

White House. At an average of 618 days for each vacancy President Clinton has taken to fill, according to my calculations—I could be wrong—but it would take more than 125 years to fill all 74 vacancies.

So, you can play this numbers game. All I am saying is I dedicate myself to try to do the best I can to get these judges through. I appreciate the help my colleague gives me in that regard. I think, as we get more of these nominees up here, we will get more of them to the floor.

But I appreciate his remarks. I just do not quite agree with them, that is all.

With that, I yield the floor.

Mr. LEAHY. Mr. President, I will continue to work with my good friend from Utah. In the meantime, I will send him my Grateful Dead tapes, and I will listen to his music and we will both be in a better mood.

Thank you.

The PRESIDING OFFICER. The Senator from Maine.

Ms. COLLINS. Mr. President, I ask unanimous consent to proceed for 10 minutes as if in morning business.

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

TRUSTING AMERICANS SUBJECT TO EMERGING SECURITIES FRAUD

Ms. COLLINS. Mr. President, as the chairman of the Permanent Subcommittee on Investigations, I want to take this opportunity to highlight a growing problem with securities fraud in this country—a problem which affects thousands of American families who are now investing their hard earned savings in a booming stock market. The problem involves the fraudulent manipulation of the stocks of small companies in scams which can literally wipe out investors who place their trust in unscrupulous brokers and stock promoters.

Fraud in the sale of small company stocks has been increasing at an alarming rate. In the typical case, unscrupulous brokerage firms, often operating through intermediaries, purchase large positions in a company which is worthless or of very limited value and then drive its price higher through manipulation. They do this by aggressively cold calling thousands of unsuspecting individuals, often inexperienced in investing, and persuading them to purchase the company's stock by greatly exaggerating its financial prospects. The inevitable effect of this massive sales campaign is to push the price higher, at which point the brokerage firm dumps its shares, leaving the public holding investments which rapidly become worthless.

According to published reports and court proceedings, these schemes often utilize other illegal or unethical practices, including: The dissemination of false information on which investors rely, the employment by brokerage firms of persons with criminal records,

as well as the use of unlicensed individuals whose only activity is ostensibly to prospect for customers but who often participate in making sales for which they are paid under the table; and the bribing of brokers to assist in the manipulation by recommending the stock to their trusting customers.

These securities fraud schemes have been uncovered in recent prosecutions and criminal investigations. At least four grand juries around the country are investigating small-stock manipulation—what may be the financial crime of the 1990's, just as insider trading was the financial crime of the 1980's. Indeed, according to published articles, a Federal grand jury in Los Angeles has even investigated a Federal prosecutor suspected of engaging in securities fraud. And last year, an FBI sting operation in New York City resulted in the arrest of 46 individuals for this type of activity.

In recent years, the soaring stock market has attracted millions of new investors, many of them hard working families trying to save for the future or elderly Americans trying to expand their retirement savings. It is understandable that these individuals, confronted with the prospect of astronomical tuition bills for their children or escalating medical costs for themselves, fall prey to sales pitches promising high returns in what are supposed to be the glamour companies of the future.

Overall, it is estimated that one in three American households have some of their assets invested in the stock market. Most do not have the time or the resources to carefully scrutinize stock offerings to determine which ones are fraudulent, instead putting their faith in brokers, who, because they are licensed by the Government, the public believes it has reason to trust.

Mr. President, some years ago I served as the State of Maine's Commissioner of the Department of Professional and Financial Regulation, and one of the responsibilities of my department was the protection of investors in my State. While that experience taught me that America has the most dynamic and healthiest capital markets in the world, it also taught me that there is no shortage of con artists and fraudulent schemes. What was true then unfortunately appears to be true today, and regrettably, there is evidence that the problem may be more widespread.

While the vast majority of those who work in our securities industry are honest, we must be continually vigilant in safeguarding the integrity of our markets. We must remain committed to combating what appears to be a new wave of securities fraud, involving the intense marketing and subsequent manipulation of the stock offerings of small companies, many with high-tech sounding names. These offerings—when pushed by overly aggressive and fraudulent marketing pitches to

average American families and the elderly—present a ripe opportunity to lull the investing public into believing the stock is about to take off. Too often, these stocks do not soar to the heavens but rather fail to the ground.

This fraud must be fought on a variety of fronts. The regulators must continue to enforce existing regulations and to watch for illegal activity. The public must be more careful in investing in the stock market. And the Congress must—and will—closely investigate this growing problem of securities fraud.

As chairman of the Senate Permanent Subcommittee on Investigations, Mr. President, I am concerned about this fraud in the micro-capital markets—about this manipulation of small company stocks by Wall Street bandits. The subcommittee has a long and proud tradition of investigating schemes which rip off innocent consumers and taint the reputations of those who play by the rules. This investigative tradition will continue under my leadership. With more and more Americans entering the stock market each year, the Permanent Subcommittee on Investigations will be looking closely at these matters, investigating how these stock manipulation schemes victimize American investors and how we can arrest this emerging securities fraud.

I look forward to working with my colleagues on the Governmental Affairs Committee and in the Senate to protect the public from unscrupulous operators who would prey on hard working Americans seeking to participate in the American Dream through investment in the stock market. The expanding economic opportunities presented by a booming stock market should not benefit just the most wealthy Americans, but should benefit average American families as well.

As the chairman of the Permanent Subcommittee on Investigations, I promise you that we will vigorously investigate those who abuse the trust of their fellow citizens seeking to invest their hard earned savings. I further pledge that we will be especially relentless in our efforts to expose schemes which exploit the elderly. During my tenure, the subcommittee will use its investigative authority to shine the light of truth on those who operate in the shadowy fringes of America's capital markets.

I thank the Senate for its attention.

I yield the floor.

Mr. ENZI addressed the Chair.

The PRESIDING OFFICER. The Senator from Wyoming is recognized.

Mr. ENZI. I thank the Chair.

(The remarks of Mr. ENZI pertaining to the introduction of S. 802 are located in today's RECORD under "Statements on Introduced Bills and Joint Resolutions.")

Mr. ROBB addressed the Chair.

The PRESIDING OFFICER. The Senator from Virginia.

Mr. ROBB. Thank you, Mr. President.

THE CONCURRENT BUDGET
RESOLUTION

Mr. ROBB. Mr. President, earlier today I supported and the Senate passed a budget resolution negotiated primarily by the leadership of the legislative and executive branches of our Government.

I supported this budget resolution, notwithstanding some major disappointments with both the process and the result.

I qualify my support for the final agreement because I believe it falls well short of the goals that we should have for a responsible fiscal policy to guide our Nation over the next 5 years and beyond.

But in the end, I recognize that this is probably the best product the congressional leadership and this administration could agree on, and that we're much better off doing something than doing nothing.

And reaching this general consensus will free the Congress to get on with many of the important matters that continuing gridlock would have postponed.

The commitment to reach a balanced budget early in the next century can trace its roots to the hard work done by the President in 1993 and the insistence last Congress, by the new congressional majority, that we set 2002 as a "date certain" to actually reach balance.

And I think it's fair to add that I doubt this agreement would have been possible without the bipartisan groundwork laid by the Centrist Coalition, a group of 22 Senators evenly divided between both sides of the aisle.

Our budget was the only balanced budget plan introduced last year which received bipartisan support.

Since passing the administration's deficit reduction package in 1993, we have brought the deficit down from \$290 billion to what most forecasters expect will be a \$67 billion deficit this year.

With the aid of lower deficits, low interest rates, and low inflation, the economy continues to expand, bringing unemployment down to 4.9 percent and filling the Federal Treasury with unexpected receipts.

These fundamentals, which I believe were set in motion with the passage of the 1993 plan, have now put a balanced budget within our grasp, even if we're relying on some optimistic assumptions about revenues on future Congresses making tougher decisions than we are making in this budget, and on the Social Security surplus to reach that future balance.

This is not an insignificant event. The last time the Federal Government submitted a balanced budget was in 1968—for fiscal year 1969—and the surplus that year was only \$3.2 billion.

As one who came to the Senate in January 1989 pledging to do all I could to eliminate persistent budget deficits, the prospect of actually reaching our goal, even 5 years down the road, is certainly a welcome milestone.

As I have already noted, however, this agreement is not all I had hoped it would be.

First, I'm very concerned about the assumptions which underlie the plan.

Less than 3 weeks ago, negotiators were putting the finishing touches on this same basic budget outline, with a deficit of approximately \$50 billion in 2002.

It was only after the Congressional Budget Office revised its revenue forecasts that negotiations were able to claim a balanced budget.

To fully understand the impact of the CBO revision, the deficit projections for the next 5 years are now a total of \$250 billion less than what CBO projected in January.

If we want to increase the likelihood that we will actually achieve balance, it seems to me that we would want to use the most conservative economic forecast that we have.

If we err in our projections, I would rather err on the side of doing more deficit reduction than less than what is needed to do the job.

But even if the more optimistic assumptions come true and we do balance the unified budget in 2002, this plan does little to address the long-term fiscal challenges we face, and in some ways may exacerbate them.

While the budget calls for some modest steps to restrain the growth of entitlement spending, in the areas of Medicare and Medicaid, these modest steps do not prevent entitlement spending from taking a larger share of the budget.

Mandatory spending in the form of entitlements and interest on the debt will consume over 70 percent of the budget by 2002.

This represents a complete reversal from 30 years ago when 70 percent of the budget went for defense and other discretionary investments.

And as mandatory spending takes up a greater share of the budget, that leaves less room for investments in human and physical capital that enhance future productivity and economic growth.

Not only does this budget not call for significant entitlement reform, the inclusion of tax cuts with large out-year costs also exacerbates our long-term fiscal problems.

As all of us know, we face a demographic wave, called the baby boom generation, that will double the number of people eligible for Social Security, and Medicare, between now and 2030.

By not addressing the long-term costs of Medicare and Social Security, and by failing to adopt an accurate measure of cost-of-living changes, entitlements will continue to grow at an unsustainable pace. That is at the same time, the tax cuts in this budget plan will take away the revenue needed to finance these expenditures.

The most likely result of this scenario is the continued cutbacks on defense and other discretionary priorities

in the future or even larger budget deficits than what we have faced in the past.

As a result, I view this budget as more of a missed opportunity to address our long-term fiscal challenges rather than the budget balancing achievement that many are celebrating.

Notwithstanding my reservations about this agreement, however, and my disappointment in some of its elements, I applaud the President and the congressional leadership for their efforts to end the gridlock and reach a compromise that both sides could live with, even though the deal closers were more spending to satisfy Democrats and more tax cuts to satisfy Republicans—tax cuts I might add that are made with borrowed money. Less of each would have eased the debt burden we are passing on to future generations, and I will work with my colleagues to make it a more fiscally responsible plan along the way.

With that, Mr. President, I yield the floor.

The PRESIDING OFFICER (Mr. BROWNBACK). The Senator from Michigan.

Mr. ABRAHAM. Mr. President, in order to accommodate several Senators who wish to speak, I now ask unanimous consent that the following Senators be recognized to speak in the morning period in the order in which they are listed: Senator ABRAHAM for 15 minutes, Senator BYRD, and then Senator GRAMS.

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

The Senator from Michigan is recognized.

MR. ABRAHAM. I thank the Chair.

(The remarks of Mr. ABRAHAM pertaining to the introduction of S. 810 are located in today's RECORD under "Statements on Introduced Bills and Joint Resolutions.")

Mr. ABRAHAM. I thank the Chair and other Members for their courtesy today. With that, I yield the floor.

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

Mr. BYRD. Mr. President, I have been asked by Mr. DORGAN to ask unanimous consent that following the order recognizing Mr. GRAMS, which has already been entered, that he, Mr. DORGAN, be recognized for not to exceed 20 minutes.

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

Mr. BYRD. Mr. President, I have been asked to also ask unanimous consent that following Mr. DORGAN, Mr. GORTON be recognized for not to exceed 10 minutes.

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

RELATIONS BETWEEN THE SEXES
IN THE MILITARY

Mr. BYRD. Mr. President, the case of Air Force 1st Lt. Kelly Flinn has highlighted the need for an independent review of gender relations in the services.