

the provision by the United States of one scintilla more than is called for in the agreed framework without substantial concessions from the DPRK; nor will I accept any diminution of the central role that has been set out for the ROK. South Korea is making a huge contribution to implementing the agreement, and it is their national interest that is clearly most at stake. To accede to any demands by the DPRK in this regard is to assist it in its ongoing attempts to increase the United States-DPRK relationship at the expense of any North-South dialog.

Mr. President, I trust that the administration will resist this latest round of inane demands, and refrain from allowing the DPRK to use this issue to turn us into a cash cow. My subcommittee will be watching this area closely to ensure that it does so. I intend to hold a regular series of hearings to afford the administration the opportunity to keep us up to date on developments in this area.

CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. Morning business is closed.

BALANCED BUDGET AMENDMENT TO THE CONSTITUTION

The PRESIDING OFFICER. Under the previous order, the Senate will now resume consideration of House Joint Resolution 1, which the clerk will report.

The bill clerk read as follows:

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

The Senate resumed consideration of the joint resolution.

Pending:

Reid amendment No. 236, to protect the Social Security system by excluding the receipts and outlays of Social Security from balanced budget calculations.

Mr. HATCH. Mr. President, the problems I have already outlined in this debate are not the only objections I have to the proposed exemption. The attempt to insert a reference to a mere statute into the Constitution raises serious questions of constitutional and legal policy which argue against including such a reference.

This amendment exemption proposes to take particular statutes of the United States and graft them onto the Constitution of the United States. This is unprecedented. It may have the effect of giving future statutory enactments constitutional significance. In other words, this amendment seems to establish a sort of quasi-constitutional device whereby Congress and the President—or Congress alone if it overrides a Presidential veto—can do something of constitutional significance by enacting a mere statute.

This amendment would exclude from the general definitions of receipts and outlays in the balanced budget amend-

ment the receipts and outlays of the Federal old-age and survivors insurance [OASI] trust fund and the Federal disability insurance (DI) trust fund.

This amendment would constitutionalize the OASI and DI trust funds on the date of enactment and forever thereafter, however amended. This is no small point.

The entire Social Security Act has been amended hundreds of times. The key section that establishes the old age survivors insurance trust fund and the disability insurance trust fund, or title II of the Social Security Act, has been amended over 20 times, or about once every 3 years. The pace of amendment has increased in recent years. Twelve of these amendments have been made since 1980, or almost once per year.

This amendment is not restricted. There is no limit on the subject matter of future amendments. It will constitutionalize every program or policy that future Congresses add to title II, whether or not related to the original purposes of those trust funds.

Of course, the pace of amendments to title II will likely increase rapidly because this amendment provides an incentive for adding extraneous items: Once in title II, the additional receipts and outlays will be off budget and exempt from the strictures of the balanced budget rule.

Under this amendment, future amendments to title II may have constitutional significance. If this provision were added to the constitution, any amendment to title II, no matter how narrow or minute, would have some constitutional significance.

For example, section 201 of the Social Security Act was most recently amended on October 22 of last year by section 3(a) of the Social Security Domestic Employment Reform Act of 1994. Had the provision offered today been in the Constitution at that time, the language on this chart would have had some kind of constitutional significance. Just look at it:

Sec. 3(a) ALLOCATION WITH RESPECT TO WAGES.—Section 201(b)(1) of the Social Security Act (42 U.S.C. 401(b)(1)) is amended by striking “(O) 1.20 per centum” and all that follows through “December 31, 1999, and so reported,” and insert “(O) 1.20 per centum of the wages (as so defined) paid after December 31, 1989, and before January 1, 1994, and so reported, (P) 1.88 per centum of the wages (as so defined) paid after December 31, 1993, and before January 1, 1997, and so reported, (Q) 1.70 per centum of the wages (as so defined) paid after December 31, 1996, and before January 1, 2000, and so reported, and (R) 1.80 per centum of the wages (as so defined) paid after December 31, 1999, and so reported.”.—P.L. 103-387, §3(a), 108 Stat. 4074-75, Oct. 22, 1994.

Could you imagine what that would mean to the Constitution?

This is not the sort of soaring language proclaiming broad and timeless principles we usually associate with the Constitution. But it is the kind of language that will be given at least quasi-constitutional status by this proffered amendment by those who are offering it. I would think anyone who

reverses the Constitution would want to avoid cluttering up the Constitution and the constitutional order by adopting this amendment and giving such legislative language some new para-constitutional status.

The language of the Reid amendment, like the slogans surrounding it, may look or sound simple, but it has extraordinarily complex implications. The amendment is short because it uses titles, but using simple labels does not simplify the legal ramifications.

This amendment refers to the Federal old-age and survivors insurance trust fund and the Federal disability insurance trust fund, but they, together with their legislative histories, take up some 300 pages in the United States Code. You can find it at title 42, United States Code sections 401-433. I am citing the 1988 edition and supplement V of 1993. There are also volumes of relevant judicial opinions and agency rules and adjudications which could be affected. This amendment's implications are a little clearer if restated with elaboration, as shown on this chart.

Again, is this the kind of constitutional language we want to put in the Constitution?

Look at this next chart:

The receipts (including attributable interest) and outlays of the Federal Old-Age and Survivors Insurance Trust Fund—

By the way, those are the receipts and outlays mentioned in the Reid amendment.

and the Federal Disability Insurance Trust Fund [comprising Title II of the Social Security Act, 42 U.S.C. Sec. 401(a)-(m), Sec. 402(a)-(x), Sec. 403(a)-(1), Sec. 404(a)-(e), Sec. 405(a)-(r), Sec. 405a, Sec. 406, Sec. 407, Sec. 408, Sec. 409, Sec. 410(a)-(q), Sec. 411(a)-(i), Sec. 412, Sec. 413(a)-(d), Sec. 414(a)-(b), Sec. 415(a)-(i), Sec. 416(a)-(l), Sec. 417(a)-(h), Sec. 418(a)-(n), Sec. 420, Sec. 421(a)-(k), Sec. 422(a)-(d), Sec. 423(a)-(i), Sec. 424(a)-(h), Sec. 425(a)-(b), Sec. 426(a)-(h), Sec. 426-1(a)-(c), Sec. 426a(a)-(c), Sec. 427(a)-(h), Sec. 429, Sec. 430(a)-(d), Sec. 431(a)-(c), Sec. 432, Sec. 433(a)-(e) (1988 ed.), as amended, where relevant, and comprising tens of thousands of words, together with all relevant judicial decisions and agency rules and adjudications, comprising millions and millions of words] used to provide old-age, survivors, and disabilities benefits shall not be counted as receipts or outlays for purposes of this article.

Additionally, title II of the Social Security Act is referred to in numerous other sections of title 42 of the United States Code, and it is also referred to in titles 2, 5, 7, 10, 12, 14, 22, 26, 29, 30, 38, 45, 49 appendix, and 50 appendix of the United States Code.

Mr. President, there are further complications raised by the drafting of this attempted statutory exemption. The drafters of the Reid exemption amendment have attempted to narrow the scope of their exemption from previous incarnations by adding an attempt at limiting language. This attempt to paper over the gaping, and hugely elastic loophole created by this amendment only serves to further clutter the constitutional subtext and confuse the

constitutional implications of this provision. The Reid exemption states that it only applies to funds which are used for "old age, survivors, and disabilities benefits."

But it fails to define those terms. The other way you can find the definition is through the statute. The Social Security statute which does attempt to define some of these terms does little to put me at ease about the vagueness. Just look at some of the definitions of that act on these posters. Let us take these two posters behind me and see what I mean about constitutional confusion. This is "Constitutional Language?" Again with a question mark. "42 U.S.C. section 306, definitions."

Section 306 defines "old age assistance" in the first sentence of the section. But it does not end there.

For the purposes of this subchapter, the term "old age assistance" means money payments to, or if provided in or after the third month before the month in which the recipient makes application for assistance, medical care in behalf of or any type of remedial care recognized under State law in behalf of, needy individuals who are 65 years of age or older, but does not include any such payments to or care in behalf of any individual who is an inmate of a public institution except as a patient in a medical institution. Such term also includes payments which are not included with the meaning of such term under the preceding sentence, but which would be so included except that there are made on behalf of such a needy individual to another individual, who (as determined in accordance with standards prescribed by the Secretary) is interested in or concerned with the welfare of such needy individual, but only with respect to a State whose State plan approved under section 302 of this title includes provision for * * *.

That alone shows the problems of writing a statute into the Constitution. But let me read the rest because I think it is worthwhile to the people of this country so see how really absurd this becomes, if we adopt the Reid amendment.

No. 1:

Determination by the State agency that such needy individual has—can you imagine what "needy individual means"—by reason of his physical or mental condition—can you imagine what that means—such inability to manage funds—can you imagine what "managed funds" means—that making payments to him would be contrary to his welfare—do you know what "welfare" means—and, therefore, it is necessary to provide such assistance—what does "assistance" mean—through payments—what does that mean—described in this sentence.

That just gives you a little bit of an idea what writing a statute into the Constitution means.

No. 2:

Making such payments only in cases in which such payments go will under the rules otherwise applicable under the State plan for determining need and the amount of old age assistance to be paid and in conjunction with other income and resources meet all of the needs of individuals with respect to whom such payments are made.

Just the word "needs" gives you heartburn. That could be defined in many different ways. But every word in there can be defined.

No. 3:

Undertaking and continuing special efforts to protect the welfare of such individual and to improve, to the extent possible, his capacity for self-care and to manage funds.

Can you imagine what they could do with this language?

No. 4:

Periodic review by such State agency of the determination under paragraph 1 of this subsection to ascertain whether conditions justify such determination still exists and provision for termination of such payments, if they do not, and for seeking judicial appointment of a guardian or other legal representative as described in section 1311 of this title, if and when it appears that such action will best serve the interests of such needy individual; and * * *.

Let us read No. 5:

Opportunity for a fair hearing before the State agency on the determination referred to in paragraph 1 of this subsection for any individual with respect to whom it is made.

At the option of a State if its plan is approved under this subchapter so provides.

So we have State plans brought into this. What does that mean? Can we have 50 different State plans? Of course, you can.

Such term (i) need not include money payments to an individual whose absence from such State for a period in excess of 90 consecutive days regardless of whether he has maintained his residence in such State during such period, until he has been present in such State for 30 consecutive days in the case of such an individual who has maintained his residence in such State during such period, or 90 consecutive days in the case of any other such individual, and (ii), may include rent payments made directly to a public housing agency in on behalf of the recipient or a group or groups of recipients of assistance under such plan.

Can you imagine if this is written into the Constitution—which it will be because receipts and disbursements will be written into the Constitution—can you imagine what just these paragraphs will do? These are only some of the 300 pages of legislation that come under the title of what is trying to be excluded from budgetary considerations under the balanced budget amendment. You can see why some of us feel that is not the way to approach this problem. It is not the way to protect Social Security because I can give you at least 3,000 different ways right off the top of my head if I had to—it would take us a few days—as to how all those terms can be interpreted, or probably 100,000 different ways given enough time. Once that starts, Social Security is going to be the first to be bombarded by every special interest group in the country under needy, those who are needy, those who are elderly, those who live in housing projects, those who have any number of these qualifications listed just in these few paragraphs. Like I say, we have 300 pages of the Federal Code on this. That could not even begin to touch the thousands and thousands of pages of regulations pertaining to it.

Section 306 right here defines old age assistance in the first section of this section. But like I say, it does not end there.

The next sentence says:

Such term also includes payments which are not included with the meaning of such term under the preceding sentence, but which would be so included except that they are made on behalf of such a needy individual to another individual who (as determined in accordance with standards prescribed by the Secretary)—in other words, the Secretary can prescribe the standards. That becomes constitutional, or at least constitutional as long as it is law.

* * * is interested in or concerned with the welfare of such needy individual, but only with respect to a State whose State plan approved under section 302 * * *.

This goes on and on.

Mr. President, this is not language which belongs in our Constitution. This is legal double-talk, not the consistent, clear statement of principles which we have come to associate with the Constitution.

Remember, since this definition is only in a statute, that statute can be easily amended as we already mentioned. Future Congresses can dramatically alter this definition and thereby change the whole meaning of the constitutional language.

The statutory definition of "disability" is even more convoluted. Just look at it here on this next poster. It goes on for no less than four pages in the United States Code. It has six subsections, and eight sub-subsections.

Both the definition of "old age assistance" and this definition are subject to change through regulations issued by the Secretary. That means that the Secretary of Health and Human Services can amend the Constitution without any action by the Congress. Let me repeat that. The Secretary of Health and Human Services, an appointee of the President, who at best is going to be a temporary occupant of the White House, whoever the President is, that means Secretary Shalala and her successors will be empowered to define constitutional terms for bureaucratic rulemaking. As I have said before, here we are in this new Congress trying to reduce the power of the bureaucracy, and here we have an amendment which is trying to "constitutionalize" it. This is a constitutional abomination.

Let me make that case again. "Constitutional Language?" and a question mark. Title 42 United States Code, section 423, disability insurance benefit payments. This is just one of the definitions that can be changed. Any word can be changed, any paragraph, any phrase, any sentence. Anything in here can be changed by a mere change of statute. But this amendment writes this into the Constitution, which means that although it becomes part of the Constitution, should there be enough votes for it, it can be changed any time anybody wants to change it. Look at this. Look how difficult it is. Disability defined:

The term "disability" means, paragraph (a), the inability to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which could be expected to result in death or which has lasted or can be expected to last for a continuous period of not less than 12 months, or, (b), in the case of an individual who has attained the age of 55 and is blind within the meaning of blindness as defined in section 416(i)(1) of this title, inability by reason of such blindness to engage in substantial gainful activity requiring skills or abilities comparable to those of any gainful activity in which he has previously engaged with some regularity and over a substantial period of time.

Now, they can add another whole alphabet of provisions there and paragraphs if they want to in future Congresses and all of that becomes part of the Constitution.

Let us go to paragraph 2.

For the purposes of paragraph 1(a), (A) An individual shall be determined to be under a disability only if his fiscal or mental impairment or impairments are of such severity that he is not only unable to do his previous work but cannot, considering his age, education and work experience, engage in any other kind of substantial gainful work which exists in the national economy—

Can you imagine the loophole there? regardless of whether such work exists in the immediate area in which he lives or whether a specific job vacancy exists for him or whether he would be hired if he applied for work. For the purposes of the preceding sentences with respect to any individual, work which exists in the national economy means work which exists in significant numbers either in the region where such individual lives or in several regions of the country.

As you can see, it is legal doublespeak—nevertheless important. But is it important enough to put into the Constitution? I just cannot imagine why anybody would want to do that.

3. For purposes of this subsection, a "physical or mental impairment" is an impairment that results from anatomical, physiological, or psychological abnormalities which are demonstrable by medically acceptable clinical and laboratory diagnostic techniques.

Can you imagine how that could be amended?

4. The Secretary shall by regulations prescribe the criteria for determining what services performed or earnings derived from services demonstrate an individual's ability to engage in substantial gainful activity.

Boy, talk about giving the Government control of our lives. Put that into the Constitution and, my gosh, it is going to be unbelievable. It is bad now; can you imagine what it would be like if we put it into the Constitution?

No individual who is blind shall be regarded as having demonstrated an ability to engage in substantial gainful activity on the basis of earnings that do not exceed the exempt amount under section 403(f)(8) of this title which is applicable to individuals described in subparagraph (D) thereof. Notwithstanding the provisions of paragraph (2), an individual whose services or earnings meet such criteria shall, except for purposes of section 422(c) of this title, be found not to be disabled. In determining whether an individual is able to engage in substantial gainful activity by reason of his

earnings, where his disability is sufficiently severe to result in a functional limitation requiring assistance in order for him to work, there shall be excluded from such earnings an amount equal to the cost (to such individual) of any attendant care services, medical devices, equipment, prostheses, and similar items and services (not including routine drugs or routine medical services unless such drugs or services are necessary for the control of the disabling condition) which are necessary (as determined by the Secretary in regulations) which are necessary (as determined by the Secretary in regulations) for that purpose, whether or not such assistance is also needed to enable him to carry out his normal daily functions; except that the amounts to be excluded shall be subject to such reasonable limits as the Secretary may prescribe.

I think I am making the case. Those who are arguers for this or proponents of it are saying all we are asking for is that the receipts and disbursements be put off budget. It is not as simple as that. We all know that every word in the Constitution has resplendent meaning. Every word can be interpreted by the courts in different ways. Every word can be interpreted by Congress in different ways and by the President in different ways. So when you put this into the Constitution and it is a statute, a mere statute at that, albeit important, then you are just asking for it because that becomes a loophole for which you can drive anything you want to drive.

Mr. President, the Framers used only a few thousand words. You can read the Constitution in a half hour from beginning to end, including the amendments. It took a few thousand words, or less than 2,500 words, I think, to create the U.S. Constitution. Title II of the Social Security Act, on the other hand, is comprised of tens of thousands of words and hundreds of pages and thousands of regulations. Many of those are going to have some constitutional significance if the Reid amendment is accepted. Is this what we want to add to our Constitution?

I would like to point out that none of these issues that I am raising can be solved by more elegant drafting. The constitutional problems raised by the unprecedented step of attempting to incorporate a mere statute into the Constitution are simply insuperable. No variations on the theme presented in this amendment can be fixed by an alternative rendering. This amendment and all variations on it are simply unacceptable and wholly inappropriate for a constitutional amendment.

Mr. President, this is not simple stuff we are doing here. This is not a simple amendment. This is not a constitutional amendment, the way they have drafted it. It is placing a statute and all that that statute means and may mean and will mean in the future into the Constitution where they could write anything into it they want. Under the guise of trying to do something good—that is, protect Federal and old age survivors insurance, their trust fund and the Federal disability trust fund, the Reid amendment would

constitutionalize those trust funds on the date of enactment or ratification and forever thereafter, however amended. Like I say, that is no small point. The Social Security Trust Act—both of these trusts have been amended a number of times. I am very concerned if we put language like this into the Constitution.

Let me just spend a few minutes on why is this language essential. Last Friday, we had the pictures of young kids whose future depends on whether we pass the balanced budget amendment or not, whether we are going to get spending under control, or whether we are going to get serious about it, or whether we are going to have a mechanism in the Constitution to help us to get serious about it.

It is no secret to anybody that because of voting power, our seniors now have some of the most massive power in our country today. We keep putting more and more money into our seniors and more and more children are left behind. That is not a reason not to help our seniors. But I do caution everybody that we have to worry about helping our children, too, because they are the future generations who have to pay the price so that the seniors can get their Social Security. But it still does not negate my point.

My point is that the seniors are one of the most powerful voting blocks in our country today and, rightly so; I find no fault with that. They should exercise their voting power. On the other hand, are we not shortchanging the children if we just worry about the seniors, when they have the power to compete very well with every other item in the Federal budget? If we pass the constitutional amendment without the Reid language, everybody knows that the Congress of the United States is going to have to take care of the seniors because of the voting power and because it is the right thing to do.

On the other hand, are we going to do that to the exclusion of everybody else in our society, to the exclusion of children, who are continually getting less and less of the Federal pot in comparison? Well, I hope not. But the only way you can balance these things up is not by writing one special interest group into the Constitution when they have the power and the most massive power in our country today to get their will done anyway. Our seniors and Social Security and most every program pertaining to seniors will complete excellently against all other spending programs of the Federal Government. There is no doubt in my mind about that, and I do not think there is any doubt in anybody else's mind.

In conclusion, Mr. President, I see that the distinguished Senator from New York is here and may want to speak on this subject. The biggest threat to Social Security is our growing debt and concomitant interest payments. Debt-related inflation hits especially hard those on fixed incomes, and the Government's use of capital to fund

debt slows productivity and income growth.

The way to protect Social Security benefits is to support the balanced budget constitutional amendment and balance the budget so that the economy will continue to grow. Senior citizens know this. That is why a recent poll shows that an overwhelming 91.8 percent of senior citizens favor a balanced budget amendment. They know it is simply the best way to protect their children and grandchildren and the best way to ensure that runaway deficits do not lead to runaway inflation, which hurts those on fixed incomes especially hard.

Being a supporter of both the balanced budget amendment and Social Security, I believe this exemption raises major concerns. The proposal before us now, to exempt Social Security, will not only destroy the balanced budget amendment but will cause the Social Security trust fund to run out of money sooner than it would under a clean balanced budget amendment. And I believe that the Senate has already voted on a better way to protect Social Security, which would protect Social Security from benefit cuts and tax increases to balance the budget.

Let me repeat in no uncertain terms that the best way to protect the Social Security program in our country is to pass a clean balanced budget amendment. This is the best and most appropriate way to protect Social Security for our seniors and for all other generations, and to provide for a future for our children and our grandchildren, those who are going to have to work very hard to pay for our Social Security.

I do not know how anybody can read that amendment that is the current pending amendment before this body and not be concerned about writing a statute into the Constitution and about opening loopholes through which you could drive spending trucks bigger than any trucks we have every driven through spending loopholes in the history of the Congress, and do it in a way that totally negates and makes feckless the balanced budget constitutional amendment.

With that, I yield the floor.

Mr. REID addressed the Chair.

The PRESIDING OFFICER. The Senator from Nevada.

Mr. REID. Mr. President, when in doubt, wave your arms, scream and shout.

Now, my friend from Utah has not been screaming and shouting because, in his mild manner, that is not how he speaks. But it appears clearly that those who are looking for a way to oppose this amendment to exempt Social Security are in doubt. That has to be the case, based upon the argument we have just heard.

Mr. President, I have here a copy of the Constitution of the United States. Let us flip over to—

What do we pick? Let us pick amendment No. 16. Amendment No. 16 is the

amendment that allows this country to collect an income tax. I do not know how many thousands of books—not words or paragraphs, books—are in our statutes and codes regarding IRS. Now, using the logic of the manager of this bill, the 16th amendment is inoperable.

We could take the 14th amendment. We know the spate of litigation and legislation that has ensued following the passing of this very important amendment, that dealing with equal rights, due process under the law. How many thousands of words are in our statute books regarding due process? Does that mean it is not a good amendment or it is an unworkable amendment? The obvious answer is no.

Mr. President, what about the 19th amendment? This is the amendment giving people in our country, regardless of sex, equal rights. How many statutes, how many pages in our code books are relating to the 19th amendment?

I say, respectfully, that the argument of the manager of this bill indicates to me that there are grave reservations on their behalf that their position is valid. Otherwise, how could they come up with anything as ridiculous as reading statutes that apply to a particular part of the constitutional amendment?

My friend from Utah used a couple of terms that I think are reversibly applicable, "legal doubletalk." Well, I am not sure legal doubletalk is really clear enough. It is at least 10 or 12 times more than doubletalk. Another statement made by my friend from Utah is, "I think I am making my case." With all due respect: Sorry, case not made.

I see a member of my staff walking in here. I sent him out just a minute ago to see what he could grab close by that were code books relating to the 16th amendment. These are just a couple at random that were grabbed right outside the doorway here.

I do not know, Mr. President, how many pages we have here. This book has about 1,600 pages; this book about 1,200 pages; this book about 1,700 pages. These are just a few. These are all my staff could lug in for illustrative purposes.

So we have been through this argument on a previous occasion that the problem that we now have—

I did not write it. Somebody drafted a constitutional amendment to balance the budget. I say, we have a tremendous amount of precedent on this floor that indicates that we, as a Congress, want to keep Social Security out of our general revenues.

The balanced budget amendment does just the opposite. The language of the balanced budget amendment—I will go into this in more detail later on—but the language of the balanced budget amendment, House Joint Resolution 1, says: "Total outlays shall include all outlays of the United States Government." That is what it says. I did not write it.

And I want to simply state that this amendment keeps out of the general

revenues of this country Social Security. That is what this amendment does. It very simply and concisely does that. Social Security should rise or fall on its own merits.

Mr. President, we have heard a lot here this morning, really not too much, that we do too much for senior citizens; we have to worry about our children. I believe we do not do too much for senior citizens. In fact, if you will look at the State of Nevada as an example, you will find that, in Nevada, the average retired worker gets \$680 a month.

That is really not a lot of money. I ask anyone within the sound of my voice—and there are plenty of them—who do try to live on \$680 a month, how difficult it is.

But most people that are living on \$680 a month are seniors. They do not qualify for welfare. Why? Because they are Social Security recipients.

So we do not really overpay senior citizens who are recipients of Social Security. In fact, Mr. President, it is quite the opposite. They are not welfare recipients. They receive benefits from Social Security that they paid into while working and their employer paid into. That is now 12.4 percent of their monthly income.

This Nation was founded based on a core belief that governments are instituted and exist not as rulers but as servants of the people.

The American people are good masters. They are tolerant of mistakes and waste which would have most employees, perhaps, out on the street. But like all employers, the American people have a characteristic that they will not tolerate, and that is dishonesty.

As the servants of the people in 1935, this body and the Government of which we are a part, made a promise to the Nation that we would create a separate insurance trust fund paid for, Mr. President, out of working people's pockets, to provide for the widowed and the aged, the orphaned, and the infirm.

As servants of the people, we radically overhauled the fund in the early 1980's, substantially raising the tax burden that people had to bear in order to secure the Nation's solvency and the system's solvency. That overhaul worked, Mr. President.

The Social Security trust fund now pulls in a substantial surplus to provide for the future when America's graying baby boomers need their promised retirement. There are those, however, who would raid that account to pay for the mess created by the reckless deficit spending in the general fund.

During the past few weeks, I have urged each Senator not to violate the Social Security trust fund in the name of a balanced budget. This would be like going out of your home to go grocery shopping, and when you get there someone has picked your pocket.

To violate Social Security, Mr. President, would not resolve the central problem of this Government, created over the last decade and a half, that we have spent more than we have taken in, and at a very reckless pace, but would create a new and wholly illusory source of revenue which would encourage more spending, not the reductions we so desperately need to put in place.

It would also do something even worse. It would dishonor a promise we made to the American people when we completely overhauled the Social Security system. It would prove this Government unworthy of the only thing it has which really matters: the trust of the American people. It would shred the Social Security contract created by the legislators and presidents of yesterday, and it would justify the cynical rejection of our core values, which is already so badly infecting many of our young people.

There was a time in this country when honor was an individual's most important possession. There was a time that as a people, we looked to a national honor as our most honored birthright. There was a time when one's word was his bond.

So, my colleagues, my fellow Senators, is that time passed? Have we become such little men and little women, of such low morals and such easy virtue, that we can disregard our solemn vows to those whom we serve, to the oaths that we made, to the values we espouse? I think not.

Sixty years ago, this body made a promise to the American people that we would not touch the Social Security trust fund for any other purpose. This promise was reaffirmed by President Reagan, Speaker of the House, Thomas "Tip" O'Neill, Claude Pepper, and the chairman of the Aging Committee, my friend, the senior Senator from New York, who was in on the program to bail out Social Security.

They did it because it was the right thing to do. We should do this because it is the right thing to do. Keep that promise, because it is the plaintive plea of the American people: This Reid amendment is not only for senior citizens, it is for all Americans, so Social Security will protect them.

Mr. President, I see on the floor, the senior Senator from New York and the senior Senator from Florida. I have some questions I want to ask the Senator from Florida. How long will the Senator from New York speak?

Mr. MOYNIHAN. Mr. President, I would like to speak for approximately 10 minutes to make a point in support of the Senator from Nevada.

Mr. REID. Mr. President, I yield the floor.

Mr. MOYNIHAN. Mr. President, I am happy to have this opportunity to make a point which I will summarize first, which is that the analyses of the effect of the balanced budget amendment that have been prepared in the Department of Treasury, for example, have typically been static estimates of

the reduction of Government programs and Government transfers that would be required to reach a balanced budget by the year 2002. I think the familiar figure is about \$1.2 trillion, and we will get that much less in the way of highway funds and this much less in the way of some other program.

I would like to introduce not a new thought but a parallel—and in my view, much more important—point which is that we put in jeopardy with a balanced budget amendment everything we have learned in the 60 years since the Great Depression about Government's capacity, through fiscal policy and monetary policy, to restrain the business cycle and put the economy on a steady path of economic growth.

The Senator from Nevada speaks of the Social Security trust funds. They are in surplus. In 1977 we moved from a pay-as-you-go system which was purely intergenerational. Persons paid into system and moneys were received by people who had left the system, or retired. We went to a partially funded basis in anticipation of the baby boom retirement. We put in place a surplus which would—just to give a sense of the dimension—would buy the New York Stock Exchange.

But we have not saved it. It was used to run or pay down the public debt, which translates into an increase in investment. We have used it for general fund purposes as the Senator from Nevada has said.

All should be on notice that that surplus, that cash surplus, runs out in the year 2012. Thereafter, the increasing portions of the Social Security payments will have to be brought out of the economy generally, not from the payroll tax. The year 2012 is not that far in the distance. I would be closer to 2012 than I would be from the time that I entered the U.S. Senate.

Therefore, the great issue is to maintain the economic growth of the past four decades, which marks a great change in our understanding of this subject. How to maintain more or less steady growth without the panics and depressions that have preceded it for a century and brought the great crisis of capitalism as it was understood to be in the 1930's.

Here is a chart with one of the most remarkable bits of line drawings we will ever see. Here is the real growth, percent change of real GDP—which is gross domestic product—from 1890 up to 1945. Look at that graph. Up, down; up, down; up, down. Three distinct times in that 60-year period there is a drop in GDP of 5 percent; twice there is a drop of 10 percent; once a drop of 15 percent. That 15-percent drop was the 1930's. If you liked the 1930's, you would like what came out of the 1930's—war. World war, with horrors still shaping citizens.

It was thought, what could be done? Classical economics taught us that markets clear, prices change, and we always get the full use of resources.

In the 1930's, an economics developed that we associate with John Maynard

Keynes, however, he is not the only one that said, "No, no, you can have an equilibrium with large proportions of capacity in the work force and capital unused." That was the great insight of the 1930's.

And now, Mr. President, if I may say, I speak about what I saw. I came to this city in the Kennedy administration. I became Assistant Secretary of Labor for Policy Planning and Research. The Bureau of Labor Statistics provided the data on which our economic policies were based. We had in 1958 the first real recession in the postwar period. Unemployment reached 6.8 percent. Then a recovery began in 1959 and 1960. Then it stalled, and President Kennedy came in and unemployment was 6.7 percent.

What to do. The analysis, and a correct one, which followed through three Presidencies, was that the revenues of the Federal Government were greater than its outlays. We kept running a surplus. In consequence, you had fiscal drag. You never reached full employment.

The Kennedy advisers thought of anything that came to mind. They moved the annual dividend on the veterans' affairs life insurance up one-quarter, which brought \$300 to our household. Then inspired, they doubled the dividend, which actually brought us enough money to reach \$1,000, which was a downpayment on the farm we still live in at Pindar's Corner in New York. Walter Heller, with the aid of Joseph Pechman at the Brookings Institution, thought about revenue sharing; if we could give money to the States, they would spend it, and you would not have the fiscal drag of surpluses.

President Johnson's people ascribed to this approach to fiscal policy and followed it pretty much. They did not quite deal with the inflationary aspects brought on by spending in the Vietnam war. President Nixon had to bring that down, but then he had to stimulate it up again.

George Shultz, one of the great public men of our age, as the first Director of the Office of Management and Budget, put in place a balanced full employment budget which he defined as one in which actual outlays did not exceed revenues that would come in at full employment. We built in a deficit to increase employment. It is a little arcane but not so arcane. Your average high school graduate can understand it. It is just if you have been out of high school a long time, it is a little harder.

Look at that performance—up, down; up, down; up, down; prices, panic, depression, and since 1945, a steady growth. This represents real growth, increases in GDP each year, a little tick in 1958, a little tick in 1961, another tick in 1979. The only real recession was 1982, when GDP dropped about 2 percent. Otherwise, steady growth. A great achievement in social learning. I

do not know the equivalent in modern times. And we put it directly in jeopardy with this amendment. A balanced budget, for 12 months; if you think about it, it is an agricultural cycle. We do not live on an agricultural cycle, Mr. President. We live on a 5-year cycle, or something like that.

I would like to go back to the Smoot-Hawley tariff, which was another idea on this floor in 1930. At that time, 1,028 economists pleaded with Herbert Hoover not to sign that bill. He signed it. Within a year, the British had gone off free trade into imperial preference. The Japanese went to the Greater East Asian Prosperity Sphere. In 1933, with unemployment at 25 percent, Adolf Hitler became Chancellor of Germany in a free election within the Parliament. This is what we climbed out of in the way of knowledge and what we are plunging back into in our ignorance.

In 1979, I asked Charles Schultze, then Chairman of the Council of Economic Advisers, would he run the 1975 recession on a computer down at the Council with a balanced budget amendment. He wrote me that the computer blew up—GDP dropped 12 percent.

Just now, Dr. David Podoff, the former chief economist of the Committee on Finance—and now minority chief economist—who studied under Robert Solow, Paul Samuelson, and Franco Modigliani, three Nobel laureates, simulated a drop in the 1995 economy if some—I use a big term—exogenous shock came along, oil prices doubled, Mexico defaulted—you can name a lot of things—and unemployment went up by 3 percentage points. Using Okun's law, as to what a rise of 1 percentage point in the unemployment means, a drop of about 2.5 percent in GDP, he comes up with a new equilibrium of 18 percent below GDP's potential because of this amendment. Unemployment 12 percent. The last time we had 12 percent unemployment was 1937.

That is why, just as the economists tried to warn in 1930, last week Robert Solow of MIT came here with other economists, and read a statement opposing the balanced budget amendment that he and Paul Samuelson, both Nobel laureates, had written. The petition—circulated by Mr. Jeffrey Faux made a number of points about this proposal. But No. 2 is this:

Even if economic forecasting could be done with pinpoint accuracy—

As the Senator from Nevada knows, it cannot be done and as he was saying—

requiring balanced budgets in each fiscal year, regardless of prevailing economic circumstances, is bad public policy. The Federal Government, unlike State and local governments or individual households, has a special responsibility to finance its operations in a way that helps balance economic activity in the entire economy. When the private economy is in recession, a constitutional requirement that would force cuts in public spending or tax increases could worsen the economic downturn, causing greater losses of jobs, production, and income.

Mr. President, we know this, we have shown it, we have done it, and they will curse this generation in times come if we ever inflict this abomination on the Constitution of the United States.

We will not have the resources to pay Social Security benefits. The economy will be stuck at 80 percent of capacity, 15 percent unemployment—whatever it will be. It will not get better because there will be no way for it to get better. The courts will dither and the monetary authorities at the the Federal Reserve will ask what is its capacity. You could cripple the American economy. Just to get reelected? No, Mr. President, there are things more important than getting reelected.

I hope we understand what is at issue: Social Security and the American economy and the extraordinary achievement of economic understanding of the last half century. Nothing less, Mr. President, and we will ignore this to our disgrace if it should pass.

I yield the floor, and I thank my friend from Nevada for allowing me to speak.

Mr. REID addressed the Chair.

The PRESIDING OFFICER. The Senator from Nevada.

Mr. REID. Mr. President, one of the pleasures I have had in serving in the Senate of the United States is to be able to serve on a committee with the distinguished Senator from New York who has just spoken. I think one of the two or three highlights of my congressional career is when a few years ago we did the highway surface bill. We had a real tough time in the committee, we had a difficult time on the floor, and a real tough time in conference.

But we came up with a bill which I am proud of and I think was the beginning of a new surface transportation philosophy in this country. We have come to the realization in this country, as a result of the input of the distinguished Senator from New York, that more highways is not necessarily the answer to all of our problems; that we need incentives to keep people from driving their automobiles.

I could go on at some length about the statement just made by the Senator from New York, but one point is that all Senators who were on the floor during this particular time moved to listen to him.

I appreciate the statement of the Senator from New York.

Mr. MOYNIHAN. I thank my friend.

(Mr. GRAMS assumed the chair.)

Mr. REID. Mr. President, I indicated earlier that I saw the Senator from Florida come to the floor. I am wondering if I could engage in a colloquy with the Senator from Florida. I have some questions based on a previous statement the Senator gave, the answers to which I think the Senator could impart his thoughts and views and I believe wisdom to the Members of the Senate.

I would first ask Senator GRAHAM if he could review the structure of the

Social Security trust funds. Will the Senator do that?

Mr. GRAHAM. Mr. President, I appreciate the question that has been asked by my friend and colleague from Nevada, and it follows on very appropriately after the comments that have just been made by Senator MOYNIHAN, who was here for the restructuring of Social Security.

As Senator MOYNIHAN indicated, up until the late 1970's, Social Security was like most Federal trust funds, a pay-as-you-go system. It took in enough money each year to meet the obligations for that year. But beginning in the late 1970's, it became apparent that as demographic changes were occurring in our country, it would be necessary to change the structure of Social Security.

What were those demographic changes? Demographic changes were not a new phenomena. They occurred throughout man's history and our national history, that is, the rate of births is influenced by historic, economic, and social factors.

I do not know the exact birth date of the Senator from Nevada, but I believe that he and I are approximately the same age, which means we were both born during the period of the Depression. If that is correct, that would indicate both of us were born at a time of relatively low birth numbers in the United States. There were not a lot of parents having children in the period of the 1930's. So we represent a small percentage of the total population of the United States.

Conversely, in the period immediately after World War II, large numbers of persons who had suffered through the Depression and then World War II came back, formed families and large numbers of children were born from the late forties up until the mid-1960's, the so-called baby boom era.

Those demographic highs and lows are going to have significant impact on the demand of the Social Security system. When Senator REID and I retire, if we do, at around 65, we and our cohorts and aides will not be putting too much of a demand on Social Security because there are not that many of us.

Conversely, when our children retire, they will be putting a very substantial demand on Social Security because there are so many of them. So beginning in the late 1970's and particularly with a revision of the Social Security System that occurred in 1983, Social Security shifted from a pay-as-you-go system to a surplus system, and the theory was that amounts beyond those necessary to meet immediate demands would be raised primarily through the payroll tax for Social Security and would build up surpluses until you reached the point that the large number of persons who were born in the post-World War II period reached retirement, and they would then draw upon those accumulated surpluses to meet their needs.

And so this first-blue-then-red line indicates the structure of the Social

Security system as outlined under a surplus plan.

This structure is not a mistake. It is not an aberration. It is not something where part of the machinery went bad. This is the way it is supposed to operate. And so the system is that this year we will have a surplus of revenues in the Social Security over expenditures of approximately \$80 billion.

Mr. REID. Could I ask the Senator another question then?

Mr. GRAHAM. Yes.

Mr. REID. I think the Senator has done a good job of reviewing the structure of Social Security. How does that surplus affect our ability to bring the rest of the Federal budget into balance?

Mr. GRAHAM. Well, it does in a very dramatic way. If Social Security were on a pay-as-you-go basis, it could be melded easily into the rest of the Federal budget because each year you would be taking in approximately the same amount that you would be expending.

However, with Social Security, since it is structured to have large surpluses followed by enormous deficits, it will have a very distorting effect on the rest of the Federal budget if you attempt to arrive at a balanced Federal budget.

Let me just pick a couple of years as an example. In approximately the year 2010, the Social Security system will be running a surplus of close to \$200 billion a year. Now, under the way in which the Federal budget is constructed today and in which this amendment will constitutionally require it to be constructed for all times, all Federal revenues and all Federal expenditures are merged together. That is, a dollar spent on Social Security and a dollar spent on paper clips has exactly the same impact on the Federal deficit.

Now, the consequence of that is that the \$200 billion of surplus that Social Security will be running in approximately 15 years effectively becomes a subtract factor from the rest of Federal expenditures, that is, the Federal Government can run a deficit of up to approximately \$200 billion in the year 2010 and it will not have any effect in terms of a balanced Federal budget because you will be able to subtract the Social Security surplus against the deficit that you are running in the rest of the budget and it ends up at zero. Therefore, you have met the constitutional requirement of a balanced Federal budget.

Let us just take another year, 10 years further down the stream in the year 2025, when we will be running not a surplus in Social Security but a deficit of approximately \$400 billion.

Let me just point out to my colleagues that the structure of this surplus plan is that at a point in about 2019 we will reach a maximum surplus of \$3 trillion plus or minus, and then in a period of 10 years we will spend that \$3 trillion. Every one of those dollars

represents a contribution to an enhanced Federal deficit. So our colleagues who will follow us here in the year 2025 will start their budget deliberations \$400 billion in the hole because that is the amount of expenditures over income in the Social Security system in the year 2025.

I submit to my friend and colleague from Nevada that the Social Security pattern of surplus and then spendout is incompatible with its amalgamation with the rest of the Federal expenditures. It is such a large and such a distorting factor and its structure is so antithetical to the rest of the Federal budget that in my opinion it will be impossible to balance the Federal budget during this period from the year 2019 to 2029 if we mandate Social Security be integrated with the rest of the Federal budget.

Mr. REID. If I could ask my friend another question, it would seem to me from the picture the Senator has painted here the last few minutes that Social Security should rise or fall on its own merits; it is such a large numerical part of our Government that whatever happens to Social Security should be handled alone, separate and apart from the general revenues of this country.

Mr. GRAHAM. The Senator has made a very good point, Mr. President. Let me just put some approximate numbers behind that. This year the Federal Government will spend approximately \$1.6 trillion—\$1.6 trillion.

Of that \$1.6 trillion of expenditures, approximately \$320 billion will be Social Security expenditures. So Social Security represents, more or less, 20 percent of all Federal expenditures.

In terms of Federal income, the Federal Government will take in this year approximately \$1.4 trillion—the difference being the \$200 billion of deficit that we are currently scheduled to absorb this year. Of that \$1.4 trillion of income, Social Security represents \$400 billion. So Social Security represents well over 25 percent of our income into the Federal Government. It represents 20 percent of our outgo. So it is an enormous proportion of our Federal fiscal activity.

That large scale and this peculiar spending pattern—which is dictated by demographic considerations, the surge of births in the population over generations—are the factors that, in my opinion, not only justify, but mandate that Social Security be removed from the rest of the Federal Government and treated as it should be, as a separate fund representing a special trusteeship responsibility between the American Government and the American people.

Mr. REID. Mr. President, I ask my colleague, Senator GRAHAM, are there other policy considerations relating to whether Social Security is included in the Federal budget or off budget, as the Reid amendment proposes?

Mr. GRAHAM. In my opinion there are some very powerful considerations. Let me just mention a few of them.

One is the fact that Social Security, as the Senator from New York indicated, is going to have some serious challenges in and of itself. As an example, there is an assumption among many Americans that the surplus that we have been building up is being invested in some type of security that will be sacrosanct, will be protected, will be prudently managed so that when we need the money—beginning in approximately the year 2019—the Social Security administrators will be able to go to a third party and say, “Here is the money that I invested in you way back there in 1995. We need the money now in order to pay off the rights, the aspirations, the expectations of our current generations of retirees. Would you please liquidate this instrument so we can make these payments?”

Well, the person to whom that question is going to be asked—“Ask not who that person is, because he and she is us.” We are spending that money now, not investing it prudently for future years’ needs. We are spending it to finance the deficit. There is no pool of money that is being prudently managed. So when the year 2019 comes, the Social Security Administrator is going to come to us, those who will be in these seats, and say: I need approximately \$40 billion, which is the amount beyond what we will take in this year in order to meet our obligations. Please write us a check for \$40 billion.

We are going to have to either raise taxes or cut spending somewhere another \$40 billion, or some combination, in order to meet those obligations. That is a very serious issue. We need to be able to deal with that issue. We need to be able to deal with it, in my opinion, as a separate, discrete issue, not commingled with the question of whether we are trying to do it, really, as an under-the-rug way of balancing our Federal budget demands this year.

I think as long as we have Social Security integrated with the rest of the Federal budget, we are going to be frozen in our capacity to deal with some of the real, fundamental issues facing Social Security because there will be this cloud of suspicion that we are doing it, not to protect and solidify and make more reliable Social Security, but are just doing this as a means of balancing the Federal budget on the back of Social Security.

So I think that is just one policy reason why we ought to remove Social Security from the rest of the Federal budget as it relates to this constitutional amendment to require balancing and be able to treat with the real needs of the Social Security system as an independent trustee would do, not as politicians subject to the cynical charge they are doing it in order to balance the rest of the Federal budget on the savings of our Social Security beneficiaries.

Mr. REID. I have a subsequent question I would like to ask the Senator.

What would be the Senator's answer if a question were asked, which I am asking: If this amendment, the Reid amendment, is not agreed to and Social Security becomes again part of the general revenues of this country, what is the future of Social Security?

Mr. GRAHAM. Mr. President, I think the future of Social Security, if it is held within this balanced budget amendment as part of an integrated Federal budget, will mandate major change. For instance, I think we will have to go back to a pay-as-you-go approach to financing Social Security. In my judgment it is incompatible to have a combination of, one, a surplus approach to financing Social Security and, two, a constitutional mandate that Social Security revenues and receipts be integrated, commingled with everything else that the Federal Government does and, third, that the result of that Federal budget is an equilibrium, a balance of expenditures and revenues.

Those three principles are, in my judgment, incompatible. So I think we will have to go back to a pay-as-you-go Social Security system and therefore will face, as the Senator from New York stated, intensified intergenerational conflicts as we are going to be asking a smaller and smaller pool of Americans—particularly after the year 2019—to be paying for the costs of a larger and larger group of American retirees.

Mr. SIMON. Will my colleague yield?

Mr. GRAHAM. I would, but—

Mr. REID. I have the floor.

Mr. SIMON. I apologize.

Mr. REID. I ask, will the Senator wait until I finish the colloquy with the Senator from Florida?

Mr. SIMON. Sure. I did not realize the Senator from Nevada had the floor.

Mr. REID. I see the Senator has some other visual aids here that he wanted to go over. Is that right?

Mr. GRAHAM. I do. These really relate, not specifically to the Social Security issue, but rather to the general question of should we have a constitutional amendment requiring that we balance the Federal budget, a proposition that I support. We should have it.

Mr. REID. As does this Senator.

Mr. GRAHAM. We should have such amendment. But it should be a thoughtful, sensitive—frankly, a smart amendment, not one that is just a mindless sledgehammer. And I believe part of that intelligence is to use a scalpel and remove Social Security from the balanced budget amendment, treat it as a separate item, and then balance the remainder of the Federal budget.

Mr. REID. Has the Senator from Florida not also suggested that one of the avenues would be to extend the time out for a few years until you balance the budget? Will the Senator explain that?

Mr. GRAHAM. Yes. I have indicated one thing that I think we are going to

have to do if we do not agree to the Reid amendment; that is, we are going to have to go away from a surplus system of Social Security to a pay-as-you-go, which I think would be a serious step backward and will put in political, if not economic, jeopardy the future of Social Security because of the generational conflicts that it will create.

One of the purposes of this surplus system was to avoid exactly those generational conflicts. The people who are going to be benefited after the year 2019 are paying the taxes that are building the surplus. So, essentially, they are making a payment for themselves. I do not believe we can continue that system if we require a balanced budget which integrates Social Security with the rest of the Federal budget.

I believe if the Senator's amendment is adopted that a change that we should make would be to rethink the year that we should attempt to reach balance. Currently, we are going to be reaching balance in the year 2002. We do that in large part because we have these significant Social Security surpluses to take into account.

My calculations are that if we adjusted that from 2002 to 2005 or 2006, we would be in exactly the same economic position as we will be with the year 2002, minus the distorting effect of these Social Security surpluses, and we will be able to reach balance in a prudent period of time that will not cause unexpected shocks to the economy. No one wants to be part of passing a constitutional amendment and then find out that we are charged with having contributed to a national recession or depression because of the too-rapid pace in which we tried to bring a 30-year, out-of-control spending pattern into balance.

So if we do not agree to the amendment, I think we are going to have to move away from the current pattern of financing Social Security. If we do agree to the Senator's amendment, which I strongly urge my colleagues do, then I think we should adjust the date from 2002 to 2005 or 2006.

Mr. REID. Mr. President, I say to my friend from Florida, he has been a long supporter of the balanced budget amendment. We need to do a better job of matching our spending with our receipts.

Does the Senator feel that a Social Security exemption, taking Social Security out of the balanced budget amendment, in effect, is a more sound way of arriving at a balanced budget, working with the unified budget of this country?

Mr. GRAHAM. Absolutely. The reason is because there will be so much distortion in Federal expenditures and receipts because of the size of Social Security today—20 percent of expenditure and 25 percent of income—and even more so because of the way in which those revenues and expenditures are taken in and disbursed based on the

desire to meet a generational shift in demographics.

Mr. REID. I would also ask my friend this question. It seems to me that those people who are calling for a balanced budget would have a much easier time, in the first few years of balancing it, if they can use this money which is not theirs, so to speak.

Mr. GRAHAM. I am afraid of that. There are some, such as the Chair of the House Judiciary Committee, who in fact spoke about the reason that he opposed taking Social Security out of the rest of the Federal budget, which was for exactly that reason. It is going to make our task in the next few years more difficult if we are not able to unmask the extent of the deficit by these Social Security surpluses. He is absolutely right. It will make our task more difficult. That is one of the reasons I am suggesting that we extend the period by 3 or 4 years. But I do not believe the purpose of this ought to be to meet our comfort level in the next decade.

I think it is interesting—and I know the Senator is aware of this because we discussed it last week—there have been, I believe, some 27 amendments to the U.S. Constitution since it was first adopted, and only one of those amendments has ever been repealed once adopted. That was prohibition. What that says to me is that we are about very serious and long-term business. When the first 10 amendments, the Bill of Rights, were written, people were not thinking about, "Well, what kind of right of assembly or what type of right of freedom of the press do I want to have for the next 10 years, because I am running a newspaper and I want to protect myself for the next decade?" They were thinking for the indefinite future. And we are the beneficiaries, 200-years-plus-later, of their vision.

We need to think in the same way about what we are doing here this day, this week, this month, this year; that is, if we pass a balanced budget amendment, we should assume that it is going to be part of the Constitution of this country for the indefinite future, and should attempt to structure it in a way that best meets those long-term needs of our Nation.

Mr. REID. I appreciate the answers to the questions.

Mr. GRAHAM. I thank the Senator very much.

Mr. REID. Mr. President, did the Senator from Illinois still have a question of the Senator from Nevada?

Mr. SIMON. Mr. President, if my colleague will yield just for 5 minutes, I would like to respond.

Mr. REID. I have a statement to make. If the Senator has a question.

Mr. SIMON. I do not have a question. I ask unanimous consent that I have the floor for 5 minutes following the statement.

Mr. REID. Mr. President, reserving the right to object, there are a number of other people coming. I do not think

there will be a problem in the world. I withdraw my objection.

The Senator from Illinois, as I understand the unanimous-consent request, desires 5 minutes when I finish.

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

Mr. REID. That is reasonable.

Mr. President, I received over the weekend two letters which I want to share with this body. One letter is from the National Committee to Preserve Social Security, wherein the president of that organization, Martha McSteen, said among other things the following. The letter is directed to me:

This is in response to the Republican Policy Committee analysis of your amendment to exclude Social Security from the balanced budget amendment.

I say as an annotation to this that the Republican Policy Committee came out with a paper as to why this amendment was not good. Martha McSteen is responding to that. She said:

The first option presented in the paper makes clear once again that supporters of the balanced budget amendment intend to continue using the Social Security trust fund surpluses to mask the general fund deficit. The analysis under option 1 reminds lawmakers that, if the amendment to exclude Social Security is adopted, the Government will no longer be permitted to use the surplus to mask the deficit and would be forced to cut spending or increase taxes . . . Of course, this is precisely what must happen if the Congress is serious about dealing with the deficit. Continuing to use Social Security surpluses to mask the deficit only allowed the continuation of deficit spending in the general fund. The Republican policy paper notes that excluding Social Security would "make it harder to achieve a balanced budget." But although it is a more difficult path, it is the only fiscally responsible path towards balancing the Federal budget.

This is exactly what my friend, the senior Senator from Florida, just said on this floor.

Ms. McSteen continues:

A balanced general revenue budget which does not rely on borrowing from Social Security is a budget which will foster the savings necessary to create jobs and to increase productivity. This ultimately is what is necessary to finance retirement of baby boomers. Excluding Social Security receipts and outlays under a balanced budget amendment is an accounting system used by employers and State governments all over the country to balance their budgets without counting the returns of funds as revenues. These entities all recognize that these funds are collected for the purposes of retirement, not general fund financing. The Federal Government should be held to the same standard of fiscal integrity.

I think that says volumes, Mr. President, about option one of the Republican Policy Committee.

Option 2: She says:

Reid argues there is a potential loophole for Congress to redefine other spending programs as Social Security. Of course, the implementing legislation which supporters contend can deal with any problem with the balanced budget amendment could certainly deal with this problem. At any rate, we believe that Americans would not tolerate such a plainly deceptive practice which would un-

dermine Social Security while increasing the deficit.

We have said in this debate, Mr. President, that it would take a 60 vote supermajority to allow any other programs to come into the program. So for this and other reasons, Mrs. McSteen is right.

Third option: Mrs. McSteen complains that

Without a constitutional requirement to soundly finance the Social Security system, Congress would deliberately create a deficit in the trust fund. This argument ignores nearly 60 years of history with Social Security. Since the inception of Social Security, Congress has acted repeatedly to keep Social Security solvent, without any constitutional requirement to do so. The discipline of the trust funds' approach has required Congress to maintain a system on a sound financial basis. After all, if the trust funds would run out of money, the Government could not pay the benefits, including Social Security and consolidated budget under the balanced budget amendment, destroys this trust fund discipline, and creates the gravest threat to the future of Social Security.

The fourth option raises a serious problem with the balanced budget amendment. The balanced budget amendment changes the definition of Federal debt under the relevant debt limit. Currently, debt for the purposes of the debt limit is defined as "debt held by the public and debt held by trust funds." The balanced budget amendment changes the definition and limits it to only the debt held by the public under this new definition. The debt, at the end of fiscal year 1994 would be \$3.4 trillion, not the \$4.6 trillion statutorily defined in the Federal debt. Enactment of this balanced budget amendment would wipe out \$1.2 trillion in debt owed to Social Security and other Government trust funds. It is this accounting system which is bizarre and the policy paper analysis for option 4, if the amendment is adopted, Congress will not get away with this budgetary sleight of hand. In conclusion, the nearly 6 million members and supporters of the national committee remain committed to your amendment to exclude Social Security as the only way to preserve the integrity of Social Security under the balanced budget amendment.

Mr. President, I also have here a letter from the American Association of Retired Persons. It says, among other things:

The AARP thanks you for your leadership in trying to protect Social Security in the proposed constitutional amendment requiring a balanced budget. Your efforts, particularly on the Senate floor, underscore the program's importance and the potential impact of the balanced budget amendment on the over 42 million people of all ages who receive Social Security benefits and the 138 million workers who contribute to the system and expect to receive Social Security.

Specifically exempting Social Security recognizes that Social Security is a self-financed program, based on contributions from employers and employees that are credited to Social Security Trust Funds. Social Security currently has over \$400 billion in reserves and is not contributing 1 penny to the deficit. The reserve is projected to grow by about \$70 billion this year alone, and raiding the trust funds would be devastating to both current and future beneficiaries and would further undermine confidence in this Nation's most important program.

A specific exemption in the balanced budget amendment for Social Security is the only way to protect the program from being mis-

used in the name of deficit reduction. Anything less than this exemption is not binding on future Congresses. Older Americans agree that the deficit is a major threat to our Nation's future and that deficit reduction must be a high priority for Congress and the President.

Signed by Harold Deets, president of the American Association of Retired Persons.

Mr. President, the Center on Budget Policy Priorities, of which the executive director is a man named Robert Greenstan, has put out a paper on February 10, where they analyze what the Joint Committee on Taxation says about the Contract With America and other programs now being initiated here in Congress. The final paragraph of this paper says:

The potential for large tax cuts to be enacted and paid for only for 5 years suggest the Nation could be placed on a course in which very large deficits would remain as we get close to the year 2002. If a balanced budget amendment has been approved and ratified, this could create a constitutional crisis. In that crisis, it would be extremely difficult for the largest Federal program, Social Security, to be shielded.

Mr. President, I further say that the amendment that was passed here last Friday is meaningless. I talked about it then. We know that section 7 of the constitutional amendment that is before this body mandates that Social Security trust funds be part of the effort to balance the budget. It is not only in the written English language of the proposed constitutional amendment, but the Judiciary Committee which put the bill on the Senate floor also said specifically that Social Security trust funds will be part of the moneys used to balance the budget. It cannot be any clearer than that.

We know that any enacting or enabling legislation could not supersede the language of the Constitution. So amendments like that which passed on Friday are as worthless as the paper they are written on. It was a meaningless amendment in every form of the word.

We have had many statements, Mr. President, in support of Social Security. When the balanced budget amendment passed in the House, we had Members of that body saying we are going to protect Social Security. The balanced budget amendment will not use Social Security. Their words could fill up more than these statute books on the Internal Revenue Code and what the Internal Revenue Service has done. Stacks and stacks more of words. They mean nothing, because the constitutional amendment now before this body mandates that those trust funds be used to balance the budget. Those statements were made only to divert.

The only way to show the sincerity to protect Social Security is to vote for my amendment. It is very simple. You either exempt Social Security through voting for this amendment or place the Social Security trust fund into a pot to

be used for aid to families with dependent children, foreign aid, farm subsidies, peacekeeping missions to Rwanda, Iraq, to buy B-1 and B-2 bombers. That is what the Social Security trust funds will be used for. The only way to show one's sincerity about protecting the Social Security trust fund is to vote for the Reid amendment.

Mr. GRAHAM addressed the Chair.

The PRESIDING OFFICER. Does the Senator yield the floor?

Mr. GRAHAM. Mr. President, I ask the Senator if he would yield for a question.

Mr. REID. I will yield for a question.

The PRESIDING OFFICER. The Senator has that right.

Mr. GRAHAM. The Senator has raised a point in his last comment, in reading from one of the letters he had received, that I do not think has received adequate attention as relates specifically to Social Security. Let me state my concern and see if I have accurately understood him.

Section 2 of the amendment, which is the section that will require that a three-fifths vote of the whole number of each House—that is the whole number of persons elected—will be required in order to change or to increase the debt limit of the United States held by the public. And the key phrase is “by the public”.

It is my understanding that today when we deal with the debt limit, we are dealing with the debt limit of the United States and all of those persons or entities which may hold a portion of that debt, including the Social Security trust fund, which today holds approximately \$400 billion of the debt of the United States or a shade under 10 percent of the debt.

Mr. REID. The Senator from Florida is correct.

Mr. GRAHAM. So this would say, for the future, we would ignore that portion of the debt that is held by Social Security and for other similar governmental trust funds and that would not count in terms of what the limit on the Federal debt would be.

Mr. REID. That is what the specific language of the proposed constitutional amendment says.

Mr. GRAHAM. That would seem to me, then, to create a situation in which, if this and future Congresses wanted to borrow money, it would be more appealing to borrow money from the Social Security trust fund or other funds like it than it would to borrow money from the general public, corporations, or other potential lenders, since borrowing from the public would require a three-fifths vote to do, whereas we could borrow without limit from the Social Security trust fund without such a restraint.

Mr. REID. The Senator is correct. All these moneys, all these excesses which, as the Senator pointed out earlier, will reach about \$3 trillion, we could borrow against those and it would not even show on our balance sheet—“we,” the Federal Government.

Mr. GRAHAM. In answer to one of the Senator's questions earlier when he asked some of the policy implications of having Social Security integrated with the Federal budget, I said that one of those was that it was going to make it more difficult to deal with some of the real problems Social Security has because there will be this cloud of suspicion that we are doing it not to help Social Security but to raid Social Security. And I suggested that one of those real problems is that the Social Security funds today are invested in U.S. Treasury instruments, for which there is no prudent plan of investment, and essentially the Social Security fund is going to have to come to the Congress in about 25 years, hat in hand, asking that these IOU's be converted into real dollars that can be used to pay the Social Security benefits to real Americans.

My own feeling is that we ought to be looking for ways in which to reduce that level of dependence on Federal Government borrowing, as, I might say, collaterally, have most of the countries which have a social security system analogous to the United States, such as in Europe and Canada. They are using a broader investment pool than just their national treasury.

It seems to me that this language is going to make it politically much less attractive for us to consider those other alternatives to strengthen Social Security, because we are going to have a strong incentive to want to borrow every dollar we can from Social Security, since those dollars do not have to be subject to a debt limit, whereas the dollars that were borrowed from virtually everybody else are subject to a debt limit.

Mr. REID. I say to my friend from Florida that he is absolutely right. We have been through, here in this body, the savings and loan debacle. That would appear as nothing on the radar screen, literally nothing, the billions of dollars that we had to come up with to make whole the savings and loans and those people that made deposits in those institutions. It would be nothing compared to what we would have to do if these moneys are gone when we start delving into the Social Security trust fund which, in effect, would be nonexistent at that time.

Mr. GRAHAM. I say to the Senator, I will just conclude by saying his responses to my questions and his analysis of this, I think, raises even further reasons why it is so critical that we adopt his amendment and treat Social Security as a trust fund, as a contract, as a sacred responsibility between the American people and their Government and not have it mindlessly commingled with the rest of the Federal budget.

Mr. REID. I agree with the Senator from Florida.

I yield the floor to my friend from Illinois.

The PRESIDING OFFICER. Under the previous order, the Senator from Illinois is recognized.

Mr. SIMON. Mr. President, I start off from the same premise as my friend from Nevada and my friend from Florida. The reality is, we have a contract with Social Security recipients.

And I started—I say to my colleague from Florida, if I may have his attention here—I started off precisely where he is for some of the same reasons. If you check back about 10 or 12 years ago, I introduced a balanced budget amendment that excluded Social Security. I want to protect Social Security.

We have today only 11—I should not say “only,” because it is still too high—but 11 percent of those over the age of 65 who live in poverty. And those who say, “Well, since we have 23 percent of the children who live in poverty, somehow this is wrong,” the reality is, Social Security has worked, it is a contract that has worked. We have to protect it. And we ought to deal in other ways to protect the children.

But my reason for not including it, as we worked on the language, in those outyears is because I want the Federal Government to feel that it has an obligation not just when there is a surplus, as there is today, but in those outyears that go down. And some projections have it earlier than the year 2019.

I think if this is agreed to, what leaders of Congress should do—and my friend from Florida has been a real champion in the whole area of senior citizens and protecting them—I think people like Senator GRAHAM and others ought to sit down with the AARP, with other senior groups and say, “How do we protect this in the long run?” I do not want an exclusion where we say, “Well, Social Security is off by itself,” and then in another couple of decades or three decades it starts going down the tube and Congress can say, “Well, that is excluded from the Federal budget. We don't have a constitutional responsibility here.”

I think we ought to protect Social Security. I have voted statutorily for many years to balance the budget without including that surplus, and I know my friend from Florida has also.

But, I think if the constitutional amendment passes—and I would add the great threat to Social Security is the monetizing of the debt; that we are just going to start the printing presses rolling. That is the huge threat. That is what Bob Myers has talked about. This is a judgment call. I respect my friend from Florida and my friend from Nevada and others who are going to vote on the other side of this.

But if this amendment loses, let no one have any doubt about it, that the best way to protect Social Security is to protect the value of the dollar so that those bonds are meaningful. And that is why we have to agree to the amendment.

But I think then we are also going to have to review a lot of things that we have not reviewed up to this point.

Just as one example—I do not know the right answer here—I think is the immigration law. We may very well, as

you look at the demographical studies of our population, we may very well have to say in the future we are going to give priority to younger people as immigrants because of this situation, things that we have traditionally not done before.

But I agree completely that we have to protect the system. I do not want to go on a pay-as-you-go system. I think that would be devastating.

And I have to say, I am not convinced we should follow the path of other nations in terms of private investments. But this amendment does not change that. I think we have to be cautious as we move in that direction.

But I just wanted my colleagues from Florida and Nevada to know that those of us who will vote against the amendment also believe very strongly that we have to protect Social Security.

Mr. GRAHAM. Mr. President, would the Senator from Illinois yield?

Mr. SIMON. Mr. President, I would be pleased to yield.

Mr. GRAHAM. Mr. President, this may appear to be tangential to the issue before the Senate, which is the question of whether Social Security should be removed from the calculation of the balanced budget amendment. But I think that it does, in fact, go to the ability to deal with some of the fundamental problems of Social Security.

Section 2 of the amendment which talks about the Congress having to vote by a three-fifths margin to raise the debt limit specifically restricts that vote to raising the debt limit for debt held by the public. In the committee report it clarifies that is meant to exclude borrowing from the Social Security trust fund or from other Federal trust funds.

I am curious as to what is the rationale of that restriction on only debt held by the public being required to be subjected to that higher than majority vote of the Congress.

Mr. SIMON. Mr. President, the idea here is simply that we have to have some kind of an enforcement mechanism. So to increase the debt, we have to have the three-fifths.

Now the point that my colleague makes that would make it more difficult to shift to a different way of utilizing the funds of Social Security, that is accurate. I would agree with his point, though I have to add that every committee of Congress that has ever studied this, to my knowledge, has come to the conclusion that it would be a great mistake for the Social Security funds to be used for private investment.

Mr. GRAHAM. Mr. President, my concern is that it seems to me if we are concerned about the amount of debt that the Federal Government is undertaking, we ought to be concerned about the amount of debt without regard to who the lender of those funds happens to be.

I am concerned that by saying that we can borrow from Social Security

with a majority vote, would require a three-fifths vote to raise the debt limit where it relates to borrowing from the public, that we will create a political imbalance which will be more attractive to borrow from Social Security.

Mr. SIMON. Mr. President, I think my colleague misreads the amendment here. We are not talking about treating those funds held by Social Security—the bonds held by Social Security—as any different than the bonds held by the Senator from Florida.

Mr. GRAHAM. That is not what the committee report says. The committee report specifically states that the purpose of the phrase “debt of the United States held by the public” is to differentiate between indebtedness which is held to private individuals, corporations, nonpublic institutions, State and local governments, are all part of the category of “The public”—those that are excluded that are the Federal Government trust funds of which Social Security is by far the largest.

So, it seems to me we are setting up a system here in which we create a clear political preference for borrowing from nonpublic entities, for example, Government trust funds, primarily Social Security, as opposed to borrowing from other sources.

I do not understand what the public policy rationale of that is and, more so, what the rationale is of putting that in the Constitution.

Mr. SIMON. Mr. President, I yield to my colleague from Idaho, and then I will yield the floor, Mr. President.

Mr. CRAIG. I appreciate the Senator from Illinois for yielding and I appreciate the question of the Senator from Florida.

Last week, the Senator from California and I got involved in a similar discussion, what the committee report reflects is the current law. What the Senator is reading is the current law. The current law of the Social Security system requires that the Federal Government borrow the reserves. No one can borrow them. They cannot be invested outside of Government.

What the Senator is reflecting, and what the committee report reflects, is the current law. I think it is clear in that report. What would have to happen for it to do as the Senator is suggesting might be done, we would have to go in and change the Social Security laws of our country. That is not what this Senate is about to do in any sense, nor does it want to.

Ever since Social Security was created, the reserves that build up could only be loaned to the Federal Government, and because that is a current and constant process, that is what the report reflects.

Now, outside borrowing by the sale of Government securities, is a separate and different item. Of course, this report reflects that kind of statement. That is what the report of the committee is intended to reflect. I believe if we read it we can read that into it. Clearly, that is what was intended.

I have been involved with this for a long time. As we began to look at Social Security, we knew that the Social Security law was sovereign. Nobody wanted to change it. We did not have a majority vote to change it, did not want to. Nor could we, by crafting an amendment, change the nature of that statute. It was not intended.

Mr. SIMON. Mr. President, I yield the floor.

Mr. REID. Mr. President, I know the Senator from Idaho has the floor, but I would like to ask the manager of the bill a question.

I have had a number of people come over here and then have had to leave the floor because of other meetings taking place. I want to meet the concerns of the Republican leader and finish debate on this as quickly as possible. Would it be possible when the Senator from Idaho completes his statement, that we then go to the Senator from California, who has been waiting here for a considerable period of time? She desires 20 minutes. Then the Senator from South Carolina [Mr. HOLLINGS] has come to the floor three times, seeking the floor. I think it would be good to have him finish his statement, and he said he had 20 minutes. And I see the Senator here from West Virginia who desires 10 minutes, so he could follow the Senator from California and then the Senator from South Carolina.

Mr. HATCH. Mr. President, I ask unanimous consent that the three get permission to speak following the Senator from Idaho, as soon as he has concluded, in that order and for those amounts of time.

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

Mr. CRAIG. Mr. President, I will talk briefly this afternoon about the Reid amendment.

As the Senator from Florida leaves, there is one comment I would like to make about a question that he asked the Senator from Nevada, and an ensuing dialog that they had that I felt was very insightful and extremely important as we address the issue of the inclusion of Social Security and its trust funds inside a balanced budget amendment, as the Senator from Nevada is proposing.

After an analysis by the Senator from Florida—and I am only paraphrasing from memory—I believe he concluded that one of the real problems that put the Social Security trust funds at risk, based on the Social Security law that those reserves must be borrowed by the Federal Government and exclusively by the Federal Government, is that we had to stop the Federal Government or slow down the Federal Government's ability to borrow.

I believe that is what he said. That is one of the great threats. And he is absolutely right. I agree with it totally. The debt of our Federal Government is the threat to Social Security. The borrowing of the Federal Government is the threat to Social Security—not a

balanced budget amendment. The very accumulative activities that this Congress has been involved in for the last few decades.

The Senator from Florida is absolutely right—borrowing is the problem. It is what put Social Security at risk. It is what has consumed the trust funds, in a legal way, in an interest-bearing way. But when the day comes that those trust funds must yield for the purposes of paying the recipients of the Social Security system, what do we do?

This is what Bob Myers said, who was the actuarial of Social Security: Stop the debt creation. That is exactly what a balanced budget amendment is intended to do.

If we pass a balanced budget amendment and if we follow, then, the organic law of the land, the Senator from Florida's worries will begin to decrease. So what he is doing if he will support us in the balanced budget amendment is he will work to protect the Social Security system.

You just do not set it off to the side and continue to borrow the money away from it without some day having to ask the citizens of this country to raise the FICA tax to such a level that it would be confiscatory to the average working person in this country. That is what puts Social Security at risk; not a balanced budget amendment in the year 2002, but an empty trust fund in the year 2020. It is the borrowing of our Federal Government that has created or is creating this risk.

Gross interest is a product of the borrowing of the Federal Government. Right now, that gross interest figure is approaching one-fifth of our total spending. It is the second largest spending item in the Federal budget today. As debt grows, the logic is very simple: So does the interest charged grow. Therefore, I believe the logic that has been put forth by those who are the knowledgeable accountants and economists of the Social Security system is so sound, and that is that the debt is the threat, not the balanced budget amendment, but the very debt that we are all here trying to address and trying to resolve through this new mechanism, and that is the changing of the organic law of our land.

If we do nothing, and my guess is that if we vote the balanced budget amendment down we will do nothing again, because this Congress has demonstrated no political will to be fiscally responsible. What we are trying to do is to rearrange our institutional biases toward a fiscally responsible attitude and away from the pressures of the special interest groups that force us to borrow or cause us to borrow on a regular basis that has created the debt structure that we have.

So I am absolutely amazed when somebody wants to take Social Security and put it in the constitutional amendment and protect it in a way that does not allow the board of directors—the Congress of the United

States—to manage it in a responsible way that will maintain its sovereignty and its solvency as we near those critical years of 2020 and 2030.

According to the Kerrey-Danforth entitlement commission, we saw the figures of what would happen by the year 2030 in their own projections:

Total Federal spending will top 37 percent of the gross domestic product, if we keep this Government on the auto pilot that it has been on for the past couple of decades; net interest will exceed 10 percent of the gross domestic product of our country, and the deficit will be 19 percent of the gross domestic product.

It does not take a lot of good common sense to understand that if we do not deal with this issue now, Social Security is going to be in desperate trouble at that time.

You can almost argue that all of the money of the Federal Government will go to interest on debt and Social Security payments. What about the pressures to fund some of the other programs? That is the risk to Social Security, not the debate on the floor today, not the idea of putting it in the amendment. We are not going to do that. The Congress knows better than to do that and to put it on auto pilot. It will not work. You cannot manage a system that must be managed as Social Security has been over the years.

The statistics and the facts that bear up under the current spending structure and the nature in which Congress now utilizes by borrowing the reserves of the trust funds of Social Security tell us very clearly that it is the debt that is the threat, not an amendment to the Constitution. It is the amendment that we are debating today and will vote on, hopefully, this week or next that will begin to move the Social Security system into a much stabler and fiscally sound economic environment of the Federal budget.

So I am always amazed at the idea that somehow we can wave magic wands. It does not work; it never has worked. What we are talking about here is a balanced budget amendment, and there is nothing magic about this. It just forces an entirely new responsibility and discipline. But the tough choices, as they have always been, will always be right here on the floor of the U.S. Senate and in all of the committees of authority and responsibility. We cannot pass go; there is no easy out.

But for the first time, we will not be able to just simply shrug our shoulders and go borrow a little more money. We will have to make the tough decisions, and in making those, we will have stabilized the economy of our Government, our country and, in my opinion, strengthened the Social Security system tremendously.

Mrs. FEINSTEIN addressed the Chair.

The PRESIDING OFFICER (Mr. INHOFE). The Senator from California is recognized, under a previous unani-

mous consent order, for 20 minutes, to be followed by the Senator from West Virginia for 10 minutes, to be followed by the Senator from South Carolina for 10 minutes.

Mr. REID. Mr. President, the Senator from South Carolina was 20 minutes.

The PRESIDING OFFICER. The Senator is correct. The Senator from South Carolina will be recognized for 20 minutes. The Senator from California.

Mrs. FEINSTEIN. I thank the Chair.

Mr. President, I would like to confine my remarks to four specific areas of concern. I have spoken on the Reid amendment twice before, and there are four specific areas that I want to discuss today.

The first is the committee report and its exemption of the everything-is-on-the-table concept.

The second is the floor discussion, centering around the concern that we are putting a statute into the Constitution.

The third area is the Dole figleaf amendment.

The fourth area is the point that Senator GRAHAM, the Senator from Florida, just made in his comments about section 2 of the balanced budget amendment as presented to this body.

Let me begin with my first point, the committee report and the exemption of the everything-is-on-the-table concept in this committee report.

Last Thursday, I mentioned that on page 19 under the section marked "Total Outlays" of the Judiciary Committee report for this legislation, the language states that among the Federal programs that would not be covered by S.J. Res. 1 is the electric power program of the TVA.

And then in the course of our floor discussion, it became clear that not only was the Tennessee Valley Authority excluded, but the Bonneville Power Authority was excluded as well. In other words, the electric power programs of this Nation took a higher priority than did the Social Security of some 42 million Americans today.

As I began to take a look at the Bonneville Power Authority, the point was raised, "Well, these are not quasi-Federal authorities," and I must dispute that. They are, in fact, quasi-Federal authorities.

I refer this body to the General Accounting Office report entitled "Bonneville Power Administration, Borrowing Practices and Financial Condition," dated April 1994. The facts from this GAO report are as follows:

The Bonneville Power Authority's plan for fiscal years 1993 to 2001 relies on Treasury for about 90 percent of its borrowing, 76 percent from bonds and 14 percent from appropriated debt.

Second, the accessibility of low-interest Treasury financing plays a substantial role in Bonneville Power Authority's approach to financing capital projects.

Third, Bonneville Power Authority is more heavily leveraged than other utilities.

Fourth, the Bonneville Power Authority faces significant operating and financial risks because of its heavy reliance on borrowing, recent operating losses, and various uncertainties.

Fifth, the Bonneville Power Authority's long-term debt in fiscal year 1991 was equal to 96 percent of its total assets, while the figures for public utilities, investor-owned utilities, and the Tennessee Valley Authority were 67 percent, 37 percent, and 79 percent, respectively.

And finally, Bonneville Authority's projected debt for fiscal year 2001 is \$17.9 billion.

It was said on the floor that, if the Bonneville Power Authority got into trouble, this body would then have to consider whether we are going to pick up its debt or not. However, this Government would have no choice but to bail it out because the Bonneville Power Authority depends on the Treasury for 90 percent of its borrowing.

The point I am trying to make is that we are excluding a heavily leveraged power authority from the balanced budget amendment, but we are not excluding Social Security.

To me, that is a mistaken list of priorities.

I was also told on Thursday that I would receive a list of the other items that are excluded from the balanced budget amendment. I have not received such a list, but it is clear that everything is not on the table in the balanced budget amendment as has hitherto been reported.

I must assume that if the wording on page 19 of this report says, "Among the Federal programs that would not be covered by Senate Joint Resolution 1 is the electric power program of the TVA authority," that there are also other programs excluded from the balanced budget amendment.

Now, I do not know whether the programs excluded are some Senators' pet programs, or some House Members' pet programs, or a group's pet programs, or this body's pet programs. But the point I wish to make is it is clear, crystal clear, in black and white, that programs are excluded from the balanced budget amendment. Not "everything," as the distinguished Senator from Illinois says, is on the table.

This report indicates to me that everything is not on the table. I think those of us who are concerned about Social Security have a right to know what other programs are being excluded from the balanced budget amendment that we are not being told about.

Let me go on to my second point. The floor discussion that has just taken place, in essence, says that we should not put a statute in the Constitution. There is a certain iambic pentameter to the amendments of the Constitution of the United States that would not lend itself to anything as crass as protecting old age survivors and benefits trust fund moneys and that it should not be in the Constitution of the United States.

And then, second, the concern is expressed, well, if it is written into the Constitution of the United States, there are sure to come a large number of statutes.

Well, that is correct. However, let us take a look at the 14th amendment to the Constitution of the United States, a very major amendment to the Constitution, an amendment which guarantees civil rights. There are 20 volumes of statutes defining this amendment, and they are right here—20 volumes of the United States Code Annotated. It goes on and on, statute after statute, that has flowed from the passage of the 14th amendment to the Constitution of the United States.

That is well and as it should be because constitutional amendments need enabling action. That constitutional amendment, in fact, even says that there will be enabling legislation. So, frankly, that argument does not hold much water with me.

Let me go on to point No. 3, the Dole figleaf amendment. One of the things that is most disturbing to me about this debate is that the Senate must do just what the House has done. Suddenly we are the second-rate body. Just because the House of Representatives has passed an amendment, we must pass an identical amendment. There cannot be a conference committee to remedy differences.

Suddenly, the highest policymaking body in the United States of America is relegated to an also-ran body. We must do things just as the House of Representatives has done.

I do not accept that argument, Mr. President. People have often said that the House of Representatives and the Senate are like a cup of coffee and a saucer. The House is the cup of coffee, and you drink the coffee out of the cup. The Senate is the saucer into which you pour the coffee to cool it, and to discuss it, and to have it stand the test of time.

If this, in fact, is true, there is ultimate precedent for the Senate to take another course and to fashion its own balanced budget amendment recognizing the concerns of tens of millions of young Americans who are paying FICA taxes today to save funds for retirements tomorrow. These funds may not be available for their retirements.

Now, the Dole amendment. Why is it a figleaf? Why is it a figleaf that does not even cover the parts that a figleaf would normally cover?

Let me try to explain. The Congressional Research Service in an opinion dated February 6 very clearly states that if the amendment is ratified as drafted, Congress would be without the authority to exclude the Social Security trust funds from the calculations of total receipts and outlays under section 1 of the amendment.

The figleaf simply stated that we refer this to the Budget Committee, and we say, "Budget Committee, at your leisure consider this and present back to the Senate at some later time

how to achieve a balanced budget without increasing the receipts or reducing the disbursements of the Federal Old Age and Survivors Insurance Trust Fund and the Federal Disability Trust Fund to achieve that goal." It is whole cloth. It will not make any difference because this esteemed body, number one in the United States of America, would have passed an amendment which enshrines language into the Constitution of the United States that the Dole figleaf is absolutely unable to amend or change in any way. And yet we did it because the House of Representatives did it.

So what passes the House of Representatives is good, and we then must be in lockstep and also pass?

I do not believe that is right. I do not believe that is why the people of the United States elected people to the Senate, to say OK, you say jump and we will say just how high?

We have our own minds, our own voices, our own constituencies that reach deep across the United States of America and involve entire States.

I do not believe that the working men and women of this country are well served if we impose, as this body and the other body have, a FICA tax to pay for their retirements and then we take those moneys and use them to balance the budget. That is wrong. It is dishonest. It masks the debt. It betrays people. And it violates a compulsory tax act which every one must pay.

If we are going to misuse these FICA taxes, then we ought to cut the FICA tax. If we are going to run surpluses in Social Security of more than \$700 billion between now and 2002, then we should save them, not use them to finance the deficit and to balance the budget. That is what we who support the Reid amendment say is wrong, is dishonest, and should not be done.

I would also like to point out that the National Committee to Preserve Social Security and Medicare, representing 6 million Americans, has written stating that clearly this is the case.

I will once again have that letter of February 1 printed in the RECORD, if I may, Mr. President. The Dole amendment, or S. 290, which was at the desk prior to the Dole amendment, are really only fig leaves; they cannot countermand a balanced budget amendment.

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

(See exhibit 1.)

Mrs. FEINSTEIN. I pointed out, for 58 percent of all working Americans, the employees' share of FICA and the employer's share of FICA put together are more than they pay in Federal income taxes. It is a big-ticket item for working Americans. Because it goes into a trust fund—and this trust fund is like an annuity. It is like buying an insurance policy. What you put in you

believe you will get back when you retire—we should protect that trust fund. We should protect that annuity.

The Reid amendment protects that trust fund and protects that annuity, and I am proud to support it and vote for it.

The vote on this issue will be very close. The balanced budget amendment may have 67 votes without the Reid amendment. It may not.

There is, however, enough support in this body to pass a balanced budget amendment with Social Security excluded. So if my colleagues want to take a gamble to try to pass a balanced budget amendment without the Reid amendment because they want to misuse Social Security funds, they can do that. But, they have an opportunity to pass a real and honest constitutional balanced budget amendment that protects Social Security. I know this Senate could pass it, and I hope it does. It will be nobody's fault, but their own if the constitutional amendment goes down because they took this gamble.

Finally, I want to address my remarks to the concern that just came up about section 2 in the budget report. It was the argument made by the distinguished Senator from Florida. That budget report, right in the very beginning of section 2, points out that to utilize funds from Social Security for purposes of this amendment would only take a majority vote. Votes for other than this program would take a three-fifths vote.

To run a deficit, the Federal Government must borrow funds to cover its obligations. Section 2 removes the borrowing power from the Government, unless three-fifths of the total membership of both Houses vote to raise the debt limit.

However, the point that was made by Senator GRAHAM, which is well taken, is that in the case of Social Security this vote would be a simple majority. That is wrong.

To sum up, I would like to commend the Senator from Nevada. I would like to commend the coauthors of this amendment. Many of us have said, if the Reid amendment is agreed to, we will vote for a balanced budget amendment. We have said so for good and just reasons. There is a need for the castor oil of a constitutional amendment to force the body to do some of the things it has been loath to do.

However, without the Social Security amendment, I believe the balanced budget amendment is, indeed, a slippery and treacherous slope. I believe it jeopardizes the retirements of future generations and it jeopardizes a trust that these bodies have put in place with purpose and with specific financing. We should not do that. We should not break that trust with the American people.

I yield the floor.

EXHIBIT 1

NATIONAL COMMITTEE TO PRESERVE
SOCIAL SECURITY AND MEDICARE,
February 1, 1995.

Hon. DIANNE FEINSTEIN,
U.S. Senate,
Washington, DC.

DEAR SENATOR FEINSTEIN: I am writing with regard to S. 290, introduced recently by Senators Kempthorne, Dole, Thompson and Inhofe. The fact that the sponsors of S. 290 believe that it is necessary to take action to protect Social Security under a balanced budget amendment is, in my view, proof that it is imperative that the Senate adopt your amendment to exclude Social Security from the balanced budget amendment.

The pending balanced budget amendment reverses the 1990 law removing Social Security from a consolidated budget and puts Social Security back on budget as part of the Constitution. This presents serious problems for Social Security which cannot be addressed by S. 290 or any statutory measure. The sponsors of S. 290 cannot bind future Congresses to their legislation, or for that matter ensure that this Congress will not modify or overturn this legislation while Social Security would remain on budget as part of the Constitution. I also note that while S. 290 attempts to prohibit Congress from increasing Social Security revenues or reducing benefits to balance the budget, it will allow Congress to continue using the surplus in the Social Security trust funds to conceal the deficit. This only confirms our understanding that the proponents of the balanced budget amendment intend to continue this budgetary charade thereby avoiding balancing the budget until will into the next century.

The nearly six million members and supporters of the National Committee to Preserve Social Security and Medicare strongly oppose this practice of using the surplus generated by the Social Security payroll tax to fund deficit reduction or mask the true size of the general fund deficit.

Let's not forget that the continued borrowing from the Social Security trust funds will only create huge debts for the next generation which will be forced to redeem the bonds through massive tax increases.

The only way for proponents of the balanced budget amendment to live up to the many promises not to harm or undermine Social Security is to explicitly exclude it from the text of S.J. Res 1.

Sincerely,

MARTHA A. MCSTEEN,
President.

Mr. HATCH. Mr. President, the Senator from California dragged a number of volumes of the United States Code down here to the floor to show us all how much legislative language Congress has passed pursuant to the 14th amendment. The Senator from Nevada has alluded to this theme as well. The Senators from California and Nevada seem to be attempting to respond to my criticisms of the Reid amendment's attempt to insert a statute into the Constitution. No matter how many volumes of legislation are brought to the floor, they do not make these arguments responsive to mine.

Mr. President, the entire body of legislation—every and all volumes of the United States Code—are written and passed pursuant to the grant of legislative authority to Congress by the Constitution. But nowhere in the Constitution has any piece of that legislation been incorporated by reference into the constitution text as the Reid amendment attempts to do.

The 14th amendment, like many other grants of power, allows for legislative application. The balanced budget amendment itself grants Congress power to enforce and implement the amendment by legislation. But application of constitutional principles by the legislature is wholly different from grafting a mere statute onto the Constitution. Putting a statute into the Constitution by reference has never been done before, and with good reason. Such a reference would place that statute in a twilight zone of some type of quasi-constitutional status. It is unclear what such status would mean. Apparently the statute referred to, and any amendments thereto, would have constitutional implications—that is, a mere statutory change could alter the meaning of the Constitution, or perhaps we would need to go through a constitutional amendment procedure in order to effect a statutory change in the incorporated statute. It is simply unclear, because it completely unprecedented.

But what is clear is that the Constitution has never referred to statutes, and we should not start now. Other statutes enacted pursuant to constitutional grants of power are simply inapposite to the discussion of this issue, and they provide no precedent for the radical and unjustifiable step of grafting statutes into the text of the Constitution.

I urge my colleagues to defeat this unprecedented, ahistorical, and unjustified step toward constitutional confusion. I urge them to defeat the Reid exemption.

The PRESIDING OFFICER. The Senator from West Virginia is recognized to speak for up to 10 minutes.

Mr. ROCKEFELLER. Mr. President, when the roll is called on this amendment, the Reid amendment, every American will begin to get a much clearer picture of how a constitutional amendment to balance the budget will in fact affect them as individuals. Only by adopting the Reid amendment now before us will the U.S. Senate prove that Social Security is safe—prove that it is safe. And that is why I urge its adoption.

I must be honest with my colleagues. Even though I intend to vote against the constitutional amendment before us, I will vote for the Reid amendment to protect Social Security and the promise that has been made to the people of my State and to the people of America. If the Reid amendment is rejected or dropped along the way—and, of course, there is a real possibility that it could be accepted and then dropped in conference, something of that sort—it will be the equivalent of posting a danger sign in front of every household that counts on Social Security, not only in my State of West Virginia but all across the country.

Our colleagues promoting this balanced budget amendment can promise in every way they can possibly think

of—get on their bended knee and promise they will leave Social Security alone, they will not touch it after they get the amendment ratified—but unless the Constitution also reminds them of their promise, I think the pressure to nip, to tuck, and to do much more to Social Security could be unstoppable. This constitutional amendment for balancing the budget is not just a statement of support for the idea; it is a plan to put the Federal budget on a speeding train. It will require something in the neighborhood of \$1 trillion in spending cuts over 7 years.

Just imagine what Congress will have to consider when the clock on those 7 years starts ticking. All the theorizing will be gone and the budget cutting will start. You can just hear the talk already. "Social Security," they say, "will have to be on the table."

"No, we did not want it to be on the table. We just had no idea that would happen. But it has just come about that it has to be on the table because we have to cut this \$1 trillion, or \$1.3 trillion. How are we going to cut all these entitlements? How are we going to do all this without Social Security and without Medicare and without benefits for disabled veterans?" That is what will happen.

Mr. President, I actually do not know how this will come about. I believe the worst part of this constitutional amendment is its very proponents do not know how they will rush their way to its destination. They defeated the right-to-know amendment. They did that very decisively and deliberately. And because I see Social Security as just one of the sacred trusts that might get torn up on the way, I do not trust them in their budget-cutting zeal. I do not trust their sense of priorities.

But the Reid amendment is one way to keep the Social Security train off the track that could very well plow down any number of things important to people's lives, to their hopes, to their expectations—from vaccinations of children, to home health care for seniors, to the way we repay our debt to disabled veterans.

I mentioned disabled veterans and I will again and again and again, because the people who were wounded in our wars, we have an obligation to them. We pay pensions to them. We have obligations that we must pay, and I fear those obligations will be compromised.

Why do I say that? Because I believe that.

As my colleagues think about the underlying legislation and the more immediate vote on the Reid amendment to protect the Social Security trust funds, I urge you to look at letters from seniors in your State and get a sense of what is at stake.

I have done that and I assume that other Senators have, too. Skip the impersonal postcards generated by interest groups, skip all of the form letters when people's names come rolling out of computers. We all understand that

game. But take the time to pick up some of the personal letters with the kind of very scrawled handwriting from seniors who are truly frightened about what will happen to them if the Social Security trust fund is unprotected and this balanced budget amendment passes.

I have hundreds of such letters. Let me paraphrase the style. Take a letter that I got that starts with:

I am 69 years old and worked every day of my life until I had to retire. I paid into the Social Security fund since the beginning. I collect \$600 to \$800 in Social Security a month, but my bills are more than that.

So she has done everything right all of her life, paid into the fund. She gets Social Security that does not cover her bills. The woman does not live ostentatiously. West Virginia is not one of the richest States in our country. People do not have the luxury of living ostentatiously. When somebody says they cannot pay their bills, I am inclined to believe them because over the last 30 years, I have seen so many people in that condition.

I have letters where seniors from my State painstakingly list their monthly expenses, their rent, their heat, their food, and their prescriptions. They ask me what they can do. In fact, what will they do if Social Security or Medicare is cut? They do not know. They are not hostile to a budget amendment. They are not hostile to cutting the budget. They just do not know what is going to happen to them. They honestly do not, and they are honestly afraid.

Mr. President, I tell you that there are 9 million senior citizens who live all by themselves in this country, many of whom do not have daily contact with others, except sometimes home health care agencies check in on them. They do not know what they are going to do if this comes to pass. They are afraid. Where can they turn in their twilight years for help? I do not know what to tell them when they ask me the question. I do not know how to answer that question.

I ask my colleagues who support the balanced budget amendment and who oppose the Reid amendment, what do you tell the senior citizens of your States? I can only tell West Virginians that I keep fighting to uphold the promise made to them. The benefits they earned by contributing to the Social Security system throughout their working years and careers are theirs. It is not a program; it is a trust fund. It is theirs.

Over 250,000 West Virginia citizens rely on Social Security benefits. Nationwide, almost 30 million senior citizens get their benefits that way, 30 million people. For many, their monthly Social Security check is the difference between poverty and so-called independence, the difference between buying groceries or going hungry.

Thirty-eight percent of senior citizens are not living in poverty today, Mr. President, thanks to Social Security. It has made that kind of a dif-

ference. This is a tremendous achievement that we can be proud of.

So our challenge, as I see it, is, one, to protect Social Security now for the seniors living on fixed incomes; and, two, to plan ahead to ensure that Social Security is there when the young workers who are now contributing over 7 percent of their wages are ready to retire, which will come quicker than they think.

Passing this constitutional amendment to balance the budget without the Reid amendment is one way to guarantee that we will fail to meet either of the challenges that I listed. We must protect the Social Security trust funds from becoming a pawn in a political debate over a politically attractive balanced budget amendment which sounds so reasonable and sounds so simple. That is why so many Americans support it. It sounds so easy.

Here is an example of where the devil in fact really does lie in the details—the details that the proponents refuse, I might say, to spell out, where the right-to-know amendment was rejected. We were told in no uncertain terms that we were all to strap ourselves onto the speeding train and to stop worrying about what and who gets trampled along the way. This does not say that over the next decade, the Social Security system will not need change. It will, for its own sake.

A recent report of its trustees clearly shows that long-term solvency problems threaten the Social Security trust funds. That is amply spoken about on the floor. If changes are not made, the trust funds will be exhausted in the year 2029. We have to begin working on solutions to the danger facing Social Security to restore its integrity, just as courageous Members of this body did, Senator MOYNIHAN being one, in the past; in fact, in bipartisan legislation in 1983. But any change made to Social Security should be designed to strengthen the trust fund, not to surrender to the speed chase started recklessly by the constitutional balanced budget amendment.

This balanced budget amendment—I am sorry; I just have to say it, because I believe it—is a game. It allows politicians to promise to be deficit hawks without requiring one single act on their part or one single clue on what they will actually cut. In my book, that is a game. And because I fear for the people of my State, which is vulnerable to the hidden agendas in this amendment, I support this proposal to make absolutely sure that Social Security is left alone.

I thank the Presiding Officer. I yield the remainder of my time.

Mr. HOLLINGS addressed the Chair.

The PRESIDING OFFICER. Under a previous unanimous-consent request, the distinguished Senator from South Carolina is recognized to speak for up to 20 minutes.

Mr. HOLLINGS. Mr. President, I thank the distinguished Chair.

Mr. President, it is hard to make sense out of the debate in this town. We suffer through tremendous frustrations in trying to balance the budget, trying to pay the bills, trying to put the Government on a pay-as-you-go basis. Every State has to do that. Every city has to do it. I, as a Senator, participated back in 1969 when the Congress voted and the President signed into law a balanced budget. As chairman of the Senate Budget Committee, I participated in President Carter's efforts to cut government spending and leave his successor with a smaller deficit than he had inherited. We have seen the successes of President Clinton's \$500 billion deficit reduction plan, and have known the tremendous struggle and frustration—the partisanship whereby there was not a single Republican vote in the House or in the Senate. Instead, Members predicted that the economy would stall, the deficit would rise, and everything was going to happen in the next hour.

Now comes what the distinguished Senator from West Virginia calls a game. I call it outright fraud, because I know they know better.

Here we are, trying to balance the budget without raiding Social Security, but all we are given is a constitutional amendment that uses these surpluses. This very minute, we have a statutory law on the books—section 13301 of the Budget Enforcement Act of 1990—signed into law on November 5 by President George Bush, which in effect says: "Thou shalt not use Social Security funds." That is the formal statutory law; that is what we should be following today with or without the Dole amendment.

If we are serious about trying to balance the budget, we should recognize that a constitutional amendment alone is not balancing the budget at all. It is a delay. It says you have to pass a joint resolution through both of these Houses, and then send it, and hopefully have 37 States ratify it in the next few years.

So before we pat ourselves on the back for all our good work on balancing the budget, we should be mindful that a balanced budget amendment may not give discipline but rather may inspire creativity.

We have seen that in circumvention of the Byrd amendment which statutorily required Congress to balance the budget, in talk about capital budgets and about off-budget exercises, and in eliminating the fixed deficit targets of Gramm-Rudman-Hollings as they did in the 1990 budget summit.

Rather than recognize these shenanigans, the media in this town are smitten by the Contract With America and eagerly joins in this fraud.

Taking our streets back is not going to balance the budget. The Personal Responsibility Act is not going to balance the budget. The Family Reinforcement Act is not going to balance the budget. The American Dream Restoration Act is not going to balance

the budget. The National Security Restoration Act is not going to do it. The Senior Citizens Fairness Act is not going to balance the budget. The Job Creation and Wage Enhancement Act is not going to balance the budget. Common-sense legal reform is not going to balance the budget, and the Citizens Legislature Act and constitutional amendment to limit congressional terms will not balance the budget.

So I come to this session of the Congress, having worked 28 years now in the vineyards trying to pay the bill and put the Government on a pay-as-you-go basis. Mr. President, we can put the Contract With America into law this afternoon. No budget is balanced, but that is exactly what we need in this land.

On Friday, we got another creative maneuver. We voted on the Dole amendment which said:

Strike the Dole amendment. Strike all after the first word and insert the following: "For the purpose of any constitutional amendment requiring a balanced budget, the Budget Committee of the Senate shall report forthwith H.J. Res. 1 in status quo, and at the earliest date practicable after February 8, 1995, they shall report to the Senate how to achieve a balanced budget without increasing the receipts or reducing the disbursements and the Federal old age and survivors insurance trust funds and the Federal disability insurance trust fund to achieve that goal."

But having the Budget Committee report how to balance the budget obscures what the law already says that the Congress must do. Instead, we have these creative put-offs that the media covers like they would an athletic contest. On Saturday morning, we see the headline "Senate Resolution Bars Congress from Dipping into Social Security." Absolutely false. There is no bar to Congress dipping into Social Security. The folks that write these stories have been covering the Congress and they keep writing it the way the majority wants it written, not the way the facts are. They ought to expose this nonsense. They say it is called a fig leaf, but they do not say why. Why it is a fig leaf is absolutely important. The Dole amendment does not change the Constitution. But the constitutional provision that they want us to vote on after all of the amendments is "total receipts shall include all receipts of the United States Government except those derived from borrowing". That constitutionally mandates the inclusion of Social Security funds. That is the whole point here. You cannot talk sense in this town; no wonder you can't get anything done.

My good friend, the distinguished former Vice President, was on "Meet the Press" this past Sunday. He said, "These are the types of things that we ought to look at, but when you have amendments in the Senate right now that we are going to put in the Constitution that you cannot touch Social Security, this is ridiculous." Those are the words of Vice President Quayle. But the Reid amendment does not say

that at all. You can touch Social Security. We touched it the year before last in the budget.

This particular Reid amendment does not say do not touch it; it says do not include it in your receipts and your outlays and disbursements. That is all it says. The Republicans want to use the \$636 billion in Social Security surpluses—that is the whole point here. If they kill that Reid amendment, then they have \$636 billion in their pocket that they do not have to cut in order to put us on a pay-as-you-go basis. That is the intent of the Concord Coalition which has done some good work. I wish they would get that digital clock that has the running tally of the national debt and put it into the parking lot in front of the Capitol so we could see it every morning when we come to work. But I wish they would not put forth this subterfuge about entitlements, entitlements, entitlements. Social Security is a trust fund; it is paid for. Do not give me 2029. Let us worry about today.

I have said time and again that it is like the 49ers, going down to Miami and running into the stands hollering "We want a touchdown." Get down on the field and score the touchdown. That is what the 49ers did. We are the Government. The Republicans on the other side of the aisle are in the majority. They have control. They have the Supreme Court, they have the House of Representatives, and they have the U.S. Senate. Let them act like they have some responsibility. But do not give me this hit and run driving. All of this is process, process, process.

Nothing is real. Nothing gets done. No budget is balanced. They want to use these Social Security funds.

Mr. President, a few years ago I had a conference with the former OMB Director, Dick Darman at the insistence of President Bush. Later he enumerated in public exactly what he told me in the office. They want to get entitlements. They will not say the word "tax" even though they know that you have to have tax increases as well as spending cuts to balance the budget. Yes, you have to do something about Government spending on entitlements, but Social Security is paid for, so why break the trust? You are going to try your best with welfare, you are going to try your best with health. If you cut health back from a 10-percent growth rate to 5 percent, you will be a magician. You will get the good government award.

President Clinton has already gone a long way in this regard. They say he did not have the courage, but I get letters of thanks for his bringing up health reform last year. The chairman of the board of one of the largest employers in the State of South Carolina recently told me "Keep on pouring on the coals. For the first time, I got my insurance coverage for the employees instead of going up, it went down 10 percent."

Why? Because President Clinton had the courage to bring up health reform. And for that, they ridicule him and the First Lady. They criticized him last year for his proposed cuts in Medicare and Medicaid. Now they are running around here, bumping over desks and talking about no courage, taking a walk, putting up the white flag, and all that.

Where has any Republican put up their budget? They will not do it because they do not want to show senior citizens that they want to use the moneys in the Social Security trust fund. At least the Concord Coalition has the decency to say so. This crowd goes around, like the distinguished majority whip, the distinguished Senator from Mississippi, who says, "No one—no Republican, no Democrat, no conservative, no liberal, no moderate—is even thinking," he says, "about using Social Security."

That is all they are thinking about. Why the big debate?

There is already one exception in the language of the constitutional amendment. Their amendment says, "Total receipts shall include all receipts of the U.S. Government except those derived from borrowing." And the Reid amendment says, "except Social Security trust funds." Now what is the matter with that? Don't give me all this gobbledygook about legislating in a constitutional amendment. They got an exception in here. You cannot hide from this.

What did old Joe Louis tell Billy Conn? "You can run, but you cannot hide." They cannot hide on this one. It is crystal clear and we tried to show that in the RECORD. Some say we are trying to defeat the balanced budget amendment. I voted three times for it; I will vote for it again if you get the Reid amendment in there. But I am not going to breach the trust. I am not going to violate the contract that we made with America in 1935.

I yield the floor.

Mr. DOMENICI addressed the Chair.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. Mr. President, I want to thank Senator HATCH for finding a few moments for me. I was not part of the unanimous-consent agreement. I say to Senator HATCH, whenever it is somebody else's turn, if he will just advise me. I cannot be here longer than 10 minutes in any event.

But I come to the floor to suggest to the senior citizens of this country that, if they want to protect Social Security, they should not adopt the Reid amendment. Quite to the contrary, what he thinks he is propounding, and those who think it is to be off budget, off the constitutional amendment, I believe seniors ought to pay attention, because I believe it will be easier to spend Social Security money on things that are not Social Security if it is outside the budget than if it is within.

Let me give you some examples, as I see it. First of all, if Social Security

revenues and outlays are outside of the balanced budget requirement, you can be sure that Congress will look for ways to move costs into Social Security and out of the rest of the budget.

The Reid amendment says Social Security is excluded from the balanced budget amendment only if the revenues and outlays are, and I quote, "used to provide old-age, survivors and disability benefits." Social Security recipients might think that is only them. But this does not say that. It says "old-age, survivors and disability benefits." So this amendment is saying all of those purposes are now outside of the budget.

And let me give you a couple of examples of what is going to happen.

For instance, the supplemental security income, the SSI Program, as Senator HATCH well knows, going through this debate provides income support for the poor, elderly, and disabled Americans, most of whom also get Social Security benefits. This program is part of the Social Security Act. In fact, it is title 16, and is administered by the Social Security Administration.

But, Mr. President, fellow Senators, and senior citizens who are concerned about this debate, this program is financed out of general revenues of \$24 billion in 1994, not the Social Security trust fund. In other words, Congress budgets out of regular taxes \$24 billion that goes into the trust fund to pay for SSI.

Why could not Congress, when it gets pushed in the balanced budget, why could not Congress cut the SSI to balance the budget and fund exactly the same benefits out of Social Security to protect the beneficiaries? There is no question that Congress can say, "This trust fund is protected. Why don't we just not put the \$24 billion in from the outside. Why don't we just use the trust fund to pay for the SSI?"

I believe it is legal. I believe it is just as possible as any horror or scare story about leaving it on budget.

Now let me proceed. Is that not doing that to "old age" or "disability" benefits? You bet. So the definition used by my good friend from Nevada includes what I am speaking of under the rubric of Social Security, but clearly there is a \$24 billion easy loophole to charge the trust fund for SSI and there is nothing illegal about it.

Now, let me move on and then insert some things in the RECORD.

First of all, I want to move quickly to another notion. Supporters of the amendment of my friend from Nevada, Senator REID, may argue that current law provides a firewall around Social Security requiring 60 votes to raid it.

Now, I do not know if it has been argued, but I think it should be put on the table. Frankly, I had a lot to do with it. It is a Domenici amendment, a Domenici proposed firewall. I helped direct that despite objections from some who wanted to raid the trust fund. That firewall is very important.

But Congress can change it by changing our internal budget rules. In fact,

we saw it happen in the 1993 reconciliation bill.

Let me tell you what happened. The President proposed to increase income taxes on Social Security benefits and instead of giving that revenue to Social Security—I say to my friend—as required by the 1983 bipartisan solvency package—he put the money in Medicare, a pretty healthy chunk of money.

In effect, if the Reid amendment passes, the paradox is it will take 60 votes to run a deficit, but only 51 votes to raid Social Security. Let me make sure everybody understands. Right now, the internal law of this Congress—and I believe it will be there for a long time—permits raiding on 51 votes. But if—if, in fact, you have a balanced budget amendment—and remember, it is enforced by a 60-vote rule—if, in fact, you are overspending, it takes 60 votes.

I assume part of the way to overspending would be to raid the trust fund. If you raid the trust fund, to go out of balance, it will take 60 votes; whereas, if you do not have the constitutional amendment, even with the firewall and all the other things, it will take only 51 votes to raid the trust fund.

Now, frankly, I believe the second thing we ought to make sure everybody knows, the Social Security fund is in danger not by the threats that have been posed by those who essentially, I believe, want to kill the balanced budget amendment—I mean, to me it seems like those who are saying put Social Security outside of the balanced budget clearly understand that many who are for the balanced budget amendment would leave that side of support and say we should not even have a constitutional balanced budget if everything we spend on is not on it.

So, what do I think is the most important thing for Social Security in the future? I believe the best way to protect Social Security, Mr. President, is to balance the Federal budget.

There is no doubt that if you ask economists, those who are familiar with the fund, those who are familiar with its idiosyncrasies, they will say the most important thing to do to protect it is to balance the budget.

If we continue to run budget deficits as we have been for two decades, we will sap all of our already meager national savings, which leads to lower investment and slower productivity growth.

Ultimately, let me tell Members what that means. Lower productivity and slower growth and lack of investment ultimately means stagnant wages. Stagnant wages ruin Social Security trust funds. Lower payroll taxes come from stagnant wages. Stagnant wages come, as I indicated, from spiraling deficits, without national savings, which make long-term interest rates go up, and the Social Security recipient is doomed.

Already we see the deficit in Social Security way out there in about 2½ decades, finally arriving again, because of demographics. And clearly if we have on top of that—without major reform in Social Security in the way out years on top of that—a slower wage growth base, we will never be able to afford the Social Security system.

That gets back to what is best for the seniors. What is best is a balanced budget. What kind of balanced budget? One that is real, one that is true to valid spending processes, that excludes nothing. That excludes nothing.

I want to repeat the fact that because I am here saying the Reid amendment should fail does not mean that this Senator or that Republicans on this side or Democrats on that side that are with the balanced budget amendment and do not want to take the Reid amendment, do not want to vote for it, we are not against Social Security.

Anybody that has taken the floor here and says this is calculated to harm Social Security, listen carefully. We are absolutely convinced that to take it off budget lends itself to more mischief and more robbing of the trust fund than if it is on budget. We are firmly convinced of it and we gave only two little examples today. But they are big. One is over \$39 billion, the one on taxes; and one is \$24 billion, just 1994. They will come up like mushrooms. The way is to make it more solvent but not bite the hard bullets of getting the deficit under control. That is No. 1.

No. 2, make it clear. Social Security and pensions and seniors' well-being is more predicated upon wage growth, productivity increases and economic prosperity than any other commitment of our Government. What is more apt to make those commitments viable and solid? A balanced budget where we spend within our means and live within our revenues.

We do not want to kill the constitutional amendment. Seniors do not want Members to kill a constitutional amendment on an amendment that says it will protect while all the time we are assured that it will kill the balanced budget amendment which is intended to protect seniors, which everybody knows will protect seniors, which everybody knows is a necessity.

I yield the floor.

Mr. REID addressed the Chair.

The PRESIDING OFFICER (Mr. CRAIG). The Senator from Nevada.

Mr. REID. Mr. President, I appreciate the statement of the Senator from New Mexico. I do say, however, that no matter how loud the Senator talks, or how many examples the Senator gives that are not relevant, the fact of the matter is that the only way to protect Social Security is through the Reid amendment.

Mr. President, the Senator from New Mexico did not deny—nor has anyone, as a matter of fact—that this amendment, House Joint Resolution 1, includes in the general revenues of this

country Social Security. There is no question about that.

In addition to that, Mr. President, the report that came to this body from the Judiciary Committee which reported the amendment says that Social Security shall be counted in the general revenues of this country. There is no question about that.

House Joint Resolution 1, section 7, if it passes, it will have passed with 67 votes. We do not have to worry about 60 or 50 votes. If the constitutional amendment passes and does not have the Reid amendment it will include Social Security revenues. Clear as that. No question about that.

My friend from New Mexico said on this floor the best way to protect Social Security is to balance the budget. The best way to protect Social Security, according to my friend from New Mexico, is to use Social Security trust funds. That is what this debate is about.

The debate on this amendment is whether or not we should exclude from the language of this underlying constitutional amendment Social Security receipts. I say yes. There are those in this body who disagree. They believe that Social Security funds should be used to balance the budget. I do not. I think that is wrong.

We can go back, Mr. President, to a history of Social Security. We hear a lot in this body and in the other body about a Contract With America. Let me remind everyone again that the real contract with America is not something that has to be passed in 100 days. The real contract with America was that contract that was negotiated by the Members of the House and the Senate and the President back in 1935.

They set up a trust fund that would be funded by employers and employees so that people when they reached the magic age of 65, they would be able to draw moneys from that trust fund that had been accumulated as a result of their paying into the trust fund with their employers. It is a contract. It is the original contract with America.

We, as Members of Congress, have a fiduciary relationship with the people of this country—not only senior citizens, but the people of this country—to protect moneys. This is for me, my children and my grandchildren. That is what this is all about. We have an obligation to protect those moneys.

We must remember that Social Security moneys come from taxes that are paid. Social Security has not contributed one penny to the multitrillion-dollar debt we have in this body. Not one penny. Why should it be used to help balance the budget?

Mr. President, we know it has been the intent of this body to exclude Social Security from the general revenues of this country. We know that because there is a law that says that. This is a section of our statutes.

This amendment was offered, among others, by the junior Senator from South Carolina who recently spoke on

this floor. It says there will be an exclusion of Social Security from our general revenues—our budget. It says that. This was not a real close vote, although we did have a vote on that.

In fact, Mr. President, by a vote of 98 to 2, this law was passed: 98 yeas; 2 nays. It was the decision of the Senate and the House, and this was signed into law by the President, that we should exclude Social Security trust funds from deficit calculations.

Now, it seems rather unusual to me that we would come along just a few short years later and say, well, that was all wrong, the vote did not really mean that much, and with House Joint Resolution 1, the underlying constitutional amendment that is now pending in this body, it says we are going to include total outlays. I repeat, if it is not graphic enough for everyone, look at the report language that we have. It is a report that came from the Judiciary Committee that included language that says we are going to include Social Security in the general revenues of this country.

There could be no mistake made that this underlying constitutional amendment will take Social Security trust funds and use them to balance the budget.

There have been very few objections raised to excluding Social Security. I heard the Senator from North Dakota say on a number of occasions: "Give me a reason why you would not want to exclude Social Security from the deficit reduction problems we have in this country. Social Security does not add to the deficit."

So why should we?

Some of the reasons that have been raised are, No. 1, we are going to take care of things by using implementing legislation to exempt Social Security from the balanced budget amendment. We know that if the underlying constitutional amendment passes, it will have section 7 in it. This would be part of the Constitution. I have a copy of the Constitution in my hand, Mr. President, and this amendment will become part of this Constitution. If I am not mistaken, it will be amendment No. 28. If it is part of our Constitution, you cannot pass a statute that says the Constitution does not really mean what it says.

If the underlying constitutional amendment passes and you try to pass a law that says the Constitution does not mean what it says, it is obviously unconstitutional. So how could anyone accept the proposition that we will pass a law that will change the Constitution? That is what we are hearing around here.

"We will use implementing legislation to exempt Social Security from balanced budget calculations"—it is irrational; it is impossible to arrive at any conclusion that would make that possible. Attempts to exempt Social Security through implementing legislation would be futile.

I repeat, once the Constitution is amended, to include, as the chart shows behind me, "Total outlays shall include all outlays of the U.S. Government except for those for repayment of debt principal," in effect what we want to put here, in addition to "repayment of debt principal," is "Social Security." That is what this amendment is all about. You cannot change the Constitution with simple implementing legislation.

Senator HEFLIN has said this means that there will be a constitutional requirement that Social Security funds be considered on budget. I point to this for the third time; that is what it says.

"If the balanced budget amendment," Senator HEFLIN continues, "is adopted as presently worded, it would prohibit Congress from legislatively taking Social Security funds off budget and would nullify the provisions of the 1990 Budget Enforcement Act which would require Social Security funds to be considered off budget."

He is not the only one who has said this. It is not as if Senator HEFLIN, who is, I think, one of the leading legal scholars in this body, does not have any support. We have an opinion from the Congressional Reference Service that says:

Under the proposed language, it would appear the receipts received by the United States which go to the trust fund and the Federal Disability Trust Fund would be included in the calculations of total receipts, and that payments from these funds would similarly be considered in the calculation of total outlays.

Thus, if the proposed amendment was ratified, then Congress would appear to be without the authority to exclude the Social Security trust funds from the calculation of total receipts and outlays under section 1 of the amendment.

There has also been an allegation made that statutes never have been incorporated in the Constitution and this would be unprecedented, constitutionalizing a statute.

As I have said before, Mr. President, if a statute is included in the constitutional amendment, it is no longer a statute. We have established through Senator FEINSTEIN and the Senator from Nevada that every constitutional amendment has a spate of accompanying legislation that implements legislation, and that is why we talk about the 16th amendment, IRS.

I think, more importantly, you should know though, this is the first time in the history of this country that we have attempted to affix fiscal policy in the Constitution. So if we are talking about fiscal policy, should we not be concerned about one of the largest fiscal elements of our society, namely, Social Security?

We are also told if Social Security is put off budget, then Congress would have to raise taxes or cut spending to meet this year's deficit and future years'.

That is the whole point of the amendment. We do not believe that the budget should be camouflaged as to its def-

icit component by Social Security surpluses, and that is what would be happening if this amendment is passed without exempting Social Security.

The Senator from New Mexico and others have said on occasion that exempting Social Security in the constitutional amendment would create a loophole.

Well, Mr. President, as I have stated briefly, after Senator DOMENICI spoke, in section 7 of this proposed constitutional amendment, Social Security receipts are lumped into the general budgets of this country. The only way that you could change Social Security, as Senator DOMENICI has said—he acknowledged our previous statement—is if in fact you get 60 votes. So I think creating a loophole is a real stretch.

Now, Mr. President, there are some other things that I desire to say, but I have been in the Chamber now for some time as the manager of this amendment, and I see two Senators in the Chamber. I would be happy to yield to them if in fact they desire to speak on this amendment. Could I inquire through the Chair if the Senator from Georgia and Oklahoma wish to speak on the pending amendment?

The PRESIDING OFFICER. The Senator from Georgia.

Mr. COVERDELL. Mr. President, I do desire to speak on the amendment.

Mr. REID. I am wondering, Mr. President—we have until 5 o'clock—if perhaps we could enter into some type of agreement—I know we did that earlier in the day—and save Senators hustling around. We have about 40 minutes left. How long, may I inquire through the Chair, does the Senator from Georgia wish to speak?

Mr. COVERDELL. I would only require 5 minutes.

Mr. REID. And the Senator from Oklahoma?

Mr. COVERDELL. He is not speaking today.

Mr. REID. I would yield the floor to the Senator from Georgia.

The PRESIDING OFFICER. The Senator from Georgia.

Mr. COVERDELL. Mr. President, I rise to speak on the amendment as offered by my friend from Nevada and the language that has been embraced by the Senator from Colorado.

Mr. President, throughout this debate and, for that matter, throughout the last several years as we talked about the balanced budget amendment I have watched Members of Congress, House and Senate, come before the American people and repeatedly say almost with abandon—and that may be the right word—they support a balanced budget amendment. In the President's State of the Union Address, he told us that he supported a balanced budget amendment. Of course, within a week he submitted a budget that nowhere approached a balanced budget and did not even make an attempt to move toward one. And of course, with all the statements that we have heard from both sides of the aisle, all across

the board, Republican and Democrat, and for years that said they were for a balanced budget, I think the American people can come to the conclusion after 25 or 30 years that must not mean very much because we just do not produce balanced budgets.

Worse yet, we have spent every dime we have—\$5 trillion that we do not have, 30 percent of the property tax base of America through the egregious unfunded mandates, and now we are in the process of spending the Treasury, so to speak, of the children and grandchildren of America—in every corner we can find. So I do not believe that people of the country can take much comfort from a President who says he supports a balanced budget but does not offer one, or from the Members of Congress, no matter what side of the aisle, who come before us and say they are for balanced budgets but never produce one.

Now, the Constitution is our conceptual law. It is an acknowledgment that to manage the affairs of this great Nation there must be core law—core law.

So this idea that we can do this—and this does not need to be added to the Constitution—is a specious argument because there is no issue of greater concern to the health and the future of our country than its fiscal health. No family, no business, no community, State, or nation can conduct the affairs required of it if they are financially unhealthy. And the United States is on the verge of enormous financial destabilization.

So it is absolutely logical that we now add to our core law a process by which we will govern and assure the people of the country sound financial fiscal law.

With regard to the amendment, in my judgment, any amendment of exemption makes the law virtually moot because that exemption will ultimately be the vehicle by which all the pressures we have suffered this last quarter century will focus, whether it is 60 votes or a majority—all the pressures to keep doing what we are doing and to resist change will collapse with the full weight of the last 25 years on the exemption, no matter what it is.

Now, we have focused on Social Security here time and time again. I have to say that I believe this is used to raise fear in our country, and it is used as a vehicle with which to block the concept of core law that will manage our financial affairs.

Now, if you are for a balanced budget and keep saying so, then you would obviously vote for a balanced budget amendment. And if you are worried about Social Security—and everybody says they are on both sides of the aisle—then the first thing you have to do is to produce fiscal health. Otherwise, Social Security and every other meaningful program in our country will fall victim to a financially destabilized nation.

Mr. President, I would just say that we are very dangerously close to being

the first generation of Americans that would be willing to turn over to the future of our Nation a country that is financially destabilized and unable to properly care for itself.

Mr. President, I yield.

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

Mr. COVERDELL. Mr. President, I would be glad to yield if I am within the time agreement.

The PRESIDING OFFICER. The Senator from Oklahoma.

Mr. INHOFE. I thank the Chair.

Mr. President, the Senator said something about how long we have been talking about the balanced budget amendment, and tomorrow I plan to go back and revisit an experience I had with Senator Carl Curtis, a former Senator, conservative Senator who was the father of the balanced budget concept way back in 1972.

At that time, when his idea was to get three-fourths of the States to ratify, force Congress to do this instead of talking about it, he brought up at that time that every time it has been brought up it has been killed by someone who wanted to have an exception to it written into the Constitution, knowing full well that it will not work.

Does the Senator think that after 22 years, people out there are now going to be in a position to demand that we quit talking about it and do it?

Mr. COVERDELL. The Senator from Oklahoma is absolutely correct in the assertion of his statement. The American people want the balanced budget amendment passed. It was the centerpiece in the election just concluded; 70 or 80 percent, depending on whose poll you read, want this balanced budget amendment passed, and the reason is they have heard us say we are for a balanced budget time and time again—they heard the President say it just the other night—and then within hours in history reverse themselves and do nothing to produce it. And so they come to believe that the only way our system will be disciplined enough in the core responsibility of caring for the financial health is for it to be written in the core document that governs the United States, that is, the Constitution of the United States.

Mr. INHOFE. Will the Senator yield for one more question?

Mr. COVERDELL. I certainly will.

Mr. INHOFE. Does the State of Georgia have a balanced budget constitutional amendment?

Mr. COVERDELL. Yes, they do. It goes further than this one. If the Governor fails to meet it, he goes to prison.

I remember very well when I first went to the State senate, within several years, we were going to exceed our revenues by some \$120 million. The Governor was forced, choosing this over prison, to call a special session, and we found a way to eliminate the expenditure of \$120 million.

Now, if that amendment, a requirement and discipline, I might point out

to the Senator from Oklahoma, if it had not been in place, do you think we could have come into special session? Do you think we would have taken on the hard job of finding where to eliminate \$120 million?

The answer is no. It required a discipline built into our core governance, the Constitution of the State of Georgia, to force us to make the hard decisions, which we did. We fought about them. We set our priorities, made the decision, and went home. Some were happy, some were not, but we made the decision, Mr. President. We made the decision. And we kept the finances of the State of Georgia intact. I might add that the financial health of my home State is considerably improved over the financial health of our home nation.

Mr. INHOFE. I appreciate the Senator yielding. I asked that question because in the State of Oklahoma, I went back and read extensively about our balanced budget amendment which we passed in 1941. The interesting thing is the same arguments that are being used today in this forum were used back then, saying that it would not work, and it has worked since 1941. It would not have worked if it had not been in the constitution.

I thank the Senator for yielding.

Mr. COVERDELL. I thank the Senator, and I thank the Senator from Nevada for yielding time.

The PRESIDING OFFICER. The Senator from Nevada.

Mr. REID. Mr. President, I say through the Chair to my friends from Georgia and Oklahoma a couple things. First, I want the record to be very clear the majority leader, the Republican leader, has been entirely fair with this Senator and those of us sponsoring this amendment. Going into this I asked the senior Senator from Utah that we be given enough time, because of the importance of this amendment, to debate the issue. We have had that opportunity. It is my understanding the leadership is now working on a time sometime tomorrow that we will vote on this amendment. I think we have had an adequate time to debate this issue, for which I am publicly thankful to the majority leader.

The point that I raise here is there has been no effort to stall this. We have had a full and complete debate. I do not think we have had a quorum call, to my knowledge, during the entire time that my amendment has been debated.

I do say, however, in response to some of the statements raised by the Senator from Georgia that people are trying to raise the fear of Social Security recipients: Mr. President, I am not trying to raise the fear of Social Security recipients. I am trying to inform the Social Security recipients of the facts. And the facts are, if this amendment passes, the underlying amendment, Social Security will be included in the general funds of this budget. I do not know if that will cause fear to be

instilled in senior citizens. If it does not, it should, because clearly the American public, who badly want a balanced budget amendment, do not want Social Security receipts to be part of the balanced budget amendment.

My friend from Georgia said 70 or 80 percent of the people want a balanced budget amendment. That is true. But 90 percent of the people of this country want a balanced budget amendment that excludes Social Security.

While it is not a big issue and not part of this amendment—and my support of the balanced budget amendment is not contingent upon a capital budget—I think it is fair to inform everyone that the States of Georgia and probably Oklahoma and I know Nevada have a balanced budget requirement but they exclude capital expenditures. We have a beautiful new building in Las Vegas, a State building. But that State building was paid for with bonds, or a considerable part of it. BONDS. That is moneys that are paid on time, so to speak, like when we personally buy a home or we buy a car personally, or a company buys a piece of equipment. Not often is cash paid for it.

Mr. President, I see the distinguished Senator from Alabama here. Does the Senator wish some time?

Mr. HEFLIN. Yes, I would appreciate some time.

Mr. REID. Please proceed.

The PRESIDING OFFICER. The Senator from Alabama.

Mr. HATCH. Will the Senator yield for a unanimous-consent request?

Mr. HEFLIN. Certainly.

Mr. HATCH. Mr. President, I ask unanimous consent, so we have some order, that when the distinguished Senator from Alabama completes his remarks in the time he desires, then we move to the distinguished Senator from Tennessee so we can keep some sort of an order here.

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

Mr. HATCH. I thank my friend.

Mr. HEFLIN. Mr. President, I strongly support the resolution calling for a balanced budget amendment. I think it is long overdue. It provides the discipline that is absolutely essential if we are going to balance the budget and eliminate deficit spending. However, I do feel in a balanced budget resolution we ought to provide for the absolute truth as it would apply to deficit spending, at least to the extent of having Social Security off budget and not a part of the overall budget.

When Social Security was created in 1935, it was created as a trust fund to be held separate and apart from the general operating budget of the Government. That was true up until 1969, when it was used to, really, hide the true deficits that were occurring as a result of the Vietnam war and some other matters that called for the expenditure of funds.

In 1990, we attempted to take Social Security off budget and have truth in the budget. That was the intent but,

under some mechanisms and maneuvers, we do not really have it today.

The amendment calling for a balanced budget would mean that we would have Social Security funds included in the budget process for the general operating budget, and this causes me concern. I have looked at figures of projections which the Social Security Administration has worked up relative to the amount of excess of receipts over outlays, or surpluses, that are occurring. In 1995, which is the present fiscal year we are in, the Social Security trust fund will have a surplus of \$69 billion; in 1996, \$73 billion; 1997, \$78 billion; 1998, \$84 billion; 1999, \$90 billion. In the year 2000, \$96 billion.

I do not have the figures, but as I understand it, they continue to grow and we will say, by the year 2001, it is in excess of \$100 billion.

The present projected deficits, according to the President's budget and otherwise, indicate that at around the year 2001 we will have deficit spending around \$200 billion. According to the Social Security Administration, the surplus in the Social Security trust fund in the year 2001 will be \$951.8 billion. What happens to that surplus? The surplus is invested with the idea of drawing interest in order that that interest can compound the assets each fiscal year to make it grow. We hear the term that it is designed to make it more actuarially sound.

So you have interest that is then growing, and in the year 2001, according to the Social Security Administration, they anticipate—and it is based on factors based largely on interest rates today—that the Social Security trust fund will yield about \$63.3 billion in interest in the year 2001.

So we have coming in \$100 billion and \$58 billion from interest, making approximately a total of \$158 billion that will be coming available as surplus interest and surplus payments in the year 2001. The year 2001 is the year before 2002, which is the target date for balancing the budget.

So you say if Social Security is a part of the budget, then in the year 2001, we will find—the projections on the deficit spending as of that year would be \$200 billion—if you allocate toward the reduction of the deficit \$158 billion, coming from principal that comes in to be paid plus \$58 billion that would be drawn on interest on the surplus, it would leave \$42 billion that you would have to cut in programs.

It seems to me that if you were at the stage of that and you were attempting to balance the budget and to bring about a reduction of spending in unwise programs, you would not want to be in that position. But under the language here, under the definition of total receipts, the total receipts include all receipts of the Government except those that are obtained or derived from borrowing. So, therefore, it is mandatory that at least \$100 billion of the principal has to be included on the receipts side relative to the balancing of the budget.

This matter of attributable interest causes me concern. The definition of total receipts shall include all receipts of the U.S. Government except those derived from borrowing. Therefore, when the Social Security surplus, nearly \$1 trillion in the year 2001, has been invested and you bring in the money that has been obtained from borrowing, it means, therefore, that the interest, the attributable interest, is not included. One would think it would be included from the borrowing. But when it comes to the outlays, it is excepted because of the fact that you cannot allow under the definition of outlays to pay back interest under the concept of the budget. So, therefore, you are in a situation where the total receipts shall include all receipts of the U.S. Government except those derived from borrowing. That means you include all receipts that the Social Security tax pays, and it is required that you have to do it.

The money that is invested by Social Security funds can be paid back, and they will be paid back, because it says total outlays shall include all outlays of the U.S. Government except those for the repayment of debt principal—debt principal—but it does not guarantee necessarily that the interest will be included in the budget. Therefore, it puts it into a situation of uncertainty as to whether or not the interest will be repaid. But the debt principal, of course, is not included in the outlays and, therefore, you have a problem that arises in connection with that.

I think that we ought to at least, if the Reid amendment is defeated, address the question of debt interest that is coming in regard to the Social Security Administration. This is sort of a complicated concept. But it ought to be that attributable interest is also kept off budget, and that we do not have to depend on the payment of interest to come from actual outlays that are appropriated under the general budget because it is a temptation. And it may well be that they will be repaid. But there is no guarantee that the debt principal interest, the interest that is grown, will be repaid relative to that matter.

I think there are a lot of things pertaining to the Social Security amendment of Senator REID that are very important. I think it is one of the most consequential votes of this young session of Congress that we have had.

I want to rise to voice my strong support for Senator REID's amendment exempting Social Security receipts and outlays from the budget. Social Security is the Federal Government's original contract with America. I believe Senator REID used that word in one of his speeches. If the Reid amendment does not pass, then we will be breaking that contract, and we will ultimately be forced to balance the budget on the backs of hardworking Americans who have contributed toward their retirement with a portion of each paycheck.

This provision says it is a protection for all Americans who pay into the pro-

gram. There is no question that, under the language in the balanced budget amendment resolution now pending, the Social Security trust fund will no longer be completely safe for future generations.

The Reid amendment seeks to correct the deficient language so as to uphold the original contract with America, one that has lived up to its intent like few other Government contracts have. The amendment is very simple. It protects the Social Security Program by excluding the receipts and the outlays in the system from the budget.

Social Security is not causing the deficit. Its revenues and surpluses should not be used to mask the receipts, nor should its outlays be counted as part of expenditures. We should keep in mind that Social Security is a program self-financed from contributions by employers and employees, which does not contribute one cent to the deficit. In fact, in 1990, Congress included a provision in the Budget Enforcement Act declaring that funds off budget, much like our personal savings accounts, are not counted towards the budget.

The current underlying resolution, if not amended, would clearly put Social Security on budget, and thus overturn the decision 5 years ago to affirm the off-budget status of Social Security.

As we debate and develop the balanced budget amendment, we need to be certain that we protect the integrity of the Social Security System and maintain truth in budgeting. The protection of this self-funded program can only be accomplished by keeping it off budget and out of the balanced budget equation.

This vote should be easy. The bottom line is that we are voting on whether or not to protect the true contract with America, Social Security. I urge my colleagues to vote in favor of protecting the terms of this sacred contract and covenant, and keep Social Security in its protected position as a trust fund separate and distinct from the Federal budget.

Mr. President, I yield the floor.

The PRESIDING OFFICER. Under the previous order, the Senator from Tennessee is recognized.

Mr. THOMPSON. Mr. President, we have been debating the balanced budget amendment now over a 15-day period—or about 11 days of debate. I think it is very important that we step back and reconsider the fundamental question that we are dealing with here, and that is whether or not we are going to take the steps necessary to put ourselves in a position of dealing with the problems facing the next generation, or whether or not we are going to go down the same old road and proceed to bankrupt that generation.

There is nothing more fundamental in human nature than looking out for

one's offspring, for the people that we bring into the world. I am not sure we have done a very good job of that so far. We have an opportunity to do that with the balanced budget amendment.

We have heard several amendments discussed over this 15-day period. Many of those amendments would defeat the balanced budget amendment if adopted. I respectfully submit that the Reid amendment under present consideration would fit that category and would defeat the amendment if adopted. Many good arguments have been made against this amendment. One is that it would be a loophole through which anything could be driven and will obviate the purpose of the balanced budget amendment.

Senator HATCH from Utah this morning pointed out that the adoption of this amendment would put into the Constitution very complex language which would create a field day for lawyers, and it does not belong in a constitutional amendment. I believe the most important part is to understand the protection issue. This amendment is being set forth as protection for Social Security. Social Security, and the protection of it, is something we are all committed to. We have made that commitment by vote and we have made that commitment by voice in this body. We will continue to make that commitment.

But the fact of the matter is that the safety of Social Security depends upon the commitments of this and future Congresses as we proceed, and not upon the language of this amendment. If this amendment is adopted, it will do nothing to prevent future taxes of Social Security. If this amendment is adopted, it will do nothing to prevent cuts in Social Security in the future. It is essentially a bookkeeping measure. The proponents of this amendment rightfully point out that at the present time the surplus in the Social Security trust fund does assist in making our deficit picture look a little better, as bleak as that is. That is a short-term consideration, Mr. President.

The fact of the matter is that within a relatively few years, depending on how you calculate the Federal Government employer part of it, in 2010 or 2013 the Social Security trust fund is going to be in the red and the real protection for Social Security again is not in this amendment, which I think really in many respects would endanger it more than it already is. The real protection is in balancing the budget.

I think it is important to keep in mind two factors that are driving this debate. One is the fact that the Social Security trust fund will be going into the red in the not-too-distant future. It is right around the corner. The second is the phenomenon of the interest on the debt.

As you know, Mr. President, the interest on the debt right now constitutes—or will in a couple of years—the second highest expenditure of our Federal budget and will continue in

that direction as far as the eye can see. Those two factors go on together. I submit, Mr. President, they constitute the real danger to Social Security. All programs are going to be squeezed if this scenario continues to play out in the current direction if we do nothing about it. All programs are going to be squeezed and those programs applying high expenditures, such as Social Security, will be high on the list and under close observation, Mr. President, if we come to that point.

Let us consider separately those two factors I just mentioned. Interest on the debt. Interest payments on the debt are currently \$235 billion. They are expected to rise to about \$5 trillion by the year 2030 under current circumstances. This is according to the Commission on Entitlements. Interest payments on the debt currently accounts for approximately 22 percent of the general non-Social Security revenue. By the year 2030, Mr. President, interest payments on the debt will account for approximately 75 percent of general revenues.

Let us consider the Social Security trust fund for a minute, the second part of that equation. We will start to go into the general fund to meet current Social Security liabilities by the year 2010, which is right around the corner. We will need an additional \$850 billion in the year 2030 alone over anticipated Social Security receipts to meet current liabilities. That is an additional \$850 billion if we proceed under current circumstances. So by the year 2030, we will have Social Security needing about an additional \$850 billion, at the same time that interest payments on the debt are exceeding 75 percent of general revenue. You can see where that takes us.

The sum of interest payments and Social Security equals just under \$6 trillion. General revenues are expected to be just over \$6 trillion. Clearly, this is a catastrophe waiting to happen, Mr. President. We cannot sustain that trend.

What else will be going on if this scenario plays out? These are just numbers. What is going to be going on in the real world? Our savings rate is going to decline even further. That, in turn, will cause our interest rates, now hurting, to decline even further. That, in fact, will hamper our growth rate; it will hamper the standard of living for every young couple starting out and trying to start a family. It is already going down. We hear a lot of talk that the real income of working Americans today has stagnated for some time now in this country. The other part of this story is that for younger Americans, since 1973, the real income for them has actually gone down. This economy is slowing down. We talk about what happened last quarter or the quarter before last, but if you take the long-term trend, this economy is slowing down. Our investment rate is slowing down. Our savings rate, which produces that investment, is slowing down. As inter-

est takes a bigger and bigger chunk of the savings dollar, there is less there for private investment. Interest rates will go up and taxes will go up astronomically. We all know the demographics, and before long we are going to have a smaller and smaller working force, taking care of a larger and larger retired population.

Some people even talk in terms of a generational war—a generational war, Mr. President. Surely we can do better than that. That is the real danger to Social Security. If that happens, if we get to that point, if we get to a 70-percent tax rate, if we get to an economy slowing down, if young working people see this is happening to them and these figures go out of sight, nothing is going to be safe, including Social Security. We must avoid that, and the only way to do that is by a constitutional amendment.

We have already turned ourselves from a creditor nation into a debtor nation. We already have the lowest savings rate among all of the industrialized countries. We have now one of the lowest investment rates of any of the industrialized countries. We must be able to see the handwriting on the wall. The only other options would be to cut Social Security dramatically, raise taxes dramatically, keep raising the deficit, or not fund anything else, such as defense, infrastructure, Medicaid, or any of those things that we know we must fund.

Had we balanced the budget in 1981, based on the law passed at that point—as the President recalls, the history is replete with instances of failed attempts to balance the budget. We have declared it to be a national priority. We have put it into law in 1979. But even the year we put it into law, there was a \$79 billion deficit. Failed attempt after failed attempt, Mr. President. If we, in effect, had balanced the budget, as the law required in 1981, our interest payments today would be only \$45 billion, compared to the \$234 billion. And it is almost \$200 billion less than we are paying today. Indeed had we balanced the budget beginning in 1981, interest payments would be so much lower that by this year we could have a balanced budget and still spend virtually the same amount as actually is being spent on noninterest spending.

Therefore, I urge that we not lose sight of what we are about here. This amendment does not protect Social Security; in fact, it endangers it. The only true protection for Social Security is the passing of the balanced budget amendment.

I yield the floor.

THE REID AMENDMENT

Mr. WELLSTONE. Mr. President, I rise to support the Reid amendment which would make crystal clear that if a constitutional amendment to balance the budget does pass the Senate—I know it is going to be a very, very close vote. So it is very difficult to tell whether that will happen—that there will be language that will ensure that

Social Security and Social Security trust funds will not be used for the purposes of deficit reduction as spelled out in the balanced budget amendment goal.

Mr. President, let me make clear in the beginning that I believe the Social Security trust fund, as we look well into the next century and really not that far into the next century, just in terms of its own trend lines and making sure that it is self-supporting, that reforms will be necessary, that there are steps that we are going to have to take, and difficult decisions will have to be made. But, Mr. President, the reason I feel strongly about the Reid amendment is this is a separate trust fund, and indeed, as other Senators have said, if we are going to be talking about contracts, Social Security is a contract with many Americans.

So, Mr. President, there is no question in my mind that this trust fund should be kept separate, that when we look at Social Security—and we do this as a Nation and we take steps that we need to take to make this trust fund work well into the next century—we should do so. But that money should be kept separate. That issue should be kept separate. That should not be part of the effort to balance the budget by the year 2002. I think the only way we live up to our commitment with older Americans and their children and their grandchildren is to make it crystal clear through this Reid amendment.

The second point: There was a reason for passage of the Social Security bill in 1935. It used to be that in the United States of America, if you were to look to see where the vast majority of poor people lived and who they were, they were disproportionately the elderly. There is an obvious reason, which is after people became older and no longer were able to work, and employment earnings severely dropped and, therefore, many of our elderly citizens were destitute. The Social Security Program, because it is universal, because it is a sacred contract, has been, I think along with the GI bill of rights, one of our two or three most successful programs. And, as a matter of fact, poverty has dramatically declined among older Americans. It is no longer the case that we find the poverty disproportionate among the elderly within our country.

The third point: I make the argument that it has been an extremely important program. As a matter of fact, Mr. President, this is truly a middle-class program. It is as if middle-class people and working families through their own sweat equity and their own work were able to in 1935 effect a huge accomplishment which changed our country forever, and for the better. That is Social Security.

Mr. President, what I resent in some of the discussions about Social Security and Social Security recipients is this caricature that we have too many older Americans who are "greedy geezers playing golf every day." That is simply not true. It is simply not true.

Mr. President, as a matter of fact, there are many people—40 percent—for whom Social Security is really their sole source of retirement income. I will never forget in a cafe called Wimpy's Cafe in Faribault, MN, two elderly women, not that long ago, said to me: "Senator, we receive, altogether, I do not know, like \$440 a month. Do not cut our Social Security payment; it is what we depend on. Senator, we are terrified that is what you are going to do."

My colleagues on the other side of the aisle say we are not going to do that. If that is the case, then let us ensconce that as part of the constitutional amendment, make it a part of the constitutional amendment. That is what the Reid amendment says.

Mr. President, the fourth point is that it bothers me no end that we continue to focus on—or at least some do—this kind of generational conflict. I have not been to one gathering of older Americans, of senior citizens in Minnesota, where people have not said to me that one of their top three issues are children, which in many cases are their grandchildren. It strikes me that this is a program that is sacred, this is a program that is a sacred trust, and this is a program that if we are going to make any changes, they ought to be made with the community and it ought to be made viewing Social Security as a separate trust fund and a separate program. We have to make sure that there is not a raid on the revenues of this program right now to be used for deficit reduction.

Mr. President, let me make one or two final points. One has to do with what I said last week on the floor of the Senate. I just want to sound the alarm that each and every Senator, regardless of his or her party, is held accountable for the remarks we make on the floor of the Senate. I take any speech or remarks on the floor of the Senate very seriously, first of all, because of the honor of being here.

Mr. President, when we look at this balanced budget amendment and we understand the projections on the amount of money that is to be saved by 2002, the amount of budget cuts that have to take place—and we are talking somewhere in the neighborhood of \$1.3 trillion, and we are talking about cutting taxes. As I said the other day, there is an old Yiddish proverb that you cannot dance at two weddings at the same time. You cannot talk about cutting taxes and increasing the Pentagon's budget and paying interest on the debt and say Social Security is going to remain separate—what is left to cut? Medicare is much like Social Security. It is a sacred trust with the elderly in our country.

Mr. President, in 1965, much like in 1935, our parents and our grandparents changed the United States of America for the better. And the Medicare program, imperfections and all, is a program that, for many elderly people, is the difference between being able to

live the end of their lives with dignity as opposed to being destitute because of medical bills.

Mr. President, we ought to be straightforward with people that there are going to be draconian cuts in Medicare and Medicaid. Fifty percent of Medicaid goes for elderly and nursing home care. I can tell you that in my State of Minnesota, doctors, clinics, hospitals and the elderly are very worried; some of them are downright terrified. It is not because people are using scare tactics; they have reason to be scared because there will have to be, on present course if this balanced budget amendment is passed, deep cuts in those medical programs.

Mr. President, if there are deep cuts—and there will be—then I wonder why, as I said last week, the very Senators who, when it came to health care reform last session and when we were talking about universal coverage, were yelling and screaming about rationing and lack of choice, now when we are about to pass a constitutional amendment—maybe, maybe not—but we do not list where the cuts are going to take place, because we know we are going to have deep cuts in Medicare—and some want to cut Social Security, and we know they want deep cuts in Medicaid—the very Senators who know that and know this is going to lead to rationing among the elderly, the poor and the disabled, are silent.

That is what I find to be so disingenuous about this amendment and the failure on our part, as Senators, to step up to the plate and be clear with people as to where we are going to make the cuts, as to what our priorities are, as to what kind of choices we are going to make.

So I think the Reid amendment is an extremely important amendment. I think if Senators believe that the Social Security trust fund should be kept separate, then they should vote for the Reid amendment. It is simple. In a sense, it is sort of like not separating the votes you cast from the words you speak.

And, by the way, I think it is not just Social Security. It is also the very question of Medicare.

Finally, because I think this is what this debate is all about, it is interesting to me that now what I see happening in Minnesota is a lot of the education people, not just the teachers or college presidents, but, all of a sudden, students are saying, wait a minute, you say you are for the middle class, and our understanding is that there are going to have to be significant cuts in PELL grant and on campus need-based low interest loan programs? If you are for the middle class, Senators, then do not cut the very programs that enable our children to have a chance to be able to afford their education.

Mr. President, I find it interesting that Senators do not want to vote to keep the Social Security trust fund

separate—though I hope we win that vote—and are not willing to go on record saying we will do nothing that will create more hunger or homelessness among children. I lost twice on that amendment. They are silent as to all the rationing that is going to take place because of deep cuts in Medicare and Medicaid. They have not been forthright with the vast majority of Americans, who, all the time, wonder how they are going to be able to afford higher education for their children because we know we are going to be cutting some of those programs. But when it comes to subsidies for oil companies, pharmaceutical companies, insurance companies, all sorts of loopholes and deductions, adding up, I might add, to hundreds of billions of dollars, they are silent. I would think that would be part of the way in which we do deficit reduction. But none of us will know unless we are willing to lay out our budget plan before we vote for a balanced budget amendment. That is what is wrong about our approach.

With those remarks, I yield the floor.

Mr. ROCKEFELLER. Mr. President, when the roll is called on this amendment, every American will begin to get a much clearer picture of how a constitutional amendment to balance the budget will affect them.

Only by adopting the Reid amendment, will the U.S. Senate prove that Social Security is safe. That's why I urge its adoption. Even though I intend to vote against the Reid amendment to protect Social Security and the promise that has been made to the people of my State and the rest of America.

If the Reid amendment is rejected, or dropped along the way, it will be the equivalent of posting a danger sign in front of every household that counts on Social Security today or sometime in the distant future.

Our colleagues promoting this balanced budget amendment can promise in every way they know how that they'll leave Social Security alone after they get the constitutional amendment ratified. But unless the Constitution also reminds them of their promise, the pressure to nip, to tuck, and do much more to Social Security could be unstoppable.

This constitutional amendment for balancing the budget is not just a statement of support for the idea. It is a plan to put the Federal budget on a speeding train. It will require something in the neighborhood of \$1 trillion in spending cuts over 7 years. Just imagine what Congress will have to consider when the clock on those 7 years starts ticking. You can just hear the talk already. Social Security has to be on the table. How can we get \$1 trillion or more without all of the entitlements—without Social Security, without Medicare, without benefits for disabled veterans?

Mr. President, I actually don't know how. I believe that the worst part of this constitutional amendment is the fact that its very proponents don't

know how they will rush their way to its destination. And because I see Social Security as just one of the sacred trusts that might get torn up on the way, I don't support this idea.

But the Reid amendment is one way to keep Social Security off the track of a train that could very well mow down any number of things important to the lives, the hopes, the expectations of our people—from vaccinations for children to home health care for seniors to the way we repay our debt to disabled veterans.

As my colleagues think about the underlying legislation and the more immediate vote on the Reid amendment to protect the Social Security trust funds, I urge you to take a look at letters from seniors in your State to get a sense of what is at stake. I have, and it is sobering.

Skip the impersonal postcards generated by interest groups. Skip the form letters when people's names roll out of computers. But take the time to pick up the personal letters, with scrawled handwriting, from senior citizens who are truly frightened about, what will happen to them if the Social Security trust fund is unprotected and this balanced budget amendment passes.

I have hundreds of such letters, and let me paraphrase the style. Take a letter I got that starts with:

* * * I am 69 and worked every day of my life until I had to retire. I paid into Social Security since the beginning. I collect \$600 or \$800 in Social Security a month, but my bills are more than that * * *

I have letters where seniors from my State painstakingly list their monthly expenses—rent, heat, food, and prescriptions. They ask me what can they do if Social Security or Medicare is cut? Where can they turn in the twilight years of their lives?

I don't know what to tell them. And I ask my colleagues who support the balanced budget amendment, and who oppose the Reid amendment, what do you tell the senior citizens of your States?

I can only tell West Virginians that I keep fighting to uphold the promise made to them—the benefits they earned by contributing to the Social Security system throughout their working years and careers.

Over a quarter of a million West Virginia senior citizens rely on Social Security benefits, and nationwide almost 30 million seniors get benefits. For many, their monthly Social Security check is the difference between poverty and independence; the difference between buying groceries or going hungry. Thirty-eight percent of senior citizens are not living in poverty, thanks to Social Security. This is a tremendous achievement that we can be proud of, and should protect and continue.

Our challenge, as I see it, is No. 1, to protect Social Security now for the seniors living on fixed incomes, and No. 2, to plan ahead to ensure that Social Security is there when the young

workers contributing over 7 percent of the wages are ready to retire. Passing this constitutional amendment to balance the budget without the Reid amendment is one way to guarantee that we will fail to meet either of these challenges.

We must protect the Social Security trust funds from becoming a pawn in a political debate over a balanced budget amendment, which sounds so reasonable and so simple.

Here is an example where the devil lies in the future details. The details that the proponents refuse to spell out. When the right-to-know amendment was rejected, we were told in no uncertain terms that we are all to strap ourselves into the speeding train, and to stop worrying about what and who get trampled along the way.

This does not say that over the next decade that Social Security will not need to change—it will. A recent report of its trustees clearly shows that a long-term solvency problem threatens the Social Security trust funds.

If changes are not made, the trust funds will be exhausted in 2029. We have to begin working on solutions to this danger facing Social Security, to restore the integrity of the trust funds just as courageous members of this body did in the past, most recently through bipartisan legislation in 1983.

But any change made to Social Security should be designed to strengthen the trust funds—not to surrender to the speed-chase started recklessly by this constitutional balanced budget amendment.

This balanced budget amendment is a game. It allows politicians to promise to be deficit hawks without requiring a single clue on what they will actually cut.

And because I fear, for the people of West Virginia, what the hidden agendas are in this amendment, I support this explicit method for making absolutely sure that Social Security is left alone.

There is no other way that the senior citizens can count on their benefits. There is no other way that the millions of working men and women who put aside part of their income every week, every month, every year for Social Security, can be sure that they will see a dime of it back when they retire.

Mrs. MURRAY. I rise today in support of the Reid amendment to exclude the receipts and outlays of Social Security from the budget. I want to commend the Senator from Nevada for his work on this important issue.

As Senator Reid noted last week, Congress ended the practice of masking our deficit by excluding the Social Security trust fund from the budget in 1990. That was a proper and necessary step then just as this amendment is a proper and necessary step now.

The provision in 1990 was taken to ensure that the beneficiaries of the Social Security trust fund could trust that Congress would stop the practice of using the fund to mask the deficit

and to ensure that the money put in the system would be there when people retire.

That means simply that everyone of us has a right to know that when our money is taken out of our check today, it is put into a fund that cannot be raided and will be there for us when we retire.

Today as we have the serious proposal of passing a balanced budget amendment in front of us, Congress is being called on again to ensure some level of security for the beneficiaries of the trust fund. We have a responsibility to every person in this country who pays Social Security taxes to ensure that their Government required investment in their future will be there when it is supposed to be.

I cannot emphasize this enough. We have a real responsibility to our current beneficiaries and to those in the future.

The measures this body took in 1990 and before reaffirmed that responsibility, and with consideration of the balanced budget amendment, we once again are being called on to provide greater assurances to Social Security beneficiaries.

Given that, how can we in good conscience tell the American people that they do not need to worry about their Social Security when we all know that if this bill passes without this amendment, we cannot promise anything. Social Security will be on the chopping block along with all other programs.

I know we have to get our Federal budget in order. I have a commitment to work on that as a member of the Budget Committee. I also know we have to work on Social Security to ensure its long-term solvency. We cannot achieve either of those goals by violating the trust of the American people and going into the Trust Fund to balance the budget.

Let me be clear. I believe we must work to balance our budget. I also believe that a constitutional requirement to do so is not sound policy, but if this body is going to impose the constitutional amendment on us, if we are going to admit we are not strong enough to reduce spending without being forced to, then we have to let the American people know at a minimum that our elderly will not have to bear a disproportionate burden in this process.

We have to let the American people know that the Federal Government will keep its promises and ensure that the money they put in this system now will be there for them when they retire. This amendment ensures just that and I hope that my colleagues will support this amendment.

Mr. JEFFORDS. I rise today in support of the balanced budget amendment.

Mr. President, this vote has been described in historic terms. Only the historians can make that decision, but a brief description of our budget history might be instructive. In the heat of our

arguments the past gets poorly presented.

Thomas Jefferson was not in the United States when the Constitution was written. He was abroad representing the United States as our Minister to France. When he came back, he said, "If I could add one Amendment to the Constitution, it would be to prohibit the Federal Government from borrowing funds."

His reasoning was simple. "We should consider ourselves unauthorized to saddle posterity with our debts," he said, "and morally bound to pay them ourselves." Thomas Jefferson, as in so many other areas, was ahead of his time. For two centuries, this moral contract bound our predecessors. While debt was accumulated in times of dire national emergencies, in 1975 the debt stood at but \$629 billion.

Since then, we have increased the debt by more than seven fold, standing at \$4.7 trillion today. The track record of the past two decades, more than anything else, has led me to the point where I now reluctantly support amending the Constitution to impose a discipline on Congress which we all wish it had but know it lacks.

I agree with critics of the amendment that this is not something to undertake lightly. Since 1791, there have been over 10,000 constitutional amendments offered in Congress. During this time, only 22 of these 10,000 amendments have been deemed important enough by Congress to be passed. Of these 22, only 17 have been ratified by the States and have become part of the Constitution.

INTEREST SPENT ON OUR DEBT

What is the problem with our enormous debt today? The problem that exists today, Mr. President, is that the Federal Government owes more than \$4.7 trillion. Therefore, we must spend over \$800 million on interest every day—that's right, Mr. President, over \$800 million on interest every day—and this does absolutely nothing for us to help the needs of all Americans. We send more to our bondholders in 3 days than we do to every man, woman, and child in Vermont over the course of an entire year, making Federal interest payments the second largest spending item in the budget.

Mr. President, these interest payments are crippling our ability to adequately fund national priorities, such as education. We now spend five and a half times as much on interest payments than we do for all education, job training, and employment programs combined. We spend twice as much on interest payments than we do on all Federal programs for the poor.

In 1950, the publicly held debt per family was \$5,800, today the debt averages about \$54,000 per American family. If we do not balance the budget by the year 2002, the debt burden per family will be a staggering \$78,000.

Interest on the debt is over \$1,200 per person per year. At this rate, a child born today, living a normal lifespan of

75 years, will pay some \$135,000 in interest on the debt. That assumes that no further debt is added and interest rates do not increase—both are highly unlikely.

When I came to Congress in 1975, our gross interest expenditure totaled \$49 billion. This year it is expected to be over \$300 billion, meaning that today every dollar in personal income taxes collected west of the Mississippi is used to pay for interest on our national debt. The CBO estimates that in 10 years it will be over \$650 billion and 35 percent of the revenue of the Federal Government will go just for debt service. This assumes that there will be no increase in the current interest rates.

Since 1975, our national debt has grown from \$542 billion to \$4.7 trillion. It is expected to grow to \$6.3 trillion by 1999—a 1,200-percent rate of growth since 1975. It is the best case scenario, we must get hold of this enormous problem as quickly as possible. The only way I feel that this can be accomplished is by a balanced budget amendment.

Back in 1975, every man, woman, and child owed \$2,500 because of the debt. That figure now stands at over \$18,000. It is expected that the amount of national debt that every man, woman, and child owes will increase by \$5,000 over the next 5 years to a staggering \$23,000. The last time we balanced the budget in 1969—only 9 cents of every Federal dollar went to pay interest. Today, 26 cents of every Federal dollar goes to pay for interest on the national debt.

Furthermore, projections for our debt are frightening. It is expected to double to \$9 trillion over the next 10 years. That means if we do nothing to balance the budget over the next 10 years, our interest payments will double to almost \$2 billion a day. It is quite obvious that this trend can not continue.

THE NATIONAL DEBT JEOPARDIZES OUR ECONOMIC FUTURE

Mr. President, the greatest economic threat this country is facing is out-of-control spending by the Federal Government.

Recently, the New York Federal Reserve Board reported that the Nation lost 5 percent in GDP due to the deficits in the 1980's—in other words our national income did not grow by an astonishing 5 percent. According to the CBO, 1 percent of growth is equal to creating 650,000 jobs. That means that the debt of the 1980's cost us over 3.5 million new jobs. Mr. President, every dollar that goes to pay for the interest of our national debt takes a dollar away from our economy to assist in productivity increases. Congress can not continue to do this to our national economy and, most importantly, to Americans. We can only guess where our economy would be if this Nation had a balanced budget amendment before the 1980's.

The GAO recently released a report that a balanced budget by 2001 would

create an average increase, adjusted for inflation, of 36 percent for every American's standard of living. Further, since 1960, the private savings rate has dropped from over 8 percent of our economy to 5 percent. During the same time, the Federal Government deficits have increased from less than 1 percent of the economy to more than 3 percent, resulting in a net national savings rate of less than 3 percent. On this note, the OMB reports that if we balance the budget over the next 5 years, the net national savings rate would increase to 6.1 percent. If nothing is done our national savings rate would be a mere 3 percent.

Over the past 15 years, our expenditures in inflation adjusted percentages from fiscal year 1980 to fiscal year 1994 have decreased Federal spending for education by 13 percent and transportation by 2 percent. On the other hand, defense expenditures were up by 18 percent and entitlement expenditures, mainly Social Security and Medicare, were up by 50 percent. However, our gross interest payments have grown 120 percent. Mr. President, this trend can not continue if this Nation is going to be able to continue educating our children to compete in this global economy.

If you were to ask what should the priorities of this Nation be? Let us just take a choice. Should we spend more money on education for the future of this Nation, or more money on interest? Well, it is clear what our choice would be—education. Yet, we have precisely reversed our priorities because we have been imprudent with our fiscal policy.

SAVINGS AND DEBT

Why are deficits so bad for our economy? First, deficits tend to consume savings that we could use for truly productive investments. To fund these budget shortfalls, the Federal Government must keep borrowing, consuming limited capital. The resulting shortage of capital exerts an upward pressure on interest rates, recently done by the Federal Reserve, and further depresses economic activity.

Second, the budget deficit is eroding our economic standing relative to the rest of the world. Raising interest rates and discouraging private investment, the deficit has continued to slow our economic growth in terms of our Nation's productive capacity relative to other nations. An excellent example of this is the cost American business pays to borrow capital, about 10 percent; compared to Japan, which can borrow money at under 5 percent. Clearly, American businesses are at a competitive disadvantage because of imprudent fiscal policies followed by the U.S. Government. Further evidence of this growing competitive disadvantage can be found during the 1980's, when thousands of American businesses made the decision that they cannot afford high interest rates on future investments—investing instead overseas, where interest rates were more affordable. Be-

cause of our lack of fiscal restraint, American firms are creating new jobs overseas and not in the United States.

To further outline the economic incentives to relocate overseas a recent hearing on education and the economy highlighted the tremendous financial pressures placed on American investments. In his testimony, Alan Wurtzel, vice chairman of Circuit City Stores, Inc. stated that our poor education system provides very few qualified and skilled workers. For this reason, many firms find it more attractive to relocate overseas where a highly skilled work force can produce quality products without extensive job training or skill enhancement.

Our performance in reindustrialization will continue to remain sluggish until we restore our economic health. This cannot be done when the Federal Government continues to run deficits. Without increased productivity in this Nation, our wages can not increase.

Even more significant to our international position, our debt has been the principal factor in the Nation's trade deficits. The CBO recently estimated that over 50 percent of our trade deficit is from our Federal deficits. The CBO also reported that "deficit reduction increases investments, which in turn increase the productive capacity of the economy. Moreover, deficit reduction lowers borrowing from abroad, which reduces the amount of income that is generated in the United States but flows to foreigners." Not surprisingly, our trade deficit remains a serious problem for our economy.

THE NEED FOR THE BALANCED BUDGET AMENDMENT

Mr. President, some of my colleagues have asked why do we need to have a balanced budget amendment? They often cite the recent Treasury Department's study which indicates the possible effects on States and their finances if a constitutional amendment is passed. They often discuss the possible negative impact this amendment might have on their State. What this study does not discuss is what will happen to Federal spending if we do nothing. Or, if nothing is done to control Federal spending how this will adversely impact our children's future. What this study clearly shows is how far Federal spending is out of whack. The bottom line in this budget battle is what is best for our children. I believe that for the good of our children we must end budget deficits. Congress needs to learn what those in my home State's capital, Montpelier and all other State capitals, take as an article of faith—a balanced budget.

Mr. President, a balanced budget amendment is necessary from just what I outlined above. That is, Congress, both Democrats and Republicans, are unable to make the tough choices necessary to balance the budget. A prime example of not making the difficult choices necessary to balance our budget can be found during the last

Congress. Take for example, three battles last Congress on appropriation matters, as my colleagues will recall. One of these was an amendment to cut the defense budget by only \$1 billion—only one-third of 1 percent. The second fight was on continued funding for the space station. The third fight was on increasing the grazing fees to lower Federal costs.

How did we deal with these three appropriation battles? We compromised by passing everything, and that is what we do day after day, year after year, piling up the debt for our children's children to take care of. Over the past decade, the deficit numbers have worsened to the point that they are now deeply embedded in our budgets, in our priorities and even in our national consciousness. This constant barrage of deficit spending seems to have given us a sense of numbness, making us feel that it is now beyond our control and not in the interest of our national will.

Finally, over the next few days I plan to discuss what Congress can and cannot do to balance the budget. First, I will discuss the desperate need to reinvigorate the American educational system. Our poor educational results remain a constant drain on our standard of living and economic growth. The cost to our economy is enormous, mainly through lost productivity and decreased revenue that results from our inadequate education system. Second, I will outline the need to carefully review and reform Federal spending on health care. As my colleagues know, about one-half of the deficit is related to increased Federal spending on health care.

Mr. President, my experience is that unless we get firm control on these two critical problems, Congress will be unable to balance the budget and our Nation will continue to suffer lost economic growth. Our future will be dim. However, if we do as I believe we can, our future will be bright and prosperous. In the days ahead, I will show how I believe it can be done.

Mr. President, in closing, I think we need to follow what Thomas Jefferson voiced some 200 years ago, we must pass a constitutional balanced budget amendment.

Mr. President, I yield the floor.

Mr. HATCH addressed the Chair.

The PRESIDING OFFICER. The Senator from Utah.

Mr. HATCH. I ask unanimous consent to be recognized for 2 minutes, and I will try to take less time than that.

The PRESIDING OFFICER. I say to the Senator from Utah, a vote has been ordered. Do you seek consent to postpone that for 2 minutes?

Mr. HATCH. I seek unanimous consent to speak for 2 minutes or less.

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

Mr. HATCH. Mr. President, the one thing we have not done today is put up our balanced budget debt tracker.

For the 13th day, we are up to now \$10,782,720,000. For the 14th day, which

was Sunday, we went up to \$11 billion. And for the 15th day, just so we all understand where we are here, we are now up to \$12,441,600,000, just for 15 days that have expired since we started this debate, above the \$4.8 trillion baseline that we started with.

I just want everybody to understand that, while we are fiddling, Washington is burning with deficits that are going up and up and up every day. That is why this balanced budget amendment is so important.

I would have felt badly if we had gone through this whole day without putting up our balanced budget amendment tracker.

With that, I yield back the remaining time and hope we can go to the vote.

AUTHORIZING BIENNIAL EXPENDITURES BY COMMITTEES OF THE SENATE

The PRESIDING OFFICER (Mr. THOMPSON). Under the previous order, the hour of 5 o'clock having arrived, the clerk will report Senate Resolution 73, the committee funding resolution.

The legislative clerk read as follows:

A resolution (S. Res. 73) authorizing biennial expenditures by the committees of the Senate.

The Senate resumed consideration of the resolution.

VOTE

The PRESIDING OFFICER. The question occurs on the adoption of the resolution. The yeas and nays have been ordered. The clerk will call the roll.

The bill clerk called the roll.

Mr. LOTT. I announce that the Senator from New York [Mr. D'AMATO], the Senator from North Carolina [Mr. FAIRCLOTH], the Senator from Texas [Mr. GRAMM], the Senator from Wyoming [Mr. SIMPSON], the Senator from Pennsylvania [Mr. SPECTER], and the Senator from Virginia [Mr. WARNER] are necessarily absent.

I further announce that, if present and voting, the Senator from Wyoming [Mr. SIMPSON] would vote "yea."

Mr. FORD. I announce that the Senator from Georgia [Mr. NUNN] is necessarily absent.

The result was announced—yeas 91, nays 2, as follows:

[Rollcall Vote No. 64 Leg.]

YEAS—91

Abraham	Cochran	Grams
Akaka	Cohen	Grassley
Ashcroft	Conrad	Gregg
Baucus	Coverdell	Harkin
Bennett	Craig	Hatch
Biden	Daschle	Hatfield
Bingaman	DeWine	Heflin
Bond	Dodd	Hollings
Boxer	Dole	Hutchison
Bradley	Domenici	Inhofe
Breaux	Dorgan	Inouye
Brown	Exon	Jeffords
Bryan	Feingold	Johnston
Bumpers	Feinstein	Kassebaum
Burns	Ford	Kempthorne
Byrd	Frist	Kennedy
Campbell	Glenn	Kerrey
Chafee	Gorton	Kerry
Coats	Graham	Kohl

Kyl	Murkowski	Sarbanes
Lautenberg	Murray	Shelby
Leahy	Nickles	Simon
Levin	Packwood	Smith
Lieberman	Pell	Snowe
Lott	Pressler	Stevens
Lugar	Pryor	Thomas
Mack	Reid	Thompson
McConnell	Robb	Thurmond
Mikulski	Rockefeller	Wellstone
Moseley-Braun	Roth	
Moynihan	Santorum	

NAYS—2

Helms McCain

NOT VOTING—7

D'Amato Nunn Warner
Faircloth Simpson
Gramm Specter

So the resolution (S. Res. 73) was agreed to, as follows:

(The resolution was not available for printing. It will appear in a future edition of the RECORD.)

Mr. DOMENICI. Mr. President, I move to reconsider the vote by which the resolution was agreed to.

Mr. LOTT. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

MORNING BUSINESS

Mr. LOTT. Mr. President, I ask unanimous consent that there now be a period for the transaction of morning business, with Senators permitted to speak for not to exceed 5 minutes each.

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

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

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

TRIBUTE TO DR. DON NEEL

Mr. FORD. Mr. President, I rise today to pay tribute to Dr. Don Neel of Owensboro, who was honored last week with the 1994 Physician's Award for Best Notifiable Disease Reporter by the Kentucky Department of Health Services.

The department recognized Dr. Neel for his longstanding support of community health, particularly his efforts to contain the outbreak of an acute infectious disease last fall.

Reginald Finger, M.D., chief epidemiologist for the department of health services, presented the award at Dr. Neel's Owensboro office.

"Dr. Neel represents the very essence of public health in his efforts to detect potential health hazards and then prevent the spread of these diseases to others," Finger said in his presentation. He noted that without Dr. Neel's early actions last fall, many more children would have come down with shigellosis. "Dr. Neel is being honored for that and more—throughout his career, he has been a strong supporter and partner of the local health department in Owensboro. Dr. Neel's career has been characterized by an

unending zeal to improve the health and well being of children—all children," he said.

This award from the department of health services recognizes someone who has made outstanding contributions in public health, specifically reporting diagnosed diseases to the local health department.

Last October, Daviess County experienced an unusual outbreak of shigellosis, which is an acute infection of the intestine. This disease can be particularly dangerous for small children. To date, 74 cases have been diagnosed.

Upon identifying the first few cases of shigellosis, Dr. Neel immediately contacted the health department to alert public health officials of a possible community outbreak. Working with the health department and the Owensboro-Daviess County Hospital, he coordinated efforts to have people tested and treated for the disease.

Education sessions were held at several schools, preschools, and day care centers to help prevent the disease through thorough hand washing.

Lenna Elder, R.N., of the Daviess County Health Center, attributed Dr. Neel's early action to his sincere interest in the community and well-being of children.

"The health department's goal is to help maintain a healthy community so that everybody is well," Elder said. "Dr. Neel has always been cooperative and very helpful in helping us meet that goal. He has always asked, 'How can I help you?' We know that he is truly only a phone call away."

Long active in Owensboro's community life, Dr. Neel is a graduate of Owensboro High School and received his medical degree from the University of Kentucky. He has had a private pediatric practice in Owensboro since 1970 and is chief of pediatrics at the Owensboro-Daviess County Hospital.

He served on the Daviess County board of health from 1980 to 1991, the Green River district board of health from 1980 to 1986 and was part-time health officer for the Daviess County Health Center.

He lives with his wife, Faye, in Owensboro. He is the father of two and has three grandchildren.

CONCERNING DR. HENRY W. FOSTER, JR.

Ms. MIKULSKI. Mr. President, I rise today to bring to the attention of my colleagues the excellent column which appeared in this morning's Washington Post by Dr. Henry Foster, President Clinton's nominee for surgeon general, entitled "Why I Want To Be Surgeon General."

I support this sterling nominee. He brings the right professional credentials. He has an extraordinary life history and record. Dr. Foster has devoted years to maternal and child health, and he is dedicated to the prevention of