

to do with the military bases. And we finally concluded that the only way to address base closings was to put together a commission. The commission would evaluate the priorities, and we in this body would vote up or down on the Commission's recommendations.

With the balanced budget amendment, it is the same set of circumstances, Mr. President. To try and spell out first what the cuts will be is simply a copout. We do not have the self-discipline. If those who say, well, this is a very dangerous proposal to mandate a balanced budget because it may affect some of our social programs, I would ask them to reflect on the reality if we do not maintain a healthy economy, a monetary system that is stable, that provides confidence, how in the world are we going to meet those obligations if there is a breakdown in investor confidence, a collapse of our monetary system, because of one single thing—too much debt.

It has happened in South America, time and time again. It has happened in Mexico. Canada is paying over 20 percent of their total budget in interest on their debt. They have a government health care system that is costing them more than their initial projection. They are among the most heavily taxed population in North America. They are facing a monetary crisis because they have nowhere to go. They cannot generate more revenue in order to float more debt. They have to pay more interest, and the consequences, Mr. President, are extremely significant and extremely severe.

So, I would ask my colleagues to reflect on this reality as we consider this issue. The previous posture that we have had of increased debt has been fraught with inability to bring together the reality associated with any fiscal matter, and that is revenue balancing expenditures. We have that set of facts today. We are not living up to it and we have little opportunity other than to take this measure which may seem extreme to some.

Mr. President, I have no further remarks. I know others are anxious to speak. But I wonder if I may be granted 30 seconds under morning business to simply introduce a technical amendment.

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

Mr. MURKOWSKI. I thank the Chair.

AMENDMENT SUBMITTED TO S. 333

Mr. MURKOWSKI. Mr. President, I ask unanimous consent to speak for the purpose of submitting an amendment to legislation within the jurisdiction of the Senate Committee on Energy and Natural Resources.

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

Mr. MURKOWSKI. Mr. President, I send to the desk an amendment to S. 333, the Department of Energy Risk

Management Act of 1995, and ask unanimous consent that it be printed as a Senate document.

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

Mr. MURKOWSKI. I yield my remaining time, and I thank my colleague for the courtesy he extended to me.

Several Senators addressed the Chair.

The PRESIDING OFFICER. The Senator from Utah.

BALANCED BUDGET AMENDMENT TO THE CONSTITUTION

The Senate continued with the consideration of the joint resolution.

Mr. HATCH. Mr. President, I will not be long. I just wanted to make a couple of points on the balanced budget amendment debate.

I want to mention today's New York Times, February 3, an article entitled "Clinton's Budget Falls Well Short of G.O.P. Demands;" subtitle "No Balance by Year 2002," another subtitle, "His Message Foresees Deficit of About \$190 Billion Each Year for Next Decade." It is by Robert Pear. It is a very interesting article:

WASHINGTON, Feb. 2.—President Clinton will propose \$1.6 trillion of spending in his 1996 budget, and he would more than offset the cost of a middle-class tax cut with savings in other areas of the budget. But he still falls far short of Republican demands for a balanced budget in the year 2002.

Mr. Clinton's budget request, to be submitted to Congress on Monday, shows a deficit of \$196.7 billion for the 1996 fiscal year, up slightly from the \$192.5 billion that he projects for this year. Although his Budget Message boasts that his economic policies have sharply reduced the deficit from record levels, he says the deficit will probably stay in the range of \$190 billion through 2005.

Mr. President, I ask unanimous consent the full article be printed in the RECORD.

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

CLINTON'S BUDGET FALLS WELL SHORT OF G.O.P. DEMANDS—NO BALANCE BY YEAR 2002
HIS MESSAGE FORESEES DEFICIT OF ABOUT \$190 BILLION EACH YEAR FOR NEXT DECADE

(By Robert Pear)

WASHINGTON, Feb. 2.—President Clinton will propose \$1.6 trillion of spending in his 1996 budget, and he would more than offset the cost of a middle-class tax cut with savings in other areas of the budget. But he still falls far short of Republican demands for a balanced budget in the year 2002.

Mr. Clinton's budget request, to be submitted to Congress on Monday, shows a deficit of \$196.7 billion for the 1996 fiscal year, up slightly from the \$192.5 billion that he projects for this year. Although his Budget Message boasts that his economic policies have sharply reduced the deficit from record levels, he says the deficit will probably stay in the range of \$190 billion through 2005.

The budget is always a political document, and a theme of Mr. Clinton's 1996 budget is that he wants to "work with Congress," now controlled by Republicans. Indeed, he appears to be in a race with them as he tries to eliminate or consolidate programs or transfer them to the states or to private industry.

Parts of the Clinton budget echo Speaker Newt Gingrich, "The American people remain deeply dissatisfied with how their Government works," the budget says. "Many programs, perhaps even whole agencies, have outlived their usefulness."

In confidential galley proofs of the budget, Mr. Clinton says he can "save \$2 billion by ending more than 130 programs" and "provide better service to Americans by consolidating more than 270 other programs."

For example, he asks Congress to abolish the Interstate Commerce Commission and to eliminate the role of the Army Corps of Engineers in smaller projects like the control of beach erosion, "local flood protection" and the construction of recreational harbors.

He says private meteorologists should take over some functions of the National Weather Service. He would rely on private businesses to track and communicate with spacecraft like the space shuttle. And he asks Congress to terminate 37 small "low-priority" education programs.

But budget documents show that Mr. Clinton will propose a major increase in his national service program, Americorps, which has been denounced by Mr. Gingrich as a form of "coerced volunteerism."

The number of participants, now 20,000, would rise to 33,000 at the end of this year and 47,000 next year under Mr. Clinton's proposal. For the corps' parent agency, which operates several volunteer programs, he requests \$1 billion in 1996, an increase of \$290 million over this year's appropriation.

Mr. Clinton says his economic policies have slashed the deficit from the record \$290 billion in 1992. Still, his proposals would require additional Federal borrowing of nearly \$1 trillion over five years, and the Federal Government would spend \$194 billion more than it collects in revenue in the year 2000. Mr. Gingrich's Contract With America calls for eliminating the deficit by 2002, but the Republicans have not specified the cuts needed to achieve that goal.

The President's \$1.6 trillion budget for 1996 breaks down this way: \$262 billion, or 16 percent of the total, for the military; \$351 billion, or 22 percent, for Social Security; \$271 billion, or 17 percent, for Medicare and Medicaid, and \$257 billion, or 16 percent, for interest on the Federal debt, the accumulated total of Federal borrowing.

Only \$21 billion, or 1.3 percent of the total, is for foreign aid and other international activities.

The President and the Republicans have agreed that Social Security is off limits in their quest for savings, and Mr. Clinton has said that he will not tamper with Medicare, the Federal health insurance program for people who are elderly or disabled.

That means that a large share of the cuts must come from domestic programs subject to annual appropriations: activities like law enforcement, scientific research, highway construction and environmental protection. These account for \$266 billion, or 17 percent of the budget.

The remainder—\$184 billion, or 11 percent of the total—is for benefit programs like welfare, food stamps, Civil Service pensions and veterans' benefits, which are automatically available to people who meet certain eligibility criteria.

In his Budget Message, Mr. Clinton says: "Now that we have brought the deficit down, we have no intention of turning back. My budget keeps us on the course of fiscal discipline by proposing \$81 billion in additional deficit reduction through the year 2000."

Mr. Clinton estimates that his tax cut, including a new tax credit for children and a new deduction for college expenses, will cost the Treasury \$63 billion over five years. But he says, "I am proposing enough spending

cuts to provide more than twice as much in budget savings—\$144 billion—as the tax cuts will cost.” So he asserts that the net effect would be to save \$81 billion over five years.

The savings fall into four categories: \$26 billion from radically reorganizing three Cabinet departments and two agencies; \$81 billion from extending a cap on military and other discretionary spending through the year 2000; \$32 billion from benefit programs, and \$5 billion from lower interest payments on the Federal debt.

Here are other highlights of the President's budget:

The Federal deficit would rise to \$213 billion in 1997, drop back to \$196 billion in 1998 and then “fluctuate in a narrow range” around that level for several years. But the economy would continue to grow, so the ratio of the deficit to the gross domestic product would be lower than at any time in two decades.

Mr. Clinton proposes an across-the-board pay raise of 2.4 percent for Federal civilian employees military personnel. The budget includes \$3 billion for the raises, which would take effect in January 1996. There would be raises of 3.1 percent in 1997 and 2.1 percent in each of the next three years.

The President proposes to increase fees charged for registration of securities and other activities at the Securities and Exchange Commission. New revenue is expected to total \$1.7 billion over five years.

Mr. Clinton would require the Federal Deposit Insurance Corporation and the Federal Reserve to charge fees for examination of state-chartered banks and bank holding companies. This proposal is expected to raise \$500 million over five years.

Medicare for the elderly, and Medicaid, for poor people, are growing more slowly than predicted in previous budgets. But the growth is still phenomenal. Over the next five years, Medicare outlays are expected to rise 9.1 percent a year, while Medicaid grows 9.3 percent a year.

The President's budget says that health programs account for almost 40 percent of the total increase in Federal spending over the next five years. He asserts that the deficit could be eliminated in less than a decade if per capita spending on Medicare and Medicaid increased no faster than consumer prices in general.

But Mr. Clinton, battered by his experience with health care legislation last year, offers no major proposals to rein in the cost of Medicare. He said in December that he would provide tax relief to the middle class “without any new cuts in Social Security or Medicare.”

And many Democrats expect to reap a political windfall if Republicans alarm the elderly with schemes to save money in Medicare. Mr. Gingrich said this week that Republicans would “rethink Medicare from the ground up.”

The budget provides details of Mr. Clinton's previously announced plan to “reinvent” the Departments of Energy, Transportation and Housing and Urban Development, the Office of Personnel Management and the General Services Administration.

Mr. Clinton said the staff of the personnel agency, which now has 5,400 employees, would be cut by one-third. And the staff of the General Services Administration, the central housekeeping and supply agency for the Government, with 16,800 employees, will be halved, the budget says.

In keeping with the new spirit of federalism, Mr. Clinton proposes to consolidate scores of Federal grants and let local officials decide how to use the money. The Transportation Department now has 30 separate grants for construction and repair of highways, mass transit systems, railroads

and airports. Mr. Clinton would merge them into a “unified transportation grant” and \$10 billion a year.

The Department of Housing and Urban Development would merge 60 programs into eight worth \$26 billion next year. Mr. Clinton denounces public housing as “a trap for the poorest of the poor.” He proposes to “demolish thousands of severely deteriorated, mostly vacant units,” and he says that “by 1998 no housing authority will receive funds directly from HUD.” Instead, tenants will get vouchers that they can use to pay rent in any public or private housing.

Mr. Clinton describes education and training as a “ladder into the middle class,” but he would take the Government out of the business of guaranteeing loans for college students. By July 1997, all new loans would be made directly by the Government, eliminating the subsidies and fees now paid to commercial banks and other private lenders. Mr. Clinton says this change would save \$5 billion over five years.

Like Ronald Reagan in 1986, President Clinton proposes to sell four Federal agencies that provide electric power at subsidized rates to millions of people in Western and Southern states. He proposes to convert a fifth such agency, the Bonneville Power Administration, to a Government corporation, so it could “operate more efficiently.”

Mr. HATCH. Mr. President, let me just say that this is “business as usual.” I do not blame the President. It is a tough job for him, and he knows he has to deal with the people up here, so he is trying to do the very best he can. But even doing the best he can, he is talking about \$190 billion deficits for all of the next decade and then he does not know where it is going to go from there. That is assuming that all of his economic assumptions of low interest and low inflation rates are kept constant for that full 10 years. Anybody who believes that has just not listened to some of those who have been talking about increases in the minimum wage.

There are good arguments for increases in the minimum wage and excellent arguments against. But there is no doubt in anybody's mind if we increase the minimum wage 90 cents, to \$5.15 an hour, that it is going to be an upward push on interest rates and inflation, and a lot of young people are going to lose jobs. A lot of small businesses are going to go out of business because they just cannot afford to pay that.

A lot of young people who need the discipline that comes from work who are uneducated, unskilled, and do not have jobs currently are going to be left as the welfare poor for the rest of their lives because business people cannot afford to hire them. So they pull in their horns, and they make do with less. They work longer and harder hours, or they go out of business. But whether it is a good thing or bad thing on the minimum wage, to increase the minimum wage, which the President says he is going to do, there is no doubt in anybody's mind that is an upward push for inflation.

By the way, it is a wonderful fix. And I have to give those who support organized labor a lot of credit for this because when they push up the minimum

wage at the bottom, by almost 20 percent in this case, then all of the unionized businesses and everybody else can demand that they be given the same benefits at the top. When they push up at the bottom, those who really have the jobs are trained to make it anyway can then demand higher wage rates at the top.

I think it is a terrific scheme that has worked for years. And the American people buy off on it because they think, “Well, how could anybody live on a minimum wage of \$4.25 an hour?” That is not the issue. A lot of people who make minimum wage who had the minimum-wage jobs are high school students, college students, and kids coming into the workplace for the first time who are uneducated, and unskilled. It is their chance to get into the workplace.

But I am not here to argue the merits on the minimum wage. What I am here to say is that the President admits that by his budget over the next 10 years it is business as usual. We are going to have \$190 billion-plus deficits every year for the next 10 years. And then only God knows what is going to happen beyond that.

That is why we need a balanced budget tax limitation constitutional amendment. That is why we need this amendment. It is only one of the reasons, but it certainly is a prevailing positive dominant reason.

Let me just say this to show you how bad it is. Newsweek magazine, in a humorous little side article said, “While Congress Slept”— I think it is their way of taking a sarcastic jab at the President's rather lengthy State of the Union speech.

It says:

During its 81-minute length, President Clinton's State of the Union address was not the only thing going on in the U.S.

Then it puts in parenthesis:

Figures based on national averages.

It says:

During that 81-minute speech, the total increase in the national debt was \$40,756,284.

Just in those 81 minutes our debt went up almost \$41 million.

Total health care expenditure, \$9,847,602.

Just in that 81 minutes.

The number of people losing health insurance, 4,170; number of murders were 4; number of robberies 101; babies born to teens, 80; illegal aliens entering the United States, at least 46; alleged total savings for MCI customers, \$99,387.

This is data based on 1992 through 1995 sources, the Uniform Crime Report, Public Health Service, Immigration and Naturalization Service, Kaiser Family Foundation, Bureau of Public Debt, MCI.

I presume from that article seriously that no President will talk more than 15 minutes hereafter in a State of the Union speech. It may not be from that article. It may be just be from having

lived through the experience this last time.

Humor aside, I think it is tough to be President of the United States, and I think this President is doing the best he can knowing that we up here in Congress are not going to be serious about balancing the budget without this fiscal mechanism.

I commend President Clinton for worrying about it. I commend him for working on it. I cannot commend more tax increases, although some of my colleagues believe that is one of the answers along with reductions in spending. I certainly can support reductions in spending. It is a tough job being President of the United States I have to say that I want to support this President as much as I can. I know it is tough. I have learned through the years that sometimes they take far too much unfair and unjustified criticism.

I thought Newsweek was really humorous. I meant it in a spirit of humor in reading it into the RECORD.

But the point I am making here is that for 10 more years under the best of projections, assuming every economic point remains the same, the President admits we are going to have at least \$190 billion deficits each and every year. There is no doubt we are going to have deficits, even if we pass the balanced budget amendment, up to the year 2002, and maybe it will have to go even beyond that.

But it makes a very important point. For those who are claiming that before we pass this balanced budget amendment and submit it to the States that there ought to be a right to know what we are going to do for the next 7 years. We have already known what the President is going to do. There are going to be \$190 billion deficits for each of those years or more. And I am willing to bet anybody right now it is going to be more if this balanced budget amendment does not pass. Those deficits are going to be a lot higher.

I think the burden is on the President and on the opponents of this balanced budget amendment to show where they are going to cut the budget. After all, for most of these last 60 years, Democrats have been in power. I think the burden is on them. They have never once shown us how they will get to a balanced budget without a balanced budget constitutional amendment. I think they have to show how they are going to cut the budget, especially since most of the opponents are saying that the balanced budget amendment is unnecessary. Why, we should just balance it now. I have heard that for 19 years. I have heard that for 19 years, and we are no closer to balancing the budget today than ever, and the President's announcements today in the New York Times article indicates that is true. There are some rosy scenarios and economic projections by the White House that they might do better than \$190 billion a year but they pretty well admit it will be at least \$190 billion a year over each of the next 10 years.

Is that the legacy we want to leave to our children, to our grandchildren? Is that the message we want to send to America? It certainly is the message that is being sent, that, if you do not have a balanced budget amendment, is what we are going to do? This is the best the President can do. Frankly, if he does that well under current circumstances with the Congress unwilling to help him and without the mechanism in place giving the incentives to help, then I have to commend him that he is doing better than most. But is it good enough for our children? Is it good enough for our grandchildren? Is it good enough for the future? Are America's hopes and dreams being taken away because we are unwilling to do what is necessary? I want to tell you. It is.

I want to tell you that article in the New York Times is devastating to those who are arguing against the balanced budget amendment. I have to say that it is time for us to put things in order and do what is right.

I yield the floor. I know the Senator from Maryland wants to talk.

Mr. DASCHLE. Mr. President, the majority leader and I both have amendments that we would like to lay down. It will take but a matter of a couple minutes and we could then proceed with the Senator's address.

The PRESIDING OFFICER. Is there objection?

Mr. DASCHLE. Would that be acceptable to the Senator from Maryland?

Mr. SARBANES. I am obviously not going to object to that request from the minority leader.

Could I ask the majority leader what is his intention with respect to debating this matter today and next week? Because I could just as easily withdraw from the field and turn it over and then I will make my speech next week sometime.

Mr. DOLE. I say to the Senator from Maryland, I think this would be about a 1-minute operation here. We are not going to debate any amendments. We are just going to lay down the amendments and debate those later this afternoon and on Monday. We have not yet decided when the vote would come or a motion to table in relation thereto, whether it would be on Tuesday, or I think the Democratic leader was hoping it might be on Wednesday. So we will be discussing that.

But we think we have had 5 days now of debate. I must say, it has been pretty good debate, very few interruptions with quorum calls. But I think we are now at the point where we want to start moving on these amendments. It seems to me the American people want a balanced budget amendment, and they are right. There will be plenty of time for debate. But we are not going to let this stretch out for another 3 weeks if we can help it.

I will try to accommodate the wishes of the Democratic leader when the vote comes on this issue.

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

Mr. SARBANES. What is the order?

The PRESIDING OFFICER. The Democratic leader.

Mr. SARBANES. What will happen after the conclusion of this recognition?

The PRESIDING OFFICER. The Senator from Maryland will be recognized.

Mr. SARBANES. Was that part of the request?

The PRESIDING OFFICER. It was.

Mr. SARBANES. I thank the Chair.

MOTION TO COMMIT—AMENDMENT NO. 231

(Purpose: To require a budget plan before the amendment takes effect)

Mr. DASCHLE. Mr. President, I move to commit House Joint Resolution 1 to the Judiciary Committee, to report back forthwith with the following substitute amendment, which I send to the desk.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from South Dakota [Mr. DASCHLE] moves to commit House Joint Resolution 1 to the Judiciary Committee to report back forthwith with amendment numbered 231.

Mr. DASCHLE. Mr. President, I ask unanimous consent that reading of the motion and amendment be dispensed with.

The PRESIDING OFFICER. Without objection it is so ordered.

The amendment is as follows:

Strike all after the resolving clause and insert the following:

That the following article is proposed as an amendment to the Constitution of the United States, which shall be valid to all intents and purposes as part of the Constitution when ratified by the legislatures of three-fourths of the several States within seven years after the date of its submission to the States for ratification. The article shall be submitted to the States upon the adoption of a concurrent resolution as described in section 9 of the article. The article is as follows:

“ARTICLE —

“SECTION 1. Upon the adoption by the Congress of a concurrent resolution on the budget establishing a budget plan to balance the budget as required by this article, and containing the matter required by section 9, total outlays for any fiscal year shall not exceed total receipts for that fiscal year, unless three-fifths of the whole number of each House of Congress shall provide by law for a specific excess of outlays over receipts by a rollcall vote.

“SECTION 2. The limit on the debt of the United States held by the public shall not be increased, unless three-fifths of the whole number of each House shall provide by law for such an increase by a rollcall vote.

“SECTION 3. Prior to each fiscal year, the President shall transmit to the Congress a proposed budget for the United States Government for that fiscal year in which total outlays do not exceed total receipts.

“SECTION 4. No bill to increase revenue shall become law unless approved by a majority of the whole number of each House by a rollcall vote.

"SECTION 5. The Congress may waive the provisions of this article for any fiscal year in which a declaration of war is in effect. The provisions of this article may be waived for any fiscal year in which the United States is engaged in military conflict which causes an imminent and serious military threat to national security and is so declared by a joint resolution, adopted by a majority of the whole number of each House, which becomes law.

"SECTION 6. The Congress shall enforce and implement this article by appropriate legislation, which may rely on estimates of outlays and receipts.

"SECTION 7. Total receipts shall include all 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.

"SECTION 8. This article shall take effect beginning with fiscal year 2002 or with the second fiscal year beginning after its ratification, whichever is later.

"SECTION 9. (a) In order to carry out the purposes of this article, the Congress shall adopt a concurrent resolution setting forth a budget plan to achieve a balanced budget (that complies with this article) not later than the first fiscal year required by this article as follows:

"(1) a budget for each fiscal year beginning with fiscal year 1996 and ending with that first fiscal year (required by this article) containing—

"(A) aggregate levels of new budget authority, outlays, revenues, and the deficit or surplus;

"(B) totals of new budget authority and outlays for each major functional category;

"(C) new budget authority and outlays, on an account-by-account basis, for each account with actual outlays or offsetting receipts of at least \$100,000,000 in fiscal year 1994; and

"(D) an allocation of Federal revenues among the major sources of such revenues;

"(2) a detailed list and description of changes in Federal law (including laws authorizing appropriations or direct spending and tax laws) required to carry out the plan and the effective date of each such change; and

"(3) reconciliation directives to the appropriate committees of the House of Representatives and Senate instructing them to submit legislative changes to the Committee on the Budget of the House or Senate, as the case may be, to implement the plan set forth in the concurrent resolution.

"(b) The directives required by subsection (a)(3) shall be deemed to be directives within the meaning of section 310(a) of the Congressional Budget Act of 1974. Upon receiving all legislative submissions from committees under subsection (a)(3), each Committee on the Budget shall combine all such submissions (without substantive revision) into an omnibus reconciliation bill and report that bill to its House. The procedures set forth in section 310 shall govern the consideration of that reconciliation bill in the House of Representatives and the Senate.

"(c) The budget plan described in subsection (a) shall be based upon Congressional Budget Office economic and technical assumptions and estimates of the spending and revenue effects of the legislative changes described in subsection (a)(2)."

AMENDMENT NO. 232

Mr. DOLE. Mr. President, I send an amendment to the desk to the Daschle motion to refer.

The PRESIDING OFFICER. The clerk will report. The assistant legislative clerk read as follows:

The Senator from Kansas [Mr. DOLE] proposes an amendment numbered 232.

Mr. DOLE. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection it is so ordered. The amendment is as follows:

Strike all after the word "forthwith" in the instructions and insert the following: "H.J. Res. 1, and at a later date the Judiciary Committee, after consultation with the Budget Committee, shall issue a report the text of which shall include:

"This report may be cited as the "Need To Lead Report."

"If Congress has not passed a balanced budget amendment to the Constitution by May 1, 1995, within 60 days thereafter, the President of the United States shall transmit to the Senate and the House of Representatives a detailed plan to balance the budget by the year 2002."

AMENDMENT NO. 233 TO AMENDMENT NO. 232

Mr. DOLE. Mr. President, I send a second-degree amendment to the desk.

The PRESIDING OFFICER. The clerk will report. The assistant legislative clerk read as follows:

The Senator from Kansas [Mr. Dole] proposes an amendment numbered 233 to amendment No. 232.

Mr. DOLE. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

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

The amendment reads as follows:

Strike all after H.J. Res. 1, and insert the following: ", and at a later date the Judiciary Committee, after consultation with the Budget Committee, shall issue a report the text of which shall include:

"This report may be cited as the "Need To Lead Report."

"If Congress has not passed a balanced budget amendment to the Constitution by May 1, 1995, within 59 days thereafter, the President of the United States shall transmit to the Senate and the House of Representatives a detailed plan to balance the budget by the year 2002."

Mr. DOLE. Mr. President, I ask for the yeas and nays on the amendment.

The PRESIDING OFFICER. Is there a sufficient second? There appears to be a sufficient second.

The yeas and nays were ordered.

Mr. DOLE. I thank the Senator from Maryland.

I yield the floor.

The PRESIDING OFFICER. The Senator from Maryland is recognized.

Mr. SARBANES addressed the Chair.

The PRESIDING OFFICER. The Senator from Maryland.

Mr. SARBANES. Mr. President, what is the parliamentary situation? Are we on the balanced budget amendment?

The PRESIDING OFFICER. We are on the balanced budget amendment.

(Mr. GRAMS assumed the chair.)

Mr. SARBANES. Mr. President, I very strongly believe that adding a balanced budget amendment to the Constitution of the United States would be both economically unwise and constitutionally irresponsible. The amendment would have the substantial risk of promoting instability, retarding eco-

nomical growth, and shifting the basis of our democracy from majority to minority rule. The amendment raises very difficult and unanswerable questions concerning implementation, inviting fiscal paralysis or court intervention in the conduct of economic policy, or both.

There is nothing in the Constitution today that prevents the President from submitting, or the Congress from passing, a balanced budget. Tampering with the Constitution is no way to restore a sense of fiscal responsibility to our system. Instead, it is yet another device to put off hard decisions until some unspecified point in the future. I note that in August of 1993, when we passed the major deficit reduction package, many of those who are now so strongly pushing the balanced budget amendment to the Constitution voted against a good, strong dose of deficit reduction.

I want to address some of the analogies that are made with respect to this proposal. Support for the balanced budget amendment is often based on the claim that since State and local governments are required to run balanced budgets, the Federal Government ought to do the same. Not only is this argument wrong factually—most States and local governments run deficits under the accounting principles used to compute the Federal budget—it also fails to comprehend the different responsibilities of the Federal and State governments.

The State analogy is superficially attractive. Most States have some form of balanced budget requirement, either statutory or constitutional. But most States maintain capital budgets, which are not subject to the balancing requirement. Others have developed off-budget funding mechanisms to circumvent the balancing requirement, and some use accounting rules which count some form of borrowing as "revenue" for purposes of the balanced budget requirement.

The first point to make is that if the State and local governments kept their books the way the Federal Government keeps its books, they would not have balanced budgets, because they have capital budgets financed by borrowing. They specifically provide that capital projects are going to be paid for by borrowing money. The rationale for that, of course, is a good one. You are investing in a capital asset which you will use over a period of many years and, therefore, it makes sense to borrow in order to build it now, have its use over time, and pay it off over time.

The official data on the debt incurred by State and local governments give a very different picture from the oft-used assertion that State and local governments balance their budgets. In fact, the figures on this chart shows that the total debt of State and local governments has been growing. In 1972, State and local debt was a little under \$100 million. Twenty years later this debt was almost \$1 trillion.

How did this happen if State and local governments have to balance their budgets? How is it that their debt increased? Everyone says, "You ought to balance your budget at the Federal level. The State and local governments balance their budgets." But, in fact, their debt load has been increasing.

There was a hearing held only about 10 days ago before the Joint Economic Committee. Two Governors testified that having a balanced budget requirement at the State level assured them a good credit rating. Why do they need a good credit rating if they always balance their budget? They need a good credit rating because they are borrowing, and they plan more borrowing. Under questioning, the Governors also had to acknowledge they are only required to balance their operating budget, and that they make active use of a capital budget for which borrowing is permitted.

We do not have a capital budget at the Federal level. Yet, the balanced budget amendment to the Constitution would require that we bring the entire budget—what others divide into operating budget and capital budget—into balance—something that State and local governments do not do. As a matter of fact, businesses and individuals—except for very wealthy individuals—do not do it.

How many individuals do you know who can buy their house out of cash, or buy an automobile out of cash, or buy a heavy consumer appliance out of cash? Most people make such purchases by borrowing, and throw their budget out of balance.

Second, we should not put the fiscal policy of the National Government into the same constraint as State governments. No national government in the industrialized world has a constitutional requirement to balance its budget. This is because national governments have responsibilities for the overall performance of the nation's economy, which requires them to use fiscal and monetary policy to encourage economic growth and to moderate the destructive effects of business cycle fluctuations.

A constitutional amendment requiring a balanced budget each year would not allow for fiscal policy changes over the business cycle. It would eliminate half of the macroeconomic policy apparatus. It would force the Government to try to rely entirely on monetary policy, to promote the dual objective of adequate growth and price stability.

A rigid balanced budget requirement would have its most perverse effect during recessions. It would require the deepest spending cuts or tax increases in recessions when revenues automatically fall far short of expenditures. We have learned over the last 50 years how to be more flexible with fiscal and monetary policy in responding to business cycle downturns. As a result, we have experienced significantly less violent downturns than before. This chart, which I consider very important, illus-

trates the moderation of downturns that have accompanied the more flexible fiscal policy of the last 50 years.

This chart shows the movement in real gross national product since 1890 as a percentage of GNP.

This chart shows that we used to have violent fluctuations in our gross national product prior to the creation of economic stabilizers. We had a boom-and-bust cycle. The economy would come down so far that we would have negative growth, down in the 10-percent range.

The decrease here is the Great Depression. But look at these other large fluctuations from boom to bust—the so-called great panics.

In the postwar period, because we have used fiscal policy as an automatic stabilizer in order to offset the downturns, we have managed to avoid these very deep declines in gross national product, and the very high unemployment rates that we experienced as a consequence of the boom-and-bust cycle and these great panics.

Mr. President, the proposed amendment to the Constitution does not require a balanced budget over the business cycle—it requires it each and every year. I emphasize the point—this constitutional amendment requires a balanced budget in each fiscal year.

The question then is, how do you deal with an economic downturn? Because I think it is clear that if you start into an economic downturn and you try to balance the budget, you only drive the economy further into a recession.

That is what used to happen. As the chart demonstrates, we had these wild fluctuations, we had these huge drops in GNP, 10 percent negative drops in GNP through the first part of this century. We had a boom-and-bust cycle. You do not have to read much American history to have an appreciation for that.

What did we do that improved the situation so we did not always incur this particular problem? In the post-World War II period, we were able to avoid the steep negative drops in GNP. We still get fluctuations in GNP, but GNP was almost always in the positive range and the boom-bust cycle was substantially diminished. This occurred because we put into place what are called fiscal stabilizers.

When the economy would go into a downturn people's personal income would drop, we then had a loss in tax revenues and we started paying people unemployment insurance, nutrition and health supplemental programs, and so forth. So we stabilized their after-tax income while their gross income was dropping. We managed to hold up their after-tax income. This was an offset to the decline in the economy, and as a consequence, we experienced much less violent economic downturns.

If we start into a downturn, people lose their jobs, and tax revenue declines. A larger number of people receive unemployment insurance and other income support programs be-

cause they are out of work. These programs help them sustain their families. As a consequence of the downturn in the business cycle, we start running a deficit in the budget.

If at that moment, in order to comply with the balanced budget amendment, we have to take action to eliminate the deficit, namely, cut spending and raise taxes, we are only going to depress the economy even further. That would turn an economic downturn into a recession and a recession into a depression.

The automatic stabilizers worked in order to offset this economic downturn for families so that their after-tax income was not as harshly hit as their gross income. Without those income stabilizers, any downturn, will be intensified and exaggerated, and we will have a far worse economic situation.

Third, let me emphasize we are considering changing the Constitution, our fundamental doctrine. The Constitution has been amended only 27 times over the 206-year history of the Republic. Ten of the amendments came right in the beginning in the Bill of Rights. Effectively, it has been amended only 17 times in 206 years. Immediately after the Constitution was written, they adopted the first 10 amendments as the Bill of Rights. It was a condition of the ratification of the Constitution by certain of the States. In other words, they were not prepared to ratify it unless they were assured there was going to be a Bill of Rights.

Over the next 205 years, we have amended the Constitution only 17 times. Obviously, that means it is not a matter to be taken lightly. It is not a matter to be done for political expediency. It is obviously a matter whose consequences and implications need to be very carefully thought through.

I have tried to address the analogy that is made with respect to this balanced budget proposal with State and local governments, private individuals, and businesses. This argument, "Well, everyone else balances their budget, why do we not balance ours?" I pointed out that there is no capital budget at the Federal level, unlike State and local governments, unlike businesses, and unlike what is the practice of most individuals and families.

After all, only the very, very wealthy can purchase all of their capital assets out of cash. The overwhelming percentage of Americans do not balance their budget every year. Millions of Americans are buying homes by running a huge unbalanced budget the year they make the purchase. They go out and borrow money in order to do it. No one claims that is not wise, assuming the amount of the mortgage bears a reasonable and proper relationship to the amount of their income.

The reason it is prudent to borrow in this case is that they can sustain the payments over time and have the use of the capital asset now. Everyone says we want to encourage homeownership and try to make it easier for people to

buy homes. We have one of the highest homeownership rates in the world. It has worked very well. Businesses do the same thing. Businesses make capital investments. They set up a part of their budget for capital investments, and then they borrow the money. They may have more debt now than they had 10 years ago, but as a consequence of those investments, they have expanded the company, they have increased their sales, they have increased their profits. They are in a stronger position today than they were.

We have even reached the point where we regard it as wise on occasion for people to borrow in order to get an education, because it enhances their earning power and the enhancement of their earning power will more than cover this debt which they incur in order to obtain an education.

I once said to someone, "Would you rather be someone who had \$50,000 in income and 2,000 dollars' worth of debt or \$5,000 in income and 1,000 dollars' worth of debt?" I have yet to find someone who would not rather be the person with \$50,000 in income and \$2,000 in debt. I say, "How can that be? You have 2,000 dollars' worth of debt, the other person has 1,000 dollars' worth of debt. You have more debt." And they say, "Yes, but I have much more income. I have 50,000 dollars' worth of income and the other person only has 5,000 dollars' worth of income. My ability to handle 2,000 dollars' worth of debt with \$50,000 income is far better than their ability to handle 1,000 dollars' worth of debt with \$5,000 income."

So occasionally we can incur debt for worthwhile purposes. Debt incurred for productive investment that enhances your capabilities, enhances your economic output and your economic productivity can be wise.

Second, I talked about fiscal stabilizers and how we have succeeded, to some degree, in offsetting the wild fluctuations in the business cycle so we no longer get these deep depressions with very large percentages of the population thrown out of work.

Now, third, I want to talk about the lack of wise choice among spending categories that I believe would be prompted by a balanced budget amendment. I believe it would encourage irrational economic policy by not allowing important distinctions between different types of expenditures. In the version of the amendment that is before the Senate, all outlays are lumped into a single aggregate which cannot exceed the aggregate of total revenues. Economists recognize, however, that different types of spending have different effects on the economy and they ought to be treated differently in the conduct of fiscal policy. Let me give just a couple of examples.

Take Social Security and unemployment compensation. Both of these programs are designed to build up surpluses in advance of anticipated needs for spending. In Social Security, we build up a surplus to provide for the re-

tirement of the baby boom generation. So at the moment we are accumulating a surplus in the Social Security trust fund. The unemployment insurance trust fund builds up surpluses during good times to pay for benefits during recessions.

Under the balanced budget amendment these programs could continue to build up surpluses in advance in anticipation of needs, but those surpluses could not be used as a balancing item against future expenditures.

We have a conscious policy of building up the trust fund balances. The intention is to use them at a later point. That is a responsible budgeting policy. Yet, if you have an amendment that requires a balanced budget every year, you could not draw down those surpluses in later years because that would be an excess of outlays over revenues. So this requirement would fundamentally undermine the economic prudence which is associated with anticipatory budgeting.

I am not sure people have really thought this through. You would have under the proposal a requirement each year that the budget has to be in balance. You have built up the trust funds with the intention of using the surpluses in the outyears. The outyear comes. You cannot draw the fund down because you would have an excess of outlays over revenues in that year, which is what the amendment prohibits. The amendment says, "Total outlays for any fiscal year shall not exceed total receipts for that fiscal year." So you would be stymied from using this trust fund which had been built up for the very purpose of being used in the outyears as part of prudent anticipatory budgeting.

Amending the Constitution would also encourage irrational economic policy by failing to allow for important distinctions between types of spending. The amendment fails to separate investment spending from spending for current consumption.

Running deficits to finance current consumption during expansionary periods is unwise for it shifts onto future generations of taxpayers the task of funding today's spending. In other words, it is not a prudent policy to borrow to fund current consumption because what you are doing is consuming today and placing the burden on tomorrow's generation. But capital investment spending as distinct from current consumption is a different matter. Today's capital investment increases the rate of growth in the economy, yielding a larger stream of future income. Because of the possibility of enhanced future income, it makes economic sense to finance some portion of capital investment with borrowed funds, in effect claiming part of that future income stream to finance the current investment.

The balanced budget amendment does not recognize this important economic distinction between consumption and investment spending and

would require all investments to be fully funded with tax revenues in each fiscal year. If households were to follow such a budget strategy and never borrow, only a tiny minority of American families would own houses and far fewer Americans than is currently the case would own automobiles or major appliances. If businesses were to follow such a strategy, they would soon be driven from the marketplace by those businesses willing to borrow in order to finance prudent and productive new capital investment.

So a balanced budget amendment which makes no distinction between consumption and investment would in effect undercut our ability to accelerate the pace of national investment. In fact, it is my strong view it is almost certain that investment spending by the Federal Government would bear much of the burden of trying to move toward a balanced budget if this amendment were to be put into place.

Let me turn to the disruption that I think would be caused by this balanced budget amendment. None of the proposals for a balanced budget amendment contains any detail concerning how such provisions would be implemented or enforced.

They have general articles.

The Congress shall enforce and implement this article by appropriate legislation which may rely on estimates of outlays and receipts.

I understand in the debate in the Judiciary Committee they said that the estimates can be off by 2 or 3 percent.

I do not quite understand how you would square that with the requirements of the amendment, and I think it reflects some of the lack of rigor in analyzing this proposal.

Fiscal policy is a complex task, and I think it would be disrupted or, indeed, paralyzed by struggles over implementing a vague constitutional balanced budget requirement. This version of the balanced budget amendment that is before us states: "Total outlays shall not exceed total receipts for that fiscal year."

If revenues unexpectedly fall short of expectations, would this provision mean that the Government would have to close down toward the end of the fiscal year in order to keep outlays from exceeding receipts? Would we have to stop paying benefits to Social Security recipients, to veterans, or abrogate contracts under agricultural stabilization programs? To what extent would the President's ability to respond to a national security problem be impeded and undercut by this provision?

The proposal says that the provisions can be waived "for any fiscal year in which a declaration of war is in effect," or they "may be waived for any fiscal year in which the United States is engaged in military conflict which causes an imminent and serious military threat to national security and is so declared by joint resolution, adopted by a majority of the whole number of each House, which becomes law."

The Congress takes a month recess in August. Congress is gone. Let us assume we have reached a magical state here and we have a balanced budget. You cannot throw it out of balance. You are prohibited from doing that by the Constitution. There are those who said, we are going to have this flexibility here.

The Congress is gone. A national security threat emerges. The President has to respond. The necessity to respond requires the President in effect to make expenditures beyond what had been projected. The consequence of doing that, of course, is to throw the budget out of balance. You have just violated this provision in the Constitution. How do you address that situation?

The lack of clarity, of precise meanings, would also certainly in my judgment lead to court involvement in both defining and implementing economic policy. Although the amendment is silent as to which parties have the standing to bring suit against the Government for enforcement of the amendment, arguably any aggrieved taxpayer would have standing to sue if they believed the amendment was being violated. And although no one can state with certainty what role the courts will play in interpreting the amendment, I think it is reasonable to expect ample opportunity for litigation in court interpretation of such terms as outlays, receipts, and debt.

So, in addition to shifting the debate on fiscal policy from the President and the Congress to the courts, this amendment raises the real possibility that the courts would eventually be required to interfere with the management of fiscal policy just as they have on occasion taken over the management of school districts or of prison systems. Managing fiscal policy is not an appropriate job for the courts, yet passage of this amendment would accelerate a trend in this direction begun when the Supreme Court declared unconstitutional one of the enforcement provisions of the first Gramm-Rudman budget legislation.

Concern over the obvious economic damage which could be done by a rigid implementation of the balanced budget amendment has led its supporters to create the so-called escape clause, to permit a suspension of the balanced budget requirement in time of war or upon a three-fifths vote of the whole number of each House.

I might note this requirement of the whole number means that you have to produce 60 votes in order to do it. An abstention or an absence would be a negative vote. The requirement to increase revenues says "approved by a majority of the whole number of each House." In other words, it would need 51 affirmative votes. Suppose you had 8 or 10 Members missing. It is not a majority of those present and voting, it is a majority of the entire membership of the body.

The override provision raises two questions. First, I find it hard to un-

derstand the logic of waivable principles in the Constitution. In fact, it seems to me a very strong argument why this should not be in the Constitution. The Constitution is designed for statements of fundamental principle, not of matters to be waived away. The three-fifths override provision contained in the proposal before us is essentially a statement that budget balance is not an enduring principle but a matter of current judgment. No other constitutional principle—free speech, individual rights, equal protection—can be waived by a three-fifths vote of both Houses. We do not have other provisions in the Constitution that are waivable.

Second, such a waiver provision shifts the balance of power from majorities to minorities in our society, violating the democratic principles upon which our Government is based. A three-fifths supermajority requirement effectively gives control over fiscal policy to a minority in either House. In other words, a minority in only one of the two Houses has the deciding power. I submit this is not what the framers of the Constitution had in mind when they established our democratic form of government.

Writing a balanced budget requirement into the Constitution will undercut countercyclical economic policy. It will undermine our ability to make the capital investments in the future strength and productivity of our economy, it will burden the Constitution and the courts with issues which should properly be decided by the President and the Congress, and it will shift the principles of our democracy from majority to minority rule.

Gladstone, the great British statesman, regarded the Constitution as the finest document of government devised by man, and I think there are many, many who share that opinion. The Constitution is not something to be dealt with lightly. It has not been dealt with lightly over the course of our Nation's history. As I indicated earlier, after the 10 amendments of the Bill of Rights passed immediately after the establishment of our Republic, the Constitution has been amended only 17 times in the succeeding 205 years. The Constitution is a relatively brief, general statement, defining our framework of government and defining the political and civil liberties of our citizens. It does not establish any specific domestic policy, foreign policy, or economic policy. We do not write the substance of policy into the Constitution. We leave that to be determined in the interplay between the President and the Congress in the enactment of legislation. We do not take substantive policy and place it in the Constitution. Because of its focus on universal principles the Constitution has endured for over 2 centuries, despite dramatic changes in American society.

In thinking about amending this document we need to proceed with great caution. The desire to put balanced

budget economic policy into the Constitution is frequently justified in the name of political expediency. It is said, "We have to do this. This is the only way we will be compelled to come to grips with the problem." Obviously the question of whether in our fiscal policy we are asking future generations to pay for today's consumption is a very important question. In fact, I have voted in this body for both tax increases and spending cuts designed to achieve deficit reduction. But this proposed constitutional amendment is a promise to do something about the deficit in the future, masquerading as a tough choice today.

We do not need more masquerades and promises. We need to attack the deficit problem directly. We did that in August 1993. In fact, the U.S. performance now in bringing down the deficit is the best of any of the major industrial countries. The United States has a lower fiscal deficit as a percent of GNP than Germany, Japan, France, Canada, the United Kingdom, and Italy.

Proponents of this amendment have been citing a CBO study which was projecting incredible runup in the deficit in the future. In fact, that very study projected that the deficit ratio to the GDP at this point would be 6.8 percent. In fact, it is at 3 percent. So the program that was put into place in August 1993 was a real measure to reduce the deficit, and it has had a real impact.

Let me close with this observation. Much of today's alienation of voters from their government comes, I believe, from the practice of passing hollow laws, laws which purport to change things but which through loopholes and waivers result in nothing really happening.

I submit to my colleagues that if hollowing out the law creates political cynicism and alienation, imagine what hollowing out the Constitution would do.

Mr. President, I yield the floor.

Mr. GORTON addressed the Chair.

The PRESIDING OFFICER. The Senator from Washington.

Mr. GORTON. Mr. President, the Senate is not now at this moment debating directly the merits of House Joint Resolution 1, the balanced budget amendment. By reason of actions taken by the distinguished Democratic leader and the distinguished majority leader, the issue before the Senate of the United States at this moment is an amendment proposed by the majority leader to a motion proposed by the Democratic leader on the duties respectively of the President and of the Congress of the United States in reaching a balanced budget. The leader of the Democratic Party proposes to add to the Constitution a longer set of sections than the balanced budget amendment itself, a detailed set of instructions, the fundamental basis of which

is that the balanced budget amendment will not even be submitted to the States until there is, in effect, a binding 7-year budget leading to a balance in the year 2002 and overriding the judgment of all Presidents and all the new Congresses which will be elected between the day on which we are engaged in this debate and the year 2002.

The obvious purpose for requiring such a totally unprecedented move is to obscure the debate over general principles; that is to say, is our present fiscal system broken? Do we need to take drastic action to enforce a discipline on Congress and on the President to balance the budget? Or to the contrary, is the status quo quite satisfactory? It is to obscure that debate in the details of a hypothetical attempt to see 7 years in the future and say today precisely how the budget will be balanced 7 years from now. The hope, of course, is that a large number of elements in any such proposal could be presented as unacceptable to the American people, and, therefore, undercut the willingness of the States to balance the budget.

In response to that attempt to hide, to disguise the true issue before the body, the majority leader has in a much simpler substitute amendment proposed that if this constitutional amendment should fail of adoption, should the judgment of this body be that the status quo is just fine, that we do not need any change, the majority leader has proposed to direct the President of the United States this year to submit a proposal to Congress stating how he would balance the budget.

The majority leader has made this proposal, of course, because so many of the Members of this body on the liberal side of the debate have given eloquent lip service to the ideal of balancing the budget but have said at the same time, "Not this way. Do not touch the Constitution. Do not make any fundamental changes. Just go ahead and do it." But on this, the fifth day of this debate, not one of those Members has come up with a single detail outlining how he or she would reach that goal without the stimulus, without the discipline of a change in our Constitution. Each of those Members has defended eloquently the status quo. Each of those Members has said that we do not need a fundamental change. Each of those Members have spoken about tough votes, discipline, political courage. But in each case, depending on how long the Member has served, each of those Members has voted consistently for budgets which would never result in a balance in what we take in and in what we spend.

So the majority leader's proposal is one of great simplicity and great logic. If somehow or another there is any duty on the part of the proponents of change of constitutional discipline in this connection to say how they would solve the problem, is there not an overwhelmingly greater reason to require of those who say no change, keep the

status quo, to tell us how they would reach this goal, a goal which quite obviously has not been reached in the last year, in the last decade, in the last several decades?

Personally, I believe that the majority leader's amendment is designed far more to outline the absurdity and the lack of reason behind the Democratic leader's amendment than it is to become a serious part of the fiscal discipline of this Nation. I do not believe the President of the United States can come up with a detailed item-by-item proposal to balance the budget some years after he will cease to be President of the United States.

I regret that all we hear is that the budget that he comes up with next week will include figures indicating that the budget of the United States will never be balanced pursuant to the policies which he proposes. But I do not think that this Congress, on the recommendation of the President, should adopt unchangeable policies 7 years in advance.

Well, if the President should not be required to engage in such an activity in the year 1995, how much less reason is there not only for the proponents of this amendment to follow such a discipline but to include that discipline in the Constitution of the United States of America?

Mr. President, can you imagine our basic constitutional document referring to sections in the Budget Act of 1974 and speaking of reconciliation bills, talking of details which are enshrined in our statutes, statutes which can be changed by this Congress at will? Can any individual seriously state that he or she would include two extra pages of detailed verbiage in the Constitution of the United States, all of which will become anachronistic before the constitutional amendment is ever ratified by the various States?

No, as a matter of policy, the proposal of the Democratic leader is overwhelmingly flawed. It is, by greater measure, his duty in defending the status quo to tell us how he would reach our common goal than it is the proponents of this amendment. So his proposal is flawed as a matter of policy. I have also pointed out, Mr. President, that his proposal is flawed as a matter of aesthetics, a very important branch of aesthetics—the way in which we treat our Constitution.

The last speaker on this floor, the distinguished Senator from Maryland, has talked at length and in detail about why we should not include the general proposition about how to balance the budget and a set of supermajority requirements in the Constitution. Yet, I warrant, he intends to vote in favor of the motion made by the leader of his political party to include in the Constitution the most minute detail in reference to evanescent statutes.

Finally and overwhelmingly, Mr. President, the proposal of the minority leader should not be adopted because

that proposal itself is blatantly, openly, and obviously unconstitutional. It is, Mr. President, unconstitutional on its face. Article V of the Constitution, which we are all bound to obey and to serve, states in relevant parts:

The Congress, whenever two-thirds of both Houses shall deem it necessary, shall propose amendments to this Constitution, which shall be valid when ratified by the legislatures of three-fourths of the several States.

The proposal of the distinguished minority leader says: "The article"—that is to say the entire proposal with which we are dealing—"shall be submitted to the States upon the adoption of a concurrent resolution as described in section 9 of the article." In other words, it proposes something which has never happened in the history of this Republic—that this Congress, in solemn convocation, by two-thirds vote can propose an amendment to the Constitution of the United States which will not go to the States, which will sit here and wait for the Congress to pass another very detailed concurrent resolution, which it may or may not do.

Mr. President, that is, in absolute clarity, not what was intended or mandated by the people who wrote our Constitution in 1787. Either we pass a proposal in the form of a constitutional amendment, which goes immediately to the States of this Union for their ratification or rejection, or we do not. We cannot pass a proposed constitutional amendment which we say will only go to the States if it snows on Easter. We cannot set conditions on the submission of an amendment passed by two-thirds of the two bodies of Congress that will be submitted to the States only upon condition. Either it goes or it does not.

Mr. President, I take—as I know all other 99 Members of this body do—my constitutional responsibilities very seriously. In fact, much of the debate against this basic proposition has to do with the respect that the opponents to this proposed amendment have for the general terms and general political philosophy of the Constitution, to which they believe no amendment should be added that relates to fiscal policy. And I can respect that fervor to defend this Constitution. But to place before us a proposal, not only a proposal with all of the details that were included in the motion of the Democratic leader, but to do it in a fashion which ignores the very method of amendment outlined in article V of the Constitution of the United States, Mr. President, that is wrong, it is unconstitutional, and it should be rejected out of hand.

I hope that, at some point during the course of this debate, a Member deeply concerned with the Constitution—perhaps the majority leader himself—will raise a constitutional point of order against the underlying motion of the leader of the Democratic Party. If any Member does so, of course, as the Presiding Officer recognizes, neither he nor the individual sitting in his seat at

the time at which that point of order is made will rule on it. Such a point of order is submitted to the Members of this body for their consideration and for their vote. And I, for one, am convinced that every Member of the body would be required, by the oath that a Senator takes, to sustain that point of order and to dismiss this motion, this attempt to disguise what the real issue is before us, to dismiss it out of hand and to return this body to a debate over first principles, over whether or not it is important in discharging our duties to the people we represent today and to generations still to come, that we not continue to pile debt after debt upon their backs; or whether, on the other hand, the status quo is satisfactory. That is the true debate, and until we have voted on House Joint Resolution 1, I trust in exactly the form it was passed by the House of Representatives, we will not have carried out our duties. But an interim duty, Mr. President, is to reject the proposal both in its original form, and as amended by the majority leader, on the clear and absolute basis that it violates the Constitution of the United States.

That debate should not take a great deal of time, Mr. President. I suspect it will take some period of time. I suspect there will be a great deal of oratory as to why the policies contained in the proposal of the Democratic leader are a good idea or are a bad idea. I have already spoken several times on that general issue. That is a reasonable debate. But the proposal before us is not a reasonable proposition. It violates the Constitution of the United States, Mr. President, and it should be dismissed as such.

Mrs. MURRAY addressed the Chair.

The PRESIDING OFFICER (Mr. SMITH). The Senator from Washington [Mrs. MURRAY] is recognized.

Mrs. MURRAY. Mr. President, I rise today in opposition to amending our Constitution with a balanced budget amendment. When I came to the Senate 2 years ago, I requested a seat on the Budget Committee. I wanted to learn firsthand how our budget is formed and to help steer this country's spending priorities. It is a big task.

As a nation, we accumulated more debt in the decade of the 1980's than we had in the previous two centuries. It is time for common sense, rational solutions. It is time for us to provide leadership with level headed, moderate decisions even if they are based on tough choices. The balanced budget amendment is not common sense, it is not level headed, it is not rational, and it will not achieve what it claims to do. Instead, what we need are real solutions, real cuts, and real decisions that make sense for the American people.

For example, we have reduced our deficit in a substantial way in the past 2 years. We have had to make some very tough choices. As an appropriator, I have had to say "no" more often than "yes" to programs that I support. We all know we just do not have a lot of money to go around.

So, Mr. President, no one needs convincing that we need to tighten our belt. What we do need is a workable, responsible solution. This resolution will not achieve what some in the Senate would have you believe, nor what the American people want. It will make a mockery of a document which is the very essence of our democracy.

Mr. President, our Constitution is a living document. In the course of history, we have had to change it and when we have amended the Constitution in the past we have acted to expand people's rights, to make this country more equitable for the little guy, to give ordinary Americans a stake in our society.

Look how we have amended the Constitution in the past. The first amendment, one sentence long, ensures our freedom of speech. The second amendment, just one sentence long, maintains our right to bear arms. The 13th amendment, one short sentence, abolishes slavery. The 19th amendment, again one sentence, gives women the right to vote. The 24th amendment, one sentence long, abolishes the poll tax. And the last time the American people amended the Constitution was in 1971 with the 26th amendment—and we did so with one sentence—we gave all Americans over the age of 18 the right to vote.

Mr. President, clearly when we have amended our Constitution in the past we did so to expand people's rights. This document, this Constitution and its Bill of Rights, is too important to attach pieces of legislation to it. The so-called balanced budget amendment does not fit the profile of previous amendments and, even worse, Mr. President, it is a promise to the American people that is too good to be true.

Mr. President, words on a piece of paper cannot balance our budget. Legislators, like those of us here, can and should. And let us think about what will happen if we take the flexibility out of our economic decisionmaking.

I ask unanimous consent that the text of an article from the Washington Post be printed in the RECORD.

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

[From the Washington Post, Jan. 22, 1995]

ANY WAY ITS PROPONENTS SLICE IT,
BALANCED-BUDGET AMENDMENT IS BALONEY
(By Hobart Rowen)

The case against a constitutional amendment to balance the budget is overwhelming. It has been hyped by Democrats and Republicans alike as the only way to force reluctant congressmen to make tough decisions, and there is no doubt that a large segment of the public has come to believe this propaganda.

But the truth is that an amendment to the Constitution for this purpose is bad economics, bad budget policy and bad constitutional policy. By itself, such an amendment would cut neither a dollar nor a program from the federal budget. As Office of Management and Budget Director Alice S. Rivlin told the Senate Judiciary Committee on Jan. 5, "most of all, it evades the hard choices needed to achieve real deficit reduction."

Why is the constitutional amendment bad economics? In an interview, Council of Economic Advisers Chairman Laura D'Andrea Tyson points out that the beauty of the present fiscal system is that it contains automatic stabilizers that moderate economic activity whenever business activity weakens. Thus, when workers lose jobs, unemployment compensation rises and it cushions the slide. If business profits are off, then tax liabilities decline. These events boost the government deficit, thus offsetting to some degree the decline in the private sector.

"But the balanced budget amendment would take away these automatic stabilizers when the economy is slowing down," Tyson said. It would force the government to raise taxes or cut spending to cover the increasing deficit that a slowing economy was generating. Rivlin puts it this way: "Fiscal policy would exaggerate, rather than mitigate, swings in the economy. Rescissions would tend to be deeper and longer."

Meanwhile, the House Republican version of the amendment wrongly (and possibly unconstitutionally) requires a three-fifths majority of each house of Congress to increase revenue, run budget deficits or increase the public debt. There is supposed to be a safety valve to permit a deficit in time of real economic weakness. But who in Congress is a good enough forecaster to sense when the safety valve should be opened? As Rivlin said, in all likelihood, "the damage would be done long before we recognize that the economy is turning down."

Why would the amendment also be bad constitutional policy? Not only would it put fiscal policy, as outlined above, in a straitjacket, it would denigrate the document that deals with the big issues—individual rights, the system of separation of powers, the ultimate guarantor of our system of liberties in effect since 1776. It would force the courts to adjudicate disputes certain to arise.

Meanwhile, what are the hard choices being avoided? The Republicans who are pushing the "Contract With America" freely concede that to balance the budget by the year 2002, as called for by the amendment, would cost \$1.2 trillion in cuts in the various big entitlement programs—Social Security, Medicare, Medicaid and other pensions. But they aren't prepared to make them. Rep. Richard K. Arme of Texas, House majority leader, said forthrightly that if members of Congress understood the full dimension of what is involved, "they would buckle at the knees."

But wait, there's more than \$1.2 trillion involved: Because of the new tax cuts and other "reforms" proposed in the Republican "Contract," there is an additional \$450 million that would have to be found by 2002—making a net reduction of \$1.65 trillion.

But the story isn't over—and this is the most significant missing piece.

The bland assumption is that if somehow a miracle is accomplished—the huge \$1.65 trillion cuts are made to balance the budget by 2002—the budget will continue to be in balance. Not so! The dirty little secret is that within a few years after 2002, as the Kerry-Danforth entitlement commission report showed, the workplace demographics begin to explode, and with that, the budget deficit. Fewer workers in the labor force supporting Social Security pensioners will drive the Social Security trust fund deep into the red. Once again, the budget will be unbalanced, perhaps more so than before—and the game must start over again.

Clearly, the balanced-budget amendment is bad business. Congress should reconsider the

whole plot. The real goal, in the first place, should not be to balance the budget but to balance the economy. The deficit needs to be cut back sharply, but to aim at a balance in 2002 or 2012 is self-defeating. There will be some years ahead when the nation may need to run a deficit—and it shouldn't be afraid to make such decisions.

The need now is to put aside the gimmickry, forget the constitutional amendment and for the Clinton administration and the Republican Congress to attend to business. A little maturity, please!

Mrs. MURRAY. This article describes the thoughts of my friend the Chair of the Council of Economic Advisers, Dr. Laura Tyson, and those of the Director of the OMB, Dr. Alice Rivlin, who tells us that with this amendment: "Fiscal policy would exaggerate * * * swings in the economy. Recessions would tend to be deeper and longer."

"Recessions would be deeper and longer."

Mr. President, everyone I speak to these days—whether it is grocery store clerks or attorneys, farmers or Boeing machinists—everyone tells me their biggest fear is losing their job. Everyone fears the return of the dark days of recession. So why are we adding to the anxiety that is already out there?

Budget cuts mean job cuts. If we handle our fiscal policy with common sense, I believe we can reduce our deficit in a sensible way that minimizes job loss. But if Dr. Tyson and Dr. Rivlin are correct—and I believe they are—this radical approach will throw millions of Americans out of work and at the same time cut job training programs.

Mr. President, we do indeed face some tough challenges today, and one is to ease the feeling of insecurity among our Nation's work force. It seems pretty clear to me that this resolution will only make those fears a reality.

Another challenge we face is to return hope to America's youth. When I talk with kids who belong to gangs, they tell me they join these groups because at least there someone cares about them. They believe they will have no opportunity in this country.

Mr. President, I hear the same pessimism from teenagers around my own kitchen table.

So how will a wildly fluctuating, uncontrollable economy be in the interest of our youth?

And yet, Mr. President, I have sat here and listened to the proponents of this resolution talk about how amending our Constitution in this way will help our children. What will help our children is reducing our deficit, and everyone agrees with that.

But, again, this resolution alone does not get us there. It will not help our children. It will not tell them that they will have a job. It will not tell them they will have food on their table. And it will not tell them that they have parents who care. It will provide no sense of security. And, in fact, I believe it will teach our children a dangerous lesson.

There is nothing wrong with responsible borrowing. That is the backbone of our financial service industry—savings and investing. After all, how many American families could afford to buy their homes without a mortgage or send their kids to college without a student loan?

This resolution destroys the American dream. It tells our kids, if they come from a family that cannot afford to pay cash for a home, they should not try. It teaches them that investment—even if it means borrowing for education—is not an option.

Mr. President, let us think about the effect of this resolution on the little guy. Let us talk a little bit about how this resolution will affect the average Americans in neighborhoods across their country.

I heard the ranking member of the Budget Committee, my good friend, Senator EXON, on the floor a few days ago. The Senator from Nebraska supports this resolution and that is why I really appreciated his speech earlier this week.

My friend from Nebraska outlined some important points for all of us to consider. He went through an economic analysis the staff of the Budget Committee prepared, and this analysis puts the abstract words of this resolution into perspective.

Now, as you know, Mr. President, the proponents of this resolution tell us we must have a balanced budget in the year 2002, but they refuse to tell us how we will achieve that balance. They will not level with the American people about what they are going to cut and what they will eliminate. And, Mr. President, the American people do have a right to know.

Two days ago Senator EXON explained how the politics and the economics of this issue join to make a very scary situation possible. If we pass this resolution with an exemption for Social Security, defense, and some other sensitive programs, and if we still enact all the tax cuts in the Contract With America—and all of that is possible—we will see a 50 percent across-the-board cut in all other programs.

Is this responsible budgeting? Is this rational? Is this common sense?

If we put this resolution into action, Mr. President, agricultural programs could take a 50-percent cut. So would highway funds. We would lose half of our education and job training money and we would lose half of our student loans.

If the Constitution is amended in this way and Congress actually acts on it, the cleanup of Hanford nuclear reservation in my home State is in jeopardy. That is not the way we return security to this Nation, Mr. President. And it is not how we restore hope to our children.

Mr. President, I read yesterday morning's paper about the Washington, DC, budget crisis. Clearly the leaders in the District must work to balance

their budget. But look where the first cuts were made: On programs affecting our children and their access to valuable educational resources.

We will see the same thing here. The radical cuts this amendment will demand will fall squarely on the backs of the most vulnerable in our society—our children, our elderly, our disabled, and those in most need of our help.

Just in my corner of the country alone, this amendment and the other provisions of the Contract With America will mean that by the year 2002, education programs will be cut by \$474 million each year. Transportation will be shortchanged by \$161 million. Federal Medicaid reimbursements in the State of Washington will be reduced by \$1 billion. Federal economic development assistance will be reduced by \$27 million.

These are not just numbers. Behind the statistics are millions of dollars, are the faces of millions of Americans: My elderly next-door neighbor with a heart problem who depends on Medicaid; my friends who sit in traffic jams daily on I-95 in Washington, commuting to their jobs; the kids in my sister's sixth grade classroom in Bellingham, WA; the people who are just getting back on their feet in our hard-hit timber communities. Taken as a whole, the plans before us will total a reduction to my home State of \$6.7 billion. That, Mr. President, is real money, real people, and real needs.

Mr. President, at a time of uncertainty for all of our working families, we find this resolution will hurt our workers. The economists at Wharton predict Washington State will lose 209,000 jobs the year after this amendment takes effect. They predict my State will experience a 15-percent drop in total personal income. They tell me the hardest hit will be the manufacturing sector, especially those in the aerospace industry, which is already experiencing massive job losses. Again, I ask, is this common sense? Is this responsible budgeting?

One last word, Mr. President. I have heard many people in this body talk about the need for fiscal self-discipline. Many Americans understand that need and indeed practice it in their own daily lives. That is what Congress needs to do.

I know what it is like to sacrifice. I know how it feels to tell my kids no. And I know what tough choices are. I come from a family which is used to sacrifice and financial discipline. Mine is just like every ordinary American family. My grandparents fought a world war and survived the Great Depression. My family has ridden out nasty recessions, and now after we have survived all this, we are telling future generations, "You have no say in determining your future. The United States is going to decide the budget of the 21st century in 1995."

We need to keep things in perspective, Mr. President. We need to remember where we have come from when we

consider where we are going. We need to deal with jobs, violence, and the health of our Nation. But solutions to those challenges are not found in this so-called balanced budget amendment or, frankly, in any 10-second sound bite. We do not need to amend our Constitution this way and put the future of our Nation in a precarious position. We do need to be sensible legislators by proposing real solutions that bring fiscal responsibility to our budgets.

Thank you. I yield the floor.

Mr. DASCHLE addressed the Chair.

The PRESIDING OFFICER. The Senator from South Dakota.

THE RIGHT TO KNOW ACT

Mr. DASCHLE. Mr. President, for the past several days, Republican and Democratic Senators alike have said they support the goal of a balanced Federal budget. Indeed, so do I.

The idea of a balanced budget, in the abstract, has universal support.

But if one thing is clear, it is that no budget is balanced in the abstract. Budgets are balanced in the context of existing circumstances.

Today, the political circumstances are very clear. The elements of the Republican Contract With America are the priority for action. There is a lot of fine print in the contract. But there is no doubt about the central selling points: A tax cut, a defense increase, and a balanced budget amendment to the Constitution.

That is what our Republican colleagues campaigned on: Cutting taxes, increasing defense, and balancing the budget while protecting Social Security.

It is a bold program. It is also the echo of an earlier program. Republicans campaigned in 1980 on a program of cutting taxes, raising defense spending, and balancing the budget.

In 1980, Republican candidates won a majority in the Senate, in part by campaigning on that program. President Reagan won the White House.

The bottom line on the chart beside me illustrates the campaign promise. A budget gradually coming into balance by 1983. It is based on the Reagan economic plan announced in 1980 in Chicago.

What happened?

That is illustrated by the top line on the chart beside me.

Instead of balancing the budget by 1983, or even by 1984, the campaign promises led to the highest Federal deficits in history. Within 12 years, those campaign promises helped quadruple the national debt.

From \$69 billion in the last Carter budget, deficits rose until they almost quadrupled in the mid-1980's. By the end of the Reagan years, our debt had tripled. Subsequently, the 4 Bush years added another \$1½ trillion to the debt.

The chart beside me tells the story. From a \$69 billion deficit in 1980, the last year of President Carter's term, the deficits kept rising. From 1993, deficits have begun to fall. For the first time in half a century, deficits will come down 3 years in a row.

How did we change course?

Democrats changed the course. We made the unpopular choices that have to be made if you are going to reduce the deficit. We did not try to duck the bullet. We bit the bullet, twice.

In 1990, Democrats worked with President Bush and crafted a deficit reduction package that capped all discretionary spending. In the face of adamant opposition for practically the whole year, we produced \$500 billion in deficit reduction—real cuts in a deficit that was then spiraling out of control.

In 1993, we did it again. In the face of adamant Republican opposition, we passed a program that achieved another \$500 billion in deficit reduction over 5 years. We passed the 1993 budget without the help of a single Republican vote, in the face of fierce denunciations and wild predictions of economic ruin.

Action by Democrats resulted in real deficit reduction. Opposition from Republicans: but no deficit reduction.

To paraphrase former President Reagan, "Here they go again."

They want to cut taxes, increase defense spending, and balance the budget.

In 1980, someone asked Representative John Anderson of Illinois how you could cut taxes, increase defense spending, and balance the budget.

He gave the only coherent answer possible. "With mirrors," he said.

He was right. All the indignant talk to the contrary does not alter the facts. And the facts are as I have stated them.

Democrats have taken the lead twice in the last 5 years, in the face of intense partisan denunciations, to do what has to be done to bring the deficit down.

We have done it twice, not with mirrors, but with realistic and difficult choices among competing demands from States, cities, businesses, and individuals, who all want their programs protected, who all claim tax relief, who all have good arguments on their side.

It is that history of the last 14 years that makes us so adamant about the Right To Know Act.

The Right To Know Act is essential. Americans have the right to know whether we are about to take another riverboat gamble with their Nation's economy. That is what the Republican Senate leader called it back in 1981. He was right. It was a riverboat gamble. And we lost.

Our State Governors have the right to know how much of the dollar responsibility they will be left holding when the dust settles.

Our city mayors have the right to know how much their budgets will shrink.

Americans have the right to know about program changes that will directly affect them.

Families with elderly parents have the right to know if Medicaid or Medicare will be slightly modified or deeply slashed.

People planning college for their children have the right to know wheth-

er or not they can count on student loans.

Realtors have the right to know if VA home loan conditions are likely to be changed or if FHA-backed loans will shrink.

General contractors have the right to know if Federal construction projects will shrink dramatically.

Communities across the South have the right to know if NASA's space program will be cut, and how their job base will be affected.

People in Washington State and South Carolina have the right to know if the nuclear plant cleanups will stop.

People who live in the Tennessee River Valley have the right to know if TVA is going to disappear.

I have been part of the Democratic majority which has twice already stepped up to the plate and reduced the deficit by \$500 billion each time. I know it is not easy to cut spending. But a majority of Democratic Senators has done it. We are prepared to do it again.

But we want to know what we are doing. And balancing the budget in the context of the Contract With America will be extraordinarily difficult.

How difficult is revealed by the chart here. The bottom line on this chart shows the cuts that must be made in spending as we begin to move toward a balanced budget this year.

The center line shows the CBO baseline budget. That is what will happen to spending because of demographic changes and estimated inflation rates over the next 7 years. The distance between the bottom line and the center line represents \$1.2 trillion.

That is how much must be cut from the budget over the next 7 years.

The top line shows how much spending will be affected if the Contract With America, with its tax cut, is passed. It does not include defense spending increases.

If the contract's promised tax cut is passed, we will have to cut \$1½ trillion from the budget over the next 7 years.

Some are claiming that modest across-the-board cuts in everything can achieve a balanced budget without any serious dislocation to anyone.

Before we accept that claim, let us look at it.

A simple across-the-board cut that would produce a balanced budget by 2002 would be a 13-percent cut. But that includes everything, including Social Security.

If, as the Contract With America says, you take Social Security benefits off the table, then everything else would have to be cut by 18 percent. That includes everything, including defense, which the contract says should be increased.

But if you remove defense along with Social Security, then everything else has to be cut by 29 percent. That would mean cutting a fifth out of Medicare, for example.

But, if you want to pass the tax cut in the contract, and you do not want to cut defense or Social Security, then everything else has to be cut a full 30 percent. That would mean 30 percent out of Medicare, 30 percent out of the space program, and 30 percent out of veterans benefits.

If you wanted to exempt veterans' benefits, because they go to the 27 million men and women who fought our wars and to the dependents of those who died in our wars, everything else would have to be cut by 31 percent. That would mean a 31-percent cut in pensions that people have earned, like the men and women of our armed services and those employed by the Federal Government.

But if you wanted to exempt retirement benefits, because people have earned them, everything left would have to be cut by more than one-third, by a 34-percent reduction. That would include Medicare, Medicaid, the FBI, the Immigration Service, school lunch programs, college aid, medical research, the Coast Guard—everything.

If you took Medicare off the table, because it is an integral part of the Social Security system, then everything else would have to be cut in half.

In other words, if the contract's tax cut is passed, if defense is protected, and the retirement benefits of veterans, servicemen, and civil service workers are protected along with Social Security and Medicare, every other function of Government must be halved to achieve a balanced budget in 2002.

It is that calculation by the Congressional Budget Office that makes it clear that the claim of modest, very minor pain from across-the-board cuts grossly mistakes the reality.

The reality is that we cannot magically not count inflation for Federal spending purposes and still end up being able to hire the same number of border guards, the same number of VA doctors, the same number of FBI agents, and so on in 7 years' time.

Nor can we pave the same miles of highways, rebuild the same numbers of bridges, build the same space station, provide the same research grants or do anything else if we have half as much money in real terms with which to do it.

I want everyone to think back to what they earned in 1987. And I want them to consider how they would like to live on that amount today. That is what it means not to adjust for inflation.

That is why the right-to-know amendment is critical. We all know that we will not bring the budget into balance by simply not allowing for inflation. The numbers demonstrate it.

In the most modest example, if Social Security is off the table, if the contract's tax cut is passed, if defense is protected, everything else will be cut by 30 percent. That is neither moderate nor modest—and it will not be done that way.

The way it will be done is by cutting programs. The question is, which programs? That is what we have a right to know.

In 1981, when the deficit spiral first started up, President Reagan called for a second round of cuts in September of that year. He came up very short. He asked for \$16 billion in cuts. He got \$3 billion.

There was just as much indignant denunciation of waste, fraud and abuse in 1981 as there is today. There were just as many Senators willing to speak in the abstract about the importance of cutting spending. There was just as much resistance to a tax increase.

Human nature has not changed in 14 years. All the same claims were made: That easy across-the-board cuts could be made that would be pretty painless; That we would be able to protect the social safety net; that no one would be hurt.

This city recently played host to two groups of persons who came here to tell us that it did not work that way. The State Governors were here this week. The mayors of our cities were here last week.

Both groups were unanimous in opposing any more cuts in the funds that support State and local services. We passed the unfunded mandates bill recently, by a very wide margin.

Why? It is not because Congress decided in the last couple of years to force the States and cities to do useless things. It is because past cuts made in State and local programs are forcing the States and cities to absorb more of the program costs which used to be offset with Federal dollars.

It is no wonder the Governors and mayors are insisting that any balanced budget amendment be accompanied by strict language to keep Congress from passing responsibilities on to the States and cities.

The trouble is that this is a guarantee that cannot be made. We cannot assure States and cities that a balanced budget will not pass the costs on to them. To see why, look at the figures.

This pie chart shows how the Federal tax dollar is spent.

Mr. President, 14 percent is spent on net interest. That cannot be cut. It is a legally enforceable obligation to the holders of Government bonds.

Then 21 percent is spent on Social Security. Even Republicans say they will not cut Social Security.

So 14 percent plus 21 percent equals 35 percent.

Defense spending accounts for another 17 percent of the Federal tax dollar; 35 plus 17 equals 52.

In other words, 52 percent of all spending will not be cut.

That leaves 48 percent of spending to absorb all the cuts. The 48 percent includes, unfortunately, all the grants to States and localities. All the cutting will come from 48 percent of the spending.

The next chart shows us what that 48 percent of cuttable spending consists of.

Right away, we see that 19 percent of our cuttable dollars is spent for functions that cannot easily be cut: Veterans programs, military retirement, civilian retirement, the Immigration Service, the FBI, federal prisons, the federal court system, and so on.

The Speaker of the House has said he wants to see the number of immigration agents doubled. Our Republican colleagues intend to toughen a crime bill that will presumably increase our prison population. We cannot cut the Federal court system significantly. I have not heard any of my Republican colleagues say we should seriously cut the VA hospital system.

So it is reasonable to say that this 19 percent reflects activities that are not going to be slashed by 30 percent or more. But if I am wrong and there is a plan to cut military retirement by a third, I think we ought to know that. If there is the view that we should cut back VA pensions or hospitals by 30 percent, I think we have the right to know that.

In any event, that 19 percent of our 48 percent of on-the-table-for-cutting is the smallest piece.

The next biggest piece of that 48 percent of cuttable spending is Medicare.

A couple of days ago the Speaker talked about rethinking Medicare from the ground up. He said he wanted to provide more choices to retirees. I did not understand what he meant. The Medicare program today lets every participant choose his or her own physician, choose his or her own specialist.

If what the Speaker really meant was that we should rethink Medicare to limit the choices of Medicare recipients and force them into managed-care programs to save money, I would be willing to debate that. But I definitely think it is something we have the right to know.

There are working families in this country who depend on Medicare and Social Security to provide the fundamental security for their parents, so they can focus their funds on helping their children through college. If Medicare is going to change dramatically in the next few years, these people have the right to know that, so they can plan for the possibility that their parents will need financial help.

The next category of programs in our 48 percent of cuttable dollars finances things like unemployment insurance, nutrition aid, such as food stamps and school lunches, all our health research, environmental cleanup, energy, scientific research, space programs, aid to elementary and secondary schools, college tuition aid, our embassies, wildlife conservation, the parks, all our farm programs, all our transportation programs. Mr. President, 29 percent of our cuttable on-the-table 48 percent is spent for those things.

Clearly, they are going to be cut. Some might claim that things like

medical research grants to universities will not affect States and cities. I think Governors and mayors know better.

Unemployment insurance affects every community that loses a plant or is in a transitional phase. Smaller communities would go under without the stabilizing effects of unemployment insurance to laid-off workers. I do not think it is easy to cut this by 30 or more percent.

If we cut the space program by 30 percent, people now employed in its operations will lose their jobs. This is Federal spending, all right. But it is not spent in Washington. It is spent in the cities and communities where the aerospace industry is concentrated.

The Food Stamp Program provides a 100-percent federally funded floor for low-income workers and welfare families alike. That lets poorer States, like Mississippi, keep their welfare benefits low without having to risk outright malnutrition. Food stamps give minimum wage workers added buying power. Small businesses in lower income areas know their workers' minimum wages will be augmented by food stamp income.

Farm State Governors should be attentive to the fact that this sector of spending includes all farm spending. It would be cut by a minimum of 30 percent.

Of course, if the two sectors I mentioned earlier are not cut by 30 percent, the cuts here would have to be heavier.

In other words, if we do not cut 30 percent from veterans, military retirees, prisons, courts, border control, and Medicare, these other programs will have to be cut more to compensate.

And so we come to the final share of our 48 percent of cuttable spending: The 30 percent that comprises State and local grants. This is the largest category in the cuttable spending programs that would be on the table.

In each one of these categories, whether it is Medicare, whether it is the Federal functions "unlikely to be cut," whether it is "all other" Federal programs—in the green—or State and local government grants, the point is that no mayor, no Governor ought to think that in some way we can protect this orange part and take all the other cuts in Federal funding out of the blue, the red and the green. It just cannot happen.

That is what we are really asking our Republican colleagues to share with us. If indeed that is the case, if indeed we can give assurances to mayors and Governors that this 30 percent can be protected, how do we get down to that \$1.5 trillion deficit reduction target we are going to have to get down to by the year 2002?

I realize that earnest assurances have been given to mayors and to Governors that the Congress will not cut State and local grant aid. But I can only refer to what I know has been done before, when similar choices were faced in the Congress. And based on that ex-

perience, I have to say that this is a guarantee that cannot be made.

As a matter of fact, it is a guarantee being made by those who have no power to make it. One Congress cannot bind the next, no matter how fervently one Congress feels about something.

The 105th Congress will have new Members. Economic circumstances undoubtedly will have changed.

Even before the 105th Congress is sworn in, a Presidential election campaign and Senators' own reelection efforts will influence the shape of the debate, as elections always do.

So any Governor or mayor within reach of the sound of my voice should take this warning to heart.

No one can guarantee that aid to States and localities will not be cut.

In fact, I can just about guarantee the exact opposite. Direct aid, such as payments for highway paving, and indirect aid that is spent by residents of States and cities will be cut.

The only way to have a guarantee against cuts for State and local governments is to write it into the Constitution as part of this balanced budget amendment. But our Republican colleagues have said that the measure before us cannot be amended.

So they have asked the Governors to take it on trust. I say that is exactly what the Governors cannot afford to do.

And that is why the right-to-know language is crucial. It would let us know, before we begin to cut, how State and local budgets will be protected. It would let us know, before we begin to cut, how State and local budgets will be affected.

It is the only responsible and fair way to explain to our Governors and mayors and the people who live in our States and cities what this proposal will ask of them. It will not be painless. It can be made rational. But it can only be done rationally if everyone affected knows what is at stake.

The chart here indicates the average makeup of State budgets. It is an average, not a mirror image of one particular State, and there are variables from one State to another.

But it provides the broad picture.

State general revenue sources in 1992 were made up, on average of: 17 percent, general sales taxes; 17 percent, charges and fees; 17 percent, personal income taxes; 22 percent, other taxes; 2 percent, payments by local governments.

But all those taxes and fees and payments total 75, not 100 percent. That is because, on average, 25 percent of State budgets consists of Federal grants.

This chart shows a breakdown of those Federal grants to State and local governments.

Forty percent are for the Federal share of Medicaid costs. The single largest cost the Medicaid Program pays is the nursing home care of elderly Americans.

Here, 24 percent of Federal aid to the States consists of income security pro-

grams: the Federal share of welfare, low-income housing programs, school lunch and breakfast programs, nutrition for women and infants.

Fully 64 percent of Federal aid to State and local governments goes for income support and Medicaid.

Sixteen percent of Federal aid to the States is in the form of money for elementary and secondary schools, training and employment programs, special education programs, foster care and adoption.

Eleven percent of the Federal grant dollar helps finance highway construction, improvement and maintenance, airport construction and transit assistance that helps reduce congestion in our cities.

Nine percent of Federal aid covers all other programs: community development block grants, safe drinking water and wastewater treatment, justice assistance programs, aid to other health programs like public clinics and mental health clinics—all the other grant programs.

Each and every category of this aid stands to be cut. It is all part of the 48 percent of cuttable Federal spending if we protect Social Security and defense. No part of any of these programs has any assurance of being held harmless.

And if other programs, not shown here, but which directly affect State and local economies, are not cut at all—veterans benefits, military pensions, civil service pensions—then the cuts to these grants will have to be heavier than 30 percent.

My next chart is a map of the United States. It shows, in the estimation of State budget officers, the percentage of each State's budget the State budget officers calculate is made up of Federal dollars.

The percentages vary quite a great deal. Mississippi, for instance, is shown as depending on Federal dollars for 41 percent of its budget. Texas is shown as depending on Federal dollars for 27 percent of its budget. Some States, like Oregon, show a relatively light 16 percent in Federal dollar share. Others like New Hampshire show a 34 percent reliance on Federal dollars.

In fact, the only State which shows less than 15 percent of its budget from Federal dollars is Hawaii.

The next map shows the Treasury Department's estimate of the budget shortfall each State would face under a balanced budget amendment, assuming a 30-percent cut in grants to State and local governments.

Again, some States would be harder hit than others. My State of South Dakota would be hit by about 25 percent; Montana, almost 20 percent; Arizona, New Mexico, Utah, California, around 10 percent; Louisiana, almost 30 percent. Many of the Southern States, many of the smaller States, of course, are hit harder than some of the larger States.

Texas' budget would fall 14 percent short. Mississippi would face a shortfall of almost 21 percent. Tennessee

would face a shortfall over 19 percent. Wisconsin would fall short over 10 percent, Michigan just over 13. But clearly, stated another way, to maintain current levels of services, these figures depicted here, showing the loss of revenue from the Federal Government could also be the kinds of tax hikes that would be needed to offset those cuts, were they to occur in the coming several years.

Those budgetary shortfalls are the ones that States would face directly from a balanced budget. They don't include the additional spending cuts that would be triggered by the Contract With America to pay for its tax cut and keep defense off the table.

Let me emphasize that. The figures that we have here do not include what would happen if we kept defense off the table and passed the tax cut that is currently envisioned in the Contract With America. So for South Dakota that figure would go up proportionately with the additional cuts required to pay for those additional expenses.

Instead of a 14-percent shortfall, Texas would face a 19-percent shortfall. Instead of 13 percent in Michigan, it would be 18 percent. Instead of 12 percent in New Jersey, it would be 17½, and so on.

With a balanced budget based on the Contract With America plan, State budget shortfalls are going to go up dramatically. With the Contract With America, with South Dakota, we are no longer at 25 percent; we are at virtually 34. In Iowa, we are not at the figures we were before; we are up at 15. In Illinois, we are up to almost 16 percent. In Louisiana, we are almost up to 40 percent of the overall budget.

So I urge my colleagues to appreciate the consequences of what we are talking about as we debate the balanced Federal budget and the ramifications of that budget over the next 7 years. Many of us have supported a balanced budget amendment. Many of us would like to do so again. But if we are going to do it, it has to be a rational approach. It has to recognize that there are very complicated circumstances that we all must confront if we are going to do it right, if we are going to explain to the American people the ramifications of the Contract With America, the ramifications of bringing a \$1.2 trillion deficit down to size by the year 2002, the ramifications of maintaining current projected levels of defense spending over the course of the next 7 years, the ramifications of trying to include, in some way, protections for veterans and military retirees.

All of those issues are directly confronting each and every Member of the Congress today as we consider what must be done over the course of the next 7 years to accomplish what we all say we want.

I urge my colleagues to make themselves familiar with these numbers, because these are the real world effects of the Contract With America style bal-

anced budget. These are the cuts in State budgets that would be required, or, alternatively, the increases in State taxes.

Those who have made verbal assurances to Governors that the balanced budget amendment combined with the Contract With America will not affect State budgets are, in essence, saying that it is possible to cut taxes, increase defense spending, reduce overall Federal spending by one and a half trillion dollars in 7 years without having any substantial effects.

I do not see how we can do that. I do not know how we can expect the American people to believe that we can do that. I do not think we can expect the Governors and the mayors, who themselves have to deal with budgets on a yearly basis, to understand the difficult choices that have to be made if we do what we all want to do, what we say we must do, and then say to them: Believe it. There are no painful choices here. We can simply do it with a modest cut across the board.

That is what the right-to-know amendment addresses, Mr. President. It simply says let us clearly set out a budgetary path that will lead us to that balance by the year 2002 in a way that all affected people—Governors, mayors, business people, working families, everybody—can understand.

That is why the States and the American people need to know what this will mean.

And that is what the right-to-know amendment would achieve. It would require us to clearly set out the budgetary path that will lead to balance by 2002. That way, all affected persons will be able to see what it will mean to them.

I have here in my last graphic of the day—and it is my last—a typical blood-drive thermometer. As you will note up here is the \$1.5 trillion that is required if we accomplish what we want to accomplish in the year 2002.

When the spending cuts reach this level—one and a half trillion dollars—we will be close to our target and well on the way to balancing the budget. Twice in the past 5 years, Democrats have shown that we can cut the deficit. We have passed \$500 billion deficit reduction packages twice. In any decade except this one, we would have finished the task, today we have a quadrupled national debt. So it's going to take more than that.

For the efforts we have already made, Democrats have been denounced and our work has been misrepresented to the American people. Predictions of economic gloom worthy of the Great Depression were heard on this floor less than 18 months ago when we passed the President's budget, the second installment of our deficit reduction effort.

Throughout last year Americans were falsely told their taxes had been raised. The only people whose taxes rose were the top-earning 1.2 percent of the entire population. No family earning less than \$100,000 a year saw their

Federal income taxes rise. Let me repeat that: No family who earned less than \$100,000 a year saw their Federal income taxes rise as a result of our deficit reduction package.

But misrepresentations of fact were also common the first time that we faced the miracle of the mirror: The budget that would be balanced while taxes were cut and defense spending increased.

That miracle of the mirror turned into the miraculous exploding national debt.

But the right-to-know amendment is not a magic mirror. It's the mirror of reality that must be held up to these promises before we change our Constitution and ask our States to take another riverboat gamble with their futures.

Mr. President, I yield the floor.

Mr. DEWINE addressed the Chair.

The PRESIDING OFFICER (Mr. THOMPSON). The Senator from Ohio.

Mr. DEWINE. Mr. President, let me try briefly to respond to some of the very eloquent comments made by the distinguished minority leader of the Senate and also respond to the amendment that he offered earlier today.

The Senator points out very correctly that we are beginning to make some progress in regard to balancing our budget. For 3 years in a row we are beginning to move clearly in the right direction. What I believe, though, the Senator did not point out is that the Clinton administration's own projections will indicate that while progress is now being made, when we go to what those here in Washington refer to as the "outyears", the 4th, 5th, 6th, 10th year from now, the projections are that the deficit goes up and up and up and up. That was confirmed, Mr. President, in an article in the New York Times this morning, which my colleague, the distinguished Senator from Utah, has already referenced earlier today.

Let me, if I can, Mr. President, quote a brief part of this article. The article has to do with President Clinton's upcoming budget. I quote:

Although his budget message boasts that his economic policies have sharply reduced the deficit from record levels, he says the deficit will probably stay in the range of \$190 billion through the year 2005.

The year 2005, Mr. President, according to this article, citing the administration's budget that will be submitted next week.

Mr. President, if there ever was an argument eloquently made in favor of the need for having a balanced budget amendment, that argument was just made by President Clinton in this budget—at a time when everyone agrees that we need to move forward meaningfully to balance our Federal budget, at a time, Mr. President, when really the only debate on this floor is not whether we need to have a balanced budget; the only debate is whether we are going to just go ahead and do it and tell the American people, "Trust us to do it," or whether we are going to

pass a constitutional amendment which compels Congress to do it.

That really is the only debate, and that is the climate that the President will be submitting—a budget which shows really no meaningful progress. The amendment we are talking about, Mr. President, says that we would have a balanced budget by the year 2002, which seems like a long way off.

According to this article in the New York Times this morning, the President's own budget, or own estimates, will show that even by the year 2005, we will not be moving in the right direction.

Mr. President, we have had good intentions. Everyone has good intentions. Yet, under Republican Presidents we have had a huge deficit. Under Democrat Presidents we have had a huge deficit. Under a Republican-controlled Senate we have had deficits, and under a Democrat-controlled Senate we have had deficits.

It is clear, Mr. President, that good intentions are not enough. The American people, I believe, clearly understand that. The distinguished Senator, the minority leader, talked about the right to know—an interesting term. I agree that the American people do have a right to know. But I think what they really have a right to know is that finally—finally—this Congress is going to pass a constitutional amendment and send it out to the States, and if that constitutional amendment is ratified, then finally we will have the ability to balance the budget and this Congress will be compelled to balance the budget.

Mr. President, let no one misunderstand what this debate is about. This debate, we can anticipate, will go on for some time. We have been at it a week now, and I am sure we will be 2, 3, 4 weeks still debating it. There will be many issues that will be raised. We will talk about Social Security, we will talk about the right to know, and we will talk about all kinds of different things.

Let no one mistake what really is at stake. In 1992, the American people voted for change. They said, by their votes, we want to change the way Government works; we want to change particularly the way Washington works or does not work. In 1994, people voted for change again. If in this political climate this Congress cannot pass a constitutional amendment, then when in the world are we going to be able to pass one?

Mr. President, Members of the Senate, the time is right, the time is now, the opportunity is here. If we do not seize this opportunity, and if we allow the naysayers, who can come up with 25 reasons why not to do this, to have their way, I honestly do not know that we will ever be able to do it again. I do not know that we will ever have the opportunity.

The distinguished minority leader also stated that this must be a bipartisan effort. That, I say, is absolutely

correct. It has to be a bipartisan effort. Not only the passage of a constitutional amendment, because those of us on this side of the aisle—certainly if you count, we do not have two-thirds on this side. We have to have many Democrats involved, many Democrats who will vote “yes,” not just a bipartisan effort to pass the constitutional amendment. We also will have to have a bipartisan effort to balance the budget year after year and to begin to move toward that balanced budget and to make the very, very difficult decisions that we will have to make.

That is why, Mr. President, I believe that the argument about the right to know does not really make a whole lot of sense. Those who use this argument are, in essence, saying that the Senator from Ohio—for example, whatever I say on the Senate floor about how I want to balance the budget, that will be law, or whatever the distinguished majority leader says, or the Senator from Oregon. The fact is, no matter what is said at this point, the reality is that it will have to be a bipartisan effort and that democracy will work, and we will go through the gut-wrenching process that we have to, on this floor, move year after year toward that target goal that we have to meet in the year 2002.

So to say that we are going to stop and we cannot pass a constitutional amendment because some of the proponents are not able, or are not willing, to say that for the next 7 years this is what our budget will be every single year, seems to me to be wrong and a misplaced argument and not really to be leveling with the American people.

Mr. President, yesterday there was a poster on the Senate floor with the words “Trust me” on it, as if somehow the supporters of the balanced budget amendment were hiding the truth from the American people; that if the American people ever found out what a balanced budget would really mean, they would be strongly opposed to a balanced budget.

Mr. President, I do not think anyone in this country today really thinks that balancing the budget is going to be easy. The distinguished minority leader had some very interesting charts, although I am not sure I followed every detail of each chart. But my summary of the charts would be simply that they demonstrated very clearly that balancing the Federal budget, to achieve the goal by the year 2002, is not going to be easy. The minority leader is right. It is going to be very, very difficult. But is that an argument for not doing it? Is that an argument for not setting the standard? Is that an argument for not saying and putting into the Constitution that, yes, by the year 2002 we will achieve this goal, and that is our vision and that is what we want to do? I think not.

The opponents say that we need to spell this out. Mr. President, is it really appropriate to spell out beforehand all of the details and ramifications of a

constitutional provision? I contend that it is not. Mr. President, the Constitution is a document about basic principles. It does not write our laws. It creates a process under which legislatures can write the laws. In this case, it is a process by which the U.S. Congress can write the laws.

Let me give you a few examples. Article I, section 8 of the U.S. Constitution says:

The Congress shall have Power To lay and collect Taxes * * *

Mr. President, that provision does not set the marginal income tax rate. It does not decide whether there should be accelerated depreciation or investment, plant and equipment.

Mr. President, the Constitution also says that Congress has the power “To raise and support Armies * * *” It does not say what percentage of the gross national product ought to go to defense. Working out these details is a task for the democratic process. That is what democracy does. That is what democracy is all about. That is why we have a Congress.

What the Constitution does is set the ground rules so that we can act. The Constitution empowers the Congress.

Mr. President, it is also true that for 25 years, the democratic process, without a balanced budget amendment, has not succeeded in balancing the Federal budget. That is why the American people, by an overwhelming margin, are demanding the process reform known as the balanced budget amendment.

A few days ago, Ohio's Governor, George Voinovich, proposed a balanced budget, as do the Governors in all of the States. Very soon—in a couple days—President Clinton, as we have seen this morning, is going to be sending us a budget that clearly is not balanced, not only for this year, but it is not giving any indication that we are going to be balanced by the year 2005.

Mr. President, what is the difference? Why can Governor Voinovich do it in Ohio when the President cannot do it here?

Quite frankly, Mr. President, it has less to do with the occupant of the Governor's office or the occupant of the Oval Office than it does with the basic facts. The difference is because Ohio's constitution, like the constitution in many States, says the Governor has to balance the budget—has to balance the budget. Consequently, the Governor, State legislatures, and their constituents have to work out the details for a balanced budget every single year.

Mr. President, as someone who has served in the Ohio Senate, as someone who has served as Lieutenant Governor, let me tell you and other Members—and I am sure everyone knows and we have many Members here who have served in a legislative body or have been a Governor—that that is a process that is not very easy. It causes some heartburn and causes some hard feelings and is very, very difficult. But State legislatures do it and Governors

do it because they have to. They have no choice. They have to do something that the U.S. Congress has not done, frankly, something that Congress has resisted doing, for most of our lifetime. The State of Ohio has to make choices. The State of Ohio has to set priorities. They have to do it. And, Mr. President, when you have to do something, you can. When you have to do something, you can.

We need a constitutional order that allows our National Government to do the same thing—to make choices and set priorities for the Federal budget. This is not something the American people wanted to do. None of us likes to be here debating this. It is not a pleasant task. It is something, though, that the American people are convinced that we have to do, really as a last resort. The other ways just did not work.

The balanced budget amendment is not, as the opponents contend, a strait-jacket for democracy. Rather, it is a tool—a tool we can make use of to make democracy work.

All Senators, even those who are opposed to this constitutional amendment, are going to be involved in the process of writing the balanced budget itself. Are these Senators saying that if we pass the balanced budget amendment they will somehow be unable to participate or will not want to participate? I think not.

Further, Mr. President, if we were to give specifics with those, would those who oppose this be wedded to our specifics? Would they have to live by what we expressed with our original intent in passing the amendment? Of course not.

But what will happen if the balanced budget amendment does pass and it is ratified by the States? Well, one thing that will happen is that we will have to balance the budget. We will have to do it. The opponents will finally be forced to come forward with their own specific proposals, and so will we. The American people will see their spending priorities and the American people will see our spending priorities. Then the debate will begin.

I believe, Mr. President, that this amendment is precisely what we need to bring everyone to the table and to get serious about deficit reduction.

Mr. President, Senators have also been issuing a rhetorical challenge. They said, "If we want to have a balanced budget, why not do it now? Why wait for 8 years?"

Well, my response to that is, first of all, those two options, the options we are talking about of having a balanced budget amendment and having a balanced budget, are certainly not mutually exclusive. We can pass the balanced budget amendment and get to the work immediately on balancing the budget. Indeed, the harder we work over the next couple of years the easier it will be for us to balance the budget once the amendment actually does in fact go into effect.

Mr. President, we need, however, to create a process that will force everybody to participate in making these choices. Out in this country, in the real America, nobody, nobody, Mr. President, believes that we will ever balance the budget without a balanced budget amendment. But once we pass the amendment, doing nothing will no longer be an option. We will have to deliberate, to make the best choices we can and be judged by the American people on the results we produce.

The current process simply does not work. We need to fix the process. And that is why we have a procedure for a constitutional amendment. It is spelled out in article V of the Constitution that says:

The Congress, whenever two-thirds of both Houses shall deem it necessary, shall propose Amendments to this Constitution.

And those amendments:

*** shall be valid *** when ratified by the Legislatures of three-fourths of the several States, or by Conventions in three-fourths thereof.

Mr. President, that is what the Constitution says. The Daschle amendment attempts to create a brand-new constitutional requirement between the approval by two-thirds of Congress and the approval by three-fourths of the States. This amendment tries to put in an unconstitutional stop sign, another hurdle to go over. It says that Congress has to do something else, that Congress has to write a balanced budget before the amendment goes to the States.

But, you know something, Mr. President, even if we pass the Daschle amendment, the Daschle amendment is really a dead letter. It has no effect, because the Constitution is clear—Congress approves, then the States approve. There is nothing in between. There is no stop sign in the Constitution between those two stages of the amendment process.

This amendment was described earlier on the floor as being blatantly unconstitutional, unconstitutional on its face. I think clearly, Mr. President, it is.

Mr. President, we can try to pass a statute creating a new requirement. But that statute cannot, under basic constitutional law, that statute cannot change the Constitution itself. We have amended the Constitution 27 times in this country's history. In each of those 27 cases, and in the 5 other cases when amendments were proposed but not actually ratified, we have followed this basic constitutional process. We have not had recourse with the kind of gimmick that is embodied in this particular amendment.

Of course, if Senators who support the Daschle amendment do not like what the Constitution says, they can try to amend the Constitution. Then we can have a debate on that. But under the Constitution that we have, this amendment, the Daschle amendment, is unprecedented. Not only is it unprecedented, it is unconstitutional.

And, make no mistake about it, it is a killer amendment. It is an amendment that, quite frankly, will have the effect of protecting the status quo.

Why, Mr. President, are we having this debate on the Daschle amendment? We are having it because I believe some do not want to see the amendment ultimately passed. I think that is too bad. I think that whether they intend that or not—they may not intend that—but that would be the ultimate effect of the passage of this amendment. I know that the gentleman, the minority leader, is certainly well-intentioned, but I believe that would be the unintended consequence.

Mr. President, in the 1994 elections the American people demanded change. They demanded it. Eighty percent of them support a balanced budget amendment. They support it because they know that under today's process Congress is simply incapable of creating the kind of change the American people want. That is why Americans are insistent on the balanced budget amendment. Nothing symbolizes fundamental change more for the American people than the passage of the balanced budget amendment.

Mr. President, I will vote against the Daschle amendment because I believe it is harmful to this amendment. I will vote for the constitutional amendment and for the fundamental change demanded by the American people. I yield the floor.

Mr. THOMPSON addressed the Chair.

The PRESIDING OFFICER. The Senator from New Hampshire.

Mr. SMITH. Thank you, Mr. President.

Mr. President, this debate is the defining moment for the American people, if we are going to turn this escalation of debt, if we are going to turn away from this and protect our children and our future generations. This is it. This is the moment.

If we defeat this amendment to the Constitution, then we are on the fast track to economic destruction of the United States of America. People must understand that. Those who would use the dilatory tactics to delay this amendment or to put killer amendments on this amendment, must understand that. And the American people out there who are serving as the constituents of those Senators must also understand that.

This is the defining moment. This is it. There will not be another chance to pass an amendment to balance the budget to the Constitution of the United States of America. It will not happen. We have been trying for years.

I ran for Congress the first time in 1980. I ran on a balanced budget amendment then. I have been running on it ever since. I have been campaigning for it, both in my campaigns, as well as a Member of the U.S. Senate and the House of Representatives before that, trying to get to this moment. We are here. The House of Representatives by

a vote of 300 to 132 passed it. It is now lying before the Senate. This is it. People must understand that. There will be no tomorrow for this amendment if we defeat it today. It is over. The American people, 80 percent of whom—some polls are higher than that—support this amendment.

We must understand the significance of this debate and how important it is. The focus of the last elections, the focus of those elections, the midterm election, in 1994, was change. "We are sick of it," the American people said. "We are tired of business as usual." "We are tired of politics as usual. We want this country changed. We want the direction of this country changed." That is what they voted for—Democrats, independents, Republicans. They voted to change this country.

One very important aspect of that change was a balanced budget amendment to the Constitution. They spoke loudly, and they spoke very clearly. They want Washington to turn away from—frankly, I cannot think of a better way to say it—the disgusting habit of piling up debt on our children, deficit spending, and increasing the national debt.

It imposes an enormous and unconscionable responsibility on our children. Not only our children, all future generations. We must realize that the national debt right now is almost \$5 trillion. If we borrow at 8 percent, that is \$400 billion when we get to \$5 trillion—\$400 billion a year in interest on that debt. It will get to the point in a very few years, less than 15 years, when the national debt is so big that we will not even have enough money in revenues to pay the interest on that debt.

When that happens, it is over. We default. Or we print money, and we print so much of it that we need to take a wheelbarrow of money with you to go to the grocery store to buy a loaf of bread. Think it cannot happen in America? That is what we thought in South America, not too many years ago. It can happen. It will happen.

I heard the distinguished minority leader talking on the floor a few moments ago about all of the horror stories out there, all these terrible things that are going to happen. All of these budget cuts. That is the point. If we do not have the amendment, that is all we will ever hear—one horror story after another about who will get cut, who will lose money, how much are the States going to lose in their States, how much is Medicare going to use, how much is Medicaid going to lose, how much is defense going to lose. Over and over again. That is the point. That is why we need the amendment, because we will not get the budget balanced because we will hear speeches like that time and time again as we have heard overwhelmingly over the past 30 years, if not more.

The election of 1994 was a mandate. "We have had enough of that," the people said. "We have had enough talk. We want a balanced budget amendment to

the Constitution of the United States because you won't do it without the amendment."

There can be no doubt about that. There are 11 Members of the class of 1994. Mr. President, the distinguished Senator sitting in the Chair at this moment is one of those, from Tennessee. They heard the message. That is why 11 new Senators are here, all of whom—all of whom—support this amendment.

In demanding change in 1994, the American people said, "We are not only concerned about America's economic future, not just that. We are concerned about America's moral future." That is what they said. It is immoral to pass this debt on to our future generations. How can anyone—any American citizen, I do not care whether they are a Medicare recipient, Medicaid recipient, defense contractor, I do not care what you are or who you are or in what livelihood you have, what you do for a living. How can a person in good conscience say I am willing to break the bank of the United States of America and pass on my debts to my kids? Do parents want to pass their mortgage on to their children? Or would parents rather pass their home on to their children? Think about that. That is really what is at stake here.

We hear all this rhetoric about all the horror stories. Let me tell Senators what the horror stories will be if we do not do it. There will not be anything in the Social Security trust fund. There will not be anything for Medicare. There will not be anything for Medicaid. There will not be anything for national defense because there will not be anything left. It will be gone.

No less an authority than the distinguished author of the Declaration of Independence himself, Thomas Jefferson, spoke about this. He spoke, he even thought ahead about this type of debate that we are having right here. He said this:

The question whether one generation has the right to bind another by the deficit it imposes is a question of such consequence as to place it among the fundamental principles of government. We should consider ourselves unauthorized to saddle our posterity with our debt, and morally bound to pay those debts ourselves.

Thomas Jefferson, the author of the Declaration of Independence. I am amazed, as I serve in political office, the number of times I hear our distinguished colleagues come down on this floor not only here in the Senate but in the House, but even in the courts where decisions are made interpreting what our Founding Fathers said. I think our Founding Fathers would probably turn over a few times in their grave, maybe even do a rapid spin in their grave when they hear this stuff. Thomas Jefferson knew what he was talking about. He knew this could happen. He was against it.

Let me tell Members why it is immoral. A couple gets married. They decide to have a baby. In making that decision to have a baby, do they also plan

where the baby will go to college? Do they plan where they are going to live to have that baby for 20 years? Do they plan the meals for that baby for the next 20 years? Do they plan the schools? Do they get the pencils and books and notebooks ready and the homework ready for each assignment before they decide to have the baby? That is what Senator Daschle's amendment is saying. Lay it out. Lay it out completely. We cannot do that. It is irresponsible. It does not make sense. Know what the problem is? We will not make the decision. That is the problem.

Another example. Take 50 American citizens, any citizens, anywhere in the United States. Put them in a room and say, "OK, do you agree we should balance the budget?" If the answer is "yes," you set about doing it. You may not like it, one person may not like what the other guy says out, but you do it. You make the decision to do it. We have not made the decision. That is the bottom line. That is what our colleagues over there are saying. We have not made the decision.

Indeed, we do not want to make the decision. That is why they are being dilatory. That is why they are delaying. Frankly, it is an insult to those on their side of the aisle who have been distinguished in their leadership for this amendment, like Senator SIMON, Senator HEFLIN, Senator MOSELEY-BRAUN, and others.

In that declaration, Jefferson wrote majestically, very majestically, about inalienable rights with which man is endowed by his Creator and among those are life, liberty and the pursuit of happiness.

Can any one of my colleagues doubt that a crushing burden of national debt on our children infringes on their God-given right to pursue happiness? Right now every single American baby, born as I speak, is born some \$17,000, \$18,000 in debt because that is your share, each person's share of the national debt.

Lest there be any doubt where Thomas Jefferson would have stood on the balanced budget amendment, that doubt ought to be laid to rest by the following statement he made in 1798:

I wish it were possible to obtain a single amendment to our Constitution. I would be willing to depend on that alone for the reduction of the administration of our Government to the genuine principles of its Constitution. I mean an additional article taking from the Federal Government the power of borrowing.

Taking from the Federal Government the power of borrowing.

How right Jefferson was. If you want to modify it a little bit, if you want to borrow, pay it back. Pay it back. That is what every single American has to do. Borrow money; pay it back. Do not pay it back; go to jail or lose your home or whatever it is that you put up for credit.

But we are asking our children to pay the cost—selfish, immoral, unconstitutional, in my opinion. According

to Jefferson it would be. If we put it in the Constitution, it will be unconstitutional. That is why they do not want it in over there, because then they cannot play politics anymore, because then the decision has been made in the room and then we have to sit down and do the job. But we will not even sit down and do the job without the amendment. That is the issue.

Now, when you go to buy a home, you go to the bank. You borrow money. You buy your home. And if you are smart, you will get some type of insurance, mortgage insurance, so that if you die, your mortgage will be paid off and the home will be left to your children or your spouse, whatever the case may be.

But that is not what we are doing here. What we are doing here is, to use an analogy, we are buying a house, and what we are saying is I am not going to go to the expense of buying mortgage insurance. Hey, I am going to go buy myself a new car; I am going to go to Hawaii. I am not going to buy mortgage insurance. That costs too much money. I am going to make my kids cosign the note. I am going to make my wife cosign the note so if anything happens to me, they have to pay for it, not me. This is the now generation. I am going to have a good time. I am going to do my thing. I am not going to be responsible for this. Let my kids pay for it.

That is exactly what we are doing, and we have been doing it. The American people know it, and they are sick of it. That is why they voted the way they did in 1994. I cannot believe that some of my colleagues on the other side of the aisle have not gotten that message yet. I will tell you, I predict, if this amendment goes down, they are going to get the message in 1996, loud and clear.

Mr. President, there can be no doubt that the fate of this amendment, the fate of this amendment rests in the hands of about 12 or 15 Members on the other side of the aisle. That is the fate of not only this amendment to the Constitution, it is the fate of the United States of America.

In a few days, perhaps a week, 2 weeks, whenever it happens, we are going to be standing right here and we are going to be called. The clerk is going to say, "Mr. SMITH," and I am going to stand up, and I am going to vote "aye." And the clerk is going to call other names. Those who are going to say "nay"—and there will be many—do so at great peril because when those nays are tabulated, if we do not have the 67 votes that we need and this amendment goes down, the economic future of the United States of America and indeed the moral future of the United States of America is imperiled.

I say again, it will be a long, long time, Mr. President, before we ever get back to it because I envision the consequence of this as being something along these lines. President X 20 years down the road, 50 years down the

road—I do not know when it will be—will stand up and do a press conference and he or she will say, "My fellow Americans, I regret to inform you today that the United States of America must default on every single obligation it has because we cannot pay our bills."

I hope and pray that we do not subject our children and our grandchildren in any future generation to that press conference or any President to have to deliver it. I truly hope that does not happen. And it does not have to happen. We must make the decision. If you listen to the remarks of our colleagues, well-intentioned, it is a dilatory attempt to obfuscate the issue, to get away from the focus.

What do we hear? Oh, we are going to cut Social Security. We are not going to cut Social Security. Or we are going to cut off money to this State or that State and we are going to cut this and we are going to cut that.

Something has to be cut to balance the budget. The alternative is pass on the debt. And pretty soon—it might be 100 years, it might be 50 years; no one knows for sure, but it is not going to be too many—100 percent of our budget will be interest on the national debt.

In the year 2013, according to a bipartisan commission headed by Senator BOB KERREY and one of our former colleagues, Senator Danforth, they say by the year 2013 100 percent of our budget will be spent on interest and entitlements if we do not change it. It is immoral.

Sixty-seven votes, that is what we need. Now, many of my colleagues on the other side of the aisle are very proud of Thomas Jefferson, the founder of their party, and I implore them to listen to him. Listen to the founder of your party. He is right. He believed it was immoral for one generation to saddle another generation with its debt. Mr. President, he said that he wished it were possible to obtain a single constitutional amendment that said the Government did not have the power to borrow money.

It is not just Jefferson to whom our colleagues should listen. Let us jump up a little bit to Andrew Jackson, a pretty famous Democrat. Even though I am a Republican, he is one of my favorites—from Tennessee, I believe.

"Once the budget is balanced," Jackson said, "and the debt is paid off, our population will be relieved from a considerable portion of its present burdens and will find not only new motives to patriotic affection, but additional means for the display of individual enterprise."

Another great Democrat, Woodrow Wilson, spoke even more clearly on that issue, on the balanced budget amendment. This is what he said:

Money being spent without new taxation and appropriation without accompanying taxation is as bad as taxation without representation.

It is as bad as taxation without representation.

Wilson was the only President—I believe I am right—who had a Ph.D. in government. As a student of government, Wilson knew that the American revolution was sparked by a moral uprising against taxation without representation, which was imposed by the British on the American colonies. Thus, it can be said that to liken deficit spending to taxation without representation was perhaps the strongest possible denunciation that Wilson knew how to make. It is pretty heavy company, to put it in the company of taxation without representation.

This should not be a partisan political issue. It has not been a partisan political issue. Senator CRAIG and Senator SIMON have worked together side by side on this issue for years. It is not a partisan issue. Why are we making it a partisan issue? The American people said to us: Work together. This is the time to work together for the good of the country. This is a perfect example, the best example I have seen in any item we have had, with the possible exception of the vote on the Persian Gulf war, to say we are going to get together in a nonpartisan way and do what is good for the country for a change. I am proud to have the support of my distinguished colleague, who is on the floor now, Senator SIMON, and Senator HEFLIN, and Senator MOSELEY-BRAUN, and others—I am proud of it and I am proud of them. It is not partisan.

On the House side, I think it was 72 Democrats who voted for the balanced budget amendment, including a young Democrat from Massachusetts by the name of JOSEPH KENNEDY II. That is a pretty famous name in American politics.

None of us are going to serve here forever—God forbid we ever serve here forever. When we leave—I speak for myself—when I leave, I would like to be remembered not as some partisan politician who opposed everything the other party was for, but as somebody who tried to be a statesman, who tried to do what was right for his country.

I am standing now in front of the desk used by Daniel Webster—Daniel Webster's desk. His name is inscribed in it in the drawer. It is one of the few original desks in the Senate. He was one of the greatest orators of all time. He served here at a time prior to the Civil War when the debate was hot, and many times he stood in the Chamber of the U.S. Senate and spoke out forcefully on various issues.

But when you stand before the desk of someone who has served here before you of the stature of a Webster, you know the time is fleeting. You are only here for a little while. It is a very insignificant time. This is not my seat. This is a seat that belongs to the people of New Hampshire. That is whose chair this is; that is whose desk this is. It is not mine. I am only going to be here for a short time. Somebody else will fill it. Regardless of when I leave, there will always be somebody there.

But the vote we cast on the balanced budget amendment will be one of the most important votes I believe I will cast in my time here, because it affects the future of our country.

I say to my colleagues with the greatest respect, those on the other side—the reason I keep saying “those on the other side” is because we have, I believe, 52 or 53 of our colleagues who are for this amendment. So the balance is held by a few on the other side of the aisle. I say to you in all good conscience, vote to be worthy as a successor of Thomas Jefferson. Be worthy of that. Honor your party leader. Make a vote that you will be proud to talk about, to place in the center of your legacy to your posterity, a vote in favor of a balanced budget amendment.

I would like to focus briefly—and then I will yield the floor—on the amendment offered by the minority leader, Senator DASCHLE. This is basically an amendment to an amendment to the Constitution. It is a killer amendment. It is going to kill the amendment, if it passes, because it is unconstitutional. It will be challenged. It will not work. You cannot put something between what the Congress passes and the State legislatures before they approve it. That is unconstitutional—everybody knows it. So why is it up here? It is up here because some on the other side do not want to make those hard choices. They do not want to make the choices. They know they do not have to make the choices if we do not pass this amendment. That is the point.

We can talk forever. That is all we do around this place is talk. It is time to act. We have to pass the amendment or it will not get done.

You say that is not true? I heard the distinguished minority leader say that is not true. We need to make the tough decisions. The Senator from Washington, while I was in the chair a short while ago—we can make the tough decisions. Let me just comment on the tough decisions.

In 1921, we passed a statute and it required the President to make recommendations to Congress whenever there was an estimated deficit or surplus.

In 1964, we passed the Revenue Act of 1964, a sense of the Congress to balance the budget.

In 1978, we passed the Revenue Act of 1978. It called for a balanced budget by the year 1982.

The Bretton Woods agreement, in New Hampshire in 1978, known as the Byrd amendment, required a balanced budget by fiscal year 1981.

In 1978, we passed the Full Employment and Balanced Growth Act of 1978, the Humphrey-Hawkins Act, including a provision calling for a balanced budget.

In 1979, we passed a temporary increase in the public debt limit and it required Congress to balance the budget. We called on the Budget Committees and the President to produce balanced budget plans.

In 1980, the Bretton Woods Agreement Act of 1980, the Byrd amendment, reaffirmed Congress' commitment to a balanced budget by fiscal year 1981.

In 1985, we passed a Balanced Budget and Emergency Deficit Control Act, better known as Gramm-Rudman-Hollings. What happened to that? The rest is history.

In 1987, the Balanced Budget and Emergency Deficit Control Reaffirmation Act of 1987 revised Gramm-Rudman-Hollings and set the deficit targets to require a balanced budget by the year 1993.

And finally, the Budget Enforcement Act of 1990, which revised maximum deficit targets to reduce the deficit \$83 billion by fiscal year 1999.

Here we are. We started in 1921. We have all these wonderful acts we have passed requiring all these balanced budgets, and we are almost \$5 trillion in debt.

What more proof do you need than that? How much clearer can I make it than that? It does not work. Congress will not do it—period. That is why we need the amendment.

If I did not think we need the amendment, I would not be for the amendment. I wish Congress had done this. I wish they had balanced the budget. I wish they had the guts to come up here and do the job. I wish they had done it in 1921, 1985, 1987—all those years I mentioned. But they did not.

Republican Presidents, Democratic Presidents all through the years, and Republican Congresses, Democratic Congresses—there is enough blame to go around. There is plenty of blame to go around. We did not get the job done and we are never going to get it done because we are going to hear all these horror stories. This is what you are going to hear next week: The Republicans will not exempt Social Security; we will not exempt Social Security from the balanced budget amendment and therefore we want to cut Social Security.

You cannot exempt Social Security. Do you want to put Social Security in the Constitution? You cannot do that because do you know what will happen? Everybody will put everything under Social Security. We will probably have aid to some of our States in the Constitution—we will put that under Social Security. We will put anything you can think of that you want to protect, stick it under Social Security. And what will happen? We will drain the Social Security trust fund.

So those who say this amendment exempting Social Security is going to save Social Security are dead wrong. Those out there lobbying in favor of it are also wrong. I say to my senior citizen friends out there, beware of a wolf in sheep's clothing, because it is going to destroy Social Security, it is not going to save it. The way to save Social Security, believe me, is to pass this amendment to the Constitution of the United States requiring a balanced budget. That is the way to save Social

Security. We cannot get there without the amendment because people will not do it.

If people over the years really wanted to do it, if the moral argument does not turn you around, what will? If knowing that your children are going to have to pay for what we are doing does not turn you around, what will? The answer is nothing.

I saw the charts that the minority leader had up there. He had a chart that said that if in order to balance the budget, if we take defense, Social Security, and interest on the debt, which we cannot until we reduce the debt, and exempt them, which everybody says we have to do, then Medicare has to take a hit, the IRS has to take a hit, the Immigration and Naturalization Service has to take a hit, the FBI has to take a hit, Medicaid has to take a hit, veterans have to take hits, and retirees have to take hits. Put them all up there. Scare everybody to death. But when we go broke, what is there for the veterans? You have a family. You invest. You open up a business. You fall on hard times, and you loose the business. The bank is not going to do it. The bank says they need the collateral and they need it now. You are a year behind. It is gone. That is the way it works. So what is left then? Nothing.

We have to have the courage to take this issue on. We should not be debating and talking about how hard the cuts are going to be. Of course, they are going to be hard. They are going to be very hard. They are going to be very painful. The American people want to know the truth. They deserve to know the truth. We ought to be telling them the truth instead of politicizing this thing on the floor of the U.S. Senate hour after hour talking about how terrible these cuts are going to be. Of course, they are going to be terrible. They are not going to be as terrible as the consequences of going bankrupt and defaulting on every single loan, and every single fiscal obligation we have. Nothing is worse than that. That is what is going to happen. That is exactly what is going to happen, my colleagues.

So if you assume that under this right-to-know provision, as sponsored by the minority leader, if we assume that we have to have the right to know everything—that is, we have to know where that baby is going to live, where that baby is going to go to school, what meals that baby is going to eat, and where that baby is going to go to college before we have the baby—if we have to do that, then we are not going to get there; period. You are not going to have the baby. You will be so frustrated.

That is exactly what we are talking about here. They are not going to do it. We are not going to balance the budget. We are not going to do it without the amendment. How much more proof do you need than what I have given

you? We will not balance the budget until we get the amendment and are required to do it. We have had plenty of time.

I was very excited when I came here in 1985 to the Congress of the United States and shortly thereafter the Gramm-Rudman-Hollings balanced budget amendment passed. Warren Rudman, the Senator from New Hampshire—with a lot of fanfare, and a big deal. We are going to balance the budget, and have it laid out. It is right. True. We had it laid out. What happened? We voted to change it, change it, roll it back and roll it back, and we piled up \$2 or \$3 trillion since then. We are going to keep right on piling it up.

I tell you. If we lose this vote sometime this month, when we have this vote, if we lose it, somebody is going to be standing here at Daniel Webster's desk some years from now looking at a \$12 trillion debt. Then what are we going to do? That is what is going to happen.

I urge my colleagues in the strongest way that I possibly can, out of moral concern—moral concern, forget the economics, forget the politics—moral concern, I urge my colleagues to please consider the damage you are going to do to future generations in this country without this amendment. If we do, then we can get the job done. Without it, I would be the first person to stand up here and say we cannot, and we will not. We have to do it with the amendment. Putting something in between passage of this amendment on the floor and the State legislatures, three-quarters of which have to ratify, is unconstitutional. It is dilatory. It is not going to work. It is obfuscating the issue.

I urge my colleagues to step up to the plate, and do what is right for the country. Put the politics aside. Tell the truth to the American people that we cannot afford not to have this amendment because we cannot afford not to have a balanced budget.

Mr. President, I yield the floor.

Mr. SANTORUM addressed the Chair.

The PRESIDING OFFICER. The Senator from Pennsylvania.

Mr. SANTORUM. Thank you, Mr. President.

I wanted to compliment the Senator from New Hampshire for the fine speech. I was here to listen to the majority of it. I think his comments on having the baby are very appropriate. We have one on the way. It is due in July. If I were to sit down and think about all the bills I had to pay and all the things I have to do, all the things—maybe I could play golf, do all these things I really do love to do, wonderful things in my life that I have to give up for that baby—I might sit there and selfishly think I had better not have that baby. But you have to look at the other side. All the joy that it gives you in providing for the future, all the love and support that you are going to get from that child and the wonderful relationship, and knowing that you are

doing something to preserve the long-term future of our country. The birth of that child which you will nurture and bring up to being a responsible citizen of this country, it is exactly the same. We have that same responsibility to this country as I do to this child, to bring them up in a sound, responsible fashion to lead for the next generation to make a contribution, to give them the chance.

So I think the Senator's analogy hits right on point. It is one that obviously my wife and I have. When we found out that she is pregnant, we were just overjoyed—overwhelmed at times given the cost—but overjoyed with the opportunity to do something for the future, to make our mark. We have a chance right here to make our mark. We have a chance to make our mark right here.

The minority leader's right-to-know proposal, I think, is one of the most dastardly amendments that we could consider because it really does focus on the wrong thing. I hear so many say, "Well, we have a right to know how you are going to get to a balanced budget." No, no, no. You are wrong. We have a right to know how you are going to get to a balanced budget. That is who has the right to know.

You see, those of us who are for the balanced budget must get to a balanced budget. We have to. We signed up. We say we are going to do it. We are going to be required in the Constitution to do it. We do not have to show you that we are sincere about getting to a balanced budget because we pledged to do it, and we are going to put it in the Constitution to make it.

It is those who come to the floor who sign the right-to-know pledge who say they are for a balanced budget who have the obligation to come to this floor and say, "How are you going to do it without it?" They are the people who have the burden to come forward and say how are we going to make this happen given the fact that we do not have the balanced budget amendment. You show us or do not come to this floor and say you are for a balanced budget but you are not for a balanced budget amendment. Unless you can show us how you are going to get there, how this Senate and this Congress are going to work together to put together a balanced budget by the year 2002, unless you show us that you are serious about getting there, then do not come and ask us how to show it. We are making that commitment. We are showing you by this vote that we mean business.

I know a lot of Members are going to come here and say they are for a balanced budget. My question to them is, "When? Next year, 2002, 2005, 2010?"

That is the real issue. I hope that we can get back to the real basic core of this debate, which is whether we are going to put in place the obligation for us to make sure that those children that the Senator from New Hampshire was talking about are going to have a secure and safe financial future.

Mr. CRAIG. Will the Senator yield?

Mr. SANTORUM. I am happy to yield.

Mr. CRAIG. The Senator is so accurate about what he says about where the obligation rests. Those of us who have championed the cause of a balanced budget amendment and have argued that—and I think all of us currently on the floor have agreed in the text of the current balanced budget amendment.

Within the next 48 hours the President of the United States—who stood on the floor of the other body for the State of the Union about a week ago and announced the concept of a balanced budget, and said, "Show me how to balance it"—will be introducing his new budget. That new budget has \$190 billion in deficits as far as the eye can see. This President with a straight face is going to look the American people in the eye and say I am going to put at least another trillion dollars to that \$5 trillion debt that our colleague from New Hampshire just spoke about.

That is responsibility? No, it is this President's obligation and his party's obligation—or at least those who are advocates of this new amendment that has just been proposed—to come up and say, here is how we get it done under our vision, because if they are committed to trillions of dollars more of debt structure, they are in fact being irresponsible.

I thank my colleague for yielding. I think he is so accurate in those observations. I congratulate him on his tremendous strength and support of this issue.

Mr. SANTORUM. I thank the Senator.

I yield the floor.

Mr. SIMON addressed the Chair.

The PRESIDING OFFICER. The Senator from Illinois is recognized.

Mr. SIMON. Mr. President, the Senator from Tennessee seems to be stuck presiding whenever I am speaking here. He has my sympathy.

I want to slightly differ with my friend from Idaho in that I think, to the President's great credit, in 1993, he did come forward with a program to move that deficit down. The problem is that was a brand new President in a honeymoon period, with both Houses of Congress in his corner. It was a first step. But there is no indication that we are willing to make further steps, and that is why we need the constitutional amendment. And my colleague from Idaho and I agree on that.

Senator SMITH mentioned that a large majority of Americans are for this, and he also said we are going to have to make some hard choices. What is also true is, according to the Wirthlin poll, that while 79 percent of the people in the United States are for this, 53 percent believe they are going to have to sacrifice if we get it. The American people understand that. But they also, in some vague way—they may not know the General Accounting

Office statistics, but the General Accounting Office says if we are willing to sacrifice a little, by the year 2020, our children and grandchildren can experience a 36 percent increase in their standard of living. That is powerful. That is what we ought to be looking at. So I can sacrifice a little—and I have said this half a dozen times, and you are going to hear me saying it again—I have to sacrifice a little so that my grandchildren can have a better future. That is what it is all about. Are we willing to do that?

Earlier today, one of our colleagues asked, "What do we do if we have a recession?" That was implying that we are not able to respond if there is a recession. But what do we have to do if there is a recession and all of a sudden outlays exceed receipts? First of all, we are implementing legislation—we made clear in committee, and we will make clear in the legislation that there has to be some flexibility in a \$1.6 trillion budget. You cannot, right down to the dime, work things out. The best way to protect against that is what has been suggested by Alan Greenspan and Fred Bergsten, and some of the others, that is building up a surplus so if there is a dip in economy, you are not in a deficit situation.

The second thing we will make clear is that if it is within 3 percent of being balanced—so on a \$1.6 trillion budget, that is \$48 billion—if you are \$38 billion or \$30 billion in the red, that is considered a balance, but you shift that over to the next fiscal year. So you have that option.

Third, we can simply, with 60 percent of the Senate and 60 percent of the House, vote to have that amount in deficit. So there are really a number of options, and the idea that we are frozen and we cannot do anything in a recession—it is very interesting that in past recessions, we have extended unemployment compensation for the people of Pennsylvania, for the people of Tennessee, for the people of Maryland, for the people of Illinois. And in these recessions—it is very interesting—I have been able to find only one time, I say to my colleague from Maryland who spoke on this, when we did not get 60 votes for an extension of unemployment compensation. That was in 1982.

Listen to those votes: 92-8, 92-1, voice vote, 75-18, 84-10, 84-16, 61-36, voice vote, voice vote, 86-14, 85-10. It is clear that we have the ability to respond.

(Mr. SANTORUM assumed the chair.)

Mr. SARBANES. Will the Senator yield on that point?

Mr. SIMON. I will be pleased to yield, but I will yield only for a question, and I want to retain my right to the floor.

The PRESIDING OFFICER. The Senator has the right to yield for a question.

Mr. SARBANES. I say to the Senator, is he talking about extending unemployment benefits?

Mr. SIMON. Yes, which we have done in recessions.

Mr. SARBANES. But, by definition, Mr. President, the extension of the un-

employment benefits is a crisis response to the fact that we find ourselves in a fairly serious recession. The fact of the matter is that we start running deficits related to the developing unemployment situation well ahead of the crisis which surrounds extended benefits. The increased payments under the regular unemployment insurance system would provoke the application of this balanced budget amendment.

The Senator says if we get in a serious economic situation, surely 60 Members will vote to waive this provision. I do not want to argue whether they will or will not. You have no guarantee that they will and, in fact, a minority may not want to make that adjustment. I will leave that to one side, because the Senator from Illinois is talking about acting once we are "in the soup," so to speak.

The way these fiscal stabilizers are established, as soon as the economy begins to weaken, we begin to go out of balance in order to compensate for weak economy. That is the success we have had for the last 50 years in offsetting the business cycles. This chart shows the fluctuations in GDP since 1890. Look at the fluctuations we used to have, the boom and bust cycles we had in this country. We have been able to control this through the use of fiscal stabilizers.

Mr. SIMON. I yielded to my colleague from Maryland for a question. I would be happy to have his question here.

Mr. SARBANES. Mr. President, the question is simple: How are you going to avoid these boom and bust cycles?

Mr. SIMON. The answer is that we are not going to eliminate economic cycles in this country. There are going to be dips. I favor automatic stabilizers, and we have some. Unemployment compensation is one. Social Security is another. It is a very solid stabilizer.

I favor creating more that are automatic stabilizers in this kind of a situation. But, Mr. President, I point out to my colleague—he was not on the floor when I said that we can build some small surpluses in.

Former Assistant Secretary of the Treasury, Fred Bergsten, whom the Senator from Maryland knows well, says we are frozen by our deficits from responding. That is why we could not, even with a brand new President, and both parties of Congress of his party, pass a \$15 billion job stimulus program, because we saw this huge deficit.

Fred Bergsten said, build in a 2-percent surplus and then have some automatic programs that kick in when unemployment goes above a certain level in Pennsylvania or some other place. That makes infinitely more sense than what we are doing now. And if we continue on the present path, we are inviting economic chaos.

I point out further to my colleagues here that the Investors Business Daily had this substantial item I put in the RECORD the other day pointing out that this idea that we stabilize the situation

and we reduce recessions just does not work. The National Bureau of Economic Research came out with a paper recently, written by two University of California economists, which says, "Our main finding is that monetary policy has been the source of most postwar recoveries," as it has been of this recovery.

When those interest rates went down—thanks, I say, to Bill Clinton and his courage in facing this recession—our economy picked up.

And Data Resources, Inc., says, if we pass this, when we balance the budget we are going to have a 2.5 percent reduction in interest rates.

But here is what the University of California economists say:

Our main finding is that monetary policy has been the source of most postwar recoveries. While limited fiscal actions have occurred around most troughs, these actions have almost always been too small to contribute much to economic recovery.

Mr. SARBANES. Will the Senator yield on that point?

Mr. SIMON. I will not yield at this point.

Mr. SARBANES. OK.

MR. SIMON. An article in the Public Interest by an economist named Bruce Bartlett makes the same point, but my colleague from Maryland may not believe them.

Here is the report of the Joint Economic Committee of the Congress. One of the members of that committee is a fellow named Paul SARBANES. Here is Lloyd Bentsen speaking, as he says, clearly in a consensus for both parties in the joint economic report. Here is Lloyd Bentsen's language:

Examining actions taken to combat these economic slumps over the last 35 years, the committee is convinced that Government responses too often have been too late and too ineffective to influence recessions.

Do not take my word for it. Do not take the word of all these economists. This is Lloyd Bentsen, not a Republican—nothing against my Republican colleagues—chairman of the Joint Economic Committee, in behalf of the joint committee, and, as he says, it is the consensus of that body—that includes Bill Proxmire, Abe Ribicoff, Ted KENNEDY, George McGovern, Paul SARBANES, Jack Javits, Bill ROTH, Jim McClure and Roger Jepsen on the Senate side, plus a number of people on the House side, including someone both of us respect a great deal, Henry Reuss, who for many years was a Member of the House and was chairman of the Banking Committee and a very distinguished Member.

Mr. SARBANES. Will the Senator yield, since the Senator mentioned me?

Mr. SIMON. Yes, I am pleased to yield. I wanted to make that point.

Mr. SARBANES. First of all, I agree with that statement. The response has often been too little and too late, which only underscores the problem as set out by the Senator earlier.

He said, "Surely if we go into a recession, we will join here to waive the requirement and make the extended unemployment benefits available." The fact is we have done that too late.

What the Senator is not recognizing is that the way the stabilizers work now, they kick in as soon as the economy slows down. We then start running a deficit. Under the balanced budget amendment, we would not be able to do that. You would not be able to run the deficit until you convene and got your 60 votes in order to do the waiver. By that time, you are on the downward slope.

Mr. SIMON. I reclaim my time.

The PRESIDING OFFICER. The Senator from Illinois has the floor.

Mr. SIMON. I reclaim my time to point out there is absolutely nothing to prevent us from responding.

There is something to prevent us from responding irresponsibly, and that is what we have been doing. We have been saying, basically, "The heck with our children and our grandchildren and future generations. We are going to give a political response."

Now, there is no question we are going to have to make some hard choices, but I think it is essential that we make those hard choices. And I think, whether it is the Senator from Maryland or the Senator from Tennessee or the Senator from Pennsylvania or the Senator from Illinois, we have to keep in mind what the GAO says, and that is if—and they use the year 2001, this was a June 1992 report—by the year 2001, we balance the budget, by the year 2020 there will be a 36 percent increase in the standard of living of all of our people.

Mr. THOMPSON. Will the Senator yield?

Mr. SIMON. I am pleased to yield to my colleague from Tennessee.

Mr. THOMPSON. To make sure I understand, in answer to the question of the Senator from Maryland as to how this amendment would operate, he is under the impression, apparently, that we would have difficulty in responding, as he suggested, because it might put us in a deficit situation.

I am wondering whether or not, however, the Congress would have the opportunity subsequent to that action any time within that fiscal year to come up with a three-fifths vote and, in effect, ratify the previous action. In other words, does the Senator subscribe to the concern of the Senator from Maryland or is this an answer to that?

Mr. SIMON. There is no question that is one of the options. I would add, Data Resources, Inc., says if we adopt this, we are going to create 2.5 million more jobs in this country.

Mr. SARBANES. What is the option on responding to the recession?

Mr. SIMON. In response to the question of the Senator from Tennessee, Mr. President, it is that we face basically three options. One is to build in a surplus, which I favor and which others

have indicated they favor so that you have this cushion.

And maybe there are really four options.

The second is to build in additional automatic stabilizers so that you build up a fund and if you have a dip in employment in Tennessee, the President would be authorized to immediately launch some projects there.

Mr. SARBANES. Will the Senator yield on that point?

Mr. SIMON. Let me finish responding to your question and the question of the Senator from Tennessee.

The third option is that we build in, as we have discussed in committee, because you cannot balance everything down to a dime, that in a \$1.6 trillion budget you might have a 3 percent leeway where that could then be shifted over to the next fiscal year.

And the fourth option is to get more than the 60 votes. And we have shown over and over and over again we have the ability to do that. And we have done that, you know, for earthquakes in California, for storms in Florida and Louisiana, for floods in Illinois and Missouri. We have done that over and over. So I do not think that is a great problem.

Mr. THOMPSON. Will the Senator yield?

Mr. SIMON. I yield to my colleague from Tennessee.

Mr. THOMPSON. As I understood the concern of the Senator from Maryland it is that for each action anywhere within the fiscal year we would have to get a three-fifths vote together immediately to take any action. However, I was under the impression that that was not the case; that subsequent to any action, any time within the fiscal year, Congress would have the option to ratify the action or perhaps take other measures that might counterbalance it. In other words, there would not be a succession of crises all along the way. The obligation would be to have a balance at the end of the fiscal year.

Mr. SIMON. Mr. President, it seems the obligation to have a balance at the end of the fiscal year—I would have to say someone might have a point of order at some point. If someone wanted to launch a \$100 billion program, and that clearly would create a deficit situation.

Mr. THOMPSON. Even though technically we would not know, even then.

Mr. SIMON. That is correct. So ultimately we are at the end of the fiscal year.

Mr. SARBANES. Will the Senator yield on those points?

Mr. SIMON. I will be pleased to yield for a brief question.

Mr. SARBANES. Maybe I will reserve and answer the Senator's points, point by point. I thought the Senator might prefer an exchange, but if he wants to do it that way it is fine by me.

Mr. SIMON. Mr. President, I want to touch on one other point, and then I will be leaving the floor here.

The question has been mentioned about capital budgets, and that States

have capital budgets. Now, frequently, States have to. But I also have to add, and I say this as a former State legislature in Illinois, frequently States take advantage of this.

The State decides—in Illinois—does not need to have bond issues. We are now spending huge amounts of money on interest. We do not call it deficits but we issue bonds. It is not wise. The biggest capital budget in the history of humanity, not just the history of our country, has been the Interstate Highway System. It was proposed, to his credit, by President Eisenhower. But President Eisenhower said, "Let's issue bonds to pay for it." And a distinguished Senator from Tennessee, the father of our Vice President, Senator Albert Gore, Sr., said, "Let's not issue bonds. Let's do it on a pay-as-you-go basis, and let's increase the gasoline tax." And we did it.

As of about a year ago the estimate was that we saved about \$750 billion in interest because of that. What project is there that the Federal Government does today that requires that we have to issue bonds? The biggest single thing we do is a nuclear carrier. That will cost about \$6 billion. We will say inflation goes up to \$8 billion, pay for it over a period of 4 to 6 years. In a 1.6 trillion budget, we can do that.

Second, it is very significant that we were putting a lot more money into capital investments when we were not paying \$300 billion-plus for interest. Our investment budget has gone down with these deficits, not up. Our fiscal imprudence just does not make sense.

The General Accounting Office has said we ought to divide our budgets into investment and consumption. The General Accounting Office also warns against using capital budgets as an excuse for deficits. It would be a great mistake to follow that line.

There is no question, Mr. President, if we have the courage to adopt this amendment, we are going to face some tough choices. And we are going to have to squirm. And we are going to have to cast some unpopular votes. If balancing the budget were popular, we would have done it a long time ago. It is popular in concept but as soon as I say, "We will have to step on your toes in spending," then, all of a sudden, it does not become popular.

I would add one other point: My friends who say we can balance the budget without a constitutional amendment—first of all, they gave that speech in 1986 when we failed by one vote. Then we had a \$2 trillion deficit. Now it is \$4.7 trillion. We have an obligation to spell things out, and I think we should spell out, in general terms. Not as suggested precisely by Senator DASCHLE's motion. But I think in general terms we do have an obligation. I think we should move on that right after this is adopted.

But if we have an obligation, so do our friends who oppose this, who say

we can do it without a balanced budget. We have this advantage. The most conservative estimate on savings on interest with the adoption of this is by the Congressional Budget Office. They say we can save \$140 billion in interest. Data resources, Inc. is talking about \$500 or \$600 billion in savings. Plus when interest goes down, revenue goes up.

We are talking about how we, because we exercise some discipline, can build a better future for our country.

I am never going to be a candidate for anything again, Mr. President. Maybe I will run for the local school board or something like that, but I will not run for the Senate. I will not run for Governor. I will not run for President. I am interested in doing something for the future of my country. Here we have a chance to do it. Let Members not miss this opportunity. I yield the floor.

Mr. SARBANES addressed the Chair.

The PRESIDING OFFICER. The Senator from Maryland.

Mr. SARBANES. I thank the Chair. Mr. President, I want to comment on a couple of points that have been made.

First of all, on the capital budget issue, most economists estimate that of the current official budget, anywhere from \$125 to \$200 billion—depending on the standard used of what we spend—would be a capital expenditure if we had a capital budget.

It is important to understand that because what the Senator from Illinois and his adherents are pushing for here is to balance the budget, encompassing what State and local governments or businesses would treat as a capital budget.

These are the items that any prudent, well-run business or State and local government would say represent investments in the future. These are assets that have a long useful life, and therefore it is reasonable to provide for them by borrowing and then amortizing the expenditure over the life of the asset.

That is what individuals do. In fact, most people, when they buy a home do not balance their budget in the year they buy the home. They go very deeply into deficit. Only those who can pay for the home out of cash are able to say that they are not incurring a deficit in that year. If they were bound by an amendment such as the one we are talking about here, they would not be able to do that.

Most people, assuming that the size of the mortgage they are getting bears a proper relationship to their income and their employment prospects, regard borrowing as a prudent thing to do. In fact, we say to young people,

You ought to go ahead and buy a home. You have enough income to sustain the mortgage payment and you have the use of this asset. You would be building up home equity instead of paying rent. Why not go ahead and do it?

Businesses make this type of investment decisions. They go out and bor-

row in order to enhance the productive capacity of their businesses.

We do have the problem whether at the Federal level we are incurring the deficit for consumption or investment. I think if it is being incurred for consumption, there is a very strong argument against doing that because we are enhancing today's living standard by throwing the burden on tomorrow.

I heard the Presiding Officer talk about the responsibility he feels toward his offspring that is coming, and that is a reasonable statement to make. However, if it is an investment that is being made for the future, borrowing may be a very smart thing to do. Is it imprudent and irresponsible to incur a reasonable amount of debt in order to educate your children?

Suppose you cannot afford at the moment the full cost of your child's education out of your current income flow? But you know that if your children are educated, their earning capacity will be enhanced. I am able to carry this obligation over time if I treat it as a capital asset and amortize it. I think most middle-class people do that in meeting the college or professional school costs of the education of their children.

This distinction is made at the State level—the States would not balance their budgets if they kept their books the way the Federal Government does. Most States have an operating budget which they are required to balance. They have a capital budget which they fund by borrowing. They are very explicit about borrowing.

We had two Governors who testified only 10 days ago that having a balanced budget requirement at the State level helped them to maintain a good credit rating.

Now, why do they need a good credit rating if they are not borrowing? They have a balanced budget requirement and which is helpful to them in maintaining a good credit rating.

The reason you are concerned about having a good credit rating is because you are borrowing. They acknowledged under questioning that only the operating budget must be balanced, and they make active use of a capital budget for which borrowing is permitted. So this obligation you are placing upon the Federal budget would be the equivalent of saying to every State you must balance not only the operating budget but you must fund the capital budget out of current revenue. It could be the equivalent of saying the same thing to private business or to individuals. If we had capital budgeting at the Federal level now, the deficit problem would be very significantly diminished, because a fair amount of what we are spending are on capital items which under any reasonable capital budgeting approach would have been placed in the capital budget, and in most places then financed through borrowing.

That is why these Governors want to have a good credit standing. I have a State that runs a very responsible fis-

cal policy, and they are one of five States with a AAA bond rating. That is important to us. But the fact is that we are still borrowing in order to carry out our capital projects. We get a very good interest rate on doing that, better than most States, but we are still not doing the capital budget out of current revenues.

Now, let me turn to the problem about economic downturns, and whether they will be precipitated into a recession and in turn a depression.

What we have managed to do is build into the workings of our fiscal policy automatic stabilizers. If the economy declines, we lose revenues because people lose their jobs, they are not paying taxes, and we also increase expenditures because they receive income support payments—unemployment insurance, food and medical supplements—in order to sustain their family. The consequence of the increase in expenditures and the reduction in revenues is that you get a deficit.

Now, if you try to eliminate that deficit as the economy is moving downward, you are only going to drive the economy down further. You are going to push it down into the hole. This is what happened all through the last century and through the first half of this century.

Mr. President, I invite your attention to this chart about the percentage change in our gross national product beginning back in the 1890's and coming forward until today.

This drop is the end of World War II. It was after World War II, learning from the experience of the Great Depression, that we built in these automatic stabilizers which, when the economy went soft, would in effect seek to offset that deterioration by compensating aspects in the Federal budget.

What has happened because of that is that we now have been able throughout this postwar period to avoid the very deep boom and bust cycles that we previously had experienced.

We still get some fluctuation in the business cycle, but we have been able to diminish them very significantly. There are tremendous economic benefits that flow from a more stable business cycle.

The question becomes how are you going to address that situation as it develops? My friend from Illinois says we will get together and 60 votes will certainly waive the requirement and we will then incur the deficits which need to be incurred to offset this.

He then, quoted from a study which said that the use of fiscal policy had been too late and too little, generally speaking, in the post-World War II period. And I indicated to him that I agreed with it had been too late and too little.

It has been too late and too little without the constraint of a balanced budget amendment and without the requirement of a supermajority to have a more responsive fiscal policy, it defies logic and rationality to anticipate

under this changed circumstance that the action is going to come earlier and in greater quantity than heretofore experienced.

Mr. THOMPSON. Will the Senator yield on that question?

Mr. SARBANES. Sure.

Mr. THOMPSON. Does the Senator believe that we have been too late and too little because of just a willful refusal to address it or perhaps because of Government's inability to fine tune the economy and to predict where it is going to be even a short place down the road?

Mr. SARBANES. I think at the moment we have a certain stabilizing benefit that comes automatically. For instance, the unemployment insurance plan. But it is limited. Then we go into a downturn, and we say we have to extend the unemployment insurance benefits. But by the time you reach that point, you are on the downward slope and you look around and you have a pretty serious situation on your hands.

Now, as we start on the downward slope, we often do not recognize it at the time. The automatic stabilizers start working right away.

It is my own view we would not admit or recognize a situation that required a response in time. In fact, I doubt even if we can get a majority requirement early in the downturn. I will not argue for the moment whether later, when things are really falling to pieces all around you, whether you can get the 60 votes or not. Some think you would have difficulty doing it even then. I am focusing on to what extent you get on this slope and how much momentum begins to build in a downward direction before you are able to check it.

We have done a pretty good job here in the post-World War II period. We get ups and downs, but only in a couple of instances have they actually crossed into negative growth. So we have been able to keep the economy in essentially a positive growth mode with varying degrees of ups and downs and stability. But this is a marked contrast of what we used to go through.

Mr. THOMPSON. If the Senator will yield for a moment? Is it the Senator's understanding of the constitutional amendment proposed that, if early in the fiscal year a need was perceived to take such action as the Senator just described, that there must be an immediate vote with a 60 percent majority at that time? Or could that vote be taken at a subsequent time within the fiscal year?

Mr. SARBANES. That is a good question. I do not think the amendment fully answers that question. I think one might well go into court and assert if we had taken measures to incur a deficit, that in effect would end up violating this provision and ought to be restrained by court. Whether a court would pick up on that I do not know.

I take it the Senator's argument is we could do it in June and we would have until September 30, somehow, to

work this thing out. The trouble with that is the recessions do not turn around in a quarter or two quarters. Once you get on a downward trend it takes a little bit of time to come back up. You are fighting to hold it back.

The point I make to my distinguished colleague is the more momentum that builds up in a downward direction the harder it is to check it and bring the economy back. It is always better to respond early because usually that means you can address the situation with a lesser amount than will be required later when the economy is driven deeper into the hole.

So I understand the point the Senator is making. I do not know the answer to it. But even if one were to answer it in the direction in which he presupposes, I do not think it helps very much because we are going to come up against that fiscal year before long and then we are going to be faced with an absolute crisis: What to do prior to the end of the fiscal year, in terms of the amendment. This amendment does not require a budget balance over the business cycle.

Mr. THOMPSON. Suppose—

Mr. SARBANES. A budget balance over the business cycle would have more rationality to it. It still does not address the capital budget point.

Mr. THOMPSON. Pardon me. The underlying question—we will set aside the previous question. I am sure others can address that in terms of when the vote must be taken or whether or not there is any leeway. My impression is that there is probably substantially more leeway under this amendment than the Senator believes that there is.

I guess my underlying concern is, and question is the extent to which the Government has had success in fine-tuning the economy by fiscal policy?

It seemed to me the Senator from Illinois was very persuasive, and the economists he quoted, of the proposition that we have not been very successful along those lines and that it, in fact, has had to do with monetary policy more than fiscal policy which would not be addressed by the concern of the Senator.

Mr. SARBANES. My answer to that is it depends on your definition of success. I happen to think that the fiscal stabilizers in the post-World War II period have been a success. And I think it is a consequence of a combination of fiscal and monetary policy.

It is the same process used by other countries. It is not as though I am putting for an analysis something that is only used by the United States and not used by others. Countries have sought to avoid what they experienced, which of course culminated in the Great Depression in 1930's when we had an absolute collapse with respect to our gross national product. We had a 15-percent drop in gross national product.

Franklin Roosevelt came in and he said we are going to balance the budget. Hoover was running deficits in the budget. Everyone said you have to bal-

ance the budget. Hoover tried to balance the budget unsuccessfully. The effort to balance the budget, I am asserting here, in those economic circumstances, worsened the economy.

Roosevelt came in and said we are going to balance the budget. Then they got in there and they came to realize if they tried to balance the budget in those economic times they were only going to worsen the state of the economy. More people would be out of work. There would be less purchasing power and the spiral would continue to go downward. That is when they moved in a different direction.

I am not arguing you should have unrestrained or unlimited deficits. Obviously you need to be very prudent. I am trying to make the point, first on the capital budget, that this amendment requires you to pay out of current income for items that virtually everyone else in the economy pays on a capital basis. In other words they borrow it and pay for it and they regard that as a prudent measure.

Second, I do not think the amendment permits the flexibility necessary during economic downturns. It says "Total outlays for any fiscal year shall not exceed total receipts for that fiscal year," unless you use the escape clause.

This also means you cannot do anticipatory budgeting. We now have a concept that we build up a surplus in a trust fund and then use it in difficult circumstances. That is what we do with unemployment insurance. So when the economy is running well, the income into the unemployment trust fund is greater than the outgo from the trust fund. We build up a balance in the trust fund. The thinking is that then when we hit a tough economic time in which the payments out will exceed what is flowing in, we will use up the balance in the trust fund that we have built up.

This amendment would not allow you to do that because in the outyear, it makes no provision for having outlays in excess of receipts. If everything else was in balance and you sought to pay out of the trust fund, your outlays would be exceeding your receipts; total outlays and total receipts. So you would be in a jam as a consequence.

Again people say, "We are going to waive that. We are going to give the supermajority vote." I am not sanguine about that, even if the issue is put to us. But the point I made earlier is that these things happen early on and now we get an automatic response. In the future you would require a discretionary response. I have very serious doubts that it would come early enough and responsively enough to avoid this kind of development.

Mr. President, I want to turn to this GAO study that the Senator from Illinois has been citing from time to time. This was a study in which the GAO had four alternative scenarios, one of which was an absolute scare scenario that any rational person would have been

traumatized by. This report, incidentally, is being used in the discussion here as a support for the balanced budget amendment.

Prof. Sidney Winter, of the Wharton School of the University of Pennsylvania, Chief Economist of the General Accounting Office, when the 1992 report, "Budget Policy, Prompt Action Necessary to Avert Long-Term Damage to the Economy" was prepared for the Congress made the following statement about his views on the balanced budget amendment to the Constitution.

A balanced budget amendment is an amendment that would risk converting some future economic downturn from recession to depression. For that reason, a constitutional amendment is the wrong tool for long-term budget discipline. The right tool is the Budget Enforcement Act of 1990, as amended, which is the only tool the Congress really needs.

Last year, after my colleague from Illinois quoted the GAO report, we wrote to the GAO asking some questions about the assumptions of this June 1992 report, and also asking about the current long-term deficit outlays. They, in their response last year to me, stated that they developed four scenarios to show the implications of various fiscal policies in dealing with the deficit. These scenarios were projected out to the year 2020. One scenario was doing nothing and allowing the deficit and cumulative debt to grow unchecked. This was a report in June 1992.

So this report actually was before the August 1993 deficit reduction program, which was passed by the Congress at the recommendation of the President.

So the scenarios were: One, doing nothing and allowing the deficit and cumulative debt to go unchecked. That is the scenario which is constantly cited by my colleague from Illinois. In other words, he takes that scenario and what it said, and says, "My God, look at this." The fact of the matter is that the scenario has already been rendered irrelevant, its assumptions not warranted, by actions taken by the Congress since the report in June of 1992 and up to this time.

The second scenario was holding the deficit to 3 percent of gross national product. The third was achieving a balanced budget early in the next century, and maintaining balance thereafter. And the fourth was achieving a balanced budget and then moving in the surplus.

The letter then goes on and says:

You ask whether our analysis considered the costs or benefits of adopting a balanced budget amendment to the Constitution. It did not.

I repeat that. "It did not."

The GAO has long supported making the hard programmatic policy choices that would lead the country to a more balanced budget. We have not endorsed the balanced budget amendment to achieve this goal.

We then asked them about the current deficit outlook. This is what they said:

With regard to your question about the current deficit outlook, it has indeed improved in the 2 years since our 1992 analysis. In the Omnibus Reconciliation Act of 1993, the Congress and the President have taken action that the Congressional Budget Office estimates will reduce the deficit by \$433 billion from 1994 through 1998.

Actually, the figures are turning out better than that.

The CBO now projects the deficit will be 3.1 percent of gross domestic product in 2003, down from its projections of 6.8 percent a year ago. These recent improvements in the deficit obviously would affect the starting point used in our 1992 report, which would in turn alter the outcomes of the four scenarios we outlined years ago. At least through 2004, CBO's projections indicate that we have steered away from the path projected in the no-action scenario.

So here is what happened. They projected a no-action scenario path, and on the basis of a no-action scenario path, you had great difficulty. In fact, we took action, and as a consequence of taking action, they were projecting last year the deficit would be down there 6.8 percent of GDP to 3.1 percent of GDP.

Obviously, more needs to be done. But the point that needs to be made is this absolute scare scenario that has been cited again and again is no longer applicable because the assumptions upon which it was based no longer hold.

In fact, they went on and said in the letter:

In the 2 years since we have developed the model, new information has become available that shows somewhat higher productivity, lower Federal interest costs, and higher labor force projections. We believe these changes could work to improve the long-term deficit outlook to some extent.

So, Mr. President, I want to underscore that the dynamics of this situation are such that the changes we have made have in fact had a very beneficial effect. The United States now ranks the best among the G-7 industrialized countries, in the ratio of the deficit to its gross product. That was not the case before; that was not the case before the August 1993 legislation. But as a consequence of that and the deficit reduction that has followed the 1993 Omnibus Reconciliation Act, what has happened is the economy has grown, and grown in a very steady and encouraging way. The deficit has come down, and the ratio of the deficit to the gross product has improved markedly, as this letter said—and this letter was in the first part of last year—projected down from what was projected as 6.8 percent to 3.1 percent.

So this is all by way of making the point that, first, we are making progress; second, as to the scare scenario that is constantly cited to say we absolutely have to adopt this balanced budget amendment because things are just worsening, worsening, worsening, is in fact wrong, things are improving. There is more that remains to be done. But in my judgment, to try to do them through an amendment to the Constitution is not the way to go.

Actually, I agree with the GAO, whose report is being cited as a justification to enact this constitutional amendment. And the GAO itself says:

The GAO has long supported making the hard programmatic policy changes that would lead the country to a more balanced budget. We have not endorsed a balanced budget amendment to achieve this goal.

There are real problems that are inherent in this amendment. Economic downturns would be exaggerated and become recessions. We make no provision for a capital budget, and therefore, there would be a real question of whether we would be able to do the kind of capital investment for the future strength and productivity of the economy, which everyone in a dynamic society is doing. There is a great concern that this matter would be thrown into court; we may have the judiciary making basic budget decisions which ought to be made by the President and by the Congress.

I hope it is not anyone's intention here to shift these issues into the courts. The Constitution does not have particular, substantive policies in it. Those are left to be worked out by the President and the Congress. The Constitution is a framework to define how we reach decisions, and it also guarantees the liberties of our citizens.

I think that this amendment has a very substantial risk of promoting instability and retarding economic growth. I very much hope that, upon reflection, perceiving the problems that are connected with locking a matter of this sort into the Constitution, my colleagues will not move to send this proposal to the Senate.

(Ms. SNOWE assumed the chair.)

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

Mr. SARBANES. I am happy to yield. I am more than willing and anxious to explore these matters with my colleagues.

Mr. THOMPSON. I appreciate that. The Senator from Maryland has had a long and distinguished career with these budgetary matters, and I want to have the benefit of his insight, because it is certainly different than the insight I have.

I get the impression from the Senator that we made progress in 1993, and that is indicative of the fact that we can continue to do that and we will really have no big problem.

Mr. SARBANES. No. I think we have a problem, but I think we have made progress and I hope we can continue to make progress. I do not think the recourse, as the GAO indicated, is this amendment to the Constitution.

Mr. THOMPSON. I wonder if we should not examine how much progress we have made and what the likelihood is of making the progress we are going to have to make. The 1993 budget arrangement, as I understand it, adds over \$1 trillion to the debt. We have come to the point now where we are

using as a flag of success to wave a situation that actually adds over \$1 trillion to the debt. As I look at the figures, CBO figures, they indicate that the deficit is going to go up to \$222 billion in 1998, and will go up in the year 2004 to \$421 billion.

The Senator rightfully points out that the deficit as a percentage of GDP has gone down. But I look and see that they project in the year 2020 that the deficit will be 21 percent of GNP. That is going to be along the time, or shortly after the time, the baby boomers start retiring and the demographics overwhelm us.

Mr. SARBANES. What are the assumptions of that projection? That nothing is done?

Mr. THOMPSON. You would have to ask CBO that.

Mr. SARBANES. I think I know the answer.

Mr. THOMPSON. Does the Senator disagree with the CBO analysis?

Mr. SARBANES. I think the assumption of the projection is a no-change scenario, just like an assumption of the GAO study which has been cited was a no change. GAO then, literally in less than 2 years from the time they made this projection, based on a no-change scenario, in effect, says that is now moot or irrelevant because important changes have been made and therefore the dynamics are very different.

The biggest problem on the deficit as we look ahead is the health care issue. If you look at the components of where they expect to have a deficit problem, it is in the health care field, and obviously we have a tough problem to deal with in health care. Despite not dealing with it last year, it is my understanding that most Members think something has to be done and it has to be addressed. What will be done and how is another open question. But there is obviously a matter there that has to be addressed.

Suppose I said to the Senator, well, we have a capital budget and we are going to have \$150 or \$200 billion a year in the capital budget—which would be \$1 trillion over 5 years—of capital investment, just like a business would make a capital investment or State and local governments would; would the Senator be upset by that? Would he regard that as being imprudent, as sort of an irrational policy?

Mr. THOMPSON. My understanding is that it would represent only about 4 percent of our expenditures anyway. I am not sure it would make that much difference one way or another, frankly.

My other concern with the capital budget, of course, is the definition of a capital budget and how you defined it and whether or not everything all of a sudden would start to go into that budget.

Mr. SARBANES. I think that is a good point. Obviously, you would have to have careful definitions because, in fact, the way State governments or private businesses sometimes get into trouble is they put into the capital

budget items that ought to be on the operating budget side and paid for through the current flow of income. But the fact that you have that problem at the margin in terms of definition and the possibility of abuse does not detract from the fact that very prudent people, as part of rational decisionmaking, use a capital budget and adopt a concept of paying for the capital budget by borrowing. And depending on the circumstances, it makes sense for the family, it makes sense for the business, it makes sense for State and local government, and it would for the Federal Government.

Mr. THOMPSON. I think the Senator's concern is well placed. I, for one, have been concerned that in this country for a long period of time we have refused to make any sacrifices, as far as consumption is concerned, and that the first things usually on the chopping block are things that benefit the next generation and that we ought to be spending more on what would probably be decided as capital items, infrastructure, things that will make our country stronger and more competitive and greater in future years and consume less. I happen to not think the Senator's concern would best be the approach to take to resolve that. But I appreciate the concern.

But getting back to, I think, the most fundamental concern, we can talk about a capital budget, we can talk about this would somehow restrict the Government from fine-tuning the economy, we can debate over whether or not the Government has had that much success in times past.

Mr. SARBANES. If I could interject, I think the impact of this would not be on fine-tuning. It would be on rough-tuning. In other words, I do not even think you would be able to do rough-tuning, let alone fine-tuning.

Mr. THOMPSON. All right. But the basic question to me, fundamentally, is whether or not we have a very, very serious problem that is going to turn into a catastrophic problem down the road or whether or not this is overblown; whether or not the entitlements commission, for example, the bipartisan commission headed by two very distinguished Senators, one from each party, whether or not they are wrong when they say in the year 2020 that a handful of programs and the interest on the debt is going to run us out of money and we are not going to have enough money for national defense, infrastructure, research and development, and all these other things. Whether or not the President, as I understand it, is wrong when his own projections show that around about 1998, even though we have made some progress in recent years with a massive tax increase—we cannot have one of those every time we want to make a little progress, in my estimation; anyway I will not argue you that point now—but the President's own figures show that the deficits skyrocket.

One of my colleagues used this chart. If we do not balance the budget, defi-

cits will grow to more than 18 percent of GDP by 2030. I mean we have all seen these charts. And everybody—all the economists I have heard, the Concord Coalition, headed by two distinguished former Senators, one from either party; the distinguished Pete Peterson, a former Secretary of Commerce, in the recent book he has out—everybody that I have heard pretty much agrees that we have a very, very serious problem on our hands and that we are kind of fiddling while the country is burning around here.

Does the Senator disagree with that assessment?

Mr. SARBANES. In part.

What I would say to my distinguished colleague is you could have shown me a chart far worse than that one if you had done it before August 1993 and the adoption of the deficit reduction package.

Mr. THOMPSON. And I could show you a chart far worse than that one if we take it out into the future.

Mr. SARBANES. But what you are doing when you show me those charts is you are assuming no action. Just as in 1992, if you assumed no action, you would have shown a chart of great concern. We took action and, therefore, the situation was improved.

Now I am not asserting that the action taken thus far is a complete response to the problem. But I am trying to make the point that these scare scenarios are all premised on sort of doing nothing. We had one before. We did something. We got a very substantial improvement. We need to do even more in order to have further improvement.

And the hangup is essentially connected with the rising costs of medical care. If you break out the analysis and say, "What is it that is growing that is going to create this problem in the future?" It is the cost of medical care.

Mr. THOMPSON. I think we are narrowing the debate. I think we both pretty much agree that we have a very serious problem. I think where we finally perhaps disagree is the prospects of doing anything about that on the current course.

We have been talking about balancing the budget for years and years and we have been talking about fiscal responsibility. Every Member who gets on this floor to speak says they are for a balanced budget and every Member says they fought for fiscal responsibility.

As the Senator from Illinois pointed out awhile ago, the last time we debated the balanced budget amendment the same things were said. "We made some progress. We are going to make more."

We are going in the wrong direction. My concern is that we will take no action. My concern is that we will continue to do the wrong action that we have been doing for the last 70 years.

Mr. SARBANES. I say to my distinguished friend, I voted for the 1993

package and that was used against me in the last campaign. But I belied up and I voted for a measure that had spending cuts and tax increases in an effort to try to do something real about the deficit. And I think it did do something real about the deficit. We need to do yet more.

But I think we need to do it that way and not to pass an amendment to the Constitution of the United States, which then carries with it all of these problems that I have been discussing.

I am essentially arguing that some of the concepts contained in this proposal are really counterproductive and will, in effect, be harmful to us. I am very concerned what will happen to investment. And I am very deeply concerned that we are going to go back to a situation in which the economy starts moving this way instead of what has happened in the postwar period.

One point on growth in the size of our current economy is \$65 billion in goods and services. So if you get a drop like this, interestingly enough, not only are you going to have no growth and rising unemployment, but you are going to have an incredible deficit problem. In the end, you are going to break down because if you keep trying to correct the deficit problem in an economic downturn, you are just going to drive yourself deeper into the hole.

That is what happened, as I indicated earlier, first to Hoover and then to Roosevelt, until Roosevelt moved off it in an effort to come out of the depression.

Mr. THOMPSON. I thank my colleague.

Mr. SARBANES. Madam President, I yield the floor.

Mr. GRAMS addressed the Chair.

The PRESIDING OFFICER. The Senator from Minnesota.

Mr. GRAMS. I thank the Chair.

Madam President, the distinguished minority leader today introduced what he is calling a right-to-know amendment to the balanced budget amendment legislation.

Well, the Senator's amendment has at least one thing right: its title, because the American people certainly do have a right to know.

They have a right to know why Congress has spent this country \$4.5 trillion into debt, and why it still keeps spending. They have the right to know how much their taxes will go up if the balanced budget amendment does not pass.

And, Madam President, they have the right to know what these higher taxes will mean to the kind of life they are trying to provide for their children and for their families if the balanced budget amendment does not become law.

That is what Americans have a right to know.

The question is not "what happens if the balanced budget amendment passes?" The question really is, "What happens if it does not pass?"

The question is not, "What will get whacked?" The question is, "What will get taxed?"

Madam President, without this amendment, taxes will go up. That has been the pattern over the past 30 years. Congress decides it needs another ornament for its Christmas tree of social programs, another rich chocolate concoction on its dessert tray, and it passes along the bill to the folks who can least afford to pay it, and that is the taxpayers.

There is no reason to think that Congress has changed its ways.

But do we really need an amendment to the Constitution to protect the taxpayers? My colleagues in this body who say we should not need a balanced budget amendment are right, because Congress should have the backbone to limit its spending and to set priorities, just as every Main Street American family does.

The good Senator from Maryland has been talking about borrowing.

If a family in St. Paul, MN, wants to buy a house, it works out a mortgage and a payment schedule that fits the family budget.

But eventually, that debt is repaid. It is not passed on to the next generation. That is what the vast majority of Americans do when they make a major purchase. That is not how the Federal Government works. It borrows the money without any kind of payment schedule. The debt continues to build, the payments keep being deferred, and the debt is passed down to our children.

Now, if that family in St. Paul decides it needs to tighten its belt, it does. But Congress simply goes out and buys a bigger belt. Congress does not have the backbone to restrain itself. It never has. Maybe it never will.

We will now look at the facts. Congress has spent more than it has taken in for 55 of the last 63 years. We have not had a balanced Federal budget since 1969 and deficit spending is now responsible for about 90 percent of the national debt.

For my colleagues who sometimes get lost in all the statistics, here is the reality of what the national debt means to average Americans. Every family of four owes \$3,500 on just the interest alone on the national debt, and that means \$3,500 less to care for our kids, \$3,500 less to keep our families fed and clothed.

Those numbers are scary, but what is that interest based on? It is based on the debt, \$4.5 trillion, a debt that equals nearly \$20,000 for every man, woman, and child in this country today. Now, I have four children: Michelle, Tammy, Rhiannon, and Morgan. And I have four grandchildren: Wesley, Wyatt, Chelsea, and the latest, born just this morning, less than 12 hours old, and already his share of the national debt is nearly \$20,000. All he has consumed is some air—free air that we take for granted. But he already owes more than \$20,000 to our national debt.

We need the balanced budget amendment to force Congress to do what it should have done already. The Amer-

ican people agree. A large majority of them support the balanced budget amendment. A large majority say that they are willing to sacrifice some Government services in order to get this burdensome Federal deficit under control.

Madam President, I remind my colleagues who speak against the amendment that we would not be having this debate were it not for 30 years of irresponsible spending by this body, abuses that led to bloated committee staffs and expenses, and duplicative programs. A lot of what passed for Government spending in the last several decades was simply window dressing, window dressing for a very expensive shop in which the American people were sold a phony bill of goods on their own credit card.

Now, opponents have accused Members of being mean spirited and cold during these debates. But those are simple scare tactics tossed around by those who like the comfortable cushion of Government that they have been resting on for 30 years, but which has become a bed of nails for the American taxpayers. What is truly mean spirited and cold would be saddling the next generation with more deficit, more debt, and more uncertainty.

So, Madam President, the right-to-know amendment is a clever bit of propaganda, but it is dangerous legislation. We cannot strap the hands of future Congresses by carving in stone exactly how a balanced budget must be achieved. Three Congresses will come and go during the 7 years over which the budget will be balanced. Things change, needs will change, conditions will change. Each Congress needs the leeway to make its own budget decisions.

Now, if the Senate breaks the promise it made to the American voters last November and ultimately votes this legislation down, we, the majority party, must be prepared to take the next step. We have to show that we can submit a balanced budget. We have to show that we can live under a balanced budget. Many of my colleagues are committed to a balanced budget, but without this amendment. In working together, we must be prepared to prove we sincerely are interested in restoring fiscal sanity into the Federal Government.

My friend and colleague from Idaho, Senator CRAIG, has taken such a strong leadership role in this issue. It reminded me of a quote I would like to share:

The question of whether one generation has the right to bind another by the deficit it imposes is a question of such consequence as to place it among the fundamental principles of government. We should consider ourselves unauthorized to saddle posterity with our debts, morally bound to pay them ourselves.

That was Thomas Jefferson, almost 200 years ago, and yet the questions he raised during the founding years of this Republic are just as relevant today. And now it is time to answer the questions—not for me, not for my colleagues, but for our children and our grandchildren and, again, the newest member of my family, just 12 hours old, Blake, and the debt we are passing on to him. They have a right to know. They have a right to know we did everything within our power to help secure their future.

Thank you, Madam President. I yield the floor.

Mr. DOMENICI addressed the Chair.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. Madam President, parliamentary inquiry. Is there any time limit on Senators at this point?

The PRESIDING OFFICER. No, there is not.

Mr. DOMENICI. I do not intend, by that question, to leave the impression that I intend to speak a long, long time. I just wondered how much time I had.

I want to start my talk here with fellow Senators, and more importantly, with those people in the United States who are interested in what is going on. I want to say, particularly to the senior citizens of the United States, those who have spent their adult lives in our behalf, who have worked hard and diligently to make America a great country, I want to tell them what I think the Democrats are doing to their grandchildren and to their children's future by the tactics they are taking here on the Senate floor in an effort to defeat a constitutional amendment.

This is not said in any animosity or anger. It is because we are lodged in a very difficult war. Our war and our declaration of war is, we want to get rid of the deficit and we want the people of our country to back Members in that with a constitutional amendment. That is how we think we will win the war. If the war is declared in a constitutional amendment, and the people adopt it, then we will have at our side the full power of America saying, "Enough's enough. We are going to see how it all comes out, but we will tell everyone right up front, the politicians, they are not going to have the luxury of spending beyond our means a few years down the line."

First, I want to say to those who are listening, some make it sound like if this constitutional amendment is passed and we get to the year 2002, it does not make a difference what the condition of the world is, what happens by way of emergencies; we are going to have a balanced budget.

Now, it is not that at all. So I want to say to those Americans who are worried about themselves and their security or their pension program, this is a constitutional amendment that says, "If you do not want to balance the budget, you have to bring the issue front and center; you can't hide it any-

more. And secondly, you need 60 votes instead of a simple majority to add to the deficit."

Now, let me explain the way it is structured. We will not wake up in the morning and say, "We passed a budget and we can't do anything about it because we are going in the red \$60 billion and we didn't know it." That will not happen, Madam President and fellow Americans, because at a point in time when we are supposed to be at zero and we get there, then whenever we exceed it, we cannot borrow any more money. We cannot make it any clearer. We cannot borrow any more money unless we bring it to the floor of the Senate and the House, and hopefully by that time, contrary to what we have today, Presidents will be on the side of the balanced budget because there will be a Constitution that says not just Republicans and a few Democrats that are supporting them are supposed to balance a budget; the law of the land, the Constitution, will say "Mr. President, down there at Pennsylvania Avenue, you send up budgets that are in balance."

Rest assured that Presidents are not immune. They are not going to send budgets up here, as the one we are going to get on Monday, that in the midst of very good times, cuts nothing and says: We did pretty well 3 years ago. We will leave everything alone while this happens.

This is a very good chart. I wish it were bigger so we could see it. While it has a lot on it, it is very descriptive of what will happen to our great country soon. Here is 1990, 1991, 1992; the budget is going up. The little red pile here is going up. Coming down a little, the so-called "We are getting the deficit under control budget," that I heard my good friend from Maryland just say he voted for. Here it comes down a little bit; this is going to be the year 1996. It is coming down a little, if the President does not do anything.

Look what happens after that. Here we come up; it is not so far. Here we are at 2000; going up again by 2010. I say to those people in the United States that have little grandkids, now it is starting up about 2010, and about the time they are getting in high school, look what happens to it.

Now, frankly, there are those who will say, "We do not need a constitutional amendment to fix this. We do not need one. We will just go about fixing it up, as we have."

Let me read here. Do Members know how many times we passed statutes saying we are supposed to get to a balanced budget? I will count them here: 1921, 1964, 1978, 1978, 1978, 1979, 1980, 1985, 1987, and 1990 we passed this; in some cases, just passed others. We told the American people "We have done it. We have done it."

I was here when the great Senator, Mr. Byrd from Virginia, passed statute law, and it said we are not going to have any more debts, did it not? It said the law of the land is going to be bal-

anced budgets. Ever since it was passed they go up. Is that not interesting? Is that not interesting?

That is what this shows. We have come to the conclusion—and thank God about 75 percent of Americans agree—that it will not happen unless it is the absolute, basic constitutional law of the land, unless we have up here in front of Congress and Presidents a law that says you do it; it is against the law unless you do that. That is what we think will get the job done.

Now, there are those who say we would like to do it another way, or let us just be patient. There are even those who have this list of economists of the United States, just a long list, I say to my friend of Tennessee, of all these American economists.

Well, frankly, the economists, when you put them in front of you at a table, most of them will say you have to get the deficit under control. And most of them will say it is a big, big problem. So if you are a political leader, you have a responsibility to do something about it, not just talk. And the economists, if you ask them, Mr. Economist, if there is no way to get there, and if the trend of our political leadership is our inability to stop the appetite to come to the Federal Government so we will try to solve problems by spending money, if it is that or a constitutional amendment, there are a lot of them who will say they do not like its rigidity, but we ought to get there.

Now, I try to tell everyone, including those who might be worried that with three-fifths vote in the Senate and House, if there is an emergency or if one of the major programs of our land temporarily went out of kilter, you can get the votes in the Chamber to break that budget for the circumstance that demands it. So that makes it rather rational.

You could even ask that list of economists that are against it that I hear some Democrats touted in the press galleries of this Chamber today, you could even ask some of them if the emergency is serious enough and three-fifths of the Congress votes to change it, does that not do away with a lot of your worries? And most of them would say yes, from the purely economic standpoint.

I have used this quote over and over, but I am going to wrap it into my comments today, and I have been talking about it. The quote I am going to read is from Laurence Tribe, whom the Senator from Utah knows, a very liberal constitutional professor:

Given the centrality in our revolutionary origins of the precept that there should be no taxation without representation, it seems especially fitting in principle that we should somehow seek to tie our hands so that we cannot spend our children's legacy.

Now, that is the constitutional amendment. We are going to tie our hands so this does not happen because, if this happens, not only will we destroy our children's legacy, but we will

tell you next week as we address economic issues as it relates to a balanced budget amendment, we will tell you in more detail the economics. But for now we can tell you that in about 10 or 12 years, if you do not get with it and tie our hands and hit us, hit all the elected leaders with a great big 2 by 4, which is addressed at their tendency to be mules, just address that so that they will do something, there will not be any money to spend on anything except paying for the national debt and paying for part of the population's entitlements. There will not be any National Government money for education, I say to the Senator from Tennessee, none. In fact, under one scenario there will not be any for the Defense Department, which is the only thing we could not send back to the States to do, in theory. It is the only thing we are totally obligated to do. The rest of what we do is optional. We elect to do much of it, but it is optional. But there would not be any money to do that if everything in the entitlements of our country is unchanged.

Now, what is rampant in America today—and you see the battlegrounds. I have just stated them for you. We declare war against the deficit. And when we declare it, we say let us win it. When we say let us win it, we say there has not been a way to win it before. So this war will be the amendment that says you cannot spend any more. That will be the declaration. That will be when you go to war.

Those who oppose it say they want us to go to war before we make the declaration of war. They want us to produce a 7-year balanced budget before the war has been declared, and what? And the President of the United States and Democrats and Republicans alike and every American has to be committed to that balanced budget.

Before that ever occurs, this amendment that they are offering here today, this resolution, let us be honest about it, it is not intended to do anything except kill the constitutional amendment. That is what it is for, plain and simple. They know, those who propose it, if you could draw a 7-year balanced budget today, you would not need the constitutional amendment. What are we going through all this for, if we could just sit down, a few of us—maybe the Senator from Tennessee could join me, we could have our Republicans on the Budget Committee and a few Democrats and write this 7-year balanced budget. We all tried that for so many years. If we could do it and it meant anything, then we would not be here asking these sovereign States of America to seriously consider changing our most sacred document, the Constitution.

Mr. HATCH. Will the Senator yield for a question on that?

Mr. DOMENICI. I will be happy to yield.

Mr. HATCH. Through the years, we have had a variety of plans proposed

that would bring us to a balanced budget—Zero Deficit Plan, Concord Coalition, Senate Budget Committee Plan, Economic and Budget Outlook for Fiscal Years—a lot of others. You could just go through plan after plan. But they have never had the votes. Is that not really the problem?

Mr. DOMENICI. Not only they never have the votes, as soon as you have them all out there, they become political documents and whoever had the courage to put something down in them that was tough, the other side immediately turned down the plan and went to the public, and it became a war of who is not going to hurt this group or that group, and there goes the plan.

You are beginning to see what those who have this in mind intend of this document. They intend that. I would say for those on the other side who propose and regularly say they are for balanced budgets—the President said it in his State of the Union Address, we need a balanced budget, something like that—I would ask them to draft that 7-year document. Put the 7 years down and tell us how we are going to get there under your idea.

We do not see any forthcoming, and do not hold your breath, it will not be forthcoming Monday in the President's budget either. But at some point in time when a constitutional amendment is in effect, no President will escape sending a budget down here that is balanced. And that makes a big difference, because then we are in the war together. We are not Republicans in the war and Democrats on the sideline and a President who speaks it but not engaged.

For those who say, where is the detailed plan? I just want to tell you of the great achievements in our history that were tough, that you had to put everybody together on, that you had to muster all kinds of support, the biggest one might be the Second World War, just might be.

Is it not interesting, FDR took to the airwaves of the United States and declared war. Would it not have been nice if we would have said: Mr. President, you really know what is wrong with America. You know this is a danger to democracy and freedom. It probably will stop existing in the world. We know that with you, but how are you going to win the war? Put it all down. Write it up. What are we going to do the first 6 months? What are we going to do at the end of a year? What are we going to do at the end of 2 years? Do not declare the war until you have done all that. Right?

That is what is being said here and across America about a constitutional amendment. Do not declare the war and put everybody in this boat together to save America from this—do not do that. Tell us how you are going to get there, precisely, before in fact you pass the instrument of public support, the amendment, which is the equivalent of FDR's declaration of war.

As you think of how things go together, what happened after that dec-

laration? People who did not have the least idea that they were supposed to do something for their country, did it. People who had no idea they were supposed to sacrifice, sacrificed. People changed their way of life because of that declaration. In fact, people went on ration plans, as I recall. I was young. A lot of things were raised and controlled because we had a real problem.

So I think we just ought to be honest with the American people and I want to be honest with them today. I have tried my dead-level best to be honest. The Democrats who are proposing that we not pass the amendment until we have the 7-year game plan—and I will talk about that in detail next week, on how much will be required to do what they have done, how many words they have changed, how many new demands they have put in, in a Constitution—but those who are on that side of this issue, they do not want a balanced budget. They can come down here, and clearly some of them may come and say Senator DOMENICI was not fair. I want one. They are saying if we want one, why do we not produce it? For those who want to get up here and say we do not want the constitutional amendment but we want a balanced budget, I challenge them. Tell the American people how you are going to do it. Right? Everybody gets up on that side of the aisle and says we do not want this—we want a balanced budget. How long are we going to be on the floor, 2 more weeks? We will ask our leader, if you want to start meeting over there we will give you another week, go meet and you tell us how you are going to do it. Because you are either not for it or you are telling us we will do it another way, just do not do it this way.

So I say to them do it your way. We anxiously await it. Put it on paper.

They will not do it. There is no question about it. First of all they would not have the courage to do it. Second, they would say it is useless to do it, nobody is going to buy it anyway this early. So what is left? What is left is what we are for and what we have been telling our people we are for.

Those people who are against this—I want to just conclude—they are for the status quo. They do not want to change anything. If they do not want to change anything then this will never get changed—this will never get changed. We will rock along and in good times we will not cut anything significant.

If ever there was a time to dramatically reduce the deficit spending, it is now. Guess what might have happened if we would have been reducing the deficit more, Madam President? We might not have had the interest rates go up. That is interesting. Ask some economists that, all those who are saying we need flexibility. If we reduce the deficit some more so there would not be so

much pressure out there, you might not have had the interest rates go up or they might have gone up less. It is the right time. In fact it was a better time to have done more 2 years ago, as we recommended to the President.

Those who are against this want to continue to do what they have been doing. I have alluded to the President's ideas that we will see in his budget proposal.

I want to conclude and say to those who are worried about how this is going to affect them, I want to suggest two things. Maybe—maybe you ought to think with us what is going to happen to you if we do not do it. If we do not do it. For every American who says I want to know what is going to happen to me, I want to see the plan—and those people are great Americans. And the organizations representing those people, the AARP—wonderful organization—but why do we not ask, and why do they not ask what will happen to us in the best sense of the word “us,” our kids, our neighbors, our friends, our families—what is going to happen to them if we do not do this?

Second, I want to seriously propose that once the constitutional amendment is passed—and I hope those who believe some of us in public life will listen attentively—the constitutional amendment will not determine your cause. It will not determine—the amendment for the balanced budget—it will not determine how your program is handled. It will not determine how your pension is handled. It will tell your political leaders get to a balanced budget. And before you ever get there, the issues will be joined on whether their cause shall be—whether Social Security's cause shall be secure; whether Medicare will be changed—because we will have to vote on those as we implement the constitutional amendment.

There will be ample opportunities to protect everybody's cause. But everybody knows you cannot keep them all like they are. So they all have to be ready to say let us talk. After we have this in let us have hearings.

Now some say, wait a minute, Senator DOMENICI, why do we not do that ahead of time? We try that ahead of time; we do not get anywhere ahead of time. We try it bipartisan and we leave some people out and it is dead. Presidents do not join and then they wait. And those who wait win and those who propose it lose. Just like this one. If we were to propose one without the President, we lose, we accomplish nothing. And we pulled a big hoax on the American people.

So I conclude that we are on the right side. We are on the right side if this is an American cause. If we are worried about our economic future and our children's future, there is no way to get where we ought to go by saying, at a point in time when a constitutional amendment is adopted, we are all in the same boat. And the boat is sailing—changing here and there—but

it is sailing toward balance. And those who are interested in the future will join in trying to direct it in the right way, doing the least harm and doing the best that we can with the money we have.

I yield the floor.

The PRESIDING OFFICER. The Senator from Tennessee.

Mr. THOMPSON. Madam President, first of all I want to thank the Senator from New Mexico for his remarks and for his inspirational leadership in this area. Those of us who have been following these matters know the Senator from New Mexico is not only the strongest advocate for fiscal responsibility but he has been a leader and an inspiration to all those who are concerned in this area. If we had the leadership and the knowledge and the courage of Senator DOMENICI more prevalent in this body we would not be here today, debating a constitutional amendment. But we are. Because we have not had that kind of leadership.

I would like to address, for a moment, the discussion that was had earlier concerning an amendment, the so-called right-to-know amendment. I was not here for most of the discussion that was led by the distinguished minority leader. But basically as I understand it, his position is that they think the American people have a right to know the details of this plan which they know as a practical impossibility and would be an irrelevance anyway. One Senator could not bind another and there are all kinds of plans floating around. All that is known but the point is yet made—the people's right to know.

I would like to make a couple of points about that. First of all, it occurs to me this approach assumes a great deal more ignorance on the part of the American people than is present. It assumes the American people, who overwhelmingly support a balanced budget amendment, think it can be done without any sacrifice whatsoever.

This amendment and this approach presupposes that the American people want a balanced budget amendment but they think we can go right along the same old way we have been going without anybody making any incremental adjustment in any program and still achieve a balanced budget.

I just came off the campaign trail. I can tell you that the people in my State know better than that. I can also tell you that I have never run across a grandparent or I have never run across a recipient of any of these programs, Medicare, Medicaid and so forth, I have never run across a person who is concerned enough to even be present around where there is a political discussion taking place who would not be willing to make some incremental modest adjustment if they thought it went to benefit their child or their grandchild.

We assume apparently in this body that the American people not only are ignorant but they are greedy, and that

it does not matter that we are spending our grandchildren's birthright; it does not matter that we are bankrupting them; it does not matter that they have no representation and we are spending their money; that we are so greedy all we can concern ourselves with is the current list of goodies or the current list of programs or the current benefits that are now being received; and we cannot see past that and we will let the next generation take care of itself.

Madam President, I am not willing to concede that. How in the world can we come to the conclusion that is the kind of America that we have in this country? The American people are better than that. It is time that the Congress of the United States caught up to the American people. But let us talk a little bit more about the right to know.

The distinguished minority leader believes in the right to know. I believe in the right to know. It is kind of like the balanced budget. Everybody in this body believes in the right to know. Everybody in this body believes in a balanced budget. I think the American people have a right to know. Let us talk about the young people for a minute because there may be some young people out there—maybe just teenagers—who are just beginning to familiarize themselves with the process, who are just beginning to understand what is going on in this country, and are just beginning to realize that this is for them, this is for them and for their children. But they may not really fully understand some things yet.

They have the right to know that, if we do not make any more progress than we have made in the past, we are headed for economic disaster in this country. It is not even a matter of debate. You talk to any economist. You talk to anybody who has written on the subject. You talk to any congressional committee. We have all seen the charts. We look at what is right in front of us and say, “Well, by George, we really were courageous. We passed the largest tax increase in the history of America a couple of years ago. So that is the kind of courage we show. We are going to spend the taxpayers' money again, and we do not have any problem.” When everybody knows, even the administration's own estimate that in 1998—after the next Presidential election, coincidentally—it is going to go off the charts. These young people have a right to know that.

They also have a right to know, if they are listening to the eloquent remarks on the other side of the aisle about all we have to do is do what we did in 1993, it is ironic, I think, and somewhat indicative of the position that we are in in this country where a piece of legislation that adds over \$1 trillion to the debt is used as a success story. But be that as it may, there have been several efforts in times past that have been alluded to earlier. But it is really significant. It cannot be

overemphasized enough when you go to consider what the alternative is if we do not pass a balanced budget amendment.

Can we do what the opponents of the balanced budget amendment say? We have to pull up our socks and do the right thing. I wish it were that simple. I wish it were that easy. Some of us probably would not have even run for office, if it had been that simple and that easy. But we have been talking about this, passing resolutions, making promises, trying to bind the President for 70 years.

Everybody was for a balanced budget back in 1921 to force the President to recommend one. In 1964, Congress got up on its feet and said we must do it soon. It is the sense of the Congress that we have to balance this budget in 1964. They actually balanced the budget after that. But even before the last balanced budget they were talking about it. In 1978, it became a matter of national policy. Are we to take that lightly? Is that something that just trips off the lips of folks around here? We state it is a matter of national policy, and they go on record in 1978. The deficit kept growing. The debt kept growing.

In 1978, Humphrey-Hawkins came back, and say it is a prioritization. We prioritize a balanced Federal budget. That was a good year. Apparently everybody had balanced budgets on their mind because it was obvious even then that things were getting out of hand. And if we did not put aside some of our short-term political considerations where every special interest group in America would descend on this town periodically and demand theirs, and the devil with the future generation, if we did not stop that way of doing business, we would be in big trouble. In 1978 they passed a law that required a balanced budget for the year 1981.

So what happened in fiscal year 1981? They had a \$79 billion deficit for the very year they passed the law saying this cannot happen.

The Budget Act of 1974, they said we have the solution now. We have the answer to it now because Congress will have to come up with an annual budget resolution, and people will be afraid to vote for these large debts, these large deficits in a budget resolution. That was 1974. What happened? In 1975, the deficit skyrocketed again and continued on.

Gramm-Rudman-Hollings in 1985—we know what happened to that. It worked fine until the gravy train stopped, and a little bit of a lid was put on the pork barrel. So we had to make some adjustments, and effectively rendered it irrelevant. The 1990 budget deal, the deal to end all deals, did nothing to reduce the deficit. In 1993, we talked about it.

That is the only answer that I hear. From 1921 on, we have been trying our best, with everybody agreeing, that we had to balance the budget. And not only have we not balanced the budget, the problem continues to get worse as

we sit here today, and as we discuss this. This is the good news. This is the good news. There are more people in the work force, more two-earner families. Before too long it is going to reverse itself. It is going to be the bad news. It is going to be the bad news with fewer and fewer people in the workplace supporting more and more people.

That is why we have to take responsible measures to protect Social Security. The balanced budget amendment protects Social Security. The most irresponsible thing you could do to elders on Social Security, including my mother, would be to let the status quo continue. There is not going to be anything for anybody a little bit further down the road.

The Democratic Senator from Nebraska and the Republican Senator from Missouri issued a report recently that said in the year 2020, I believe, we are going to run out of money. I am paraphrasing it a little bit. They were more eloquent than that. But they said a handful of programs and the interest on the national debt is going to take everything. Yet we continue down the same road.

The right to know? The young people have a right to know what is happening to them. There is a lot of talk about the stagnation of income over the last 20 years. Real income is not going up. What people do not talk about is for the younger folks, the younger working people starting out with their families. Since 1973, their income level has been going down and actually losing ground for these young people because of the tremendous debt which is sopping up the savings. And we cannot have investment without savings, and we cannot have growth without investment.

The economy is slowing down and people are feeling the loss of the American dream, the basic optimistic assumption that every young person growing up has had since this country began, and that was that if they worked hard, they would do at least as well or better than their parents. You talk to young people now and they do not feel that way. Young people have a right to know what is happening to them. What about their right to know?

The other side says they want the right to know what State is going to be cut. I think we ought to tell the young people what is going to happen to them. I think we ought to tell them how long the fight has been and the struggle has been and how fruitless it has been and how the Congress of the United States has ignored its own protestations, ignored its own laws, because it is so, so difficult, apparently, to do the right thing because of the political considerations and the political careerism that drives people to shortsightedly look toward the next election instead of the next generation.

People have a right to know what is going to happen. The real purpose of the right-to-know amendment, of

course, is a scare tactic. It is designed to be able to point to some program that some group is going to be hurt by and have them descend on this town and pressure them and raise money against Members and try to scare everybody off, because there are certain groups who apparently are shortsighted enough to say if it means any reduction in my State, for example, that I will do anything rather than take any kind of reduction in my State. Never mind that it might work to benefit my State in the long run. Never mind that it might work to lower interest rates because we get a handle on this deficit, and that it will help my State or my municipality in its borrowings and the activities of my State. Never mind all that. If there is any scare tactic that might work, let us use it.

No, the real problem is that there are a lot of people who, for the first time in their lives, see a realistic possibility for the lid to get put on the pork barrel and the gravy train to stop on the tracks. That is what most of this is all about.

Finally, as long as we are talking about the right to know, I think if this body does not do the overwhelming will of the American people, they ought to have the right to know next election the people who were not willing to take the first step toward putting us in a position to avoid bankrupting our grandchildren.

Mr. HATCH addressed the Chair.

The PRESIDING OFFICER (Mr. CRAIG). The Senator from Utah.

Mr. HATCH. I cannot begin to tell folks out there how much I appreciate these new Senators, who really realize how important it is to bring about change in the Congress of the United States. I particularly appreciate these last two who have spoken here today, Senator Grams and Senator Thompson. They know what the feeling is out there. They understand the American people are sick and tired of what is going on. They know that we have to do something about it.

Mr. President, I was very interested in how the Daschle amendment was brought to the forefront here today. I was absolutely astounded at the form of that amendment. That amendment is a trivialization of the Constitution of the United States.

As a matter of fact, the Daschle substitute amendment is unconstitutional. It is constitutionally defective. It sets forth a mode of promulgation for the balanced budget amendment that violates article V of the Constitution. Article V sets forth only two conditions for promulgation by Congress of a constitutional amendment. First, the amendment must be passed by a two-thirds vote of both Houses of Congress.

Second, Congress may specify the mode of ratification of the amendment. That is, Congress may specify either that the amendment is to be ratified by State legislatures or State conventions. These are the only constraints

that the Constitution attached to Congress in promulgating an amendment.

Any amendment that satisfies these conditions must be sent to the States for ratification. However, the Daschle substitute here would add another condition. Under the Daschle substitute, even after the balanced budget amendment has been passed by both Houses, it would not be submitted to the States until after "the adoption of a concurrent resolution as described in section 9 of his substitute."

In short, the Daschle substitute would impose a wholly new condition upon submitting the balanced budget amendment for ratification. The new condition violates article V of the Constitution. It would impose an additional hurdle on ratification by the States of a validly promulgated amendment. It would prevent the States from ratifying the amendment as quickly as they might otherwise do. There is no precedent for this new condition on promulgation, and it plainly violates the heralded article V of the Constitution.

As a matter of fact, under the Daschle approach, Congress could, for example, condition promulgation of a very popular amendment on the States first giving up their power to the Federal Government. If it is popular enough, the States might not even have any control over it.

Some of the opponents of the balanced budget amendment have expressed concern about amending the Constitution. Some of those who have always been against the balanced budget amendment have actually been concerned about amending the Constitution. It would be especially odd if these opponents supported the Daschle substitute, which seeks to amend the Constitution in an unconstitutional manner. The mode of promulgation of the amendment set forth in the Daschle substitute is unconstitutional, and everyone should reject that amendment.

Let me just make the case here for a minute and point to just some of the constitutional language. On the chart you will notice I have a big question mark after "constitutional language." These are some of the new terms that the Daschle amendment has in it, statutory terms, terms that are interpreted by the Congress itself, that they are going to put into the Constitution and load up the Constitution, so there will be even more litigation.

"Aggregate levels of new budget authority." My goodness. Think about that. "Aggregate levels of new budget authority." I will get into these in detail on Monday. I will just list them now. Here are the words "major functional category." What in the world does that mean? It means anything Congress says it is. All of these mean anything Congress says. After we put it into the Constitution, Congress can manipulate these words and the definitions any way Congress wants to. That means the balanced budget amendment would not be worth the paper it is writ-

ten on. It means we trivialize the Constitution with unconstitutional language and an unconstitutional approach.

"Account-by-account basis." These are accounting terms that we are going to write into the Constitution, in the sense of undefined accounting terms?

"Allocation of Federal revenues." What does that mean? What does "reconciliation directives" mean? We all know that in the budget process it means pretty much whatever the budget process says it means. That is continually shifting and changing.

"Section 310(A) of the Congressional Budget Act." Write the Budget Act into the Constitution? As much as many think the Budget Act is a good act, it is not the Constitution and it is not perfect. Some think it is a lousy approach to budgeting.

"Omnibus reconciliation bill." What in the world does that mean? This is language in the Daschle amendment that the opponents of this are bragging would help to protect the people out there. Give me a break.

The Congressional Budget Office? They are going to write the Congressional Budget Office into the Constitution? If there is any office I would not write into the Constitution, it would be the Congressional Budget Office. It is incredible. We will not just need lawyers to analyze the Constitution, we are going to need a group of accountants. Now, if you think lawyers are bad, think about that.

How about economic and technical assumptions? Oh, my goodness, what does that mean? Talk about language that is inappropriate for the Constitution.

And they even write Committee on the Budget into the Constitution. Now, some on the Budget Committee may feel that is a good idea, but in all honesty I do not see how any constitutional scholar would think that is a good idea.

This is trivialization of the Constitution. This is unconstitutional language. This is language that can be interpreted any way the Congress wants to interpret it or the Budget Committee wants to interpret it, or anybody on the floor of the Senate or House wants to interpret it, at any time they want to interpret it, in any way they want to interpret it.

How in the world can we put that type of stuff in the Constitution as though we are writing a mere statute. The reason the Constitution has been in existence and heralded by people all over the world and certainly every American and sworn to be upheld by all of us Members of Congress is because the Constitution does not get into statutory specifics, and it does not leave huge loopholes. It is subject to interpretation as it is, and sometimes the interpreters do not believe it.

But can you imagine the field day those who want to disrupt this country, those who really do not believe in the Constitution, those who really

want to change things all the time, those who want to spend and tax more and more, can you imagine what this type of language will do to benefit them? And this is supposed to be a legitimate amendment? A legitimate good faith amendment? No. It is for one reason, and that is to try to defeat the balanced budget amendment. And the opponents would do it at any cost.

Now, look, let us get down to brass tacks. Since almost every Republican will vote for this, we need no less than 15 of the 47 Democrats over here to vote for it. That is what we need. We need 15 courageous Democrats to match the 72 courageous Democrats in the House. Those people will be heroes to all of us because they will make the difference whether the balanced budget amendment passes. Forget the better than 50 Republicans who will be voting for this. We will give the credit to those 15.

As a matter of fact, I do not care who gets the credit. I just want to get this fiscal house in order. And the only hope we have, after years of profligate spending, after years of unbalanced budgets, after years of people standing up in the Senate and saying, "Let's do it"—I have heard that so much it makes me sick anymore—after years of that type of language, we know we are not going to get there without a balanced budget amendment.

So why do we not bite the bullet and do the things we have to do? Let us not trivialize the Constitution with junk like this.

Now, what does this mean? Well, we have two amendments to it saying if this amendment does not pass, then the President should have to come up with a 7-year plan.

Now, the President's budget will be here Monday. And it is going to have, by their own admission, according to the New York Times, no less than \$190 billion deficits every year for the next 10 or 12 years. And that is assuming that all of the optimistic economic projections of the President and economic factors stay the same.

We all know that is unlikely, because already Senator KENNEDY has been on the floor today talking about increasing the minimum wage. Well, you do not increase something 20 percent and expect it not to affect inflation. Because if they push the minimum wage up from the bottom, you can well bet those at the top of that wage spectrum are also going to demand that same 10- to 20-percent increase.

What does that do? That increases inflation. That means the interest rates go up. That means that we pay more for this second highest item in the Federal budget, interest against the national debt. It means that \$190 billion a year in deficits every year for the next 12 years is very optimistic. It means that for another 10 or 20 years without a balanced budget amendment we will not have any mechanism, not any, other than people saying we should do

it, to get spending under control. Ex-cept maybe increasing taxes.

Do you not think the American people are taxed to death? My gosh, wait until April 15 comes along. Some of the taxes in the President's tax plan, the tax increases do not even hit until this April 15. And I think people are really going to be upset when they find out it is not just the rich that are paying for all this. Everybody in America is paying higher gas taxes right now. They are paying higher gas prices right now. I saw a top premium gas last night for \$1.40 a gallon. It was about a \$1.18 when that tax bill passed.

What do you think causes those things to go up? Why, it is Government, by and large. And count on your gas prices, if we do not get a balanced budget amendment passed, count on your gas prices to start getting up around the European prices of \$2 and \$3 and \$4 a gallon. Wait until America has to do that and our love affair with the automobile is going to be severely hampered. That is where we are headed. That is exactly where we are headed, in the same direction as those socialized economies all around the world which are paying through the nose because they have allowed Government to grow too large.

Mr. President, it is unbelievable to me that anybody would in any kind of sincerity put up an amendment that does this to the Constitution. It is unworthy of this body, in my opinion. Others can come out and argue for it if they want to.

But the fact of the matter is any amendment they bring up is an amendment to kill the balanced budget amendment. And there are some in this body who would do anything to keep on taxing and spending, because that is what they believe gets them elected. To me, it is time to quit worrying about elections and to worry about the country, and the balanced budget amendment makes us worry about the country.

Mr. President, we will have a lot more to say about this on Monday. But let me tell you what is going to happen. Senator DOLE has asked me to tell the Senate that if we have a full and good debate on Monday and probably Tuesday, we may be able to carry over the vote on this Daschle amendment for Wednesday. But if we do not have a good debate and we just waste time around here on Monday, then we will probably move to table the underlying Daschle amendment on Tuesday.

Some of our friends on the other side want to put it over until Wednesday so they can coordinate it with the President's press conference down at the White House, which, of course, is, in the opinion of some, geared to undermine the balanced budget amendment.

We can live with that. We think a good idea does not necessarily have to be afraid to stand up to any kind of withering criticism. It is not very withering after all, anyway.

But we are going to table this Daschle amendment. We have to table

it. We could not for a minute allow this type of stuff into the Constitution of the United States, this type of definitional misuse of words.

Mr. President, that is basically what is going to happen this next week. We looked forward to Monday when we can debate this in earnest and go into some of these words and what they mean in detail.

Also talk even further, about why we need the balanced budget.

I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

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

ECONOMISTS OPPOSE BALANCED BUDGET AMENDMENT

Mr. MOYNIHAN. Mr. President, this morning, in a room just off the Senate floor, a group representing over 450 of our Nation's most distinguished and respected economists—among them seven Nobel Laureates—gathered to express their profound and unequivocal opposition to a constitutional amendment requiring a balanced Federal budget.

Their conclusions, based not on partisan proclivities, but on decades of scholarly inquiry in the field of economics, deserve the full attention of the Senate. I ask unanimous consent that a portion of their remarks be reprinted in the CONGRESSIONAL RECORD.

There being no objection, the remarks were ordered to be printed in the RECORD, as follows:

STATEMENT OF HENRY J. AARON ON THE BALANCED BUDGET AMENDMENT

The economic, legal, and political arguments against the balanced budget amendment are powerful, and I hope that these arguments persuade enough Senators to defeat the amendment in the Senate. Nonetheless, it is possible that the proposed amendments will be sent to the states for ratification. My remarks this morning are addressed to state legislators. They can be expressed in one word: Beware!

Congress has elected not to include in the draft amendment any limit on the capacity of Congress to place mandates on the states. The reason is the supporters of the amendment knew that they could not count on enough votes to pass the amendment if such a prohibition were included. Why are members of Congress unwilling to include such limits in the amendment but instead are limiting themselves to procedural limitations, which they are free to change at any time?

The reason, clearly, is that members of Congress understand that they may wish to carry out policies for which they are unwilling to vote the taxes that would be required under the balanced budget amendment. They wish to reserve to themselves the power to force states and localities to carry out the Congressional will.

Let me be clear. I believe that unfunded mandates are often appropriate vehicles for federal action and I oppose including in the

constitution prohibitions or major constraints on their use. But such mandates, on occasion, have been used abusively or inappropriately in the past. A balanced budget amendment make it quite likely that they would be used far more extensively in the future.

The public mood currently oppose activist policies by the federal government. But anyone with more than an ounce of historical perspective should recognize the political styles change. Should the states ratify the balanced budget amendment, Congress will predictably and inexorably turn to mandates on states and localities to carry out the Congressional will at such time in the future as the public mood comes once again to favor activist government. By forcing states to raise taxes to pay for mandated services, Congress will be able to claim credit, while state officials take the heat.

In plain English, the balanced budget amendment is a time-bomb that threatens to undermine state fiscal and governmental autonomy. State legislators, whether conservative or liberal, should act as custodians for their successors whose independence is vital for the health of the U.S. political system.

STATEMENT OF ISABEL V. SAWHILL

There are lots of reasons to be against a Balanced Budget Amendment to the Constitution. These have been well-articulated by my colleagues today.

However, in my view, there is only one big reason—and that is that a Balanced Budget Amendment is a dishonest means of achieving a worthy goal.

Let me be clear. I am all for balancing the budget. It is the single most important means we have to put the economy on a higher growth path and improve standards of living. But amending the Constitution will not get the job done. Only doing the job will get the job done.

To use a simple analogy, you can't lose weight simply by making a New Year's resolution to go on a diet. You can only lose weight by eating less or exercising more.

Let's have a debate about how fast and when we can safely take off the pounds. Let's also have a debate about whether we should eat less or exercise more. But let's not pretend that resolutions or changing a document as basic as the Constitution will solve the problem.

It substitutes process for problem-solving, pious words for specific deeds, public manipulation for restoration of the public trust.

Thank you.

STATEMENT BY PAUL A. SAMUELSON AND ROBERT M. SOLOW

We oppose the Balanced Budget Amendment because we believe it to be both bad government and bad economics.

At the most fundamental level we think that it is a grave mistake to involve the Constitution in the year-to-year making of economic policy. In this case, especially, when the mere definition of what is allowed and forbidden can never be unambiguous, it seems damaging and foolhardy to impose a constitutional mandate whose meaning will have to be adjudicated on a case-by-case basis by the courts. Federal judges who have better things to do will have to decide whether this or that accounting gimmick counts as revenue or outlay in calculating the balance of the budget. The infinite inventiveness of accountants can always stay one step ahead of the judiciary. It is astonishing that conservatives who think of themselves as strict constructionists can contemplate