendment, which Senator HOLLINGS has so eloquently described, this body said we are not going to include Social Security as part of the unified budget anymore. The votes were virtually unanimous. Yet, voila, the Federal Government continues to include Social Security as part of the unified budget. I think that is wrong. That is the soft underbelly, that is the Achilles heel. It is just plain wrong.

I support the Reid amendment. The Reid amendment's only difference from the majority resolution is the exclusion of Social Security from the balancing requirement.

In the event that the Reid amendment is not successful, tomorrow morning I will propose another version, along with Senators CLELAND, TORRICELLI, and DURBIN. This amendment would say: All right, we lost in our effort to take Social Security out of the balancing requirement for the very reason that it is too difficult to achieve balance. We all admit that, that there needs to be some time to adjust to the removal of Social Security from the unified budget. So I will propose an amendment which essentially would do the following. It would say that Social Security will be used up to the year 2002. After the year 2002, when balance is achieved, Social Security will be withdrawn from the unified budget and, therefore, $1.8 trillion will be preserved for retirees. The integrity will be saved. It will not be an IOU. It will be saved. Additionally, my amendment would change extending the debt limit from the three-fifths requirement of the majority balanced budget amendment to a constitutional majority of both bodies. It would also provide an exception for an economic emergency, and that way the stabilizers can function, and it would also clarify that the amendment will not prohibit the enactment of a capital budget as well.

So, I believe that, in the year 2002, Congress would have the opportunity to develop a capital budget. At 2 percent of GDP, that capital budget would be around $160 billion a year. We utilize about $140 billion a year now, so it would make some sense and it would fill the gap.

If there is an interest in having a balanced budget amendment, this might be a way of going about it and correcting some of the problems. The Reid amendment, which I have voted for in past years, indicates that the enshrinement of Social Security into the Constitution of the United States is not something that this body is going to do. We are not going to take those trust funds and use them to buy battleships or provide park services or pay the salaries of 96,000 workers at the Department of Justice, or to provide anything else. It will be invested as trust funds, as it should be, separate and discrete and held for the retirement of every person who pays that FICA tax every year.

I yield the remainder of my time.

Mr. President, may I ask to spend a few minutes as in morning business to introduce a matter?

Mr. ABRAHAM. Mr. President, I think we would be in a position, until the hour of 12 noon, to grant that request.

Mr. REID. Mr. President, the manager of the bill for the majority very graciously extended additional time, if Senator FEINSTEIN needed that time. It was not necessary that she use that time. So, if she goes into morning business that will be charged not against either one of us, is that right?

Mr. ABRAHAM. What I propose is that Senator FEINSTEIN have up to 12 noon to finish her statement or add whatever she would like. I believe we will have another speaker or speakers here by then, and I have additional comments to fill the remainder of our time between what would then be 12 and 12:30. As I understand it, we have 30 minutes, approximately, left then?

The PRESIDING OFFICER. At 12 noon the Senator would have 30 minutes, yes.

Mr. REID. I will say, Mr. President, I would not be in debt to the majority for any time, 2:30, 2:40, whatever it is?

The PRESIDING OFFICER. The Senator is correct.

The Chair recognizes the Senator from California.

DENY CERTIFICATION TO MEXICO

Mrs. FEINSTEIN. Mr. President, I rise to read into the RECORD a letter that I have just sent to the President of the United States, urging decertification of Mexico:

DEAR MR. PRESIDENT: I am writing to urge you to deny certification that Mexico has taken sufficient actions to combat international narcotics trafficking when you report to Congress on the anti-narcotics efforts of major drug producing and drug-transit countries. I believe a reasonable examination of the facts leads to no other decision.

Last year at this time, Senator D'Amato and I compiled a list of actions we considered it necessary for the Mexican government to take to beef up their anti-narcotics efforts. This list is attached. Regrettably, I have concluded that there has been insufficient progress, or no progress, on nearly all of the items on this list. Some of these failures are due to inability; others are due to a lack of political will. But all have set back the urgent effort to end the plague of drugs on our streets.

I want to bring to your attention a number of the most significant examples of Mexico's inability and unwillingness to deal with the drug trafficking problem effectively:

Cartels: There has been little or no effective action taken against the major drug cartels. The two most powerful—the Juarez Cartel run by Amado Carillo Fuentes, and the Tijuana Cartel, run by the Arellano Felix brothers—have hardly been touched by Mexican law enforcement. Those who have been arrested, such as Hector Palma, are given light sentences and allowed to continue to conduct business from jail. As DEA Administrator Constantine says, ''The Mexicans are now the single most powerful trafficking groups''—worse than the Colombian cartels.

Money Laundering: Last year, the Mexican parliament passed criminal money laundering laws for the first time, but the new laws are incomplete and have not yet been properly implemented. These laws do not require banks to report large and suspicious currency transactions, or threaten the banks with sanctions if they fail to comply. Promises to enact such regulations—which prosecutors need to identify money-launderers—have so far gone unfulfilled. Mexican officials said that such regulations would be developed by January, but they were not produced. To my knowledge, not a single Mexican bank or exchange house has been forced to change its operations.

Law Enforcement: While there have been increases in the amounts of heroin and marijuana seized by Mexican authorities, cocaine seizures remain low. Although slightly higher than last year's figures, the 23.6 metric tons seized in 1996 is barely half of what was seized in 1993. A modest increase in drug-related arrests brought the total to 11,245 in 1996—less than half of the 1992 figure.

Cooperation with U.S. Law Enforcement: Our own drug enforcement agents report that the situation on the border has never been worse. Last month, the Mexican government forbade U.S. agents to carry weapons on the Mexican side of the border, putting their lives in grave danger. Recent news reports indicate that death threats against U.S. narcotics agents on the border have quadrupled in the past three months. Some U.S. agents believe that all their cooperative efforts are undone almost instantly by the corrupt Mexican agents with whom they work.

Extraditions: Despite the fact that the United States has 52 outstanding extradition request on drug-related charges, not a single Mexican national has ever been extradited to the United States on such charges.

Corruption: Mexico's counternarcotics effort is plagued by corruption in the government and the national police. Among the evidence are the eight Mexican prosecutors and law enforcement officials who have been murdered in Tijuana in recent months. There has been considerable hope that the Mexican armed forces would be able to take a more active role in the counternarcotics effort without the taint of corruption. But the revelation that Gen. Jesus Gutierrez Rebollo, Mexico's top counternarcotics official and a 42-year veteran of the armed forces, had accepted bribes from the Carillo Fuentes cartel, casts grave doubts upon that hope.

Recent news reports indicate that U.S. law enforcement officials suspect judges, prosecutors, Transportation Ministry officials, and Naval officers of corruption, and there is persuasive evidence that two Mexican Governors—Manlio Fabio Beltrones Rivera of Sonora and Jorge Carillo Olea—are actively facilitating the work of drug traffickers in their respective states. The National Autonomous University of Mexico estimates that the drug lords spend $500 million each year to bribe Mexican officials at all levels, and many consider that figure to be a gross under-estimation.

Mr. President, I believe the evidence is overwhelming and can lead to no decision other than the decertification of Mexico. It would send a strong signal to Mexico and the world that the United States will not tolerate lack of cooperation in the fight against narcotics, even from our close friends and allies. Accordingly, I urge you to establish a clear set of benchmarks by which you will judge if and when to recertify Mexico for counternarcotics cooperation. These benchmarks must include, but not be limited to: effective action to dismantle the major drug cartels and arrest their leaders; full and ongoing implementation of effective money-laundering legislation; compliance with all outstanding extradition requests by the United States; increased interdiction of narcotics and other controlled substances flowing across the border by land and sea routes; improved cooperation with U.S. law enforcement officials, including allowing U.S. agents to resume carrying weapons on the Mexican side of the border; and a comprehensive program to identify, weed out, and prosecute corrupt officials at all levels of the Mexican government, police, and military.

You may feel that U.S. interests in Mexico, economic and otherwise, are too extensive to risk the fall-out that would result from decertification. That is why Congress included a vital national interest waiver provision in Section 490 of the Foreign Assistance Act. But other vital interests are not a valid reason to certify when certification has not been earned. If you feel that our interests warrant it, I urge you to use this waiver. But an honest assessment of Mexico's cooperation on counternarcotics must fall on the side of decertification.

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

Mrs. FEINSTEIN. If I might be allowed 30 seconds to conclude?

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

Mrs. FEINSTEIN. Mr. President, I can only say I believe a strong case can be made to the President to decertify Mexico, to provide a list of specific accomplishments that country should meet to waive decertification, and at any time during this next year that they meet that list of requirements, the President has the ability to certify them. I thank the President. I yield the floor.

Mr. ABRAHAM addressed the Chair.

The PRESIDING OFFICER. The Senator from Michigan.

BALANCED BUDGET AMENDMENT TO THE CONSTITUTION

The Senate continued with the consideration of the joint resolution.

AMENDMENT NO. 8

Mr. ABRAHAM. Mr. President, I want to comment briefly on the amendment before us. We are expecting two more speakers for the remainder of our time. What we may do is yield some time to Senator CHAFEE to speak on another topic until those speakers arrive.

I just want to make a final point with respect to the amendment before us, that I do believe, as I have said twice now in speaking on this amendment, that there are still many unanswered questions, ones which at least I would need to hear answers to before I could feel comfortable voting in support of it. I have raised some of these questions already.

How would we address the $706 billion shortfall that this would produce in 2002 to 2007? This $706 billion is more than the total amount of dollars that were involved in the 1993 tax hike and in the budget proposals passed last year by this Congress in terms of reducing the growth of Medicare and discretionary spending. $706 billion is more than all of that put together. No one has come forward and explained where those dollars would come from to effectuate this amendment.

The second issue I have asked questions about is why is it just this trust fund? There are others in the Federal Government. We are told the trust fund should be taken off budget, yet the amendment only addresses one of them. If, in fact, we are debating the definition of a balanced budget, we can't have some trust funds qualifying and some trust funds not qualifying.

In addition, we haven't had any explanation of what happens if Social Security is cut loose in the process through this amendment, and if it were cut loose and runs out of money, what would be the consequences and how would we address such shortfall if it was not part of a unified budget?

There are all of these questions and others before us, Mr. President. As I say, I have listened this morning and have not heard answers to them. There are others I will be raising later in the day. In the absence of those answers, it is clear to me that trying to effectuate this amendment would be a very high-risk proposal, as I said from the outset, with no evidence in the amendment of protecting the benefits of Social Security any more than they are protected if they are part of the unified budget.