

to be as close, if you will, as the vote on the stimulus package was, because we had heard all these terrible things. Then, when the vote started to come in, I was stunned to hear the people who were voting for these \$16 billion in cuts. I thought maybe I am on the wrong side. Maybe this is a motion to table, because I am going to vote for this. But the other kinds of Senators, who are voting for it, are not the ones I expected to be for these cuts, having heard all this rhetoric. But I looked around—no, everybody was voting for it. As the headline says in this morning's paper, "Senate Votes 99 to Zero for \$16 Billion in Cuts."

That demonstrates the change that has occurred in just 2 years. We have gone from \$16 billion in a stimulus package that we had to have or the economy would collapse, bitterly fought over, highly partisan, narrow vote—to a unanimous vote in the Senate that says \$16 billion can come out of the current fiscal year's activities without hurting the economy. Indeed, I would suggest, it would help the economy.

So I am delighted to have been 1 of the 99 that voted for those cuts. I am delighted to welcome the new converts to the side of those of us who believe that the Government can survive, that we can downsize the bureaucracy, that we can get some progress toward bringing our fiscal affairs in order, regardless of the rhetoric that has gone around.

SMALL BUSINESS

Mr. BENNETT. There is another point I want to make, Madam President. During the debates 2 years ago there was a lot of conversation about small business. Everyone loves small business. Everyone recognizes that small business is the engine that drives the economy, because all of the new job growth comes not in the big businesses but in small business. The new job growth comes from the entrepreneurial effort, the young man or young woman who starts his or her own business, hires a couple of neighbors, then takes on a few more and pretty soon you have 8, 10, 12 employees where you had none before.

If you multiply that by the thousands, tens or hundreds of thousands of opportunities around the country, you realize that is where the new jobs come from. As the big businesses are downsizing, the small businesses are providing the new job engine and opportunity.

In the debate that went on with respect to the economy 2 years ago, everyone said kind things about small business. But when it came to talking about the realities of small business I, as a former small businessman, found an enormous amount of misunderstanding or, frankly, plain ignorance about the way small businesses work. Two areas concerned me the most and I am hoping that this vote that oc-

curred last night signals as big a change in understanding of these two areas as it does with respect to how we are going to handle our fiscal affairs.

The first area that upsets small business people the most, as I go around and talk to them, is the area of regulation, overregulation, but perhaps even more frustrating, simply stupid regulation—lack of common sense. It has been my experience that we in the Congress write legislation and we have a relatively focused attitude as to what will be regulated—about the distance between my two hands. We legislate to this regard.

Then, when the people in the executive branch receive that piece of legislation they move the hands out and they start writing regulations within these parameters—like the fish that got away, when it is being discussed later on around the campfire. Then, after these regulations are sent out the enforcers get ahold of them and they enforce them as if there are no parameters, and the hands spread even wider. So the small business person comes to us in Congress and says, "What are you doing to us?"

We say, "This is the legislation that we wrote"—back to the original distance between the hands.

And they say, "But we are faced with inspectors who are regulating as if there are no parameters at all."

We have, within this Congress, a proposal that would say after we legislate, and then the regulations are written, the regulations have to come back before the Congress and for 45 days we get an opportunity to cut them back to the level that we had in mind when we passed the law. If we can make that stick we will make a significant contribution to the health and welfare of every small business in this country and, indeed, back to my comments about the anonymous Federal bureaucrat, we might even see some signs that Government is being brought under control, and not so many people are in the cafeteria after 2 p.m.

The second area that was discussed last year with respect to small business that frustrated me as a small businessman coming to the Senate had to do with tax policy. It was very clear to me, with all of the wonderful things people were saying about small business, that most of the Members of this body did not understand how small businesses really operate, and did not understand the impact of our tax changes on small businesses. We were told, for example, that the tax increase would fall only on the rich. I remember clearly the chart which President Clinton referred to in his address to the Nation, where he had a series of bar graphs and the bar graphs at this end were very small. He said these are the people in this income bracket who will pay more taxes and these are the people in this income bracket who will pay more taxes. These are the people in this income bracket.

Now look at the people in this income bracket. These are the people

who earn over \$250,000 a year. They are going to pay all the increased taxes and that is what we want. It is for the rich people to pay the taxes. As if only Michael Jordan was going to have to pay more taxes; nobody else was going to have to pay any more taxes.

Now, \$250,000 a year is a lot of money for an individual, but it is not a lot of money for a small business that is growing. Many times, \$250,000 a year is a problem. Why? Because the business is growing and it needs money for inventory, it needs money for receivables, it needs money for additional facilities. Where is the money going to come from? It is going to come from the profits being generated. And the business, for tax reasons, is being taxed as an individual.

I said in this body before, has anyone here ever heard of a K-1? That is the tax form that a small businessman or small businesswoman uses to report that income on his or her individual tax return. I pointed out in that bar graph that the President pointed to, 77 percent of the tax returns filed by people who were represented in that bar graph contained K-1 income. They were people who were reporting business income as if it were personal income in order to avoid double taxation. Yet, in this body, we were saying they were the rich and they had to have the tax increase put on them.

I hope that on the basis of last night's vote, we will recognize that the way to balance the budget is not to say let us soak the rich, let us soak those who show this kind of income on their personal tax returns, ignoring the fact that in many, many instances, it is not personal income, it is business income that is being reported. And the business needs that money desperately to continue the job creation pattern.

We would say, on the basis of last night's vote, the way to balance the budget is the way we did it last night, with a 99-0 vote in favor of spending cuts rather than the siren song of tax increases.

I conclude with this comment, Madam President, with respect to this question of tax increases and spending cuts.

In a business, you know what your costs are. And I look at what would happen if you were to cut your costs, cut your overhead. You can project that with some degree of accuracy. The thing you cannot project in a business with any degree of accuracy—well, maybe some degree, but it is pretty dicey—is how your sales are going to go, how your revenue is going to go up.

So if you were facing a shortfall in your business, you can cross your fingers and hope that the sales will go up to cover that shortfall. I assure you, I have done that many times in my career, hoping against hope that the sales will go up. But the one thing you can be sure of is that if you cut your overhead, those savings will be there in the

following month even if the increased profits that you are hoping for, the increased revenues that you are hoping for are not there in the following month.

Last night, we cut the overhead in ways that are predictable. When we raise taxes we are doing the same thing a business does when it raises prices and then hopes that the customers will not react negatively, hopes that it can raise prices and still continue to sell the same number of units it sold before the price increase. We in the Federal Government have a miserable track record of projecting how those price increases are going to work.

I will give you two quick examples. Back as a result of the 1990 budget summit, we raised prices—"we," the Government—raised prices on two items, luxury boats and luxury cars. We projected that we would get more revenue out of both of these. To show what wonderful forecasters we are, on the luxury boat side, we took an industry that had over capacity, that desperately needed a price cut to survive, and mandated a price increase that destroyed the industry, caused massive layoffs and huge unemployment compensation bills. We missed that forecast terribly.

But before we say, "Oh, is that not awful that we missed that forecast," let us look at the forecast for the price increase on luxury cars. We missed that one just as bad, Madam President. But fortunately, for the Treasury, we missed that one on the other side. The revenue that came in from the increase in tax on luxury cars was three times what we forecast it would be.

What is the lesson to be drawn from that? To me, it is very simple; it is that the Federal Government, regardless of how much we have invested in computers and economists and experts, does a lousy job of forecasting what will happen as a result of its changes in tax policy. But we can do a better job of forecasting what will happen as a result of changes in spending policy.

So I think the lesson that comes out of last night's action and our examination of the contrast between this year and 2 years ago is this: We can get our fiscal affairs under control. We can cut through all of the rhetoric and the crying wolf and the horror stories and produce bipartisan support for spending cuts. Let us put the primary emphasis, like good business people would, on controlling the spending rather than crossing our fingers and hoping for the increased sales.

If we do that, we are on the right course. And I, for one, take great comfort out of what happened here last evening and hope it will be the harbinger for many more headlines that say that the Senate votes unanimously for substantial spending cuts.

I thank the Chair. I yield the floor.

The PRESIDING OFFICER. The Chair, in her capacity as a Senator from Texas, suggests the absence of a quorum.

The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

The PRESIDING OFFICER (Mr. BENNETT). Without objection, it is so ordered.

Mrs. HUTCHISON. Mr. President, I ask unanimous consent that I be allowed to speak for up to 15 minutes in morning business.

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

PROMISES KEPT

Mrs. HUTCHISON. Mr. President, I think it is a phenomenal thing that happened in America. In the last 3 months, the people asked for something different. And in the last 3 months, we have done exactly what the people asked.

If you ask a person to bring down to one or two words what the last 3 months mean, I would say "promises kept." I think the people of America were despairing that ever again, a politician would promise something and deliver.

That is what is happening right now in the Congress of the United States. I commend the House of Representatives for giving themselves a very heavy load and then succeeding in doing what they said they would do.

There are those who disagree with what the House did. Probably no one agrees totally with what the House did. But if you look at the spirit and the intent and the strain of what they did, I think the people of America agree that they did what they said they were going to do, and I think the Senate of the United States will agree with many of the concepts that the House has put forward.

If we are going to let the people of this country know that in fact their voices did make a difference in 1994, that the signal was received in Washington, DC, that the people want a different Congress and a different Government, then I think we are going to have to continue into the second and third 100 days going in the same direction that we are now going.

What does that mean? First and foremost, Mr. President, it is what you just talked about on the floor of the Senate a minute ago, a balanced budget. First and foremost, we have to start showing that we are serious about balancing the budget. Last night, we started on that road. We took some very serious and tough steps right in this 1995 budget, and we cut almost \$16 billion that will not be able to be spent between now and October 1 of this year.

So that is a beginning. It is a very small beginning when you look at what we really must do. We must get on a track that says between now and the year 2002 we are going to go toward a balanced budget, that the \$5 trillion debt that is sitting out there will not

be increased but in fact we will start whittling away at the deficit so that in the year 2002 we can start looking at the long-term solutions to bringing down the actual debt.

A lot of people do not realize that when we get to the balanced budget in 2002, we still have the massive debt that we have to decide exactly how much of which we are going to pay down. But that is for the second phase. The first phase is to come to a balanced budget every year, and that is our first commitment.

The second commitment is a reform of Congress. If we are going to look at the long term, if we are going to look at the future, we are going to have to look at the reforms of Congress that will keep from happening what we have seen over the last 30 years, which is a buildup of this massive intrusion of the Federal Government on our States, on our local governments, and on the lives of our people, especially our small business people. If we are going to do that, it is going to be not only bringing down the bigness and vastness of Government, not only bringing down the arrogance of Washington, DC, but it is bringing down the power base of Congress.

I think the most important first step that was made by the House of Representatives was on the first day—hardly any press about it, but the reform of their leadership when they voluntarily voted themselves term limitations on chairmanships and the Speaker of the House himself. That began the process of bringing down the vast power that has accumulated in these Halls and really caused the massive increases in spending in the Federal bureaucracy. So when the Speaker says voluntarily I am not going to serve more than 8 years, and when committee chairs say I am not going to serve more than 6 years, you have really taken away a lot of the incentive to do things that build power bases and instead have given the incentive to do what is right from the public policy standpoint.

The Senate is now looking at just such changes, and I think it is going to be healthy for us to also in this body look at ways that we can pass the leadership around. It is a very important reform. It is internal. It will not be that well known outside the beltway. But it is a very important internal reform that will have far-reaching consequences.

The third area that I think is most important to get our country back on track is regulatory reform. If we are going to free our businesses to compete in this new global marketplace, we must have the harassment of Federal regulatory excesses stopped now. Stop right now. By every standard, the cost of complying with Federal regulations is holding down our small business and our large business from growing and expanding and creating the new jobs that will get this economy going again.