

critical of CBO, except we now have three different answers, the last of which is apparently correct.

And my sense is that it tells us what you and I have been talking about for some long while. The only way this adds up is if you add it wrong. It is the only way this adds up. Add it wrong, you get the right answer. Add it right, you get the wrong answer.

Mr. CONRAD. The Senator is exactly right. This is a fundamental question. And let me just say those who defend it by saying it is what we have been doing, that is no defense at all. That is just no defense at all.

What we have been doing is wrong. We have been doing it since 1983. For most of the time it has not made that much difference because the Social Security surpluses have been very small. But now the Social Security surpluses are growing dramatically. And they are going to continue to grow dramatically. There is a reason for it. The reason was to get ready for the time the baby-boom generation retires. That is why Congress acted in the early 1980's to change the Social Security fund, to design it to run surpluses. And what have we done? We have raided them. We have looted them. And now we will continue that practice to the tune of \$636 billion over the next 7 years and call it a balanced budget. That is a fraud. That is an absolute fraud.

There is no one who would consider taking trust funds, throwing those into the pot to balance an operating budget as the correct way to do business. It is maybe the Washington way to do business; it is not the right way to do business. And we should stop it. We should stop it now.

I thank the Chair. I yield the floor and I note the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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 President, I ask unanimous consent that the order for the quorum call be rescinded.

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

RECONCILIATION AND BALANCING THE FEDERAL BUDGET

Mr. KYL. Mr. President, we are going to be taking up later on this week what we call in the Senate the reconciliation bill. Some of the Members from the other side have been talking about that bill this morning as it pertains to balancing the Federal budget. I would like to speak to some of the things that Senators addressed this morning, and also to the President's plans for dealing with our budget deficit over the course of the next 7 years.

Mr. President, Senator DORGAN and Senator CONRAD were just on the floor, and I think Senator HOLLINGS spoke earlier to this problem of the Federal budget deficit as it pertains to the Social Security surplus. They objected to the fact that the Republican balanced

budget did not account for the fact that the Federal Government is spending that Social Security surplus and, therefore, makes it more like we are in balance when, in fact, we are spending money that does not really belong to the general Government; it belongs to the Social Security surplus. If you exclude that surplus, then, in fact, they charge that we would be running a deficit of about \$100 billion in the year 2002.

Of course, it is true, that if the U.S. Government were not spending the Social Security surplus funds, then those funds would not be reflected in the budget and, obviously, there would be a deficit beyond that which has been calculated by the CBO.

But, Mr. President, the Senators that I just mentioned, the Senators from North Dakota and the Senator from South Carolina, while they have been consistent in speaking out in support of segregating those Social Security trust funds, I note have, with most of the other Members of both Houses of the legislative branch of Government, failed to refrain from voting for budgets that use those Social Security funds. My point is that everybody likes to talk about not spending those Social Security funds, but the fact is they vote for budgets that use the Social Security funds.

In 1993, all three of the Senators aforementioned voted for the budget resolution and, by the way, the reference is rollcall vote 94, April 1, 1993. Senator DORGAN, Senator CONRAD, and Senator HOLLINGS—all three—voted for the budget resolution that spent every dime of the Social Security surplus and, by its own admission, left a projected deficit of about \$200 billion, even taking into account the Social Security surplus at the end of its 5 year period.

They all voted for the 1993 budget reconciliation bill, on August 6, 1993, that relied on the use of the Social Security surplus. Senator DORGAN, speaking on behalf of the budget reconciliation bill, said on the floor on August 6:

The fact is, we are going to decide today whether we do something about this crippling deficit or whether we continue to do nothing.

And then he voted for the budget resolution that spent every dime of the Social Security surplus. They all voted for the budget resolution in 1994, that is May 12, 1994, that spent every dime of the Social Security surplus and, again, by its own admission, left a projected deficit of about \$200 billion, even taking into account the Social Security surplus at the end of its 5 year period.

Excluding the Social Security surplus, the budget resolution in 1994 provided for deficits of \$239 billion in 1995, rising to \$300 billion in 1999. Yet, Senators DORGAN, CONRAD, and HOLLINGS all voted for it, and I note, by the way, Mr. President, that that compares with our budget which, excluding Social Se-

curity, would go from \$245 billion in 1996 to about a \$100 billion deficit in the year 2002 and, of course, if you do not count Social Security, according to CBO we would be in balance by then with a zero deficit.

These three Senators are claiming that the Republican budget is a phony budget because it counts Social Security, the same as it has always done. But our budget, as I said, leaves a deficit of zero at the end of the 5-year period—zero—and that is certified by the bipartisan Congressional Budget Office.

If you excluded the surplus, the question is, what would you do with it? And I ask the question of those three Senators, because I think it is odd, it is strange that they come here today criticizing the Republican budget because it allows the expenditure of those funds when, in fact, all three of them have supported the same practice over and over and over again. So what would they do with those funds?

The surplus, of course, is invested in U.S. Government securities. By definition, it is borrowed by the Treasury. We do not put our money under a mattress any more than anybody else does. So do these three Senators all contend that we should borrow the money, pay interest to the trust funds, and then let the money sit idle, not do anything? That is a poor use of the funds.

Perhaps they would be willing to join us in finding a way to allow people to invest that in the private sector as a way of creating a surplus to Social Security earnings.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. KYL. Mr. President, I ask unanimous consent for 1 additional minute.

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

Mr. KYL. Mr. President, I will conclude by making this point. If we can invest that money in the private sector, it would both return a supplement to the people who are receiving Social Security in the future and prevent the general Government from expending the funds so that it would truly be used for Social Security purposes.

I hope that our colleagues' ultimate purpose is not to support what President Clinton has suggested, using pension funds for "economically targeted investments." In other words, pension funds would not be invested soundly for the benefit of retirees or, in this case, Social Security recipients, but used to advance social programs that benefit third parties.

I hope that is not what they are talking about. I hope it is more a political point they are making. Again, Mr. President, I point out that we would all like not to use those funds for general expenditure purposes, and we will be talking in the future about how we can assure those funds are used strictly for the benefit of Social Security retirees. I believe we should be supporting the Republican budget which the CBO confirms gets us to a zero deficit by the year 2002.

Mr. DOMENICI addressed the Chair.

The PRESIDING OFFICER. The Senator from New Mexico is recognized.

Mr. DOMENICI. Parliamentary inquiry, Mr. President. Are we in morning business?

The PRESIDING OFFICER. We are in morning business. Senators are authorized to speak up to 5 minutes.

Mr. DOMENICI. I ask unanimous consent that I be permitted to proceed for up to 7 minutes.

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

TAXES AND THE BUDGET

Mr. DOMENICI. Mr. President, I hope my friend from Arizona, if he is not terribly busy, can be with me on the floor for a moment.

I have three issues to address. Let me take the first one. I regret over the weekend in talking about the President's statement that he made in Houston that he thought he raised the taxes too much and that it was because of Congress, in particular I assume his party and our party, the Republican Party, that he raised taxes this much, implying that if somehow or another there would have been more help up here, he would have raised less taxes.

Let me make it absolutely clear, the President of the United States asked for more taxes than he got. Let me state that again. He sent us a budget and he ultimately got a tax increase and not a single Republican voted for that tax increase. But let me review what the President had done prior to that. He sent a budget to the Congress stating his master plan. What was in the master plan in terms of tax increases?

I have the number now. It is \$360 billion. Remember, he had a Btu tax in it, an energy tax. Some of his own Members, such as then Senator Boren and others, said that will never fly. The ultimate tax increase was \$270 billion. Over the weekend, the numbers were bantered around, but this is the right number. So essentially he asked us, if my arithmetic is right, for \$90 billion more than he got.

What does that mean? That means that it was not Congress that forced him to get these big tax increases, it was the President's own plan. So what really happened was that he was asking for more tax increases than his Democratic supporters ended up giving him.

Is that not a shame that he would imply that it was the Democratic Senators and Congressmen who forced him to raise taxes so much? I will get this together in a memo with all of the number spread and put it into the RECORD. I trust my staff implicitly, and I now recall the Btu tax. So I say to my friend, Senator KYL from Arizona, over the weekend we heard an incredible change of mind by the President—a flip-flop or whatever you want to call it. The President was up here asking, in 1993, for \$360 billion in tax increases. He gets only \$270 billion

from the Congress, and he suggests if he would have had more cooperation from the Congress, he would not have raised taxes so much.

Mr. KYL. Will the Senator yield?

Mr. DOMENICI. Yes.

Mr. KYL. Mr. President, I was in the House of Representatives when this was proposed. I remember a lot of my Democratic colleagues who were not happy about supporting a Btu tax. The Senator from New Mexico will recall that the House Members ended up supporting that budget with the request for tax increases, including the Btu tax increase. Of course, the Senator from Arizona, then a Member of the House, and most of the other Republicans voted against the Btu tax increase, but most of the Democrats voted for it. I know they were greatly distressed when the Senate then turned it down and, in effect, were critical of the President for making them walk the plank when there was never really a chance that that tax would be imposed at the end of the day.

I agree with the Senator from New Mexico that it is unfortunate to cast the blame on the Congress, including a lot of good Democrat Members of Congress, who did not want to increase taxes as much as the President, and certainly the Republican Members of the Congress. The President, therefore, was pointing the finger in the wrong direction when he alleged that it was the Congress that made him do it. It is like that old comedian that said, "The devil made me do it." It was really the President himself who offered the tax increase to the American people.

Mr. DOMENICI. The Senator, in rebuttal of statements by Senators KENT CONRAD and BYRON DORGAN, referred to whether we have a balanced budget or not. Let me make sure the American people understand. See this nice certificate with the red ribbons? It says, "certified balanced budget." What is that about? What is this? This is the budget for fiscal year 1996, the concurrent resolution that was passed and now implemented by the bill we are talking about, called reconciliation.

What is this "certified balanced budget"? The Director of the Congressional Budget Office, Dr. June O'Neill, who is charged by almost everyone that knows anything about our fiscal problems with being in charge of an agency that we ought to believe because they are neutral, they belong to no one, they are funded by us, and they work independently for both the President and the Congress.

Why do I know that? Well, I know it because I have been working with them for 20 years. But the President told us that. He told us 2 years ago in his State of the Union Address, and I paraphrase: If you do not want to be accused of smoke and mirrors and if you want to be conservative so you are more apt to come out right, in terms of assumptions, let us all agree to use the Congressional Budget Office.

That is how important they are. They wrote us an analysis of the Sen-

ate's reconciliation bill—the one coming up soon—along with the budget resolution. What did they tell us? They said, "We certify that you have a balanced budget."

How could it be that the Congressional Budget Office is telling America the Republicans' 7-year plan gets to balance, and we have the Senators coming to the floor saying it is not in balance? It is interesting. If it is not in balance and we ought to do it another way, maybe we ought to hear their plan for cutting even more, which is apparently the proposal. If you do not want ours, you ought to cut more, so you get the proposal they are advocating.

I will tell you why they are doing it. I am not going to say this myself. I am going to read from a column by Charles Krauthammer from about 3 months ago. I will read one paragraph:

In my 17 years in Washington, this is the single most fraudulent argument I have heard. I don't mean politically fraudulent, which is routine in Washington and a judgment call anyway. I mean logically, demonstrably, mathematically fraudulent, a condition rare even in Washington and not a judgment call at all.

I ask unanimous consent that this column be printed in the RECORD.

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

[From the Washington Post]

SOCIAL SECURITY 'TRUST FUND' WHOPPER

(By Charles Krauthammer)

Last week, Sens. Kent Conrad and Byron Dorgan managed to (1) kill the balanced budget amendment, (2) deal Republicans their first big defeat since November and (3) make Democrats the heroes of Social Security. A hat trick. How did they do it? By demanding that any balanced budget amendment "take Social Security off the table"—i.e., not count the current Social Security surplus in calculating the deficit—and thus stop "looting" the Social Security trust fund.

In my 17 years in Washington, this is the single most fraudulent argument I have heard. I don't mean politically fraudulent, which is routine in Washington and a judgment call anyway. I mean logically, demonstrably, mathematically fraudulent, a condition rare even in Washington and not a judgment call at all. Consider:

In 1994 Smith runs up a credit card bill of \$100,000. Worried about his retirement, however, he puts his \$25,000 salary into a retirement account.

Come Dec. 31, Smith has two choices: (a) He can borrow \$75,000 from the bank and "loot" his retirement account to pay off the rest—which Conrad-Dorgan say is unconscionable. Or (b) he can borrow the full \$100,000 to pay off his credit card bill and keep the \$25,000 retirement account sacrosanct—which Conrad-Dorgan say is just swell and maintains a sacred trust and staves off the wolves and would have let them vote for the balanced budget amendment if only those senior-bashing Republicans had just done it their way.

But a child can see that courses (a) and (b) are identical. Either way, Smith is net \$75,000 in debt. The trust money in (b) is a fiction: It consists of 25,000 additionally borrowed dollars. His retirement is exactly as insecure one way or the other. Either way, if he wants to pay himself a pension when he