blow it. We better be careful, be prudent with the taxpayers' money, and do what is right.

What is right? I have two charts. The first chart shows the proposal that will come to the floor tomorrow, passed by the majority party, that will provide for a huge tax cut of $792 billion over 10 years. You have to add back $179 billion in interest over 10 years on the national debt because of the tax cut. That means the debt will go up, with more interest payments to make. What does that leave? That leaves $7 billion less after 10 years. That is all.

Man, oh, man, I could stand here for days and days and talk about the problems with that proposal. Let me mention a few. No. 1, this is only a projection. We have no idea what the surplus will be over the next 10 years. It is just a guess. Most commentators think the economy is overheated now. Maybe there is a bubble economy, and maybe the economy will not do so well over a good part of the next 10 years compared to the last 5 or 6 years.

This is a projection. What do we do with the projection? We are locking in tax cuts for the future, offset by a hope that we will have the revenues to pay for it. That is what we are doing. That is one thing that is wrong with this: A tax cut in place by law, offset by a hope that the money will be there—and it probably won't be there.

Second, I point out that the tax cuts are, in fancy parlance, backloaded. Most go into effect near the end of the 10-year period, meaning in the next 10 years, boy, we will really pay. That is when the deficit will start to increase. I said ''deficit'' increase, not ''surplus.''

The next chart shows that the baby boomers will start to retire about the year 2010, and in 2020 and 2030 most baby boomers will be hitting retirement age. That is when the tax cuts go into effect an even greater amount, meaning we have less money to take care of the baby boomers.

I say the size of this tax cut is much too much. Alan Greenspan does not agree with it. He says now is not the time for a tax cut because he knows it will tend to put upward pressure on interest rates. We all don't want to see an increase in interest rates.

In addition, there is nothing left over for Medicare. Medicare is an extremely important program for Americans. Ask Americans which national programs they think make the most sense, and most, I daresay, think Social Security is one and Medicare probably is another. Before Medicare went into effect, 50 percent of seniors had no health care; 50 percent had no health care benefits or programs when Medicare went into effect. Now virtually every senior has some kind of health care program.

What are the current problems with Medicare? There are several. Let me name three. No. 1, it does not provide for prescription drugs. Senior citizens get drugs when they are in the hospital, but Medicare will not pay for prescription drugs when they are out of the hospital. There is zero payment under Medicare for prescription drugs.

We all know that health care is changing in America. It is changing a little bit more from procedures and a little more toward drugs, DNA benefits, and things of that nature. Drugs have become much more important. That is one problem with Medicare. We have to provide for prescription drugs. Medicare does not now provide for outpatient prescription drugs.

No. 2, this Congress cut back on Medicare payments too much in 1997 with the so-called Balanced Budget Act of 1997. Medicare payments to hospitals increased significantly, I think on average about 10 percent over the 1990s. Now it is negative, it is cut back, because of provisions this Congress enacted a couple of years ago, which were too great, too much. We all hear it from our hospitals back home, whether they are teaching or rural hospitals, that it has been too much. That has to be dealt with. The majority budget does not deal with it, which is another reason for my amendment.

No. 3, Medicare is in trouble, folks. We all talk about Social Security. The Social Security trust fund will not reach zero deficit for 20 or 30 years. The Medicare trust fund will come down to zero, depending upon who is making the estimates, perhaps 12 or 15 years from now, much sooner than the Social Security trust fund.

I say, therefore, we should pay attention to Medicare. The amendment I will offer will provide that one-third of the on-budget surplus, one-third of the $1 trillion, will be dedicated to Medicare.

I know the arguments. We have to have structural reform of Medicare first before we can put more money into Medicare. I think most agree we need both structural reform and additional money for Medicare. When we in the Congress begin to address structural reform in Medicare, my guess is we will probably not have money anyway so it is good to set aside one-third of the on-budget surplus for Medicare.

If we do not need that one-third at the time, we can send it back to the people in tax cuts or we can use it for veterans' care or for education or for whatnot.

In summation—and I thank the Chair for his patience—at the appropriate time, I will be offering an amendment along with Senator CONRAD to provide that one-third of the on-budget surplus be dedicated to Medicare along with the off-budget surplus dedicated to Social Security. I thank the Chair.

The PRESIDING OFFICER. The Senator from Ohio.

Mr. VOINOVICH. Mr. President, I ask unanimous consent that the time for Senator SESSIONS be reserved for use later in the day.

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

Mr. VOINOVICH. I also ask unanimous consent that I be recognized for up to 15 minutes as in morning business and that Senator LANDRIEU follow me.

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

THE TRUTH ABOUT BUDGET SURPLUSES

Mr. VOINOVICH. Mr. President, there is an old saying most of us learned as children that goes: If it sounds too good to be true, then it is. The news we have been hearing about bigger than expected budget surpluses for the next 10 to 15 years is precisely that—too good to be true.

Why is that? After all, our economy is strong and is still growing, unemployment is at record lows, and the strength of our economy means our Government is able to take in more revenues from taxpayers and businesses alike. Most people would say things are wonderful. Indeed, just ask anyone. Ask the President. Ask Congress. They will tell you there is money for increased spending, there is money there for tax cuts, and we will be able to meet all our needs. After all, we have these enormous surpluses for as far as the eye can see.

The truth of the matter is, there is no budget surplus. Let me say it again: There is no budget surplus. The truth is, we are actually running a budget deficit this year. According to both CBO and OMB, as this chart from CBO shows, we currently have an on-budget deficit of $4 billion, and the only way the President, or anyone else, can claim a budget surplus today is by taking that surplus and accumulating the Social Security trust funds and using it to mask the deficit, just as we used Social Security to mask the deficit in 1988.

I recall, as Governor of Ohio, everyone celebrating the great budget surplus. The fact of the matter is, in 1988, we were $30 billion in the hole, and what we did with that $30 billion in the hole was mask it with Social Security. For over three decades, Presidents and the Congresses have been using this gimmick: unifying the budget in order to make budget deficits smaller than they really are.

It is disingenuous. It continues to jeopardize the stability of the Social Security trust fund, and it is about time we had our lockbox. The American people are smarter than Washington politicians give them credit. They know their Social Security pension funds are being raided for other Government spending programs. They are mad about it, and they want us to stop doing it.

We need to get honest budget surplus numbers, and in order to do that, we need to leave Social Security alone and pay attention to creating an on-budget surplus.

But here is the President's 15 years of projected surpluses. The whole bar is the unified surplus. The green part is the off-budget Social Security trust fund, and the red part is the true on-

budget surplus. As the President says, there is going to be $6 trillion by the end of fiscal year 2014. But under his projections, he will have an on-budget surplus of $2.868 trillion. The rest of his projection is Social Security.

Look at the line on this chart. It is not until fiscal year 2011—fiscal year 2011—before we even see 50 percent of the projected on-budget surplus. In other words, in order to get this great surplus we are supposed to have during the next 15 years, it is not going to be until 2011 that we are actually going to have 50 percent of the on-budget surplus available to us.

We will have to go into the 12th year of the President's 15-year projections to get a majority of those surplus dollars. How can we in good conscience talk about spending increases or tax cuts today when we do not even start to get the majority of the money until 12 years from now? It is inconceivable. That is the next President—8 years if he gets reelected—and then we are into a new President.

The most frightening aspect of all this is numbers are just predictions. They are not real. But both the Congress and the President are treating their projections as if they are gospel truth, and each is contemplating major fiscal decisions based on their particular beliefs and projections. That is not sound public policy.

In fact, last week, CBO Director Dan Crippen said in testimony before the Senate Budget Committee that ''10-year budget projections are highly uncertain'' and that ''economic forecasting is an art that no one has truly mastered.'' That is from the Director of the Congressional Budget Office, the man in charge of making Congress' surplus projections.

Indeed, as most economists will tell you, the only thing predictable about projections is their unpredictability. So how can we be sure that 5, 10, 15 years from now we will actually have these budget surpluses? The truth is that we cannot.

In testimony before the House Banking Committee, Federal Reserve Chairman Alan Greenspan said:

> . . . it's very difficult to project with any degree of conviction when you get out beyond 12, 18 months.

Twelve to 18 months—not 5 years, 10 years, 15 years. He said 12 to 18 months.

In addition, he stated that

> . . . projecting five or ten years out is very precarious activity, as I think we have demonstrated time and time again.

When the Nation's premier economist warns Congress not to invest in long-range projections, it makes sense for us to listen.

If we think back, we will remember it was only 2 years ago that CBO was projecting huge increased budget deficits as far as the eye could see. In fact, in 1997, CBO projected a $267 billion budget deficit for fiscal year 2000. Think of it. But today, CBO is projecting a $14 billion surplus for fiscal year 2000—a $281 billion swing in just 2 years.

If you think a 2-year swing of that magnitude is incredible, in just the last 6 months, President Clinton's budget projections put together by OMB have swung by a mind-boggling $1 trillion—a trillion dollars. That is more than 10 percent of our national gross domestic product.

The important thing to remember is that a $1 trillion paper surplus can vanish just as easily as it appeared, and if we commit to spending hundreds of billions of dollars we do not even have yet, we are placing our Nation's economic future in serious jeopardy.

As former Senators Sam Nunn and Warren Rudman wrote in the Washington Post:

> The surplus is only a projection that cannot be spent. If spending is increased or taxes are cut based on the expectation of huge surpluses and the projection turns out to be wrong, deficits easily could reappear where surpluses are now forecast.

Given all that uncertainty about whether or not we will have a budget surplus next year, it makes the most sense for us to remain cautious. We should wait and see if the budget surplus we are currently projecting for fiscal year 2000 even materializes before we embark on new spending programs, as the President and the Democrats in Congress want to do, or cut taxes as Republicans are proposing.

As Chairman Greenspan said:

> I see no reason why we have to make decisions crucially at this point until we are sure that we really have got the surplus in tow.

That is Alan Greenspan who has been keeping things in pretty good shape for us the last several years.

Why does the President feel the need to quickly spend the surplus we may achieve over the next 15 years? Why are we talking about cutting taxes by $800 billion over 10 years when we do not have the surplus in hand yet? I think eliminating the death tax, relieving the marriage penalty, and lowering income-tax rates are great ideas, but how are we going to pay for them?

Personally, I do not think we have any business talking about new spending increases or tax cuts so long as we have this gigantic national debt. Right now, our Nation faces a whopping $5.6 trillion national debt, a debt that has risen 600 percent over the last 20 years.

I remind my colleagues, with each passing day, we are spending $600 million a day just on interest on the national debt—$600 million a day.

Most Americans do not realize that 14 percent of their tax dollar goes to pay off the interest on the debt, 15 percent goes for national defense, 17 percent goes for nondefense discretionary spending, and 54 percent goes for entitlement spending.

Look at this pie chart: entitlements, 54 percent; interest on the debt, 14 percent out of every dollar. We are only spending 15 percent on national defense—and the President knows we need to do better in that regard—and nondefense discretionary spending, 17 percent.

We are spending more on interest payments today than we spend on Medicare. We are spending five times as much on interest than we spend on education; 15 times as much as we spend on research at the National Institutes of Health.

Even if the on-budget surpluses do happen to come true, then what better way to keep our economy humming and secure for the future of our children and our grandchildren than by paying down the national debt.

Indeed, as Federal Reserve Chairman Greenspan testified before the House Ways and Means Committee:

> [T]he advantages that I perceive that would accrue to this economy from a significant decline in the outstanding debt to the public and its virtuous cycle on the total budget process is a value which I think far exceeds anything else we could do with the money.

I think we have a problem. Do you really think that Congress would make the tough choices we are going to need to make to get rid of $27 billion this year in order to maintain the budget caps? I do not think it is going to happen. I think many people today are saying that for defense spending, to deal with Medicare, we are probably going to have to break the caps.

If we break the caps, the $14 billion surplus of next year is gone; it is gone. We need to recognize there is no surplus. And if the economic circumstances provide an on-budget surplus—and, boy, we would love to have that—we need to use that money to pay down the debt: no spending hikes, no tax cuts, just pay down the debt.

If the President and Congress need an example, all we have to do is emulate what most American families do when times are good and they have extra money. They do not go out and start spending wildly. They look to pay off their debts—credit cards, loans, and mortgages. It is the responsible thing to do, and it is something that Government must do.

It was interesting. I was at a meeting the other day and asked the people at the table: What do you think about reducing taxes, with this projected surplus? And they came back to me—conservative businessmen—and said: You know, usually you reduce taxes when the economy is in trouble.

One of the gentlemen said: You know, today what people are concerned about is Social Security, and they are concerned about Medicare.

It doesn't make any difference whether they are old or young. If they are young, they are worrying about their parents in the future.

At this stage in the game, it seems to me the best thing we can do is cool it. I urge my colleagues to stop and look at the projected numbers because they are not real. And if we continue to treat them as if they really are, the consequences of spending money we do not have will be very real and, I think, very bad for the United States of America.

Mr. DURBIN. Will the Senator yield for a question?

Mr. VOINOVICH. Mr. President, do I have any time remaining?

The PRESIDING OFFICER. Two and one-half minutes remain.

Mr. VOINOVICH. I would prefer not to yield because I promised the Senator from Louisiana that she would have time. So I would rather not yield at this time.

I yield to the Senator from Louisiana.

Mr. DURBIN addressed the Chair.

The PRESIDING OFFICER. The Senator from Illinois.

Mr. DURBIN. It is my understanding that the Senator from Louisiana is going to be recognized for 10 minutes. I would like to ask, how much time remains on the Democratic side under this morning business segment?

The PRESIDING OFFICER. The time is not allocated to the parties. It was allocated to the individual Senators who requested the time. The Senator from Ohio has been using some of the time from the Senator from Alabama.

Ms. LANDRIEU. I thank the Senator from Ohio for recognizing that I want to speak for 10 minutes. I would be happy to yield several minutes to the Senator from Illinois.

The PRESIDING OFFICER. The Senator from Illinois.

Mr. DURBIN. Let me say at the outset to my friend, the Senator from Ohio, what a breath of fresh air he is. I commend him. I believe his statement is as forthright as any given on the floor concerning the state of the economy, whether we have a real surplus or we do not, and what is the prudent thing to do. Because what the Senator from Ohio learns when he goes home is the same thing I have learned as a Democratic Senator going home to Illinois: People do not have this passion for tax cuts or brand new spending programs.

The first thing they say to me is: What are you going to do to get rid of this national debt, this debt that started off at $1 trillion at the end of President Carter's administration and is now over $5 trillion? I say to the Senator from Ohio, it is my understanding that that debt costs us, as taxpayers, $1 billion a day. They net it out, because we earn interest as taxpayers, and state it is only $600 million. But the debt itself costs us about $350 billion a year.

The businesspeople and families I speak to in Illinois have the same response that the Senator from Ohio has spoken to on the floor: What are you going to do to get rid of this debt so our children are not burdened with these interest payments? We are really trying to square away the books from the last 20 years.

What the Senator from Ohio said on the floor, I think, is a very wise course of action. That should be our highest priority: reducing the debt and keeping our obligations to Social Security and Medicare.

I do not want to put words in the mouth of the Senator from Ohio, but my fear is those who anticipate surpluses that may not materialize could put us on a bad track. We could be headed back toward deficits, toward red ink, and toward an economy we do not want to see.

The same business people I speak to say, there may come a time, if we have a recession, when a tax cut is the right medicine because it would give the American families more money to spend and bring us out of a recession. But certainly we are not in those days now.

We have a strong economy, a vibrant economy; and, if anything, the fear is it may overheat with too much demand. If that happens, the Federal Reserve Board steps in and raises interest rates, which penalizes every family with an adjustable mortgage and business people who are trying to keep and expand their business.

The Senator from Ohio has really laid the basis for a sensible bipartisan approach. I hope we can work together, as we have in the past. I have admired his independence and the fact that he has been very forthright in his views. I listened carefully to what he said during the course of his statement. I think it really provides a common ground for a bipartisan approach that really is good for the economy and good for future generations.

As I see the Senator from Louisiana is prepared to speak, I yield back the remainder of my time.

Ms. LANDRIEU addressed the Chair.

The PRESIDING OFFICER. The Senator from Louisiana.

Ms. LANDRIEU. I commend the Senator from Ohio for his remarks about the importance of our Social Security surplus and preserving it so we can invest and strengthen something the American people and the American families have come to rely on and to appreciate. It is actually something that sets us apart from many nations in the world, that we actually have a safety net that works for older Americans—to honor the fact that they have worked hard through their lives, sometimes at minimum wage jobs, for 30 and 40 and 50 years.

We say, as Americans, if you are president of a corporation or if you are an owner of a small business, or even if you are a minimum wage laborer, we want to have a retirement system that keeps you out of poverty when you are simply at an age where you cannot work and increase your income.

So it is important to us. It is a value. It is something more than just a program. It is something more than just a Government program or an initiative. It is a value of America. I think both sides of the aisle recognize that.

Although there are some differences in the way we would approach the specific lockbox notion, we have made great strides in recognizing that $2 trillion of this $3 trillion surplus needs to be set aside for Social Security. It is important for our Nation. Most certainly, it is important to people from Louisiana. I commend him and also commend the Senator from Illinois for underlining some of those points.

TAX CUTS

Ms. LANDRIEU. I come to the floor today to talk about another particular aspect of fiscal responsibility that is so important. We are in the middle of one of the most important debates of this Congress that may have repercussions for the next generation or two, an opportunity that we haven't really had since 1981 when there was a huge tax cut, and, many of us think, an irresponsible tax cut given at that time that drove our deficits tremendously upward and raised the debt of this Nation.

We are now in the process of debating what to do with our great fortune, a real surplus in non-Social Security revenues. We know what we want to do with the Social Security surplus, and that is to set it aside to strengthen this program because it is a value that Americans share. What do we do with the non-Social Security surplus?

I am one of the Members on this side who hope we can find some measure of tax relief for hard-working, middle-income, low-income Americans, to do it in a way that helps to close the gap in this country between the haves and the have-nots, that helps our children in the next generation to become part of this new economy. I hope we can fashion some smaller, responsible, well-thought-through, and careful tax relief for low-income and middle-income families that will help them, their children, and their grandchildren to participate in perhaps the greatest economic boom to ever happen in the history of the world, not just in this Nation, not just in this democracy, not just in this century, but an economic prosperity that is unprecedented in the history of many nations.

What we want to do if we are going to have a tax cut—and I certainly support one that is responsible and along responsible fiscal lines—is to craft it in such a way that it helps to give our children and our grandchildren the opportunity to participate by improving their skills, by improving their opportunity to create their own businesses, by creating perhaps opportunities for them to participate in this new economy.

One of the things that is very important to our generation and to the generations to come is reflected in a new poll that was just released this week by Frank Luntz, commissioned by the Nature Conservancy, about fiscal responsibility. It is also about the Department of Interior, the appropriations bill we are going to be discussing for that Department also this week.

One of the important issues is how we might reallocate surpluses in our continued quest for fiscal responsibility in this Nation, how to direct